

# AGENCY STRATEGIC PLAN FISCAL YEARS 2015-19

BY THE:

TEXAS DEPARTMENT OF INSURANCE

JULY 7, 2014


Texas Department of Insurance  
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BY THE:

## TEXAS DEPARTMENT OF INSURANCE



Julia Rathgeber

Commissioner of Insurance



Rod Bordelon

Commissioner of Workers' Compensation

JULY 7, 2014



## TABLE OF CONTENTS

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<b>Tables and Figures</b> .....	<b>2</b>
<b>Introduction from Commissioner Rathgeber</b> .....	<b>3</b>
Management Philosophy.....	3
Legislative Appropriations Request .....	4
Recent Highlights .....	4
Final Thoughts.....	5
<b>Vision, Mission, and Goals</b> .....	<b>7</b>
Statewide Vision, Mission, and Philosophy .....	7
Relevant Statewide Goals and Benchmarks .....	8
TDI Vision, Mission, and Core Values .....	8
<b>External/Internal Assessment</b> .....	<b>9</b>
Overview of Agency Scope and Functions.....	9
Organizational Aspects .....	12
Fiscal Aspects .....	15
Service Population Demographics and Economic Factors.....	17
Workforce And Technology Factors .....	18
Significant Legislation .....	18
Self-Evaluation .....	20
<b>Strategic Plan/Budget Structure</b> .....	<b>21</b>
Agency Goals.....	21
Objectives and Strategies .....	21
Performance Measures .....	22
<b>Technology Resource Planning</b> .....	<b>25</b>
Overview .....	25
Technology Resource Planning Initiatives .....	26
<b>Appendices</b> .....	<b>31</b>
Appendix A: Agency Planning Process.....	31
Appendix B: Agency Organizational Details.....	33
Appendix C: Performance Measures Projections .....	40
Appendix D: Performance Measures Definitions .....	41
Appendix E: Workforce Plan .....	74
Appendix F: Employee Engagement Survey .....	82
Appendix G: Historically Underutilized Businesses .....	84
Appendix H: Customer Groups and Service Descriptions.....	86

## TABLES AND FIGURES

---

Figure 1: Field Office Map .....	13
Table 1: Amounts Deposited to Account 36 in FY 2013.....	15
Figure 2: FY 2014 Account 36 Distribution.....	16
Table 2: Demographic Workforce Comparison.....	75
Figure 3: Average Annual Salary.....	76
Figure 4: TDI and State Turnover Rate .....	77
Figure 5: Turnover Rate Comparison .....	77
Figure 6: Survey of Employee Engagement Construct Analysis.....	82

## INTRODUCTION FROM COMMISSIONER RATHGEBER

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I am pleased to submit the Texas Department of Insurance's (TDI) first strategic plan since my appointment as commissioner on May 27, 2013. I also want to take this opportunity to commend the staff on the accomplishments over the past year. We have worked hard to create greater transparency, enhance relationships with consumers and the industry, and build stronger internal communications. We also celebrated the 100th anniversary of the workers' compensation system.

TDI's Fiscal Year (FY) 2015-19 Strategic Plan reflects a new approach to managing agency strategy using cutting-edge principles from the private sector, known as the balanced scorecard. The plan aligns TDI's vision statement with our balanced scorecard and combines two similar insurance fraud strategies. It also includes the agency performance measures and definitions.

The plan reflects my team approach to management, highlights areas of success, and addresses both insurance operations and workers' compensation operations. It includes a workforce plan that outlines steps for developing our next generation of leaders and ensuring appropriate resources are directed to attracting and retaining highly skilled employees, especially those with specialized legal, financial, and technology expertise. It also reflects our focus on equipment, staff, and tools to support the technology needs of a highly effective 21st century state agency.

### MANAGEMENT PHILOSOPHY

I greatly appreciate contributions from all staff in addressing the opportunities and challenges TDI faces. The agency's deputy commissioners function like a board of directors, which has resulted in improved the way we govern the agency. Solutions developed and implemented by a group are typically richer and stronger than individual ones, enabling us to better handle new challenges that come our way.

I value the participation of outside stakeholders with diverse views. We have been hosting a series of meetings with industry representatives and consumer groups, which resulted in improved rulemaking and regulatory framework improvement recommendations, with the ultimate goal of attracting more capital and insurers to Texas.

It is important to consider a range of perspectives in managing internal operations. At TDI, we accomplish this by using a balanced scorecard to provide strategic direction for serving our customers; strengthening financial stewardship; improving policy and processes; and developing our people, tools, and technology. The balanced scorecard provides a meaningful communication process for managing the agency and includes initiatives directly connected to our core responsibilities. Moreover, it highlights the contributions of every employee, allowing each one to see how he or she contributes to TDI's overall strategic objectives.

It is also important to take resourceful, creative approaches to managing risk and prioritizing resources. Nationally, the insurance industry is responding to reforms that emphasize risk-focused regulation. At TDI, we are holding ourselves to those same standards by enhancing enterprise risk management. We are also initiating an internal risk-based budget process to ensure that sufficient resources are directed to areas that pose the greatest risk to insurers' solvency and the public. This approach will require some regulatory flexibility and greater flexibility with our appropriations.

## **LEGISLATIVE APPROPRIATIONS REQUEST**

In TDI's Legislative Appropriations Request (LAR), we plan to ask for adjustments to our full-time equivalent (FTE) caps to address our changing workforce needs. Like other state agencies, TDI is eliminating manual processes and increasing the use of automation. Today the agency is leaner with a smaller, more efficient staff. TDI achieved this, in part, by collapsing certain vacant positions and using the associated funds to recruit a more highly skilled staff and retain existing staff with greater knowledge and skills. The FTE adjustment request supports an overall strategy to bring TDI to industry standards in terms of automation and employee skill sets.

We may also request additional resources dedicated to protecting Texans from another disaster like the West fertilizer plant explosion. In the aftermath of the explosion, we met with stakeholders, conducted voluntary consultations, and worked to identify best practices for ammonium nitrate storage and for firefighter response in hazardous conditions. We shared our findings with the Legislature and stand ready to serve as a resource in the future.

Finally, we are reviewing the resources needed to fight insurance fraud. Reducing fraud ultimately reduces insurance costs for everyone.

## **RECENT HIGHLIGHTS**

In addition to the work we are doing to enhance TDI operations, there are several areas of focus as we plan for the next five years. These areas include:

- working with the Texas Windstorm Insurance Association (TWIA) to improve processes and funding;
- making Texas the most attractive regulatory jurisdiction for business;
- protecting Texans and the Texas health insurance market from negative impacts due to federal health care law changes; and
- improving TDI's internal rulemaking process.

## **TWIA**

TDI placed TWIA under administrative oversight in 2011 because the large number of Hurricane Ike claims and related litigation had stretched TWIA's resources. TWIA's handling of Hurricane Ike resulted in customer service problems, questionable personnel and contracting actions, and financial irregularities. TDI has devoted significant resources to TWIA and has taken a leadership role in helping TWIA identify necessary improvements. TDI also helped TWIA improve operations, develop policies and procedures, and build a stronger management team. TWIA's finances have improved somewhat because of the absence of hurricane losses in recent years. However, TDI has continued concerns about TWIA's funding structure following a major storm or multiple smaller storms.

TWIA currently lacks secure, predictable, viable funding in the event of significant hurricane losses. In 2013, TWIA's estimated maximum funding capacity was \$2.7 billion, which equates to about a 1-in-48 year storm. This estimate assumes that the Texas Public Finance Authority is unable to issue any of the first layer of its public securities authorized by law. Therefore, TDI is considering including a general recommendation in its biennial report regarding TWIA and its long-term financial sustainability.

TWIA is currently negotiating for coverage for the 2014 storm season and hopes to significantly increase coverage.



## **Attracting Capital**

TDI recognizes that insurance companies can choose to locate anywhere, and we want them to come to Texas. Adding capital and competition in the marketplace leads to better, less expensive options for consumers and a stronger place for businesses to thrive. In 2012 and 2013, TDI met with stakeholder to identify opportunities to attract more insurance companies to Texas, particularly large insurers. Through these meetings, TDI developed several recommendations and worked with the Texas Legislature to enact statutory changes. One example is Senate Bill (SB) 734, which allows captive insurers in Texas. As of June 1, 2014, TDI has licensed four captive insurers and registered 10 captive managers under rules adopted to implement this legislation. TDI has continued efforts to obtain similar stakeholder input in 2014.

## **Proactive Response to Changing Health Care Landscape**

The Texas Legislature did not adopt federal Affordable Care Act (ACA) requirements into Texas law. However, TDI must monitor its impact on the Texas insurance market and take action, when warranted, to protect consumers and minimize market disruptions. For example, TDI developed navigator rules to implement SB 1795 and address insufficient federal standards for navigators. Texans seeking assistance from a health care navigator can verify the navigator's registration with TDI and know that the navigator has complied with TDI's requirements for criminal background checks, privacy protections, and financial responsibilities.

Given the difficulties with the federal health exchange rollout, there was a growing concern that enrollees in the Texas Health Insurance Pool would suffer insurance coverage disruptions. Related concerns included possible loss of treatments for individuals with chronic conditions, as well as significant out-of-pocket expenses for consumers. Late last year, after working with state leadership and determining that an extension was the best option, I signed an emergency rule to extend existing insurance coverage for Texas Health Insurance Pool enrollees until March 31, 2014.

The Texas Legislature created Healthy Texas in 2009 to encourage Texas small businesses to offer health insurance. Primarily funded with state dollars, Healthy Texas reached its enrollment limit in summer 2012. Once this final coverage period expires, current Healthy Texas enrollees will need to find other health insurance to maintain coverage. As the Texas Health Insurance Pool and Healthy Texas wind down, TDI is evaluating resource needs and options available to carry out the obligations during this transitional period. In addition, the changes in the federal health care landscape may impact the provision of health care for injured workers in the workers' compensation system. Our workers' compensation division will be monitoring any changes in the future.

## **Rulemaking**

TDI has improved its internal rulemaking processes by implementing project management principles. In addition, the process provides for public input through stakeholder meetings and issuing draft rules. This early contribution from stakeholders helps TDI develop better rules and strategies to accomplish our objectives.

## **FINAL THOUGHTS**

I am proud to be leading such a tenured, knowledgeable staff with broad institutional wisdom and diverse views. The integrity and diligence of the staff make TDI an agency of excellence and a great place to work. With their help, I will continue the work of strengthening TDI's workforce and technology infrastructure. Together, we will continue to be a dynamic leader in responsible state, national, and global regulation, consumer protection, and the promotion of market viability.

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## VISION, MISSION, AND GOALS

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### STATEWIDE VISION, MISSION, AND PHILOSOPHY

Strategic planning for Texas state agencies begins with the statewide vision, mission, and philosophy developed by the governor and the Legislative Budget Board (LBB). These elements are included in Strengthening Our Prosperity: The Statewide Strategic Planning Elements for Texas State Government.

#### 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 state's economic competitiveness by adhering to fiscal discipline principles, 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 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 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**

TDI's strategic plan links to one priority goal and three regulatory agency benchmarks that are established in Strengthening Our Prosperity. TDI's strategic plan excludes the "Number of Texans enrolled in Healthy Texas" benchmark, as well as the related strategy, because of the Legislature's elimination of program funding. The Healthy Texas program will be phased out in FY 2015.

### **Priority Goal**

- Ensure high-quality professionals and businesses effectively and efficiently serve Texans 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.
- Percentage of new and renewed professional licenses issued online.

## **TDI VISION, MISSION, AND CORE VALUES**

### **Agency Vision**

TDI is a dynamic leader in responsible state, national, and global regulation, consumer protection, and market viability.

### **Agency Mission**

TDI's mission is to protect insurance consumers by:

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

### **Agency Core Values**

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

- Responsible stewards
- Professional
- Collaborative
- Responsive and creative
- Balanced

## EXTERNAL/INTERNAL ASSESSMENT

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The strategic planning process provides state agencies an opportunity to evaluate trends and issues that affect operations and provides context for agencies to evaluate their vision, mission, objectives, and strategies.

In 2012, TDI began a new approach to managing agency strategy using an executive steering committee and principles from the private sector, known as the balanced scorecard. Appendix A describes TDI's planning process and provides details of this new approach. In FY 2013, TDI held strategy sessions to consider internal and external trends, economic climate, customer and technology needs, and uncertainties that impact the agency's strategic direction. In FY 2014, TDI's commissioner held a deputy retreat to take a fresh look at the agency's strategic direction. The retreat resulted in three initiatives addressing communication, workforce, and technology. TDI used the findings from the strategy sessions and the retreat in preparing this assessment.

### OVERVIEW OF AGENCY SCOPE AND FUNCTIONS

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 (SFMO), and provides administrative support to the Office of Injured Employee Counsel (OIEC), which is a separate agency.

#### Statutory Basis

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

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

The insurance commissioner is the department's chief executive and administrative officer. (Texas Insurance Code, Chapter 31, Section 31.021) The commissioner shall administer and enforce the Texas Insurance Code, other insurance laws of this state, and other laws granting jurisdiction or applicable to the department or the commissioner.

TDI is charged with overseeing the workers' compensation system of this state, and the division of workers' compensation (DWC) is established within TDI to administer and operate the workers compensation system of this state. (Texas Labor Code, Chapter 402, Section 402.001)

The workers' compensation commissioner is charged with administering the workers' compensation division, and exercising all executive authority, including rulemaking. (Texas Labor Code, Chapter 402, Section 402.00111) In addition, the workers' compensation commissioner is the chief executive and administrative officer of the workers' compensation division and is charged with enforcing the Texas Workers' Compensation Act and other laws applicable to the commissioner or the workers' compensation system. (Texas Labor Code, Chapter 402, Section 402.00116)

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

## **Core Functions**

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

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

## **Key Service Populations and Public Perception**

In 2012, TDI identified 21 customer groups and the services TDI provides to these groups as described in Appendix H.

Texas law requires TDI to survey its customers every two years and report the results to the governor's office and the LBB. TDI's 2014 survey provides customer satisfaction information, including assessment results on seven service quality elements, as well as customer service performance measures.

The survey found that seven out of ten customers were satisfied with the agency. Overall satisfaction was higher in 2013 than in 2011 in all but one service area. The satisfaction score for that area remained the same. Most significant, the highest level of customer satisfaction came from TDI staff contact. This indicates a public perception that TDI staff provides excellent customer service.

Detailed survey results were submitted to the LBB in April.

## Historical Perspective

Insurance law in Texas dates back to 1876, the same year Texas adopted its Constitution. Throughout the years, TDI's structure and authority changes many times.

**1950s**

The Legislature codifies insurance laws, strengthens examinations, capital, and surplus requirements, and creates a three-member State Board of Insurance (SBI) with an insurance commissioner who serves at the pleasure of the board.

**1975**

The Legislature creates the State Fire Marshal's Office.

**1987**

The Legislature creates the Office of Consumer Protection (OCP) within SBI.

**1989**

The Legislature passes major workers' compensation reform law.

**1991**

The Legislature passes comprehensive insurance reform legislation, changes the name of the State Board of Insurance to TDI, changes the name of OCP to the Office of Public Insurance Counsel and makes it independent of TDI, and moves the State Fire Marshal's Office to the new Texas Commission on Fire Protection.

**1992**

Texas becomes the 14th state to receive accreditation from National Association of Insurance Commissioners.

**1993**

The Legislature gives a majority of TDI's authority to a commissioner appointed by the governor, and confirmed by the Senate, in odd-numbered years to a two-year term.

**1997**

The Legislature transfers the State Fire Marshal's Office to TDI.

**2003**

The Legislature grants TDI the authority to regulate all property and casualty insurance rates in Texas, eliminates exemptions for certain companies, and shifts from a benchmark system to a file-and-use system.

**2005**

The Legislature transfers DWC to TDI, but retains workers' compensation commissioner.

**2008**

TDI responds to two hurricanes by helping consumers resolve claims and disputes, investigating reports of fraud and violation, monitoring the financial stability of insurance companies, and providing information at disaster response centers.

**2011**

TDI placed TWIA under administrative oversight following financial and limited scope examinations. Hurricane damage claims stretched TWIA's resources, resulting in customer service problems, questionable personnel actions, and financial irregularities.

**2013**

Texas workers' compensation system turns 100 years old.

## ORGANIZATIONAL ASPECTS

### Divisions

- TDI has nine divisions, eight of which report directly to the insurance commissioner.
- Administrative Operations: Led by the chief-of-staff, the division provides operational support for TDI, DWC, and the Office of Injured Employee Counsel (OIEC), and monitors compliance with state oversight requirements.
- Compliance: Led by a deputy commissioner, the division helps consumers understand insurance products and pricing; enforces Texas insurance laws; and investigates and prosecutes insurance fraud cases.
- Financial Regulation: Led by a deputy commissioner, the division enforces solvency standards; conducts financial analysis and examinations; mitigates problems at troubled companies; and provides licensing and registration functions for companies, agents, other entities, and individuals regulated by TDI.
- General Counsel: Led by a deputy commissioner, the division provides legal services and advises the commissioners and agency divisions; interprets statutes, drafts rules, opinions, and bulletins; and assists with financial and receivership matters.
- Internal Audit: Led by the Internal Audit Director, the division supports the agency's overall mission by providing independent, objective assurance, and consulting activities to improve the agency's operations.
- Public Affairs: Led by a deputy commissioner, the division serves as the agency's primary media contact; acts as liaison to the Legislature and government entities; and helps commissioners with legislative recommendations for insurance regulation and the workers' compensation system.
- Regulatory Policy: Led by a deputy commissioner, the division regulates insurance products and coverage offered by property and casualty insurance companies and life, accident, and health insurers; researches and collects data; publishes reports; and handles special policy initiatives.
- State Fire Marshal's Office: Led by the state fire marshal, the division helps prevent and reduce life and property loss from fire and hazards through investigations, inspections, code enforcement, regulation, and fire prevention programs.
- Workers' Compensation: Led by the workers' compensation commissioner, who administers and exercises rule-making authority for workers' compensation operations in coordination with the insurance commissioner, the division regulates and administers the Texas workers' compensation system, as well as implements and enforces workers' compensation laws.

The agency organizational chart, along with detailed division descriptions and current activities are included in Appendix B.

### Service Locations

TDI's insurance and workers' compensation headquarters are in Austin. While, TDI serves all geographic areas of Texas, regional service requirements vary. For example, residents on the Texas Gulf Coast may require additional windstorm insurance coverage services, while consumers in North Texas might require additional tornado, hailstorm, and wildfire services.

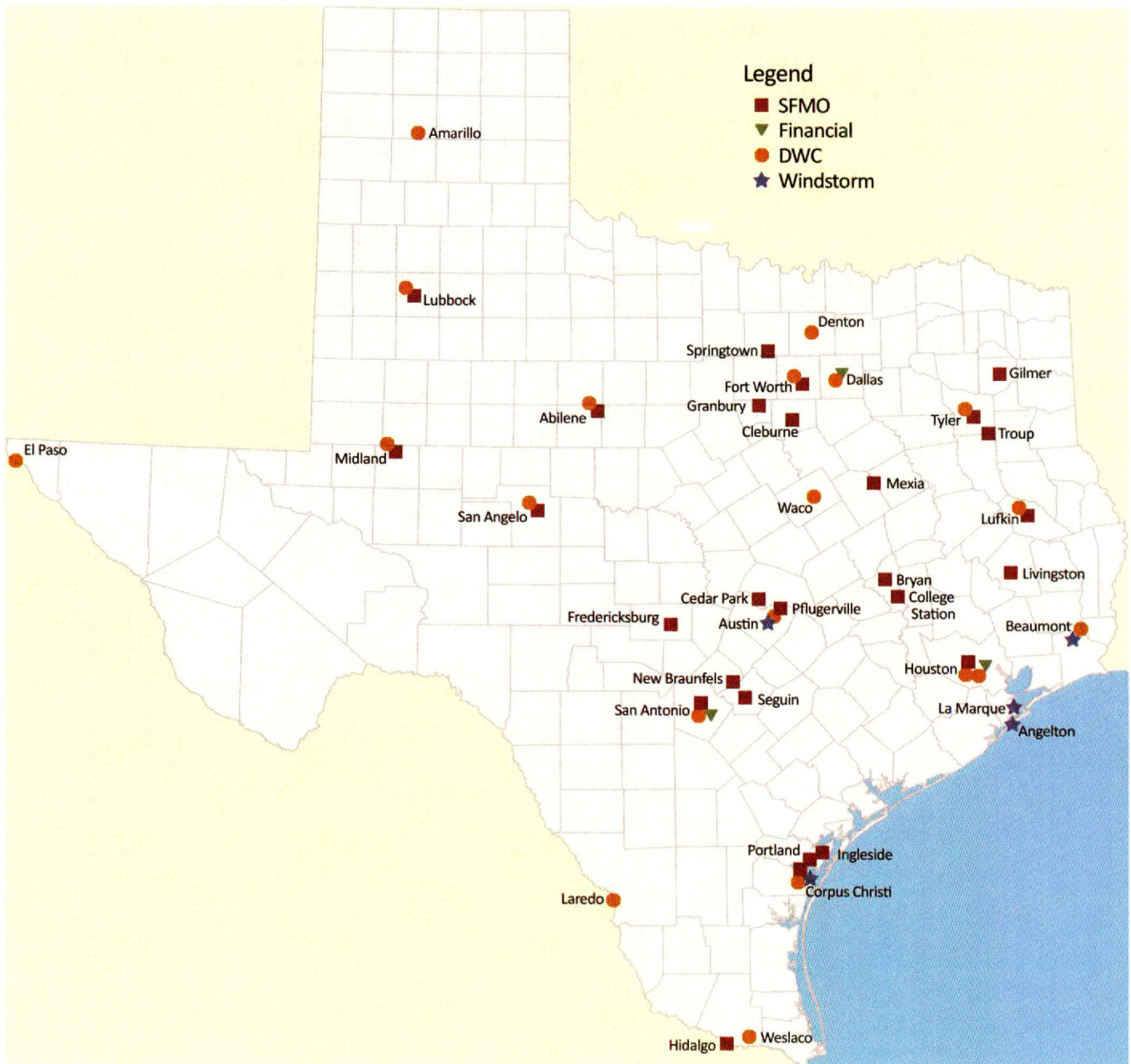
To carry out insurance regulation responsibilities, TDI has field offices, as shown in Figure 1, across the state and recruits bilingual staff in areas with sizable Spanish-speaking populations. Field employees include financial and title examiners; fraud investigators; fire inspectors and investigators; windstorm inspectors; and workers' compensation claims specialists, benefits review officers, and hearing officers. Most field offices also provide health and safety assistance and the Office of Injured Employee Counsel (OIEC) provides ombudsman services.



The agency determines field office locations according to claim activity and service demands. For example, financial examiners field staff in areas with major corporation headquarters, windstorm inspection staff is located along the coast to inspect and certify construction meets windstorm building code compliance, while title examiners live and work throughout the state. Workers compensations' field offices are located in area with high demand for claims services, customer service, and dispute resolution.

Additionally, in its efforts to protect against criminal insurance fraud, TDI started regionalizing its investigative staff. Instead of using field offices, some staff share office space with district attorneys in Dallas, Houston, and San Antonio. TDI also has investigators working out of workers' compensation field offices.

**Figure 1: Field Office Map**



### **Historically Underutilized Businesses**

TDI works to ensure that procurement practices promote the agency's goal of equal access for Texas businesses owned by minorities, women, and veterans with disabilities. During the first six months of FY 2014, TDI spent \$1.8 million at historically underutilized business (HUB) vendors, more than 20 percent of eligible TDI purchases and exceeded the statewide average by nearly 8 percent.

TDI's strategies for increasing HUB participation include internal efforts to enhance staff training, communication, and tracking. In addition, TDI conducts external outreach that includes one-on-one instruction, uses statewide minority business association resources, educating contractors about potential HUB subcontracting opportunities, participating in workgroup discussions and economic forums, and sponsoring mentor-protégé relationship building. TDI's HUB plan is included in Appendix G.

### **Key Organizational Events and Consultant Use**

Appointed on May 27, 2013, TDI's current insurance commissioner quickly established a collaborative management style that allows the deputy commissioners to function similar to a board of directors. The insurance commissioner and deputies hold weekly meetings and also monthly executive steering committee meetings to set agency priorities and decide on projects and initiatives that support TDI's strategy and enhance the agency's ability to fulfill its mission.

The agency also adopted the balanced scorecard approach for strategic planning and agency strategy management and is using professional project management methodologies and risk-based approaches for decision-making. To help implement these changes, TDI established an Office of Strategy Management.

The agency is also focused on implementing best practices for information technology (IT) planning and resourcing, including the development of a technology road map. Currently, TDI often uses IT consultants, as it is difficult to compete with the private sector's ability to attract and retain staff with the appropriate expertise. TDI uses credentialed project managers to ensure projects achieve the set objectives and finish within budget and on time. In addition, TDI coordinates contract manager training in compliance with the comptroller's guidance under Texas Government Code, Section 2262.053.

## FISCAL ASPECTS

TDI's adjusted appropriations for the 2014-15 biennium total \$226 million, with 1,626.2 authorized FTEs.

### General Revenue Dedicated - TDI Operating Fund Account Number 36

TDI is primarily funded through 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.

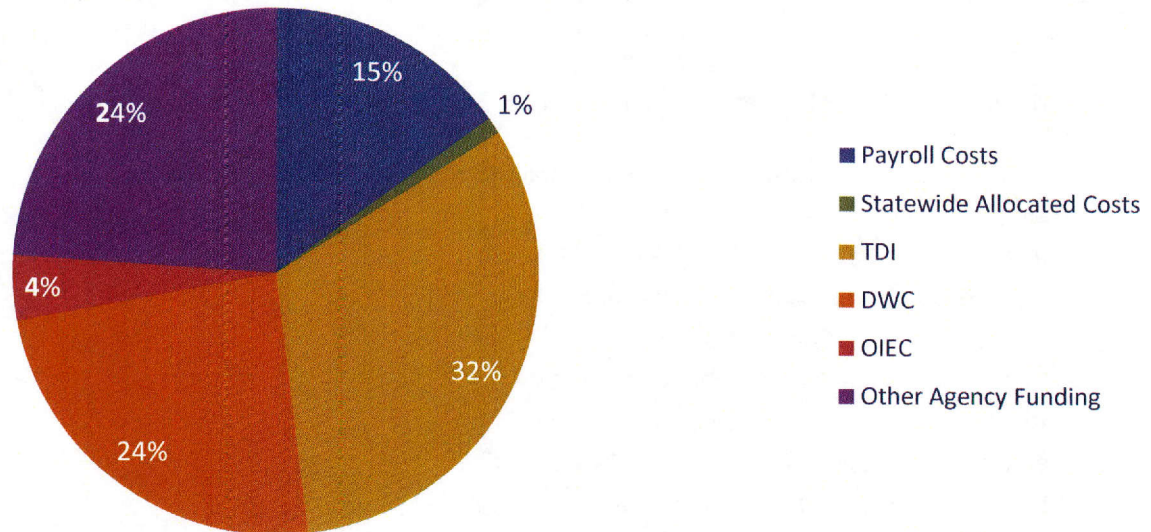
In FY 2013, the Comptroller's office and TDI deposited \$165.9 million into Account 36 as shown in Table 1.

**Table 1: Amounts Deposited to Account 36 in FY 2013**

Annual Statement Filing Fees	\$ 217,099
Casualty Maintenance Tax	8,048,708
Division of Workers' Compensation Maintenance Tax	49,049,814
Fire and Allied Lines Maintenance Tax	31,826,032
Health Maintenance Organization Maintenance Tax	5,040,155
Life/Accident and Health Maintenance Tax	12,778,927
Motor Vehicle Maintenance Tax	11,674,666
Prepaid Legal Services Maintenance Tax	1,273
Third Party Administrator Maintenance Tax	640,924
Title Maintenance Fee	2,122,572
Workers' Compensation Maintenance Tax	3,485,715
Workers' Compensation Research and Evaluation Center Maintenance Tax	486,819
<b>Account 36 Total Deposited by Comptroller:</b>	<b>\$ 125,372,704</b>
Examination Fees – Collected by TDI	3,962,417
Federal Funds	10,377,021
Other Fees and Revenue- Collected by TDI	26,212,782
<b>Account 36 Total Deposited by TDI:</b>	<b>\$ 40,552,220</b>
<b>Grand Total</b>	<b>\$ 165,924,924</b>

The Legislature also appropriates Account 36 funds to the Office of the Attorney General, the Texas Comptroller of Public Accounts, 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 OIEC, as shown in figure 2. Distributions from Account 36 for FY 2014 are \$179.1 million, including payroll costs.

**Figure 2: FY 2014 Account 36 Distribution**



Within Account 36, the agency has consistently received federal funds to control and improve workplace safety. In FY 2014, the agency also received federal funds for health care reimbursement rate transparency.

The 82nd Legislature, via SB 1291, authorized creating a self-directed account outside the Treasury for insurance company examinations. TDI implemented the legislation in FY 2013 and deposited \$10.4 million into the account.

**General Revenue Dedicated – Subsequent Injury Fund Account Number 5101**

TDI receives funding for the Subsequent Injury Fund through General Revenue Dedicated – Subsequent Injury Fund Account Number 5101. This account receives revenue from compensable death benefits on claims without a legal beneficiary. The fund:

- pays lifetime income benefits to injured workers who become eligible for those benefits because of a subsequent compensable injury;
- reimburses insurance carriers for benefits paid based on a DWC decision or interlocutory order that is later reversed or modified by DWC or a court;
- reimburses 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
- reimburses insurance carriers for pharmaceutical benefits payments provided during the first seven days after an injury if the injury is determined not to be compensable.

The agency has appropriation authority for subsequent injury fund payments of \$4.42 million per year of the FY 2014-15 biennium. If actual liabilities exceed estimated amounts and if there are sufficient balances in the fund, the Comptroller may issue a finding of fact in support of a contingent appropriation to provide additional funding. DWC is obligated to pay lifetime income benefits for amounts due beyond the biennial appropriation cycle.

### **Other Funding**

TDI receives additional 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 FY 2012-13 biennium.

### **Capital Budget and Information Resource Technologies**

TDI's capital budget primarily supports the acquisition of information resource technologies. The agency uses a variety of tools and approaches to identify technology environment gaps and limitations. TDI's balanced scorecard includes technology initiatives that support the agency's strategic direction. The executive steering committee, further described in Appendix A, reviews and approves business cases for enterprise-level technology projects and those requiring significant investment. In addition, the committee periodically conducts a more comprehensive review of technology projects and resourcing needs. TDI also has a technology roadmap that serves as an agency guide to ensure individual initiatives and projects align with TDI's strategic direction.

Using these tools, TDI's leadership prioritizes information resource technology funding needs in the agency's capital budget request. TDI expects to include funding to support the statewide data center services consolidation and technology acquisition that supports data security and privacy, legacy modernization, technology obsolescence, and data management.

### **SERVICE POPULATION DEMOGRAPHICS AND ECONOMIC FACTORS**

As Texas' population continues to grow in size and diversity, so too does the consumer's insurance product needs. The challenge is to foster a stable, competitive, and healthy environment that provides high-quality innovative products that satisfy multigenerational and multicultural needs. To meet these demands, insurance carriers must develop innovative products and strategies, which at times require a flexible regulatory approach.

Economic globalization creates complex issues as the industry makes decisions about where they do business. New market entrants are attracted to Texas because of the state's strong economy, large and diverse population, and regulatory environment. Texas is a preferred location for insurance carrier mergers and relocations. As the 12th-largest insurance market in the world, Texas is helping set the financial standards for international, national, and state insurance regulation.

As Texas' labor force continues to grow, the workers' compensation division monitors its impact on the Texas workers' compensation system. The workers' compensation division certifies and regulates networks and promotes access to prompt, quality, cost-effective, and appropriate medical care through treatment guidelines and adequate reimbursement rates.

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

## **WORKFORCE AND TECHNOLOGY FACTORS**

TDI relies on a competent, knowledgeable, and diverse staff to regulate the state's insurance industry, oversee the Texas workers' compensation system administration, perform the duties of the SFMO, and provide administrative support. As of April 30, 2014, approximately 75 percent of TDI's 1,386 employees were classified as either officials/administrators or professionals.

TDI staff includes a diverse group of professionals, some with highly specialized skills in medicine, investigation, law, arson, engineering, technology, and regulation. However, many of these highly specialized employees are eligible for retirement within the next five years, and the ability to hire and retain employees in many of these positions is difficult due to higher private-sector salaries. Since retirees will take their wealth of knowledge and expertise with them, this creates an additional workforce challenge.

To help mitigate this loss, TDI instituted a succession planning system and improved its recruitment and retention processes, but continued planning and improvements are necessary to ensure TDI hires and retains qualified staff.

TDI identifies knowledge and skill development, technology staffing, and resource shortages, as well as qualified staff recruitment as focus areas in the FY 2015-19 Workforce Plan in Appendix E.

Like many other public-sector organizations, TDI's technology environment lags behind those of the industry it regulates. In addition, the transition to the state data centers managed by the Texas Department of Information Resources (DIR) introduced new challenges for data services, storage, security, and cost management.

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 internal and external processes that still rely on movement of paper, and maximize security activities. The agency is migrating most of the Oracle forms applications developed in the 1990s to a hosted enterprise insurance regulatory system called Sircon for States. Twenty-two other state insurance departments already use Sircon. TDI is also analyzing solutions to address workflow, document management, and mobile workforce needs, while working closely with DIR to identify appropriate state data center service levels.

## **SIGNIFICANT LEGISLATION**

### **HB 949 - Newly Acquired Vehicles**

Requires a personal automobile policy to provide coverage for certain vehicles acquired by the insured during the policy period. Coverage is required only for a vehicle that is acquired during the policy term and of which the insurer is notified on or before the 20th day after the date on which the insured becomes the owner of the vehicle; or a later date specified by the policy. Coverage for a vehicle that replaces a covered vehicle must be the same as the coverage for the vehicle being replaced. Coverage for an acquired vehicle must be the broadest coverage provided under the policy.

### **SB 112 - Declarations Page**

Requires an insurer to include the declarations page with its residential property insurance policy form. The declarations page must list and explain each policy deductible; include exact amount of each deductible; and include a written disclosure if any policy provision causes the exact dollar amount of the deductible to change.

**SB 181 - Digital Proof of Insurance**

Allows a driver to show proof of auto liability insurance to a peace officer with a wireless communication device.

**SB 644 - Standard Request Form for Prior Authorization of Prescription Drug Benefits**

Requires the Commissioner of Insurance to develop a standard request form for prior authorization of prescription drug benefits with input from an advisory committee.

**SB 698 - Refund of Unearned Premium**

Requires that unearned premium on homeowners and personal automobile policies be returned to policyholders within 15 business days after cancellation or termination of the policy. Certain exceptions for guaranty associations are also included. This was TDI biennial report recommendation.

**SB 734 - Captives**

Removes a regulatory barrier and allows captive insurers to operate in Texas. A captive insurer is defined as an insurance company formed by another company to cover its own risks.

**SB 1216 - Standard Request Form for Prior Authorization of Health Care Services**

Requires the Commissioner of Insurance to develop a standard request form for prior authorization of health care services with input from an advisory committee.

**SB 1367 - Health Insurance Pool**

Abolishes the Texas Health Insurance Pool (THIP). The THIP's board of directors is required to develop and submit to the commissioner for approval a plan for dissolving the board and the THIP after its obligations to issue and maintain health benefit coverage terminate. The plan must also transfer to the commissioner and the TDI any assets, authority, accumulated rights, and continuing obligations of the board and the THIP. The bill also articulates that prompt pay penalty funds no longer necessary for THIP premium assistance could be used to supplement the Premium Stabilization Fund to close out the Healthy Texas Program. In addition, a portion of the prompt pay penalty funds are to be used to improve access to health benefit coverage.

**SB 1567 - Named Driver Policy**

Defines a named driver policy as one "that does not provide coverage for an individual residing in a named insured's household specifically unless the individual is named on the policy." Requires that all personal auto policies provide at least the minimum coverage required by the Transportation Code, Chapter 601, Subchapter D. Before accepting any premium or fee for a named driver policy the agent or insurer must provide oral and written disclosures to the insured; the insured must contemporaneously in writing confirm the oral disclosure; the insurer must receive a signed disclosure from the insured; and the disclosure must be included on the insured's policy and auto ID card.

**SB 1795 - Federal Health Benefit Exchange Navigators**

Requires the Commissioner of Insurance to set standards by rule ensuring navigators can perform their required duties if federal standards are determined to be insufficient.

## SELF-EVALUATION

At TDI, we continuously evaluate:

- how efficiently and effectively we meet our statutory obligations;
- how well we serve our customer;
- key technology and workforce issues; and
- our employees level of satisfaction and engagement.

TDI uses a variety of methods to evaluate how efficiently and effectively the agency meets its statutory obligations including performance measures and the balanced scorecard. Staff recently mapped division activities that contribute to TDI core processes to gain a better understanding of how every division contributes to achieving the agency's mission. TDI has a number of process improvement teams working to streamline complaints resolution, make fraud referrals more uniform, improve the rulemaking process, and better leverage the agency's resources. TDI leadership is beginning to use risk management techniques to make risk-based decisions. The agency also uses project management methodologies to ensure projects are managed consistency agency-wide.

TDI strives to be responsive to its customers and recent customer satisfaction survey results show an increase in overall customer satisfaction. The highest level of customer satisfaction came from contact with TDI staff. However, TDI must address technology deficiencies and focus on workforce development to continue to serve its customers well.

TDI's leadership recognizes the relationship between a high employee satisfaction level and the ability to recruit and retain high-performing employees. The agency received the highest ever response rate to the 2014 employee engagement survey, found in Appendix F. High survey participation rates indicate a high level of employee investment and responsibility to the agency and a strong expectation that leadership will act on the results. TDI managers are encouraged to share survey results with their employees and discuss opportunities to improve employee satisfaction, agency processes, and customer service.



## STRATEGIC PLAN/BUDGET STRUCTURE

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### AGENCY GOALS

- Goal 1. Promote Consumer Access to Affordable Insurance Products Within a Fair Market
- Goal 2. Promote Financial Strength of the Insurance Industry
- Goal 3. Reduce Loss of Life & Property Due to Fire
- Goal 4. Effectively Regulate the Texas Workers' Compensation System
- Goal 5. Indirect Administration
- Goal 6. Regulatory Response

### OBJECTIVES AND STRATEGIES

*The budget structure has 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.*

- 1.1 Provide insurance consumers with meaningful information
  - 1-1-1 Educate Consumers and the Industry by Providing Outreach and Information
- 1.2 Reduce unfair and illegal insurer practices
  - 1-2-1 Respond Promptly and Act on Complaints
  - 1-2-2 Investigate Trade Practices and Bring Enforcement Actions as Needed
  - 1-2-3 Investigate Insurance Fraud and Refer Violations for Prosecution
  - 1-2-5 Investigate Workers' Compensation Fraud and Refer Violations for Prosecution
- 1.3 Reduce impediments to competition and improve insurance availability
  - 1-3-1 Process Rates, Forms and Licenses Promptly
  - 1-3-2 Promote Coverage in Underserved Markets
  - 1-3-3 Support Texas.GOV
  - 1-3-4 Regulate Private Employers that Qualify to Self-Insure within the Workers' Compensation System
- 1.4 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
- 1.5 Assure loss control services and windstorm inspections
  - 1-5-1 Inspect Loss Control Programs and Assure Code and Schedule Compliance
- 2.1 Regulate insurance industry solvency
  - 2-1-1 Analyze the financial condition of insurers and take solvency action
- 3.1 Protect the public from loss of life and property due to fire
  - 3-1-1 Provide Fire Prevention through Education, Enforcement of Regulations, and Engineering
- 4.1 Ensure appropriate delivery of workers' compensation benefits
  - 4-1-1 Oversee Activities of System Participants and Take Enforcement Action
  - 4-1-2 Resolve Indemnity, Medical Fee, and Medical Necessity Disputes
  - 4-1-3 Administer Subsequent Injury Fund
- 4.2 Ensure workers' compensation system participants are educated and informed
  - 4-2-1 Provide Educational Services and Workplace Safety Consultations to System Participants
  - 4-2-2 Provide Customer Assistance and Records Administration Services for System Participants
- 5.1 Indirect Administration
  - 5-1-1 Central Administration
  - 5-1-2 Information Resources
  - 5-1-3 Other Support Services
- 6.1 Regulatory Response
  - 6-1-1 Contingency Regulatory Response

## PERFORMANCE MEASURES

*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.*

- 1.1.1 oc 1 Percent of calls answered by the TDI Consumer Help Line call center
- 1.1.1 op 1 Number of inquiries answered
- 1.1.1 op 2 Number of consumer information publications distributed
- 1.1.1 op 3 Number of consumer information presentations made
- 1.1.1 op 4 Number of Texas Department of Insurance calls to insurance industry for data
- 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
- 1.2.1 oc 1 Average number of dollars returned to consumers per compliant through complaint resolution
- 1.2.1 op 1 Number of complaints resolved
- 1.2.1 ef 1 Average response time (in days) to complaints
- 1.2.2 oc 1 Percent of enforcement cases concluded within 365 days
- 1.2.2 op 3 Dollar amount of restitution assessed for violations of insurance and insurance-related statutes and rules
- 1.2.2 op 4 Number of quality assurance examinations conducted
- 1.2.2 ef 1 Average cost per quality assurance examination conducted
- 1.2.3 oc 2 Percent of insurance related fraud reports investigated and resolved
- 1.2.3 op 1 Number of investigations of suspected criminal activity related to insurance fraud resolved
- 1.2.3 ef 1 Percentage of insurer fraud cases resolved within 365 days
- 1.2.3 ex 1 Number of reports of insurer fraud received
- 1.2.4 ef 1 Percentage of consumer or provider fraud cases resolved within 365 days
- 1.2.4 ex 1 Number of reports of consumer and provider fraud received
- 1.2.5 oc 3 Percent of workers' compensation insurance related fraud reports investigated and resolved
- 1.2.5 op 1 Number of investigations of suspected criminal activity related to workers' compensation insurance fraud resolved
- 1.2.5 op 2 Number of successful prosecutions for workers' compensation insurance fraud cases referred
- 1.2.5 ef 1 Percentage of workers' compensation insurance fraud cases resolved within 365 days
- 1.2.5 ex 1 Number of reports of workers' compensation insurance fraud received
- 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
- 1.3.1 op 1 Number of life/health insurance filings completed
- 1.3.1 op 3 Number of property and casualty rate and form filings completed
- 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
- 1.3.4 ef 1 Average cost per certified self-insured certificate holder
- 1.3.4 ex 1 Percentage of market share of certified self-insurance to the total workers' compensation insurance market
- 1.5.1 oc 1 Percent of insurers providing adequate loss control programs
- 1.5.1 oc 2 Percent of windstorm inspections that result in an "approved" status code
- 1.5.1 op 1 Number of windstorm inspections completed
- 1.5.1 ef 1 Average cost per windstorm inspection

- 2.1.1 oc 1 Percent of identified companies reviewed
- 2.1.1 oc 4 Percent of companies rehabilitated after Texas Department of Insurance solvency-related intervention
- 2.1.1 ex 1 Number of insurance company insolvencies
- 2.1.1 ex 2 Number of entities receiving Texas Department of Insurance solvency-related intervention
- 3.1.1 oc 1 Percent of initial reports completed annually
- 3.1.1 oc 2 Percent of registrations, licenses, and permits issued within 20 days, after receipt of a completed application
- 3.1.1 op 1 Number of fire prevention and fire safety presentations coordinated by the State Fire Marshal's Office
- 3.1.1 op 2 Number of investigations initiated by the State Fire Marshal's Office
- 3.1.1 op 3 Number of samples analyzed in the arson lab
- 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 ef 1 Average cost per fire safety inspection
- 3.1.1 ef 2 Average time to complete initial investigations report
- 4.1.1 oc 1 Percent of workers' compensation enforcement cases concluded within 365 days
- 4.1.1 oc 2 Percent of medical bills processed timely
- 4.1.1 op 1 Number of workers' compensation enforcement cases concluded with action
- 4.1.1 op 2 Dollar amount of penalties assessed for violations of workers' compensation statutes and rules
- 4.1.1 op 3 Dollar amount returned to workers' compensation system participants through complaint resolution and performance review
- 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
- 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 oc 3 Percent of medical fee disputes resolved by dispute resolution proceedings or upheld upon appeal
- 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
- 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
- 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 oc 4 Payments from the Subsequent Injury Fund
- 4.1.3 op 1 Number of injured workers receiving lifetime income benefit payments through the Subsequent Injury Fund
- 4.1.3 ef 1 Average number of days from receipt of a Subsequent Injury Fund request for reimbursement to payment of request
- 4.2.1 oc 1 Percent of temporary income benefit recipients returning to work within 90 days of injury
- 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 return-to-work, health care provider and workplace safety educational products and services provided to system participants
- 4.2.1 op 4 Number of workers' compensation income benefit recipients referred to the Department of Assistive and Rehabilitative Services
- 4.2.1 ef 1 Average cost per workplace safety consultation and inspection

- 4.2.1 ex 1 Statewide incidence rate of injuries and illnesses per 100 full-time employees in the private sector
- 4.2.1 ex 2 Number of hazards identified through workplace safety consultations, inspections, and the Safety Violations Hotline
- 4.2.2 op 1 Number of injury records in which indemnity benefits are initiated
- 4.2.2 ex 1 Number of documents received electronically by the Division of Workers' Compensation

## TECHNOLOGY RESOURCE PLANNING

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### OVERVIEW

Every odd number year, the Texas Department of Information Resources (DIR) identifies priorities for state agencies in the State Strategic Plan for Information Resources. The top ten priorities established by DIR for this strategic planning cycle include:

- Security and Privacy
- Cloud Services
- Legacy Modernization
- Business Continuity
- Enterprise Collaboration and Planning
- IT Workforce
- Virtualization
- Data Management
- Mobility
- Network

TDI identified five broad initiatives that support DIR's state priorities:

- Security and Privacy
- Legacy Modernization
- Technology Obsolescence
- Data Management
- IT Workforce

The technology resource planning initiatives section includes analysis of anticipated benefits, support for statewide technology priorities, and identification of capabilities and barriers that enhance or impede the implementation of the initiatives. Each technology initiative supports the following strategic plan goals and objectives.

#### Goal 1. Promote Consumer Access to Affordable Insurance Products Within a Fair Market

- 1.1 Provide insurance consumers with meaningful information
- 1.2 Reduce unfair and illegal insurer practices
- 1.3 Reduce impediments to competition and improve insurance availability
- 1.4 Administer innovative insurance initiatives
- 1.5 Assure loss control services and windstorm inspections

#### Goal 2. Promote Financial Strength of the Insurance Industry

- 2.1 Regulate insurance industry solvency

#### Goal 3. Reduce Loss of Life & Property Due to Fire

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

#### Goal 4. Effectively Regulate the Texas Workers' Compensation System

- 4.1 Ensure appropriate delivery of workers' compensation benefits
- 4.2 Ensure workers' compensation system participants are educated and informed

## TECHNOLOGY RESOURCE PLANNING INITIATIVES

<b>Initiative Name:</b>	
Security and Privacy	
<b>Initiative Description:</b>	
DIR engaged a consultant to assess Texas' enterprise security and provided recommendations to TDI. During FY 2013-14, TDI began implementing some of the recommendations, and additional projects are planned for FY 2015-17. Funding requests for some of these projects will be included in the agency's LAR. Data center services will be associated with some of these projects.	
<b>Associated Project Names:</b>	<b>Status:</b>
Business impact analysis software	Planned
Authentication and network admission control	In progress
Secure code practices and production placement architecture	New framework – in progress Legacy modernization - planned
Security management policies	In progress
Proactive vulnerability response plans	Planned
Data security and privacy protocol	In progress
<b>Agency Objectives:</b>	
This initiative supports the strategic plan goals and objectives as described in the technology resource planning overview.	
<b>Statewide Technology Priorities:</b>	
<ul style="list-style-type: none"> <li>• Security and Privacy</li> <li>• Data Management</li> <li>• Mobility</li> </ul>	<ul style="list-style-type: none"> <li>• Network</li> <li>• Legacy Modernization</li> </ul>
<b>Anticipated Benefits:</b>	
<ul style="list-style-type: none"> <li>• Security improvements align with industry best practices.</li> <li>• Compliance with Texas and federal privacy legislation.</li> </ul>	
<b>Capabilities or Barriers:</b>	
<ul style="list-style-type: none"> <li>• Will require training to implement selected capabilities.</li> <li>• The consultant identified the need for increased staffing levels to manage the additional security tools they recommended for purchase.</li> <li>• Selected initiatives may require additional funding for the FY 2016-17 biennium.</li> </ul>	

<b>Initiative Name:</b>	
Legacy Modernization	
<b>Initiative Description:</b>	
Includes a number of enterprise hardware and software asset projects that are outside the data center services purview. Several of these projects, which address multiple technology priorities, are listed below. Certain initiatives require parallel data center services initiatives.	
<b>Associated Project Names:</b>	<b>Status:</b>
Host enterprise databases on enterprise software platforms	FY 2014-15 initiatives - in progress FY 2016-17 projects - planned
Introduce agency staff smart phones	In progress
Telephone system replacement	In progress
DWC system integration	FY 2014-15 initiatives - in progress FY 2016-17 projects - planned
Sircon migration and enhancements – contract II	Planned
Human resources process automation	Planned
GIS upgrade – modify to address new vendor licensing paradigm	Planned
Migration to Comptroller Human Resources System	Pending Comptroller schedule
Replace obsolete software in insurance and workers' compensation operations that will not migrate to Sircon.	Planned
<b>Agency Objectives:</b>	
This initiative supports the strategic plan goals and objectives as described in the technology resource planning overview.	
<b>Statewide Technology Priorities:</b>	
<ul style="list-style-type: none"> <li>• Security and Privacy</li> <li>• Cloud Services</li> <li>• Legacy Modernization</li> <li>• Business Continuity</li> </ul>	<ul style="list-style-type: none"> <li>• Enterprise Collaboration and Planning</li> <li>• IT Workforce</li> <li>• Data Management</li> <li>• Mobility</li> </ul>
<b>Anticipated Benefits:</b>	
<ul style="list-style-type: none"> <li>• Operational efficiencies - Lower support risk from vendor and internal staff expertise.</li> <li>• Systems built on a standard framework enhance customer satisfaction.</li> <li>• Security - Addresses current framework security risks.</li> <li>• Creates foundation for future improvement projects.</li> </ul>	
<b>Capabilities or Barriers:</b>	
<ul style="list-style-type: none"> <li>• Inability to recruit and retain staff with necessary skill sets.</li> <li>• Inadequate staffing levels and expertise to accomplish the workload in the desired timeframe.</li> </ul>	

<b>Initiative Name:</b>	
Technology Obsolescence	
<b>Initiative Description:</b>	
To address staffing challenges, lack of vendor support and inadequate features to support enterprise business requirements, TDI plans a legacy modernization initiative that includes a series of prioritized projects. Several of these initiatives require a parallel data center services component.	
<b>Associated Project Names:</b>	<b>Status:</b>
Workflow, imaging, and document management system replacement – Retire unsupported third-party software	Planned; may require additional funding request
Retire legacy Oracle applications	FY 2014-15 initiatives - in progress FY 2016/17 projects - planned
Replace help desk management/asset management software	Planned
Web Source Management software replacement	In progress
Upgrade to MS Office O365	Planned
Analysis of enterprise database analysis	FY 2014-15 initiatives - in progress FY 2016-17 projects - planned
Desktop hardware obsolescence	FY 2014-15 initiatives - in progress. FY 2016-17 - planned
Enterprise database and ad hoc reporting tool analysis	Planned
<b>Agency Objectives:</b>	
This initiative supports the strategic plan goals and objectives as described in the technology resource planning overview.	
<b>Statewide Technology Priorities:</b>	
<ul style="list-style-type: none"> <li>• Security and Privacy</li> <li>• Cloud Services</li> <li>• Legacy Modernization</li> <li>• Business Continuity</li> </ul>	<ul style="list-style-type: none"> <li>• IT Workforce</li> <li>• Data Management</li> <li>• Mobility</li> <li>• Enterprise Collaboration and Planning</li> </ul>
<b>Anticipated Benefits:</b>	
<ul style="list-style-type: none"> <li>• Operational efficiencies - vendor-supported hardware and software.</li> <li>• Third-party software and cloud services reduces delivery time and improves ability to meet new legislative requirements.</li> <li>• Security improvements.</li> <li>• Provides opportunity to evaluate and improve business processes.</li> <li>• Software replacement makes TDI compliant with state and federal laws and regulations.</li> </ul>	
<b>Capabilities or Barriers:</b>	
<ul style="list-style-type: none"> <li>• Inability to recruit and retain skilled IT staff continues to be a barrier due to salary limitations.</li> <li>• Obtaining funding for projects and initiatives is a barrier.</li> </ul>	



<b>Initiative Name:</b>	
Data Management	
<b>Initiative Description:</b>	
Reduce data center storage costs and improve electronic document data management practices from creation to disposition. These projects involve proactive data review, automatic policy enforcement, information governance policy review, and a data accessibility commitment. Improve data analysis tools and performance. This initiative may have a data center services component.	
<b>Associated Project Names:</b>	<b>Status:</b>
Data analysis including upgrade of SAS environment and GIS environments	Planned
Enterprise file management	Requested
Managed file transfer for secure file transfer	Planned
Cloud storage for mobile devices	Planned
Implement data profiling software for retention policy enforcement	Requested
<b>Agency Objectives:</b>	
This initiative supports the strategic plan goals and objectives as described in the technology resource planning overview.	
<b>Statewide Technology Priorities:</b>	
<ul style="list-style-type: none"> <li>• Business Continuity</li> <li>• IT Workforce</li> <li>• Network</li> </ul>	<ul style="list-style-type: none"> <li>• Data Management</li> <li>• Mobility</li> <li>• Enterprise Collaboration and Planning</li> </ul>
<b>Anticipated Benefits:</b>	
<ul style="list-style-type: none"> <li>• Operational efficiencies and cost savings at the data center</li> <li>• Managed compliance with retention schedules and "big" data analysis supporting regulatory decisions.</li> <li>• Security improvements.</li> <li>• Foundation for future operational improvements.</li> <li>• Compliance as required by State/Federal laws or regulations.</li> </ul>	
<b>Capabilities or Barriers:</b>	
<ul style="list-style-type: none"> <li>• Continued manual, reactive approaches to data management are not cost effective and impede productivity.</li> <li>• Success is dependent on TDI leadership support.</li> <li>• SAS and GIS workload have outgrown existing server and software profiles.</li> </ul>	

<b>Initiative Name:</b>	
IT Workforce	
<b>Initiative Description:</b>	
<p>One of IT leadership's greatest challenges is recruiting and retaining a qualified workforce. Skilled professionals are needed to plan, develop, and manage IT solutions. IT staff play a vital role in mission-critical decisions and effective service delivery and they have a direct impact on an agency's operations and overall success. A strategy focused on building a skilled, efficient, and flexible IT workforce is essential.</p> <p>Leadership plans must include forecasting future skill set needs and maintaining current workforce skills. They must also determine whether to hire additional FTE's or contract for needed skills. State agencies have the option to use a short-term employment strategy for IT workers or to provide training to existing staff in new technologies.</p>	
<b>Associated Project Names:</b>	<b>Status:</b>
Increased FTE levels to staff long term needs	Planned
DIR contract staff supplementation	Planned
DCS rate card services	Planned
Vender support services contract to modernize package software	Planned
Train existing staff in new technologies	Planned
<b>Agency Objectives:</b>	
This initiative supports the strategic plan goals and objectives as described in the technology resource planning overview.	
<b>Statewide Technology Priorities:</b>	
<ul style="list-style-type: none"> <li>• Legacy Modernization</li> <li>• Business Continuity</li> <li>• Enterprise Collaboration and Planning</li> </ul>	<ul style="list-style-type: none"> <li>• IT Workforce</li> <li>• Data Management</li> <li>• Mobility</li> </ul>
<b>Anticipated Benefits:</b>	
<ul style="list-style-type: none"> <li>• Multidisciplinary job training keeps employees engaged, as well as develops a holistic understanding of the organization's functions.</li> <li>• Hiring contract employees is a cost-efficient alternative to long-term employment for short-term needs. In part, agencies save employment benefit costs with contract labor.</li> <li>• Operational efficiencies are gained by adding FTEs when there is long-term demand and when qualified individuals are available through the state's recruiting process.</li> <li>• Providing more effective service delivery with the right blend of FTE's and contract employees.</li> </ul>	
<b>Capabilities or Barriers:</b>	
<ul style="list-style-type: none"> <li>• Inadequate state agency salaries compare to the private sector.</li> <li>• Difficulty recruiting qualified staff with above entry-level skill set.</li> <li>• Funding constraints to retain high-level and high-performing IT staff.</li> </ul>	

## APPENDICES

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### APPENDIX A: AGENCY PLANNING PROCESS

#### **TDI's Strategic Planning and Management System**

TDI's executive steering committee consists of the insurance commissioner and deputy commissioners. The committee establishes strategic direction, determines priorities, reviews and approves agency projects and initiatives to ensure alignment with the strategic direction, and enhances the agency's ability to meet its mission.

In 2012, TDI adopted the balanced scorecard as its approach to strategic planning. Robert Kaplan and David Norton created the scorecard in the early 1990s as a performance measurement framework that went beyond traditional financial measures and incorporated other perspectives. Since that time, the scorecard has grown into a full strategic planning and management system that gives managers a more balanced view of organizational performance.

By using these approaches, TDI has made the strategic planning process an ongoing integrated system used to set priorities, focus resources, and ensure employees are working toward common goals. TDI's FY 2015-19 Strategic Plan and balanced scorecard share the same vision, mission, and core values, and the strategic objectives established through the scorecard support the strategic plan's goals.

Balanced scorecard initiatives and measures provide meaningful data to agency and division leaders so they can make informed decisions to improve strategic performance.

TDI created the Office of Strategy Management within the Administrative Operations Division to coordinate and manage agency strategy and has implemented the balanced scorecard at the agency, division, and employee level. It allows TDI to plan and execute strategy through four perspectives (customer; financial stewardship; policy and process; and people, tools, and technology) at the agency level, and through perspective teams that meet regularly to communicate about agency strategy and initiatives. Division coordinators meet regularly to discuss division-level strategy and share best practices. Employee objectives and appraisals are linked to the scorecard so employees are able to see how their work helps TDI achieve its mission.

#### **Budget Structure Review and Development**

Each biennium, TDI revisits its budget structure to ensure its goals and mission align with statutory responsibilities and reviews its performance measures for substantive and non-substantive changes. Division staff members evaluate budget structure and identify changes to measures, measure targets, and definitions with assistance from financial services.

TDI's Financial Services section compiles changes proposed during the evaluation process and distributes the information to the divisions for executive management's final comment and approval. TDI submits the requested changes to the Governor's Office and the LBB on or before the due date.

TDI requested a revised budget structure for the FY 2014-15 biennium. The revised structure aligns two similar strategies and eliminates one strategy for a program that is ending. TDI identified changes to focus on key processes and ensure that measures continue to be valid, responsive, and relevant.

**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 LAR.

Financial Services provide a five-year history of the agency's performance measure targets and actual performance. This provides a more focused review of proposed changes. Division staff evaluates the measures, including requested definition changes, to project future performance. Financial Services reviews and works with division staff to determine 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.

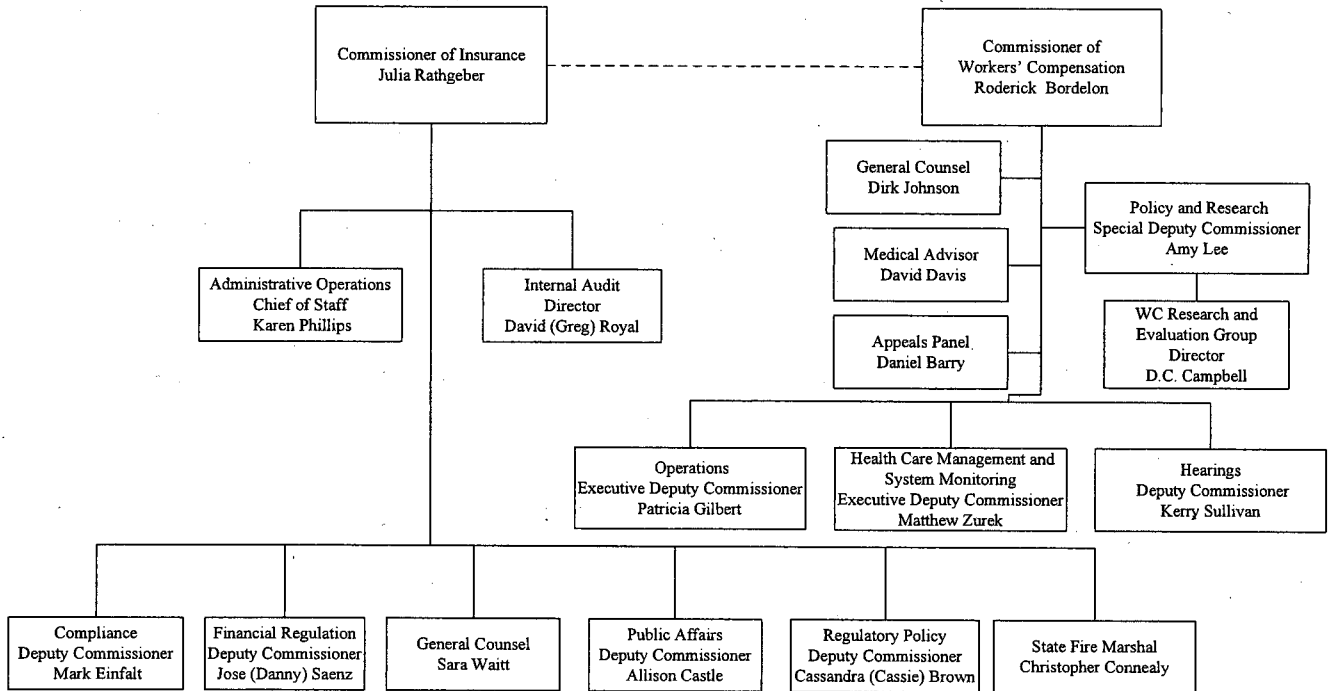
**Strategic Plan Approval**

The Office of Strategy Management works with executive management to finalize the strategic plan. Executive management approves the document for delivery to the LBB, the Governor's Office, and other interested parties.

## APPENDIX B: AGENCY ORGANIZATIONAL DETAILS

### Agency Organizational Chart

Texas Department of Insurance  
 Agency Organizational Chart  
 May 31, 2014



### Division Descriptions and Current Activities

Additional information about TDI's divisions is available in the Texas Department of Insurance FY 2013 Annual Report.

#### Commissioner's Office

As the agency's chief executive and administrative officer, the insurance commissioner oversees agency regulatory functions, establishes agency operating procedures, and enforces state insurance laws, including taking disciplinary and legal actions against violators. The commissioner does the following:

- reviews and regulates rates for various lines of insurance including those submitted under "file-and-use" provisions of the Texas Insurance Code;
- promulgates rates for certain lines such as title insurance;
- adopts rules;
- implements new laws;
- addresses regulatory problems in companies and agents; and
- appoints individuals to advisory boards and committees and oversees their operations.

### Administrative Operations Division

The Administrative Operations Division, headed by the agency's chief of staff performs the agency's internal financial functions and provides operational support to TDI, DWC, and the Office of Injured Employee Counsel (OIEC). The division consists of six sections: Financial Services, Procurement and General Services, Information Technology Services, Human Resources, the Employee Ombudsman and Ethics Advisor, and the Office of Strategy Management. The division is also responsible for coordinating contract manager training in compliance with the comptroller's guidance under Texas Government Code, Sec 2262.053, and monitors TDI's compliance with oversight requirements set for state agencies by the Legislature. Recent contributions to the agency's goals include:

- Facilitating the development and implementation of the balanced scorecard performance management system.
- Preparing recommendations regarding an agency salary plan and efforts to attract and retain qualified staff based on workforce planning including classification and salary research.
- Developing best practices for the agency's HUB program.
- Migrating TDI and OIEC to the cloud version of Microsoft Outlook, utilizing the secure data center services infrastructure.
- Completing key phases the Sircon for States program as scheduled, resulting in legacy application retirement, secure cloud services implementation, and an enterprise approach to insurance regulation software.

### Compliance Division

The Compliance Division protects consumers by overseeing insurance companies and agents and their interactions with consumers. The division has three sections: Consumer Protection, Enforcement, and the Fraud Unit. The division also has a general management office to direct key activities and provide project management support. The three sections work together to form a compliance continuum that allows consumers, companies, and other interested parties to access the department's resources.

Consumer Protection helps Texans by resolving insurance complaints and by providing insurance information to the public through a toll-free consumer help line, publications, and the internet. The Consumer Protection section includes complaints resolution, information assistance, public education, and the special assignments offices.

The Enforcement section receives referrals and investigates law and rule violation allegations against insurance agents, companies, HMOs, and workers' compensation system participants. Enforcement reviews issues related to unauthorized insurance, unfair or deceptive practices, acts prohibited by workers' compensation laws, and disaster-related claims handling, and brings actions against companies for excessive rates, participates in hearings to set title insurance rates. Following an investigation, the enforcement section may bring disciplinary actions.

The Fraud Unit includes commissioned peace officers and civilian investigators, an in-house attorney, prosecutors in the Dallas County, Harris County, and Bexar County district attorney offices, two criminal analysts, administrative staff, and an intake section. The Fraud Unit is responsible for fraud reports, conducting criminal investigations, and working with prosecuting agencies. In addition, the fraud unit makes arrests, assists in prosecutions, and educates the industry and consumers on ways to deter insurance fraud. The Fraud Unit maintains the toll-free insurance fraud hot line and TDI's online fraud reporting system. In the past year, 29 fraud unit employees received certified fraud examiner designation.

The Compliance Division's recent accomplishments include:

- Helping resolve more than 21,000 consumer complaints and returning \$24.7 million in claims and premium refunds to consumers.
- Responding to nearly 600,000 consumer inquiries, conducting 724 presentations, and distributing 8.5 million publications.
- Taking enforcement action resulting in commissioner orders that provided \$1.8 million in restitution for consumers and assessing \$9.7 million in administrative penalties, fines, and forfeitures in FY 2013; to date, restitution for consumers in FY 2014 is over \$105 million.
- Facilitating participation in seven multistate market conduct settlement agreements, which identified owners and beneficiaries of unclaimed life insurance policy proceeds resulting in \$3.83 million in payments to Texans.
- Referring more than \$9 million in fraud to prosecutors and had court orders issued for more than \$6.7 million in restitution.
- Beginning the regionalization of the fraud investigative staff with some investigators working out of the offices of other law enforcement agencies.

#### Financial Regulation Division

The Financial Regulation Division enforces solvency standards for insurance companies and related entities with the goal of protecting consumers by detecting financial and other concerns and mitigating problems caused by troubled insurers. The division seeks to rehabilitate companies that fall short of solvency standards, and through a court-sanctioned receivership process, liquidates the few companies that cannot be rehabilitated.

The Financial Regulation Division includes four sections: Financial Analysis, Licensing Services, Examinations and Rehabilitation and Liquidation Oversight. Highlights of the Financial Regulation Division's current activities include:

- Registering 25 entity navigators and approximately 250 individual navigators who met standards established by the insurance commissioner in rules adopted to implement SB 1795. Since the adoption of the rules, the division has held regular meetings with navigators to ensure a smooth implementation.
- Licensing four captive insurers and registering 10 captive managers as of June 1, 2014.
- Creating a new team focused on the regulation of international companies and groups that include cross-sector operations such as insurance, banking and securities with goals of developing a better understanding these complex entities, unique regulatory approaches, and fostering stronger, more consistent relationships with other state, national and international regulators also engaged in the regulation of these complex entities.
- Participating in 11 meetings as a member of 14 supervisory colleges, which provide a forum for cooperation and communication between the domestic and international supervisors and regulators with the goal of more effective supervision and regulation of internationally active insurance groups.
- Closing a receivership that had been open since 1994 with the estate paying all liabilities owed to creditors, including the guaranty associations.
- Beginning to use TeamMate for title, managed care and quality assurance examinations; TeamMate is an electronic system used to track work progress, which helps to ensure consistency and improve information sharing as well as promoting a paperless environment.
- Adopting a revised Utilization Review Agent (URA) rule after four years of collaboration with interested stakeholders and approved more than 180 URA application updates as a result of the revised rule.
- Leading the revision of Chapter 11 of Title 28 of the Texas Admin. Code, related to Health Maintenance Organizations, as well as drafting new rules to implement Section 16 of Senate Bill 1286, passed during the 83rd Texas Legislature, which authorizes Professional Employer Organizations to create and offer self-funded health benefit plans.

## General Counsel Division

The General Counsel Division provides legal services and advice to the insurance commissioner and workers' compensation commissioner, as well as other TDI divisions. The division is headed by the General Counsel and is comprised of staff, the Chief Clerk's Office, and the Legal Services Section. The division's attorneys are a dynamic team who offer rapid solutions to a variety of regulatory challenges and who have chosen public service, benefitting both the regulated market and consumers. The General Counsel Division has attorneys that are not only experienced in insurance regulatory matters, but also are board certified, certified as fraud examiners, adjunct law professors, continuing legal education presenters and litigation management specialists. The General Counsel Division boasts an attorney who holds a license as a certified public accountant and attorneys with advanced degrees in areas such as health law and public administration.

The General Counsel advises the commissioners on a wide variety of legal matters and topics ranging from application of state and federal law, to commissioner orders and appeals to the commissioner, to setting agency policy. The Chief Clerk's office maintains commissioner orders and dockets, sets cases with the State Office of Administrative Hearing, certifies records, sends rule filings and notices to the Texas Register, maintains bulletins, and provides agency court reporting services.

The Legal Services Section has four offices – Office of Agency Counsel, Office of Policy Development Counsel, Office of Financial Counsel, and Office of Workers' Compensation Counsel. Each of the offices generally provides legal services for a division of TDI.

Highlights for the General Counsel Division include:

- Providing immediate response to TDI's financial regulatory staff and proposing solutions for addressing troubled companies in fluid environments, including actions such as administrative oversight, supervision, conservatorship, and receivership.
- Ensuring protection of the public and a fair and competitive market place, our attorneys interface with industry and are integrated into TDI's dynamic regulatory structure.
- Implementing a plain writing initiative for all TDI rules, bulletins, orders, and forms to reduce legalese and enhance readability.
- Peer reviewing international regulators' compliance with regulatory principles related to their powers and duties.
- Drafting the following rules for adoption:
  - Life Settlement Rule: Life settlements are complex financial transactions. Owners of life policies who are considering selling their policies are often an elderly and vulnerable population. This rule provides important consumer protections including a Shopper's Guide, mandatory consumer disclosures, and broker fiduciary duties.
  - PPO Balanced Billing Rule and rules addressing Preferred and Exclusive Provider Plans: These rules reduce the likelihood of patient balance billing by requiring that insurers provide more information to insureds regarding their networks.
  - Non-subscriber Rules: These rules ensure employees obtain timely and accurate workers' compensation insurance coverage information from their employers.
  - Navigator Rules: These rules address insufficiencies in federal Affordable Care Act standards and strengthen protections for consumers who seek assistance from federal health benefit exchange navigators.
  - Captives Rules: Texas passed legislation allowing for captive insurance companies as part of an overall state policy of attracting business to the state. These rules provide for regulation of these important entities.
  - Miscellaneous Rules for Group and Individual Accident and Health Insurance: These rules allow the Texas Health Insurance Pool to continue existing coverage and avoid a lapse in coverage for its enrollees.



- Responding to open records requests, including:
- Receiving and processing 11,233 open records requests in FY 2013 and referring 81 of the requests to the Office of the Attorney General for an opinion. Forty-one of those referrals were made because the originator of responsive documents maintained by TDI claimed that the documents were proprietary or otherwise confidential.
- Implementing policies to centralize open records processes during FY 2014.

#### Internal Audit Division

Internal Audit supports the agency's overall mission by providing independent, objective assurance and consulting activities designed to add value and improve the agency's operations. Internal Audit helps the agency accomplish its goals and objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, controls, and governance throughout TDI.

The objectives of internal auditing are to provide information to management for decision-making and to assist members of the organization in the effective discharge of their responsibilities. These are accomplished by furnishing them with analyses, appraisals, recommendations, counsel, and information concerning the activities reviewed and by promoting effective control at reasonable cost. Highlights include:

- Completing six financial or performance related audits, two information technology audits, three advisory projects resulting in final reports to management and the Commissioners, an update of management responses on outstanding recommendations from prior audits, an agency-wide risk assessment that culminated in the establishment of the Annual Audit Plan, and external peer reviews of the Internal Audit Divisions at the Employees Retirement System of Texas and the Office of the Texas Comptroller.
- Implementing analysis of division area controls using the COSO framework during the fiscal year with internal reports for agency management.
- Serving as liaison for two SAO audits completed during the fiscal year.
- Assisting with the Gartner review of TDI's Information Technology Services Office.
- Completing one formal fraud investigation.
- Improving and enhancing the COSO Survey for the agency by utilizing Survey Monkey.
- Updating internal procedures for TeamMate and auditing procedures.
- Implementing, in addition to the Electronic Workpaper Module, other modules in TeamMate such as Team Risk, Team Central, and Time Expense Capture.
- Collaborating with OSM on building the agency ERM framework.

#### Public Affairs Division

Public Affairs is comprised of government relations and communications.

Government relations is TDI's liaison to the Legislature and governmental entities. Major responsibilities include:

- helping the insurance and workers' compensation commissioners develop legislative recommendations for improving insurance regulation in Texas;
- reporting information regarding TDI activities and the insurance market to the Legislature;
- coordinating and tracking agency-wide responses to legislative and constituent inquiries;
- monitoring, tracking and analyzing legislation affecting the agency, consumers, and the insurance marketplace;
- updating agency staff on the status of legislation;
- selecting, training, and coordinating the availability and presence of appropriate agency staff for resource testimony before various legislative committees;
- overseeing implementation of legislation;
- distributing requested information to legislators, committees, and other governmental entities; and
- coordinating commissioner appointments to boards and committees.

The communications office is the agency's primary media contact. The communications office also

- 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, including internal communication;
- handles audio and video web broadcasts- with support from agency IT staff; and
- provides agency print and graphic design services.

#### Regulatory Policy Division

The Regulatory Policy Division reviews product forms and rates for insurance policies offered in Texas. The division's goal is to provide insurers with a clear understanding of how products and rates comply with laws and rules. Moreover, the division strives to help companies introduce compliant products into the marketplace by efficiently reviewing their forms and rates. The division also supports the agency mission of protecting consumers by providing them with information about what they can expect from products they purchase in the Texas insurance marketplace. Informed consumers make better decisions when shopping for insurance. Additionally, the division manages special policy initiatives, including the TexasSure and Healthy Texas programs. The division consists of the Property and Casualty (P&C) and Life, Accident, and Health (LAH) sections.

Highlights of the Regulatory Policy Division's current activities include:

- Implementing rules concerning the TWIA, including loss funding in the event of a catastrophe and the premium surcharge required to repay class 2 public securities.
- Establishing a peer review system for forms and rates to increase the consistency of review, thereby providing fairness to the industry in form review and increase the knowledge of staff.
- Beginning the transition of Texas becoming a National Council on Compensation Insurance (NCCI) state for workers' compensation purposes by adopting the NCCI Basic Manual with Texas exceptions. The department is currently reviewing the NCCI Stat Plan to determine Texas exceptions and a proposal for carriers to report statistical data for all policies. In transitioning to an NCCI state, the commissioner of insurance and TDI will continue to fulfill all workers' compensation statutory requirements.
- Initiating technology improvements for the Inspections Office with the Windstorm Rewrite project and the Amusement Ride Fee Pay project. The Windstorm Rewrite project will create a user-friendly system to store data and address a common customer request by allowing appointed engineers to submit and manage inspection forms online. In addition, the Amusement Ride Fee Pay project will address a common customer request by allowing owners and operators to pay their annual fees online by credit card or electronic check.
- Partnering with the UT School of Public Health, to enhance the department's ongoing efforts to promote health care price transparency in accordance with SB 1731, passed by the 80th Texas

### State Fire Marshal's Office

The SFMO develops and promotes methods of preventing and reducing fire losses. This responsibility is carried out through fire cause and origin investigations, building inspections, code enforcement, the regulation of fire service industries, and the development and promotion of fire prevention programs. Through a strategy incorporating the principles of engineering, enforcement, and education, the SFMO seeks to create communities well prepared to protect themselves against fire.

The SFMO consists of five sections: Texas Fire Incident Reporting System (TEXFIRS); Outreach, Policy, and Research (OPR); Licensing Administration and Licensing Investigations; Fire Investigations; Public Protection Classification (PPC) Oversight; and Fire Safety Inspections.

Highlights of the SFMO current activities include:

- Completing nine arson case reviews through the SFMO Science Advisory Workgroup (SAW). The panel did not support the original findings of five fire investigations and reported the fire should have been ruled undetermined. In two cases the panel supported the findings in the fire investigation and two additional cases were ruled inconclusive due to a lack of information for the SAW to make a ruling. The SAW is the first in the nation and has evolved into a recommended best practice nationally.
- Conducting research and outreach efforts to prevent another incident similar to the West fertilizer plant explosion and to help provide information to the Legislature as they deliberate this public policy issue.
- Organize ammonium nitrate awareness and best practices meetings in the 66 counties that have businesses with 10,000 pounds or more of ammonium nitrate. The meetings were well received by attendees.
- Providing training and outreach to fire departments across the state including quarterly fire investigation forums and a fire marshal discussion series to bring together various state agencies (Department of Family and Protective Services, Department of Aging and Disability Services, Department of Licensing and Regulation, and SFMO Licensing) to answer questions that impact local jurisdictions.
- Offering frequent classes in fire investigation, fire inspection, and juvenile fire setting prevention. SFMO has received positive customer feedback and comments about the significant outreach.

### Workers' Compensation Division

The Workers' Compensation's Division duties include regulating and administering the workers' compensation system in Texas; and ensure that the Texas Workers' Compensation Act, Texas Labor Code, and other laws regarding workers' compensation are implemented and enforced. The basic goals of the Texas workers' compensation system are:

- Each employee shall be treated with dignity and respect when injured on the job.
- Each injured employee shall have access to a fair and accessible dispute resolution process.
- Each injured employee shall have access to prompt, high-quality medical care within the framework established by the Texas Labor Code.
- Each injured employee shall receive services to facilitate the employee's return to employment as soon as it is considered safe and appropriate by the employee's health care provider.

The workers' compensation commissioner makes recommendations to the Legislature regarding changes to state workers' compensation laws and serves as a member of the Texas Certified Self-Insurer Guaranty Association. The workers' compensation commissioner also has the authority to approve Certificates of Authority to Self-Insure for workers' compensation claims for certain eligible employers with employees in Texas.

The division consists of a commissioner's administration area and four major programs: Operations, Hearings, Office of the Medical Advisor, and Health Care Management and System Monitoring. The commissioner's administration includes the Office of the General Counsel, the Special Deputy Commissioner for Policy and Research, and the Appeals Panel.

**APPENDIX C: PERFORMANCE MEASURES PROJECTIONS**

**Outcome Measure Targets - Fiscal Years 2015-2019**

*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-Obj.	Outcome Measures	2015	2016	2017	2018	2019
1.1.1 oc 1	Percent of calls answered by the TDI consumer help line call center	90%	90%	90%	90%	90%
1.2.1 oc 1	Average number of dollars returned to consumers, per compliant through compliant resolution	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
1.2.2 oc 1	Percent of enforcement cases concluded within 365 days	60%	60%	60%	60%	60%
1.2.3 oc 2	Percent of insurance related fraud reports investigated and resolved	5%	5%	5%	5%	5%
1.2.5 oc 3	Percent of workers' compensation insurance related fraud reports investigated and resolved	3%	3%	3%	3%	3%
1.3.1 oc 1	Percent of company, third party administrator, and premium finance license applications completed within 60 days	96%	96%	96%	96%	96%
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%
1.5.1 oc 1	Percent of insurers providing adequate loss control programs	99%	99%	99%	99%	99%
1.5.1 oc 2	Percent of windstorm inspections that result in an "approved" status code	35%	35%	35%	35%	35%
2.1.1 oc 1	Percent of identified companies reviewed	97%	97%	97%	97%	97%
2.1.1 oc 4	Percent of companies rehabilitated after TDI solvency-related intervention	18%	18%	18%	18%	18%
3.1.1 oc 1	Percent of initial reports completed annually	85%	85%	85%	85%	85%
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%
4.1.1 oc 1	Percent of workers' compensation enforcement cases concluded within 365 days	65%	65%	65%	65%	65%
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 dispute resolution proceedings or upheld upon appeal	90%	90%	90%	90%	90%
4.1.3 oc 4	Payments from the Subsequent Injury Fund (in millions)	\$6.9	\$7.2	\$7.2	\$7.2	\$7.2
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 MEASURES DEFINITIONS

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.

1.1.1 oc 1	Percent of calls answered by the TDI Consumer Help Line call center
Short Definition	The call capture rate for calls answered by the Consumer Help Line is the percent of calls answered by Consumer Help Line staff.
Purpose/Importance	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.
Source/Collection	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.
Method of Calculation	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.
Data Limitations	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.
Calculation Type	Non-cumulative
New Measure	Yes
Desired Performance	Higher than target
1.1.1 op 1	Number of inquiries answered
Short Definition	The number of inquiries through telephone calls or written requests that are answered by Consumer Protection, and Internet hits that occur on the Texas Department of Insurance's (TDI) practice and complaints company inquiry (PCCI) "Search for a Company Profile" (pcci.search) web page. An inquiry is a request for insurance information received from an external customer during business hours. Customers include individual consumers, business consumers, regulated entities, state agencies, and legislators.
Purpose/Importance	To measure the number of inquiries answered, including telephone calls, written requests and PCCI Internet hits. TDI educates consumers through phone calls, correspondence and information on the TDI website, which fosters competition in the market.
Source/Collection	Telephone inquiries are taken by Consumer Protection call center staff. Telephone inquiries are tracked by reports generated by the agency's telephone system. Written inquiries are entered into an agency database and coded as an inquiry only. A written inquiry is closed when staff determine that they provided in writing the information deemed appropriate. PCCI hits are tracked using an internet web server statistics report.
Method of Calculation	The sum of: the total number of telephone inquiries answered; the total number of written inquiries closed in the agency database; and the total number of PCCI hits during the reporting period. Written inquiries are dynamic data: a question from a consumer may be counted as an inquiry in one quarter then become a complaint in the following quarter. As a result, the year-end total of written inquiries answered is a snapshot rather than the sum of the four quarterly figures.
Data Limitations	If the network server that captures call data goes down and a daily calls answered report is not available or incomplete, then that day's total calls answered will be estimated by averaging the previous and succeeding day's number of calls answered reports.
Calculation Type	Non-cumulative
New Measure	No
Desired Performance	Higher than target

<b>1.1.1 op 2</b>		<b>Number of consumer information publications distributed</b>
Short Definition	The number of consumer information publications (brochures, rate guides and consumer bulletins) distributed to customers.	
Purpose/Importance	To measure the number of publications (brochures, rate guides and other informational materials) distributed to consumers, including publications distributed through the Texas Department of Insurance (TDI) website.	
Source/Collection	A publication is distributed when it is: a) shipped from the TDI mail room and recorded as such in the Publications Tracking System; or b) counted as a "hit" on the TDI Internet site. The sources of the data are the monthly "Shipped" report from the Publications Tracking System and the TDI Webmaster's summary file.	
Method of Calculation	The sum of the number of publications shipped from the TDI mail room and counted as a "hit" on the TDI Internet site for the reporting period.	
Data Limitations	None	
Calculation Type	Cumulative	
New Measure	No	
Desired Performance	Higher than target	
<b>1.1.1 op 3</b>		<b>Number of consumer information presentations made</b>
Short Definition	The sum of all presentations coordinated by the Texas Department of Insurance (TDI) Speakers Bureau that TDI staff make to consumers and other external customer groups.	
Purpose/Importance	To measure the sum of all presentations coordinated by the TDI Speakers Bureau that TDI staff make to educate and inform external customer groups. TDI educates consumers through presentations, which fosters competition in the market.	
Source/Collection	The source of the data is the file for each presentation and the monthly Speakers Bureau report. A presentation is any event where TDI staff educates agency customers on insurance matters using one or more of the following methods of communication: speeches, training, exhibits, seminars, teleconferences. External customers include individual consumers, business consumers, regulated entities, state agencies, and legislators. A presentation counts as "one" though it may include more than one of the methods of communication listed above and regardless of the number of staff involved in a given event.	
Method of Calculation	The sum of all presentations coordinated by the TDI Speakers Bureau that TDI staff makes to external customer groups during the reporting period.	
Data Limitations	None	
Calculation Type	Cumulative	
New Measure	No	
Desired Performance	Higher than target	
<b>1.1.1 op 4</b>		<b>Number of Texas Department of Insurance calls to insurance industry for data</b>
Short Definition	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.	
Purpose/Importance	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.	
Source/Collection	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.	
Method of Calculation	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.	

Data Limitations	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.
Calculation Type	Cumulative
New Measure	No
Desired Performance	Lower than target
<b>1.1.1 ex 1</b>	<b>Percent of premiums expended on insurer overhead costs</b>
Short Definition	Aggregate overhead costs as a percent of premiums paid by consumers for all lines of insurance.
Purpose/Importance	To measure the percentage of premiums attributable to overhead costs.
Source/Collection	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.
Method of Calculation	The sum of all operating expenses of the insurance industry divided by premiums paid to the insurance industry for the reporting period.
Data Limitations	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.
Calculation Type	Non-cumulative
New Measure	No
Desired Performance	Lower than target
<b>1.1.1 ex 2</b>	<b>Percent of total registered passenger vehicles with personal or commercial automobile liability insurance</b>
Short Definition	Number of insured registered passenger vehicles as a percent of total registered passenger vehicles.
Purpose/Importance	To measure the percentage of total registered passenger vehicles, which are covered by personal or commercial automobile liability insurance.
Source/Collection	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.
Method of Calculation	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.
Data Limitations	Data for passenger vehicles covered by commercial automobile liability insurance is an optional reporting element of TexasSure Vehicle Insurance Verification.
Calculation Type	Non-cumulative
New Measure	No
Desired Performance	Higher than target

<b>1.2.1 oc 1</b>	<b>Average number of dollars returned to consumers, per complaint through complaint resolution</b>
Short Definition	The total dollar amount of claim payments and premium refunds returned to the consumer through complaint resolution by the Texas Department of Insurance (TDI) Consumer Protection program divided by the number of complaints resolved.
Purpose/Importance	To measure the average dollar amount returned to consumers through complaint resolution. TDI is directed by statute to facilitate the resolution of consumer complaints and assist consumers in recovering valid claims.
Source/Collection	The claim payments and amounts of premium refund obtained through staff intervention are tracked in an agency database. Claim payments amounts are the additional amount above what was originally offered to the consumer before TDI staff intervention. Premium refunds are amounts of premiums previously paid that are refunded as a result of TDI staff intervention. 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.
Method of Calculation	The total dollar amount of claim payments and premium refunds returned to the consumer through complaint resolution by the Texas Department of Insurance (TDI) Consumer Protection program divided by the number of complaints resolved.
Data Limitations	None
Calculation Type	Non-Cumulative
New Measure	No
Desired Performance	Higher than Target
<b>1.2.1 op 1</b>	<b>Number of complaints resolved</b>
Short Definition	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).
Purpose/Importance	To measure the number of written communications primarily expressing a grievance which have been resolved.
Source/Collection	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.
Method of Calculation	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.
Data Limitations	None
Calculation Type	Non-cumulative
New Measure	No
Desired Performance	Higher than target
<b>1.2.1 ef 1</b>	<b>Average response time (in days) to complaints</b>
Short Definition	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).
Purpose/Importance	To measure the efficiency of TDI's complaints resolution process.



Source/Collection	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.
Method of Calculation	The sum of the total number of days to resolve complaints divided by the number of complaints resolved during the reporting period.
Data Limitations	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.
Calculation Type	Non-cumulative
New Measure	No
Desired Performance	Lower than target
<b>1.2.2 oc 1</b>	<b>Percent of enforcement cases concluded within 365 days</b>
Short Definition	The percent of enforcement cases concluded with action within 365 days. Actions are orders resulting from hearings at the State Office of Administrative Hearings, orders issued without a hearing and warning letters. This excludes continuing education violations.
Purpose/Importance	To measure timeliness of resolution of cases that merit action.
Source/Collection	The source of the data is an agency database. The enforcement case is concluded on the date the case is closed in the database.
Method of Calculation	The number of enforcement cases, excluding continuing education, concluded with action within or equal to 365 days from the case pending date divided by the total number of enforcement cases concluded with action.
Data Limitations	None
Calculation Type	Non-cumulative
New Measure	No
Desired Performance	Higher than target
<b>1.2.2 op 3</b>	<b>Dollar amount of restitution assessed for violations of insurance and insurance-related statutes and rules</b>
Short Definition	The total dollar amount assessed in restitution to persons and entities that have been harmed as a result of violations of insurance and insurance-related statutes and rules.
Purpose/Importance	To measure the dollar amount returned to persons and entities through enforcement actions.
Source/Collection	The source of the data is an agency database. The dollar amount of restitution assessed in an order is determined by Texas Department of Insurance (TDI) staff using case specific information or from outside sources that provide data reviewed by TDI staff. If an order assesses an unknown amount of restitution, the actual total returned to persons or entities is assessed in the month it is reported to TDI.
Method of Calculation	The sum of all restitution assessed during the reporting period.
Data Limitations	None
Calculation Type	Cumulative
New Measure	No
Desired Performance	Higher than target

<b>1.2.2 op 4</b>		<b>Number of quality assurance examinations conducted</b>
Short Definition	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).	
Purpose/Importance	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.	
Source/Collection	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.	
Method of Calculation	The sum of the number of completed quality assurance examinations conducted during the reporting period.	
Data Limitations	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.	
Calculation Type	Cumulative	
New Measure	No	
Desired Performance	Higher than target	
<b>1.2.2 ef 1</b>		<b>Average cost per quality assurance examination conducted</b>
Short Definition	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 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).	
Purpose/Importance	To measure the cost effectiveness of examinations conducted by the HWCN division.	
Source/Collection	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.	
Method of Calculation	The sum of all expenditures for QA examination activity divided by the number of QA examinations conducted during the reporting period.	

Data Limitations	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 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.
Calculation Type	Non-cumulative
New Measure	No
Desired Performance	Lower than target

**1.2.3 oc 2 Percent of insurance related fraud reports investigated and resolved**

Short Definition	The percentage of insurance fraud-related reports investigated and resolved. Insurance fraud occurs when a person provides false or misleading information with the intent to defraud or deceive an insurer while engaging in the business of insurance or to an insurance related transaction. . An investigation performed by the Fraud Section of the Texas Department of Insurance may be referred to as a case. An investigation is resolved when it is brought to one of the following conclusions; the matter is referred to a criminal prosecutor for legal action or the allegations have been disproven and the matter is closed with no further action. In other investigations, some factor precludes the possibility of criminal prosecution, but the allegations may warrant some type of civil action, so information would then be turned over to the appropriate regulatory body. The final conclusion pertains to matters that may be referred to another law enforcement agency. Legal action includes the filing of a charging document (e.g., indictment, criminal complaint or information).
Purpose/Importance	To measure the quality of insurance-related fraud reports investigated and resolved.
Source/Collection	The source of data is the Fraud Section's case management system. When an investigation is resolved, a notation is made in the system to indicate the nature of resolution.
Method of Calculation	The number of investigations, made identifiable by their unique case numbers, that are resolved during the reporting period, divided by the total number of reports submitted to the Fraud Section during the reporting period.
Data Limitations	An investigation that is initially referred to a criminal prosecutor may be declined for prosecution due to some unforeseen circumstance. In such instances, the calculation would be limited to the first resolution. In many instances, the investigation will not be resolved in the same fiscal year in which it was initiated. Variance in the number of resolutions may result in calculation of a percentage that reflects the agency's performance over multiple fiscal years.
Calculation Type	Non-cumulative
New Measure	Yes
Desired Performance	Higher than target

<b>1.2.3 op 1</b>	<b>Number of investigations of suspected criminal activity related to insurance fraud resolved</b>
Short Definition	The number of insurance fraud-related reports investigated and resolved. Insurance fraud occurs when a person provides false or misleading information with the intent to defraud or deceive an insurer while engaging in the business of insurance or to an insurance related transaction. . An investigation performed by the Fraud Section of the Texas Department of Insurance may be referred to as a case. An investigation is resolved when it is brought to one of the following conclusions; the matter is referred to a criminal prosecutor for legal action or the allegations have been disproven and the matter is closed with no further action. In other investigations, some factor precludes the possibility of criminal prosecution, but the allegations may warrant some type of civil action, so information would then be turned over to the appropriate regulatory body. The final conclusion pertains to matters that may be referred to another law enforcement agency. Legal action includes the filing of a charging document (e.g., indictment, criminal complaint or information).
Purpose/Importance	To measure the success of investigations for offenses related to insurance fraud.
Source/Collection	The source of the data is maintained in the Fraud Section’s case management system.
Method of Calculation	The number of investigations, made identifiable by their unique case numbers, that are resolved during the reporting period.
Data Limitations	An investigation that is initially referred to a criminal prosecutor may be declined for prosecution due to some unforeseen circumstance. In such instances, the calculation would be limited to the first resolution.
Calculation Type	Cumulative
New Measure	No
Desired Performance	Higher than target
<b>1.2.3 ef 1</b>	<b>Percentage of Insurer fraud cases resolved within 365 days</b>
Short Definition	Calculate the percentage of cases resolved for insurer fraud within 365 days
Purpose/Importance	To measure how efficiently insurer fraud cases are resolved.
Source/Collection	Insurer fraud occurs when a person provides false or misleading information with the intent to defraud or deceive an insurer while engaging in the business of insurance or to an insurance related transaction. An investigation performed by the Fraud Section of the Texas Department of Insurance may be referred to as a case. An investigation is resolved when it is brought to one of the following conclusions; the matter is referred to a criminal prosecutor for legal action or the allegations have been disproven and the matter is closed with no further action. In other investigations, some factor precludes the possibility of criminal prosecution, but the allegations may warrant some type of civil action, so information would then be turned over to the appropriate regulatory body. The final conclusion pertains to matters that may be referred to another law enforcement agency. Legal action includes the filing of a charging document (e.g., indictment, criminal complaint or information).
Method of Calculation	Calculate the percentage of cases resolved within 365 days. The sum of the number of insurer fraud cases resolved within 365 days or less, divided by the total number of insurer fraud cases resolved.
Data Limitations	None
Calculation Type	Non-Cumulative
New Measure	Yes
Desired Performance	Higher than target
<b>1.2.3 ex 1</b>	<b>Number of reports of insurer fraud received</b>
Short Definition	Number of reports received by the Texas Department of Insurance (TDI) relating to persons or entities suspected of committing a fraudulent insurance act while engaged in the business of insurance.

Purpose/Importance	To measure the number of suspected insurer fraud activities in Texas.
Source/Collection	The source of the data is maintained in the Fraud Section's case management system. All reports of insurer fraud from any source will be entered into the Fraud Section's case management system and the total will be calculated by querying the system.
Method of Calculation	The sum of the number of suspected insurer fraud reports received by the Fraud Section during the reporting period.
Data Limitations	None
Calculation Type	Cumulative
New Measure	No
Desired Performance	Higher than target
Desired Performance	Higher than target

**1.2.4 ef 1 Percentage of consumer or provider fraud case resolved within 365 days**

Short Definition	Calculate the percentage of cases resolved for consumer or provider fraud case within 365 days.
Purpose/Importance	To measure how efficiently insurer fraud cases are resolved.
Source/Collection	A consumer (claimant) is an insured, beneficiary, third party, or representative who has filed a claim and has received or is expecting payment or reimbursement from a claim. A provider is a person or entity providing goods or services for which reimbursement is sought under a policy of insurance. Consumer/provider fraud is a violation of any penal law and: a) is committed or attempted as a part of or in support of an insurance transaction; or b) is part of an attempt to defraud an insurer. An investigation performed by the Fraud Section of the Texas Department of Insurance may be referred to as a case. An investigation is resolved when it is brought to one of the following conclusions; the matter is referred to a criminal prosecutor for legal action or the allegations have been disproven and the matter is closed with no further action. In other investigations, some factor precludes the possibility of criminal prosecution, but the allegations may warrant some type of civil action, so information would then be turned over to the appropriate regulatory body. The final conclusion pertains to matters that may be referred to another law enforcement agency. Legal action includes the filing of a charging document (e.g., indictment, criminal complaint or information).
Method of Calculation	Calculate the percentage of cases resolved within 365 days. The sum of the number of consumer or provider fraud cases resolved within 365 days or less, divided by the total number of consumer or provider fraud cases resolved.
Data Limitations	None
Calculation Type	Non-cumulative
New Measure	Yes
Desired Performance	Higher than target

**1.2.4 ex 1 Number of reports of consumer and provider fraud received**

Short Definition	The number of reports received at the Texas Department of Insurance (TDI) related to a suspected fraudulent claim or application for insurance, excluding workers' compensation insurance. A consumer (claimant) is an insured, beneficiary, third party, or representative who has filed a claim and has received or is expecting payment or reimbursement from a claim. A provider is a person or entity providing goods or services for which reimbursement is sought under a policy of insurance.
Purpose/Importance	To measure the number of suspected consumer and provider insurance fraud activities in Texas.
Source/Collection	The source of the data is maintained in the Fraud Section's case management system. All reports of consumer and provider fraud from any source will be entered into the Fraud Section's case management system and the total will be calculated by a query on that system.
Method of Calculation	The sum of the number of suspected consumer and provider insurance fraud reports received by the Fraud Section during the reporting period.
Data Limitations	None

Calculation Type	Cumulative
New Measure	No
Desired Performance	Higher than target
<b>1.2.5 oc 3</b>	<b>Percent of workers' compensation insurance related fraud reports investigated and resolved</b>
Short Definition	The percentage of workers' compensation insurance related reports investigated and resolved. Workers' compensation insurance fraud occurs when a person with intent to defraud or deceive an insurer in support of a claim or application for an insurance policy prepares or causes to be prepared a statement that contains false or misleading material information and is presented to an insurer or presents or causes to be presented to an insurer, a statement that the person knows contains false or misleading material information. An investigation performed by the Fraud Section of the Texas Department of Insurance may be referred to as a case. Each investigation is assigned a unique number. An investigation is resolved when it is brought to one of the following conclusions; the first being that enough information has been corroborated and the matter is referred to a criminal prosecutor for legal action. The second conclusion would include instances where the allegations have been disproven and the matter is closed with no further action. In other investigations, some factor precludes the possibility of criminal prosecution, but the allegations may warrant some type of civil action, so information would then be turned over to the appropriate regulatory body. The final conclusion pertains to matters that may be referred to another law enforcement agency.
Purpose/Importance	To measure the quality of workers' compensation fraud reports investigated and resolved.
Source/Collection	The source of data is the Fraud Section's case management system. When an investigation is resolved, a notation is made in the system to indicate the nature of resolution.
Method of Calculation	The number of investigations, made identifiable by their unique case numbers, that are resolved during the reporting period, divided by the total number of reports submitted to the Fraud Section during the reporting period.
Data Limitations	An investigation that is initially referred to a criminal prosecutor may be declined for prosecution due to some unforeseen circumstance. In such instances, the calculation would be limited to the first resolution. In many instances, the investigation will not be resolved in the same fiscal year in which it was initiated. Variance in the number of resolutions may result in calculation of a percentage that reflects the agency's performance over multiple fiscal years.
Calculation Type	Non-cumulative
New Measure	Yes
Desired Performance	Higher than target
<b>1.2.5 op 1</b>	<b>Number of investigations of suspected criminal activity related to workers' compensation insurance fraud resolved</b>
Short Definition	The number of investigations of suspected criminal activity related to workers' compensation fraud investigated and resolved. Workers' compensation insurance fraud occurs when a person with intent to defraud or deceive an insurer in support of a claim or application for an insurance policy prepares or causes to be prepared a statement that contains false or misleading material information and is presented to an insurer or presents or causes to be presented to an insurer, a statement that the person knows contains false or misleading material information. An investigation performed by the Fraud Section of the Texas Department of Insurance may be referred to as a case. Each investigation is assigned a unique number. An investigation is resolved when it is brought to one of the following conclusions; the first being that enough information has been corroborated and the matter is referred to a criminal prosecutor for legal action. The second conclusion would include instances where the allegations have been disproven and the matter is closed with no further action. In other investigations, some factor precludes the possibility of criminal prosecution, but the allegations may warrant some type of civil action, so information would then be turned over to the appropriate regulatory body. The final conclusion pertains to matters that may be referred to another law enforcement agency.
Purpose/Importance	To measure the success of workers' compensation insurance fraud investigations.

Source/Collection	The source of the data is maintained in the Fraud Section's case management system.
Method of Calculation	The number of investigations, made identifiable by their unique case numbers, that are resolved during the reporting period.
Data Limitations	An investigation that is initially referred to a criminal prosecutor may be declined for prosecution due to some unforeseen circumstance. In such instances, the calculation would be limited to the first resolution.
Calculation Type	Cumulative
New Measure	No
Desired Performance	Higher than target
<b>1.2.5 op 2</b>	<b>Number of successful prosecutions for workers' compensation insurance fraud cases referred</b>
Short Definition	The number of successful prosecutions for workers' compensation fraud cases referred. Workers' compensation insurance fraud occurs when a person with intent to defraud or deceive an insurer in support of a claim or application for an insurance policy prepares or causes to be prepared a statement that contains false or misleading material information and is presented to an insurer or presents or causes to be presented to an insurer, a statement that the person knows contains false or misleading material information. A case is an investigation performed by the Fraud Section of TDI. A referral is a Fraud Section investigation of a penal law violation by a person or entity, concluded and submitted to a prosecutor.
Purpose/Importance	To show the number of cases prosecuted for workers' compensation insurance fraud cases with successful outcomes.
Source/Collection	The source of the data is maintained in the Fraud Section's case management system. Fraud cases are assessed by any of the 254 counties in Texas or United States District Court and communicated back to the Fraud Section.
Method of Calculation	The number of workers' compensation insurance fraud cases that were successfully prosecuted for during the reporting period.
Data Limitations	None
Calculation Type	Cumulative
New Measure	Yes
Desired Performance	Higher than target
<b>1.2.5 ef 1</b>	<b>Percentage of workers' compensation insurance fraud case resolved within 365 days</b>
Short Definition	Calculate the percentage of cases resolved for workers' compensation insurance fraud case within 365 days.
Purpose/Importance	To measure how efficiently workers' compensation insurance fraud cases are resolved.
Source/Collection	Workers' compensation insurance fraud occurs when a person with intent to defraud or deceive an insurer in support of a claim or application for an insurance policy prepares or causes to be prepared a statement that contains false or misleading material information and is presented to an insurer or presents or causes to be presented to an insurer, a statement that the person knows contains false or misleading material information. An investigation performed by the Fraud Section of the Texas Department of Insurance may be referred to as a case. Each investigation is assigned a unique number. An investigation is resolved when it is brought to one of the following conclusions; the first being that enough information has been corroborated and the matter is referred to a criminal prosecutor for legal action. The second conclusion would include instances where the allegations have been disproven and the matter is closed with no further action. In other investigations, some factor precludes the possibility of criminal prosecution, but the allegations may warrant some type of civil action, so information would then be turned over to the appropriate regulatory body. The final conclusion pertains to matters that may be referred to another law enforcement agency.

Method of Calculation	Calculate the percentage of workers' compensation insurance fraud cases resolved within 365 days. The sum of the number of workers' compensation insurance fraud cases resolved within 365 days or less, divided by the total number of workers' compensation insurance fraud cases resolved.
Data Limitations	None
Calculation Type	Non-cumulative
New Measure	Yes
Desired Performance	Higher than target
<b>1.2.5 ex 1</b>	<b>Number of reports of workers' compensation insurance fraud received</b>
Short Definition	The number of reports received by the Texas Department of Insurance (TDI) relating to suspected insurance fraud within the workers' compensation system.
Purpose/Importance	To measure the number of suspected workers' compensation insurance fraud activities in Texas.
Source/Collection	The source of the data is maintained in the Fraud Section's case management system. All reports of workers' compensation insurance fraud from any source will be entered into the Fraud Section's case management system and the total will be calculated by a query on that system.
Method of Calculation	The sum of the number of alleged workers' compensation insurance fraud reports received by the Fraud Section during the reporting period.
Data Limitations	None
Calculation Type	Cumulative
New Measure	No
Desired Performance	Higher than target
<b>1.3.1 oc 1</b>	<b>Percent of company, third party administrator, and premium finance license applications completed within 60 days</b>
Short Definition	The percent of company, third party administrator and premium finance license applications completed in 60 days or less.
Purpose/Importance	To ensure the timely processing of license applications for company, third party administrator, and premium finance, and the following post-licensure transactions: redomestications, mergers, and withdrawals.
Source/Collection	The data source is maintained on Excel spreadsheet tracking systems. Applications are for license, redomestication, merger, or withdrawal. 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, or the date on the Memo to File if no Certificate of Authority or Commissioner's Order is issued, or 2) 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 or Letter. The processing time is completed for premium finance applications on the effective date as indicated on the license.
Method of Calculation	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.
Data Limitations	None
Calculation Type	Non-cumulative
New Measure	No
Desired Performance	Higher than target
<b>1.3.1 oc 2</b>	<b>Percent of agent license filings completed within 15 days</b>
Short Definition	The percent of agent license filings completed within fifteen days of receipt



Purpose/Importance	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.
Source/Collection	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.
Method of Calculation	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.
Data Limitations	None
Calculation Type	Non-cumulative
New Measure	No
Desired Performance	Higher than target
<b>1.3.1 oc 3</b>	<b>Percent of statutory rate and form filings completed within 90 days</b>
Short Definition	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.
Purpose/Importance	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.
Source/Collection	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.
Method of Calculation	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.
Data Limitations	None
Calculation Type	Non-cumulative
New Measure	No
Desired Performance	Higher than target
<b>1.3.1 oc 4</b>	<b>Percent of personal auto and residential property form filings completed in 60 days</b>
Short Definition	The percent of personal auto and residential property form filings completed by the Texas Department of Insurance (TDI) within 60 days of receipt.
Purpose/Importance	To ensure the timely processing of personal auto and residential property form filings.
Source/Collection	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.

Method of Calculation	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.
Data Limitations	None
Calculation Type	Non-cumulative
New Measure	No
Desired Performance	Higher than target
<b>1.3.1 op 1</b>	<b>Number of life/health insurance filings completed</b>
Short Definition	The number of life/health insurance rate and form filings completed by the Texas Department of Insurance (TDI). This includes health maintenance organizations (HMOs) and approved non-profit health corporations (ANHC) form filings.
Purpose/Importance	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.
Source/Collection	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.
Method of Calculation	The sum of the number of life/health insurance rate and form filings completed during the reporting period. This includes health maintenance organizations (HMOs) and approved non-profit health corporations (ANHC) form filings.
Data Limitations	None
Calculation Type	Cumulative
New Measure	No
Desired Performance	Higher than target
<b>1.3.1 op 3</b>	<b>Number of property and casualty rate and form filings completed</b>
Short Definition	The number of property and casualty insurance rate and form filings completed by the Texas Department of Insurance (TDI).
Purpose/Importance	To measure the number of property and casualty insurance rate and form filings completed by TDI for the reporting period.
Source/Collection	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.
Method of Calculation	The total number of property and casualty insurance rate and form filings completed for the reporting period.
Data Limitations	None
Calculation Type	Cumulative
New Measure	No
Desired Performance	Higher than target
<b>1.3.2 oc 5</b>	<b>Percent of registered passenger vehicles in underserved markets with personal or commercial automobile liability insurance</b>
Short Definition	Number of insured registered passenger vehicles as a percent of total registered passenger vehicles in underserved markets.

Purpose/Importance	To measure the percentage of total registered passenger vehicles which are covered by personal or commercial automobile liability insurance in underserved markets.
Source/Collection	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.
Method of Calculation	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.
Data Limitations	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.
Calculation Type	Non-cumulative
New Measure	No
Desired Performance	Higher than target
<b>1.3.3 oc 6</b>	<b>Percent of licensees who renew online</b>
Short Definition	The percent of agent licenses renewed on-line.
Purpose/Importance	To track the percentage of agent licenses renewed on-line.
Source/Collection	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.
Method of Calculation	The sum of the number of agent licenses renewed on-line divided by the total number of agent licenses renewed during the reporting period.
Data Limitations	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.
Calculation Type	Non-cumulative
New Measure	No
Desired Performance	Higher than target
<b>1.3.4 ef 1</b>	<b>Average cost per certified self-insured certificate holder</b>
Short Definition	The average regulatory cost per active certified company holding a certificate of authority in the self-insurance program.
Purpose/Importance	Provides the average cost to regulate companies that are active in the self-insurance program based on the regulatory fees billed to and paid by those companies.
Source/Collection	Direct and indirect 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 remainder of the year.

Method of Calculation	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.
Data Limitations	None
Calculation Type	Non-cumulative
New Measure	No
Desired Performance	Lower than target
<b>1.3.4 ex 1</b>	<b>Percentage of market share of certified self-insurance to the total workers' compensation insurance market</b>
Short Definition	This measure indicates certified self-insured employers' market share of the total workers' compensation insurance market.
Purpose/Importance	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.
Source/Collection	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 Quarterly Legislative Report on Market Conditions.
Method of Calculation	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.
Data Limitations	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.
Calculation Type	Non-cumulative
New Measure	No
Desired Performance	Lower than target
<b>1.5.1 oc 1</b>	<b>Percent of insurers providing adequate loss control programs</b>
Short Definition	The percent of companies receiving "adequate" ratings for loss control programs inspected by the Texas Department of Insurance (TDI).
Purpose/Importance	To measure the percent of insurers providing adequate loss control programs.
Source/Collection	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 (evaluations) 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 (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, 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. Inspection (evaluation) results are tracked in an agency database.
Method of Calculation	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.
Data Limitations	None
Calculation Type	Non-cumulative
New Measure	No

Desired Performance	Higher than target
<b>1.5.1 oc 2</b>	<b>Percent of windstorm inspections that result in an "approved" status code</b>
Short Definition	The percent of physical windstorm inspections performed that received an "approved" status code.
Purpose/Importance	To ensure compliance with the building code by measuring the percent of windstorm inspections that result in an "approved" status code.
Source/Collection	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 completed on the date the inspector completes the WPI-7 and enters the status on the inspection log. Pursuant to Article 21.49, Texas Insurance Code, windstorm inspections are completed 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."
Method of Calculation	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 completed are coded as SC = Site Cancel and C = Cancel. Site Cancel and Cancel will not be used in the calculation of this measure.
Data Limitations	None
Calculation Type	Non-cumulative
New Measure	No
Desired Performance	Higher than target
<b>1.5.1 op 1</b>	<b>Number of windstorm inspections completed</b>
Short Definition	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.
Purpose/Importance	To measure the number of windstorm inspections completed.
Source/Collection	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.
Method of Calculation	The sum of the number of windstorm inspections completed during the reporting period.
Data Limitations	None
Calculation Type	Cumulative
New Measure	No
Desired Performance	Higher than target

<b>1.5.1 ef 1</b>		<b>Average cost per windstorm inspection</b>
Short Definition	Total inspection-related funds expended for the Windstorm Section divided by the number of windstorm inspections and requested inspections for the reporting period.	
Purpose/Importance	To measure the cost-effectiveness of the Texas Department of Insurance (TDI) windstorm inspection activities.	
Source/Collection	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.	
Method of Calculation	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.	
Data Limitations	None	
Calculation Type	Non-cumulative	
New Measure	No	
Desired Performance	Lower than target	
<b>2.1.1 oc 1</b>		<b>Percent of identified companies reviewed</b>
Short Definition	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.	
Purpose/Importance	To ensure TDI reviews all identified companies for financial regulatory problems.	
Source/Collection	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.	
Method of Calculation	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.	
Data Limitations	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.	
Calculation Type	Non-cumulative	
New Measure	No	
Desired Performance	Higher than target	

<b>2.1.1 oc 4</b>	<b>Percent of companies rehabilitated after Texas Department of Insurance solvency-related intervention</b>
Short Definition	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.
Purpose/Importance	This measure represents TDI's success rate for early intervention to attempt rehabilitation of companies as mandated by the Texas Insurance Code.
Source/Collection	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.
Method of Calculation	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.
Data Limitations	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.
Calculation Type	Non-cumulative
New Measure	No
Desired Performance	Higher than target
<b>2.1.1 ex 1</b>	<b>Number of insurance company insolvencies</b>
Short Definition	The number 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).
Purpose/Importance	The purpose of this measure is to capture the number 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.
Source/Collection	Each insurance company or entity placed in receivership is used as a basis by the Texas Department of Insurance when obtaining a court order to initiate a liquidation proceeding.
Method of Calculation	The sum of the insolvencies of insurance companies or other risk bearing entities placed in receivership for liquidation during the reporting period.
Data Limitations	Receiverships for non risk-bearing entities and for the purposes of rehabilitation are not included in this measure.
Calculation Type	Cumulative

New Measure	Yes
Desired Performance	Lower than target
<b>2.1.1 ex 2</b>	<b>Number of entities receiving Texas Department of Insurance solvency-related intervention</b>
Short Definition	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.
Purpose/Importance	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).
Source/Collection	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.
Method of Calculation	The sum of the total number of new companies or agencies placed under TDI solvency-related intervention during the reporting period.
Data Limitations	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.
Calculation Type	Cumulative
New Measure	No
Desired Performance	Lower than target
<b>3.1.1 oc 1</b>	<b>Percent of initial reports completed annually</b>
Short Definition	The SFMO strives to complete initial reports in a timely manner to better serve insurance carriers, policy holders, the general public and local public safety agencies. This measure would report the percentage of initial reports completed annually.
Purpose/Importance	To reflect agency efficiency efforts in fire-related investigations.
Source/Collection	The source of the data is collected in official fire investigation initial 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.
Method of Calculation	This measure would be calculated by dividing the number of initial reports completed by the number of investigations initiated. This number would be reported monthly on a "rolling" basis not an average monthly basis. Therefore the numbers from month 1 would be added to month 2 and recalculated for a new %. This would be done for the twelve months.
Data Limitations	None
Calculation Type	Non-cumulative
New Measure	Yes
Desired Performance	Higher than target
<b>3.1.1 oc 2</b>	<b>Percent of registrations, licenses, and permits issued within 20 days, after receipt of a completed application</b>
Short Definition	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.
Purpose/Importance	To track efficiencies in the issuance of registrations, licenses and permits.



Source/Collection	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.
Method of Calculation	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.
Data Limitations	None
Calculation Type	Non-cumulative
New Measure	No
Desired Performance	Higher than target
<b>3.1.1 op 1</b>	<b>Number of fire prevention and fire safety presentations coordinated by the State Fire Marshal's Office</b>
Short Definition	The sum of all presentations coordinated by the State Fire Marshal's Office (SFMO).
Purpose/Importance	To track the number of presentations coordinated by the SFMO.
Source/Collection	The source of the data comes from the public presentation report and the list of public education booth exhibitions. 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, and teleconferences.
Method of Calculation	The sum of all presentations coordinated by the SFMO during the reporting period. This number represents the total of all listed on forms, and public education booth exhibitions with dates on or between the first and last day of the month.
Data Limitations	None
Calculation Type	Cumulative
New Measure	No
Desired Performance	Higher than target
<b>3.1.1 op 2</b>	<b>Number of investigations initiated by the State Fire Marshal's Office</b>
Short Definition	This number represents the total number of fire investigations.
Purpose/Importance	To reflect the State Fire Marshal's Office's efforts in investigating fires.
Source/Collection	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.
Method of Calculation	The sum of the number of fire investigations initiated during the reporting period. The total number of initiated investigations will be obtained by conducting a query of the database.
Data Limitations	None
Calculation Type	Cumulative
New Measure	No
Desired Performance	Higher than target
<b>3.1.1 op 3</b>	<b>Number of samples analyzed in the arson lab</b>
Short Definition	The total number of items (samples) analyzed as evidence by the Forensic Arson Laboratory.

Purpose/Importance	To track the number of samples submitted to the Arson Lab to be analyzed for the presence of accelerants.
Source/Collection	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.
Method of Calculation	The sum of the total number of items (samples) analyzed as evidence by the Forensic Arson Laboratory during the reporting period.
Data Limitations	None
Calculation Type	Cumulative
New Measure	No
Desired Performance	Higher than target
<b>3.1.1 op 5</b>	<b>Number of registrations, licenses, and permits issued</b>
Short Definition	Number of registrations, licenses, and permits issued to fire alarm, fire extinguisher, fire sprinkler and fireworks firms, individuals and other regulated entities.
Purpose/Importance	To track the number of licenses issued to firms and individuals in the alarm, extinguisher, sprinkler and fireworks industries.
Source/Collection	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.
Method of Calculation	The sum of the number of each type of registration, license, and permit, issued or renewed during the reporting period.
Data Limitations	None
Calculation Type	Cumulative
New Measure	No
Desired Performance	Higher than target
<b>3.1.1 op 6</b>	<b>Number of licensing investigations or inspections conducted</b>
Short Definition	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.
Purpose/Importance	To track the number of investigations of complaints and inspections of licensed entities.
Source/Collection	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.
Method of Calculation	The sum of the number of licensing investigation and inspection case numbers in the database for the reporting period.
Data Limitations	None
Calculation Type	Cumulative
New Measure	No
Desired Performance	Higher than target

<b>3.1.1 op 7</b>	<b>Number of buildings inspected or reinspected for fire safety hazards</b>
Short Definition	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.
Purpose/Importance	To track the number of buildings inspected, on an annual basis, for the protection of building occupants.
Source/Collection	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.
Method of Calculation	The sum of the number of buildings inspected during the reporting period.
Data Limitations	None
Calculation Type	Cumulative
New Measure	No
Desired Performance	Higher than target
<b>3.1.1 ef 1</b>	<b>Average cost per fire safety inspection</b>
Short Definition	The average cost per fire safety inspection calculated during the reporting period.
Purpose/Importance	To track efficiencies of the State Fire Marshal's Office staff in conducting fire safety inspections.
Source/Collection	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.
Method of Calculation	The sum of the total associated costs divided by the total number of fire safety inspections conducted during the reporting period.
Data Limitations	None
Calculation Type	Non-cumulative
New Measure	No
Desired Performance	Lower than target
<b>3.1.1 ef 2</b>	<b>Average time to complete initial investigation report</b>
Short Definition	This number represents the average number of days from the date a fire investigation is initiated until the date the fire investigation initial report is completed.
Purpose/Importance	To determine the efficiencies of State Fire Marshal's Office personnel in conducting fire investigations.
Source/Collection	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. The initial report 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.
Method of Calculation	The sum of the total number of days to complete investigations divided by the total number of fire investigations initial report completed during the reporting period.
Data Limitations	None
Calculation Type	Non-cumulative
New Measure	No

Desired Performance	Lower than target
<b>4.1.1 oc 1</b>	<b>Percent of workers' compensation enforcement cases concluded within 365 days</b>
Short Definition	The percent of enforcement cases concluded with action within 365 days. Actions are orders resulting from hearings at the State Office of Administrative Hearings, orders issued without a hearing and warning letters.
Purpose/Importance	To measure timeliness of resolution of cases that merit action.
Source/Collection	The source of the data is an agency database.
Method of Calculation	The number of enforcement cases concluded with action within or equal to 365 days from the case pending date divided by the total number of enforcement cases concluded with action. The enforcement case is considered concluded on the date the case is closed in the database.
Data Limitations	None
Calculation Type	Non-cumulative
New Measure	Yes
Desired Performance	Higher than target
<b>4.1.1 oc 2</b>	<b>Percent of medical bills processed timely</b>
Short Definition	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.
Purpose/Importance	The purpose of this measure is to indicate the timely processing of medical bills by the insurance carrier.
Source/Collection	The Division of Workers' Compensation receives medical billing information used in the calculation electronically from carriers. Data is maintained in agency automated systems.
Method of Calculation	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.
Data Limitations	Twelve months of data are used in the calculation. The data is lagged one month from the reporting period.
Calculation Type	Non-cumulative
New Measure	No
Desired Performance	Higher than target
<b>4.1.1 op 1</b>	<b>Number of workers' compensation enforcement cases concluded with action</b>
Short Definition	The number of enforcement actions that are concluded against persons and entities that have violated workers' compensation statutes or rules. Actions are orders resulting from hearings at the State Office of Administrative Hearings, orders issued without a hearing and warning letters.
Purpose/Importance	This measure monitors the number of enforcement actions concluded by the agency against certain entities in order to demonstrate the agency's efforts toward reducing illegal practices.
Source/Collection	The source of the data is an agency database. The enforcement case is concluded on the date the case is closed in the database.
Method of Calculation	The sum of the number of cases concluded with action during the reporting period.
Data Limitations	None
Calculation Type	Cumulative
New Measure	Yes
Desired Performance	Higher than target
<b>4.1.1 op 2</b>	<b>Dollar amount of penalties assessed for violations of workers' compensation statutes and rules</b>
Short Definition	The total dollar amount of monetary penalties assessed against persons and entities that have violated workers' compensation statutes or rules
Purpose/Importance	To show the dollar amount of penalties assessed through enforcement actions.

Source/Collection	The source of the data is an agency database. An order may assess an unknown amount that allows the subject to offset some or all of the penalty by paying restitution to those harmed by the violation. Regardless of any restitution offset allowance, the entire penalty assessed is included in this measure.
Method of Calculation	The sum of all penalties assessed during the reporting period.
Data Limitations	None
Calculation Type	Cumulative
New Measure	No
Desired Performance	Higher than target
<b>4.1.1 op 3</b>	<b>Dollar amount returned to workers' compensation system participants through complaint resolution and performance review</b>
Short Definition	The dollar amount returned to system participants as a result of complaint resolution and performance review by the Division of Workers' Compensation (DWC).
Purpose/Importance	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.
Source/Collection	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.
Method of Calculation	The sum of the dollar amounts returned to system participants through DWC complaint resolution and performance review during the reporting period.
Data Limitations	None
Calculation Type	Cumulative
New Measure	No
Desired Performance	Higher than target
<b>4.1.1 op 4</b>	<b>Number of quality of care reviews of health care providers, insurance carriers, utilization review agents and independent review organizations completed</b>
Short Definition	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.
Purpose/Importance	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.
Source/Collection	Information is maintained in agency automated applications.
Method of Calculation	The sum of the number of quality of care review final reports issued during the reporting period.
Data Limitations	None
Calculation Type	Cumulative
New Measure	No
Desired Performance	Higher than target
<b>4.1.1 op 5</b>	<b>Number of complaints closed involving workers' compensation system participants</b>
Short Definition	The number of all complaints completed within the reporting period.
Purpose/Importance	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.

Source/Collection	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.
Method of Calculation	The sum of the number of complaints closed during the reporting period.
Data Limitations	None
Calculation Type	Cumulative
New Measure	No
Desired Performance	Higher than target
<b>4.1.1 op 6</b>	<b>Number of performance reviews completed</b>
Short Definition	The number of performance reviews completed involving workers' compensation participants.
Purpose/Importance	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.
Source/Collection	Information is entered and maintained in an agency database. A performance review is completed when DWC issues a final report.
Method of Calculation	The sum of the number of performance reviews completed during the reporting period.
Data Limitations	None
Calculation Type	Cumulative
New Measure	No
Desired Performance	Higher than target
<b>4.1.1 ef 1</b>	<b>Average number of days to complete quality of care reviews of health care providers, insurance carriers, utilization review agents and independent review organizations</b>
Short Definition	The average number of days to complete quality of care reviews of health care providers, insurance carriers, utilization review agents and independent review organizations.
Purpose/Importance	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.
Source/Collection	Information is maintained in agency automated applications.
Method of Calculation	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.
Data Limitations	None
Calculation Type	Non-cumulative
New Measure	No
Desired Performance	Lower than target
<b>4.1.1 ef 2</b>	<b>Average number of days to close a complaint involving workers' compensation system participants</b>
Short Definition	The average number of days to close a complaint involving workers' compensation system participants.
Purpose/Importance	To monitor the efficiency of the workers' compensation complaint process by measuring the average length of time to close workers' compensation complaints.
Source/Collection	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.
Method of Calculation	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.
Data Limitations	None

Calculation Type	Non-Cumulative
New Measure	No
Desired Performance	Lower than target
<b>4.1.1 ef 3</b>	<b>Average number of days to complete a performance review</b>
Short Definition	The average number of days to complete a performance review.
Purpose/Importance	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.
Source/Collection	Information is entered and maintained in an agency database. 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.
Method of Calculation	The sum of the total number of days to complete performance reviews divided by the number of performance reviews completed during the reporting period.
Data Limitations	None
Calculation Type	Non-cumulative
New Measure	No
Desired Performance	Lower than target
<b>4.1.2 oc 3</b>	<b>Percent of medical fee disputes resolved by medical fee dispute resolution or upheld upon appeal</b>
Short Definition	The percent of medical fee disputes resolved by the Division of Workers' Compensation Medical Fee Dispute Resolution (DWC-MFDR).
Purpose/Importance	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).
Source/Collection	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.
Method of Calculation	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.
Data Limitations	None
Calculation Type	Non-Cumulative
New Measure	No
Desired Performance	Higher than target
<b>4.1.2 op 1</b>	<b>Number of benefit review conferences held</b>
Short Definition	The number of benefit review conferences (BRC) held.
Purpose/Importance	To measure the number of BRCs held, which is an indicator of the number of mediation proceedings resulting from workers' compensation claim disputes.
Source/Collection	Data is reported in the agency automated applications.
Method of Calculation	The measure is calculated by counting the number of BRCs held during the reporting period.
Data Limitations	None
Calculation Type	Cumulative
New Measure	No
Desired Performance	Lower than target

<b>4.1.2 op 2</b>	<b>Number of contested case hearings held</b>
Short Definition	The number of contested case hearings (CCH) held.
Purpose/Importance	The measure indicates the number of CCHs held which is an indicator of the number of formal proceedings conducted.
Source/Collection	Data is reported in the Division automated applications.
Method of Calculation	The measure is calculated by counting the number of CCHs held during the reporting period.
Data Limitations	None
Calculation Type	Cumulative
New Measure	No
Desired Performance	Lower than target
<b>4.1.2 op 3</b>	<b>Number of appellate decisions issued</b>
Short Definition	The number of decisions issued by the Division of Workers' Compensation Appeals Panel.
Purpose/Importance	To measure the number of decisions issued by the Appeals Panel regarding contested case hearings.
Source/Collection	Data is reported in agency automated applications.
Method of Calculation	The sum of the number of decisions issued by the Division of Workers' Compensation Appeals Panel during the reporting period.
Data Limitations	None
Calculation Type	Cumulative
New Measure	No
Desired Performance	Lower than target
<b>4.1.2 ef 1</b>	<b>Average number of days to resolve a medical fee dispute</b>
Short Definition	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.
Purpose/Importance	To measure the efficiency of DWC's medical fee dispute resolution process.
Source/Collection	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 dismissed or withdrawn.
Method of Calculation	The sum of the number of days from receipt of the medical fee dispute to the date 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.
Data Limitations	None
Calculation Type	Non-cumulative
New Measure	No
Desired Performance	Lower than target
<b>4.1.2 ef 2</b>	<b>Average number of days to resolve disputes through dispute resolution proceedings</b>
Short Definition	The average time to resolve disputes through the dispute resolution processes including benefit review conferences (BRC), contested case hearings (CCH) and appeals.
Purpose/Importance	To measure the efficiency of DWC's multi-level dispute resolution process. Some disputes are quickly at a BRC, some go to a CCH and others continue through the appeals process.
Source/Collection	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.
Method of Calculation	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.
Data Limitations	None
Calculation Type	Non-cumulative



New Measure	No
Desired Performance	Lower than target
<b>4.1.2 ex 1</b>	<b>Number of initial benefit review conferences set</b>
Short Definition	The number of initial benefit review conferences (BRC) set.
Purpose/Importance	To measure the volume of initial BRCs set as a result of requests for disputes received by the Division of Workers' Compensation.
Source/Collection	The data is maintained in agency automated applications.
Method of Calculation	The sum of the number of initial BRCs set during the reporting period.
Data Limitations	None
Calculation Type	Cumulative
New Measure	No
Desired Performance	Lower than target
<b>4.1.2 ex 2</b>	<b>Number of medical fee disputes received</b>
Short Definition	The number of requests for medical fee dispute resolution received by the Division of Workers' Compensation during the reporting period.
Purpose/Importance	To measure trends in the volume of requests for medical dispute resolution received.
Source/Collection	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.
Method of Calculation	The sum of the total number of requests for medical fee dispute resolution received during the reporting period.
Data Limitations	None
Calculation Type	Cumulative
New Measure	No
Desired Performance	Lower than target
<b>4.1.3 oc 4</b>	<b>Payments from the Subsequent Injury Fund</b>
Short Definition	The total payments from the Subsequent Injury Fund (SIF).
Purpose/Importance	To measure the obligations of the SIF in making payments to injured employees and to insurance carriers.
Source/Collection	SIF data is collected and maintained in the agency accounting system. The payment date is the date shown on the agency accounting reports.
Method of Calculation	The sum of all payments made by the SIF with payment dates during the reporting period.
Data Limitations	None
Calculation Type	Cumulative
New Measure	No
Desired Performance	Lower than target
<b>4.1.3 op 1</b>	<b>Number of injured workers receiving lifetime income benefit payments through the Subsequent Injury Fund</b>
Short Definition	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).
Purpose/Importance	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.
Source/Collection	SIF data is collected and maintained in the agency's accounting system.
Method of Calculation	The sum of the number of injured employees receiving LIBs payments from the SIF during the reporting period.

Data Limitations	Attorneys, spouses, or children receiving a portion of a LIBs payment are not included in the measure.
Calculation Type	Non-cumulative
New Measure	No
Desired Performance	Lower than target
<b>4.1.3 ef 1</b>	<b>Average number of days from receipt of a Subsequent Injury Fund request for reimbursement to payment of request</b>
Short Definition	The average number of days between receipt of a request for reimbursement and payment of the request.
Purpose/Importance	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.
Source/Collection	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.
Method of Calculation	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.
Data Limitations	None
Calculation Type	Non-cumulative
New Measure	No
Desired Performance	Lower than target
<b>4.2.1 oc 1</b>	<b>Percent of temporary income benefit recipients returning to work within 90 days of injury</b>
Short Definition	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.
Purpose/Importance	To identify the percent of injured employees who received TIBs and returned to work within 90 days of injury.
Source/Collection	This data is maintained in automated databases.
Method of Calculation	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.
Data Limitations	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.
Calculation Type	Non-cumulative
New Measure	No
Desired Performance	Higher than target
<b>4.2.1 op 1</b>	<b>Number of workplace safety consultations and inspections provided to employers</b>
Short Definition	The number of workplace safety consultations and inspections provided to employers.
Purpose/Importance	To measure the volume of consultations and inspections that DWC provides to employers to promote safe and healthy workplaces.
Source/Collection	Data is maintained on automated applications.
Method of Calculation	The sum of the number of workplace consultations and inspections initiated during the reporting period.
Data Limitations	None
Calculation Type	Cumulative
New Measure	No
Desired Performance	Higher than target

<b>4.2.1 op 2</b>	<b>Number of Division of Workers' Compensation presentations made</b>
Short Definition	The number of presentations made by DWC staff to external customer groups.
Purpose/Importance	This measure quantifies DWC's effort to communicate with external customer groups on the workers' compensation system.
Source/Collection	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.
Method of Calculation	The sum of all presentations during the reporting period.
Data Limitations	None
Calculation Type	Cumulative
New Measure	No
Desired Performance	Higher than target
<b>4.2.1 op 3</b>	<b>Number of return-to-work, health care provider and workplace safety educational products and services provided to system participants</b>
Short Definition	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).
Purpose/Importance	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.
Source/Collection	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.
Method of Calculation	The sum of the number of return-to-work, health care provider, and workplace safety educational products and services provided during the reporting period.
Data Limitations	None
Calculation Type	Cumulative
New Measure	No
Desired Performance	Higher than target
<b>4.2.1 op 4</b>	<b>Number of workers' compensation income benefit recipients referred to the Department of Assistive and Rehabilitative Services</b>
Short Definition	The number of persons referred to the Department of Assistive & Rehabilitative Services (DARS) by the Division of Workers' Compensation (DWC).
Purpose/Importance	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.
Source/Collection	This data is maintained in agency automated databases.
Method of Calculation	The sum of all referrals to DARS from DWC during the reporting period.
Data Limitations	None
Calculation Type	Cumulative
New Measure	No

Desired Performance	Higher than target
<b>4.2.1 ef 1</b>	<b>Average cost per workplace safety consultation and inspection</b>
Short Definition	The average cost for providing workplace safety consultations and inspections.
Purpose/Importance	The measure provides the average cost of workplace safety consultations and inspections.
Source/Collection	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.
Method of Calculation	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.
Data Limitations	None
Calculation Type	Non-cumulative
New Measure	No
Desired Performance	Lower than target
<b>4.2.1 ex 1</b>	<b>Statewide incidence rate of injuries and illnesses per 100 full-time employees in the private sector</b>
Short Definition	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.
Purpose/Importance	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.
Source/Collection	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.
Method of Calculation	The statewide incidence rate is computed by the U. S. Bureau of Labor Statistics and provided to DWC. DWC does not calculate this measure.
Data Limitations	Data is dependent on the Bureau of Labor Statistics, since BLS produces all calculations based on surveyed data collected by DWC.
Calculation Type	Non-cumulative
New Measure	No
Desired Performance	Lower than target
<b>4.2.1 ex 2</b>	<b>Number of hazards identified through workplace safety consultations, inspections, and the Safety Violations Hotline</b>
Short Definition	The number of hazards identified by workplace safety employees through consultations, inspections, and the Safety Violations Hotline.
Purpose/Importance	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. 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.
Source/Collection	Hazards are documented in inspection, consultation and Safety Violations Hotline reports and automated applications.
Method of Calculation	The sum of hazards identified through workplace safety consultations, inspections, and the Safety Violations Hotline during the reporting period.

Data Limitations	None
Calculation Type	Cumulative
New Measure	No
Desired Performance	Higher than target
<b>4.2.2 op 1</b>	<b>Number of injury records in which indemnity benefits are initiated</b>
Short Definition	The total number of injury records in which indemnity benefits are initiated.
Purpose/Importance	The purpose of this measure is to reflect the number of indemnity payments initiated during the reporting period.
Source/Collection	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.
Method of Calculation	The sum of the number of records in which indemnity payments are initiated during the reporting period.
Data Limitations	This measure is dependent on receiving information from the carrier in a timely manner. Carriers are required to report a payment to DWC within seven days of the payment.
Calculation Type	Cumulative
New Measure	No
Desired Performance	Lower than target
<b>4.2.2 ex 1</b>	<b>Number of documents received electronically by the Division of Workers' Compensation</b>
Short Definition	The number of documents received electronically by the Division of Workers' Compensation (DWC).
Purpose/Importance	To measure DWC efforts toward achieving and promoting a "paperless" environment.
Source/Collection	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 through electronic data interchange (EDI) or an Internet application and is accepted by DWC.
Method of Calculation	The sum of the number of documents received electronically by DWC during the reporting period.
Data Limitations	None
Calculation Type	Cumulative
New Measure	No
Desired Performance	Higher than target

## **APPENDIX E: WORKFORCE PLAN**

### **Overview**

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, which is a separate agency.

TDI is guided by its vision, mission, philosophy, and core values. The agency's balanced scorecard directs TDI's strategic objectives, including workforce planning initiatives.

TDI employees work in Austin and in 23 field offices and 35 SFMO staff locations across the state. Field employees include financial and title examiners; fire inspectors and investigators; windstorm inspectors; and workers' compensation claims specialists, benefits review officers; and hearing officers.

### **Workforce Planning at TDI**

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

- reviewing and analyzing annual workforce data with executive management;
- reviewing and analyzing salary data, ethics survey results, and employee engagement survey results with agency management;
- using workforce information and succession planning to identify specific skills needed for business continuity;
- providing training to mitigate skill shortages;
- updating internal procedures to capture and document agency processes;
- reviewing and monitoring turnaround time to fill vacancies;
- monitoring progress on division workforce planning initiatives; and
- maintaining effective recruitment and retention programs.

### **Workforce Analysis Findings**

As required by Texas Government Code, Section §2056.002, TDI conducted a strategic staffing analysis and developed the agency's Fiscal Years 2015-2019 Workforce Plan. The 2014 staffing analysis provided results similar to those found in 2012. Two of the gaps below were identified in 2012, while the third gap was recently identified:

- knowledge and skill development;
- technology staffing and resource shortages; and
- recruitment of qualified staff.

Strategies to mitigate these gaps are outlined in the Strategy Development section of this report.

## Current Workforce Profile

### Demographic Profile

As of April 30, 2014, TDI had 1,386 employees.<sup>1</sup> Of those employees:

- 47 percent were minorities;
- 63 percent were females;
- 62 percent of TDI's managers were minority or female, or both; and
- 70 percent of TDI's executive staff positions were minority or female, or both.
- The average age of a TDI employee was 49.

As of April 30, 2014, approximately 75 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, directors/managers, senior attorneys, and senior program managers. The "Professionals" category includes actuaries, financial examiners, auditors, attorneys, administrative law judges, insurance specialists, engineers, investigators, program specialists, program supervisors, and system analysts.

TDI compared the demographics of its workforce to the statewide agency workforce.<sup>2</sup> TDI has increased its recruitment efforts for African Americans and Hispanics specifically in positions in the "technical" category. The data below is displayed by workforce category as established by the Equal Employment Opportunity (EEO) Commission.

**Table 2: Demographic Workforce Comparison**

EEO Category	African American (12.3% of Texas population) <sup>3</sup>			Hispanic (38.2% of Texas population)			Female (50.3% of Texas population)		
	TDI	All State Agencies	Texas Civilian Workforce	TDI	All State Agencies	Texas Civilian Workforce	TDI	All State Agencies	Texas Civilian Workforce
All Categories (Overall Total)	12.5%	17.3%	12.1%	29.5%	21.4%	33.1%	61.8%	56.6%	45.7%
Officials/ Administrators	9.6%	10.2%	9.0%	17.7%	14.5%	19.5%	47.8%	51.1%	39.3%
Professionals	12.1%	11.0%	11.3%	25.8%	16.1%	17.4%	60.7%	56.0%	59.1%
Technical	5.3%	15.3%	14.2%	18.4%	24.0%	21.4%	27.6%	56.3%	41.5%
Administrative Support	12.5%	19.0%	13.6%	70.0%	30.6%	30.5%	75.0%	87.1%	65.6%
Skilled Crafts	0.0%	8.0%	6.4%	100.0%	25.5%	47.4%	0.0%	4.5%	4.2%
*Service/ Maintenance	18.4%	30.4%	14.7%	33.3%	26.0%	48.2%	85.3%	51.8%	40.8%

\*Para-Professionals are combined with the "Service/Maintenance" category for this report.

<sup>1</sup> TDI Human Resources Information System, April 30, 2014.

<sup>2</sup> Texas Workforce Commission Civil Rights Division Equal Opportunity and Minority Hiring Practices Report, January 2013.

<sup>3</sup> U.S. Census Bureau: State and County Quick Facts as of 2012.

### Employee Salaries

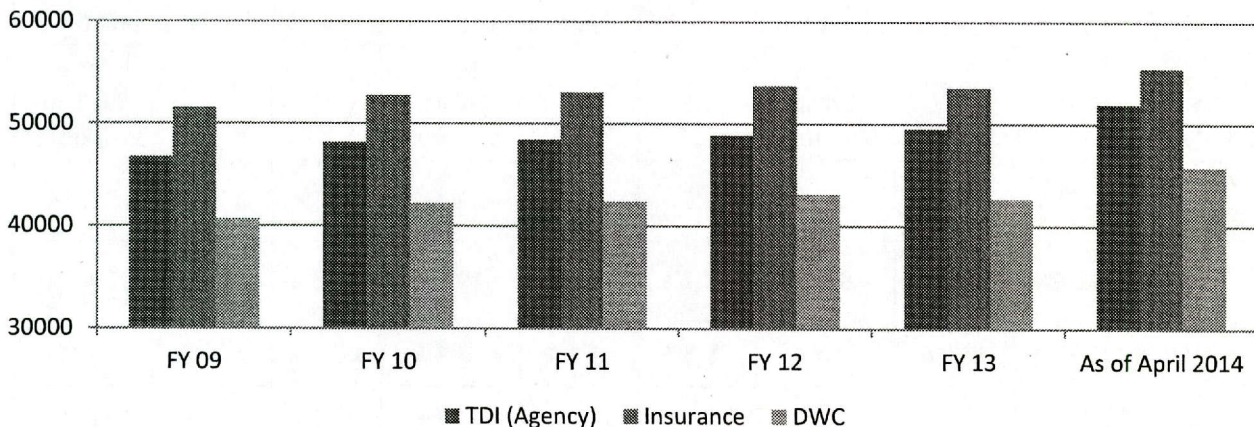
As of April 30, 2014, the average annual TDI salary was \$51,792, which is above the state employee average annual salary of \$41,912 because TDI has many positions in the professional job series, which is Schedule B of the State Classification Plan. The average annual salary for workers' compensation division employees was \$44,892, while the average for other TDI employees was \$55,584 during the same period.

Efforts continue to bridge the gap between the insurance and workers' compensation employee average salaries.

- During FY 2014, workers' compensation division worked to address low salary levels and misclassification of certain employees, which made it difficult to recruit and retain qualified staff.
- During the spring of 2014, workers' compensation division implemented electronic processes for some dispute resolution activities, which included consolidating specific duties among fewer employees. The resulting economies of scale allowed the reallocating funds associated with vacant positions to existing staff.
- In June 2014, some workers' compensation division employees were promoted into entry-level Claims Examiner positions that combined many functions.

TDI completed a salary study in 2013. The study benchmarked comparative salaries, researched specific job classification turnover, and reviewed salaries in relation to salary ranges. The agency submitted the findings, options, and associated budget implications to agency management for action. The agency continues to monitor classifications where salaries lag so that management can address the needs when budgets allow. The following chart shows the average salary growth for TDI over the past five fiscal years.

**Figure 3: Average Annual Salary**



### Retiree Profile

A significant number of employees are currently eligible to retire or will be eligible before August 31, 2019, including:

- 44 percent of TDI's total workforce;
- 56 percent of managers; and
- 70 percent of executive staff.

The high rate of retirement eligibility has heightened awareness for succession planning and cross training to mitigate the loss of knowledge and skills.

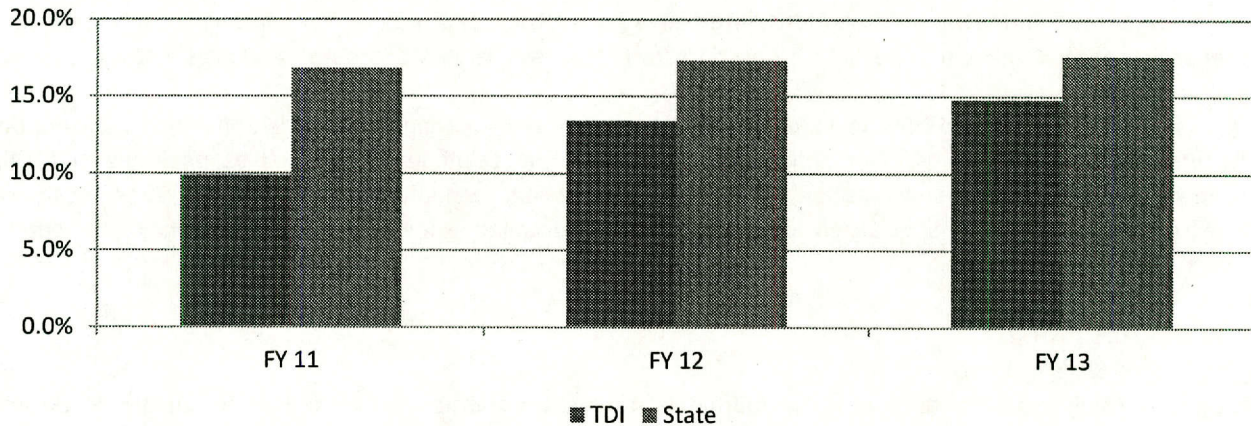


### Employee Turnover and Unemployment Rates

The State Auditor's Office has consistently reported, "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."<sup>4</sup>

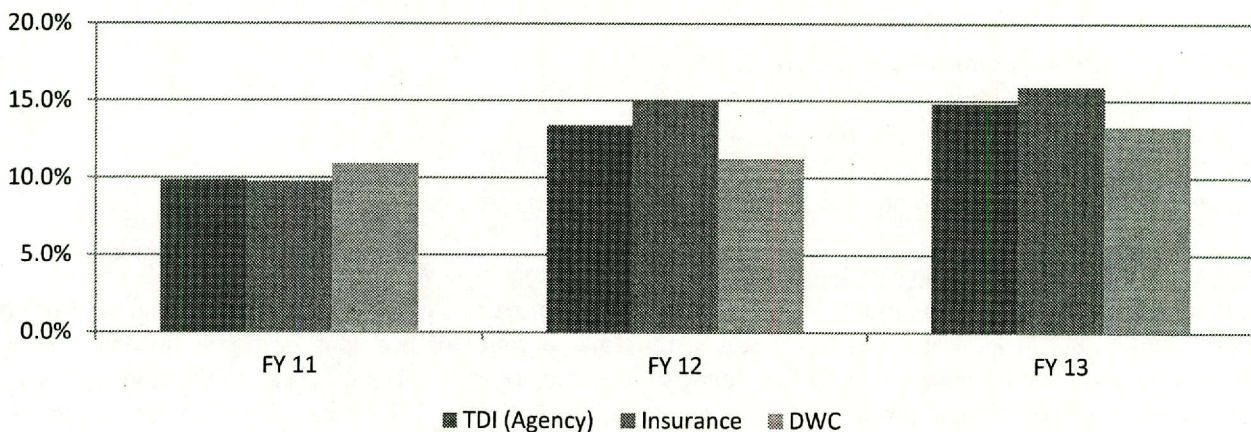
TDI's data reflects this inverse relationship. As the state's unemployment rate has decreased, TDI's turnover rate has increased. The FY 2012 statewide unemployment rate was 7.2 percent. In 2013, the unemployment rate decreased to 6.4 percent. Comparatively, as illustrated in the following chart, TDI's FY 2012 turnover rate was 13.4 percent, and the FY 2013 turnover rate was 14.8 percent.

**Figure 4: TDI and State Turnover Rate**



The mid-year FY 2014 turnover rate was 5.6 percent agency-wide, with the workers' compensation division mid-year turnover rate at 5.5 percent. TDI is on track to have a lower turnover in FY 2014 than in FY 2013. While unemployment is still low, TDI has reduced turnover. The chart below compares TDI's turnover rates to all state agencies for the past three years.

**Figure 5: Turnover Rate Comparison**



<sup>4</sup> State Auditor's Office: Reports 06-706, 08-703, and 10-702.

### Critical Workforce Skills

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

TDI conducted an in-depth staffing analysis in 2012 and a follow-up in 2014 to determine workforce skill needs. The diversity and unique nature of some of TDI's positions require specialized knowledge and skills including the following:

- state and federal law and regulations relevant to insurance policies, products, and insurance companies;
- structural design and construction of buildings and homes, particularly in high wind areas;
- examination processes and report-writing related to the financial condition of insurance companies;
- conducting fraud and arson investigations, interviewing witnesses, and providing testimony; and
- preparing detailed financial reports for referral to staff attorneys, law enforcement, and prosecutors.

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

### **Future Workforce Profile**

#### 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 needs a higher skill level or knowledge of:

- risk analysis and business continuity;
- information technology database analysis, application architecture, security, and voice and data networks;
- web administration and content management;
- effective process improvement, including data collection, and analysis;
- project management;
- litigation;
- critical thinking;
- data management, assessment, and storage;
- team approach to auditing insurance companies;
- social media as communication and work tools;
- leadership principles; and
- health care products and terminology, coverage options, and billing practices.

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

In recent years, TDI collapsed some of its vacant positions and used the associated funds to recruit and retain high-performing employees in key positions. As a result, the total number of positions declined. However, Texas' increasing population and insurance activity, coupled with technology resource needs, suggests that the agency will need additional staff to support the industry TDI regulates. In particular, TDI wants to ensure the agency has appropriate staffing levels and skills in the area of information technology.

TDI's data management and security initiatives will require a sufficient level of IT staff to adequately manage the additional data management and security tools recommended in a report commissioned by the Texas Department of Information Resources (DIR). In addition, TDI needs an adequate IT staffing level to meet the demands of a mobile workforce and to implement transition from legacy to modern technology. The agency also needs to increase current IT salaries to align with other state agencies, other divisions in TDI, and the private sector.

TDI has taken steps to address changing demands in technology skills by contracting staff through DIR. However, as market competition grows this may not be a long-term option.

### Critical Activities

TDI's role as a regulator is evolving and the agency's statutory duties now include developing innovative insurance solutions and using new technology as accessibility vehicles for stakeholders, including the internet and social media.

TDI does not anticipate a significant change to its nine core functions, however as the agency's role continues to evolve, statutory responsibilities change, and the technology innovation demands continue, critical activities may emerge.

## **Gap Analysis**

### Overview

The 2014 analysis reinforced the 2012 findings and a more recent analysis identified three gaps:

- Gap #1: Knowledge and skills development
- Gap #2: IT Staffing and resource shortages
- Gap #3: Qualified staff recruitment

### Gap #1: Knowledge and Skills Development

Almost half of TDI employees are eligible for retirement or will be eligible within the next five years. Consequently, critical staff retirements create the potential for loss of experience and institutional knowledge. Loss of experienced staff can cause instability, reduce productivity among other employees, and increase hiring and training costs.

As service demand increases, employees are expected to perform at 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 demand for knowledge and skills and retention of professional staff.

The ability to hire skilled workers is only half of the challenge. The ability to retain employees in many of the more specialized positions is subject to market conditions. When the economy is good and unemployment is low, skilled workers are difficult to retain due to the higher private-sector salaries.

Despite some recruiting success through university job fair participation and posting open positions to various Internet websites, TDI continues to have difficulty filling and retaining the following job classifications.

- **Safety Professionals**

The workers' compensation division has faced difficulty attracting applicants with the training and experience necessary for the safety inspector's job functions. Although reclassifying these positions in FY 2009 helped to better define the inspector's work and increased their salaries, TDI was not able to offer compensation competitive with the private sector or similar federal positions. The inability to keep pace with public sector salaries led to salary increases in early 2014.

- **Financial Examiners**

Examiner positions are challenging to fill due to the job's educational requirements. Additionally, the career ladder for this position, which coincides with the National Association of Insurance Commissioners accreditation standards, requires attaining accredited financial examiner and certified financial examiner professional designations within specific timeframes. Once recruited, retention of qualified, well-performing staff is particularly important because it takes three to four years to train most examiners due to the insurance knowledge that is required.

- **IT Programmers**

Programmers are difficult to recruit because their salaries are typically higher in the private sector and at some other state agencies. In the last two years, several programmers left TDI for higher-paying jobs with other state agencies or private companies. During the same time, nine employees retired. The agency's recruitment of qualified candidates for IT positions is restricted because of the inability to pay competitive salaries.

Gap #2: Technology Staffing and Resource Shortages

Automation and technology will continue to change the way TDI does business. Increased internet access provides consumers answers to a greater number of insurance-related and workers' compensation questions online and creates demand for information to be delivered virtually around the clock. TDI embraces the use of technology and strives to find technological methods to work more efficiently. However, our continued need for technology expansion is severely limited by the agency's IT staffing and resource shortages.

Since the last workforce plan, TDI has explored options to expand IT staffing resources. The agency recently partnered with DIR to use staffing service contracts to fill the skills gaps. These options have provided limited success. Turnover in TDI's IT area is just under 7 percent, 1 percent higher than the agency's turnover rate.

In the Future Workforce Profile section of this report, TDI identified the need for technology skills, such as programmers, database analysts, application architects, network specialist, telecommunication specialists, web content managers, and web administrators. Furthermore, the agency is moving from a paper-based environment to an electronic environment and therefore has a growing need for staff with advanced document management skills. In addition, inadequate funding and heavy workloads inhibit existing staff professional development. Moreover, TDI cannot achieve its technology goals without adequate funding and a qualified IT workforce.

Gap #3: Qualified Staff Recruitment

With the agency's responsibilities, employee workloads, and an abundance of competitors for highly skilled staff, TDI must be prepared to fill positions quickly. In particular, certain TDI positions are difficult to fill due to their specialized nature. At mid-year FY 2014, the average time to fill a position at TDI was 75 days, compared with 63 days in FY 2013.<sup>5</sup> This increase was due, in a large part, to market competition for skilled workers.

TDI has expanded its use of online resources and professional organizations to post jobs, but some salaries for TDI jobs are not competitive with other state agencies and the public sector, resulting in limited recruitment success. Management continues to express needs for larger pools of qualified applicants, especially for unique positions. There is increasing frustration with not being able to offer, or counter-offer, competitive salaries to recruit applicants or keep employees from leaving for higher salaries elsewhere.

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<sup>5</sup> Time to fill is determined by calculating the days between the date the job is posted and the date the job is offered.

## Strategy Development

### Strategy for Gap #1: Knowledge and Skill Development

- Use best practices to identify and hire candidates with appropriate job-related traits.
- The agency's strategic objectives focus on 'developing a more skilled and satisfied workforce through the balanced scorecard and related initiatives. TDI will continue to monitor time-to-fill for these positions. The agency has increased recruitment efforts by using social media and updating sources to notify candidates of job vacancies.
- Support staff training for professional designations.
- The agency must provide continuing education to enhance employees' skills and to mitigate the loss of institutional knowledge through retirements and separations.
- Expand succession-planning efforts.
- TDI plans to focus more on succession planning and cross-training efforts and mentoring experiences to assure that vital knowledge is not lost when leadership and employees in critical positions retire or separate employment. Meetings will be scheduled with agency management every six months to monitor each division's succession plan. However, succession planning and cross-training are not substitutes for additional formal training opportunities that are needed for agency employees to meet the growing demands for knowledge and skills.

### Strategy for Gap #2: Technology Staffing and Resource Shortages

TDI wants to be prepared to meet the agency's technology needs. Without highly skilled IT staff, TDI will not be able to implement solutions to meet the business needs of the agency and its stakeholders.

Strategies to address the gaps in IT staffing and resource shortages include the following:

- Pay competitive salaries;
- Grant merit increases;
- Offer non-monetary rewards for performance;
- Offer more formal technology training;
- Allow telecommuting when possible;
- Establish mentoring and cross-training prior to a current employee retiring; and
- Use contract labor when possible.

### Strategy for Gap #3: Recruitment of Qualified Staff

Competing with the public sector and filling highly specialized jobs has required TDI to recruit from resources not previously used, such as Monster.com and Environmental Health and Safety Careers. TDI has had limited success reaching new audiences. The agency will continue to explore other resources to assist in recruiting qualified applicants, including the following.

- **Accept employment applications online.**  
TDI currently receives the majority of applications electronically. One of the agency's balanced scorecard initiatives is to upgrade software used to apply for jobs online. TDI intends to continue with software upgrades, and other initiatives to make it easier for applicants to apply for jobs.
- **Expand recruiting efforts.**  
TDI plans to take advantage of recruiting opportunities and identify approaches, like social media, which will compliment the convenience of applying for jobs online. The agency also will continue to build on the current database of professional organizations where jobs can be advertised and explore opportunities for establishing an agency internship program.
- **Evaluate success of recruitment strategies.**  
TDI will continue to track and analyze recruitment results for advertising jobs using several different methods.

## APPENDIX F: EMPLOYEE ENGAGEMENT SURVEY

### Overview

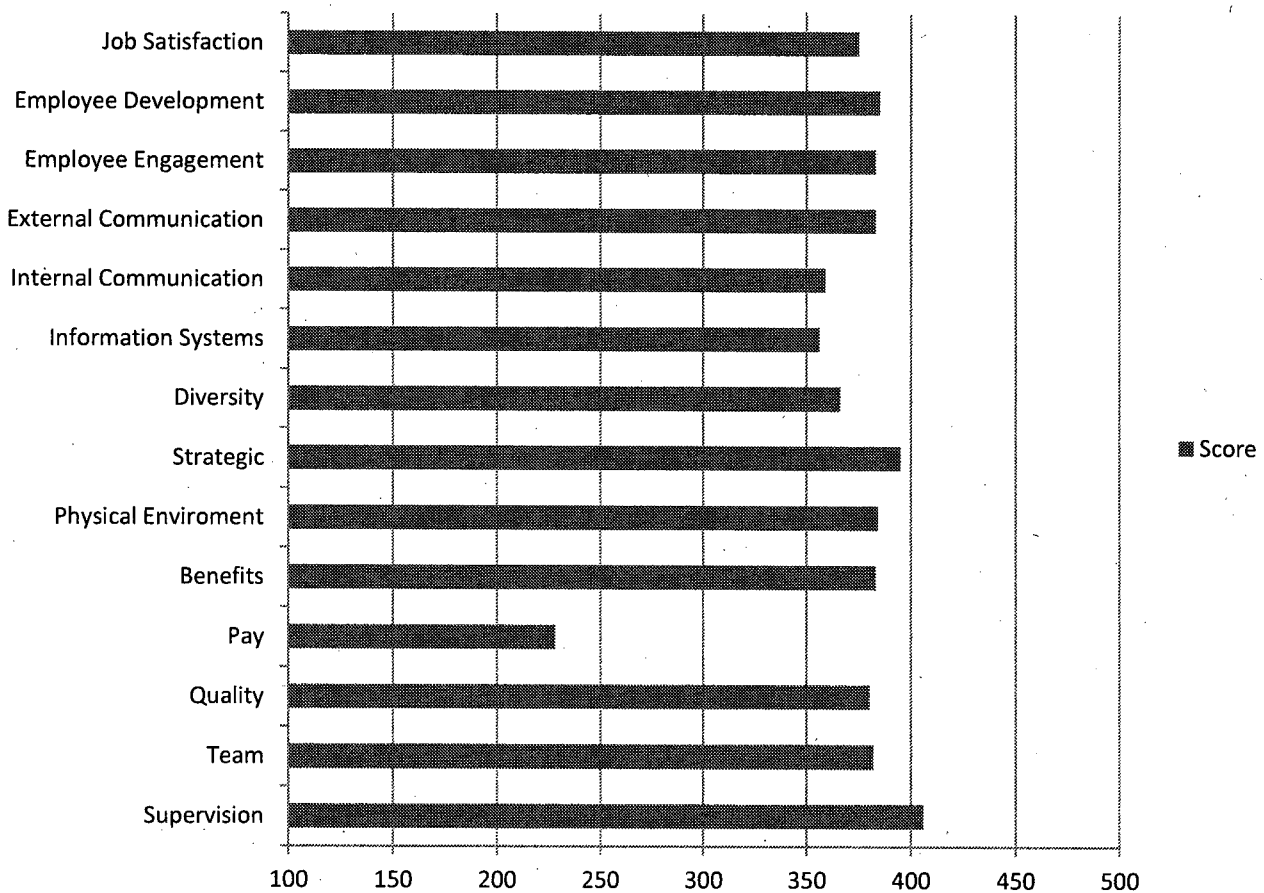
TDI recognizes that high employee satisfaction is critical to retaining and recruiting quality staff and in delivering the best customer service to Texans. Since 1994, TDI has participated every two years in the Survey of Employee Engagement (SEE) conducted by the University of Texas, Institute for Organizational Excellence. This survey has 14 constructs as seen in the chart below and five organizational climate categories: atmosphere, ethics, fairness, feedback, and management.

### Survey Results

TDI's survey response rate was 83 percent, the highest ever in TDI's history. 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. It also means employees have high expectations that leadership will act on the survey results.

Scores for survey constructs range from 100 to 500 with scores at or below 325 indicating an opportunity for growth as 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. TDI's top three highest scoring constructs, with scores of 385 or above, are supervision, strategic, and employee development. All of TDI's constructs except one, pay, scored at least 356.

Figure 6: Survey of Employee Engagement Construct Analysis



### **Review of Survey Results**

Survey results are used as agency assessment tools and as a measure on TDI's agency balanced scorecard. Division managers receive analyses of their divisions' participation level and survey results. 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. Division managers are expected to share this information with their staff and to discuss ideas for continually improving employee satisfaction, agency processes, and customer service.

## APPENDIX G: HISTORICALLY UNDERUTILIZED BUSINESSES

### Goal

TDI's purchasing policies will foster meaningful and substantive inclusion of HUBs in all phases of procurement.

### Objective

To include HUBs in all phases of procurement opportunities, TDI will make a good faith effort to meet or exceed the adjusted procurement program goals through the total value of contracts, purchases, and subcontracting opportunities awarded annually by the agency in each applicable procurement category:

#### Target

Professional Services Contracts	.75%
All Other Services Contracts	24.6%
Commodities Contracts	18.5%

### Outcome Measure

Percentage of Total Dollar Value of purchasing contracts and subcontract awarded directly or indirectly to HUBs.

### Strategy

Develop and implement a plan for increasing the use of HUBs directly or indirectly through purchasing contracts and subcontracts.

### Output Measures

- Number of HUB Contractors and Subcontractors responding to Bid Proposals
- Number of HUB Contracts and Subcontracts Awarded
- Dollar Value of HUB Contracts and Subcontracts
- Number of Outreach Initiatives
- Number of Contracts Evaluated for Subcontracting Opportunities
- Number of Mentor-Protégé Partnerships Sponsored by Agency

### HUB Program Efforts and Accomplishments

TDI's objective is to ensure all procurement practices promote the goal of equal access for minority and woman-owned and applicable disabled veteran- owned businesses in the state of Texas. For the first six months of FY 2014, TDI spent \$1.8 million with HUB vendors, or nearly 21 percent of eligible TDI purchases. This exceeds the statewide performance result of 13 percent by almost 8 percent.

### Internal Outreach Initiatives

- Enhance training to agency staff regarding the importance of the HUB program, the latest HUB-related information, agency HUB statistics, and methods of improvement.
- Communicate HUB related information through TDI's intranet.
- Include HUB Subcontracting Plans (HSP) in all agency contracts in excess of \$100,000 in which subcontracting opportunities are determined to exist. Monitor contractor compliance with HSPs after contract award.
- Seek HUB subcontracting in contracts that are less than \$100,000 when possible.
- Promote HUB usage with staff using TDI's procurement card program.
- Compile monthly reports tracking the use of HUB vendors by each operating division.
- Improve tracking and reporting of HUB procurement card and subcontracting expenditures.

### External Outreach Initiatives

- Provide one-on-one instruction to minority and woman-owned businesses regarding certification, procurement policies, and procedures.



- Utilize resources of the Texas Association of African-American Chambers of Commerce and the Texas Association of Mexican-American Chambers of Commerce per the terms of the Memorandum of Cooperation and Contract agreements.
- Provide potential contractors with reference lists of certified HUB vendors who may be able to participate as subcontractors in TDI contracts.
- Encourage minority and woman-owned business utilization at pre-solicitation conferences to potential respondents. Provide instructions to contractors regarding requirements to ensure full compliance with applicable HUB Subcontracting Plans (HSP).
- Prepare and distribute purchasing, contracting, and subcontracting information in a manner that encourages participation by all businesses.
- Continue participation in the State HUB Discussion Workgroup. The workgroup meets semi-monthly to discuss and resolve issues for the betterment of the State of Texas HUB Program.
- Promote vendor outreach, education, and recruitment through active participation in economic opportunity forums sponsored by the Texas Comptroller of Public Accounts, the Texas Legislature, and other governmental, civic, and professional organizations across the state.

### **Mentor-Protégé Program**

TDI's vision is to expand our Mentor-Protégé sponsorship role with cooperation and assistance with large corporate supplier diversity programs. TDI participates with agencies and minority chambers of commerce and minority and woman trade and business organizations to maximize state resources and to increase the effectiveness of the mentor-protégé program.

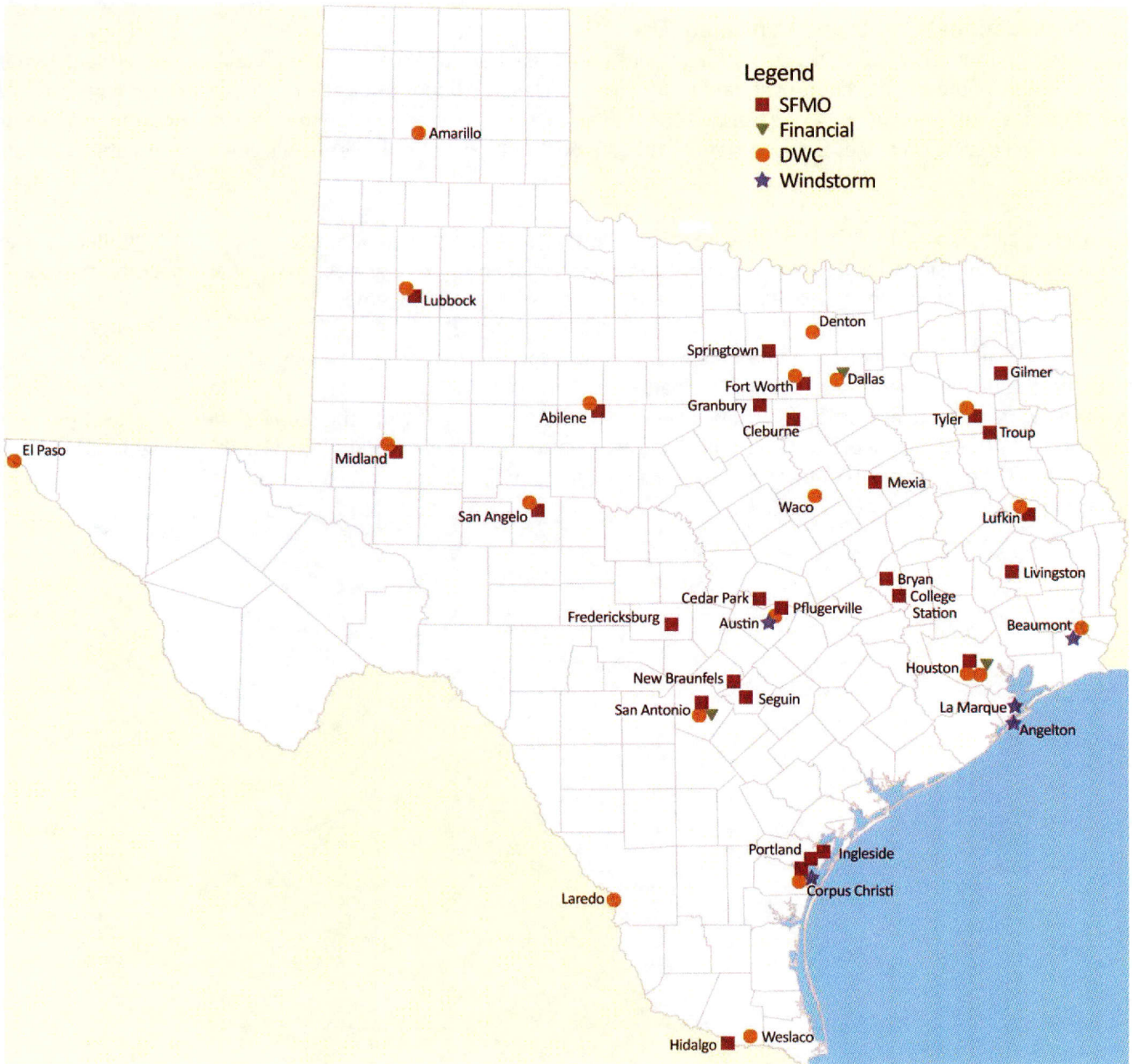
## APPENDIX H: CUSTOMER GROUPS AND SERVICE DESCRIPTIONS

Customer Group	Service Descriptions
Advisory Organizations	reports, proposed rules, general information
Advocacy Organizations	publications, requests, statistical data
Agents	certification and certificates, audits, interpretation of laws
Companies; Workers' Compensation Carriers, Networks, Adjusters, and Insurers; HMOs; Insurers of Last Resort; Residual Markets; Guaranty Associations; Quasi-Insurance Entities	complaints, disciplinary actions, ensure regulatory compliance
Consumers; Employees; Injured Employees	complaint and dispute resolution, publications, presentations
Contractors; Special Deputy Receivers (SDRs)	oversight, fees, audits
Employers; WC Employers	data collection and analysis, training, health and safety inspections, certificates of self insurance
Federal; International; Other States	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 and medical dispute resolution, information about rights/responsibilities, training
Inspectors; Engineers	qualifying criteria, disciplinary action, general information
Law Enforcement Agencies	data about individuals, agents, companies, evidence, witnesses, referrals for enforcement and criminal prosecutions
Law Firms; Attorneys	proposed rules, questions, documents
Legislature	technical resources, reports, data analysis
National Association of Insurance Commissioners; National Association of State Fire Marshals	information on companies, complaints, regulatory actions, suspected fraud, database, membership
News Media	press releases, live interviews, news conferences
State Fire Marshal's Office's 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 law
Universities; Research Facilities	research, contracts, internships

The agency determines field office locations according to claim activity and service demands. For example, financial examiners field staff in areas with major corporation headquarters, windstorm inspection staff is located along the coast to inspect and certify construction meets windstorm building code compliance, while title examiners live and work throughout the state. Workers compensations' field offices are located in area with high demand for claims services, customer service, and dispute resolution.

Additionally, in its efforts to protect against criminal insurance fraud, TDI started regionalizing its investigative staff. Instead of using field offices, some staff share office space with district attorneys in Dallas, Houston, and San Antonio. TDI also has investigators working out of workers' compensation field offices.

**Figure 1: Field Office Map**



### **Historically Underutilized Businesses**

TDI works to ensure that procurement practices promote the agency's goal of equal access for Texas businesses owned by minorities, women, and veterans with disabilities. During the first six months of FY 2014, TDI spent \$1.8 million at historically underutilized business (HUB) vendors, more than 20 percent of eligible TDI purchases and exceeded the statewide average by nearly 8 percent.

TDI's strategies for increasing HUB participation include internal efforts to enhance staff training, communication, and tracking. In addition, TDI conducts external outreach that includes one-on-one instruction, uses statewide minority business association resources, educating contractors about potential HUB subcontracting opportunities, participating in workgroup discussions and economic forums, and sponsoring mentor-protégé relationship building. TDI's HUB plan is included in Appendix G.

### **Key Organizational Events and Consultant Use**

Appointed on May 27, 2013, TDI's current insurance commissioner quickly established a collaborative management style that allows the deputy commissioners to function similar to a board of directors. The insurance commissioner and deputies hold weekly meetings and also monthly executive steering committee meetings to set agency priorities and decide on projects and initiatives that support TDI's strategy and enhance the agency's ability to fulfill its mission.

The agency also adopted the balanced scorecard approach for strategic planning and agency strategy management and is using professional project management methodologies and risk-based approaches for decision-making. To help implement these changes, TDI established an Office of Strategy Management.

The agency is also focused on implementing best practices for information technology (IT) planning and resourcing, including the development of a technology road map. Currently, TDI often uses IT consultants, as it is difficult to compete with the private sector's ability to attract and retain staff with the appropriate expertise. TDI uses credentialed project managers to ensure projects achieve the set objectives and finish within budget and on time. In addition, TDI coordinates contract manager training in compliance with the comptroller's guidance under Texas Government Code, Section 2262.053.



Agency Strategic Plan | Fiscal Years 2015-19

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