



Texas Department of Insurance
Strategic Plan

FYS 2013-2017

July 6, 2012

Agency Strategic Plan

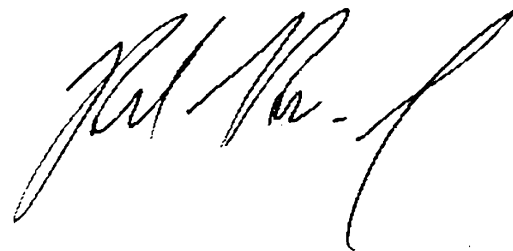
Fiscal Years 2013-2017

By

Texas Department of Insurance



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July 6, 2012

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VISION, MISSION, GOALS

Statewide Vision

Working together, we must set clear priorities that will help maintain our position as a national leader now and in the future by:

- ensuring the economic competitiveness of our state by adhering to principles of fiscal discipline, setting clear budget priorities, living within our means, and limiting the growth of government;
- investing in critical water, energy, and transportation infrastructure needs to meet the demands of our rapidly growing state;
- ensuring excellence and accountability in public schools and institutions of higher education as we invest in the future of this state and ensure Texans are prepared to compete in the global marketplace;
- defending Texans by safeguarding our neighborhoods and protecting our international border; and
- increasing transparency and efficiency at all levels of government to guard against waste, fraud, and abuse, ensuring that Texas taxpayers keep more of their hard-earned money to keep our economy and our families strong.

Statewide Mission

Texas state government must be limited, efficient, and completely accountable. It should foster opportunity and economic prosperity, focus on critical priorities, and support the creation of strong family environments for our children. The stewards of the public trust must be men and women who administer state government in a fair, just, and responsible manner. To honor the public trust, state officials must seek new and innovative ways to meet state government priorities in a fiscally responsible manner.

Aim High... We are not here to accomplish inconsequential things!

Statewide Philosophy

The task before all state public servants is to govern in a manner worthy of this great state. We are a great enterprise, and as an enterprise we will promote the following core principles:

- First and foremost, Texas matters most. This is the overarching, guiding principle by which we will make decisions. Our state, and its future, is more important than party, politics, or individual recognition.
- Government should be limited in size and mission, but it must be highly effective in performing the tasks it undertakes.

- Decisions affecting individual Texans, in most instances, are best made by those individuals, their families, and the local government closest to their communities.
- Competition is the greatest incentive for achievement and excellence. It inspires ingenuity and requires individuals to set their sights high. Just as competition inspires excellence, a sense of personal responsibility drives individual citizens to do more for their future and the future of those they love.
- Public administration must be open and honest, pursuing the high road rather than the expedient course. We must be accountable to taxpayers for our actions.
- State government has a responsibility to safeguard taxpayer dollars by eliminating waste and abuse, and providing efficient and honest government.
- Finally, state government should be humble, recognizing that all its power and authority is granted to it by the people of Texas, and those who make decisions wielding the power of the state should exercise their authority cautiously and fairly.

Relevant Statewide Goals and Benchmarks

The following priority goal and benchmarks from *Strengthening Our Prosperity* link TDI's strategic plan and goals to the statewide mission.

Priority Goal

To ensure Texans are effectively and efficiently served by high-quality professionals and businesses by:

- implementing clear standards;
- ensuring compliance;
- establishing market-based solutions; and
- reducing the regulatory burden on people and business.

Benchmarks

- Average annual homeowners and automobile insurance premiums as a percent of the national average
- Number of utilization reviews conducted for treatment of occupational injuries
- Percent of new and renewed professional licenses issued via Internet
- Number of Texans enrolled in Healthy Texas

VISION, MISSION, GOALS

Agency Vision

The Texas Department of Insurance envisions a financially stable and fair marketplace and an effective and efficient workers' compensation system.

Agency Mission

The Texas Department of Insurance mission is to protect insurance consumers by:

- regulating the insurance industry fairly and diligently
- promoting a stable and competitive market
- providing information that makes a difference.

Agency Philosophy (Core Values)

The Texas Department of Insurance has a commitment to service in the public interest. We are:

- **Responsible Stewards**
 - accountable, efficient, effective
 - "Using resources wisely"
- **Professional**
 - knowledgeable and fair
 - "Adhering to the highest ethical standards"
- **Collaborative**
 - cooperative, inclusive, diverse
 - "Respecting others' opinions and expertise"
- **Responsive and Creative**
 - open-minded and proactive
 - "Learning from the past to enhance our future"
- **Balanced**
 - fulfilled and well-rounded
 - "Celebrating personal and professional successes"

INTRODUCTION FROM COMMISSIONER KITZMAN FISCAL YEAR 2013-2017 STRATEGIC PLAN OVERVIEW

As the Texas Department of Insurance (TDI) submits its first strategic plan under my leadership, I congratulate the agency's staff on their resilience and diligence during my first year as commissioner of insurance. When I began work at TDI in August 2011, I discovered strengths that have enabled the agency to move quickly and productively in the direction I prescribed. I found a capable and motivated staff committed to carrying out the agency's mission to protect insurance consumers by regulating the industry fairly and diligently, promoting a stable and competitive market, and providing information that makes a difference.

Agency employees have recently been recognized at the national and international levels. They are helping shape U.S. and global regulatory policy with established roles in the National Association of Insurance Commissioners (NAIC) and the International Association of Insurance Supervisors (IAIS). The agency's solvency regulation system is strong and effective. Agency staff understands the statutory framework within which we regulate insurance in Texas. There is a comprehensive system for communicating with the industry and the public, not only on routine issues but also on matters such as disaster preparedness and response. Our efforts to help consumer resolve insurance complaints are timely and effective. We collect a wide variety of data from and about regulated entities and are in the process of converting from multiple separate regulatory databases to an integrated system.

Shortly after arriving, I reduced my direct reports from 14 to eight by combining related functions to reduce silos and improve communication among related activities. For example, the new Compliance Division (previously three divisions) comprises consumer protection, enforcement and fraud activities. This creates a compliance continuum that allows the agency to better monitor consumer needs, adverse behavior by industry, and criminal activities resulting in fraud actions. All licensing activities now reside in the Financial Regulatory Division. The General Counsel Division handles rulemaking, chief clerk functions, and legal assistance to the entire agency. The Public Affairs Division includes government relations and public information activities. Finally, the Regulatory Policy Division is responsible for rate and form filings for life, accident, and health insurance and for property and casualty insurance. In addition to the reorganization, TDI has functionally realigned to consolidate similar functions within a single area, such as licenses and examinations, consumer complaints, etc., as opposed to within subject matter areas.

We have strengthened Texas' role in the insurance marketplace in four major areas and established specific themes for the coming five years:

Leading at state, national, and international levels

TDI has increased its leadership role at NAIC and IAIS. TDI leads or is an active participant in 44 NAIC committees and subcommittees and in four IAIS subcommittees and work groups. Our enhanced participation will enable Texas to be at the table during development and negotiation of national and international insurance regulation standards and to ensure that regulatory policymakers consider the Texas regulatory environment.

The most effective form of consumer protection is a strong, competitive, stable insurance marketplace. Therefore, we have reallocated resources, within transferability allowances, to TDI's financial solvency function. This will improve our ability to financially monitor insurers, to detect problems early, and ensure that policyholder claims are paid on a timely basis.

Texas law established several quasi-governmental entities, such as the Texas Windstorm Insurance Association (TWIA). When I arrived at TDI, TWIA was under administrative supervision because the large number of Hurricane Ike claims had stretched its resources. This had resulted in customer service problems, questionable personnel actions, and financial irregularities. Since then, TDI has devoted significant resources and has taken a leadership role in helping TWIA identify where improvement is needed and move toward a more effective business model.

Rulemaking to clarify regulatory standards

To regulate insurance in Texas effectively, TDI must provide clear guidance as to our interpretation of the statutes and the consequences of violating those statutes. I have reallocated resources to enhance TDI's rulemaking activities to provide this guidance.

Using data to shape policy direction and to define and measure success

The size of the Texas insurance market and the extent of TDI's regulatory activities dictate that we take a more comprehensive, data-driven approach to setting priorities and measuring progress. We are collecting and analyzing data about homeowners' insurance rates, life settlements, the effectiveness of fraud reporting by major insurance carriers, issues related to funds held by the Texas Medical Liability Joint Underwriting Association and the Texas Property and Casualty Insurance Guaranty Association, and the effect of weather on property damage claims.

INTRODUCTION FROM COMMISSIONER KITZMAN FISCAL YEAR 2013-2017 STRATEGIC PLAN OVERVIEW

We will use what we learn to drive our decision making in these areas.

Internal initiatives

To perform at the high level of excellence demanded of us, TDI must continue to build a strong infrastructure of people, processes, and technology. We are engaged in a variety of efforts to develop a highly skilled staff, including leaders and managers; improve the quality and variety of our communications; and better organize and manage agency initiatives through project management.

This strategic plan describes our direction for the next five years, including four broad strategic responses to meet the challenges identified through the internal and external assessment. We are grateful for the opportunity to present it to the Legislature and the people of Texas.



TDI

Strategic Responses

The Texas Department of Insurance envisions a financially stable and fair marketplace and an effective and efficient workers' compensation system.

Regulatory Landscape

Texas is a key driver in shaping a collaborative regulatory environment at state, national, and global levels.

Marketplace

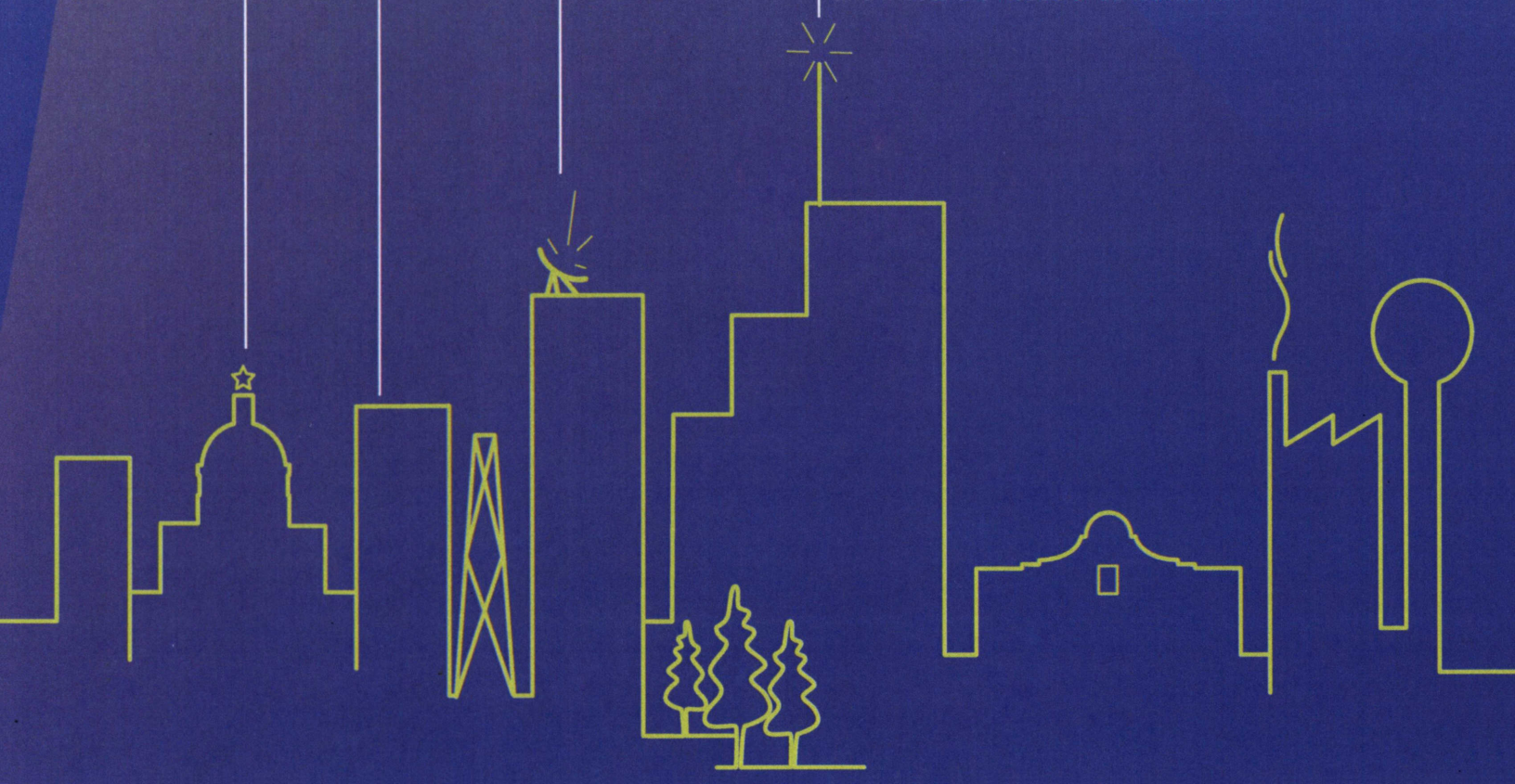
TDI fosters competition, attracts new capital, and market entrants, and cultivates engaged, informed consumers.

Communication

TDI's communication strategies are effective so that everyone, internally and externally, understands and supports what we do and why we do it.

Workforce and Technology

TDI employs a highly skilled, diverse workforce that uses innovative business practices, leverages technology, anticipates changing conditions, and meets the needs of constituents.



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CHALLENGES AND STRATEGIC RESPONSES

Regulatory Landscape

Current Situation

The Texas insurance regulatory landscape is influenced by national and international issues, consumer expectations, and insurance industry expectations.

- Insurance authorities from other countries and jurisdictions are unfamiliar with the United States (US) and Texas regulatory system and insist that we demonstrate the effectiveness of our system.
- Because of industry demand for uniformity, federal legislation could reshape TDI's authority in many areas.
- Consumers expect value for their premium dollars, while the industry seeks stable, yet flexible regulation.

The Texas workers' compensation system continues to evolve as well and must keep pace with changes at the federal level from the Department of Health and Human Services regarding the adoption of a new coding system (ICD-10) for all medical providers. The Division of Workers' Compensation (DWC) works to align medical billing standards between workers' compensation and group health, to the extent possible, and ensures that system participants comply with laws related to income, death, and medical benefits.

Strategic Response

Texas is a key driver in shaping a collaborative regulatory environment at all levels - state, national, and global.

TDI will help design national and international insurance regulation that ensures solvency. TDI plays a key role in shaping the insurance regulatory landscape in Texas, the United States, and the world. TDI, through the National Association of Insurance Commissioners (NAIC), educates members of Congress about emerging market issues at the national and international levels. Likewise, through the International Association of Insurance Supervisors and similar organizations, TDI cultivates international understanding and support for the U.S. and the Texas regulatory system. TDI influences regulatory principles and cooperation among international regulators. This allows Texas and U.S. companies to compete fairly with international entities. TDI protects insurance consumers by holding the industry to the standards of the Texas Insurance Code. TDI works with other states, through NAIC, to interpret and apply insurance laws as consistently and uniformly as possible.

DWC uses performance-based oversight of insurance carriers and health care providers to increase compliance with income, death, and medical benefits laws. The commissioner of workers' compensation monitors the quality of medical care provided in the workers' compensation system. DWC conducts medical quality reviews of health care providers and insurance carriers to ensure that they comply with adopted treatment and return-to-work guidelines, as well as other applicable medical benefit laws and rules. DWC also monitors providers' return-to-work outcomes to ensure that injured employees are released to return to work as soon as medically possible. DWC strives to reduce dispute resolution timeframes through informal dispute resolution and by educating system participants on preparing for dispute proceedings.

DWC also ensures that employers have effective workplace safety programs. DWC collects data to target its outreach and is streamlining workplace safety inspections.

Marketplace

Current Situation

The recent global economic crisis highlighted the interconnectedness of international financial and insurance markets. Insurance industry regulators recognize the need to cooperate across financial industries to solve complex problems facing the industry. New market entrants are attracted to Texas because of the strength of our economy, our large and diverse population, and our regulatory environment. Texas is a preferred domicile for insurance carrier mergers and relocations. Texas, as the 12th-largest insurance market in the world, is helping set the financial standards for international, national, and state insurance regulation.

The Texas population continues to grow in size and diversity. The changing demographics influence consumer needs for insurance products. In addition, consumers are concerned with the rising cost of insurance and want TDI to proactively address cost drivers. To meet these demands, insurance carriers develop innovative products and strategies that, at times, require a flexible regulatory approach.

The agency certifies and regulates workers' compensation networks and promotes access to prompt, high-quality, cost-effective, and appropriate medical care through treatment guidelines and adequate reimbursement rates.

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Strategic Response

TDI fosters competition, attracts new capital and market entrants, and cultivates engaged, informed consumers.

The challenge is to foster a stable, competitive, and healthy environment that provides high-quality, innovative products for Texans. These products must satisfy multigenerational needs and demographic segments. We will analyze cost drivers for insurance products to attempt to control variables that increase the cost of insurance.

DWC ensures that health care providers participate in the workers' compensation system by adopting and reviewing medical fee guidelines and by adopting treatment guidelines. DWC encourages positive return-to-work outcomes by adopting treatment and return-to-work guidelines and by promoting the Employer Reimbursement Program.

Communication

Current Situation

People want 24-hour access to information. They want information that explains the insurance market and insurance products thoroughly and accurately. Our communication challenge is to meet these expectations in a way they can understand. While TDI has a significant web presence, we have not fully embraced social media or advanced technologies. We have an extensive amount of information that is not always easy to find.

DWC provides communication and outreach to stakeholders and system participants, particularly in the area of medical benefits for injured employees. DWC also provides outreach and resource materials for 400,000 Texas employers regarding workplace safety.

Strategic Response

TDI's communication strategies are effective so that everyone, internally and externally, understands and supports what we do and why we do it.

Communication strategies that deliver clear information will educate consumers, the insurance industry, and our employees. Effective dialogue will require interaction that includes content-rich information. We will engage people in the medium, mode of delivery (face-to-face, traditional media, digital), and language of their choice. Because the insurance market increasingly revolves around global interests, the TDI communication strategy will include a wider cultural and international discourse. Finally, TDI will implement communication strategies that provide opportunities to engage people in meaningful ways to move them from awareness to understanding and ultimately to action.

DWC achieves its communication goals regarding medical benefits through outreach to designated doctors and health care providers. Much of this outreach is done by the Designated Doctor Outreach and Oversight Section, Comp Connection for health care providers, and a "help desk" for questions about billing, reimbursement, and other topics. DWC promotes its workplace safety activities by developing safety partnerships and providing local government consultations. In addition, DWC uses data to target training opportunities for industries most at risk.

Workforce & Technology

Current Situation

TDI recognizes that its workforce and technology are essential, critical factors for determining success. About half of TDI's current workforce is eligible to retire or will be eligible within the next five years. The number of upcoming retirements presents a daunting challenge since retirees will take with them a wealth of knowledge and expertise. The agency has a succession planning system, but it needs to improve its recruitment and retention processes.

Also, like many other public-sector organizations, TDI's technological tools lag behind those of the industry it regulates. For example, in the mid-1990s, TDI converted from a mainframe environment to client server and developed multiple separate Oracle forms systems to the specifications of each division of the agency. The systems are not well-suited for a modern web environment. Additionally, in the past five years, TDI's data center services have been moved to the state data centers managed by the Department of Information Resources (DIR). The transition from complete agency control to a cooperative arrangement with another agency has been a challenge. Finally, TDI has made a slight foray into the world of social media, and the expansion of this form of communication is necessary to interact with the public on policy and initiatives.

DWC is working toward a more paperless environment. This includes collaborating with system participants to understand their automated systems. It requires developing technologies, such as automated forms, that reduce reliance on paper. Texas law requires workers' compensation system participants to report policy, claims, and medical bill data. DWC works with participants to ensure that they report this data correctly and with the least administrative burden to the system.

Strategic Response

TDI employs a highly skilled, diverse workforce that uses innovative business practices, leverages technology,

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anticipates changing conditions, and meets the needs of constituents.

TDI has begun several initiatives to acquire, develop, and retain a highly skilled, diverse workforce. TDI strives to reap the benefits of the multigenerational workplace by tapping the enthusiasm and modern approaches of its staff and by enhancing programs designed to transfer knowledge of longer-term staff to newer employees. The agency's Human Resources Office (HR) is working with a private-sector human resources specialist through a contract with the University of Texas School of Professional Development to revise the performance appraisal system and update job descriptions and vacancy postings. HR is also developing enhanced leadership development and management training programs, adopting a tool to match applicants with appropriate jobs, and expanding university internships to expose college graduates to employment opportunities at TDI.

To meet the needs of consumers and staff, TDI must use its technology resources wisely. To that end, the agency is engaged in several initiatives that will integrate its work processes and systems, reduce the number of processes that still rely on movement of paper, both inside and outside the agency, and maximize security activities. The agency is migrating most of the Oracle forms applications developed in the 1990s to an enterprise insurance regulatory system called Sircon for States. Several other state insurance departments already use Sircon. The agency is analyzing agencywide solutions to address workflow, document management, and mobile workforce needs. Finally, the agency will work closely with DIR to identify appropriate levels of service from the state data centers.

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AGENCY STRUCTURE AND FUNCTIONS

Overview

TDI is required by statute (Texas Insurance Code, Chapter 31, Sec. 31.002) to:

- regulate the business of insurance in this state;
- administer the workers' compensation system of this State as provided by Title 5, Labor Code;
- ensure that this code and other laws regarding insurance and insurance companies are executed;
- protect and ensure the fair treatment of consumers; and
- ensure fair competition in the insurance industry in order to foster a competitive market.

The commissioner of insurance is the department's chief executive and administrative officer. The commissioner administers and enforces the Texas Insurance Code, other insurance laws of this State, and other laws granting jurisdiction or applicable to the department or the commissioner (Sec. 31.02).

The commissioner of workers' compensation is the chief executive and administrative officer of the DWC within TDI. The commissioner of DWC administers and enforces the Texas Workers' Compensation Act, other workers' compensation laws, and other laws granting jurisdiction to or applicable to the division or the commissioner of worker's compensation.

The governor, with the advice and consent of the Texas Senate, appoints the commissioners for two-year terms.

TDI's regulatory and administrative responsibilities include the following core functions:

- licensing, certification, and registration;
- form, rate, and advertising review;
- examination, monitoring, and solvency intervention;
- research and analysis;
- education, outreach, and customer assistance;
- complaint and dispute resolution;
- enforcement, fraud, and investigations;
- inspections and consultations; and
- support services.

Agency Structure and Divisions

TDI is organized into nine divisions. Eight of the divisions are led by a deputy commissioner, the chief of staff, or the state fire marshal, all of whom report directly to the commissioner of insurance. The commissioner of workers' compensation administers and exercises rule-making

authority for DWC in close coordination with the commissioner of insurance. The divisions include (also please see Appendix B, *Agency Organization Chart*):

- Administrative Operations – Provides operational support for all TDI divisions;
- Compliance – Helps consumers understand insurance products and pricing to make informed decisions, enforces Texas insurance laws and rules, and prosecutes insurance fraud;
- Financial Regulation – Provides company and agency licensing and registration, information on how to enter the Texas insurance market, financial analysis, and examinations of companies to protect Texas policyholders;
- General Counsel – Counsels the agency on operations, personnel, contracts, open records, and policymaking. The division also interprets statutes; drafts rules, opinions, and bulletins; and assists with financial and receivership matters;
- Internal Audit – Supports the agency's overall mission by providing independent, objective assurance and consulting activities to improve the agency's operations;
- Public Affairs – Serves as agency liaison with Texas Legislature and other government entities; helps the commissioner with legislative recommendations for improving insurance regulation in Texas; and provides the media and the public with accurate information about insurance, the insurance market, and TDI regulatory activities;
- Regulatory Policy – Oversees property and casualty and life, accident, and health product design and pricing for policies sold in Texas; helps companies introduce compliant products into the Texas marketplace in a timely manner;
- State Fire Marshal's Office (SFMO) – Uses outreach and inspections to reduce loss of life and property from fire and related hazards. SFMO investigators and arson lab technicians work with state prosecutors and firefighters to investigate fires across the state;
- Workers' Compensation – Ensures that injured workers are compensated fairly and appropriately for workplace injuries;

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POPULATIONS SERVED

TDI serves a large and diverse customer base. As part of its service assessment process, TDI considered its customer populations and services provided. We identified 21 customer groups. For details, see Appendix H, *Description of Customer Services*.

TDI's *Compact with Texans* outlines the primary services provided to TDI's diverse customer population. These services include:

- assisting and educating consumers and the public
- assuring fair and efficient regulation
- certifying utilization review agents (URAs), independent review organizations (IROs), workers' compensation networks and assigning requests to IROs
- combating insurance fraud
- conducting windstorm inspections
- enforcing insurance laws
- financial monitoring and intervention
- fire prevention, fire safety, and fire industry regulation
- licensing insurance agents/agencies and adjusters
- licensing insurance companies and HMOs
- registering viatical and life settlement entities
- regulating and administering the Texas workers' compensation system; and
- preventing occupational injuries and illnesses.

SERVICE LOCATIONS

TDI employees work in Austin and in 28 field offices and 30 SFMO staff locations across the state. Field employees include DWC staff, financial examiners, title examiners, fire inspectors and investigators, windstorm inspectors, and support staff. Figure 1 shows the locations of TDI's field offices and field staff.

The agency serves all geographic areas of Texas, although the services may vary in some regions. Insurance consumers throughout the state buy basic products such as automobile or homeowners insurance. Residents on the Texas Gulf Coast, however, require additional services regarding windstorm coverage, while consumers in North Texas typically require additional services related to tornadoes, hailstorms, or wildfires.

DWC has 22 field offices. DWC determines field office locations according to the claim activity and demand for services in the area. The division also strategically places field offices so that injured workers will not have to travel

more than 75 miles from their residence to a benefit review conference or contested case hearing.

DWC field offices provide claims services, customer services, and dispute resolution services. The Office of Injured Employee Counsel also provides ombudsman services in the field office. Most field offices also provide health and safety assistance. Windstorm inspection and engineering staff in coastal area field offices inspect and certify construction to ensure compliance with windstorm building codes. They also oversee licensed engineers appointed as qualified windstorm inspectors.

SFMO field employees work throughout the state. SFMO staff lives in, or is familiar with, the areas where they work. SFMO recruits bilingual staff in areas with sizable Spanish-speaking populations.

Fire industry licensing investigations field employees ensure that fire alarm, sprinkler systems, extinguishers, and fireworks stands comply with adopted safety standards. Fire safety inspections staff inspect public and private buildings. Fire and arson investigators, including canine teams, investigate fire scenes on request from local law enforcement agencies.

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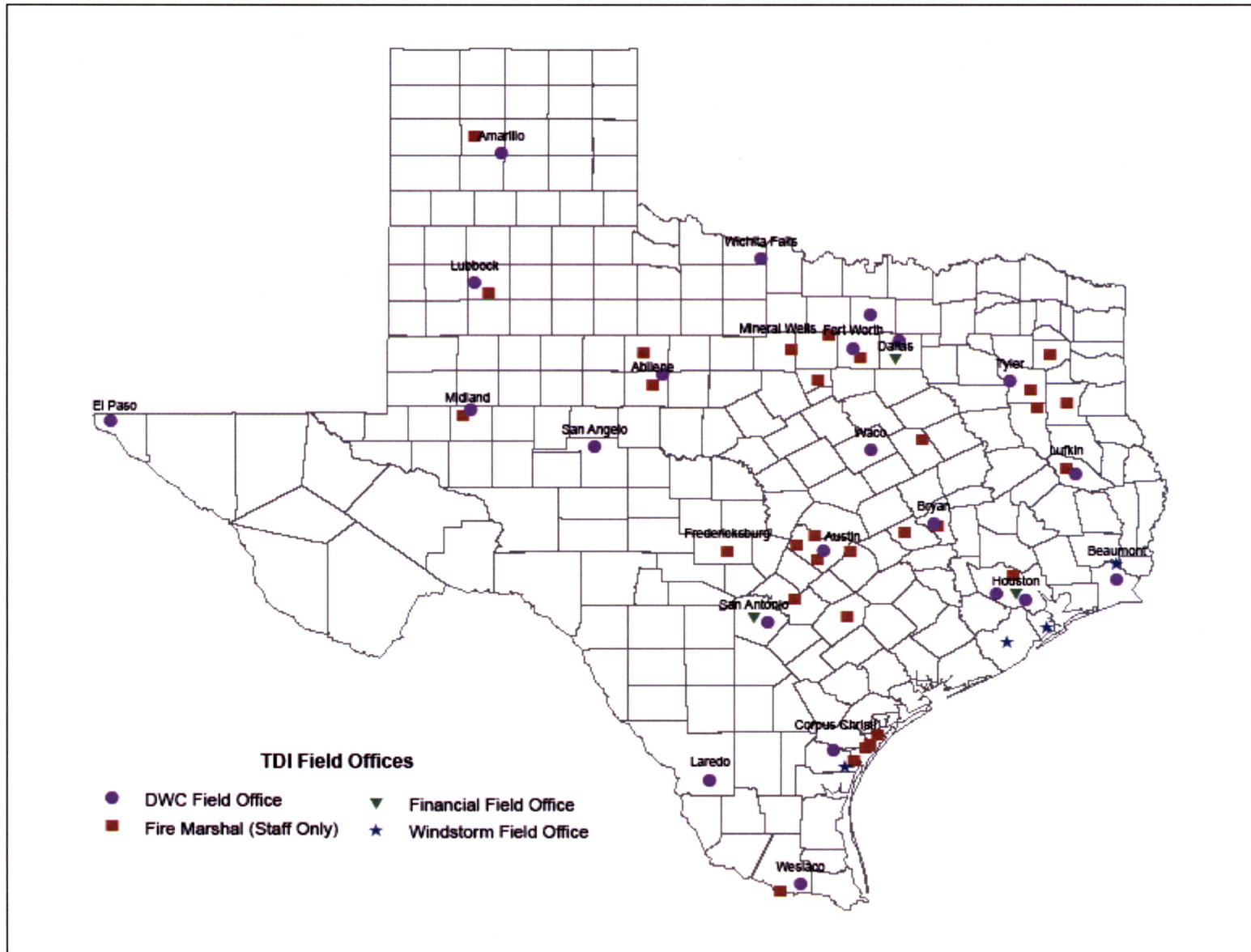


Figure 1

EXTERNAL / INTERNAL ASSESSMENT

FISCAL RESOURCES AND MANAGEMENT

Overview

TDI's adjusted appropriations for the 2012-2013 biennium total \$221 million, with 1,665 adjusted appropriated FTEs. The following information provides details about TDI's operating fund Account 36, Subsequent Injury Fund Account 5101, other funding sources and the agency's capital budget rider.

General Revenue Dedicated - TDI Operating Fund Account Number 36

The agency is primarily funded from GR Dedicated – TDI Operating Fund Account 36. This account receives revenue from two primary sources:

- the Texas Comptroller of Public Accounts, which collects and deposits insurance company maintenance taxes and fees into the account; and
- TDI, which collects and deposits self-insurer maintenance taxes, examination fees, and other fees into the account.

In fiscal year (FY) 2011, the Comptroller's office deposited \$123.5 million, and TDI deposited \$45.9 million, for a total of \$169.4 million of revenue into Account 36. DWC contributed \$60.7 million to this total. The table reflects FY 2011 deposits into Account 36.

The Legislature appropriates funds from Account 36 to several other state agencies in addition to TDI and DWC. These include the Office of the Attorney General, the Texas Comptroller of Public Accounts, the District Courts-Comptroller's Judiciary Section, the Texas Facilities Commission, the Texas Forest Service, the Department of State Health Services, the Texas Water Development Board, the Texas Department of Transportation, and the Office of Injured Employee Counsel. Including payroll related costs, estimated appropriations for fiscal year 2012 total \$166.5 million. (See graph to the right)

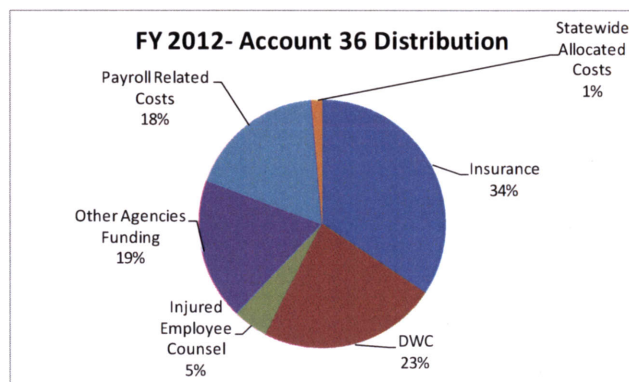
The 82nd Legislature via Senate Bill 1291 authorized the creation of a self-directed account outside the Treasury for the insurance examination function. This bill will cause a \$7.4 million reduction in appropriations in FY 2013. TDI and the LBB are resolving an inadvertent reduction of \$1.5 million.

Within Account 36, the agency has consistently received federal funds to control and improve workplace safety. In FY 2010, the agency began receiving federal funds for federal health care reform.

Amounts Deposited to Account 36 in FY 2011

Annual Statement Filing Fees	\$240,528
Casualty Maintenance Tax	\$6,718,081
Division of Workers' Compensation Maintenance Tax	\$54,425,501
Fire and Allied Lines Maintenance Tax	\$28,745,866
Health Maintenance Organization Maintenance Tax	\$3,790,471
Life/Accident and Health Maintenance Tax	\$11,734,645
Motor Vehicle Maintenance Tax	\$9,150,479
Prepaid Legal Services Maintenance Tax	\$2,934
Third Party Administrator Maintenance Tax	\$865,573
Title Maintenance Fee	\$3,605,616
Workers' Compensation Maintenance Tax	\$3,935,050
Workers' Compensation Research & Evaluation Center Maintenance Tax	\$287,904
Account 36 Total Deposited by Comptroller:	\$123,502,648
Examination Fees – Collected by TDI	\$13,288,724
Federal Funds	\$6,348,855
Other Fees and Revenue- Collected by TDI	\$26,230,813
Account 36 Total Deposited by TDI:	\$45,868,392
GRAND TOTAL	\$169,371,040

Distribution of Appropriations



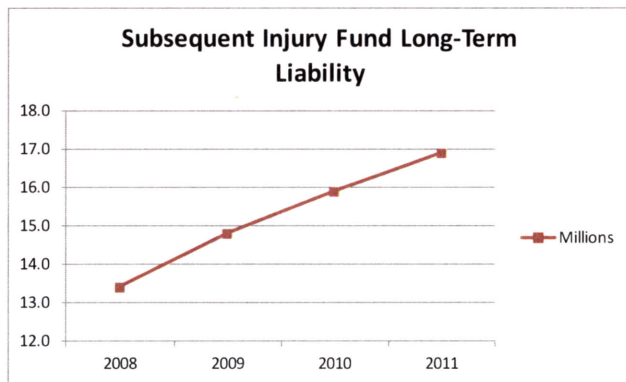
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General Revenue Dedicated – Subsequent Injury Fund Account Number 5101

The agency receives funding for the Subsequent Injury Fund (SIF) through GR Dedicated – Subsequent Injury Fund Account No. 5101. This account receives revenue from compensable death benefits on claims for which there is no legal beneficiary. The purposes of the fund are to:

- pay lifetime income benefits (LIBs) to injured workers who become eligible for those benefits because of a subsequent compensable injury;
- reimburse insurance carriers for benefits paid based on a DWC decision or interlocutory order that is later reversed or modified by DWC or a court;
- reimburse insurance carriers for income benefits paid to injured workers based on employment held at the time of injury other than the employment for which compensable injury occurred; and
- reimburse insurance carriers for payment of pharmaceutical benefits provided during the first seven days after an injury if the injury is determined not to be compensable.

The agency has appropriation authority for SIF payments of \$4.42 million each year of the FY 2012-2013 biennium. If actual liabilities exceed the estimated amounts, the Comptroller is authorized to issue a finding of fact in support of a contingent appropriation to provide the additional funding, if there are sufficient balances in the fund. DWC is obligated to pay LIBs for amounts due beyond the biennial appropriation cycle. For instance, on August 31, 2011, the estimated long-term liability for payment of LIBs was \$16.9 million with an estimated \$6 million being paid from the \$4.42 million appropriated for FY 2012. The following graph shows a four-year history of the estimated long-term liability:



Other Funding

TDI receives funding from the State Highway Fund for the Texas Sure program. This program allows users to verify that drivers have current insurance. The 82nd Legislature

transferred funding for this project from the Texas Department of Transportation for the 2012-2013 biennium.

As part of the Healthy Texas program, TDI administers the Premium Stabilization Fund. TDI contracts with health benefit insurers, who receive reimbursements from the fund for claims filed by people covered by qualifying group health plans.

Capital Budget

The agency's Capital Budget rider in Article VIII of the General Appropriations Act includes funding for data center consolidation and the Texas Sure program.

Information Resource Technologies

TDI is currently evaluating the information technology environment and funding in relation to the agency's identified strategic response direction. The following list describes how aging resources affect the agency's responsiveness and effectiveness:

- Expired maintenance and support on desktop and laptop computers have increased hardware failure and incompatibility with current, standard business software.
- Expired maintenance, support and obsolete software are incompatible with business and data center standards. Non-compliance with current standards increases failure rates; reducing efficiency which can increase agency down-time.
- Limited resources eliminate the agency's ability to use cost-saving technologies like mobile computing, digital processes, and enterprise software solutions.
- Limited resources reduce the agency's ability to use standard business environment technologies like wireless computing and IP telephony.

Information resource technology includes projects that reflect the agency's emphasis on the partnership of technology and business processes to achieve quality customer service. These information resource projects include:

- developing web-based processes to provide automated services to agency customers and fully participate in e-government initiatives;
- implementing technological solutions to changes in state laws governing the regulation of the insurance industry;
- increasing electronic document/records management technology to enhance the responsiveness of TDI's customer service;
- participating in transformation and consolidation activities as one of the 27 state agencies migrating server and bulk print and mail operations to the Texas State Data Center;

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- implementing new technologies that would be more suitable for the rapidly changing business needs of Texas' workers' compensation environment; and
- Implementing new telecommunications technologies that enhance the agency's internal and external communications.

Transportation Items

SFMO field employees use state-owned vehicles to perform investigations and inspections throughout the state. TDI believes state-owned vehicles are the best solution to SFMO's transportation needs, given the nature of field employee's work. Some staff must carry fire scene investigation equipment in the vehicles. As a result, the vehicles could become contaminated from exposures to hazardous chemicals. It would be inappropriate to expose employees' families to the potential health and safety risks associated with the use of their personal vehicles.

SFMO has 45 fleet vehicles, which it must replace on a regular basis to ensure the safety of employees and its ability to perform critical activities. The Legislature appropriated funding to replace 10 high-mileage vehicles per year from FY 2008 to FY 2011. Currently, 30 percent of the fleet has more than 50,000 miles. The average mileage per vehicle is 36,000 miles. Since SFMO has improved the overall mileage and age of the vehicles in service, it will evaluate whether to reduce the annual purchase amount for the next biennium.

CURRENT YEAR ACTIVITIES

Administrative Operations Division

The Administrative Operations Division includes four areas: Financial Services, Human Resources, Information Technology Services, and Procurement and General Services. The division contributes to the agency's goals through the following efforts:

- working with a private-sector human resources specialist through a contract with the University of Texas School of Professional Development to revise the performance appraisal system and modernize job descriptions and vacancy postings;
- developing enhanced leadership development and management training programs;
- adopting a tool to match applicants with appropriate jobs;
- expanding university internships to expose college graduates to employment opportunities at TDI;
- developing web-based automated services for agency customers and the public to fully participate in e-government initiatives;

- implementing technological solutions to changes in state laws governing the regulation of the insurance industry;
- increasing electronic document and records management technology to enhance the responsiveness of TDI's customer service;
- participating in transformation and consolidation activities as one of the 27 state agencies migrating server and bulk print and mail operations to the Texas State Data Center;
- implementing new technologies that are more suitable for the rapidly changing business needs of the Texas' workers' compensation system;
- implementing new telecommunications technologies that enhance the agency's internal and external communications.

Compliance Division

The Compliance Division helps consumers, enforces Texas insurance laws and rules, and prosecutes insurance fraud. The division comprises three sections:

- The Consumer Protection Section provides comparative shopping tools, more than 40 publications, and quick tips to help consumers find the insurance coverage they need at the best possible price. Consumer Protection also resolves consumer complaints about insurance and responds to questions via the toll-free Consumer Help Line. The section provides complaint information to staff monitoring company financial solvency to help detect potential problems.
- The Enforcement Section focuses on front-end analysis of complaints and client interaction to build stronger cases. The result is a coordinated agency wide effort to foster compliance through swift and appropriate actions for violations.
- The Fraud Section uses aggressive investigative efforts to fight insurance fraud, refer cases for prosecution, and obtain convictions. The section is expanding its successful special prosecutor and regional investigator programs to prosecute fraud in Dallas, Harris, and Bexar counties. Lowering the industry's losses from insurance fraud will strengthen the industry financially and could ultimately lower the cost of insurance to consumers.

Financial Regulation Division

The Financial Regulation Division regulates the solvency of the Texas insurance market and promotes competition by attracting new market entrants. Financial comprises four sections:

- The Licensing Services Section licensed 21 new insurance companies in FY 2013, adding to the

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more than 2,200 carriers already licensed or registered in Texas. Licensing Services also granted new licenses to more than 43,000 insurance agents and adjusters this fiscal year to date. The section is processing merger applications that will result in one of the largest insurers in the nation. The insurer will be domiciled in Texas. Licensing new market entrants and attracting new capital promotes competition, which helps ensure that consumers have access to insurance that is available and affordable.

- The Financial Analysis Section is implementing new risk-focused analysis techniques to detect financially troubled insurers. Financial Analysis will also focus more attention on group operations, including potential risks that noninsurer affiliates could cause. Financial Analysis monitors and coordinates efforts to enhance international regulation and improve cooperation and communication with international insurance groups. These efforts promote the financial strength of the Texas insurance industry.
- The Examinations Section is implementing new risk-focused examination procedures, a more forward-looking means of reviewing the financial condition of insurers. This will allow staff to identify troubled insurers earlier. Examinations staff members are participating in coordinated examinations with regulators from other states to increase the efficiency and effectiveness of the examination process. Examinations also initiated coordination efforts with federal banking regulators for several domestic insurance holding company systems as part of the implementation of the Dodd-Frank Wall Street Reform and Consumer Protection Act. These efforts similarly promote the financial health of the insurance market.
- The Rehabilitation and Liquidation Oversight Section (RLO) implements regulatory interventions. RLO has revised its procedures for companies under administrative proceedings. Among its other initiatives, RLO is evaluating regulatory strategies for approaches to companies with corporate governance challenges. RLO protects the health of the industry by mitigating the potential harm to the public that insurers with financial problems could cause.

General Counsel Division

The General Counsel Division includes the Legal Section and the Chief Clerk. The division provides legal support for the agency and coordinates and supports the agency's

participation in NAIC and the International Association of Insurance Supervisors. The general counsel advises the commissioner on pending issues.

- The Legal Section writes and reviews agency contracts, bulletins, rules, and legislation. It also comments on legislative bills. Legal analyzes statutes and rules and provides policy recommendations to the agency. Legal processes and coordinates the agency's response to subpoenas and public information requests and coordinates assistance from the Office of the Attorney General when appropriate. Legal coordinates continuing legal education for TDI lawyers and provides an up-to-date legal library for the use of agency staff.
- The Chief Clerk Section shepherds proposed rules and orders through the appropriate processes as required by the Texas Administrative Procedure Act. The section maintains the official orders of the agency and provides a court reporter for hearings.

Internal Audit Division

The Internal Audit Division performs auditing and consulting engagements throughout TDI providing independent, objective reports to the commissioner of insurance, the commissioner of workers' compensation and management, which adds value and helps improve the agency's operations. The division supports the goal that Texans are effectively and efficiently served by evaluating compliance and reviewing operational performance throughout TDI. This is achieved by performing audits of agency activities and assisting management with identifying risk and strengthening controls. The division also promotes effective governance by leading a biennial agency-wide ethics survey, performing an agency-wide risk assessment, and effectively coordinating the activities of and communication of information among external auditors and management.

Public Affairs Division

The Public Affairs Division provides information to the public, the media and legislators via the Public Information Office (PIO) and the Government Relations Office. PIO also serves as a key provider of internet and graphic support. The major activities of each area follow.

- The Government Relations Office assists in conveying agency policy to legislators, elected officials and other agencies; tracks and analyzes bills that may affect the business of insurance or the agency; prepares summaries of enacted legislation; assists with statutorily required reports; coordinates constituent complaints for legislative offices; assists the Commissioner with the National Conference of Insurance Legislators

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(NCOIL) and appointments to various boards and advisory committees.

- The Public Information Office serves as the agency's primary media contact; researches, writes, edits and distributes news releases; responds to news-related inquiries and conducts and coordinates media interviews; monitors and clips insurance articles from major news sources; produces the agency's employee newsletter and regulatory newsletters; coordinates writing and editing of TDI's Annual Report to the Governor and Legislature; provides web and accessibility support to the agency; administers the agency's web content management system and designs and/or administers most TDI websites; handles various agency e-mail duties; handles audio and video web broadcasts- with support from agency IT staff; and provides print and graphic design services to the agency.

Regulatory Policy Division

The Regulatory Policy Division includes the Property and Casualty and the Life, Accident, and Health sections. The division oversees product design and pricing for insurance policies sold in Texas. Although regulations vary by product, and some products must meet more standards than others, the division strives to ensure that insurers know with certainty and clarity how they can comply with state laws and rules. Moreover, it is our goal to help companies introduce compliant products into the marketplace quickly. The division also emphasizes providing consumers with information to know what they can expect from products sold in the Texas insurance market. Informed consumers make better decisions when shopping for insurance.

State Fire Marshal's Office

Through coordinated efforts with private-sector entities, the regulated fire service industry, the Texas fire service, local and state agencies, and the public, the State Fire Marshal's Office (SFMO) seeks to create communities that are prepared to protect themselves against fire. SFMO has five sections:

- The Fire Safety Inspections Section inspects Texas Facilities Commission state buildings and leased properties, public universities, and other buildings as requested. Inspections staff are compiling an inaugural report detailing fire safety risk to all state-owned and leased state buildings. Additionally, the section is adopting rules for fees for SFMO inspections and guidelines for assigning fire safety risk.
 - The Licensing and Enforcement Section cooperates with TDI's Enforcement Section to achieve compliance through quick and appropriate actions for violations.
- The Fire Investigations Section's goal is to improve investigation techniques, enhance the peer review process of fire investigations, and identify effective training opportunities for staff. The SFMO's expanded role to investigate firefighter fatalities has increased the number of investigations.
 - The Fire Prevention and Outreach Section provides clear and concise information to SFMO customers. Two email groups and a planned redesign of the SFMO website help ensure that the section provides customers with easily accessible, up-to-date information. Fire Prevention and Outreach staff are working on the 2012 Texas Fire Marshals' Conference to provide educational opportunities to fire marshals and SFMO staff from across the state.
 - Public Protection Classification Oversight staff work with communities across Texas to help improve current insurance rates and approve changes to classifications submitted for approval by the Insurance Services Office (ISO). The section solicits the input of ISO, Texas fire departments, and cities to develop a new schedule. The section also helps facilitate meetings between communities and ISO if a problem develops after a survey.

Division of Workers' Compensation

DWC administers the workers' compensation system, enforces the Texas Workers' Compensation Act and rules, administers the certified self-insurance program for individual employers, and resolves claim-level disputes about medical and income benefits.

The Texas workers' compensation system has undergone significant changes since the passage of House Bill (HB) 7 in 2005. Since 2005, DWC has implemented several initiatives to reduce and stabilize claim costs and improve injured employee outcomes (such as quality of care, access to care, and return-to-work outcomes). These initiatives include:

- adopting evidence-based treatment and return-to-work guidelines;
- adopting a closed pharmacy formulary – one of the first in the nation for workers' compensation;
- implementing a new enforcement structure to help align DWC enforcement activities with the rest of TDI;
- implementing changes to income benefits, including new work-search requirements for employees eligible for supplemental income benefits;
- streamlining dispute resolution processes and reducing the amount of time it takes to resolve income, medical fee, and medical necessity disputes;

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- developing a performance-based oversight program to monitor health care providers and insurance carriers on key performance measures;
- implementing Medicare-based fee guidelines for professional services, inpatient and outpatient hospital services, and ambulatory surgical center services; and
- implementing a return-to-work reimbursement program for Texas employers.

As a result, Texas employers now have lower workers' compensation insurance rates, stabilized claims costs, and better return-to-work outcomes. Texas employees have improved access to quality medical care that helps them return to work quickly and safely. The Sunset Advisory Commission recently reviewed DWC. Based on the Sunset review, the Legislature passed HB 2605 in 2011. HB 2605 better aligned the regulatory authority of the commissioner of workers' compensation and the commissioner of insurance, expanded DWC's enforcement tools, streamlined indemnity dispute resolution processes, and aligned medical necessity dispute processes for network and nonnetwork claims. DWC expects to fully implement HB 2605 before the next legislative session.

SIGNIFICANT LEGISLATION

82nd Regular Legislative Session and First Called Special Session

Overview

During the 82nd regular session of the Texas Legislature, TDI tracked 1,057 bills. Of those, 195 passed and were sent to the governor.

Of particular note was the passage of Sunset legislation to extend TDI's operation to September 1, 2023, and to extend TDI's Division of Workers' Compensation to September 1, 2017.

During a special session called by the governor, the Legislature passed several budget-related bills, a significant health care incentives and innovations bill, and a bill regarding the Texas Windstorm Insurance Association (TWIA) over a 30-day period.

Agency Sunset

HB1951 (Effective September 1, 2011) - TDI Sunset

HB 1951 continues TDI operations and functions to September 1, 2023. The bill updates the duties and purpose of TDI to ensure fair treatment of consumers and fair competition in the insurance industry. It requires TDI to maintain claims information for certain personal lines of insurance, use technology to increase public access, and develop a policy for negotiated rulemaking and alternative dispute resolution. The bill refines certain functions of TDI related to property and casualty rate-filing review

procedures, claims data collection, title insurance statistical reporting, and SFMO assessments of administrative penalties and inspections of state-owned and leased buildings. It also addresses individual health coverage for children younger than 19, and requires notices of rate increase and increase in charge for coverage in individual accident and health insurance policies, small employer health benefit plans, and health maintenance organization (HMO) policies. The bill abolishes certain advisory boards and committees and also establishes an adjuster advisory board.

HB 2605 (Effective September 1, 2011) - TDI-DWC Sunset

HB 2605 continues DWC's operations and functions to September 1, 2017. The bill refines processes regarding designated doctors, benefit dispute resolution, and DWC's Medical Quality Review Panel. The bill requires that appeals of independent review organization medical dispute decisions for nonnetwork claims, certified network claims under Chapter 1305 of the Insurance Code, and claims receiving benefits in accordance with Section 504.053 (b) (2) of the Labor Code be heard at contested case hearings. Appeals of medical fee dispute decisions for nonnetwork claims are to be heard by the State Office of Administrative Hearings (SOAH). The bill also clarifies that in appeals of medical fee disputes at SOAH, the nonprevailing party, other than an injured employee, is responsible for paying SOAH's hearing costs. The bill also changes the administrative violations provisions of the Workers' Compensation Act to align the enforcement authority of the commissioner of workers' compensation with the commissioner of insurance, including allowing DWC greater inspection authority for system participants, emergency cease-and-desist authority, and final decision-making authority on enforcement actions appealed to SOAH. The bill adds sections to the Labor Code regarding expedited provision of medical benefits for certain work-related injuries sustained by a first responder employed by a political subdivision with the intent to ensure that an injured first responder's claim for medical benefits is accelerated by a political subdivision, insurance carrier, and DWC to the full extent authorized by current law. The act is applicable generally to events occurring on or after September 1, 2011, except where specified. Provisions concerning medical disputes based on review by an independent review organization or appeal of medical fee disputes based on DWC review apply on or after June 1, 2012, and designated doctor provisions apply on or after January 1, 2013. Also, the commissioner of workers' compensation must adopt rules regarding certification of designated doctors as amended by the act not later than January 1, 2013.

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Life, Accident & Health

HB 1772 (Effective September 1, 2011) – Exclusive provider benefit plans

HB 1772 creates a new type of managed care insurance product that uses an exclusive provider network (EPO). In developing rules to regulate this new product, the department aligned the new requirements with other products, such as health maintenance organizations and preferred provider organizations. EPO products could become popular if carriers are able to price them significantly less than other products by negotiating for lower contracted rates and not paying for out-of-network services. The department will examine EPOs every three years.

SB 7 (Effective September 28, 2011) - Health care initiatives – Special Session

SB 7 aims to redesign the payment structure in managed care to increase incentives for higher quality and efficient health care through the use of health care collaboratives. This bill is in line with a growing trend that emphasizes the quality of purchased services and places regulators in the position to determine the quality standards. In developing rules and implementing this legislation, the department is responsible for ensuring that collaboratives are solvent, create benefits that outweigh anticompetitive effects, improve outcomes, and contain costs. TDI must conduct comprehensive exams of collaboratives at least annually. Self-funded and government health plans may find collaboratives useful in reducing costs through shared savings programs, and collaboratives will be the only type of entity able to take delegated risk from insurers.

Property & Casualty

HB 3 (Effective September 28, 2011) - Texas Windstorm Insurance Association – Special Session

HB 3 enacts several claims dispute resolution reforms, as well as loss funding and oversight provisions relating to the Texas Windstorm Insurance Association. In developing the rules to implement these reforms, the department is responsible for establishing a roster of appraisal umpires to facilitate the resolution disputes over the amount of loss, a roster of mediators, and arbitration procedures as alternatives to litigation. In addition, the department is responsible for developing procedures for the issuance of pre-event public securities and implementing the statutory scheme for the issuance of public securities. These reforms should reduce litigation costs for both policyholders and TWIA, promote the timely payment of claims in accordance with the policy, enhance TWIA's ability to secure financing in the market through public securities, and provide greater transparency and efficiency in TWIA's operations.

Financial

SB 1291 (Effective September 1, 2011) - self-directed budget

SB 1291 amends the Insurance Code to provide that TDI's examination function is funded by a self-directed budget. This aligns TDI's Examination Division and examination function with several other state agencies that regulate financial services and should enhance the ability to attract and retain qualified examiners and actuaries. The bill also provides a one-year transition period for the TDI Financial Division to establish a self-directed budget.

State Fire Marshal

SB 396 (Effective immediately – May 12, 2011) - State Fire Marshal investigation of firefighter death

SB 396 revises SFMO investigations of all on-duty incidents of firefighter, expanding the number of investigations each year. Under the previous language in the statute, this office investigated two to four firefighter deaths each year and it is expected to increase that number to approximately eight annually. The SFMO fire investigators draft these reports in consultation with the line of duty death investigative team comprised of various stakeholder groups. While there will be additional workload to meet this statute, it better facilitates the strategic goal of reducing the overall number of firefighter deaths by reviewing all firefighter fatalities and publishing lessons learned to lessen future risks.

Workers' Compensation

HB 528 (Effective immediately – June 17, 2011) - Pharmaceutical services – workers' compensation informal and voluntary networks

HB 528 amends current law by allowing workers' compensation carriers to have contractual fee discounts for pharmaceutical services and to use a voluntary or informal network to obtain these contractual discounts under certain conditions. Without these statutory changes, contractual discounts for pharmaceutical services would have been prohibited, thereby raising system costs since pharmaceutical services cannot be delivered through certified network arrangements. The bill requires health care providers who participate in pharmacy informal or voluntary networks to receive notice from the insurance carrier, the insurance carrier's authorized agent, or the informal or voluntary network of any person that has access to the health care provider's contractual discount and creates an administrative violation for the insurance carrier if notice is not provided. Additionally, the bill requires pharmacy informal and voluntary networks to register with DWC and clarifies that prescription medication or services may not be delivered through a certified workers' compensation health care network under

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Chapter 1305 of the Insurance Code or through direct contracts between political subdivisions and health care providers under Section 504.053(b)(2) of the Labor Code. These changes were made to improve the transparency of contractual arrangements between pharmacies and insurance carriers and eliminate “silent PPO” arrangements in workers’ compensation.

HB 1774 (Effective September 1, 2011) - OIEC Sunset

HB 1774 continues the operations and functions of the Office of Injured Employee Counsel (OIEC) to September 1, 2017. The bill clarifies OIEC’s statutory access to information from DWC by limiting access to only those claims in which OIEC is assisting the injured employee. It also adds a provision that, when assisting an injured employee, OIEC is entitled to the same access to information related to the employee’s injury and workers’ compensation claim as the employee or any other party to the claim.

SB 800 (Effective immediately – June 17, 2011) - Workers’ compensation data collection agents

SB 800 amends the Labor Code to align the statutory authority for the commissioner of workers’ compensation to designate a statistical agent for the collection of data with similar authority currently utilized by the commissioner of insurance. The bill allows DWC to more fully utilize statistical agents to collect required workers’ compensation data by authorizing statistical agents to collect fees directly from reporting insurance carriers to cover the costs of this data collection.

LANDMARKS IN TEXAS INSURANCE HISTORY

The history of insurance law in Texas and the predecessors of the Texas Department of Insurance date back to 1876. The Texas Constitution, which was adopted that year, authorized the Legislature to create the Office of Insurance Commissioner when it deemed necessary.

Following are key events in Texas insurance regulation:

1876 - 15th Legislature creates TDI's predecessor -- the Department of Insurance, Statistics, and History. In addition to insurance-related duties, the commissioner is charged with keeping information and statistics on the state's population, wealth, and general resources. He is also the state historian, state librarian, and superintendent of public grounds and buildings.

1887 - 20th Legislature expands the commissioner's authority to include agriculture and renames the agency the Department of Agriculture, Insurance, Statistics, and History. The commissioner also is made an ex-officio member of the Texas A&M College Board of Directors.

1905 - The Legislature passes the first state banking act and adds the regulation and supervision of state banks to the office of the commissioner of Agriculture, Insurance, Statistics, and History.

1907 - 30th Legislature creates the office of commissioner of Agriculture and renames TDI's predecessor the Department of Insurance and Banking.

1909 - Commissioner of insurance and banking is made chair of the newly created Fire Insurance Rating Board. The commissioner also becomes supervisor of all building and loan associations in Texas.

1910 - Fire rating board is replaced by the State Insurance Board and given authority to promulgate fire rates.

1913 - State Insurance Board's name is changed to the State Fire Insurance Commission and its authority is broadened. The Legislature passes a workers' compensation law and creates the Texas Employers Insurance Association (TEIA).

1923 - 38th Legislature separates insurance and banking functions by creating the Department of Insurance and the Banking Department, each headed by a separate commissioner. The Legislature transfers workers' compensation ratemaking authority from TEIA to the State Fire Insurance Commission.

1927 - 40th Legislature creates the Board of Insurance Commissioners, composed of the life insurance commissioner, the fire insurance commissioner and the casualty insurance commissioner. The Legislature also gives the insurance commissioner the power to approve or disapprove auto insurance rates and to promulgate uniform policy forms.

1951 -- The Legislature codified insurance laws as the Texas Insurance Code.

1954-1958 -- Insurance industry in Texas is rocked by domestic scandals. As a result, the Legislature passes at least 16 insurance-related bills, among them measures strengthening examination laws, increasing minimum capital and surplus requirements, and giving more control to the board for issuing certificates of authority.

1957 - The modern board -- the State Board of Insurance (SBI) -- takes shape as a result of changes mandated in the agency's operation by the 55th Legislature. The Legislature gives the three-member board the responsibility for hiring a commissioner of insurance to serve at its pleasure as chief administrative officer.

1975 - The Legislature creates a separate State Fire Marshal's Office (SFMO).

1987 - 70th Legislature creates the Office of Consumer Protection (OCP) within SBI.

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1988 - National County Mutual insolvency – the largest ever in Texas -- leads to the resignation of the commissioner, many changes at SBI, and reform legislation passed by the 71st Legislature in 1989.

1989 – The Legislature enacts a major workers' compensation reform law.

1991 - 72nd Legislature passes the most comprehensive insurance reform legislation (HB2 and HB62) in Texas history, affecting everything from ratemaking to the compulsory auto insurance liability law. SBI is renamed the Texas Department of Insurance. The legislation also makes OCP independent of TDI, renames it the Office of Public Insurance Counsel (OPIC), and broadens its powers. SFMO becomes part of the new Texas Commission on Fire Protection.

1992 – TDI receives accreditation from the National Association of Insurance Commissioners (NAIC). Texas is the 14th state accredited by the NAIC.

1993 - 73rd Legislature passes legislation giving most of the board's authority to a commissioner to be appointed by the governor in odd-numbered years to a two-year term and confirmed by the Texas Senate. It allows the board to continue its authority over rates, policy forms, and related matters until August 31, 1994. On November 18, 1993, however, the board votes unanimously to turn over all remaining authority to the commissioner beginning December 16, 1993.

1997 – The 75th Legislature passed legislation returning SFMO to TDI from the Texas Commission on Fire Protection.

2003 - In response to rising homeowners insurance premiums, the Legislature gives TDI new authority to regulate all property and casualty insurance rates in Texas and eliminates exemptions for Lloyd's and county mutual companies. The Legislature also shifts the method of automobile and property insurance regulation from a benchmark system to a file-and-use system.

2005 - The Legislature abolishes the Texas Workers' Compensation Commission and transfers its duties to TDI.

2008 - The Texas coast is struck by two hurricanes: Hurricane Dolly hits South Padre Island on July 23, and Hurricane Ike, the most destructive storm in Texas history, makes landfall on Galveston Island on September 13. The agency responds by helping consumers resolve insurance-related claims and disputes, by investigating fraud and administrative violations by agents and companies, by financially monitoring insurance companies, and by providing direct informational assistance to consumers in the field at disaster response centers.

2011 - The Texas Windstorm Insurance Association (TWIA) is placed under administrative oversight following both a financial examination and a limited scope examination. The large number of Hurricane Ike claims had stretched TWIA's resources, which resulted in customer service problems, questionable personnel actions, and financial irregularities.

STRATEGIC PLANNING STRUCTURE GOALS, OBJECTIVES AND STRATEGIES

The performance measures and definitions had not received formal approval from the Legislative Budget Board or the Governor's Office of Budget, Planning, and Policy at the time of this printing.

Goal 1 Access to Affordable Insurance

Promote Consumer Access to Affordable Insurance Products within a Fair Market

Goal 1, Objective 1

Provide insurance consumers with meaningful information

Outcome Measures

- 1.3.1 oc 1 Percent of company, third party administrator, and premium finance license applications completed within 60 days
- 1.3.1 oc 2 Percent of agent license filings completed within 15 days
- 1.3.1 oc 3 Percent of statutory rate and form filings completed within 90 days
- 1.3.1 oc 4 Percent of personal auto and residential property form filings completed in 60 days
- 1.3.2 oc 5 Percent of registered passenger vehicles in underserved markets with personal or commercial automobile liability insurance
- 1.3.3 oc 6 Percent of licensees who renew online
- 1.4.3 oc 1 Percent of Texas small employers participating in innovative insurance initiatives
- TBD Percent of insurers providing adequate loss control divisions
- TBD Percent of windstorm inspections that result in an "approved" status code

1-1-1 Educate Consumers and the Industry by Providing Outreach and Information

Output Measures

- 1.1.1 op 4 Number of Texas Department of Insurance calls to insurance industry for data
- NEW Percent of calls answered by the TDI Consumer Help Line call

Explanatory Measures

- 1.1.1 ex 1 Percent of premiums expended on insurer overhead costs
- 1.1.1 ex 2 Percent of total registered passenger vehicles with personal or commercial automobile liability insurance

Goal 1, Objective 2

Reduce unfair and illegal insurer practices

1-2-1 Respond Promptly and Act on Complaints

Output Measure

- 1.2.1 op 1 Number of complaints resolved

Efficiencies Measure

- 1.2.1 ef 1 Average response time (in days) to complaints

1-2-2 Investigate Trade Practices and Bring Enforcement Actions as Needed

Output Measures

- 1.2.2 op 1 Number of enforcement cases concluded with action
- 1.2.2 op 4 Number of quality assurance examinations conducted

Efficiencies Measure

- 1.2.2 ef 1 Average cost per quality assurance examination conducted

1-2-3 Investigate Fraud and Refer Violations for Prosecution

Output Measure

- 1.2.3 op1 Number of referrals of alleged insurer, consumer, provider, and worker's compensation fraud to state and federal prosecutors

Goal 1, Objective 3

Reduce impediments to competition and improve insurance availability

1-3-1 Process Rates, Forms and Licenses Promptly

Output Measures

- 1.3.1 op 1 Number of life/health insurance filings completed
- 1.3.1 op 2 Number of HMO form filings completed
- 1.3.1 op 3 Number of property and casualty rate and form filings completed

Explanatory Measures

- 1.3.1 ex 1 Total number of licensed agents
- 1.3.1 ex 2 Number of regulated companies and other carriers

1-3-2 Promote Coverage in Underserved Markets

1-3-3 Support Texas Online

1-3-4 Regulate Private Employers that Qualify to Self-Insure within the Workers' Compensation System

Efficiencies Measure

- 1.3.4 ef 1 Average cost per certified self-insured certificate holder

Explanatory Measure

- 1.3.4 ex 1 Percentage of market share of certified self-insurance to the total workers' compensation insurance market

STRATEGIC PLANNING STRUCTURE GOALS, OBJECTIVES AND STRATEGIES

Goal 1, Objective 4

Administer innovative insurance initiatives

1-4-1 Support the State's Long-Term Care Partnership Initiatives

1-4-2 Administer Three-Share Grant Program

1-4-3 Promote Healthy Texas Program

Goal 1, Objective 5

Assure loss control services and windstorm inspections

1-5-1 TBD- Inspect Loss Control Programs and Assure Code and Schedule Compliance

Output Measures

TBD Number of windstorm inspections completed
TBD Number of inspections of insurer loss control divisions completed

Efficiencies Measure

TBD Average cost per windstorm inspection

Goal 2 Promote Insurer Financial Strength

Promote Financial Strength of Insurance Industry

Goal 2, Objective 1

Regulate insurance industry solvency

Outcome Measures

2.1.1 oc 2 Percent of identified companies reviewed
2.1.1 oc 3 Percent of total dollars collected by Special Deputy Receivers expended on asset administration
2.1.1 oc 4 Average number of days from company "at risk" identification to the date of solvency-related regulatory action
2.1.1 oc 5 Percent of companies rehabilitated after Texas Department of Insurance solvency-related intervention

2-1-1 Analyze the financial condition of insurers and take solvency action

Output Measure

2.1.1 op 3 Number of reviews of annual and interim financial statements completed

Explanatory Measures

2.1.1 ex 1 Dollar amount (in millions) of insurance company insolvencies
TBD Number of entities receiving Texas Department of Insurance solvency-related intervention

Goal 3 Reduce Losses Due to Fire

Reduce Loss of Life and Property Due to Fire

Goal 3, Objective 1

Protect the public from loss of life and property due to fire

Outcome Measures

3.1.1 oc 1 Percent of State Fire Marshal's Office criminal referrals resulting in enforcement/legal action
3.1.1 oc 2 Percent of registrations, licenses, and permits issued within 20 days

3-1-1 Provide Fire Prevention through Education, Enforcement of Regulations, and Engineering

Output Measures

3.1.1 op 1 Number of individuals attending fire prevention and fire safety presentations coordinated by the State Fire Marshal's Office
3.1.1 op 2 Number of fire investigations completed
3.1.1 op 3 Number of samples analyzed in the arson lab
3.1.1 op 4 Number of State Fire Marshal's Office criminal referrals to prosecution
3.1.1 op 5 Number of registrations, licenses, and permits issued
3.1.1 op 6 Number of licensing investigations or inspections conducted
3.1.1 op 7 Number of buildings inspected or reinspected for fire safety hazards
3.1.1 op 8 Number of communities accepting a State Fire Marshal's Office (SFMO) fire prevention program

Efficiencies Measures

3.1.1 ef 1 Average cost per fire safety inspection
3.1.1 ef 2 Average time to complete fire investigations

Goal 4 Regulate Workers' Compensation System

Effectively Regulate the Texas Workers' Compensation System

Goal 4, Objective 1

Ensure appropriate delivery of workers' compensation benefits

Outcome Measures

4.1.1 oc 2 Percent of medical bills processed timely
4.1.2 oc 3 Percent of medical fee disputes resolved by dispute resolution proceedings or upheld upon appeal
4.1.3 oc 4 Payments from the Subsequent Injury Fund

STRATEGIC PLANNING STRUCTURE GOALS, OBJECTIVES AND STRATEGIES

- 4.2.1 oc 1 Percent of temporary income benefit recipients returning to work within 90 days of injury

4-1-1 Oversee Activities of System Participants

Output Measures

- 4.1.1 op 3 Dollar amount returned to workers' compensation system participants through complaint resolution
- 4.1.1 op 4 Number of quality of care reviews of health care providers, insurance carriers, utilization review agents and independent review organizations completed
- 4.1.1 op 5 Number of complaints closed involving workers' compensation system participants
- 4.1.1 op 6 Number of performance reviews completed

Efficiencies Measures

- 4.1.1 ef 1 Average number of days to complete quality of care reviews of health care providers, insurance carriers, utilization review agents and independent review organizations
- 4.1.1 ef 2 Average number of days to close a complaint involving workers' compensation system participants
- 4.1.1 ef 3 Average number of days to complete a performance review

4-1-2 Resolve Indemnity, Medical Fee, and Medical Necessity Disputes

Output Measures

- 4.1.2 op 1 Number of benefit review conferences held
- 4.1.2 op 2 Number of contested case hearings held
- 4.1.2 op 3 Number of appellate decisions issued

Efficiencies Measures

- 4.1.2 ef 1 Average number of days to resolve a medical fee dispute
- 4.1.2 ef 2 Average number of days to resolve indemnity disputes through dispute resolution proceedings

Explanatory Measures

- 4.1.2 ex 1 Number of initial benefit review conferences set
- 4.1.2 ex 2 Number of medical fee disputes received

4-1-3 Administer Subsequent Injury Fund

Output Measure

- 4.1.3 op 1 Number of injured workers receiving lifetime income benefit payments through the Subsequent Injury Fund

Efficiencies Measure

- 4.1.3 ef 1 Average number of days from receipt of a Subsequent Injury Fund request for reimbursement to payment of request

Goal 4, Objective 2

Ensure workers' compensation system participants are educated and informed

4-2-1 Provide Educational Services and Workplace Safety Consultations to System Participants

Output Measures

- 4.2.1 op 1 Number of workplace safety consultations and inspections provided to employers
- 4.2.1 op 2 Number of Division of Workers' Compensation presentations made
- 4.2.1 op 3 Number of hazards identified through workplace safety consultations, inspections, and the Safety Violations Hotline
- 4.2.1 op 4 Number of return-to-work, health care provider and workplace safety educational products and services provided to system participants
- 4.2.1 op 5 Number of workers' compensation income benefit recipients referred to the Department of Assistive and Rehabilitative Services

Efficiencies Measure

- 4.2.1 ef 1 Average cost per workplace safety consultation and inspection

Explanatory Measure

- 4.2.1 ex 1 Statewide incidence rate of injuries and illnesses per 100 full-time employees in the private sector

4-2-2 Provide Customer Assistance and Records Administration Services for System Participants

Output Measures

- 4.2.2 op 1 Number of injury records in which indemnity benefits are initiated

Explanatory Measure

- 4.2.2 ex 1 Number of documents received electronically by the Division of Workers' Compensation

Goal 5 Indirect Administration

Goal 5, Objective 1

Indirect Administration

5-1-1 Central Administration

5-1-2 Information Resources

5-1-3 Other Support Services

**STRATEGIC PLANNING STRUCTURE
GOALS, OBJECTIVES AND STRATEGIES**

Goal 6 Regulatory Response

Goal 6, Objective 1

Regulatory Response

6-1-1 Contingency Regulatory Response

TECHNOLOGY RESOURCE PLANNING TECHNOLOGY ASSESSMENT SUMMARY

TDI is currently evaluating the information technology environment and funding in relation to the agency's identified strategic response direction. The following list describes how aging resources affect the agency's responsiveness and effectiveness:

- Expired maintenance and support on desktop and laptop computers have increased hardware failure and incompatibility with current, standard business software.
- Expired maintenance, support and obsolete software are incompatible with business and data center standards. Non-compliance with current standards increases failure rates; reducing efficiency which can increase agency down-time.
- Limited resources eliminate the agency's ability to use cost-saving technologies like mobile computing, digital processes, and enterprise software solutions.
- Limited resources reduce the agency's ability to use standard business environment technologies like wireless computing and IP telephony.

Information resource technology includes projects that reflect the agency's emphasis on the partnership of technology and business processes to achieve quality customer service. These information resource projects include:

- developing web-based processes to provide automated services to agency customers and fully participate in e-government initiatives;
- implementing technological solutions to changes in state laws governing the regulation of the insurance industry;
- increasing electronic document/records management technology to enhance the responsiveness of TDI's customer service;
- participating in transformation and consolidation activities as one of the 27 state agencies migrating server and bulk print and mail operations to the Texas State Data Center;
- implementing new technologies that would be more suitable for the rapidly changing business needs of Texas' workers' compensation environment; and
- Implementing new telecommunications technologies that enhance the agency's internal and external communications.

TECHNOLOGY RESOURCE PLANNING TECHNOLOGY INITIATIVE ALIGNMENT

I. Technology Obsolescence

1. Initiative Name:	
Technology Obsolescence	
2. Initiative Description:	
<ul style="list-style-type: none"> • Due to budget constraints, TDI has revised its hardware obsolescence policy, extending the work life of both desktop and laptop computers beyond the warranty period. In conjunction with this, TDI has built a small “risk pool” of older computers to meet unexpected needs. TDI will review this practice regularly to ensure the agency has adequate desktop and mobile hardware, and must make budget plans to replace hardware that conform to this revised policy. • TDI is moving much of the insurance processing software to a hosted solution: Sircon for States. The remaining applications run on legacy vendor software that is approaching non-support. TDI must update the software framework and implement plans to replace the obsolete software. • TDI is reviewing the standard HR processes to determine ways to improve business processes through automation and integration with statewide efforts such as CPA’s plans for Account Receivable software.. On completion of the analysis, TDI will initiate automation projects. • TDI has an existing Tier 1 project related to replacing multiple workers’ compensation systems with a single integrated application: the TXCOMP framework. This project involves redefining business rules, converting data, implementing each function with the TXCOMP framework, and retiring the relevant COMPASS technology. TDI schedules related projects within the overall DWC prioritization process. • TDI’s source management product supporting the Internet and intranet presence is no longer supported by the vendor. It must be replaced. • TDI will upgrade office software and desktop operating systems software as driven by either (1) expiration of vendor support of the installed version, or (2) associated agency initiatives that force upgrade, such as implementation of an integrated Microsoft Office 2010 or later software product. TDI will update associated third-party software in coordination with business requirement or operating system certification. TDI will evaluate Cloud options when replacing desktop software. • The State of Texas did not award a contract following a process requesting proposals to replace the Capitol Complex Telephone System with state-of-the-art technology systems. TDI will work with DIR should the state rebid, or examine what necessary functionality may be integrated with the TDI Avaya systems. • TDI must replace obsolete servers remaining under agency responsibility. These include utility servers remaining at Hobby and telecom servers/switches supporting voice systems in several DWC field offices. TDI’s goal is to host all enterprise databases on enterprise software platforms rather than departmental software. For example, the State Fire Marshal’s Office, has pending requests to replace departmental databases. 	
3. Associated Projects:	
Name	Status
Hardware Obsolescence	Ongoing
Software Obsolescence	Ongoing
Oracle Forms Replacement	Planned
Windstorm Rewrite	Research and Analysis active
Collage Replacement (web source management)	Planning
COMPASS Replacement	Individual projects scheduled by DWC

TECHNOLOGY RESOURCE PLANNING TECHNOLOGY INITIATIVE ALIGNMENT

Human Resources Automation	Research and Analysis planned
Capitol Complex Telephone System Replacement	DIR statewide planning
4. Agency Objectives:	
<p>1-Promote Consumer Access to Affordable Insurance Products Within a Fair Market (1.1, 1.2, 1.3, 1.4, 1.5) 2-Promote the Financial Strength of the Insurance Industry (2.1, 2.2) 3-Reduce Loss of Life & Property Due to Fire (3.1) 4-Effectively Regulate the Texas Workers' Compensation System (4.1, 4.2)</p>	
5. Statewide Technology Priorities: Identify the statewide technology priorities the technology initiative aligns with, if any.	
<ul style="list-style-type: none"> • P1 – Cloud • P4 – Infrastructure • P5 – Legacy Applications 	<ul style="list-style-type: none"> • P6 – Mobility • P9 – Security and Privacy
6. Guiding Principles:	
<ul style="list-style-type: none"> • Connect – expanding citizen access to services • Innovate – leveraging technology services and solutions across agencies • Trust – providing a clear and transparent accounting of government services and data • Deliver – promoting a connected and agile workforce 	
<p>TDI recognizes the evolution of the workforce from an office desk to telecommuters and travelers. TDI's hardware and software solutions must meet the needs of telecommuters and travelers while enabling TDI to enforce necessary security for both hardware and data. Additionally, TDI must accomplish the solutions within the agency technology budget. Where DIR provides a statewide solution, TDI plans to participate when feasible.</p>	
7. Anticipated Benefits:	
<ul style="list-style-type: none"> • Operational efficiencies (time, cost, productivity) • Citizen/customer satisfaction (service delivery quality, cycle time) • Security improvements • Foundation for future operational improvements • Compliance (required by State/Federal laws or regulations) 	
<p>Extending the hardware obsolescence period recognized advances in manufacturing which provide a longer useful life. Maintaining a risk pool eliminates the need to purchase maintenance contracts beyond those offered by the manufacturer. In retiring obsolete software, TDI stays within software vendor support, provides a framework for future enhancements, and opens data to citizen query where appropriate, while meeting all state and federal security requirements.</p>	
8. Capabilities or Barriers:	
<p>Introduction of new technology may require training as well as investment in mobile technology. Security of hardware and data assets is considered a risk that must be managed when introducing mobile technology and may require significant investment.</p>	

TECHNOLOGY RESOURCE PLANNING TECHNOLOGY INITIATIVE ALIGNMENT

II. Data Center Infrastructure Investment

1. Initiative Name:	
Data Center Infrastructure Investment	
2. Initiative Description:	
<p>TDI completed transformation to the managed Data Center Services during FY12. As the agency grows and computer service provision evolves, TDI must review data management, modify plans to balance contract adjustments with budget, and implement changes within TDI to provide necessary services within the data center budget.</p> <p>Additionally, TDI must review disk space allocation, server usage, application upgrades, database license investment, and again determine the most cost-effective plan to deliver required performance.</p> <p>Third, TDI must work with the DCS vendor to develop a failover plan for critical applications in the case of application or data unavailability.</p>	
3. Associated Projects:	
Name	Status
Technology Obsolescence	Planned/Ongoing
Citrix Enhancement	Planned
Imaging/Data Management	Research & Analysis
4. Agency Objectives:	
<p>1-Promote Consumer Access to Affordable Insurance Products Within a Fair Market (1.1, 1.2, 1.3, 1.4, 1.5)</p> <p>2-Promote the Financial Strength of the Insurance Industry (2.1, 2.2)</p> <p>3-Reduce Loss of Life & Property Due to Fire (3.1)</p> <p>4-Effectively Regulate the Texas Workers' Compensation System (4.1, 4.2)</p>	
5. Statewide Technology Priorities:	
<ul style="list-style-type: none"> • P2 – Data Management • P4 – Infrastructure 	<ul style="list-style-type: none"> • P6 – Mobility • P9 – Security and Privacy
6. Guiding Principles:	
<ul style="list-style-type: none"> • Connect – expanding citizen access to services • Innovate – leveraging technology services and solutions across agencies • Trust – providing a clear and transparent accounting of government services and data • Deliver – promoting a connected and agile workforce 	
<p>TDI must evaluate new technology, as the cost of continuing to process and store data in the traditional manner may be neither effective nor within the cost parameters of the data center budget. Stakeholders continue to require access to data outside standard office hours. The number of TDI staff members that are mobile or telecommuting is increasing. This project addresses the delivery of information technology services to a connected and agile workforce.</p>	
7. Anticipated Benefits:	
<ul style="list-style-type: none"> • Operational efficiencies (time, cost, productivity) • Citizen/customer satisfaction (service delivery quality, cycle time) • Security improvements • Foundation for future operational improvements • Compliance (required by State/Federal laws or regulations) 	

**TECHNOLOGY RESOURCE PLANNING
TECHNOLOGY INITIATIVE ALIGNMENT**

TDI will meet operational efficiency goals of providing services within budget while meeting all regulatory requirements.

8. Capabilities or Barriers:

Data Center costs are anticipated challenges. Project prioritization across the data center enterprise could impact project delivery times.

TECHNOLOGY RESOURCE PLANNING TECHNOLOGY INITIATIVE ALIGNMENT

III. Data Network

1. Initiative Name:	
Data Network	
2. Initiative Description:	
<p>Complete the three-phased plan for network upgrade. Phase 1, the replacement of core switches, is complete. Phases 2 and 3, involving the implementation of new technology, are pending.</p> <p>TDI plans to extend the wireless data network at the Austin Hobby and Metro offices.</p> <p>TDI plans to improve the data communications services for Financial and Windstorm field offices to the extent possible within existing budgets and DIR contracts.</p> <p>DIR Technology Trends indicate that networking technology is being transformed by the transition to IPv6, in response to the depleting pool of unallocated IP addresses, and also delivering enhanced opportunities for multimedia transmission and data security. TDI does not anticipate a major initiative driven by internal business needs but may participate in statewide implementation.</p>	
3. Associated Projects:	
Name	Status
Data network upgrade	Phase 1 complete Phases 2 & 3 on hold
Wireless access	Planning
Field Office access	Planning
4. Agency Objectives:	
<p>1-Promote Consumer Access to Affordable Insurance Products Within a Fair Market (1.1, 1.2, 1.3, 1.4, 1.5)</p> <p>2-Promote the Financial Strength of the Insurance Industry (2.1, 2.2)</p> <p>3-Reduce Loss of Life & Property Due to Fire (3.1)</p> <p>4-Effectively Regulate the Texas Workers' Compensation System (4.1, 4.2)</p>	
5. Statewide Technology Priorities:	
<ul style="list-style-type: none"> • P4 – Infrastructure • P6 – Mobility 	<ul style="list-style-type: none"> • P7 – Network • P9 – Security and Privacy
6. Guiding Principles:	
<ul style="list-style-type: none"> • Connect – expanding citizen access to services • Innovate – leveraging technology services and solutions across agencies • Trust – providing a clear and transparent accounting of government services and data • Deliver – promoting a connected and agile workforce 	
<p>Citizen access will be improved through improved connectivity to certain field offices.</p> <p>The headquarters data network will become redundant and provide enhanced security, promoting a connected and agile workforce.</p>	
7. Anticipated Benefits:	
<ul style="list-style-type: none"> • Operational efficiencies (time, cost, productivity) • Citizen/customer satisfaction (service delivery quality, cycle time) • Security improvements • Foundation for future operational improvements • Compliance (required by State/Federal laws or regulations) 	

**TECHNOLOGY RESOURCE PLANNING
TECHNOLOGY INITIATIVE ALIGNMENT**

Improve operational efficiency in the field offices and provide headquarters staff the ability to move from the desktop while staying connected. This will improve service delivery to our onsite stakeholders, while maintaining a secure network.

8. Capabilities or Barriers:

Infrastructure investment in leased space or in aging headquarters facilities may be deemed inappropriate. TDI has experienced difficulty in hiring and retaining qualified network engineers.

TECHNOLOGY RESOURCE PLANNING TECHNOLOGY INITIATIVE ALIGNMENT

IV. Cloud Computing and Hosting Applications

1. Initiative Name:	
Cloud Computing and Hosted Applications	
2. Initiative Description:	
<p>TDI will continue to evaluate alternatives to in-house application development and traditional client/server environments. Current efforts include moving toward a hosted software package for insurance functions (Vertafore Sircon for States) and a proposed migration in FY12-13 to a managed cloud service for email and messaging. Also, the vendor has announced end-of-life for the Help Desk / Asset Management software package that TDI uses. TDI will continue to consider alternatives to extend these initiatives as well as add business functions that fit the model in a cost and effective manner.</p>	
3. Associated Projects:	
Name	Status
Sircon for States implementation	This is a hosted application for insurance transaction processing. Six phases of implementation are contracted from FY11 – FY13. Extensions to the contract may be considered during LAR preparation.
Technology Obsolescence	Planned/Recurring
Help Desk software Replacement	Planning
Email Replacement	Planning
4. Agency Objectives:	
<p>1-Promote Consumer Access to Affordable Insurance Products Within a Fair Market (1.1, 1.2, 1.3, 1.4, 1.5) 2-Promote the Financial Strength of the Insurance Industry (2.1, 2.2) 3-Reduce Loss of Life & Property Due to Fire (3.1) 4-Effectively Regulate the Texas Workers' Compensation System (4.1, 4.2)</p>	
5. Statewide Technology Priorities:	
<ul style="list-style-type: none"> • P1 – Cloud • P4 – Infrastructure • P5 – Legacy Applications 	<ul style="list-style-type: none"> • P6 – Mobility • P9 – Security and Privacy
6. Guiding Principles:	
<ul style="list-style-type: none"> • Connect – expanding citizen access to services • Innovate – leveraging technology services and solutions across agencies • Trust – providing a clear and transparent accounting of government services and data • Deliver – promoting a connected and agile workforce 	
<p>TDI will provide staff with a consistent, accessible technology infrastructure by implementing a core insurance processing system, secure access to email and calendar services, and similar applications while using cost-effective proven technologies. TDI will consider non-traditional solutions as hardware and software approach obsolescence review.</p>	
7. Anticipated Benefits:	
<ul style="list-style-type: none"> • Operational efficiencies (time, cost, productivity) • Citizen/customer satisfaction (service delivery quality, cycle time) 	

TECHNOLOGY RESOURCE PLANNING TECHNOLOGY INITIATIVE ALIGNMENT

- Security improvements
- Foundation for future operational improvements
- Compliance (required by State/Federal laws or regulations)

Save time and training required as staff move among TDI assignments using enterprise software. Provide “on-demand” email services with reduced TDI staff support, allowing TDI to redirect these resources. Provide the foundation for moving basic office functions to a managed service when current hardware and software reach obsolescence.

8. Capabilities or Barriers:

TDI strives to provide round-the-clock access, on demand, to messaging and phone services and business function automation. In order to achieve this, TDI requires the technical staff, budget, and statewide contracts necessary to implement these solutions.

TECHNOLOGY RESOURCE PLANNING TECHNOLOGY INITIATIVE ALIGNMENT

V. TXComp Buildout and COMPASS Replacement

1. Initiative Name:	
TXComp Buildout and COMPASS Replacement	
2. Initiative Description:	
Workers' Compensation requires software functionality to support migration of the COMPASS legacy applications into the TXComp environment, as well as to automate functions that are served neither by COMPASS nor TXComp. For selected functions, outsourced solutions such as hosted or third-party applications will be evaluated as an alternative to TDI development.	
3. Associated Projects:	
Name	Status
Designated Doctor, Attorney Fee Processing System replacement, EDI reporting process replacement (example projects)	Included in DWC long range plans
DWC07 and DWC05 move from COMPASS to TXComp	Ongoing
4. Agency Objectives:	
1-Promote Consumer Access to Affordable Insurance Products Within a Fair Market (1.1, 1.2, 1.3, 1.4, 1.5) 2-Promote the Financial Strength of the Insurance Industry (2.1, 2.2) 3-Reduce Loss of Life & Property Due to Fire (3.1) 4-Effectively Regulate the Texas Workers' Compensation System (4.1, 4.2)	
5. Statewide Technology Priorities:	
<ul style="list-style-type: none"> • P2 – Data Management • P3 – Data Sharing • P5 – Legacy Applications 	<ul style="list-style-type: none"> • P8 – Open Data • P9 – Security and Privacy
6. Guiding Principles:	
<ul style="list-style-type: none"> • Connect – expanding citizen access to services • Innovate – leveraging technology services and solutions across agencies • Trust – providing a clear and transparent accounting of government services and data • Deliver – promoting a connected and agile workforce 	
TDI Workers' Compensation automation continues to strive to provide staff, claimants, employers, insurance carriers and medical providers accessible technology to report and track workers' compensation data across the state.	
7. Anticipated Benefits:	
<ul style="list-style-type: none"> • Operational efficiencies (time, cost, productivity) • Citizen/customer satisfaction (service delivery quality, cycle time) • Security improvements • Foundation for future operational improvements • Compliance (required by State/Federal laws or regulations) 	
An enterprise automated system will meet legislative mandates, eliminate redundant activities and software, and provide secure access to send and receive appropriate data for stakeholders. It will provide a basis to continue to enhance services and comply with future mandates.	

**TECHNOLOGY RESOURCE PLANNING
TECHNOLOGY INITIATIVE ALIGNMENT**

8. Capabilities or Barriers:

Conflicting priorities between COMPASS rewrite and enhancements to support changing business needs, regulatory requirements and the ability to provide constituents a more open means of reporting required information to the agency will be addressed on a regular basis by business and technical staff.

TECHNOLOGY RESOURCE PLANNING TECHNOLOGY INITIATIVE ALIGNMENT

VI. Mobile Workforce

1. Initiative Name:	
Mobile Workforce	
2. Initiative Description:	
<p>TDI anticipates the number of telecommuting staff to expand in the next biennium. This group includes work-at-home, those traveling on TDI business, both inside and outside the United States, and those whose job moves around the state. TDI must: partner with the data center services partner to provide adequate servers to support the number of Citrix licenses TDI currently owns plus those to be procured for anticipated growth; budget for the expanded use of Softphone technology; and implement policies and procedures to support mobile devices. Alternatives to Citrix may be considered. Security of TDI hardware and data is of primary concern in each of these initiatives.</p> <p>TDI has expanded available technology in two conference rooms, including projector, webcam, and speakers. Next steps in improving mobility in the two headquarters buildings are to increase wireless network presence for both connection to the TDI network and connection to the Internet outside the TDI network.</p> <p>TDI will evaluate the use of mobile applications to both increase public access to data plus support mobile workers' access to data in a format suitable for the devices and connectivity available.</p> <p>TDI will evaluate the use of smartphone to enhance the mobile worker experience.</p> <p>TDI cloud and hosting initiatives described separately will complement and extend the Mobile Workforce initiatives.</p>	
3. Associated Projects:	
Name	Status
Softphone Deployment	Piloting in Consumer Protection
Technology Innovation	Active Research and Analysis project
Citrix Expansion	Requested DCS project for re-architecting server environment plus Business Plan request for additional licenses
Wireless Technology	Planning
Social Media	Use of various social media and mobile applications will be considered following publication of the Technology Innovation project report.
4. Agency Objectives:	
<p>1-Promote Consumer Access to Affordable Insurance Products Within a Fair Market (1.1, 1.2, 1.3, 1.4, 1.5)</p> <p>2-Promote the Financial Strength of the Insurance Industry (2.1, 2.2)</p> <p>3-Reduce Loss of Life & Property Due to Fire (3.1)</p> <p>4-Effectively Regulate the Texas Workers' Compensation System (4.1, 4.2)</p>	
5. Statewide Technology Priorities:	
<ul style="list-style-type: none"> • P2 – Data Management • P4 – Infrastructure 	<ul style="list-style-type: none"> • P6 – Mobility • P9 – Security and Privacy
6. Guiding Principles:	
<ul style="list-style-type: none"> • Connect – expanding citizen access to services • Innovate – leveraging technology services and solutions across agencies • Trust – providing a clear and transparent accounting of government services and data 	

**TECHNOLOGY RESOURCE PLANNING
TECHNOLOGY INITIATIVE ALIGNMENT**

<ul style="list-style-type: none"> • Deliver – promoting a connected and agile workforce
<p>This effort is directly related to TDI’s ability to promote a connected and agile workforce.</p>
<p>7. Anticipated Benefits:</p> <ul style="list-style-type: none"> • Operational efficiencies (time, cost, productivity) • Citizen/customer satisfaction (service delivery quality, cycle time) • Security improvements • Foundation for future operational improvements • Compliance (required by State/Federal laws or regulations)
<p>This effort will provide a secure environment for TDI staff to provide customer service in a timely, cost-effective manner. Support of a mobile workforce makes TDI competitive in recruiting and retaining a highly skilled workforce.</p>
<p>8. Capabilities or Barriers:</p>
<p>The initiative requires prioritization of TDI requests through the Data Center Services contract as well as agency funding for mobile technology. TDI approves telecommuting requests on an individual justification level.</p>

TECHNOLOGY RESOURCE PLANNING TECHNOLOGY INITIATIVE ALIGNMENT

VII. Participation in Statewide and National Initiatives

1. Initiative Name:	
Participation in statewide and national initiatives	
2. Initiative Description:	
<p>TDI will leverage statewide functionality, such as CPA offerings and national insurance databases (SERFF). TDI will continue to implement Texas.gov payment processing to enhance the customer experience. TDI has transformed the server environment to the statewide data center and will continue to work with the vendors to enhance the implementation (see DCS initiative). TDI has been involved with DIR in evaluating replacement functionality for the Capitol Complex Telephone System with more modern technology (see Obsolescence initiative) and will continue to partner with DIR as the state seeks to replace the existing phone system.</p>	
3. Associated Projects:	
Name	Status
ISAS upgrades	2012 upgrade active. TDI will continue to take part in CPA ISAS initiatives.
Texas.gov	TDI will continue to evaluate Texas.gov services for both licensing payments and special payments on an ongoing basis.
Capitol Complex Telephone System replacement	Pending DIR next action
SERFF Interface	Planning association with SIRCON Phase V
DWC ICD-10 national upgrade initiative	Planning
4. Agency Objectives:	
<p>1-Promote Consumer Access to Affordable Insurance Products Within a Fair Market (1.1, 1.2, 1.3, 1.4, 1.5) 2-Promote the Financial Strength of the Insurance Industry (2.1, 2.2) 3-Reduce Loss of Life & Property Due to Fire (3.1) 4-Effectively Regulate the Texas Workers' Compensation System (4.1, 4.2)</p>	
5. Statewide Technology Priorities:	
<ul style="list-style-type: none"> • P2 – Data Management • P3 – Data Sharing 	<ul style="list-style-type: none"> • P8 – Open Data
6. Guiding Principles:	
<ul style="list-style-type: none"> • Connect – expanding citizen access to services • Innovate – leveraging technology services and solutions across agencies • Trust – providing a clear and transparent accounting of government services and data • Deliver – promoting a connected and agile workforce 	
<p>TDI participates in statewide technology innovation projects and outsourcing contracts in order to provide citizen access, leverage innovation, and deliver services to our statewide workforce.</p>	
7. Anticipated Benefits:	
<ul style="list-style-type: none"> • Operational efficiencies (time, cost, productivity) • Citizen/customer satisfaction (service delivery quality, cycle time) • Security improvements • Foundation for future operational improvements 	

**TECHNOLOGY RESOURCE PLANNING
TECHNOLOGY INITIATIVE ALIGNMENT**

• Compliance (required by State/Federal laws or regulations)
TDI anticipates time and cost savings by leveraging statewide initiatives, while maintaining compliance with regulations and providing the highest possible level of data security.
8. Capabilities or Barriers:
As a midsized agency, TDI projects may not be prioritized by statewide or national vendors.

TECHNOLOGY RESOURCE PLANNING TECHNOLOGY INITIATIVE ALIGNMENT

VIII. Domain Name Conversion

1. Initiative Name:	
Domain Name Conversion	
2. Initiative Description:	
<p>This is a state-mandated initiative where ITS responsibility is a portion of an agency-wide project. TDI has completed the web site rename from the state.tx.us suffix to texas.gov. TDI plans to convert e-mail addresses when migrating to a cloud solution. ITS will be involved in changing system-produced letterheads, fax cover sheets, and similar items produced via software. Other TDI departments will be responsible for business cards, envelopes, paper letterheads, and similar items.</p>	
3. Associated Projects:	
Name	Status
Domain Name Conversion	Planned for 2013
4. Agency Objectives:	
<p>1-Promote Consumer Access to Affordable Insurance Products Within a Fair Market (1.1, 1.2, 1.3, 1.4, 1.5) 2-Promote the Financial Strength of the Insurance Industry (2.1, 2.2) 3-Reduce Loss of Life & Property Due to Fire (3.1) 4-Effectively Regulate the Texas Workers' Compensation System (4.1, 4.2)</p>	
5. Statewide Technology Priorities:	
• P4 – Infrastructure	• P8 – Open Data
6. Guiding Principles:	
<ul style="list-style-type: none"> • Connect – expanding citizen access to services • Innovate – leveraging technology services and solutions across agencies • Trust – providing a clear and transparent accounting of government services and data • Deliver – promoting a connected and agile workforce 	
<p>All Texas state agencies will use a single URL suffix that complies with standards promulgated for governmental sites. This will facilitate citizen access to the appropriate state, local, or federal information.</p>	
7. Anticipated Benefits:	
<ul style="list-style-type: none"> • Operational efficiencies (time, cost, productivity) • Citizen/customer satisfaction (service delivery quality, cycle time) • Security improvements • Foundation for future operational improvements • Compliance (required by State/Federal laws or regulations) 	
<p>Benefits are compliance with state mandate and eventual citizen access improvements, and higher confidence in the security of the state online presence.</p>	
8. Capabilities or Barriers:	
<p>There are no direct costs involved with the technology changes other than staff time. There may be other agency costs related to pre-printed envelopes, paper, etc.</p>	

TECHNOLOGY RESOURCE PLANNING TECHNOLOGY INITIATIVE ALIGNMENT

IX. Multi-Function Device (MFD) Contract Renewal

1. Initiative Name:	
Multi-Function Device (MFD) Contract Renewal	
2. Initiative Description:	
TDI's existing contract will expire in December 2013. TDI must review contract performance and then determine whether to renew, renegotiate terms, or rebid the contract.	
3. Associated Projects:	
Name	Status
Electronic Storage / Document Management	Research and Analysis project active
MFD Contract Review	Planning
4. Agency Objectives:	
<ul style="list-style-type: none"> 1-Promote Consumer Access to Affordable Insurance Products Within a Fair Market (1.1, 1.2, 1.3, 1.4, 1.5) 2-Promote the Financial Strength of the Insurance Industry (2.1, 2.2) 3-Reduce Loss of Life & Property Due to Fire (3.1) 4-Effectively Regulate the Texas Workers' Compensation System (4.1, 4.2) 	
5. Statewide Technology Priorities:	
• P4 – Infrastructure	• P9 – Security and Privacy
6. Guiding Principles:	
<ul style="list-style-type: none"> • Connect – expanding citizen access to services • Innovate – leveraging technology services and solutions across agencies • Trust – providing a clear and transparent accounting of government services and data • Deliver – promoting a connected and agile workforce 	
TDI is committed to continuing innovation in providing cost-effective and reliable solutions to manage print, fax, scanning, and copy services across the Agency.	
7. Anticipated Benefits:	
<ul style="list-style-type: none"> • Operational efficiencies (time, cost, productivity) • Citizen/customer satisfaction (service delivery quality, cycle time) • Security improvements • Foundation for future operational improvements • Compliance (required by State/Federal laws or regulations) 	
TDI expects that the outcome of the review will provide improvements in time, cost, and productivity while continuing to meet security requirements and compliance with relevant laws.	
8. Capabilities or Barriers:	
None	

APPENDIXES

APPENDIX A AGENCY PLANNING PROCESS

Strategic Planning Preparation

TDI develops its strategic plan with participation from the agency's executive management and staff representing all agency divisions. The Agency Planning Group (APG) is responsible for coordinating strategic planning activities and developing the agency's strategic plan.

In FY 2012, the commissioners of insurance and workers' compensation convened a series of facilitated strategic planning work sessions to identify the external and internal challenges facing TDI over the next five years. In the course of the work sessions, the cross-agency participants described and discussed many challenges in detail and considered current activities and trends related to the identified challenges. This collaborative approach promotes communication across divisions and ensures input from all divisions. The participants reached consensus on four broad categories of challenges and developed strategic responses to address each challenge.

Final documents are distributed to executive management and approved by both commissioners.

APTT Participation

To help the APG coordinate agency-wide information, TDI uses the Agency Planning and Technology Team (APTT), which is a working group comprised of representatives from each agency division. The APTT's primary functions are to plan and advise on agency-wide projects and processes. These decision makers work together on information technology resource issues, strategic and business planning, and other efforts that require collaboration.

Budget Structure Review and Development

Each biennium, TDI revisits its budget structure to ensure its goals and mission align with statutory responsibilities. Additionally, the agency reviews its performance measures for substantive and nonsubstantive changes. Division staff develops definitions for new measures and modify existing definitions accordingly.

Upon completion of the performance measure evaluations, APG compiles the proposed changes in accordance with the format required by the LBB and GOBPP. APG distributes the proposed changes to the divisions for executive management's final comment and approval.

TDI submits the requested changes to the GOBPP and LBB on the requested due date.

TDI requested a revised budget structure for the 2014-2015 biennium. The revised structure aligns similar strategies and functions into the same goal, Access to Affordable Insurance. Because of the agency reorganization and consolidation of functions, TDI also reevaluated performance measures. TDI identified substantive and nonsubstantive changes to address statutory changes; focus on key processes; ensure that measures continue to be valid, responsive, and relevant; and align similar functions. The performance measures and definitions had not received formal approval from the LBB and GOBPP at the time of this printing.

Performance Measure Projections and Targets

TDI must include five-year performance measure projections for outcome measures in the strategic plan. Additionally, TDI submits biennium targets for all measures in the Legislative Appropriations Request (LAR).

APG provides a five-year history of the agency's performance measure targets and actual performance which allows for a more focused review of proposed changes. Division staff evaluates the measures, including requested definition changes, to project future performance. APG reviews and works with division staff to determine the final performance measure projections and LAR targets. Executive management reviews and approves all changes.

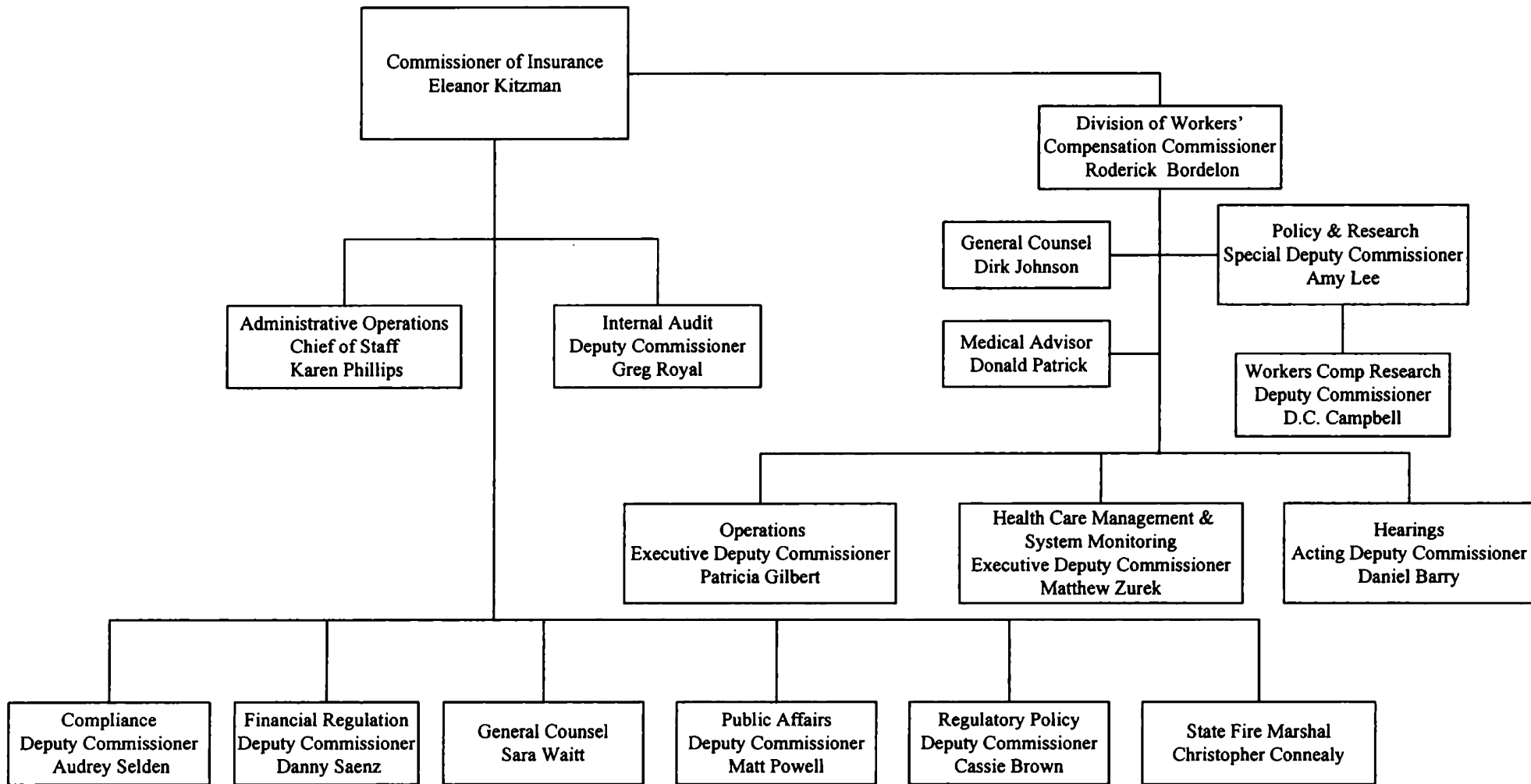
The projected outcomes presented in this plan reflect current funding levels. TDI will adjust the targets as appropriate in the agency's FY 2014-2015 LAR to reflect the supplemental ten percent reduction schedule.

Strategic Plan Approval

APG works with executive management to finalize the strategic plan. Executive management approves the document for delivery to the LBB, GOBPP, and other interested parties.

APPENDIX B AGENCY ORGANIZATIONAL CHART

Texas Department of Insurance
Agency Organizational Chart
July 2012



**APPENDIX C
OUTCOME PROJECTIONS
FISCAL YEARS 2013-2017**

Goal-Obj.	Outcome Measures	2013	2014	2015	2016	2017
<i>The performance measures and definitions had not received formal approval from the Legislative Budget Board or the Governor's Office of Budget, Planning, and Policy at the time of this printing.</i>						
New	Percent of calls answered by the TDI consumer help line call center	90%	90%	90%	90%	90%
1.3.1 oc 1	Percent of company, third party administrator, and premium finance license applications completed within 60 days	95%	95%	95%	95%	95%
1.3.1 oc 2	Percent of agent license filings completed within fifteen (15) days	96%	96%	96%	96%	96%
1.3.1 oc 3	Percent of statutory rate and form filings completed within 90 days	87%	87%	87%	87%	87%
1.3.1 oc 4	Percent of personal auto and residential property form filings completed in 60 days	94%	94%	94%	94%	94%
1.3.2 oc 5	Percent of registered passenger vehicles in underserved markets with personal or commercial automobile liability insurance	75%	75%	75%	75%	75%
1.3.3 oc 6	Percent of licensees who renew on-line	82%	82%	82%	82%	82%
1.4.3 oc 1	Percent of Texas small employers participating in innovative insurance initiatives	5%	5%	5%	5%	5%
2.1.1 oc 2	Percent of identified companies reviewed	97%	97%	97%	97%	97%
2.1.1 oc 3	Percent of total dollars collected by Special Deputy Receivers expended on asset administration	15%	15%	15%	15%	15%
2.1.1 oc 4	Average number of days from company "at risk" identification to the date of solvency-related regulatory action	21	21	21	21	21
2.1.1 oc 5	Percent of companies rehabilitated after TDI solvency-related intervention	18%	18%	18%	18%	18%
TBD	Percent of insurers providing adequate loss control programs	99%	99%	99%	99%	99%
TBD	Percent of windstorm inspections that result in an "approved" status code	35%	35%	35%	35%	35%
3.1.1 oc 1	Percent of SFMO criminal referrals resulting in enforcement/legal action	60%	60%	60%	60%	60%
3.1.1 oc 2	Percent of registrations, licenses, and permits issued within 20 days, after receipt of a completed application	99%	99%	99%	99%	99%

**APPENDIX C
OUTCOME PROJECTIONS
FISCAL YEARS 2013-2017**

Goal-Obj.	Outcome Measures	2013	2014	2015	2016	2017
<i>The performance measures and definitions had not received formal approval from the Legislative Budget Board or the Governor's Office of Budget, Planning, and Policy at the time of this printing.</i>						
4.1.1 oc 2	Percentage of medical bills processed timely	95%	95%	95%	95%	95%
4.1.2 oc 3	Percent of medical fee disputes resolved by medical fee dispute resolution or upheld upon appeal	90%	90%	90%	90%	90%
4.1.3 oc 4	Payments from the Subsequent Injury Fund	\$6,962,804	\$8,038,000	\$8,038,000	\$8,038,000	\$8,038,000
4.2.1 oc 1	Percent of temporary income benefit recipients returning to work within 90 days of injury	54%	54%	54%	54%	54%

Appendix D
Performance Measure Definitions
Fiscal Years 2014-2015

**APPENDIX D
PERFORMANCE MEASURE DEFINITIONS
FISCAL YEARS 2014-2015**

The performance measures and definitions had not received formal approval from the Legislative Budget Board or the Governor's Office of Budget, Planning, and Policy at the time of this printing.

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1.3.1 op 3	Number of property and casualty rate and form filings completed 67
1.3.1 ex 1	Total number of licensed agents 68
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1.3.3 oc 6	Percent of licensees who renew online 70
1.3.4 ef 1	Average cost per certified self-insured certificate holder 70
1.3.4 ex 1	Percentage of market share of certified self-insurance to the total workers' compensation insurance market . 71
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TBD	Percent of windstorm inspections that result in an "approved" status code 72
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2.1.1 oc 2	Percent of identified companies reviewed	74
2.1.1 oc 3	Percent of total dollars collected by Special Deputy Receivers expended on asset administration	75
2.1.1 oc 4	Average number of days from company “at risk” identification to the date of solvency-related regulatory action	76
2.1.1 oc 5	Percent of companies rehabilitated after Texas Department of Insurance solvency-related intervention	77
2.1.1 op 1	Number of entities receiving Texas Department of Insurance solvency-related intervention	78
2.1.1 op 3	Number of reviews of annual and interim financial statements completed	79
2.1.1 ex 1	Dollar amount (in millions) of insurance company insolvencies	79
3.1.1 oc 1	Percent of State Fire Marshal’s Office criminal referrals resulting in enforcement/legal action	80
3.1.1 oc 2	Percent of registrations, licenses, and permits issued within 20 days after receipt of a completed application	81
3.1.1 op 1	Number of individuals attending fire prevention and fire safety presentations coordinated by the State Fire Marshal’s Office	81
3.1.1 op 2	Number of fire investigations completed	82
3.1.1 op 3	Number of samples analyzed in the arson lab	82
3.1.1 op 4	Number of State Fire Marshal’s Office criminal referrals to prosecution	83
3.1.1 op 5	Number of registrations, licenses, and permits issued	83
3.1.1 op 6	Number of licensing investigations or inspections conducted	84
3.1.1 op 7	Number of buildings inspected or reinspected for fire safety hazards	84
3.1.1 op 8	Number of communities accepting a State Fire Marshal’s Office (SFMO) fire prevention program	85
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4.1.2 oc 3	Percent of medical fee disputes resolved by medical fee dispute resolution or upheld upon appeal	90
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4.1.2 op 3	Number of appellate decisions issued	91
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4.1.2 ef 2	Average number of days to resolve disputes through dispute resolution proceedings	92
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4.1.3 op 1	Number of injured workers receiving lifetime income benefit payments through the Subsequent Injury Fund	94
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4.2.1 op 1	Number of workplace safety consultations and inspections provided to employers	95
4.2.1 op 2	Number of Division of Workers' Compensation presentations made	96
4.2.1 op 3	Number of hazards identified through workplace safety consultations, inspections, and the Safety Violations Hotline	96
4.2.1 op 4	Number of return-to-work, health care provider and workplace safety educational products and services provided to system participants	97
4.2.1 op 5	Number of workers' compensation income benefit recipients referred to the Department of Assistive and Rehabilitative Services	97
4.2.1 ef 1	Average cost per workplace safety consultation and inspection	98
4.2.1 ex 1	Statewide incidence rate of injuries and illnesses per 100 full-time employees in the private sector	98
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4.2.2 ex 1	Number of documents received electronically by the Division of Workers' Compensation	99

**APPENDIX D
PERFORMANCE MEASURE DEFINITIONS
FISCAL YEARS 2014-2015**

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**APPENDIX D
PERFORMANCE MEASURE DEFINITIONS
FISCAL YEARS 2014-2015**

New	Percent of calls answered by the TDI Consumer Help Line call center
<i>Short Definition</i>	The call capture rate for calls answered by the Consumer Help Line is the percent of calls answered by Consumer Help Line staff.
<i>Purpose/Importance</i>	The percentage of calls answered by Consumer Help Line staff is a call center industry standard measurement of customer service. TDI educates consumers through phone calls.
<i>Source/Collection</i>	Incoming and answered telephone calls are tracked by the agency's telephone system. Incoming calls are routed to an Automated Call Distribution (ACD) queue that is available to be answered by a staff member; an answered call is one that was routed to an ACD queue then answered by a Consumer Help Line staff member.
<i>Method of Calculation</i>	The total number of telephone calls answered by the Consumer Help Line staff divided by the total number of incoming telephone calls during the reporting period.
<i>Data Limitations</i>	If the network server that captures call data goes down and a daily calls answered/incoming calls report is not available or incomplete, then that day's total calls answered/incoming will be calculated by averaging the previous and succeeding days' number of calls answered/incoming reports.
<i>Calculation Type</i>	Non-cumulative
<i>New Measure</i>	Yes
<i>Desired Performance</i>	Higher than target

1.1.1 op 4	Number of Texas Department of Insurance calls to insurance industry for data
<i>Short Definition</i>	The number of statistical calls asking insurers or other entities for specific data used for setting rates or to monitor the marketplace. A statistical call is defined as a request for data from multiple insurance entities and disseminated as a Texas Department of Insurance (TDI) Commissioner's Bulletin.
<i>Purpose/Importance</i>	The number of statistical calls asking insurers or other entities for specific data used for setting rates or to monitor the marketplace. A statistical call is defined as a request for data from multiple insurance entities and disseminated as a TDI Commissioner's Bulletin.
<i>Source/Collection</i>	The Commissioner's authority to issue such bulletin requests is specified in various sections of the Insurance Code, by line of insurance. The cite for the specific authority for a particular bulletin request is given in each bulletin.
<i>Method of Calculation</i>	The number of statistical calls asking insurers or other entities for specific data used for setting rates or to monitor the marketplace for the reporting period.
<i>Data Limitations</i>	This measure does not include data calls issued by the Division of Workers' Compensation. Lower performance indicates no issues with rates or the market; higher performance indicates the market is volatile.
<i>Calculation Type</i>	Cumulative
<i>New Measure</i>	No
<i>Desired Performance</i>	Lower than target

**APPENDIX D
PERFORMANCE MEASURE DEFINITIONS
FISCAL YEARS 2014-2015**

1.1.1 ex 1	Percent of premiums expended on insurer overhead costs
<i>Short Definition</i>	Aggregate overhead costs as a percent of premiums paid by consumers for all lines of insurance.
<i>Purpose/Importance</i>	To measure the percentage of premiums attributable to overhead costs.
<i>Source/Collection</i>	Aggregate overhead costs are defined as the sum of general expenses plus the expenses set forth in the Property and Casualty Insurance Experience by Coverage and Carriers as "Commissions and Brokerage Expenses" and "Taxes, Licenses, and Fees." Premiums paid are defined as calendar year direct premiums written. All data elements, with the exception of general expenses, is from the Summary of Texas Experience from the Annual Statement Texas - Page 14, which is part of the annual Property and Casualty Insurance Experience by Coverage and Carriers prepared by the Texas Department of Insurance from the National Association of Insurance Commissioners data. General expenses for Texas is calculated as the percent of direct premiums written (calculated) in the Country-wide Totals for All Property and Casualty Lines Combined, Insurance Expense Exhibit (IEE), Part III – Direct Business multiplied by Texas direct premiums written from the Annual Statement Texas - Page 14.
<i>Method of Calculation</i>	The sum of all operating expenses of the insurance industry divided by premiums paid to the insurance industry for the reporting period.
<i>Data Limitations</i>	Data is for stock, mutual, reciprocal, and Lloyds insurance carriers licensed to write coverage in the State of Texas that developed Texas business for the previous calendar year.
<i>Calculation Type</i>	Non-cumulative
<i>New Measure</i>	No
<i>Desired Performance</i>	Lower than target

1.1.1 ex 2	Percent of total registered passenger vehicles with personal or commercial automobile liability insurance
<i>Short Definition</i>	Number of insured registered passenger vehicles as a percent of total registered passenger vehicles.
<i>Purpose/Importance</i>	To measure the percentage of total registered passenger vehicles, which are covered by personal or commercial automobile liability insurance.
<i>Source/Collection</i>	The source of data for total registered passenger vehicles covered by personal or commercial automobile liability insurance is TexasSure Vehicle Insurance Verification, the Texas financial responsibility verification program. The source of data for registered passenger vehicles is the Texas Department of Motor Vehicles, as reported to the vendor for TexasSure Vehicle Insurance Verification.
<i>Method of Calculation</i>	The total number of registered passenger vehicles covered by personal or commercial automobile liability insurance divided by the total number of registered passenger vehicles at the end of the reporting period.
<i>Data Limitations</i>	Data for passenger vehicles covered by commercial automobile liability insurance is an optional reporting element of TexasSure Vehicle Insurance Verification.
<i>Calculation Type</i>	Non-cumulative
<i>New Measure</i>	No
<i>Desired Performance</i>	Higher than target

**APPENDIX D
PERFORMANCE MEASURE DEFINITIONS
FISCAL YEARS 2014-2015**

1.2.1 op 1	Number of complaints resolved
<i>Short Definition</i>	The number of written communications primarily expressing a grievance which have been resolved. This definition of complaint comes from Texas Insurance Code Section 542.005 (a).
<i>Purpose/Importance</i>	To measure the number of written communications primarily expressing a grievance which have been resolved.
<i>Source/Collection</i>	Complaints are tracked in an agency database. The source of the data is quarterly and annual reports. Complaints that are referred to other entities having primary responsibility for the subject are not included in this measure. The complaint is resolved when staff have closed the complaint in the database. To close a complaint, staff must exhaust all actions deemed appropriate to resolve the complaint and have sent the complainant a letter explaining the final disposition of the complaint. Anonymous complaints will have a memo to file instead of a letter to a complainant.
<i>Method of Calculation</i>	The sum of complaint records coded as a justified complaint or unjustified complaint for the reporting period that at the time of closing are not linked to a legal or fraud case.
<i>Data Limitations</i>	None
<i>Calculation Type</i>	Non-cumulative
<i>New Measure</i>	No
<i>Desired Performance</i>	Higher than target

1.2.1 ef 1	Average response time (in days) to complaints
<i>Short Definition</i>	The number of days from the date a complaint is received in writing at the Texas Department of Insurance (TDI) to the date complaint action is concluded, summed for all written complaints, divided by the number of complaint actions concluded. A complaint is a written communication primarily expressing a grievance. This definition of a complaint comes from Texas Insurance Code Section 542.005 (a).
<i>Purpose/Importance</i>	To measure the efficiency of TDI's complaints resolution process.
<i>Source/Collection</i>	The source of the data is a report from an agency database. The date a complaint is received is the earliest date stamped by TDI staff on the written complaint. The date action is concluded is the date staff closed the complaint in the agency database. The closed date will be after staff have determined that they have exhausted actions they deem appropriate to resolve the complaint and have sent the complainant a letter explaining the final disposition of the complaint.
<i>Method of Calculation</i>	The sum of the total number of days to resolve complaints divided by the number of complaints resolved during the reporting period.
<i>Data Limitations</i>	Anonymous complaints will have a memo to file instead of a letter to the complainant. If a complaint is re-opened, the lapsed time between a closure date and a reopen date is not included in the calculation. If there is no date stamp, the date on the complainant's letter will be the starting date.
<i>Calculation Type</i>	Non-cumulative
<i>New Measure</i>	No
<i>Desired Performance</i>	Lower than target

**APPENDIX D
PERFORMANCE MEASURE DEFINITIONS
FISCAL YEARS 2014-2015**

1.2.2 op 1		Number of enforcement cases concluded with action
<i>Short Definition</i>	The number of enforcement cases concluded with action against persons and entities for violations of insurance and workers' compensation statutes and rules. Actions are orders resulting from hearings at the State Office of Administrative Hearings, orders issued without a hearing, and warning letters.	
<i>Purpose/Importance</i>	This measure monitors the number of enforcement cases concluded by the agency against certain entities in order to demonstrate the agency's efforts toward reducing illegal practices.	
<i>Source/Collection</i>	The source of the data is an agency database. The enforcement case is concluded on the date the case is closed in the database.	
<i>Method of Calculation</i>	The sum of the number of cases concluded with action during the reporting period.	
<i>Data Limitations</i>	None	
<i>Calculation Type</i>	Cumulative	
<i>New Measure</i>	No	
<i>Desired Performance</i>	Higher than target	
1.2.2 op 4		Number of quality assurance examinations conducted
<i>Short Definition</i>	This measure monitors all completed quality assurance (QA) examinations conducted to determine if entities are in compliance with statutes and regulations. These exams include but are not limited to triennial; service area expansion; service area modification; complaint; restitution; certificate of authority; utilization reviews of HMOs; exclusive provider organizations; commercial exclusive provider benefit plans; workers' compensation networks; independent review organizations; utilization review agents; preferred provider organizations; healthcare collaboratives; commercial accountable care organizations; and affiliate entities. Exams are performed by conducting desk reviews and on-site reviews of materials required to be submitted to the Texas Department of Insurance (TDI).	
<i>Purpose/Importance</i>	To measure the number of quality assurance examinations conducted by the Managed Care Quality Assurance (MCQA) Office to ensure compliance with statutes and regulations to protect the citizens of Texas.	
<i>Source/Collection</i>	The measure is calculated using work papers and data captured in the QA exam database. Examinations are conducted in one to three year increments. Some exams are mandated by statute and others are conducted on an as-needed basis. An examination is complete on the date TDI mails the exam report and enters the completion date into the QA exam database. Only completed exams are counted in this measure.	
<i>Method of Calculation</i>	The sum of the number of completed quality assurance examinations conducted during the reporting period.	
<i>Data Limitations</i>	This measure does not include QA examinations that are 100 percent outsourced. Some exams included in this measure may be conducted jointly with the Financial Division and/or the Division of Workers' Compensation (DWC). However, the two other divisions have different scopes. Financial exams relate to solvency and market conduct. MCQA conducts QA exams to review health care services provided to enrollees and business practices to assure they are consistent with reasonable standards of quality of care consistent with prevailing professionally recognized standards of medical practice. DWC exams relate to workers' compensation compliance guidelines. Therefore, each division includes these joint exams in calculating the number of exams conducted.	
<i>Calculation Type</i>	Cumulative	
<i>New Measure</i>	No	
<i>Desired Performance</i>	Higher than target	

**APPENDIX D
PERFORMANCE MEASURE DEFINITIONS
FISCAL YEARS 2014-2015**

1.2.2 of 1	Average cost per quality assurance examination conducted
<i>Short Definition</i>	This measure monitors the average cost of quality assurance (QA) examinations conducted by the Managed Care Quality Assurance (MCQA) Office. These exams include but are not limited to, triennial; service area expansion; service area modification; complaint; restitution; certificate of authority; utilization reviews of HMOs; exclusive provider organizations; commercial exclusive provider benefit plans; workers' compensation networks; independent review organizations; utilization review agents; preferred provider organizations; healthcare collaborative; commercial accountable care organizations; and affiliate entities. Exams are performed by conducting desk reviews and on-site reviews of materials required to be submitted to the Texas Department of Insurance (TDI).
<i>Purpose/Importance</i>	To measure the cost effectiveness of examinations conducted by the MCQA Office.
<i>Source/Collection</i>	Costs are calculated using work papers and from data captured in the QA exam database. Examinations are conducted in one to three year increments. An examination is complete on the date TDI mails the exam report and enters the completion date into the QA exam database. Some examinations are mandated by statute and others are conducted on an as-needed basis. Only completed exams are counted in this measure.
<i>Method of Calculation</i>	The sum of all expenditures for QA examination activity divided by the number of QA examinations conducted during the reporting period.
<i>Data Limitations</i>	This measure does not include QA examinations that are 100 percent outsourced. Some exams included in this measure may be conducted jointly with the Financial Division and/or the Division of Workers' Compensation (DWC). However, the two other divisions have different scopes. Financial exams relate to solvency and market conduct. MCQA conducts QA exams to review health care services provided to enrollees and business practices to assure they are consistent with reasonable standards of quality of care consistent with prevailing professionally recognized standards of medical practice. DWC exams relate to worker's compensation compliance guidelines. Therefore, each division includes these joint exams in calculating the number of exams conducted.
<i>Calculation Type</i>	Non-cumulative
<i>New Measure</i>	No
<i>Desired Performance</i>	Lower than target

**APPENDIX D
PERFORMANCE MEASURE DEFINITIONS
FISCAL YEARS 2014-2015**

1.2.3 op 1	Number of referrals of alleged insurer, consumer, provider, and workers' compensation fraud to state and federal prosecutors
<i>Short Definition</i>	Number of referrals of alleged insurer, consumer, provider, and workers' compensation fraud to prosecutors, such as district attorneys or United States attorneys. Fraud is a violation of a penal law and is committed or attempted while engaging in the business of insurance, or relating to an insurance transaction. A case is an investigation performed by the Fraud Section of the Texas Department of Insurance. Referral is a Fraud Section investigation of a penal law violation, involving a person or entity, concluded and submitted to a prosecutor. Legal action includes the filing of a charging document (e.g., indictment, criminal complaint or information).
<i>Purpose/Importance</i>	To measure the success of fraud investigations.
<i>Source/Collection</i>	The source of the data is maintained in the Fraud Section's case management system.
<i>Method of Calculation</i>	The number of persons and/or entities associated with alleged fraud cases that are referred to prosecutors for legal action during the reporting period.
<i>Data Limitations</i>	A case that may identify more than one person or entity will count each person or entity referred as a separate referral. Referrals made to multiple prosecuting agencies from the same case will be counted independently as additional referrals. Separate cases that involve the same party will be counted as separate referrals.
<i>Calculation Type</i>	Cumulative
<i>New Measure</i>	No
<i>Desired Performance</i>	Higher than target

1.3.1 oc 1	Percent of company, third party administrator, and premium finance license applications completed within 60 days
<i>Short Definition</i>	The percent of company, third party administrator and premium finance license applications completed in 60 days or less.
<i>Purpose/Importance</i>	To ensure the timely processing of company, third party administrator, and premium finance license applications.
<i>Source/Collection</i>	The data source is maintained on Excel spreadsheet tracking systems. Applications are new, amended or cancelled licenses and miscellaneous amendments to charters. Entities counted in this measure are insurers, health maintenance organizations, third party administrators and premium finance companies. The processing time begins on the date that all documentation and required fees have been received. The processing time is completed for company applications on 1) the date of the letter to the applicant which includes the Certificate of Authority and/or Commissioner's Order, 2) the date on the Memo to File if no Certificate of Authority or Commissioner's Order is issued, or 3) the date a No Action Letter is issued. The processing time is completed for third party administrator applications on the date of the Commissioner's Order. The processing time is completed for premium finance applications on the effective date as indicated on the license.
<i>Method of Calculation</i>	The sum of the number of company, third party administrator and premium finance license applications completed in 60 days or less, divided by the total number of license applications completed for these entities.
<i>Data Limitations</i>	None
<i>Calculation Type</i>	Non-cumulative
<i>New Measure</i>	No
<i>Desired Performance</i>	Higher than target

**APPENDIX D
PERFORMANCE MEASURE DEFINITIONS
FISCAL YEARS 2014-2015**

1.3.1 oc 2		Percent of agent license filings completed within 15 days
<i>Short Definition</i>	The percent of agent license filings completed within fifteen days of receipt	
<i>Purpose/Importance</i>	To ensure the timely processing of agent license filings. An agent license filing is submitted for the issuance of a new license, renewal of an existing license, issuance or cancellation of an appointment, certification of a license or of records, issuance of a clearance letter, authorization of an address or name change of an agent or agency, Licensing Division Trade name Location (LDTL) processed, license cancellations by agents (due to, death, retirement, move to another state or other non-disciplinary cancellation), and continuing education provider applications, course submissions, exemptions, and extension requests.	
<i>Source/Collection</i>	The starting date is the date a complete and correct filing is received by the Texas Department of Insurance (TDI). The "completed" date for filings is the process date assigned in the agent tracking system, the date the action pertaining to the record request is completed, or the date on the notification letter of approval or denial.	
<i>Method of Calculation</i>	The sum of the number of agent license filings completed within fifteen days of receipt divided by the total number of agent license filings completed during the reporting period.	
<i>Data Limitations</i>	None	
<i>Calculation Type</i>	Non-cumulative	
<i>New Measure</i>	No	
<i>Desired Performance</i>	Higher than target	

1.3.1 oc 3		Percent of statutory rate and form filings completed within 90 days
<i>Short Definition</i>	This measure monitors the number of rate and form filings that are completed by the Texas Department of Insurance (TDI) within 90 days of receipt of the filing.	
<i>Purpose/Importance</i>	To ensure the timely processing of rate and form filings. A filing is a submission of rates or rating factors, forms or other documents required by TDI for use by insurance carriers, viatical and life settlement entities and HMOs to define the terms of coverage, develop rates or to transact the business of insurance or maintain a certificate of authority.	
<i>Source/Collection</i>	Filings are tracked in an agency electronic database. The timeframe for completing a filing is calculated from the date TDI receives the filing to the date TDI takes final action on the filing. A filing is completed on the date final agency action is taken on the filing. Final action is defined as approval, disapproval, rejection, withdrawal, acceptance, deemed approved, closed, filed for information only or verification that a filing is exempt from review. A form filed as a substitution for a prior approval is counted as a separate filing. The source of the number of rate and form filings completed is data from three output measures: the number of life/health filings completed, the number of HMO form filings completed, and the number of property and casualty rate and form filings completed.	
<i>Method of Calculation</i>	The total number of all rate and form filings completed by TDI within 90 days of receipt of the filing divided by the total number of rate and form filings completed during the reporting period.	
<i>Data Limitations</i>	None	
<i>Calculation Type</i>	Non-cumulative	
<i>New Measure</i>	No	
<i>Desired Performance</i>	Higher than target	

**APPENDIX D
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1.3.1 oc 4		Percent of personal auto and residential property form filings completed in 60 days
<i>Short Definition</i>	The percent of personal auto and residential property form filings completed by the Texas Department of Insurance (TDI) within 60 days of receipt.	
<i>Purpose/Importance</i>	To ensure the timely processing of personal auto and residential property form filings.	
<i>Source/Collection</i>	Filings completed are tracked in an agency electronic database and form filings are defined as both policy forms (code PF) and endorsements (code EN). Processing of a form filing is completed on the date final action is taken on the filing. Final action is defined as receiving a final status code (includes approval, disapproval, rejection or withdrawal) as listed in the TRACK database status code table as PCFINAL. A form filed as a substitution for a prior approval is counted as a separate filing. The completion period to be used in determining a completed filing begins on the date the filing is received by TDI and ends on the date of final agency action related to the filing.	
<i>Method of Calculation</i>	The total number of personal automobile and residential property form filings completed by TDI within 60 days of receipt of the filing divided by the total number of personal automobile and residential property form filings completed during the reporting period.	
<i>Data Limitations</i>	None	
<i>Calculation Type</i>	Non-cumulative	
<i>New Measure</i>	No	
<i>Desired Performance</i>	Higher than target	

1.3.1 op 1		Number of life/health insurance filings completed
<i>Short Definition</i>	The number of life/health insurance rate and form filings completed by the Texas Department of Insurance (TDI).	
<i>Purpose/Importance</i>	To measure the volume of completed rate and form filings. A filing is a submission of rates, forms, or other documents required by TDI for use by insurance carriers and/or viatical and life settlement entities to define the terms of coverage or to transact the business of insurance or maintain a certificate of insurance.	
<i>Source/Collection</i>	Filings are tracked in an agency electronic database. A rate or form filing is completed on the date final agency action is taken on the filing. Final action is defined as approval, disapproval, rejection, withdrawal and verification that a form is exempt from review or filed for information only. A form filed as a substitution for a prior approval is counted as a separate filing.	
<i>Method of Calculation</i>	The sum of the number of life/health insurance rate and form filings completed during the reporting period.	
<i>Data Limitations</i>	None	
<i>Calculation Type</i>	Cumulative	
<i>New Measure</i>	No	
<i>Desired Performance</i>	Higher than target	

**APPENDIX D
PERFORMANCE MEASURE DEFINITIONS
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1.3.1 op 2	Number of HMO form filings completed
<i>Short Definition</i>	The number of health maintenance organizations (HMOs) and approved non-profit health corporations (ANHC) form filings completed by the Texas Department of Insurance (TDI).
<i>Purpose/Importance</i>	To measure the number of completed HMO and ANHC form filings. A form filing is a submission of forms required by TDI for use by HMOs and ANHCs to conduct business in Texas.
<i>Source/Collection</i>	A form filing is completed on the date final agency action is taken. Final action is defined as approval, disapproval, withdrawal, rejection, or verification that a form is filed for information purposes only. Completed form filings are tracked in an agency database. HMO form filings include evidence of coverage (EOC), provider contracts, enrollment applications, EOC amendments.
<i>Method of Calculation</i>	The sum of the number of HMO and ANHC form filings completed during the reporting period.
<i>Data Limitations</i>	None
<i>Calculation Type</i>	Cumulative
<i>New Measure</i>	No
<i>Desired Performance</i>	Higher than target

1.3.1 op 3	Number of property and casualty rate and form filings completed
<i>Short Definition</i>	The number of property and casualty insurance rate and form filings completed by the Texas Department of Insurance (TDI).
<i>Purpose/Importance</i>	To measure the number of property and casualty insurance rate and form filings completed by TDI for the reporting period.
<i>Source/Collection</i>	Rate and form filings are tracked in an agency electronic database. A form filing consists of certificates of insurance and policy forms, endorsements, and rules used by insurance carriers to define the terms and conditions for insurance coverage. A rate filing consists of rates, rating plans and rating manuals used by insurance carriers to determine the premium charged for insurance coverage. A filing is completed on the date final agency action is taken on the filing. Final action is defined as approval, disapproval, rejection, withdrawal, acceptance, deemed approved, closed, or filed for information only.
<i>Method of Calculation</i>	The total number of property and casualty insurance rate and form filings completed for the reporting period.
<i>Data Limitations</i>	None
<i>Calculation Type</i>	Cumulative
<i>New Measure</i>	No
<i>Desired Performance</i>	Higher than target

**APPENDIX D
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1.3.1 ex 1		Total number of licensed agents
<i>Short Definition</i>	The total number of individuals and entities licensed as agents as tracked in the agent tracking system.	
<i>Purpose/Importance</i>	To measure the total number of individuals and entities licensed as agents.	
<i>Source/Collection</i>	Obtained by querying the agent tracking system. Agent licenses include: agents, adjusters, service representatives, counselors, reinsurance brokers and managers and risk managers.	
<i>Method of Calculation</i>	The sum of the total number of individuals and entities licensed for the reporting period. An individual or entity that holds more than one license authority is counted only once.	
<i>Data Limitations</i>	This measure does not reflect the number of agents license authorities issued by the agency because many agents hold multiple license authorities.	
<i>Calculation Type</i>	Non-cumulative	
<i>New Measure</i>	No	
<i>Desired Performance</i>	Higher than target	

1.3.1 ex 2		Number of regulated companies and other carriers
<i>Short Definition</i>	The number of regulated insurance companies and other risk-bearing carriers. These companies hold a Certificate of Authority or Certificate of Approval and are authorized/licensed by the Texas Department of Insurance (TDI) to conduct business in Texas. The types of insurers and other risk-bearing carriers include both Texas and non-Texas property & casualty insurance companies, life & health insurance companies, health maintenance organizations, continuing care retirement communities, workers' compensation self insurance groups, and multiple employer welfare arrangements.	
<i>Purpose/Importance</i>	This measure provides information about the number of risk-bearing carriers licensed in Texas and is a reflection on TDI's financial solvency workload. Changes in the reported number of regulated companies also reflect on the health of and trends in the insurance industry.	
<i>Source/Collection</i>	Tracked on an agency database and obtained by querying the system.	
<i>Method of Calculation</i>	The sum of the number of risk-bearing carriers licensed in Texas holding a Certificate of Authority or Certificate of Approval for the reporting period.	
<i>Data Limitations</i>	This measure is driven by the industry needs in Texas.	
<i>Calculation Type</i>	Non-cumulative	
<i>New Measure</i>	No	
<i>Desired Performance</i>	Higher than target	

**APPENDIX D
PERFORMANCE MEASURE DEFINITIONS
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1.3.2 oc 5	Percent of registered passenger vehicles in underserved markets with personal or commercial automobile liability insurance
<i>Short Definition</i>	Number of insured registered passenger vehicles as a percent of total registered passenger vehicles in underserved markets.
<i>Purpose/Importance</i>	To measure the percentage of total registered passenger vehicles which are covered by personal or commercial automobile liability insurance in underserved markets.
<i>Source/Collection</i>	The source of data for total registered passenger vehicles covered by personal or commercial automobile liability insurance is TexasSure Vehicle Insurance Verification, the Texas financial responsibility verification program. The source of data for registered passenger vehicles is the Texas Department of Motor Vehicles, as reported to the vendor for TexasSure Vehicle Insurance Verification. Underserved markets are those ZIP codes designated by the Commissioner as underserved, as required by Article 21.81, Sec 3(e) of the Insurance Code, which provides that underserved geographic areas "shall be determined and designated by the Commissioner by rule." Under Title 28 of the Texas Administrative Code, Section 5.206, the Commissioner is to categorize each ZIP code in the state into Category 0 through Category 4, to indicate the number of Texas Automobile Insurance Plan Association credits awarded an insurer for writing a vehicle in a given ZIP code.
<i>Method of Calculation</i>	The total number of registered passenger vehicles covered by personal or commercial automobile liability insurance in underserved markets divided by the total number of registered passenger vehicles in underserved markets at the end of the reporting period.
<i>Data Limitations</i>	The Commissioner may increase the category (and the attached credits) of a ZIP code at any time by rule, but may only decrease the category (and the attached credits) of a ZIP code three years after the initial designation, or at any time thereafter, with a minimum of one year's notice. Data for passenger vehicles covered by commercial automobile liability insurance is an optional reporting element of TexasSure Vehicle Insurance Verification.
<i>Calculation Type</i>	Non-cumulative
<i>New Measure</i>	No
<i>Desired Performance</i>	Higher than target

**APPENDIX D
PERFORMANCE MEASURE DEFINITIONS
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1.3.3 oc 6		Percent of licensees who renew online
<i>Short Definition</i>	The percent of agent licenses renewed on-line.	
<i>Purpose/Importance</i>	To track the percentage of agent licenses renewed on-line.	
<i>Source/Collection</i>	An agent license is renewed when the license's renewal invoice is paid in the agent license database. Agent licenses include: agents, adjusters, service representatives, counselors, reinsurance brokers and managers and risk managers. The agent license invoices renewed on-line are invoices for which the licensee or the licensee's representative submits payment electronically through a third-party system, including, but not limited to, TexasOnline, Sircon, and the National Insurance Producer Registry. The total number of agent license invoices renewed is invoices that are renewed on-line plus all renewals.	
<i>Method of Calculation</i>	The sum of the number of agent licenses renewed on-line divided by the total number of agent licenses renewed during the reporting period.	
<i>Data Limitations</i>	An agent may hold more than one license at the agency; therefore, for this measure, individual licenses are counted instead of the licensee to better reflect accurate activity at the agency.	
<i>Calculation Type</i>	Non-cumulative	
<i>New Measure</i>	No	
<i>Desired Performance</i>	Higher than target	
1.3.4 ef 1		Average cost per certified self-insured certificate holder
<i>Short Definition</i>	The average regulatory cost per active certified company holding a certificate of authority in the self-insurance program.	
<i>Purpose/Importance</i>	The measure provides an average cost to regulate an active company in the program. In the self-insurance program, certificates of authority are issued at the parent level of the applicant's corporate structure in order to minimize unnecessary duplication of effort and to streamline the application and renewal process. Depending upon an applicant's corporate structure, a certificate of authority may cover one company or a parent with many subsidiaries. All costs for the self-insurance program are billed to and are paid by the companies that participate in the self-insurance program through the Self-Insurance Regulatory Fee.	
<i>Source/Collection</i>	The costs included in the Regulatory Fee are based upon all direct and indirect costs associated with the program in order for the state to fully recover any costs expended on this program. Direct costs are the total cost of operating the program to perform its functions, including fringe benefits. Indirect costs include a proportionate program share of DWC administrative costs. For consistency purposes, the same methodology used to determine the Regulatory Fee is used to determine costs for reporting this average cost measure. Cost figures used in determining the average cost are based on agency accounting system reports. For each reporting period, the total year-to-date cost is annualized to include an estimate for the remaining part of the year.	
<i>Method of Calculation</i>	The annualized cost associated with administering the self-insurance program for the reporting period divided by the number of certified self-insurer certificate holders at the conclusion of the reporting period.	
<i>Data Limitations</i>	None	
<i>Calculation Type</i>	Non-cumulative	
<i>New Measure</i>	No	
<i>Desired Performance</i>	Lower than target	

**APPENDIX D
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1.3.4 ex 1	Percentage of market share of certified self-insurance to the total workers' compensation insurance market
<i>Short Definition</i>	This measure indicates certified self-insured employers' market share of the total workers' compensation insurance market.
<i>Purpose/Importance</i>	This measure serves as a reflection of changes in the workers' compensation insurance market. The portion of the market share represented by certified self-insured is related to the cost and availability of workers' compensation insurance in the commercial market. Self-insurance provides an alternative to purchasing commercial insurance for qualifying companies, and the program acts to moderate insurance rates in a competitive insurance market.
<i>Source/Collection</i>	Data on estimated manual premiums for certified self-insurers is maintained by the Division of Workers' Compensation (DWC) in spreadsheets. Data reflecting the total workers' compensation insurance market is maintained and reported by the Texas Department of Insurance (TDI) in its <i>Quarterly Legislative Report on Market Conditions</i> .
<i>Method of Calculation</i>	The numerator is the total amount of statutorily estimated manual premium as maintained by DWC for active certified self-insurers for the reporting period. The denominator is the direct written premiums for the voluntary workers' compensation market as published quarterly by TDI for the reporting period plus the total amount of statutorily estimated manual premium as maintained by DWC for active certified self-insurers for the reporting period.
<i>Data Limitations</i>	The measure excludes public self-insured entities from the amount used to represent the total workers' compensation insurance market. Data for those entities is not collected and maintained regarding the estimated premiums attributable to them.
<i>Calculation Type</i>	Non-cumulative
<i>New Measure</i>	No
<i>Desired Performance</i>	Lower than target

1.4.3 oc 1	Percent of Texas small employers participating in innovative insurance initiatives
<i>Short Definition</i>	The percent of Texas small employers participating in innovative insurance initiatives, including Healthy Texas (Chapter 1508, Texas Insurance Code and Chapter 26, Subchapter E, Title 28 of the Texas Administrative Code), regional and local health care ("Three-Share") programs described by the Health and Safety Code Chapter 75 and Consumer Choice Benefit Plans.
<i>Purpose/Importance</i>	To measure the percent of Texas small employers participating in innovative insurance initiatives.
<i>Source/Collection</i>	The data is maintained in agency databases. Data sources for this measure are: 1) data collected at the state and federal levels on small employers and their insurance coverage choices; 2) Healthy Texas enrollment information; 3) Three-Share enrollment data; 4) Consumer Choice Benefit Plan enrollment data.
<i>Method of Calculation</i>	The sum of the total number of small employers offering insurance through innovative insurance initiatives (Healthy Texas, Three-Share approach, Consumer Choice Benefit Plans) divided by the total number of small employers in Texas.
<i>Data Limitations</i>	The calculation of this measure depends upon reports from other entities. Two of the sources of information for the measure are reported annually thus the information used for the calculation will be for the past calendar year. Due to the Premium Stabilization Fund (PSF), funding restrictions are necessary to place a cap on the number of enrollees participating in Healthy Texas.
<i>Calculation Type</i>	Non-cumulative
<i>New Measure</i>	No
<i>Desired Performance</i>	Higher than target

**APPENDIX D
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TBD	Percent of insurers providing adequate loss control programs
<i>Short Definition</i>	The percent of companies receiving “adequate” ratings for loss control programs inspected by the Texas Department of Insurance (TDI).
<i>Purpose/Importance</i>	To measure the percent of insurers providing adequate loss control programs.
<i>Source/Collection</i>	An inspection (evaluation) is completed on the date TDI gives the company an adequate or inadequate rating and notification of such. TDI loss control inspectors conduct inspections (evaluation) on-site or through desk audits. TDI may evaluate companies with low premium volume by conducting a desk-top review of materials submitted by mail. Inspections (evaluation) are conducted in accordance with the Texas Administrative Code sections 5.301 - 5.303; 5.311; 5.1701-5.1703, 5.1711-5.1713; 5.1721-5.1723 and 5.1731, loss control programs. A review consists of records and procedures by which the appropriate loss control service for a policyholder is determined, worksheets completed on selected policyholders, and other data. Inspections (evaluation) results are tracked in an agency database.
<i>Method of Calculation</i>	The sum of the number of companies receiving “adequate” ratings for loss control programs divided by the total number of company inspections completed for the reporting period.
<i>Data Limitations</i>	None
<i>Calculation Type</i>	Non-cumulative
<i>New Measure</i>	No
<i>Desired Performance</i>	Higher than target

TBD	Percent of windstorm inspections that result in an “approved” status code
<i>Short Definition</i>	The percent of physical windstorm inspections performed that received an “approved” status code.
<i>Purpose/Importance</i>	To ensure compliance with the building code by measuring the percent of windstorm inspections that result in an “approved” status code.
<i>Source/Collection</i>	The total number of windstorm inspections completed is the sum of the number approved, disapproved and incomplete. A windstorm inspection is documented by an inspection form, WPI-7 and is considered complete on the date the inspector prepares a WPI-7 form and enters the status on the inspection log. Pursuant to Article 2210, Texas Insurance Code, windstorm inspections are performed in the Texas areas which are serviced by the Texas Windstorm Insurance Association (TWIA) for wind and hail insurance. The areas are designated by the Commissioner of Insurance. Inspections determine if structural elements are in accordance with the Department of Insurance (TDI) windstorm construction guidelines as approved by administrative rule. The number of inspections completed is determined from a monthly report prepared by the windstorm activity from an automated system. The denominator for this measure is “Number of Windstorm Inspections Completed.”
<i>Method of Calculation</i>	The number of inspections completed receiving an “approved” (“A”) status code divided by the total number of windstorm inspections completed for the reporting period. Each inspection is coded as A = Approved, D = Disapproved or I = Incomplete. Inspections requested but not performed are coded as SC = Site Cancel and C = Cancel. Site Cancel and Cancel will not be used in the calculation of this measure.
<i>Data Limitations</i>	None
<i>Calculation Type</i>	Non-cumulative
<i>New Measure</i>	No
<i>Desired Performance</i>	Higher than target

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TBD	Number of windstorm inspections completed
<i>Short Definition</i>	The number of inspections completed by the Texas Department of Insurance (TDI) of property for windstorm code compliance. A windstorm inspection is an inspection by a TDI windstorm inspector of a structure for compliance with Article 2210, Texas Insurance Code, to determine if the structural elements are in accordance with the TDI Windstorm Construction Guidelines as approved by administrative rule.
<i>Purpose/Importance</i>	To measure the number of windstorm inspections completed.
<i>Source/Collection</i>	A windstorm inspection is completed when documented on a WPI-7 inspection form and the status is entered on the inspection log. An inspection is conducted at either (1) a new commercial or residential structure which include requested inspections of foundation, rough framing, final framing, and mechanical, if applicable or (2) an existing commercial or residential structure that must have re-roofing or remodeling work inspected to maintain eligibility. Inspections are completed in accordance with Article 2210, Texas Insurance Code, in the Texas areas which are serviced by the Texas Windstorm Insurance Association (TWIA) for wind and hail insurance. The areas are designated by the Commissioner of Insurance. A scheduled inspection that is canceled prior to the physical inspection is not counted as an inspection completed. The windstorm inspections are entered into a database and the number of inspections is calculated monthly.
<i>Method of Calculation</i>	The sum of the number of windstorm inspections completed during the reporting period.
<i>Data Limitations</i>	None
<i>Calculation Type</i>	Cumulative
<i>New Measure</i>	No
<i>Desired Performance</i>	Higher than target

TBD	Number of inspections of insurer loss control programs completed
<i>Short Definition</i>	The number of inspections conducted of the loss control programs required of insurance companies for their policyholders. Inspections may be conducted on-site by the Texas Department of Insurance (TDI) loss control inspectors or may be conducted at TDI with appropriate company program documentation submitted by the insurance company representatives.
<i>Purpose/Importance</i>	To measure the number of inspections of insurer loss control programs completed.
<i>Source/Collection</i>	Inspections (evaluations) are conducted in accordance with the Texas Administrative Code sections 5.301-5.303; 5.311; 5.1701-5.1703; 5.1711-5.1713; 5.1721-5.1723 and 5.1731, which includes loss control programs. Inspections results are tracked by a computer database which quantifies the total number of loss control programs inspected, the number of inspections with adequate ratings, and the number of inspections with inadequate ratings. An inspection is completed when TDI notifies the company in writing of an adequate or inadequate rating and the basis for that determination.
<i>Method of Calculation</i>	The number of inspections conducted of the loss control programs required of insurance companies for their policyholders during the reporting period.
<i>Data Limitations</i>	None
<i>Calculation Type</i>	Cumulative
<i>New Measure</i>	No
<i>Desired Performance</i>	Higher than target

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TBD	Average cost per windstorm inspection
<i>Short Definition</i>	Total inspection-related funds expended for the Windstorm Section divided by the number of windstorm inspections and requested inspections for the reporting period.
<i>Purpose/Importance</i>	To measure the cost-effectiveness of the Texas Department of Insurance (TDI) windstorm inspection activities.
<i>Source/Collection</i>	Expenditures are calculated by using the Financial Accounting System (General Ledger) Budget Status Detail Report and Excel spreadsheet for travel voucher expenses not yet processed and overtime earned but not yet paid. An inspection is considered completed on the date the inspector completes the WPI-7 form and enters A=Approved, D=Disapproved or I=Incomplete status code on the inspection log. A requested inspection is considered performed on the date the inspector completes the WPI-7 form and enters an SC=Site Cancel or C=Cancel status code on the inspection log. TDI queries the windstorm database at the end of the reporting period and calculates the total number of inspections performed and requested.
<i>Method of Calculation</i>	The sum of the total inspection-related funds expended by the Windstorm Section divided by the number of windstorm inspections and requested inspections for the reporting period.
<i>Data Limitations</i>	None
<i>Calculation Type</i>	Non-cumulative
<i>New Measure</i>	No
<i>Desired Performance</i>	Lower than target

2.1.1 oc 2	Percent of identified companies reviewed
<i>Short Definition</i>	The percent of annual financial statement reviews completed on identified companies. Identified companies are composed of Texas domestic companies or foreign companies writing a certain level of Texas premium that may have potential solvency concerns.
<i>Purpose/Importance</i>	To ensure TDI reviews all identified companies for financial regulatory problems.
<i>Source/Collection</i>	The number of identified companies is established by June 1 of each fiscal year, based on TDI's priority system. The number of identified companies is evidenced by a report called "Texas and Foreign+ Priority Companies". Foreign+ is defined as foreign Life insurance companies writing more than an amount determined annually in Texas premium in the preceding calendar year and foreign Property/Casualty companies writing more than an amount determined annually in Texas premium in the preceding calendar year. The number of financial reviews is evidenced by a report entitled "Annual Reviews Completed on Priority Companies". This report is generated as of fiscal year-end from the Financial Tracking system. TDI completes its review of these annual statements between March 1 and August 31 each fiscal year.
<i>Method of Calculation</i>	The sum of the number of financial reviews completed on annual statements filed by identified companies divided by the total number of identified companies for the reporting period.
<i>Data Limitations</i>	Domestic insurance companies are Texas-based entities chartered in Texas holding a Certificate of Authority, as tracked in an agency database. Foreign companies are non-Texas-based entities chartered in other states or by a foreign government holding a Certificate of Authority, as tracked in an agency database. The number of domestic or foreign companies entering into or withdrawing from the market in any given fiscal year may vary.
<i>Calculation Type</i>	Non-cumulative
<i>New Measure</i>	No
<i>Desired Performance</i>	Higher than target

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2.1.1 oc 3	Percent of total dollars collected by Special Deputy Receivers expended on asset administration
<i>Short Definition</i>	The percent of the total dollars collected by Special Deputy Receiver (SDRs) appointed by the Commissioner of the Texas Department of Insurance (TDI) that are used in converting receivership assets in liquidation proceedings.
<i>Purpose/Importance</i>	This measure tracks the cost effectiveness of asset recovery efforts in liquidation proceedings. The assets collected, net of recovery expenses, are used to fund the estates' obligations such as unpaid claims owed to consumers, insurance guaranty associations and general creditors.
<i>Source/Collection</i>	Receivership recovery expenses are the expenses incurred to collect the funds as reported by the SDRs. SDRs are appointed by the Commissioner of TDI as Receiver to recover and administer receivership assets in liquidation proceedings. The total dollars collected includes cash received by SDRs from: sales of receivership assets; collection of company receivables; recovery of statutory deposits; recovery resulting from officer and director liability litigation; and recovery from other lawsuits. The total dollars collected represent only those funds collected by SDRs and deposited by SDRs in approved receivership bank accounts or receivership depository accounts with the Texas Treasury. All data comes from receivership financial statements that the SDRs submit to the Receiver monthly and file with the court quarterly.
<i>Method of Calculation</i>	The sum of the total dollar amount of receivership asset administration recovery expenses divided by the total dollars collected by SDRs during the reporting period.
<i>Data Limitations</i>	Fluctuations from high to low in the asset recovery expenses as a percent of the total dollars collected is representative of the common cyclical trend of incurring the bulk of the asset recovery expenses prior to the collection of the assets. In addition, it is important to note that given the maturity of the assets that remain toward the end of a receivership, the collection effort becomes more difficult, and in some cases, more expensive.
<i>Calculation Type</i>	Non-cumulative
<i>New Measure</i>	No
<i>Desired Performance</i>	Lower than target

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2.1.1 oc 4	Average number of days from company “at risk” identification to the date of solvency-related regulatory action
<i>Short Definition</i>	The average number of days from the date a company is identified as “at risk” to the date of the earliest solvency-related regulatory action.
<i>Purpose/Importance</i>	The purpose of this measure is to reflect the agency’s efficiency in action taken to minimize company insolvencies.
<i>Source/Collection</i>	The data is tracked on the agency’s automated system for tracking case information. The “at risk” identification date is the date the Financial program refers a company for legal action. The solvency-related regulatory action date is the date the Texas Department of Insurance (TDI) initiates an administrative action or refers a case to the Attorney General. Solvency-related regulatory actions are defined as Section 404 orders, administrative oversight letters from TDI, Commissioner orders for supervision or conservatorship, and referrals to the Attorney General for receivership.
<i>Method of Calculation</i>	The sum of the total number of days from the date a company is identified as “at risk” to the date of the earliest solvency-related regulatory action for all companies divided by the number of solvency-related regulatory actions during the reporting period.
<i>Data Limitations</i>	None
<i>Calculation Type</i>	Non-cumulative
<i>New Measure</i>	No
<i>Desired Performance</i>	Lower than target

**APPENDIX D
PERFORMANCE MEASURE DEFINITIONS
FISCAL YEARS 2014-2015**

2.1.1 oc 5	Percent of companies rehabilitated after Texas Department of Insurance solvency-related intervention
<i>Short Definition</i>	The percent of companies or agencies released from Texas Department of Insurance (TDI) solvency-related intervention, including ancillary supervisions or conservatorships. TDI solvency-related intervention is any administrative order such as supervision, conservatorship, Section 404 order, administrative oversight letter, or court-directed order, including court-directed rehabilitation or seizure. An entity is any licensed or domestic or unauthorized insurance company or agency as defined in the Texas Insurance Code.
<i>Purpose/Importance</i>	This measure represents TDI's success rate for early intervention to attempt rehabilitation of companies as mandated by the Texas Insurance Code.
<i>Source/Collection</i>	A release is defined as an official Commissioner's Order, an Administrative Oversight Letter, or a court order releasing the company or agency from solvency intervention under the following conditions: released to company or agency management; released for merger into another company or agency; released as a result of sale to another entity; released because the business was 100 percent assumptively reinsured by another company; or the business of an agency is taken over by the underwriting insurance company or another agency or otherwise released without initiating/activating a liquidation proceeding. A referral is defined as the issuance of an official Commissioner's Order or letter for TDI solvency-related intervention, including ancillary supervision or conservatorship, and includes the count of TDI solvency related intervention in effect at the beginning of the fiscal year plus companies or agencies referred during the fiscal year.
<i>Method of Calculation</i>	The number of companies or agencies released from TDI solvency-related intervention, including ancillary supervisions or conservatorships, divided by the number of companies or agencies referred to TDI solvency-related intervention for the reporting period.
<i>Data Limitations</i>	The number of troubled companies referred for regulatory intervention is influenced by many economic and environmental influences. Section 404 orders against licensed or unauthorized entities that have no current policies in Texas and do not write in Texas are excluded from this measure.
<i>Calculation Type</i>	Non-cumulative
<i>New Measure</i>	No
<i>Desired Performance</i>	Higher than target

**APPENDIX D
PERFORMANCE MEASURE DEFINITIONS
FISCAL YEARS 2014-2015**

2.1.1 op 1	Number of entities receiving Texas Department of Insurance solvency-related intervention
<i>Short Definition</i>	The number of licensed or unauthorized insurance companies or agencies whose operations are placed under the Texas Department of Insurance (TDI) solvency-related intervention for financial rehabilitation. TDI solvency-related intervention is initiated by an administrative order. Administrative orders include: supervision, conservatorship, Texas Insurance Code Chapter 404 orders, administrative oversight letters, or court-directed orders. An entity is any licensed or unauthorized insurance company or agency as defined in the Texas Insurance Code.
<i>Purpose/Importance</i>	To measure the number of entities receiving TDI solvency-related intervention, which represents the TDI philosophy of early intervention to attempt rehabilitation of companies as mandated by the Texas Insurance Code (TIC).
<i>Source/Collection</i>	This measure uses the number of referrals as the source for calculating this measure. A referral is defined as the issuance of an official Commissioner's Order or letter for TDI solvency-related intervention, including ancillary supervision or conservatorship, and includes the count of TDI solvency related interventions in effect at the beginning of the fiscal year plus companies or agencies referred during the fiscal year.
<i>Method of Calculation</i>	The sum of the total number of new companies or agencies placed under TDI solvency-related intervention during the reporting period.
<i>Data Limitations</i>	The number of troubled companies referred for regulatory intervention is influenced by many economic and environmental influences. Orders issued under the authority of Texas Insurance Code, Chapter 404 against licensed or unauthorized entities that have no current policies in Texas and do not write in Texas are excluded from this measure.
<i>Calculation Type</i>	Cumulative
<i>New Measure</i>	No
<i>Desired Performance</i>	Lower than target

**APPENDIX D
PERFORMANCE MEASURE DEFINITIONS
FISCAL YEARS 2014-2015**

2.1.1 op 3		Number of reviews of annual and interim financial statements completed
<i>Short Definition</i>	The number of analytical reviews completed by the Texas Department of Insurance (TDI) on annual and interim (i.e., quarterly and monthly) financial statements filed by licensed companies.	
<i>Purpose/Importance</i>	To determine the financial condition of insurance companies, health maintenance organizations (HMOs) and other licensed insurance entities and initiate recommendations for regulatory actions as mandated by the Texas Insurance Code.	
<i>Source/Collection</i>	The number of reviews is evidenced by a report entitled <i>Annual and Interim Reviews Completed</i> generated each month. The date completed on the form is evidenced by the "Date Review Completed" indicated on a "Statement Analysis Tracking Sheet" which is filled out by the analyst at the close of each review and from which information is input into an agency database. The <i>Annual and Interim Reviews Completed</i> report includes the total number of reviews of annual and interim financial statements completed.	
<i>Method of Calculation</i>	The sum of the number of reviews of annual and interim financial statements completed during the reporting period.	
<i>Data Limitations</i>	The number of Annual and Interim Financial statements is based on the number of companies licensed, which may vary, subject to the number of entities entering into or withdrawing from the market.	
<i>Calculation Type</i>	Cumulative	
<i>New Measure</i>	No	
<i>Desired Performance</i>	Higher than target	

2.1.1 ex 1		Dollar amount (in millions) of insurance company insolvencies
<i>Short Definition</i>	The dollar value of insolvencies of insurance companies and other risk bearing entities placed in receivership for liquidation. A risk bearing entity is an entity that assumes insurance risk and thus is liable for risk in a contractual arrangement (e.g. an insurance policy).	
<i>Purpose/Importance</i>	The purpose of this measure is to capture dollar amounts of insolvencies that may impact the guaranty associations and to report the financial impact of insurance company or risk bearing entity receiverships for the purposes of liquidation. The insolvency amount is an indicator of the potential for guaranty association assessments levied on the insurance industry. Certain risk bearing entities accept insurance risk but are not named insurance companies (exchanges, HMOs, MEWAs, etc). The measure reflects the size of these liquidations in terms of the dollar amount of the insolvencies and an indication of the impact on policyholder claimants, general creditors and the public. There are various external factors; such as company marketing and new product development, mismanagement, inadequate underwriting and reserving and improper financial reporting that significantly impact this measure.	
<i>Source/Collection</i>	The dollar value of insolvency for each insurance company or entity placed in receivership is extracted from the balance sheet or other source financial documents used as a basis by the Texas Department of Insurance when obtaining a court order to initiate a liquidation proceeding.	
<i>Method of Calculation</i>	The sum of the dollar value of insolvencies of insurance companies or other risk bearing entities placed in receivership for liquidation during the reporting period.	
<i>Data Limitations</i>	Receiverships for non risk-bearing entities and for the purposes of rehabilitation are not included in this measure.	
<i>Calculation Type</i>	Cumulative	
<i>New Measure</i>	No	
<i>Desired Performance</i>	Lower than target	

APPENDIX D
PERFORMANCE MEASURE DEFINITIONS
FISCAL YEARS 2014-2015

3.1.1 oc 1	Percent of State Fire Marshal's Office criminal referrals resulting in enforcement/legal action
<i>Short Definition</i>	The percent of criminal referrals, which are submitted as a result of fire investigations that lead to an enforcement or a legal action.
<i>Purpose/Importance</i>	To reflect agency efforts in criminal referrals for enforcement or legal action of fire-related investigations.
<i>Source/Collection</i>	The source of the data is collected in official fire investigation reports completed by field investigators. These reports are reviewed and verified through proper documentation by division supervisors, then entered and stored on the State Fire Marshal's Office (SFMO) Fire Arson Investigation Services Case Management System. A "referral" indicates a single suspect, no matter how many potential offenses are recommended to the prosecutor. "Enforcement/legal action" includes the filing of a charging instrument to a grand jury or an adjudication rendered by the court system (federal, state, county, or municipal) or any action by juvenile authorities during the criminal process. For this measure, a SFMO criminal investigation is initiated when, during a fire investigation (known as a "case"), evidence of criminal activity has been discovered.
<i>Method of Calculation</i>	The sum of the total number of SFMO criminal referrals resulting in enforcement/legal action during the current fiscal year (numerator) divided by the total number of criminal referrals for prosecution plus the number of referrals in effect at the beginning of the fiscal year (denominator). At the end of each fiscal year, referred cases that have not resulted in legal action are carried over to the next fiscal year. Cases that have been closed due to lack of action by the prosecuting agency will be excluded.
<i>Data Limitations</i>	None
<i>Calculation Type</i>	Non-cumulative
<i>New Measure</i>	No
<i>Desired Performance</i>	Higher than target

**APPENDIX D
PERFORMANCE MEASURE DEFINITIONS
FISCAL YEARS 2014-2015**

3.1.1 oc 2	Percent of registrations, licenses, and permits issued within 20 days after receipt of a completed application
<i>Short Definition</i>	Percent of registrations, licenses, and permits issued within 20 days, after receipt of a completed application, to fire alarm, fire extinguisher, fire sprinkler, and fireworks firms, individuals and other regulated entities.
<i>Purpose/Importance</i>	To track efficiencies in the issuance of registrations, licenses and permits.
<i>Source/Collection</i>	Both initial and renewal certificates of registration, licenses, and permits are issued to firms, individuals, and other entities, upon request, after the applicant provides all the requirements of the Texas Insurance Code, Chapters 6001, 6002, and 6003 and The Occupations Code, Title 13, Subtitle D, Chapter 2154. The receipt date of a completed application is determined by the date of the Texas Department of Insurance Division Cash Receipt Report for correspondence including fees or by the State Fire Marshal's office "received" date stamp on correspondence without fees. The date of issuance of the registration, license or permit is the date printed on the registration, license or permit, or the date fireworks permit booklets are picked up or mailed. The received and issuance dates are entered into a database located on the agency's computer network.
<i>Method of Calculation</i>	The sum of the number of registrations, licenses, and permits issued within 20 days or less divided by the total number of registrations, licenses, and permits issued within the reporting period.
<i>Data Limitations</i>	None
<i>Calculation Type</i>	Non-cumulative
<i>New Measure</i>	No
<i>Desired Performance</i>	Higher than target

3.1.1 op 1	Number of individuals attending fire prevention and fire safety presentations coordinated by the State Fire Marshal's Office
<i>Short Definition</i>	The sum of all individuals attending presentations coordinated by the State Fire Marshal's Office (SFMO).
<i>Purpose/Importance</i>	To track the number of individuals attending presentations coordinated by the SFMO.
<i>Source/Collection</i>	The source of the data comes from the public presentation report forms, logs and the public education booth exhibition log. Only individuals external to the SFMO will be counted. Individuals will be counted only once when attending presentations consisting of multiple sessions. A presentation is any event coordinated by the SFMO that educates and/or informs external customers on ways to protect their lives and property from fire and fire-related hazards using one or more of the following methods of communication: speeches, training, exhibits, seminars, teleconferences, and/or TV, radio and print interviews.
<i>Method of Calculation</i>	The sum of all individuals attending presentations coordinated by the SFMO during the reporting period. This number represents the total of all individuals listed on forms, logs and public education booth exhibitions with dates on or between the first and last day of the month.
<i>Data Limitations</i>	None
<i>Calculation Type</i>	Cumulative
<i>New Measure</i>	No
<i>Desired Performance</i>	Higher than target

APPENDIX D
PERFORMANCE MEASURE DEFINITIONS
FISCAL YEARS 2014-2015

3.1.1 op 2		Number of fire investigations completed
<i>Short Definition</i>	This number represents the total number of fire investigations completed.	
<i>Purpose/Importance</i>	To reflect the State Fire Marshal's Office's efforts in investigating fires.	
<i>Source/Collection</i>	The source of the data is collected in official fire investigation reports and stored on the State Fire Marshal's Office Fire Arson Investigation Services Case Management System. A fire investigation includes all cases investigated whether the cause is incendiary, accidental or undetermined. A "Case" is initiated when a request for a fire investigation has been received and a "Case Number" has been assigned. A case is considered "completed" when closed or referred for prosecution. The date the supervisor approves the fire investigation report is considered the "completed date." The completed date is entered into the case management system. Field investigators refer cases for prosecution to prosecuting agencies (federal, state, county, municipal) or juvenile authorities and document their activities in fire investigation reports.	
<i>Method of Calculation</i>	The sum of the number of fire investigations completed during the reporting period. The total number of completed investigations will be obtained by conducting a query of the database.	
<i>Data Limitations</i>	None	
<i>Calculation Type</i>	Cumulative	
<i>New Measure</i>	No	
<i>Desired Performance</i>	Higher than target	

3.1.1 op 3		Number of samples analyzed in the arson lab
<i>Short Definition</i>	The total number of items (samples) analyzed as evidence by the Forensic Arson Laboratory.	
<i>Purpose/Importance</i>	To track the number of samples submitted to the Arson Lab to be analyzed for the presence of accelerants.	
<i>Source/Collection</i>	The data is stored in the laboratory database on the agency's network. The "final report" is generated after the analysis is complete and the final results of a case submission are entered into the database. Calculation of this sample total is based on the date of the final report. Each sample (item) from a submission is counted as a separate item. Evidence samples are received from the agency's fire and arson investigators, and from other fire service and law enforcement agencies throughout the state.	
<i>Method of Calculation</i>	The sum of the total number of items (samples) analyzed as evidence by the Forensic Arson Laboratory during the reporting period.	
<i>Data Limitations</i>	None	
<i>Calculation Type</i>	Cumulative	
<i>New Measure</i>	No	
<i>Desired Performance</i>	Higher than target	

**APPENDIX D
PERFORMANCE MEASURE DEFINITIONS
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3.1.1 op 4		Number of State Fire Marshal's Office criminal referrals to prosecution
<i>Short Definition</i>	This number represents the total number of criminal referrals to a prosecuting agency (Federal, State, County or, Municipal) or juvenile authorities for legal action resulting from a State Fire Marshal's Office (SFMO) fire investigation.	
<i>Purpose/Importance</i>	To reflect State Fire Marshal's Office's efforts toward referring fire-related criminal activities to a prosecuting agency (Federal, State, County or Municipal) or juvenile authorities for legal action.	
<i>Source/Collection</i>	The source of the data is collected in official fire investigation reports completed by field investigators. For this measure, a SFMO criminal investigation is initiated when, during a fire investigation (known as a "case"), evidence of criminal activity is discovered. A "case" is initiated when a request for a fire investigation has been received and a "case number" has been assigned. A single case can result in the referral of multiple suspects. The total number of referrals will be obtained by querying the database.	
<i>Method of Calculation</i>	The sum of the total number of criminal referrals to a prosecuting agency (Federal, State, County or Municipal) or juvenile authorities for legal action for the reporting period.	
<i>Data Limitations</i>	None	
<i>Calculation Type</i>	Cumulative	
<i>New Measure</i>	No	
<i>Desired Performance</i>	Higher than target	

3.1.1 op 5		Number of registrations, licenses, and permits issued
<i>Short Definition</i>	Number of registrations, licenses, and permits issued to fire alarm, fire extinguisher, fire sprinkler and fireworks firms, individuals and other regulated entities.	
<i>Purpose/Importance</i>	To track the number of licenses issued to firms and individuals in the alarm, extinguisher, sprinkler and fireworks industries.	
<i>Source/Collection</i>	Both initial and renewal certificates of registration, licenses, and permits are issued to firms, individuals, and other entities in accordance with the Texas Insurance Code, Chapters 6001, 6002, and 6003 and The Occupations Code, Title 13, Subtitle D, Chapter 2154. The date of issuance or renewal is the date printed on the registration, license or permit or the date fireworks permit booklets are picked up or mailed. The issuance/renewal date is recorded in a database located on the agency's computer network.	
<i>Method of Calculation</i>	The sum of the number of each type of registration, license, and permit, issued or renewed during the reporting period.	
<i>Data Limitations</i>	None	
<i>Calculation Type</i>	Cumulative	
<i>New Measure</i>	No	
<i>Desired Performance</i>	Higher than target	

**APPENDIX D
PERFORMANCE MEASURE DEFINITIONS
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3.1.1 op 6		Number of licensing investigations or inspections conducted
<i>Short Definition</i>	This is the number of licensing investigations or inspections conducted to determine possible violations by fire extinguisher, fire alarm, fire sprinkler, and fireworks firms and individuals regulated and licensed under the Texas Insurance Code, Chapters 6001, 6002, and 6003 and The Occupations Code, Title 13, Subtitle D, Chapter 2154.	
<i>Purpose/Importance</i>	To track the number of investigations of complaints and inspections of licensed entities.	
<i>Source/Collection</i>	The date on the completed report is entered into an agency database. Investigations are individually quantified by each investigated firm or individual and inspections are quantified by each physical location. Each investigation and inspection is assigned a specific case number. After the investigation/inspection is conducted, the investigator files a report.	
<i>Method of Calculation</i>	The sum of the number of licensing investigation and inspection case numbers in the database for the reporting period.	
<i>Data Limitations</i>	None	
<i>Calculation Type</i>	Cumulative	
<i>New Measure</i>	No	
<i>Desired Performance</i>	Higher than target	

3.1.1 op 7		Number of buildings inspected or reinspected for fire safety hazards
<i>Short Definition</i>	The number of buildings in which a physical survey of the structure is completed and recommendations for correction of hazardous conditions have been made, if noted, including all subsequent surveys for compliance with recommendations.	
<i>Purpose/Importance</i>	To track the number of buildings inspected, on an annual basis, for the protection of building occupants.	
<i>Source/Collection</i>	The data is collected from reports submitted by the inspector and recorded in the agency database. A building is defined as an identifiable structure with fire or space separation containing its own exit facilities and includes inspections of retail service stations. An inspection is completed when the physical survey is conducted and documented on the inspection report. The date of inspection is recorded in the inspection report.	
<i>Method of Calculation</i>	The sum of the number of buildings inspected during the reporting period.	
<i>Data Limitations</i>	None	
<i>Calculation Type</i>	Cumulative	
<i>New Measure</i>	No	
<i>Desired Performance</i>	Higher than target	

**APPENDIX D
PERFORMANCE MEASURE DEFINITIONS
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3.1.1 of 8	Number of communities accepting a State Fire Marshal's Office (SFMO) fire prevention program
<i>Short Definition</i>	The number of communities accepting a State Fire Marshal's Office (SFMO) fire prevention program.
<i>Purpose/Importance</i>	To track fire prevention programs to communities and enable SFMO partners to provide sustainable services to help local communities and organizations protect lives and property from fire and related hazards.
<i>Source/Collection</i>	For this measure, "communities" are the geographic or demographic entity or organization that accepts a State Fire Marshal prevention program. Communities accepting a State Fire Marshal's Office fire prevention program may include the delivery or facilitation of program implementation, establishment of fire prevention education initiatives, conducting fire safety consultancy evaluations, and/or delivery of other community fire prevention assistance. The source of the data is completed SFMO fire prevention program reports. A report is considered completed the date the SFMO approves it.
<i>Method of Calculation</i>	The sum of the total number of approved project reports completed during the reporting period.
<i>Data Limitations</i>	This measure will focus only on substantial fire prevention programs. A community may be counted each time a separate SFMO program is accepted by that community.
<i>Calculation Type</i>	Cumulative
<i>New Measure</i>	No
<i>Desired Performance</i>	Higher than target

3.1.1 of 1	Average cost per fire safety inspection
<i>Short Definition</i>	The average cost per fire safety inspection calculated during the reporting period.
<i>Purpose/Importance</i>	To track efficiencies of the State Fire Marshal's Office staff in conducting fire safety inspections.
<i>Source/Collection</i>	These costs are salary, longevity, professional fees, consumable supplies, postage, rent, telephone, utilities, travel, fuel and lubricants and other operating expenses as reported on the monthly expenditures report. The number of inspections is derived from data stored in the database system on the Texas Department of Insurance (TDI) computerized network.
<i>Method of Calculation</i>	The sum of the total associated costs divided by the total number of fire safety inspections conducted during the reporting period.
<i>Data Limitations</i>	None
<i>Calculation Type</i>	Non-cumulative
<i>New Measure</i>	No
<i>Desired Performance</i>	Lower than target

**APPENDIX D
PERFORMANCE MEASURE DEFINITIONS
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3.1.1 ef 2		Average time to complete fire investigations
<i>Short Definition</i>	This number represents the average number of days from the date a fire investigation is initiated until the date the fire investigation is completed.	
<i>Purpose/Importance</i>	To determine the efficiencies of State Fire Marshal's Office personnel in conducting fire investigations.	
<i>Source/Collection</i>	A fire investigation includes all cases investigated whether the cause is "arson (incendiary)", "accidental" or "undetermined". A case is initiated when a request for a fire investigation is received and a "Case Number" has been assigned. A case is completed when closed or referred for prosecution. Field investigators refer cases for prosecution to prosecuting agencies (federal, state, county, municipal), or juvenile authorities and document their activities in fire investigation reports. The completion date is entered into the Fire/Arson Investigation Services case management system. The "average time to complete fire investigations" is obtained by conducting a query providing the date of investigation and completion date of each investigation completed within the reporting period. The date of investigation subtracted from the completion date is the total number of days to complete investigations.	
<i>Method of Calculation</i>	The sum of the total number of days to complete investigations divided by the total number of fire investigations completed during the reporting period.	
<i>Data Limitations</i>	None	
<i>Calculation Type</i>	Non-cumulative	
<i>New Measure</i>	No	
<i>Desired Performance</i>	Lower than target	

4.1.1 oc 2		Percent of medical bills processed timely
<i>Short Definition</i>	This measure indicates the percentage of medical bills timely processed by insurance carriers. Medical bills are to be processed within forty-five days from receipt of a complete medical bill.	
<i>Purpose/Importance</i>	The purpose of this measure is to indicate the timely processing of medical bills by the insurance carrier.	
<i>Source/Collection</i>	The Division of Workers' Compensation receives medical billing information used in the calculation electronically from carriers. Data is maintained in agency automated systems.	
<i>Method of Calculation</i>	The sum of the number of medical bills processed timely divided by the number of medical bills processed by the insurance carriers for the reporting period.	
<i>Data Limitations</i>	Twelve months of data are used in the calculation. The data is lagged one month from the reporting period.	
<i>Calculation Type</i>	Non-cumulative	
<i>New Measure</i>	No	
<i>Desired Performance</i>	Higher than target	

APPENDIX D
PERFORMANCE MEASURE DEFINITIONS
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4.1.1 op 3	Dollar amount returned to workers' compensation system participants through complaint resolution
<i>Short Definition</i>	The dollar amount returned to system participants as a result of complaint resolution by the Division of Workers' Compensation (DWC).
<i>Purpose/Importance</i>	The purpose of this measure is to track the success of DWC intervention in resolving issues regarding compliance. Dollar amounts are those above what was originally paid to participants before DWC intervention.
<i>Source/Collection</i>	The data is entered and maintained in an agency automated system. Dollar amounts returned to system participants are counted in the reporting period in which the reported payment is entered into agency automated systems.
<i>Method of Calculation</i>	The sum of the dollar amounts returned to system participants through DWC complaint resolution during the reporting period.
<i>Data Limitations</i>	None
<i>Calculation Type</i>	Cumulative
<i>New Measure</i>	No
<i>Desired Performance</i>	Higher than target

4.1.1 op 4	Number of quality of care reviews of health care providers, insurance carriers, utilization review agents and independent review organizations completed
<i>Short Definition</i>	The number of quality of care reviews completed on health care providers, insurance carriers, utilization review agents (URAs) and independent review organizations (IROs) during the reporting period.
<i>Purpose/Importance</i>	The Division of Workers' Compensation (DWC) is charged with monitoring the quality of health care in the workers' compensation system. A quality of care review is defined as a review of clinical evaluations, recommendations, treatment decisions, and clinical outcomes relating to health care. Quality of care reviews are conducted on health care providers who provide care or evaluations in the workers' compensation system.
<i>Source/Collection</i>	Information is maintained in agency automated applications.
<i>Method of Calculation</i>	The sum of the number of quality of care review final reports issued during the reporting period.
<i>Data Limitations</i>	None
<i>Calculation Type</i>	Cumulative
<i>New Measure</i>	No
<i>Desired Performance</i>	Higher than target

**APPENDIX D
PERFORMANCE MEASURE DEFINITIONS
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4.1.1 op 5		Number of complaints closed involving workers' compensation system participants
<i>Short Definition</i>	The number of all complaints completed within the reporting period.	
<i>Purpose/Importance</i>	The Division of Workers' Compensation (DWC) is charged with monitoring system participants for compliance with statute and rules. A complaint is a specific allegation of a violation of the statute or rules received from internal or external sources. Included in this measure are administrative fraud allegations.	
<i>Source/Collection</i>	Information is entered and maintained in agency automated systems. Complaints are reviewed and closed after determination to be a "low priority" or after an investigation has been completed. The closed date is the date the complaint is entered into the agency automated system.	
<i>Method of Calculation</i>	The sum of the number of complaints closed during the reporting period.	
<i>Data Limitations</i>	None	
<i>Calculation Type</i>	Cumulative	
<i>New Measure</i>	No	
<i>Desired Performance</i>	Higher than target	

4.1.1 op 6		Number of performance reviews completed
<i>Short Definition</i>	The number of performance reviews completed involving workers' compensation participants.	
<i>Purpose/Importance</i>	The Division of Workers' Compensation (DWC) is charged with monitoring insurance carriers, employers, health care providers, and other system participants for compliance with the Texas Labor Code and DWC rules.	
<i>Source/Collection</i>	Information is entered and maintained in an agency automated system. A performance review is completed when DWC issues a final report.	
<i>Method of Calculation</i>	The sum of the number of performance reviews completed during the reporting period.	
<i>Data Limitations</i>	None	
<i>Calculation Type</i>	Cumulative	
<i>New Measure</i>	No	
<i>Desired Performance</i>	Higher than target	

**APPENDIX D
PERFORMANCE MEASURE DEFINITIONS
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4.1.1 ef 1	Average number of days to complete quality of care reviews of health care providers, insurance carriers, utilization review agents and independent review organizations
<i>Short Definition</i>	The average number of days to complete quality of care reviews of health care providers, insurance carriers, utilization review agents and independent review organizations.
<i>Purpose/Importance</i>	This indicates the efficiency of the quality of care review process by measuring the length of time for a quality of care review to be completed.
<i>Source/Collection</i>	Information is maintained in agency automated applications.
<i>Method of Calculation</i>	The sum of the total number of days between the initiation of the quality of care reviews and the issuance dates of the final reports divided by the number of final reports issued to the subject of the review during the reporting period.
<i>Data Limitations</i>	None
<i>Calculation Type</i>	Non-cumulative
<i>New Measure</i>	No
<i>Desired Performance</i>	Lower than target

4.1.1 ef 2	Average number of days to close a complaint involving workers' compensation system participants
<i>Short Definition</i>	The average number of days to close a complaint involving workers' compensation system participants.
<i>Purpose/Importance</i>	To monitor the efficiency of the workers' compensation complaint process by measuring the average length of time to close workers' compensation complaints.
<i>Source/Collection</i>	Information is entered and maintained in agency automated systems. Complaints are reviewed and closed after determination to be a "low priority" or after an investigation has been completed. The closed date is the date the complaint is entered into the agency automated system.
<i>Method of Calculation</i>	The sum of the number of days from receipt of the complaint to closure divided by the total number of complaints closed during the reporting period.
<i>Data Limitations</i>	None
<i>Calculation Type</i>	Non-Cumulative
<i>New Measure</i>	No
<i>Desired Performance</i>	Lower than target

**APPENDIX D
PERFORMANCE MEASURE DEFINITIONS
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4.1.1 of 3		Average number of days to complete a performance review
<i>Short Definition</i>	The average number of days to complete a performance review.	
<i>Purpose/Importance</i>	The Division of Workers' Compensation (DWC) is charged with monitoring insurance carriers, employers, health care providers, and other system participants for compliance with the Texas Labor Code and DWC rules. This measure indicates the efficiency of DWC's completion of performance reviews.	
<i>Source/Collection</i>	Information is entered and maintained in an agency automated system. A performance review begins on the date of the letter of engagement and is completed on the date DWC issues the final performance review report.	
<i>Method of Calculation</i>	The sum of the total number of days to complete performance reviews divided by the number of performance reviews completed during the reporting period.	
<i>Data Limitations</i>	None	
<i>Calculation Type</i>	Non-cumulative	
<i>New Measure</i>	No	
<i>Desired Performance</i>	Lower than target	

4.1.2 of 3		Percent of medical fee disputes resolved by medical fee dispute resolution or upheld upon appeal
<i>Short Definition</i>	The percent of medical fee disputes resolved by the Division of Workers' Compensation, Medical Fee Dispute Resolution (DWC-MFDR).	
<i>Purpose/Importance</i>	To measure the effectiveness of DWC-MFDR's medical fee dispute resolution process. DWC-MFDR is charged with resolving medical fee disputes through informal and formal dispute resolution processes. System participants have the right to appeal DWC-MFDR decisions through the Benefit Review Conference process and then to the State Office of Administrative Hearings (SOAH).	
<i>Source/Collection</i>	Data is maintained in agency automated systems. A medical fee dispute is resolved when a DWC-MFDR decision is issued or when a medical fee dispute is resolved informally and dismissed or withdrawn.	
<i>Method of Calculation</i>	The sum of the number of medical fee disputes resolved minus the sum of the number of SOAH reversals divided by the total number of medical fee disputes resolved during the reporting period.	
<i>Data Limitations</i>	None	
<i>Calculation Type</i>	Non-Cumulative	
<i>New Measure</i>	No	
<i>Desired Performance</i>	Higher than target	

**APPENDIX D
PERFORMANCE MEASURE DEFINITIONS
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4.1.2 op 1		Number of benefit review conferences held
<i>Short Definition</i>	The number of benefit review conferences (BRC) held.	
<i>Purpose/Importance</i>	To measure the number of BRCs held, which is an indicator of the number of mediation proceedings resulting from workers' compensation claim disputes.	
<i>Source/Collection</i>	Data is reported in the agency automated applications.	
<i>Method of Calculation</i>	The measure is calculated by counting the number of BRCs held during the reporting period.	
<i>Data Limitations</i>	None	
<i>Calculation Type</i>	Cumulative	
<i>New Measure</i>	No	
<i>Desired Performance</i>	Lower than target	

4.1.2 op 2		Number of contested case hearings held
<i>Short Definition</i>	The number of contested case hearings (CCH) held.	
<i>Purpose/Importance</i>	The measure indicates the number of CCHs held which is an indicator of the number of formal proceedings conducted.	
<i>Source/Collection</i>	Data is reported in the Division automated applications.	
<i>Method of Calculation</i>	The measure is calculated by counting the number of CCHs held during the reporting period.	
<i>Data Limitations</i>	None	
<i>Calculation Type</i>	Cumulative	
<i>New Measure</i>	No	
<i>Desired Performance</i>	Lower than target	

4.1.2 op 3		Number of appellate decisions issued
<i>Short Definition</i>	The number of decisions issued by the Division of Workers' Compensation Appeals Panel.	
<i>Purpose/Importance</i>	To measure the number of decisions issued by the Appeals Panel regarding contested case hearings.	
<i>Source/Collection</i>	Data is reported in agency automated applications.	
<i>Method of Calculation</i>	The sum of the number of decisions issued by the Division of Workers' Compensation Appeals Panel during the reporting period.	
<i>Data Limitations</i>	None	
<i>Calculation Type</i>	Cumulative	
<i>New Measure</i>	No	
<i>Desired Performance</i>	Lower than target	

**APPENDIX D
PERFORMANCE MEASURE DEFINITIONS
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4.1.2 of 1		Average number of days to resolve a medical fee dispute
<i>Short Definition</i>	The average days from receipt of the medical fee dispute to the date the dispute is resolved by the Medical Fee Dispute Resolution (MFDR) section.	
<i>Purpose/Importance</i>	To measure the efficiency of DWC's medical fee dispute resolution process.	
<i>Source/Collection</i>	The data is maintained in the agency automated systems. A medical fee dispute is resolved when a DWC-MFDR decision is issued or when a medical fee dispute is dismissed or withdrawn.	
<i>Method of Calculation</i>	The sum of the number of days from receipt of the medical fee dispute to the date a decision is issued or the dispute is dismissed or withdrawn divided by the sum of the total number of medical fee disputes resolved during the reporting period.	
<i>Data Limitations</i>	None	
<i>Calculation Type</i>	Non-cumulative	
<i>New Measure</i>	No	
<i>Desired Performance</i>	Lower than target	

4.1.2 of 2		Average number of days to resolve disputes through dispute resolution proceedings
<i>Short Definition</i>	The average time to resolve disputes through the dispute resolution processes including benefit review conferences (BRC), contested case hearings (CCH) and appeals.	
<i>Purpose/Importance</i>	To measure the efficiency of DWC's multi-level dispute resolution process. Some disputes are resolved at a BRC, some go to a CCH and others continue through the appeals process.	
<i>Source/Collection</i>	Data is maintained in agency automated applications. A dispute is resolved on the later of the following dates: the date a BRC agreement is coded and entered into agency automated systems; the date a CCH decision is mailed; or the date an Appeals Panel decision is issued.	
<i>Method of Calculation</i>	The sum of the number of days from the date a BRC is set to the date each dispute is resolved divided by the total number of disputes resolved during the reporting period.	
<i>Data Limitations</i>	None	
<i>Calculation Type</i>	Non-cumulative	
<i>New Measure</i>	No	
<i>Desired Performance</i>	Lower than target	

**APPENDIX D
PERFORMANCE MEASURE DEFINITIONS
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4.1.2 ex 1		Number of initial benefit review conferences set
<i>Short Definition</i>	The number of initial benefit review conferences (BRC) set.	
<i>Purpose/Importance</i>	To measure the volume of initial BRCs set as a result of requests for indemnity disputes received by the Division of Workers' Compensation.	
<i>Source/Collection</i>	The data is maintained in agency automated applications.	
<i>Method of Calculation</i>	The sum of the number of initial BRC notices set during the reporting period.	
<i>Data Limitations</i>	None	
<i>Calculation Type</i>	Cumulative	
<i>New Measure</i>	No	
<i>Desired Performance</i>	Lower than target	

4.1.2 ex 2		Number of medical fee disputes received
<i>Short Definition</i>	The number of requests for medical fee dispute resolution received by the Division of Workers' Compensation during the reporting period.	
<i>Purpose/Importance</i>	To measure trends in the volume of requests for medical dispute resolution received.	
<i>Source/Collection</i>	The data is maintained in the agency automated systems. Medical fee disputes are considered received on the day of the medical dispute resolution date stamp.	
<i>Method of Calculation</i>	The sum of the total number of requests for medical fee dispute resolution received during the reporting period.	
<i>Data Limitations</i>	None	
<i>Calculation Type</i>	Cumulative	
<i>New Measure</i>	No	
<i>Desired Performance</i>	Lower than target	

4.1.3 oc 4		Payments from the Subsequent Injury Fund
<i>Short Definition</i>	The total payments from the Subsequent Injury Fund (SIF).	
<i>Purpose/Importance</i>	To measure the obligations of the SIF in making payments to injured employees and to insurance carriers.	
<i>Source/Collection</i>	SIF data is collected and maintained in the agency accounting system. The payment date is the date shown on the agency accounting reports.	
<i>Method of Calculation</i>	The sum of all payments made by the SIF with payment dates during the reporting period.	
<i>Data Limitations</i>	None	
<i>Calculation Type</i>	Cumulative	
<i>New Measure</i>	No	
<i>Desired Performance</i>	Lower than target	

**APPENDIX D
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4.1.3 op 1	Number of injured workers receiving lifetime income benefit payments through the Subsequent Injury Fund
<i>Short Definition</i>	The number of injured employees who meet the eligibility requirements set by statute for lifetime income benefits (LIBs) and are receiving payment of those benefits through the Subsequent Injury Fund (SIF).
<i>Purpose/Importance</i>	To identify the long-term obligations of the SIF because these benefits must be paid for the life of the injured employee. SIF is statutorily obligated to pay LIBs to injured employees who sustain a subsequent compensable injury that, with the effects of a previous injury, results in lifetime income benefits eligibility.
<i>Source/Collection</i>	SIF data is collected and maintained in the agency's accounting system.
<i>Method of Calculation</i>	The sum of the number of injured employees receiving LIBs payments from the SIF during the reporting period.
<i>Data Limitations</i>	Attorneys, spouses, or children receiving a portion of a LIBs payment are not included in the measure.
<i>Calculation Type</i>	Non-cumulative
<i>New Measure</i>	No
<i>Desired Performance</i>	Lower than target

4.1.3 ef 1	Average number of days from receipt of a Subsequent Injury Fund request for reimbursement to payment of request
<i>Short Definition</i>	The average number of days between receipt of a request for reimbursement and payment of the request.
<i>Purpose/Importance</i>	The measure indicates the average time between receipt of a complete request to the Subsequent Injury Fund (SIF) and payment. Complete requests are those that SIF staff has determined include information necessary for processing and are entitled to reimbursement.
<i>Source/Collection</i>	SIF data is collected and maintained in the agency's accounting system and in agency databases. The receipt date is the date a completed request is received and date stamped. The paid date is the date shown on the agency accounting reports.
<i>Method of Calculation</i>	The sum of the total number of days from the date of receipt for each request to the paid date for each request divided by the total number of complete reimbursement requests paid during the reporting period.
<i>Data Limitations</i>	None
<i>Calculation Type</i>	Non-cumulative
<i>New Measure</i>	No
<i>Desired Performance</i>	Lower than target

**APPENDIX D
PERFORMANCE MEASURE DEFINITIONS
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4.2.1 oc 1		Percent of temporary income benefit recipients returning to work within 90 days of injury
<i>Short Definition</i>	The percent of injured employees who received temporary income benefits (TIBs) and returned to work within 90 days of the date of injury based on temporary income benefits duration.	
<i>Purpose/Importance</i>	To identify the percent of injured employees who received TIBs and returned to work within 90 days of injury.	
<i>Source/Collection</i>	This data is maintained in automated databases.	
<i>Method of Calculation</i>	The sum of the total number of claims in which TIBs stopped within 90 days of the date of injury divided by the number of claims in which TIBs were paid for the reporting period.	
<i>Data Limitations</i>	The date TIBs stopped is used as a proxy for return-to-work. Twelve months of data, based on the date of injury, are used in the calculation. The data is lagged three months from the reporting month.	
<i>Calculation Type</i>	Non-cumulative	
<i>New Measure</i>	No	
<i>Desired Performance</i>	Higher than target	

4.2.1 op 1		Number of workplace safety consultations and inspections provided to employers
<i>Short Definition</i>	The number of workplace safety consultations and inspections provided to employers.	
<i>Purpose/Importance</i>	To measure the volume of consultations and inspections that DWC provides to employers to promote safe and healthy workplaces.	
<i>Source/Collection</i>	Data is maintained on automated applications.	
<i>Method of Calculation</i>	The sum of the number of workplace consultations and inspections initiated during the reporting period.	
<i>Data Limitations</i>	None	
<i>Calculation Type</i>	Cumulative	
<i>New Measure</i>	No	
<i>Desired Performance</i>	Higher than target	

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PERFORMANCE MEASURE DEFINITIONS
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4.2.1 op 2		Number of Division of Workers' Compensation presentations made
<i>Short Definition</i>	The number of presentations made by DWC staff to external customer groups.	
<i>Purpose/Importance</i>	This measure quantifies DWC's effort to communicate with external customer groups on the workers' compensation system.	
<i>Source/Collection</i>	The source of the data is the file for each presentation and the monthly Speakers Bureau report. A presentation is any event where DWC staff educates agency customers on workers' compensation system and occupational safety and health matters that may include the following methods of communication: speeches, training, exhibits, seminars, teleconferences, webinars, and staff participation in industry meetings. Each presentation counts as one when it is made to a separate audience.	
<i>Method of Calculation</i>	The sum of all presentations during the reporting period.	
<i>Data Limitations</i>	None	
<i>Calculation Type</i>	Cumulative	
<i>New Measure</i>	No	
<i>Desired Performance</i>	Higher than target	

4.2.1 op 3		Number of hazards identified through workplace safety consultations, inspections, and the Safety Violations Hotline
<i>Short Definition</i>	The number of hazards identified by workplace safety employees through consultations, inspections, and the Safety Violations Hotline.	
<i>Purpose/Importance</i>	Workplace safety employees identify hazards through worksite consultations and inspections in which employers voluntarily participate. Hazards are those that could have a direct impact on employee safety and health. Consultants and inspectors work with employers and/or workers' compensation insurance carriers to remedy hazards, making those workplaces safer for employees. The statutory Safety Violations Hotline provides the public with a mechanism for voluntarily reporting occupational safety and health issues. Workplace safety employees work with employers and their workers' compensation insurance carriers (if applicable) to ensure that reported issues are abated. More hazards identified may indicate that employers that participate in inspections, consultations and Safety Violations Hotline investigations have unsafe workplaces or are in high risk industries. However, fewer hazards identified could indicate that employers that participate in these activities have safe workplaces or are in less risky industries.	
<i>Source/Collection</i>	Hazards are documented in inspection, consultation and Safety Violations Hotline reports and automated applications.	
<i>Method of Calculation</i>	The sum of hazards identified through workplace safety consultations, inspections, and the Safety Violations Hotline during the reporting period.	
<i>Data Limitations</i>	None	
<i>Calculation Type</i>	Cumulative	
<i>New Measure</i>	No	
<i>Desired Performance</i>	Higher than target	

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4.2.1 op 4		Number of return-to-work, health care provider and workplace safety educational products and services provided to system participants
<i>Short Definition</i>	The number of return-to-work, health care provider, and workplace safety educational products and services provided by the Division of Workers' Compensation (DWC). These products and services include newsletters, brochures and other publications distributed; web hits; persons assisted through telephone, e-mail, mail, and in-person contacts; persons attending return-to-work, health care provider and workplace safety seminars; and persons viewing audiovisual training materials (verified by the employer).	
<i>Purpose/Importance</i>	This measure quantifies DWC's efforts aimed at returning injured employees to the workforce, assisting health care providers with the treatment of injured employees in the workers' compensation system; and assisting employers in creating and maintaining safe workplaces.	
<i>Source/Collection</i>	Data is collected from agency presenters' reports and webinar/seminar attendance logs. Additionally, telephone, web and e-mail logs record delivery of these products and services.	
<i>Method of Calculation</i>	The sum of the number of return-to-work, health care provider, and workplace safety educational products and services provided during the reporting period.	
<i>Data Limitations</i>	None	
<i>Calculation Type</i>	Cumulative	
<i>New Measure</i>	No	
<i>Desired Performance</i>	Higher than target	

4.2.1 op 5		Number of workers' compensation income benefit recipients referred to the Department of Assistive and Rehabilitative Services
<i>Short Definition</i>	The number of persons referred to the Department of Assistive & Rehabilitative Services (DARS) by the Division of Workers' Compensation (DWC).	
<i>Purpose/Importance</i>	The purpose of this measure is to identify the number of injured employees referred to DARS for training/education to assist them in returning to the workforce. DWC refers an injured employee to DARS if DWC determines that an employee could be materially assisted by vocational rehabilitation or training in returning to employment or returning to employment more nearly approximating the employee's pre-injury employment.	
<i>Source/Collection</i>	This data is maintained in agency automated databases.	
<i>Method of Calculation</i>	The sum of all referrals to DARS from DWC during the reporting period.	
<i>Data Limitations</i>	None	
<i>Calculation Type</i>	Cumulative	
<i>New Measure</i>	No	
<i>Desired Performance</i>	Higher than target	

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4.2.1 of 1	Average cost per workplace safety consultation and inspection
<i>Short Definition</i>	The average cost for providing workplace safety consultations and inspections.
<i>Purpose/Importance</i>	The measure provides the average cost of workplace safety consultations and inspections.
<i>Source/Collection</i>	The number of workplace safety inspections and consultations are maintained in agency electronic databases. Costs are calculated using agency accounting systems. Direct costs include any expenditure included in the agency financial accounting system reports that is directly attributable to workplace safety consultations and inspections. Indirect costs are not included in the calculation unless specifically appropriated by the funding source.
<i>Method of Calculation</i>	The sum of all direct costs associated with workplace safety consultations and inspections divided by the total number of consultations and inspections initiated during the reporting period.
<i>Data Limitations</i>	None
<i>Calculation Type</i>	Non-cumulative
<i>New Measure</i>	No
<i>Desired Performance</i>	Lower than target

4.2.1 ex 1	Statewide incidence rate of injuries and illnesses per 100 full-time employees in the private sector
<i>Short Definition</i>	This measure reflects the private sector injury and illness incidence rate for the state of Texas as developed by the U. S. Bureau of Labor Statistics.
<i>Purpose/Importance</i>	The frequency at which workers in Texas experience non-fatal work-related injuries and illnesses. The rate is a gauge on how Texas compares to other states and the nation.
<i>Source/Collection</i>	Data comes from the Annual Survey of Occupational Injuries and Illnesses, which uses a stratified sample of private sector establishments by industry and size class to develop reliable estimates of occupational injury and illness rates in Texas. This is determined by using OSHA (Occupational Safety & Health Administration) standards for record-keeping and injury reporting. Data is collected by the Division of Workers' Compensation (DWC) and is entered into terminals which are linked to the Bureau Of Labor Statistics (BLS). Rates are developed by the Bureau of Labor Statistics on a calendar year basis. The incidence rate is based on the preceding calendar year.
<i>Method of Calculation</i>	The statewide incidence rate is computed by the U. S. Bureau of Labor Statistics and provided to DWC. DWC does not calculate this measure.
<i>Data Limitations</i>	Data is dependent on the Bureau of Labor Statistics, since BLS produces all calculations based on surveyed data collected by DWC.
<i>Calculation Type</i>	Non-cumulative
<i>New Measure</i>	No
<i>Desired Performance</i>	Lower than target

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4.2.2 op 1	Number of injury records in which indemnity benefits are initiated
<i>Short Definition</i>	The total number of injury records in which indemnity benefits are initiated.
<i>Purpose/Importance</i>	The purpose of this measure is to reflect the number of indemnity payments initiated during the reporting period.
<i>Source/Collection</i>	Reports of indemnity payments initiated are received from insurance carriers. This measure applies only to injuries, which occurred on or after January 1, 1991. Data is maintained in agency automated systems.
<i>Method of Calculation</i>	The sum of the number of records in which indemnity payments are initiated during the reporting period.
<i>Data Limitations</i>	This measure is dependent on receiving information from the carrier in a timely manner. Data is lagged one month from the reporting period since carriers are required to report a payment to DWC within seven days of the payment.
<i>Calculation Type</i>	Cumulative
<i>New Measure</i>	No
<i>Desired Performance</i>	Lower than target

4.2.2 ex 1	Number of documents received electronically by the Division of Workers' Compensation
<i>Short Definition</i>	The number of documents received electronically by the Division of Workers' Compensation (DWC).
<i>Purpose/Importance</i>	To measure DWC efforts toward achieving and promoting a "paperless" environment.
<i>Source/Collection</i>	Documents are received from insurance carriers, employers, employees and health care providers, and other participants in the workers' compensation system. Data is maintained in agency automated systems. DWC considers a document to be received electronically when the document is submitted by electronic data interchange (EDI) or through an Internet application.
<i>Method of Calculation</i>	The sum of the number of documents received electronically by DWC during the reporting period.
<i>Data Limitations</i>	None
<i>Calculation Type</i>	Cumulative
<i>New Measure</i>	No
<i>Desired Performance</i>	Higher than target

APPENDIX E WORKFORCE PLAN FISCAL YEAR 2013-2017

Overview

As required by Texas Government Code, §2056.002, TDI conducted a strategic staffing analysis and developed the agency's *Fiscal Years 2013-2017 Workforce Plan*.

Key Findings

TDI identified two gaps between the agency's current and future workforce.

The strategies to mitigate the impact of these two gaps are outlined in the *Strategy Development* section of this report.

- Knowledge & Skill Development
- Technology Staffing & Resource Shortages

Workforce Planning at TDI

TDI recognizes the importance of workforce planning and analyzes its workforce to ensure appropriate staffing levels, workforce skills and workforce composition. TDI workforce planning efforts include:

- analyzing/reviewing periodic annual workforce data with executive management;
- using workforce/succession planning information to identify specific skills needed for succession planning;
- providing training to mitigate skill shortages;
- updating internal procedures to capture and document agency processes;
- monitoring progress on division workforce planning initiatives; and
- maintaining an effective agency retention program.

Specific workforce-related policies, activities, and initiatives are provided as an attachment to this report.

Report Components

TDI's workforce plan contains the following sections.

- Agency Overview
- Current Workforce Profile
- Future Workforce Profile
- Gap Analysis
- Strategy Development
- Attachment

Introduction

TDI regulates the state's insurance industry, oversees the administration of the Texas workers' compensation system, performs the duties of the State Fire Marshal's Office, and provides administrative support to the Office of Injured Employee Counsel.

Our Vision

TDI envisions a financially stable and fair marketplace and an effective and efficient workers' compensation system.

Our Mission

TDI's mission is to protect insurance consumers by:

- regulating the industry fairly and diligently;
- promoting a stable and competitive market; and
- providing information that makes a difference.

Our Philosophy (Core Values)

We have a commitment to service in the public interest. We are:

- responsible stewards
- professional
- collaborative
- resilient and creative
- balanced

Our Goals, Objectives and Strategies

TDI has four broad goals with supporting objectives and strategies that facilitate achievement of the agency's mission.

- Goal 1: Promote Consumer Access to Affordable Insurance Products within a Fair Market
- Goal 2: Promote Financial Strength of Insurance Industry
- Goal 3: Reduce Loss of Life and Property Due to Fire
- Goal 4: Effectively Regulate the Texas Workers' Compensation System

Our Core Functions

TDI's regulatory and administrative responsibilities include the following core functions:

- licensing, certification, and registration;
- form, rate and advertising review;
- examination, monitoring, and solvency intervention;
- research and analysis;
- education, outreach, and customer assistance;
- complaint and dispute resolution;
- enforcement, fraud, and investigations;
- inspections and consultations; and
- support services.

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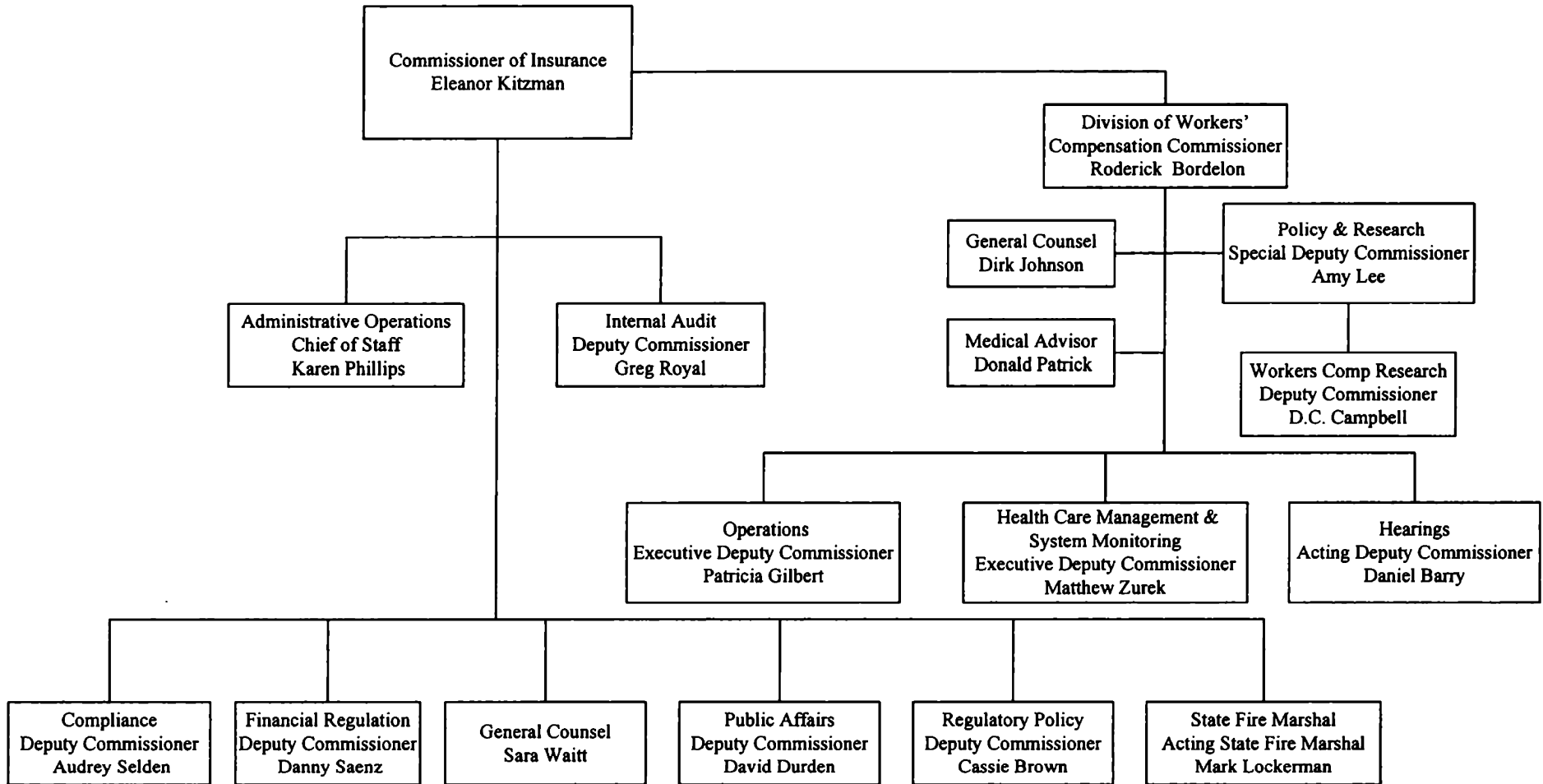
Organizational Structure

The functional organization chart shown on the following page demonstrates how TDI is organized to fulfill its statutory responsibilities.

TDI employees work in Austin and in 28 field offices and 30 SFMO staff locations across the state. Field employees include financial examiners, fire inspectors and investigators, windstorm inspectors, and workers' compensation claims specialists, benefits review officers, and hearing officers.

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**Texas Department of Insurance
Agency Organizational Chart
April 30, 2012**



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CURRENT WORKFORCE PROFILE (Supply Analysis)

Demographic Profile

As of April 30, 2012, TDI had 1,438 employees.ⁱ

- Forty-six percent were minority employees.
- Sixty-three percent were female employees.
- Sixty-five percent of TDI's managers were minority and/or female.
- Seventy-eight percent of TDI's executive staff positions were minority and/or female.
- The average age of a TDI employee was 49.

TDI compared the demographics of its workforce to the statewide agency workforce.ⁱⁱ The data is presented by workforce group category as established by the Equal Opportunity Employment (EEO) Commission.

As of April 30, 2012, approximately 72 percent of TDI's workforce was classified as either officials/administrators or professionals. The officials/administrators category includes senior actuaries, senior financial examiners, executive staff, and directors/managers. Professionals include actuaries, financial examiners, auditors, attorneys, administrative law judges, insurance specialists, engineers, investigators, inspectors, program specialists, program supervisors, and system analysts.

EEO Category	African American		Hispanic American		Females	
	TDI	State	TDI	State	TDI	State
Officials/ Administrators	12.8%	10.3%	10.5%	13.5%	47.7%	50.6%
Professionals	12.7%	11.3%	21.4%	15.7%	56.9%	55.9%
Administrative Support	18.2%	19.2%	45.5%	28.8%	72.7%	87.7%
Service/ Maintenance ⁱⁱⁱ	13.6%	29.3%	40.7%	25.4%	86.4%	51.4%
Skilled Crafts	0.0%	7.8%	100%	24.5%	50.0%	4.9%
Technical	16.1%	14.4%	12.9%	21.7%	32.3%	53.7%

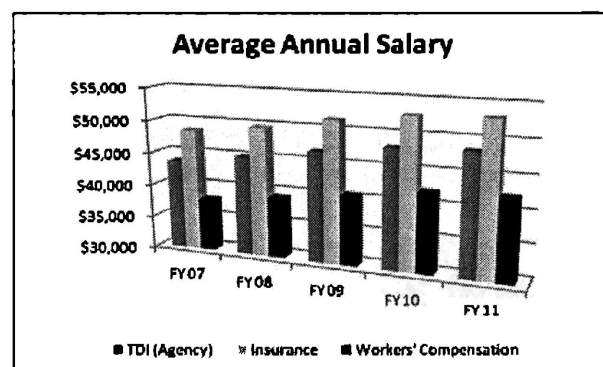
In FY 2011, the TDI average annual salary was \$48,384, which is slightly higher than the FY 2010 average of \$48,103.

The TDI mid-year FY 2012 salary information is only slightly higher than FY 2011:

- Mid-year average annual salary was \$48,481;^{iv}
- Average annual salary for Insurance was \$53,128; and

- Average annual salary for DWC was \$42,459.

Because TDI has many positions in the professional job series (Schedule B of the State Classification Plan), the mid-year FY 2012 average salary of \$48,481 for agency employees is well above the state employee average annual salary of \$39,265.^v The following chart shows the average salary growth for TDI over the past five fiscal years.



Retiree Profile

Approximately 48 percent of TDI's total workforce and 60 percent of managers are currently eligible to retire or will be eligible before August 31, 2017. Projected retirements include several executive staff.

Employee Turnover

According to the State Auditor's Office Online Systems, "There is an inverse relationship between the unemployment rate and the turnover rate. When the unemployment rate increases, the turnover rate decreases; when the unemployment rate decreases, the turnover rate increases."

The FY 2011 statewide unemployment rate decreased to 7.9 percent from 8.2 percent in FY 2010; consequently, the statewide turnover rate was 16.8 percent, which increased from the FY 2010 rate of 14.6 percent and was the highest turnover rate the state has experienced since FY 2008.^{vi}

Comparatively, TDI's FY 2011 turnover rate of 9.86 percent was below the state turnover rate and slightly more than the FY 2010 rate of 9.48 percent.

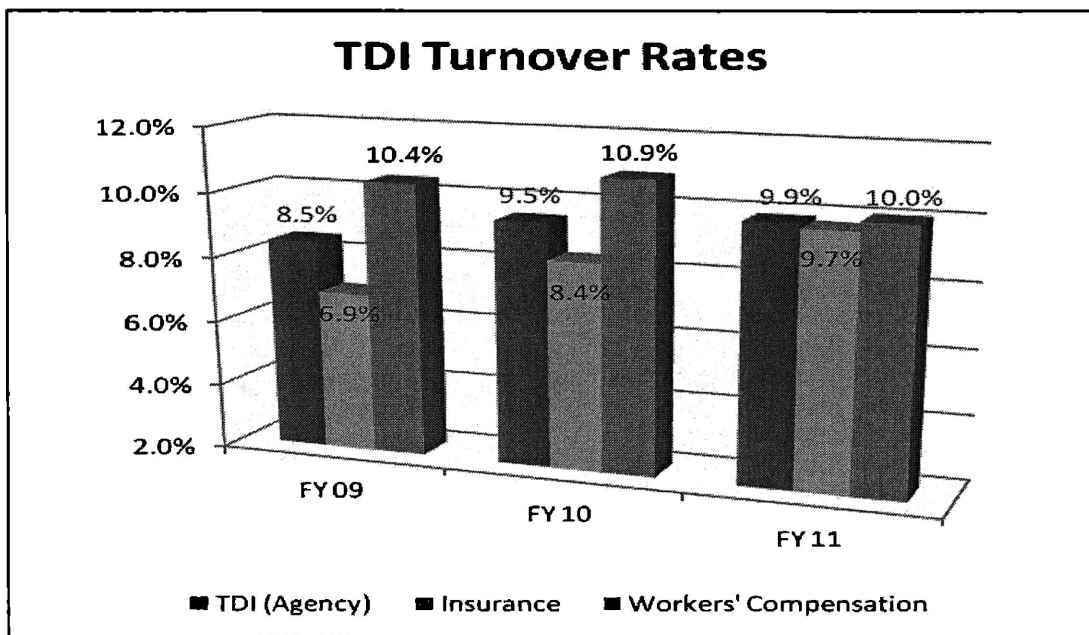
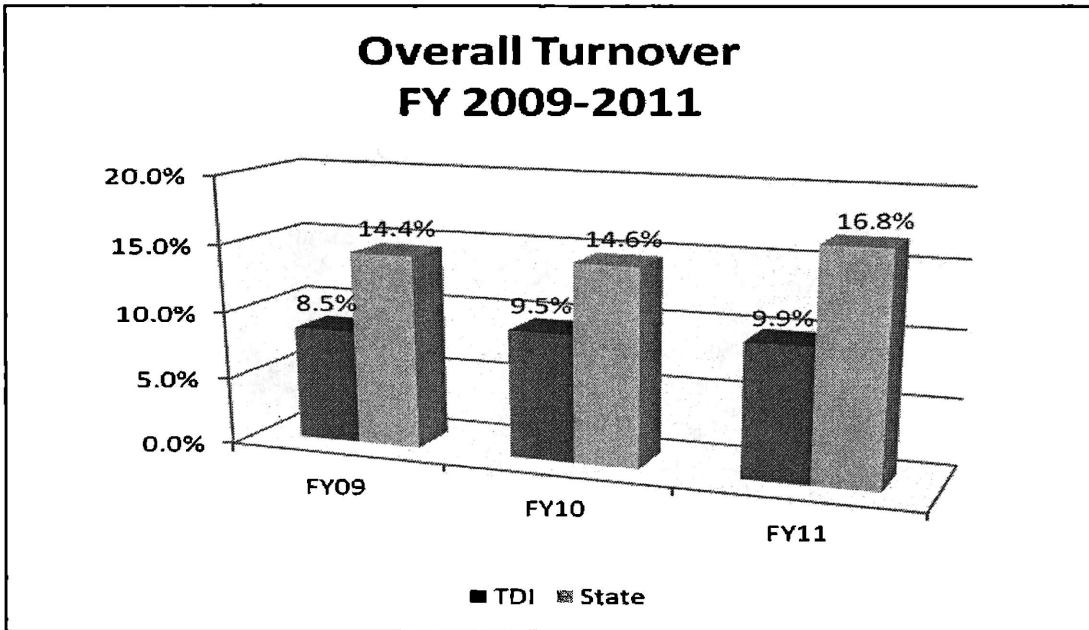
The following chart compares TDI's turnover rates to all state agencies for the past three years. The 79th Texas Legislature merged TDI and the Texas Workers' Compensation Commission, which established the Division of Workers' Compensation (DWC) within TDI. After the merger, turnover was high for DWC; therefore,

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the agency focused on 'closing the gap' between the turnover for DWC and the remainder of the agency.

As the next chart demonstrates, the agency has been successful in this endeavor. FY 2012 continues this trend:

The mid-year FY 2012 turnover rate was .5.6 percent agency-wide, with the DWC mid-year turnover rate reported at 5.5 percent. Agency-wide turnover is projected to be approximately 11 percent by the end of FY 2012.



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Critical Workforce Skills

TDI relies on a skilled workforce of administrators to set broad policies, direct individual departments, and supervise the agency's operations. The agency also employs professionals with specialized and theoretical knowledge usually acquired through college, training, or work experience.

Accordingly, TDI employees currently working in administrative and professional positions have the following knowledge and skills:

- ability to explain complex technical material to consumers;
- knowledge of state and federal law and regulations relevant to insurance policies, products, and insurance companies;
- bilingual communication capabilities;
- computer literacy;
- effective oral and written communication;
- knowledge of structural design and construction of buildings and homes, particularly in high wind areas;
- knowledge of examination processes and report-writing related to the financial condition of insurance companies;
- interpreting and enforcing statutes and policies;
- conducting investigations, interviewing witnesses, and providing testimony;
- preparing detailed financial reports for referral to staff attorneys, law enforcement, and prosecutors;
- negotiation strategies and techniques;
- project management skills;
- public administration skills;
- records management;
- safety consultation; and
- time management.

Positions that are most critical to TDI functions include mid- and upper-level management positions such as deputy commissioners, associate commissioners, directors, managers, chiefs, and team leads, as well as positions in highly specified fields such as medicine, investigation, law, arson, engineering, technology, and regulation. These positions all require extensive experience, specialized certifications, and detailed knowledge of the agency's functions, missions, rules, and regulations.

With the agency's responsibilities and workloads, TDI must be prepared to quickly fill positions. In particular, certain TDI positions are difficult to fill due to their specialized nature, and at mid-year FY 2012, the average time to fill a position at TDI was 58 days compared to 52 days in FY 2011.^{vii}

TDI continues to have difficulty filling the following job classifications:

- *Safety Professionals* - TDI's Division of Workers' Compensation has faced difficulty attracting applicants with the training and experience necessary for the job functions required of the inspector position. Effective August 1, 2009, the State Auditor's Office reclassified safety officers as inspectors because the reclassification more accurately fit the job duties of these positions. The reclassifications provided higher salary ranges for these highly technical, hard-to-fill positions. However, TDI is not able to offer compensation competitive with that of the private sector or the federal government for positions in this field. In fact, since May 1, 2010, six safety professionals have retired and three more have resigned. Of the eight that were hired to replace them, three left within the first year of employment for higher salaries elsewhere.

Although TDI has been successful recruiting safety professionals by posting open positions to various Internet websites, retention is still an issue.

- *Financial Examiners* - Examiner positions are challenging to fill due to applicant's educational requirements, which include holding a degree from an accredited four-year university with a major in accounting, finance, insurance, statistics, computer science, math, actuarial science, business administration, or economics. The career ladder for this position, which coincides with National Association of Insurance Commissioners accreditation standards, requires working toward a professional designation of accredited financial examiner and certified financial examiner within a specific timeframe. Once recruited, retention of qualified, well-performing staff is particularly important because it takes two to three years to train most examiners due to their lack of insurance knowledge. Furthermore, retaining financial examiners is subject to market conditions. When the economy is good and unemployment is low, this classification is difficult to retain.

Effective September 1, 2012, the Examinations Section is authorized for self directed funding pursuant to SB 1291, including actuarial and market conduct staff. Historically, the retention of qualified staff has been problematic due to the section's compensation not being aligned with examination contracting firms' compensation for similar

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work. Due to evolving changes in the regulatory process such as group solvency, enterprise risk management, and staff participation in supervisory colleges for insurers with international presence, staff will be required to attain and develop additional skills to develop proficiency to ensure solvency of the insurance market in Texas. Self directed funding will allow the section the flexibility to recruit and retain qualified and competent staff in order to achieve the section's goals.

FUTURE WORKFORCE PROFILE (Demand Analysis)

Anticipated Workforce Demands

Many external and internal factors influence the future profile of the TDI workforce. To identify these factors, TDI considered demographic, technological, and economic trends as well as the agency's strategic plan challenges, division business and succession plans, and other workforce planning data.

The key factors that will impact TDI's future workforce include:

- state of the economy;
- continued employee dissatisfaction with fair pay;
- growing need for automation and technology acquisition;
- competition for skilled employees;
- increased customer demand for access to services "24/7";
- increased use of social networking tools to communicate;
- more complex insurance products and sophisticated fraud schemes;
- more diverse and global environment;
- need for enhanced professional development and continuing education programs; and
- legislation that changes statutory responsibilities.

Future Workforce Skills Needed

In addition to the skill requirements for officials/administrators and professionals, as listed in the *Current Workforce Profile* section of this report, TDI's future workforce will need a higher skill level or knowledge of:

- effective process improvement;
- litigation;
- data collection, analysis and management skills;
- critical thinking skills;
- document management;
- team-approach to auditing insurance companies;
- prompt decision-making;
- leadership principles;

- using social media as communication and work tools;
- health care terminology, coverage options, and billing practices;
- information technology database analyses, application architecture, voice and data networks;
- risk analysis;
- enhanced project management skills
- Web administration and content management; and
- an increased IT knowledge for all employees.

Anticipated Increase or Decrease in Number of Employees Needed to do the Work

TDI anticipates the workforce can shrink if it can keep pace with technology, hire employees with higher skill sets, and train its workforce as skills requirements change. In particular, TDI will need employees with leadership skills, analytical skills, technical skills and technical certifications, and enhanced project management skills.

However, the agency's technology needs are outpacing current resources. TDI will need to invest in technical training opportunities for the staff that have agency business knowledge. TDI can explore options to expand technological resources, including the possibility of outsourcing or partnering with other entities.

Additionally, TDI foresees:

- projecting future needs of positions that become vacant, including skills and knowledge;
- prioritizing functions to achieve more effective resource allocation;
- reallocating FTEs within the agency to address changing demands;
- automating processes and increasing the use of technology to work more efficiently;
- redesigning or eliminating outdated processes to be more efficient;
- leveraging partnerships to regulate in an increasingly global environment more effectively; and
- expanding the agency's telecommuting program to recruit and retain skilled employees.

Critical Activities

TDI's role as a regulator is evolving to be more than a disseminator of information and a monitor of solvency and compliance. TDI's statutory duties now include development of innovative insurance solutions and more direct consumer assistance.

TDI does not anticipate a significant change to its nine core functions. As the agency's role continues to evolve, critical activities may emerge due to:

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- changing statutory responsibilities and
- continuing demand for technology innovations.

GAP ANALYSIS

Overview

TDI conducted a strategic planning analysis of its workforce and has determined that there are two main gaps between the agency's current and future workforce:

- Knowledge & Skills Development
- Technology Staffing & Resource Shortages

These gaps in the agency's workforce are explained in further detail below.

Knowledge & Skills Development

Many staff with highly specialized skills is eligible to retire currently and within the next five years. Consequently, retirements of critical staff creates the potential for loss of experience and institutional knowledge. For example, when a network specialist retires, the agency's losses are doubled – the agency loses the employee's network skills and the institutional knowledge of TDI's network. Loss of experienced staff can cause instability and morale problems, reduce productivity among other employees, and increase hiring and training costs.

As the workforce shrinks, employees are expected to perform at even higher levels and work more efficiently. Some employees need different skill sets to meet the changing workforce needs. Therefore, formal and informal training opportunities are critical to meet the increasing demand for knowledge and skills and retention of professional staff.

Technology Staffing & Resource Shortages

The use of automation and technology will continue to change the way TDI does business. Increased access to the Internet has allowed consumers to research answers to a greater number of insurance-related and workers' compensation questions online. Similarly, the need to deliver information to agency staff and the public via the Internet has fueled the demand for information to be delivered virtually around the clock. TDI embraces the use of technology and has many examples of how technology has improved processes and allowed staff to work more efficiently. However, our continued need for technology expansion is severely limited due to technology staffing and resource shortages within the agency.

In the *Future Workforce Profile* section of this report, TDI identified the need for technology skills, such as database analysts, application architects, network specialists, telecommunication specialists, Web content managers, and Web administrators. Furthermore, the agency is gradually

moving from a paper-based to an electronic environment and foresees the need for staff with advanced document management skills. Inadequate funding and heavy workloads have also inhibited professional development of existing staff.

To identify technology-related projects, TDI uses business planning. After each legislative session, TDI programs prepare business plans to facilitate resource allocation. Each biennium, TDI divisions request projects that involve automation, database integration/consolidation, new software, Web applications, and other technology-related system enhancements. However, to ensure the operability of agency systems and databases, TDI's IT Division must first complete critical planned infrastructure and legislatively mandated technology projects before proceeding with program business plan projects. With increased constraints on capital budget and development staff, many TDI division technology goals are not completed because resources are not available. Over time, the risks of working with obsolete equipment may restrict the ability to accomplish agency goals.

In summary, our technology needs exceed current technology staffing levels within the agency, which limits TDI's ability to achieve greater operational efficiencies.

STRATEGY DEVELOPMENT

Strategy for Knowledge & Skill Development

To mitigate the loss of institutional knowledge, TDI will continue succession planning and cross-training efforts to assure that vital knowledge is not lost when leadership and employees in critical positions retire or separate employment. However, succession planning and cross-training will not substitute for additional formal training opportunities which are needed for agency employees to meet the growing demands for additional knowledge and skills. Finally, the agency must provide continuing education to enhance employees' skills and to assist employees in maintaining their licenses, certifications and professional designations.

In addition to training current staff, TDI is researching new methods to hire and/or promote employees using pre-selection assessment tools. These assessment tools may provide TDI the ability to hire staff with the higher level skill sets crucial to the agency's success. It is anticipated that these tools will also assist TDI in identifying current employees for promotions to leadership positions.

Finally, TDI is planning a program to develop current and future leaders to promote succession planning and assist the agency with the current leadership skills gap.

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Rationale

Forty-eight percent of TDI employees are eligible now or will be eligible to retire before August 31, 2017, potentially exposing TDI to a significant loss of skills and institutional knowledge.

Action Steps

- Continue to monitor agency and program retirement projections.
- Review job functions and identify staff for cross-training
- Continue succession planning efforts and provide training in response to succession planning needs.
- Update/develop internal procedure manuals for documentation of standard operating procedures and to use in cross-training and succession planning.
- Evaluate critical positions and skills and potential training needs on an ongoing basis for effective succession planning, to develop less experienced staff, and ensure continuity of operations following retirements.
- Continue comprehensive training programs to educate current and future employees and prepare them to be more effective leaders.
- Assess employee satisfaction and address areas where satisfaction is lowest.
- Maintain a supportive work environment for all employees.
- Encourage flexible work schedules and telecommuting.
- Seek opportunities to involve all levels of employees in decision-making.
- Seek creative non-monetary incentives to recognize and reward deserving employees.
- Continue community efforts to ‘grow our own’ market for future employees by providing instructors to teach insurance classes at local colleges/universities.
- Establish and maintain internship programs with colleges and universities.

Strategy for Technology Staffing & Resource Shortages

TDI anticipates technological advances requiring technology purchases and highly skilled technology staff to implement solutions to meet the business needs of the agency and stakeholders. The retirement or loss of employees in technical areas has the potential to create a shortage of expertise and the changes in technology increase the need for new technical skill sets. Mentoring, cross training, succession planning, formal training must

take on greater importance. Information technology requires lifetime learning for all employees.

Strategies to address the gaps in workforce shortages and skill sets include adequate salaries, merit increases, non-monetary rewards for performance, flextime and/or telecommuting opportunities, formal technology training, mentoring process where replacement employees are trained prior to a current employee retiring and using Department of Information Resource deliverables based contracts for specific technology implementation projects.

Rationale

Technology offers an opportunity to improve service to customers and regulatory effectiveness by automating the collection, management, security, and exchange of information. Trends influencing the need for adequate technology staffing levels are as follows.

- Regulation in a global market requires coordination and information sharing with other entities.
- Stakeholders expect to access and submit information electronically.
- Industry technology solutions for information management outpace TDI’s.
- Social networking tools for instant two-way communication are gaining popularity.
- State legislators expect insurance regulators to collect, analyze and present data in an interactive format for improved consumer decision-making.
- Optimization of technology enhances retention of skilled employees.
- Effective regulatory decision-making requires timely access to and efficient flow of information.
- Current shift toward enterprise risk management at the agency and state level requires different, advanced technology skill sets.

Action Steps

- Commit resources to implement priority automated solutions and support management of electronic records/information.
- Identify division staff with technology skills.
- Work with the Department of Information Resources to acquire assistance with executing key infrastructure technology-related projects.
- Consider short-term outsourcing, cloud computing, and seat management for viable, cost-effective technology solutions.
- Implement “THIN-client” to reduce ITS staff travel and shipping costs while effectively managing field office technology needs remotely.

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- Analyze ITS functions and streamline processes to align with the agency's business needs.
- Use succession planning to develop technology skills and ensure continuity of operations.
- Invest in technology training opportunities for staff that have agency business knowledge.

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ATTACHMENT: WORKFORCE PLANNING AT TDI

Workforce Planning Activities

To facilitate retention of skilled employees, TDI has implemented policies and practices, such as annual performance evaluations, employee and management training, succession planning, and the Employee Assistance Program.

TDI strives to equitably distribute salary increases through merits and promotions and uses a number of non-monetary incentives that enhance recruitment and retention of skilled employees, which include:

- telecommuting;
- flex-time and compressed work weeks;
- training programs;
- cross-training opportunities;
- agency wellness program; and
- continued participation in the Employee Assistance Program.

As of April 30, 2012, TDI had 142 employees (9.9%) telecommuting, a 255% increase in employee participation since 2009. Seven of eight agency divisions had staff participating in the telecommuting program. Because telecommuting is often viewed as an employee benefit, this increase in the program is significant. Telecommuting allows eligible employees to work remotely from one to four days each week and has resulted in reduced leave requests, substantial savings in fuel costs, and a report of overall job satisfaction for participating employees.

Other workforce planning activities include:

- “Three-Deep Concept,” where at least three employees are cross-trained to perform each critical function
- Compliance Division’s “35/5” Program, which allows employees to spend five hours a week learning a function not related to current job duties
- Succession planning, which ensures TDI is prepared for the loss of knowledge when leadership and employees in critical positions retire or separate employment
- Compliance Division’s Diversity Training and Awareness Project, which enhances employees’ understanding of changing service needs
- Teaching basic insurance courses at Huston-Tillotson University, fostering the next generation of insurance leaders and provides TDI a market for future recruitment efforts.
- Administrative Operations Diamond Initiative – “Dedicated to Brilliance in all Facets of TDI’s Work.” The goals of this initiative are to:
 - maximize customer satisfaction;
 - ensure compliance with governmental standards;
 - support TDI operations to optimize efficiency and effectiveness; and
 - develop a workforce that is highly skilled, high performing and committed to TDI’s success.

ⁱ TDI Human Resources Information System, April 30, 2012.

ⁱⁱ Texas Workforce Commission Civil Rights Division Equal Opportunity and Minority Hiring Practices Report, January 2011.

ⁱⁱⁱ Protective Services and Para-Professional categories are combined with Service and Maintenance Category.

^{iv} Average annual salaries exclude Commissioners, part-time and temporary employees, the Medical Advisor, and the Chief Actuaries.

^v State Auditor’s Office: State Employee Benefits as a Percentage of Total Compensation, Report Number 11-704, February 2011.

^{vi} State Auditor’s Office: Classified Employee Turnover for Fiscal Year 2011, Report Number 12-701, December 2011.

^{vii} Time to fill is determined by calculating the days between the dates the job is posted until the date the job is offered.

APPENDIX F SURVEY OF EMPLOYEE ENGAGEMENT

Overview

TDI recognizes that high employee satisfaction is critical to retaining and recruiting quality staff and in delivering the best customer service to Texans. Since 1994, TDI has participated every two years in the Survey of Employee Engagement (SEE) conducted by the University of Texas, Institute for Organizational Excellence. This survey measures five dimensions of the workplace including organizational features, accommodations, exchange of information, work group and personal aspects. It also includes five categories identified as organizational climate: atmosphere, ethics, fairness, feedback and management.

Survey constructs are scored on a 500 point system. A score at or below 325 indicates an opportunity for growth because employees view the area more negatively than positively. A score above 350 means the construct is viewed more positively by employees, and a score above 375 indicates the construct is an area of strength for the agency.

Seventy-two percent of TDI employees completed the February 2012 survey. This response rate is lower than the 2012 rate of 82 percent, but is still considered a high response rate. High rates indicate that employees have an investment in the agency, want to see the agency improve, and, generally, have a sense of responsibility to the agency.

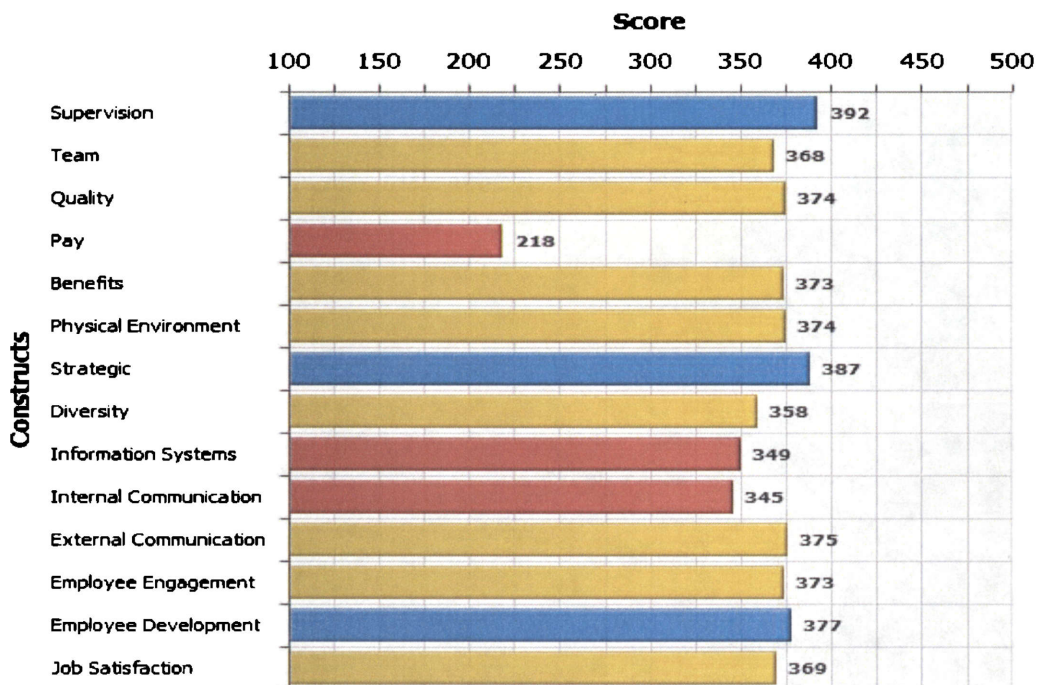
Survey Results

All 2012 survey scores decreased from the 2010 survey. This decrease in employee satisfaction may be attributed, in part, to agency reorganizations. Of the fourteen constructs captured by the SEE, the following constructs are areas of strength for TDI: supervision (392), strategic orientation (387), and employee development (377). Pay remains the lowest ranking construct, dropping from 248 in 2010 to 218 in 2012. The 2012 SEE construct results are shown below.

Review of Survey Results

Survey results are used as assessment tools in the agency strategic and workforce plans and will continue to be used in the business planning process, both at the organizational and division levels. Agency-wide results are also shared with all employees.

Division management receives analyses of their divisions' participation level and survey results. They are encouraged to share this information with their staff and to discuss ideas for continually improving employee satisfaction, agency processes, and customer service. The Human Resources Office provides information and suggestions to management for maintaining high employee satisfaction levels and for improvement in survey dimensions where opportunities for growth are indicated.



Construct Analysis - Constructs are color coded to highlight the organization's areas of strength and areas of concern. The three highest scoring constructs are blue, the three lowest scoring constructs are red, and the remaining eight constructs are yellow.

APPENDIX G HISTORICALLY UNDERUTILIZED BUSINESS

Overview

The Historically Underutilized Business (HUB) program is governed by the Texas Government Code, Title 10, Subtitle D, Chapter 2161. The purpose of the program is to increase contracting opportunities with the State of Texas for minority and women-owned businesses.

HUB Participation Assessment

The Texas Department of Insurance (TDI) is continuously developing strategies to increase the agency's utilization of HUB vendors and to ensure that the agency remains in compliance with all of the laws and rules established for the HUB program. TDI uses a variety of approaches to ensure that opportunities exist for HUB participation in all agency procurements including, but not limited to:

- sponsoring an annual HUB forum and inviting HUBs that can provide goods and services that will meet the agency's specific needs,
- engaging executive staff members in forums as presenters and participants in networking sessions with vendors,
- issuing bid solicitations to a minimum number of HUB vendors, if available, in order to provide them reasonable opportunity to win state business,
- evaluating solicitations to ensure that HUB subcontracting opportunities are available, and
- sponsoring a mentor/protégé relationship relative to the HUB Mentor Protégé Program.

For the first six months of Fiscal Year 2012, TDI ranked fifth among all state agencies and universities in percent of total purchase expenses with HUB vendors. During this period, TDI spent over \$2.9 million with HUB vendors for a total of 34.05% of all TDI purchases. This is more than double the statewide performance result of 14.39%.

The agency has also taken steps to revise its HUB goals per the methodology outlined in the 2009 Diversity Study. The purpose of these revisions is to establish stretch goals for HUB participation at levels consistent with business conditions and vendor availability applicable to TDI purchases.

HUB Outreach

The agency continues to focus on how awards are distributed among the various HUB groups with a goal of having a balanced representation among the groups. Consequently, outreach efforts are directed to ensuring that overall HUB goals are met or exceeded and to diversifying participation by ethnic HUB groups to the maximum extent possible.

TDI Mentor Protégé Program

The agency has established a mentor protégé program in accordance Section 2161.065 of the Texas Government Code. The purpose of the program is to assist in fostering long-term relationships between prime contractors and HUBs and to increase the ability of HUBs to contract with the state or to receive subcontracts under a state contract.

TDI has one mentor protégé relationship. The established relationship is with Pierpont Communications, Inc., the mentor, and Jane Doe Ink, the protégé. The goal in this relationship is to build a mutually beneficial partnership between the mentor and the protégé and to assist the mentor in accessing solicitation opportunities. This will enable them to fulfill HUB subcontracting requirements when bidding on state contracts with expected values of \$100,000 or more.

HUB Goal

To purchase from Historically Underutilized Businesses

HUB Objective

To make a good faith effort to increase utilization of historically underutilized businesses to 12.6% for professional services, 35.5% for commodities, and 36.2% for other services in each fiscal year of this strategic plan, as required by the Texas Administrative Code Chapter 20, Subchapter B.

Outcome Measures

1. Purchases from historically underutilized businesses as a percent of expenditures for professional services
2. Purchases from historically underutilized businesses as a percent of expenditures for commodities
3. Purchases from historically underutilized businesses as a percent of expenditures for other services

HUB Strategy

Utilize and promote historically underutilized businesses in the competitive bid process on all goods and services purchased to the fullest extent possible.

Output Measures

1. Total number of bid solicitations
2. Number of bid solicitations sent to historically underutilized businesses
3. Number of bids awarded to historically underutilized businesses
4. Number of HUB forums attended

**APPENDIX H
DESCRIPTION OF CUSTOMER SERVICES**

Customer Group	Service Descriptions
Advisory Organizations	Reports Proposed rules General information
Advocacy Organizations	Publications Requests Statistical data
Agents	Certification & Certificates Audits Interpretation of laws
Companies; Workers' Compensation Carriers (WC) and networks; WC adjusters, insurers; Health Maintenance Organizations (HMOs); Insurers of Last Resort; Residual Markets; Guaranty Associations; Quasi-Insurance Entities	Complaints Disciplinary actions: fines Regulatory actions
Consumers; Employees; Injured Employees	Complaint & dispute resolution Publications Presentations
Contractors; Special Deputy Receivers (SDRs)	Oversight Fees Audits
Employers; WC Employers	Data collection & analysis Training Health & safety inspections Certificates of self insurance
Federal; International; Other States' Regulatory Agencies	Seminars Federal grant administration for health and safety programs Analysis of similarities in laws
Financial Institutions	Studies Fees Investigations; general information
Health Care Providers	Complaint & medical dispute resolution Rights/responsibilities Training

**APPENDIX H
DESCRIPTION OF CUSTOMER SERVICES**

Customer Group	Service Descriptions
Inspectors; Engineers	Qualifying criteria Disciplinary action General information
Law Enforcement Agencies	Data about individuals, agents, companies, evidence, witnesses Referrals for enforcement Referrals for criminal prosecutions
Law Firms; Attorneys	Proposed rules Questions Documents
Legislature	Technical resources Reports Data analysis
National Association of Insurance Commissioners (NAIC); National Association of State Fire Marshals (NASFM)	Information on companies, complaints, regulatory actions, suspected fraud Database Membership
News Media	Press releases Live interviews News conferences
State Fire Marshal's Office's (SFMO) Customers	Licenses Inspections Investigations/evidence
Special Master Courts; State Office of Administrative Hearings (SOAH)	Cases Fees General information
Texas Agencies; Quasi-Governmental Organizations	Taxable entities information Licensed agents Premium data
Trade Organizations; Lobbyists	Publications Data analysis Interpretations of code
Universities; Research Facilities	Help with research Contracts Internships

