



Texas Department of Insurance

2012 *Annual Report*



Texas Department of Insurance

Office of the Commissioner, Mail Code 113-1C

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November 20, 2012

The Honorable Rick Perry, Governor
The Honorable David Dewhurst, Lieutenant Governor
The Honorable Joe Straus, Speaker of the House

Dear Governors and Speaker:

I am pleased to submit the Annual Report of the Texas Department of Insurance for Fiscal Year 2012, in compliance with Texas Insurance Code Chapter 32, Section 32.021.

Copies of this report will be filed simultaneously with the State Auditor, Legislative Budget Board, Comptroller of Public Accounts, Legislative Reference Library and State Library. Digital copies of this report will be provided to insurance commissioners in other states, as well as to members of the Texas Legislature. This report is also available on TDI's Web site at <http://www.tdi.state.tx.us/reports/annual.html>.

As in 2011, TDI's Annual Financial Report—formerly published as Part V of the agency's Annual Report—is published under separate cover for Fiscal Year 2012.

If you have questions about the contents of this report or affairs of the Texas Department of Insurance, I will be happy to respond.

A handwritten signature in cursive script that reads "Eleanor Kitzman". The signature is written in black ink and is positioned above a horizontal line.

Eleanor Kitzman, Commissioner of Insurance



**137th Annual Report
to the Governor & Legislature**

**For Fiscal Year 2012
ending August 31, 2012**

Eleanor Kitzman,
Commissioner of Insurance

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Agency Vision

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

Agency Mission

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

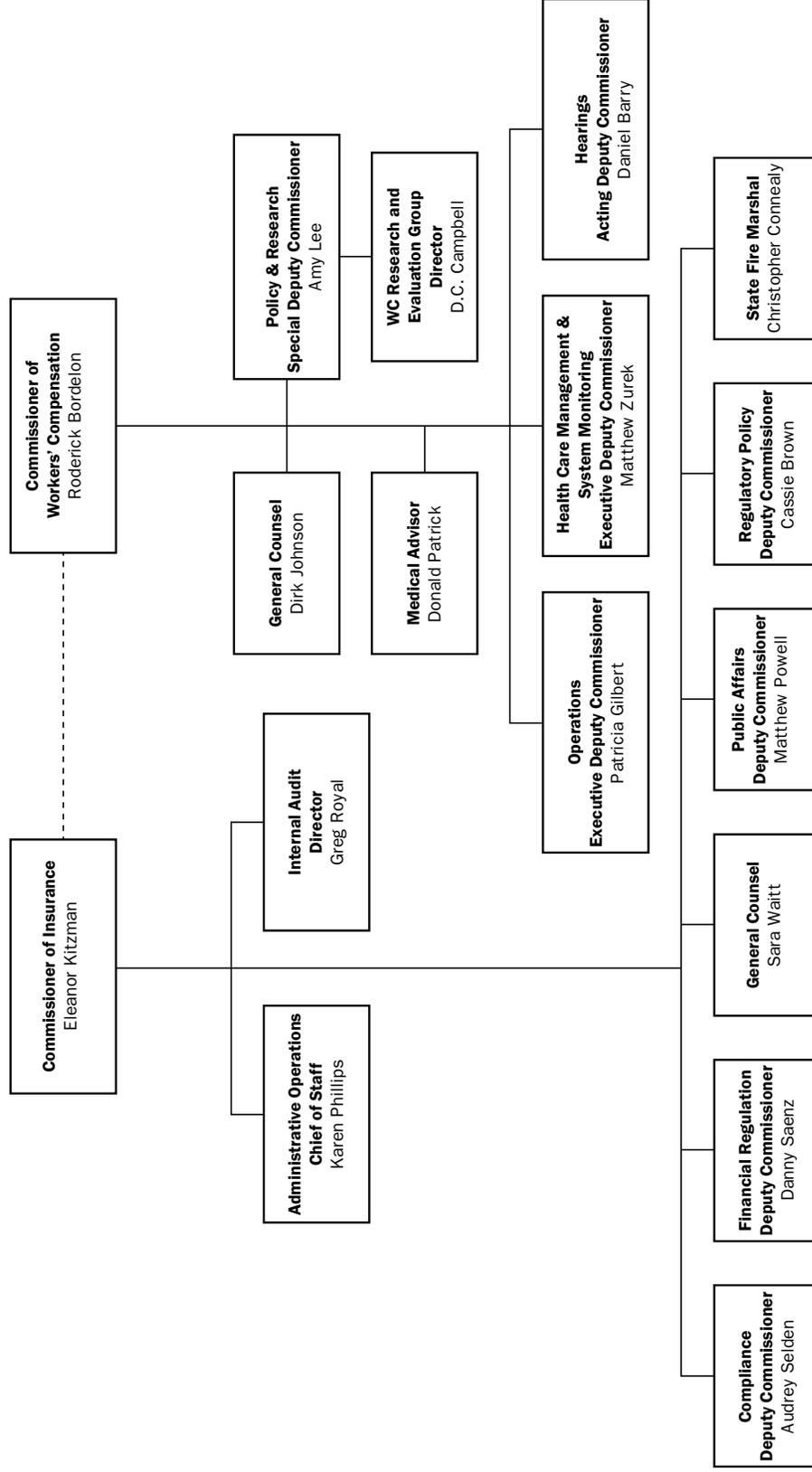
- regulating the insurance industry fairly and diligently;
- promoting a stable and competitive market;
- providing information that makes a difference.

Agency Regulatory Approach

The Texas Department of Insurance will exemplify friendly, courteous, ethical, and professional behavior in all areas of performance by

- providing the best value in services to the people of Texas;
- applying the law and the agency policy fairly and consistently throughout the state;
- communicating openly and providing timely and accurate information to the public we serve, and to all our fellow employees;
- communicating internally and externally, we evaluate and adjust the course of the agency in response to changes in conditions.

Texas Department of Insurance
 Agency Organizational Chart
 August 31, 2012





Part I
Report of
Program Activities

Preface: Key Events for the Department in FY 2012

Administrative Oversight of the Texas Windstorm Insurance Association (TWIA)

During Fiscal Year 2012, the Department continued its Administrative Oversight of TWIA pursuant to Chapter 441 of the Texas Insurance Code. The large number of Hurricane Ike claims in 2008 had significantly stretched TWIA's resources, resulting in customer service problems, questionable personnel actions, and financial irregularities. Administrative oversight is one of the regulatory tools through which TDI increases its involvement in the day to day operations of the Association and helps identify where improvement is needed. The Department has devoted significant resources and has taken a leadership role in helping TWIA identify where it needs to improve and to move toward a more effective business model.

Reorganization of Insurance Operations

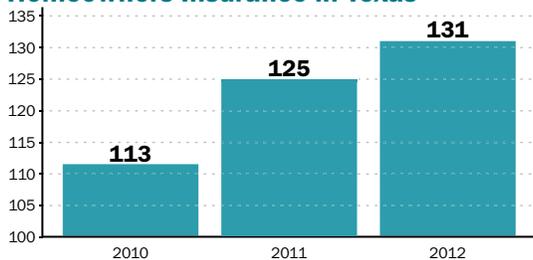
In the fall of 2011, the Department reorganized its insurance operations divisions to improve communication among related activities. The new structure combined related program areas and reduced the number of commissioner direct reports from 14 to eight. The new Compliance Division (previously three divisions) is comprised of consumer protection, enforcement, and fraud activities. This created a compliance continuum that allows the agency to better monitor consumer needs, adverse behavior by industry, and criminal activities resulting in fraud actions. All licensing activities now reside in the Financial Regulatory Division. The General Counsel Division handles rulemaking, chief clerk functions, and legal assistance to the entire agency. The Public Affairs Division includes government relations and public information activities. Finally, the Regulatory Policy Division handles rate and form filings for life, accident, and health insurance and for property and casualty insurance. In addition, the Department consolidated similar activities by function rather than by subject matter. For example, previously the Property and Casualty Program handled complaints about auto and homeowners rates, while the Consumer Protection Program handled complaints about claims. Now, the Compliance Division's Consumer Protection Section handles all insurance-related complaints.

Leading at National and International Levels

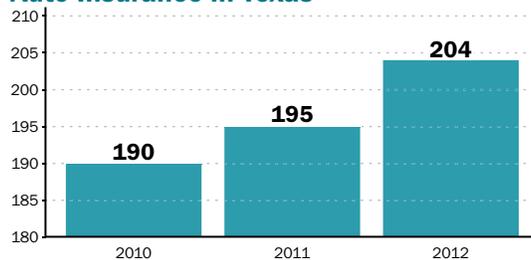
The Department has increased its leadership role within the National Association of Insurance Commissioners (NAIC) and International Association of Insurance Supervisors (IAIS). The Department leads or is an active participant in 44 NAIC committees and subcommittees and in several IAIS subcommittees and working groups. Our enhanced participation will enable Texas to be at the table during development and negotiation of national and international regulation standards and to ensure that regulatory policymakers consider the Texas regulatory environment.

Recent Trends

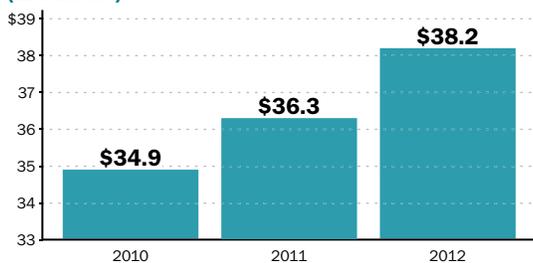
Number of Companies Writing Homeowners Insurance in Texas



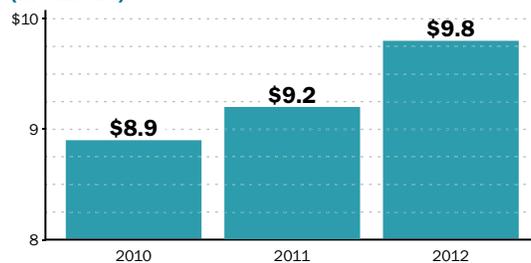
Number of Companies Writing Auto Insurance in Texas



Written Premium, Texas Health Insurers (in billions)



Written Premium, Texas Life Insurers (in billions)



Insurance in Texas: By the Numbers

Homeowners Insurance		Top Writers		2011	MARKET
				WRITTEN PREMIUM	SHARE
Number of Companies*	131	State Farm IL Group		1,679,790,797	28.12%
Number of Groups	59	Allstate Ins Group		742,601,190	12.43%
Number of New Companies**	6	Zurich Ins Group (includes Farmers)		722,657,709	12.10%
Policies in Force (2011)		United Services Automobile Asn Group		490,685,251	8.21%
Homeowners	4,168,059	Liberty Mutual Ins Co Group		362,965,808	6.08%
Dwelling	677,534	Travelers Group		283,534,763	4.75%
Tenants	941,095	Nationwide Corp Group		198,838,274	3.33%
2011 Written Premium	\$5,974,451,903	Texas Farm Bureau MUT Group		160,723,606	2.69%
		Chubb & Son Inc Group		119,966,151	2.01%
		Hartford Fire & Cas Group		115,494,445	1.93%

Personal Auto		Top Writers		2011	MARKET
				WRITTEN PREMIUM	SHARE
Number of Companies*	204	State Farm IL Group		2,730,890,174	20.07%
Number of Groups	69	Zurich Ins Group (includes Farmers)		1,624,595,236	11.94%
Number of New Companies**	8	Allstate Ins Group		1,549,849,189	11.39%
Vehicles in Force (Liability)	16,155,066	Progressive Group		1,179,940,079	8.67%
2010 Written Premium	\$13,607,166,151	United Services Automobile Asn Group		982,478,696	7.22%
		Berkshire-Hathaway Group		914,239,124	6.72%
		Texas Farm Bureau MUT Group		500,238,273	3.68%
		Orpheus Group		478,777,821	3.52%
		Nationwide Corp Group		464,303,328	3.41%
		Home State Ins Group		402,052,189	2.95%

Health Insurance		Top Writers		2011	MARKET
				WRITTEN PREMIUM	SHARE
Number of Companies*	466	Health Care Service Corp Group (includes Bluecross & Blueshield of Texas)		7,847,952,746	20.54%
Number of Groups	178	Unitedhealth Group		7,253,210,108	18.98%
Number of New Companies**	2	Humana Inc Group		2,895,745,508	7.58%
Texas Population estimate	25,592,089	Aetna Group		2,508,256,260	6.56%
Texans with Health Insurance	19,512,569	Amerigroup Group		1,613,949,398	4.22%
Uninsured population	6,079,520	Centene Corp Group		1,520,732,040	3.98%
2010 Written Premium	\$38,214,895,480	Newquest Group		1,156,029,608	3.03%
		Cigna Health Group		990,009,586	2.59%
		Universal Amer Fin Corp Group		788,961,955	2.06%
		Scott and White Group		550,626,638	1.52%

Life Insurance		Top Writers		2011	MARKET
				WRITTEN PREMIUM	SHARE
Number of Companies*	478	Metropolitan Group		768,052,607	7.86%
Number of Groups	177	New York Life Group		551,872,358	5.65%
Number of New Companies**	5	Northwestern Mutl Group		453,100,740	4.64%
2010 Written Premium	\$9,774,161,648	Prudential of Am Group		428,106,630	4.38%
		Lincoln National Group		412,060,998	4.22%
		State Farm IL Group		319,414,336	3.27%
		American Intrnl Group		289,712,043	2.96%
		Aegon US Holding Group		272,291,937	2.79%
		Mass Mutual LIC Group		268,873,614	2.75%
		John Hancock Group		266,099,358	2.72%

Annuities		Top Writers		2011	MARKET
				WRITTEN PREMIUM	SHARE
Number of Companies*	308	Metropolitan Group		1,874,769,682	9.30%
Number of Groups	130	Prudential of Am Group		1,358,310,412	6.74%
Number of New Companies**	0	Jackson Natl Group		1,239,566,315	6.15%
2010 Written Premium	\$20,151,813,659	American Intrnl Group		1,199,709,192	5.95%
		John Hancock Group		1,026,031,059	5.09%
		ING America Ins Holding Group		937,566,342	4.65%
		Lincoln National Group		880,203,485	4.37%
		Allianz Ins Group		772,486,990	3.83%
		New York Life Group		668,519,146	3.32%
		Hartford Fire & Cas Group		643,619,269	3.19%

* Number of companies with positive premiums for indicated line of insurance.

** Number of new companies licensed in the prior year.

Commissioner's Office

THE COMMISSIONER OF INSURANCE, appointed by the Governor with the advice and consent of the Senate, is the agency's chief executive and administrative officer.

As the agency's chief administrator, the Commissioner oversees agency regulatory functions, establishes agency operating procedures, and enforces state insurance laws. Enforcement includes disciplinary and legal actions against violators.

The Commissioner reviews and regulates rates for various lines of insurance including those submitted under "file-and-use" provisions of the Texas Insurance Code. The Commissioner also promulgates rates for certain lines such as title insurance.

The Commissioner adopts rules, implements new laws, and addresses regulatory problems in companies and agents. In addition, the Commissioner appoints individuals to advisory boards and committees and oversees their operations.

In FY 2012, the Commissioner's Office included Administrative Operations and Internal Audit.

Administrative Operations

Administrative Operations is headed by the agency's Chief of Staff. It performs the agency's internal financial functions and provides operational support ranging from computer and database services to professional development and training. It also provides administrative support to the Office of Injured Employee Counsel (OIEC) and monitors TDI's compliance with oversight requirements set for state agencies by the Legislature. The program consists of six activities: Financial Services, Procurement and General Services, Information Technology Services (ITS), Human Resources (HR), Employee Ombudsman and Ethics Advisor, and the Project Management Office (PMO).

FY 2012 Highlights

Financial Services

- developed and produced the agency's 2013 Operating Budget;
- coordinated projects and prepared the agency's FY 2014/2015 Legislative Appropriations Request and FY 2013-2017 Strategic Plan as requested by Commissioners, Legislative Budget Board (LBB), and Governor's Office of Budget, Planning and Policy during the 82nd Legislative Session;
- prepared the FY 2011 Annual Financial Report, Binding Encumbrance and Accounts Payable, and the Non-Tax Collected Revenue reports on behalf of TDI and OIEC;
- developed rates for maintenance taxes, examination/overhead assessment, and premium finance assessment;
- provided administrative support to OIEC, such as bill paying, processing travel reimbursements, and development of FY 2013 operating budget;
- provided monitoring and oversight of the agency's and OIEC's expenditures by strategy, object of expense, and organizational structure;
- streamlined the travel tracking process for FY 2013;
- monitored monthly performance measures and reported quarterly performance to the LBB;
- monitored progress of programs' FY 2011-2012 business plan projects and coordinated agency involvement on projects affecting multiple program areas;
- tested and implemented the merger of the Integrated Statewide Administrative System (ISAS) into the Centralized Accounting and Payroll/Personnel System (CAPPS), in cooperation with the Comptroller of Public Accounts;

- assisted the Financial Regulation Division in planning for the migration to a self-directed budget in FY 2013;
- implemented a new budget organization structure for insurance operations for FY 2012;
- tested and implemented the expansion of the division number in the agency's cash receipt system;
- researched applicable laws and regulations to acquire an event registration system that accepts payments via credit card for implementation in FY 2013;
- maintained and tested the viability of agency and program disaster recovery plans;
- coordinated TDI input for the Texas Homeland Security and Texas Department of Emergency Management on several statewide plans.

Project Management Office (PMO)

- initiated by Commissioner Kitzman in November 2011 to support the coordination, tracking, and execution of agency projects by providing expertise, best practices, templates, and training;
- established project management tools and templates for use throughout the agency;
- established a reporting process and initial project performance metrics;
- established regular project management meetings to facilitate information sharing and continuing education opportunities;
- combined with agency planning functions in August 2012 when Commissioner Kitzman and the deputy commissioners approved the creation of an Office of Strategy Management (OSM), including adding a balanced scorecard system and enhanced enterprise risk management.

Procurement and General Services

Hobby and Metro Services

- handled 2,287,761 pieces of agency mail;
- received \$8.08 million incoming revenue through the agency mail center services;
- completed 3,161,924 copy impressions;
- processed 321 building service orders at Metro Center and 1,105 service orders at Hobby Building;
- serviced 456 customers through the TDI Service Center that opened on June 11, 2012;
- distributed 150,046 publications through the TDI Service Center;
- microfilmed 231,114 documents and stored 1,835 cubic feet of records through the Texas State Library for record retention;
- disposed of 11,108 cubic feet of obsolete records;
- coordinated and performed 11 DWC field office projects, including closing the Victoria and Missouri City offices and moving the Angleton windstorm office;
- coordinated nine building improvement projects and modular furniture installations/renovations in the Hobby Building;
- coordinated and performed 75 facility projects or service orders at Metro Center;
- negotiated four branch office lease renewals by Metro Services and three branch office lease renewals by Hobby Services;
- facilitated the safety program that resulted in 8 of 12 (67%) program areas achieving accident/injury-free status in FY 2012;
- handled 1,973 courier pickups and deliveries.

Purchasing and Contract Administration

- received 2,894 purchase requisitions submitted by programs and processed 2,466 purchase orders;
- posted 19 procurement opportunities on the Electronic State Business Daily;
- tracked and administered 384 contracts;
- hosted purchasing and contract administration training sessions for staff and customers;
- participated in the testing and upgrading of ISAS to CAPPs System;

- maintained the content of Purchasing intranet site;
- maintained a risk assessment plan for agency purchasers;
- achieved 32.11 percent Historically Underutilized Business (HUB) participation in comparison to the statewide achievement rate of 13.87 percent;
- attended two HUB forums;
- attended the TIBH Expo at TDI.

Information Technology Services

- completed scheduled phases of TDI's enterprise-wide project to provide an integrated, web-enabled, and vendor supported approach to managing, processing, and tracking critical information on insurance companies, agencies, and individual producers, thus providing a more efficient and integrated computing environment, eliminating duplicate data entry and duplicate agency databases, and eliminating several of the agency's legacy systems thereby reducing maintenance costs;
- completed planning for phases scheduled through contract completion, including integrating the legacy imaging workflow application with the vendor software;
- provided an improved public Internet lookup for State Fire Marshal Office (SFMO) licensee information, adding the ability for individuals and entities to search for old and new licenses numbers associated with the SFMO;
- modified the Division of Workers' Compensation's TXCOMP application to incorporate old law claims and updated specified official action letters;
- allowed TXCOMP users to edit claim participant associations, which resulted in approximately 100 fewer ITS work orders annually;
- replaced mass mailing management software with a web-enabled product in coordination with the TDI Public Information Office;
- upgraded the application development desktops to Windows 7 and replaced third party software;
- upgraded training management and ITS project management software releases;
- completed transition phase to the State Data Center under the Team for Texas contract and initiated operations and maintenance phase with the new vendor, Xerox Data Systems;
- continued projects to upgrade and consolidate Oracle environments, and replaced production scheduler software to comply with data center vendor requirement.

In addition to the major initiatives described above, ITS also:

- reinforced information security at TDI by:
 - voluntarily subjecting TDI's network to a controlled penetration test conducted by the Department of Information Resources to assess network and web application security measures in order to secure TDI's network and web applications;
 - providing information security training classes for new employees and teleworkers, and refresher training courses for current agency staff;
 - providing informational articles and material to agency staff regarding recommended security practices and employee responsibilities;
 - maintaining agency computers and minimizing risk to downtime from PC viruses by pushing out updates for agency business and virus detection applications in a timely manner;
- deployed approximately 100 computers and 350 monitors as part of the agency's hardware obsolescence plan;
- created new and maintained existing image and software installations on PCs and laptops to automate agency computers, therefore reducing downtime;
- upgraded core distribution switches in Hobby and Metro offices;
- converted agency division code accounting from three to five digits to reflect the Commissioner's management reorganization;
- supported the Division of Workers' Compensation by redeploying telecom equipment to improve overall field connectivity and assisting with the setup of the new Windstorm field office in Angleton;

- supported agency staff and external customers by responding to 16,819 Help Desk calls, including providing technological support for staff who moved within the agency or who needed assistance because of weather, building condition problems, or emergency situations;
- provided instructor-led automation training and introduced on-demand training related to the enterprise insurance software product;
- implemented edits to improve OIEC early intervention reporting;
- supported TDI's ongoing movement to provide accessible web-based data and forms, including the addition of Spanish in the Helpinsure web application.

Human Resources

- processed and tracked 1,631 personnel actions including merit raises, promotions, new hires, transfers, and separations of employment;
- posted 230 jobs;
- processed 6,751 employment applications;
- answered 72,183 switchboard calls;
- delivered 390.25 hours of traditional classroom training and provided 74.5 hours of training online, encompassing new employee orientation and courses on team building, communication, customer service, insurance training, and management training;
- coordinated 20 wellness events;
- participated in the NAIC salary survey;
- participated in a follow up audit on Human Resources Information System and Workforce planning;
- conducted University of Texas School of Social Work Survey of Employee Engagement;
- participated in nine Workforce Commission hearings.

Employee Ombudsman and Ethics Advisor

- addressed a wide variety of workplace and personnel issues and concerns through group facilitation, mediation, coaching, and counseling of agency employees;
- continued presenting mandatory sexual harassment/discrimination course to all agency employees;
- developed and presented a variety of workshops to agency employees regarding a variety of topics, including Respect in the Workplace, Dealing With Difficult People, Conflict Management, New Employee Orientation, and core courses related to management training;
- responded to requests to provide mediation services as well as ethics and sexual harassment/discrimination training for other state agencies.

**Figure 1:
Comparison of Maintenance Tax Rates FY 2005–FY 2012**

TYPE	MAX LEGAL RATE	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12
Motor Vehicle	0.2	0.036	0.062	0.058	0.070	0.063	0.061	0.060	0.077
Fire	1.25	0.184	0.291	0.236	0.280	0.237	0.320	0.310	0.331
Workers' Compensation	0.6	0.027	0.051	0.059	0.069	0.072	0.096	0.115	0.151
Casualty	0.4	0.073	0.119	0.117	0.129	0.112	0.140	0.135	0.152
Title	1.0	0.037	0.107	0.100	0.127	0.115	0.266	0.281	0.401
Life, Accident and Health	0.04	0.026	0.040	0.040	0.040	0.040	0.040	0.040	0.040
Third-Party Administrators	0.265	0.125	0.149	0.110	0.149	0.104	0.072	0.045	0.047
HMO Multi-Service*	\$1.32	\$1.02	\$1.53	\$1.23	\$1.23	\$1.08	\$1.32	\$1.26	\$1.50
HMO Single Service*	\$0.44	\$0.34	\$0.51	\$0.41	\$0.41	\$0.36	\$0.44	\$0.42	\$0.50
HMO Limited Service*	\$0.44	\$0.34	\$0.51	\$0.41	\$0.41	\$0.36	\$0.44	\$0.42	\$0.50
Prepaid Legal	0.022	0.022	0.044	0.036	0.042	0.036	0.042	0.036	0.030
Workers' Compensation Evaluation	0.00	0.00	0.00	0.00	0.00	0.009	0.012	0.009	0.016
Division of Workers' Comp.	2.00	1.051	1.051	1.128	1.003	1.232	1.455	1.584	1.669

* HMO rates reflect an amount per enrollee. Other rates are given as a percentage.

Internal Audit

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.

FY 2012 Highlights

- completed 13 financial or performance related audits; this included six verification follow up audits of implemented recommendations that covered eight prior internal audit reports; there were four other financial/performance-related audits and one follow up audit ongoing at fiscal year-end;
- completed two updates of management responses on outstanding recommendations from prior audits, which were reported to the Commissioners of Insurance and Workers' Compensation in the Internal Audit Annual Report in October and the mid-year report in March;
- completed two information technology audits;
- completed one advisory project resulting in a final report to the Commissioners and ITS management;
- completed a follow-up audit of two prior SAO audits;
- completed an external quality assurance review of the Internal Audit Division that resulted in the highest rating, fully complies;
- initiated analysis of division area during the fiscal year with internal report for agency management, utilizing Committee of Sponsoring Organizations (COSO) control framework;
- served as liaison for three State Auditor's Office audits completed during the fiscal year and one ongoing at fiscal year end.

Compliance Division

THE COMPLIANCE DIVISION (CD) protects consumers by overseeing insurance companies and agents and their interactions with consumers.

CD 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 in furtherance of a compliance continuum that allows consumers, companies, and other interested parties to access the department's resources.

Consumer Protection

Consumer Protection (CP) 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. CP comprises four offices: Complaints Resolution, Information Assistance, Public Education, and the Special Assignments Office.

The Consumer Health Assistance Program (CHAP) that was established in October 2010 to help Texans with health care coverage issues ended in May 2012.

FY 2012 Highlights

- helped consumers in Bastrop from September to November following wildfires on Labor Day 2011 and produced a new publication, *Protect Your House from a Wildfire*;
- helped consumers in North Texas following hailstorms in May 2012;
- returned \$29.8 million to consumers in additional claim payments and refunds as a result of complaints resolution;
- helped resolve more than 17,000 consumer complaints, including complaints against HMOs;
- implemented a new complaints tracking database as part of TDI's conversion to Sircon for States, an enterprise data management system;
- responded to more than 1 million consumer inquiries;
- maintained TexasHealthOptions.com, which provides information to help Texans find health coverage, and HelpInsure.com, a comprehensive web resource to help Texans shop for auto and residential property insurance;
- conducted more than 740 presentations throughout Texas on insurance issues;
- distributed more than 9.5 million publications to help Texans better understand their insurance coverages and save money on the insurance they need;
- helped more than 7,600 people, answered more than 12,000 phone calls, and distributed more than 8.3 million publications as part of the CHAP program;
- worked with the Centers for Medicare and Medicaid Services to investigate violations of Medicare Advantage and Medicare prescription drug plan marketing rules and to help seniors who were victims of fraudulent or misleading marketing of Medicare products;
- promoted TDI services and enhanced outreach activities through partnerships with:
 - the Children's Hospital of Austin, the Seton Healthcare Network, the City of Austin, and the Travis County Health and Human Services Department to provide information to parents of uninsured children and to people visiting mobile health clinics.
 - county tax assessor-collector offices statewide to distribute rate guides and other insurance information.
 - the Texas Department of Aging and Disability Services, the Texas Legal Services Center, and local Area Agencies on Aging statewide to help older Texans and to offer training to benefits counselors in local communities.

- the Texas Division of Emergency Management and representatives of the insurance industry in the Texas State Disaster Coalition, which facilitates coordinated responses to disasters.

Summary of Activity: CP

Number of inquiries answered	1.02 million
Number of consumer information publications distributed	9.57 million
Number of consumer information presentations made	740
Number of complaints resolved	17,606
Dollar amount returned to consumers through complaint resolution	\$29.8 million
Number of complaints against HMOs resolved	760
Average response time (days) to complaints	29.58
Average response time (days) for HMO complaint resolution	8.74

Enforcement

The Enforcement Section investigates allegations of violations of the law and rules by insurance agents, companies, HMOs, other entities (both licensed and unlicensed), and workers' compensation system participants. Consumer Protection and Fraud refer matters to Enforcement. Enforcement reviews issues related to unauthorized insurance, unfair methods of competition or unfair or deceptive acts or practices in the business of insurance, unfair claims settlement practices, acts prohibited by the Texas Labor Code regarding workers' compensation, and disaster-related claims handling, among others. Following investigation, Enforcement may bring disciplinary actions that result in

- cease and desist orders
- license application denials
- license revocations and suspensions
- monitored agent probations
- administrative penalties
- sanctions of doctors participating in the workers' compensation system
- restitution to harmed consumers

Enforcement also brings actions against companies for excessive rates and participates in hearings to set title insurance rates. The relief sought in these cases may include rate reductions and refunds of excessive premiums paid.

Enforcement refers cases to the Fraud Unit for criminal prosecution. Enforcement works with the Office of the Attorney General (OAG) on appeals of disciplinary actions and on enforcement actions conducted by the OAG's Consumer Protection Division. Enforcement pursues violations of the Labor Code on behalf of the Division of Workers' Compensation.

FY 2012 Highlights

- ordered \$33,987,963 in restitution for consumers and assessed \$6,989,487 in administrative penalties, fines, and forfeitures;
- closed 179 cases related to surplus lines agents and agencies that had filed policies late with the Texas Surplus Lines Stamping Office, of which 55 were resolved by consent order;
- revoked the licenses of three unrelated agents that each obtained more than \$30,000 in advanced commissions from insurance companies by submitting fraudulent or fabricated insurance applications;
- obtained 123 enforcement orders issued by the Division of Workers' Compensation against all system participants and obtained 34 orders against health care providers;
- issued 11 orders based on medical quality reviews in calendar year 2012 through August 31, 2012;
- implemented a new case tracking database as part of TDI's conversion to Sircon for States, an enterprise data management system;
- entered into a consent order with Humana Insurance Company and Humana Health Plans of Texas for prompt pay violations resulting in \$1.2 million payment of penalties and restitution to Texas providers;

- continued its investigation into race-based pricing, which is drawing to a close. To date, TDI has entered into 30 consent order agreements, providing relief for 214,000 Texas policies and provided \$17.8 million in refunds. TDI has assessed \$814,000 in fines against the companies involved. The department is negotiating settlements in the final completed company exams and expects to finalize disciplinary actions by late 2012.
- participated in four multistate market conduct settlement agreements concerning unclaimed benefits, marketing, and sales of life insurance and annuities resulting in approximately \$4.4 million in payments to Texas. The companies included Prudential Insurance Company, Metlife, Mega Life and Health Insurance Company, and Allianz Life Insurance Company of North America.
- worked with the Regulatory Policy Division and the OAG to get amusement ride operators to comply with insurance, certification and fee requirements. This fiscal year, TDI forwarded 148 amusement orders of violation to the OAG. That office has jurisdiction to compel compliance with the insurance, certification, and fee requirements. Of the 148 referrals, 44 amusement ride operators have come into compliance or voluntarily ceased operations.
- Fined the following companies through commissioner’s orders:
 - Loya Insurance Company through an administrative penalty of \$300,000 for violations resulting from a market conduct examination, including violations for misleading advertising and Loya’s failure to file rates used for its Preferred 1 Discount.
 - American Risk Insurance Company through an administrative penalty of \$150,000 for violations resulting from two financial examinations and one market conduct examination, including violations for reporting deficiencies; keeping personal lines policies in force in excess of the maximum retained risk allowed, and failing to effect a prompt, fair, and equitable settlement.

Summary of Activity: Enforcement

Cases received	1,039
Cases closed	1,831
License revocations	70
License denials	19
License suspensions/ suspensions of writing*	3
Cease and desist orders	8
Monetary forfeitures/ restitution orders†	409
Forfeitures/assessments/ Restitution	\$40,972,950

* This includes actions against financially hazardous companies under Article 1.32, Texas Insurance Code and license suspensions with probation.

† This number includes Commissioner and State Fire Marshal orders.

Insurance Fraud Unit

The Fraud Unit protects the public from economic harm by investigating allegations of criminal insurance fraud. Its responsibilities include reviewing reports of fraud, initiating inquiries, and conducting investigations when TDI has reason to suspect insurance fraud has occurred. In addition, the Fraud Unit actively seeks criminal indictments, makes arrests, and assists in prosecutions to deter insurance fraud in Texas.

The Fraud Unit maintains a toll-free Insurance Fraud Hotline and an online fraud reporting system on the TDI website. Investigations may occur inside or outside of Texas and typically involve one of the following types of fraud:

- Claim fraud committed by consumers or providers against insurance companies, including:
 - staged accidents/paper accidents
 - fake burglary and auto theft claims
 - arson for profit
 - claims for medical services not provided or inflated

- personal injury schemes
- exaggerated/padded claims
- organized fraud schemes
- workers’ compensation claimant and provider fraud
- Deceptive agent practices, including:
 - issuing fictitious policies
 - conversion of premium payments
 - insurance application fraud
- Fraudulent activities by insurance company officers and directors, including:
 - false financial statements to TDI
 - misuse of company funds
- Unauthorized insurance schemes, including:
 - insurance products not authorized by TDI
 - individuals not licensed to do the business of insurance in Texas
 - fraudulent group/individual health plans
- Workers’ compensation premium fraud
- Mortgage fraud, including fraud by escrow officers, title insurance agents, and title insurance companies

The Fraud Unit comprises four investigative sections with commissioned peace officers and civilian investigators, an administrative section, and an intake section.

FY 2012 Highlights

- hosted the 14th Annual Fraud Conference in February 2012 with 289 fraud investigators from state government, law enforcement, and the insurance industry in attendance;
- made 11 public presentations on insurance fraud;
- participated in statewide task forces in several metropolitan areas;
- participated in the Texas Committee on Insurance Fraud to address insurance fraud on a united front with industry, law enforcement, other state agencies, legislators, and citizen advocate groups;
- dedicated a position to conduct investigations into allegations of life settlement fraud, pursuant to passage of HB 2277.

Summary of Activity: Fraud Unit

Reports of Fraud Received	12,736
Cases Opened	518
Persons Referred to Prosecutors	215
Criminal Indictments	133
Criminal Judgments	88
Est. Amt. of Fraud Identified in Referrals	\$35,875,000
Assessments (Fines & Penalties)	\$63,610
Restitution Ordered	\$2,417,347
Arrests by Fraud Unit Peace Officers*	10

* This figure represents arrests executed directly by Fraud Unit Peace Officers or in which Fraud Unit Peace Officers participated.

Financial Regulation

THE FINANCIAL REGULATION DIVISION serves as the solvency guardian of the Texas insurance industry. It enforces solvency standards for insurance companies and related entities through their entire life-cycle, including initial formation and licensure, subsequent surveillance activities, and implementing regulatory interventions if needed. The program's goal is to protect consumers by detecting financial and other concerns promptly and taking action to mitigate problems caused by troubled insurers. Financial Regulation seeks to rehabilitate companies that fall short of solvency standards, and through a court-sanctioned receivership process, liquidates the few companies that are not able to be rehabilitated.

Financial Regulation monitors the solvency and market conduct of over 1,900 licensed risk-bearing insurance companies and related entities; this number exceeds 2,200 when carriers with other forms of registration/eligibility are included. Annual statements filed by insurers and HMOs for calendar year 2011 reflected \$109 billion in Texas premiums and \$77 billion in claim payments to Texas claimants. These companies reported aggregate assets of \$6.9 trillion, liabilities of \$6.0 trillion and capital and surplus of \$931 billion.

Financial Regulation also licenses insurance agents, adjusters, and provider representatives and brokers, and registers Discount Health Care Operators.

FY 2012 Highlights

Financial Analysis

- implemented a group analysis process for insurance groups that have an entity domesticated in the state and participated in Supervisory Colleges with other domestic and international regulators regarding specific insurance groups;
- participated in international efforts to enhance global regulation and improve regulator cooperation and communication with internationally active insurance groups, in part by serving as the vice-chair of the IAIS Supervisory Forum and the NAIC representative to the Financial Stability Board's workstream on securities lending and repurchase agreement activities.

Licensing Services

- received a merger application whereby six large insurance companies will merge into a Texas domestic insurance company. The resulting Texas insurance company will have over \$140 billion in assets, making it one of the largest United States based insurers. Texas was selected as the domestic regulator after the company compared a number of different states.
- issued 75,728 new agent and adjuster licenses, and processed 142,273 renewal applications and approximately 655,000 appointments of agents by insurers. The total number of items processed, including telephone inquiries, exceeded 1,079,500 for the year. As of the end of the fiscal year, in excess of 455,780 licenses and registrations were issued and outstanding.

Examinations

- participated in 57 coordinated examinations with other states and regulatory agencies including the Department of Banking and the Federal Reserve to increase the efficiency and effectiveness of the examination process;
- transitioned the title agent examination function to the examinations section on May 1, 2012, and performed 343 examinations of title agents during FY 2012;
- held a leadership role on actuarial initiatives including addressing more uniform reserving standards for certain life products with guarantees.

Rehabilitation and Liquidation Oversight

- oversaw \$61.8 million of net asset recoveries through the receivership process, and made distributions of \$101 million;
- released five companies from regulatory interventions as rehabilitated and one company dissolved with no impact to the guaranty associations;
- continued oversight of TWIA.

Figure 2: Number of Company Licenses Under Commissioner's Jurisdiction Fiscal Years 2008-2012

LICENSE TYPE	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Insurance Companies	1,885	1,863	1,858	1,843	1,836
Health Maintenance Organizations	54	55	52	51	51
Premium Finance Companies	250	257	194	194	193
Continuing Care Retirement Communities	29	29	29	31	31
Third Party Administrators	748	770	782	760	734
Total	2,966	2,974	2,915	2,879	2,845

Note: Does not include 117 foreign risk-retention groups or 194 foreign surplus lines carriers.

Figure 3: Texas Policyholder Premiums, Claim Payments Calendar Years 2007-2011

CALENDAR YEAR	CLAIM PREMIUMS	PAYMENTS	PAYMENTS AS A % Of PREMIUM
2007	\$ 99.2 billion	\$ 64.1 billion	64.6%
2008	101.9 billion	74.5 billion	73.1%
2009	101.8 billion	76.6 billion	75.2%
2010	102.9 billion	70.8 billion	68.8%
2011	108.7 billion	77.3 billion	71.1%

Figure 4: Total Capital/Surplus of Insurance Companies Operating in Texas Calendar Years 2007-2011

CALENDAR YEAR	TOTAL CAPITAL/SURPLUS
2007	\$ 867.6 billion
2008	806.2 billion
2009	903.0 billion
2010	933.8 billion
2011	931.0 billion

Figure 5: Number of Financial Analysis Reviews Fiscal Years 2008-2012

FISCAL YEAR	NUMBER OF REVIEWS
2008	1,881
2009	1,855
2010	1,750
2011	1,790
2012	*847

* In FY 2012, a risk focused process was implemented, which reduced the number of financial analyses completed by using an automated review of financial filings to identify entities with a greater risk of solvency issues resulting in less frequent reviews of financially sound entities. The reduction in the number of analyses completed provided the resources to implement the group analysis process.

Figure 6: Number of Financial and Market Conduct Examinations Fiscal Years 2008–2012

FISCAL YEAR	NUMBER OF EXAMINATIONS
2008	153
2009	153
2010	129
2011	139
2012	117

Figure 7: Summary of Title Examination Activity

	FY 2011	FY 2012
Annual Escrow Audits Reviewed	604	576
Title Examinations Conducted	300	343
Total Amount in Escrow Accounts	\$136 billion	\$167 billion

Figure 8: Texas Guaranty Association Assessments Calendar Years 2007–2011

CALENDAR YEAR	LIFE & HEALTH	PROPERTY & CASUALTY	TITLE	TSIG	TOTAL
2007	\$12,500,005	\$0	\$0	\$100,000	\$12,600,005
2008	0	0	0	100,000	100,000
2009	34,998,506	0	0	100,000	35,998,506
2010	0	*(47,662,585)	0	100,000	*(47,562,585)
2011	62,949,976	0	0	100,000	63,049,976

* Refund of prior assessments, which were redistributed to member insurance companies.

Figure 9: Number of Agent and Adjuster Licenses, Certificates and Registrations Under Commissioner's Jurisdiction 2008–2012

LICENSE TYPE	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Agents (1)	306,036	319,640	327,411	341,021	352,281
Adjusters	72,061	80,919	85,735	88,985	94,754
Full-Time Home Office Salaried Employees	1,041	496*	501	640	645
Discount Health Care Program Operator (2)	N/A	N/A	N/A	N/A	54
Specialty - Credit	3,013	3,021	2,897	2,865	2,748
Specialty - Travel	896	1,000	1,072	1,160	1,328
Specialty - Rental Car Company	65	66	58	55	50
Specialty - Self Service Storage Facility	94	127	147	153	164
Specialty - Telecommunication Equipment Vendor	11	12	18	15	21
Life Counselors	429	485	523	542	589
Public Insurance Adjusters	234	762	850	742	786
Risk Managers	1,114	1,133	1,135	1,133	1,155
Re-insurance Intermediary	909	1,245	1,155	1,265	1,211
Premium Finance Companies	271	N/A	N/A	N/A	N/A
Third-Party Administrators	748	N/A	N/A	N/A	N/A
Grand Total of Lines Regulated	386,922	408,906	421,502	438,585	455,786

1 An agent may hold more than one type of license; these statistics do not represent numbers of individual agents.

2 Discount Health Care Program Operator registration numbers starting in FY 2011.

* FY 2009 reduced number reflects trend in industry of moving away from the use of the Full-Time Home Office Salaried Employee registration in lieu of a Property and Casualty license. Carriers are finding it is better to have their sales staff acquire a Property and Casualty license so that reciprocal licenses can be obtained in other states and the employees/agents can be utilized to handle multiple states.

Figure 10: Summary of Activity: Agent and Adjuster Licensing 2008–2012

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Total Filings Processed by Licensing Division*	781,659	875,772	887,616	880,474	942,852
Total Telephone Inquiries Received**	138,877	152,024	139,290	143,259	145,433

* Including Title Filings.

** Licensing uses an Interactive Voice Response (IVR) to improve the Division's ability to respond to calls from companies, agents and the public. The IVR is 24-hour, non-stop source of licensing information.

Figure 11: Summary of Agents License Statistics 2008–2012

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Issued	63,642	72,828	63,545	69,416	73,488
Renewed	118,739	116,022	134,064	126,439	138,176
Total Appointment Transactions	511,754	604,158	603,763	595,154	654,931
Total Current Agents & Adjusters Licenses	378,333	401,321	413,996	430,748	447,821
Other Licenses	7,572	7,585	7,506	7,837	7,965
Grand Total of Licenses Regulated	386,922	408,906	421,502	438,585	455,786

Figure 12: Numbers and Types of Agents Licenses 2008–2012

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
County Mutual	3,263	3,424	3,696	4,039	4,009
General Lines - Life, Accident, Health and HMO	172,461	174,328	175,441	179,160	182,609
General Lines - Property and Casualty	105,326	105,391	106,502	109,033	111,986
Life Only Agent*			17,747	21,410	24,328
Personal Lines Agent*			7,847	10,142	11,613
Insurance Service Representative	1,568	1,467	1,325	1,234	1,170
Life not to Exceed \$15,000	915	861	831	705	662
Limited Lines	5,024	4,672	4,576	5,584	5,952
Managing General Agent	1,583	1,598	1,589	1,596	1,579
Pre-Need	2,328	2,625	2,607	2,626	2,724
Surplus Lines	4,670	5,017	5,250	5,492	5,649

* Licenses added beginning FY 2008.

Figure 13: Summary of Title Insurance Licensing Activity

	FY 2011	FY 2012
Licenses Issued (includes renewals)	4,713	6,337
Licenses Cancelled	1,958	1,721

Figure 14: Numbers of Agents/Licenses under Commissioner's Jurisdiction (Title Insurance)

	FY 2011	FY 2012
Title Agents	565	565
Title Agent Licenses	1,505	1,532
Direct Operations	8	5
Direct Operations Licenses	8	5
Escrow Officers	5,574	5,563
Escrow Officer Licenses	5,931	6,000

General Counsel Division

THE GENERAL COUNSEL DIVISION provides legal services to the agency, including both the Commissioner of Insurance and the Commissioner of Workers' Compensation. It is comprised of the General Counsel/Chief Clerk's Office and the Legal Services Section.

General Counsel/Chief Clerk

General Counsel/Chief Clerk serves as the Commissioner's legal adviser on both contested and uncontested cases and assists in developing rules, setting rates and handling various appeals to the Commissioner, including appeals from decisions of Boards and Associations supervised by the Commissioner. In addition, the office coordinates matters involving contested case proceedings, policy issues, and rule-making; performs legal research; certifies rules for the agency; approves all bulletins issued by the agency and the Commissioner; and maintains records of proceedings involving the Commissioner and Commissioner actions. General Counsel/Chief Clerk handles hearings-related duties including coordinating hearing notices and scheduling hearings with the State Office of Administrative Hearings (SOAH), along with providing a court reporter when required. The office also serves as liaison to the National Association of Insurance Commissioners (NAIC) and the Interstate Product Regulation Commission.

FY 2012 Highlights

- advised the Commissioner on 46 contested cases heard by SOAH, 10 hearings and public meetings conducted by the Commissioner, and advised the Commissioner on rate and other matters;
- briefed and advised the Commissioner on 15 appeals of TWIA decisions;
- adopted six new Texas Administrative Code rules, repealed four TAC rules, and amended eight TAC rules;
- adopted twelve manual rule proposals under Article 5.96 of the Texas Insurance Code;
- advised the Commissioner regarding orders in connection with agents and insurers, including 204 consent orders, 81 default orders, 37 contested orders, 2 cease and desist orders; and 146 amusement ride orders;
- issued 36 Commissioner's Bulletins;
- served as liaison to the NAIC and Interstate Insurance Product Regulation Commission.

Legal Services

The Legal Services Section counsels the agency on all matters, including operations, personnel, contracts, open records, and policymaking. The program interprets statutes, drafts rules, opinions, orders, bulletins, and assists the Financial Program with financial and receivership matters. The division has four sections: Agency Counsel, Financial Counsel, Policy Development Counsel, and Workers' Compensation Counsel.

FY 2012 Highlights

- reviewed and/or prepared 298 contracts or agreements for the agency under general counsel;
- processed 921 citations and 135 subpoenas under general counsel;
- adopted 75 rules; and
- repealed six rules.

Figure 15: Summary of Activity: Legal Services

	FY 2011	FY 2012
Open records requests received	11,439	11,811
Open records requests completed	11,397	11,809
AG referrals for opinions	86	161
Unemployment hearings	13	9

Public Affairs

PUBLIC AFFAIRS is comprised of Government Relations (GR) and the Public Information Office (PIO).

Government Relations

GR serves as TDI's liaison with the Legislature and other governmental entities. Major responsibilities include helping the Commissioner of Insurance and the Commissioner of Workers' Compensation 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; 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 researching and reviewing possible appointments to various boards and committees required to assist the Department, which includes on-going monitoring of such appointments.

FY 2012 Highlights

- assisted the Commissioner of Insurance and the Commissioner of Workers' Compensation in preparing for and presenting information on interim charges as developed by the Texas State leadership and heard by various interim committees such as Senate Business and Commerce, Senate State Affairs, House Insurance, and several select committees considering issues related to federal healthcare reform;
- participated in the agency project to coordinate and respond to the implementation of the federal healthcare reform passed by the U.S. Congress in March, 2010, including informing and updating the Legislature of the scope of the department's activities and assisting as necessary with legislative inquiries and interim hearings;
- continued during the interim to track, coordinate, and report to the Legislature on the implementation activities of the 195 insurance-related bills passed during the 82nd Legislative Session (2011) and 82nd First Called Special Session, resulting in approximately 209 implementation items for the TDI and the DWC;
- published and updated bill implementation information on the agency's website;
- worked with bill authors and sponsors of legislation and kept them advised of implementation developments, including stakeholder and working group meetings in the development of rules;
- monitored and attended meetings of various boards and committees, including legislative interim committees, for the Commissioner of Insurance and the Commissioner of Workers' Compensation;
- coordinated and prepared presentations by the Commissioner of Insurance, the Commissioner of Workers' Compensation, and agency staff for interim and regular session legislative committees charged with studying insurance and workers' compensation-related issues;
- continued to maintain a consumer liaison for approximately 1400 insurance inquiries;
- assisted TDI staff with appointment and re-appointment of 17 members to advisory committees and boards, including: the appointment of two new Advisory Boards, the Texas Bleeding Disorders Association Advisory Council and the Adjuster Advisory Board, and continued monitoring of the Utilization Review Advisory Committee;

- monitored the continued Administrative Oversight of the Texas Windstorm Insurance Association and the implementation of House Bill (HB) 3, 82nd Legislature, First Called Special and distributed monthly reports to leadership and bill author and sponsors;
- assisted TDI staff with implementation of the Coastal Outreach Program as established by HB 3, 82nd Legislature, First Called Special Session.

Public Information Office

PIO serves as the agency's primary contact with the news media. PIO's goal is to advance and protect TDI's institutional identity and reputation through messaging that is timely factual, and consistent. PIO's primary responsibilities are responding to media inquiries, conducting proactive outreach through the media, supporting TDI's web presence, and providing graphics and print support for the entire agency.

FY 2012 Highlights

- wrote and coordinated dissemination of 53 press releases, press statements, and media advisories;
- responded to 474 media calls and information requests;
- continued to provide a daily news clipping service, monitoring all major Texas newspapers for insurance-related news;
- published TDInsight, a newsletter for industry stakeholders and policymakers; The Bulletin Board, the agency's internal employee newsletter; and TDI's Annual Report;
- designed and produced agency brochures, booklets, fliers, posters, and stationery, as well as web-enterable forms and optimal web images for the TDI website;
- made a number of website improvements, including the addition of Google Analytics and Google-friendly site maps to improve TDI web site performance; acquisition of new accessibility checking software; and enhancements to the Kids' Page and agency job listings to make them more accessible and easier to read;
- distributed 116 e-mail updates to close to over 4,000 TDI eNews subscribers;
- provided live and archived Internet audio of eight public hearings/meetings.

Regulatory Policy

THE REGULATORY POLICY DIVISION regulates a wide range of insurance products and related coverages offered by insurance companies. Specifically, the division oversees and manages regulatory matters, researches and collects data, publishes reports to assist policymakers and consumers with insurance-related decisions, and handles 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. P&C consists of the Data Services and Special Projects Team and four offices: Personal and Commercial Lines, Inspections, Property and Casualty Actuarial, and Workers' Compensation Classification and Premium Calculation. LAH consists of three offices: Research and Policy Initiatives, Managed Care and Quality Assurance, and Rate and Form Review.

FY 2012 Highlights: Property and Casualty

Personal and Commercial Lines

- restructured to align similar functions as part of the agency reorganization. Property and Casualty Intake was acquired, as well as the review of Workers' Compensation and Title manual policy forms and rules. In addition, all Property and Casualty and Title complaints shifted to the Consumer Protection Section of the Compliance Division. Title Examinations and Title Licensing functions transitioned to the Examinations and Licensing Services Sections of the Financial Regulation Division.

Inspections

- repealed 28 Texas Administrative Code Section 5.9600, concerning the conduct of commercial property inspections and rating functions by private entities and the department's regulatory oversight of these functions. The department determined that the oversight of commercial property inspections and rating functions was not supported by statute, was an obsolete departmental function, and thus, no longer required.
- conducted joint public presentations in collaboration with the Texas Board of Professional Engineers to provide new TBPE and TDI requirements for engineers appointed as qualified windstorm inspectors, pursuant to the changes in HB 3 (82nd Legislature, First Called Special Session).

Property and Casualty Actuarial

- issued a report to the Senate Business and Commerce Committee titled Homeowners' Premiums and Rates in Texas. The report concludes, after a state-by-state analysis of numerous variables, that the primary driver of high premiums is high losses, both actual ordinary losses and potential catastrophe losses. In addition, it points out that the main drivers of recent rate increases in Texas are increases in underlying repair costs, expanded coverage, and changes in the features of new homes; changes to hurricane models and the underlying assumptions used in the models; insurers' demands for the same return for assuming risk that reinsurers would demand; increases in expenses; and declines in interest rates.

Data Services and Special Projects

- acquired the functions of General Management, including the TexasSure program, which sent over two million notices to the owners of registered vehicles that appeared to be uninsured. TexasSure is used by all 254 county Tax Assessor-Collector offices and is available to law enforcement agencies statewide. The average number of insurance verification queries to the system in FY 2012 was 4.75 million per month.

FY 2012 Highlights: Life, Accident and Health

Research and Policy Initiatives

- spearheaded or participated in the proposal or adoption of rules pertaining to Utilization Reviews for Health Care Provided Under a Health Plan or Health Insurance Policy; Preferred and Exclusive Provider Plans, Network Adequacy Requirements; Memorandum of Understanding with the Department of Banking and the Texas Funeral Service Commission; Contribution and Participation Requirements for Guaranteed Issue Small Employer Health Benefit Plans; Consumer Credit Bill of Rights; and Health Care Collaboratives;
- coordinated multiple data calls, drafted related reports, and launched beta version of health reimbursement rate data search;
- monitored the impact of federal health reform on the Texas market;
- reached maximum Healthy Texas enrollment of 15,000 enrollees in August 2012;
- administered the Three-Share grant program and conducted a management audit of Three-Share entities.

Managed Care Quality Assurance Office

- conducted 53 HMO Quality Assurance Examinations;
- certified 30 networks with coverage areas in 250 of 254 Texas counties;
- certified/registered 204 URAs, certified 43 IROs, and completed 2,846 IRO assignments;
- completed review of 1,412 form review filings within 90 days.

Rate and Form Review

- assumed new review duties following transition to align functions: review of advertising material was moved from Consumer Protection, and review of HMO forms was moved from the Managed Care and Quality Assurance Office;
- reviewed and approved rates for Healthy Texas and the Texas Insurance Pool;
- implemented Texas Insurance Code 463 to update the Guarantee Fund notice;
- provided consumers with information about health insurance rate increases through TDI's website.

Figure 16: Summary of Activity: Property and Casualty Intake Program Filings Received/Processed

RATE FILINGS	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Liability/Umbrella	64	40	42	51	57
Bond and Miscellaneous Lines	401	251	372	315	331
Commercial Automobile	774	489	524	703	687
General Liability	743	830	926	1,037	941
Homeowners	236	268	297	282	274
Interline Filing	18	45	61	53	76
Inland Marine	178	160	277	154	239
Identity Theft	2	1	2	1	0
Intake Unit	0	0	0	0	0
Commercial Multi-Peril	708	699	892	998	1,067
Personal Automobile	769	602	676	985	744
PC (Other Personal Lines)**	2	0	0	0	0
PC (Other Commercial Lines)**	0	5	5	5	6
Professional Liability	197	217	202	206	203
Commercial Property	343	319	372	343	562
Workers' Compensation	594	471	412	486	607
Total	5,029	4,397	5,060	5,619	5,794
POLICY FORM, ENDORSEMENT, AND RULE FILINGS					
Personal Liability/Umbrella	111	67	88	90	126
Bond and Miscellaneous Lines	691	593	500	538	466
Commercial Automobile	1,002	925	798	1,417	1,306
General Liability	3,258	2,759	2,410	2,294	2,674
Homeowners	342	310	345	353	405
Interline Filing	444	483	220	375	280
Inland Marine	772	586	498	446	591
Identity Theft	3	1	13	4	0
Intake Unit	0	3	2	0	0
Commercial Multi-Peril	3,507	3,238	3,235	3,578	3,605
Personal Automobile	697	540	498	821	634
PC (Other Personal Lines)**	2	0	0	0	0
PC (Other Commercial Lines)**	0	9	14	10	19
Professional Liability	599	764	661	642	641
Commercial Property	1,062	1,171	877	765	825
Workers' Compensation	399	187	269	437	232
Total	12,889	12,806	10,428	11,770	11,804
Total P&C Filings Received	17,918	17,203	15,488	17,389	*17,598
Intake Unit Filings Processed	114	197	175	140	336

* Total Includes 16,927 SERFF Filings.

** Effective 09/03/2009, PC Category shows combined totals.

Figure 17: Property and Casualty Rate Filings Completed

TYPE OF INSURANCE	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Liability/Umbrella	49	36	60	45	56
Bond and Miscellaneous Lines	489	321	417	334	315
Commercial Automobile	838	542	473	564	758
General Liability	720	790	936	999	918
Homeowners	199	301	287	288	266
Interline Filing	18	44	56	62	63
Inland Marine	147	195	274	158	197
Identity Theft	4	3	2	1	1
Intake Unit	0	0	0	0	0
Commercial Multi-Peril	733	769	993	992	1,094
Personal Automobile	714	652	664	879	706
Personal Casualty	0	6	6	4	4
Professional Liability	162	98	364	185	124
Commercial Property	381	358	451	345	573
Workers' Compensation	157	658	196	554	417
Total	4,611	4,773	5,179	5,410	5,492

Figure 18: Property and Casualty Form Filings Completed

TYPE OF INSURANCE	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Liability/Umbrella	117	64	90	93	136
Bond and Miscellaneous Lines	691	601	487	542	466
Commercial Automobile	897	978	764	1,335	1,464
General Liability	3,069	2,816	2,220	2,299	2,670
Homeowners	339	310	351	321	404
Interline Filing	406	490	232	332	323
Inland Marine	744	617	479	426	607
Identity Theft	1	3	11	5	1
Intake Unit	0	3	2	0	2
Commercial Multi-Peril	3,384	3,547	3,291	3,521	3,746
Personal Automobile	669	562	505	725	768
Personal Casualty	1	11	14	9	16
Professional Liability	569	693	713	645	636
Commercial Property	983	1,238	856	749	867
Workers' Compensation	386	227	266	438	242
Total	12,256	12,160	10,281	11,440	12,348

Figure 19: Summary of Title Insurance Activity

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Rates, Rules and Policy Forms	131	8	47	7	0

Figure 20: Summary of Activity: Commercial Property Oversight Inspections

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Property Inspections Conducted	1,175	1,199	1,200	800	100
Residential/Special Inspections	0	2	3	2	0
VIP Licenses/Certificates Issued	163	189	138	146	114

Figure 21: Summary of Activity: Windstorm Operations

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Applications	30,856	77,499	38,688	35,801	31,717
Inspections	11,038	*39,988	**11,223	9,343	7,308
Certificates of Compliance	31,212	66,831	39,226	36,481	32,177
Windstorm Fees Received	\$10,596.28	\$6,335.00	\$8,320	\$6,185	\$7,355

* This is a combined total of both TDI (14,981) and TWIA (25,007) inspections.

** This is a combined total of both TDI (8,410) and TWIA (2,813) inspections.

Figure 22: Summary of Activity: Engineering Services

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Building Code Interpretations	2,135	5,902	3,701	3,056	3,843
Product Evaluations	1,331	2,100	1,460	2,003	1,867

Figure 23: Summary of Activity: Loss Control

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Total Evaluations Completed	201	208	202	202	201
Companies Rated Adequate	201	204	201	193	199
Companies Rated Less than Adequate	0	1	1	9	2
Companies Evaluated for Licensure	2	10	11	8	7
Loss Control Representative Applications Reviewed	203	129	168	231	218
Field Safety Representatives with a Specialty in Hospitals	11	8	5	7	14

Figure 24: Summary of Activity: Amusement Ride Safety and Insurance Act

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Policies Reviewed	331	443	436	552	803
Inspection Certificates Approved	1,818	2,405	2,683	5,242	6,618
Injuries	128	78	54	64	87
Owners Under Compliance Monitoring	413	559	635	782	1,049

Figure 25: Summary of Activity: Workers' Compensation Classification/ Premium Calculation Office

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Experience Rating Modifiers Reviewed	532	624	469	485	*351
Responses to Written CIS Inquiries (Non Complaints)	1,267	1,379	1,433	1,126	1,175
Groups Certified	63	70	70	69	64

*Ceased reviewing experience modifiers April 2012, as there is no statutory requirement for this review.

Figure 26: Data Services and Special Projects: Other Statistical Reports Collected

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Title Insurance Agents	629	634	615	585	563
Title Insurance Underwriters	23	21	21	17	16

Figure 27: Summary of Activity: Life/Health Filings

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Filed	26,234	24,831	19,884	19,787	21,274
Accepted	25,600	23,858	18,732	18,457	19,739
Approved	9,081	8,161	6,642	6,579	7,570
Disapproved	2,455	2,993	1,800	2,058	1,410
Exempt	5,625	4,898	4,149	4,832	5,658

Figure 28: Summary of Activity: HMO Filings

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Actual Performance	1,423	1,438	1,760	1,481	1,412

Figure 29: Summary of Activity: Utilization Review Filings

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Applications Received	20	5	18	11	30
Registered URAs Approved	2	0	1	0	0
Certified URAs Approved	14	9	12	11	15
Certified URAs Renewed	79	75	77	71	87

Figure 30: Summary of Activity: HMO Complaints

NUMBER OF COMPLAINTS AGAINST HMOS RESOLVED	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Actual Performance	905	668	620	755	470

Figure 31: Number of HMO Quality Assurance Examinations Conducted

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Actual Performance	16	23	28	38	53

Figure 32: Summary of Activity: HWCN Inquiries

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Inquiries Received	479	607	681	685	374
Inquiries Completed	469	591	687	685	374

Figure 33: Summary of Activity: IRO Applications

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
IRO Applications Received	7	10	6	2	4
IRO Applications Approved	7	9	6	0	4
IRO Renewals Approved	27	35	42	33	38

Figure 34: Summary of Activity: Certified Workers' Compensation Health Care Networks

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Total No. of Certified WC Networks	34	33	30	32	30
No. of SAE's Approved	12	7	7	10	7
No. of Original WCNs Approved	3	1	1	5	3
No. of Counties Served	234	234	249	250	250

State Fire Marshal's Office

THE STATE FIRE MARSHAL'S OFFICE (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 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.

FY 2012 Highlights

TEXFIRS

- continued discussions with Texas A&M Forest Service (TFS) regarding a pilot project between SFMO, TFS, and the Harris County Fire Marshal's Office to utilize the current TEXFIRS data to meet the fire incident data needs of the TFS and the various fire service entities in the state;
- continued partnership with the Insurance Council of Texas on the "We're Out to Alarm Texas" campaign to distribute smoke alarms to those most in need, the elderly and low income residents;
- received and completed processing of 1,731,912 fire and non-fire 2011 TEXFIRS reports from 1,038 fire departments.

Outreach, Policy, and Research

- held the 13th Annual Texas Fire Marshals' Conference in conjunction with the Texas Fire Marshals' Association, attended by approximately 250 fire marshals and fire prevention educators from across the state;
- implemented Have an Exit Strategy (HAES), a fire and life safety education program, at 136 private universities and two-year community colleges. The program was funded through a FEMA Fire Prevention and Safety Grant for \$285,048.

Industry Licensing

- conducted 181 licensing investigations, of which 35 percent were referred to enforcement;
- effected over \$85,000 in repairs that were made by involved companies at no additional cost to the property owner;
- added a licensing investigator for the West Texas/Panhandle area;
- issued 13,378 licenses, registrations, and permits to the fire alarm, extinguisher, sprinkler, and fireworks industries. As of August 31, 2012, there are 2,842 licensed and registered firms and 10,704 licensed and permitted individuals. In addition, SFMO issued 563 display permits and 3,934 retail fireworks permits.
- issued 61 Fire Marshal Consent Orders relating to enforcement of fire extinguisher, alarm, sprinkler, and fireworks safety, generating over \$183,150 administrative penalties. This included one extinguisher firm with a penalty of \$45,000 that involved improper installations, the use of unlicensed individuals, and misrepresentations at numerous locations. Another FM Order revoked an individual's fire extinguisher license for repeatedly engaging in misrepresentations and improper service of portable extinguishers and fixed extinguishing systems.

Fire Investigations

- began planning quarterly forensic science advisory group trainings per recommendations of the Forensic Science Report;
- SFMO canine teams and SFMO arson lab chemists, in conjunction with the North American Police Work Dog Association (NAPWDA) and the Dallas Fire Department, hosted an annual canine certification class in Dallas, in which 13 canine teams from across the country received recertification for accelerant detection purposes;
- received \$90,800 from a Criminal Justice Grant via the Texas Governor’s Office to purchase an Accelerant Detection Canine (based in the Panhandle area), one cargo trailer, 22 inverters, 22 cordless tool combo kits, 22 remote area lighting systems, and 22 winches;
- purchased a new oven for the Arson Lab with fines from Fire Standard Compliant Cigarette violations, which is critical for evidence testing at the lab (the previous oven was over 10 years old);
- conducted four Line of Duty Death (LODD) investigations; one occurred during a training, two occurred while the firefighter was on duty, and one occurred at a fire scene. SFMO’s scope for investigating LODDs expanded in May 2011 to include firefighter fatalities that occur during training.

PPC Oversight

- continued meeting with members of the Texas Fire Chiefs Association (TFCA) to discuss the proposed changes to the Fire Suppression Ratings Schedule (FSRS), the survey instrument used to rate a community’s Public Protection Classification (PPC) score, and hear any related concerns;
- met with 18 communities in Texas to discuss ISO classification and provide assistance to improve grading; 163 communities improved their ISO rating in FY 2012.

Fire Safety Inspections

- performed 374 inspections of facilities that are leased by Texas Facilities Commission (TFC) for occupation by state agencies;
- based on SFMO’s university inspection program, the focus of fire safety has come to the forefront at virtually every state owned university in Texas. Most Texas universities now employ a full time safety staff and in some cases a designated fire marshal. Numerous inspections have been conducted, resulting in a safer environment. SFMO inspectors will continue to maintain open communication with all state owned universities, conduct biannual inspection of all residential buildings every other year, and conduct inspections of new construction and major remodels or renovations.

Figure 35: Summary of Activity: State Fire Marshal’s Office

	FY 2011	FY 2012	ANNUAL TARGET
Fire investigations completed	412	483	507
Samples analyzed in arson laboratory	2,707	2,566	2,300
Investigations/inspections of complaints against fire protection equipment/fireworks industries	584	702	1,100
Buildings inspected/re-inspected for fire safety hazards	5,492	5,274	4,650
Number of communities or community partners accepting an SFMO fire prevention program or initiative	39	105*	40

* Note: The target number for this measure is 40. SFMO was able to double that number in FY 2012 because of the office’s receipt of the Have an Exit Strategy (HAES) grant, which allowed the implementation of the HAES program on private university campuses and community college campuses in the state.



**Division of
Workers' Compensation**

Division of Workers' Compensation (TDI-DWC)

The primary duties of TDI-DWC are to regulate and administer the business of workers' compensation in Texas; and ensure that the Texas Workers' Compensation Act, basic goals of the Texas Labor Code, and other laws regarding workers' compensation are implemented and enforced. The basic goals of the Texas workers' compensation system are as follows:

- 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.

Governor Rick Perry appointed Rod Bordelon as Commissioner of Workers' Compensation and he assumed those duties in September 2008. During the 2011 Legislative Session, Commissioner Bordelon was re-appointed by the Governor and confirmed by the Senate.

The Commissioner of Workers' Compensation 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 Commissioner of Workers' Compensation has the authority to approve Certificates of Authority to Self-Insure for workers' compensation claims for certain eligible employers with employees in Texas.

TDI-DWC 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 and the Special Deputy Commissioner for Policy and Research.

The **General Counsel** advises the Commissioner of Workers' Compensation on legal matters affecting TDI-DWC, reviews litigation, and coordinates legal analysis of policy issues. The office of the General Counsel also includes the Subsequent Injury Fund program area and Self Insurance Regulation. The Subsequent Injury Fund pays authorized income benefits to injured employees who qualify for Lifetime Income Benefits as a result of a subsequent work-related injury and distributes reimbursements to eligible insurance carriers for overpayment of benefits.

The **Special Deputy Commissioner for Policy and Research** provides policy guidance to the Commissioner of Workers' Compensation and directs the rule-making process that implements legislative changes. The Special Deputy also oversees the Workers' Compensation Research and Evaluation Group, which conducts professional studies on the operational effectiveness of the Texas workers' compensation system.

Operations

The Executive Deputy Commissioner for Operations is responsible for Designated Doctor Outreach and Oversight, Field Operations, Records Management and Support, Outreach Planning and Coordination and Operations Support for TDI-DWC.

Designated Doctor Outreach and Oversight oversees, with the advice and direction of the Medical Advisor and the Medical Quality Review Panel, the testing and credentialing of Designated Doctor applicants and processes requests for Designated Doctor examinations. The program area also provides education, resources, and direction to Designated Doctors to ensure injured employees are evaluated by qualified doctors.

Field Operations delivers customer assistance and claims service in 21 field offices located throughout the state as well as through centralized functions in the Austin headquarters. Injured employees and other system participants who need information and assistance can contact field offices via a toll-free telephone number that routes calls to the closest local field office. Field office staff assist system participants by:

- providing information about the Texas workers' compensation system;
- providing injured employees with a single point of contact at TDI-DWC for claims assistance and return-to-work information;
- providing local venues for conducting Benefit Review Conferences and Contested Case Hearings;
- processing approximately 24,000 official actions per year, such as requests for change of treating doctors, requests for Required Medical Examinations, and Supplemental Income Benefit first quarter entitlement determinations;
- conducting quarterly seminars with system stakeholders on workers' compensation topics.

Records Management and Support maintains records associated with injured employee claim files and insurance coverage information. The section:

- stores and maintains injured employee claim files and employer insurance coverage files according to the TDI-DWC records retention schedule and established quality standards;
- provides information pertaining to injured employees or coverage files to internal and external customers;
- receives and updates claims information from source documents;
- processes claims information received from Electronic Data Interchange (EDI) transactions and provides EDI customer service to insurance carriers/trading partners;
- receives and processes required forms (DWC Form-005 and DWC Form-007) submitted by employers that do not have workers' compensation coverage (non-subscribers).

Outreach Planning and Coordination oversees delivery of educational opportunities to system participants through education and compliance conferences, coordination of speaking engagements, facilitating rule implementation efforts, managing agency calendars and providing logistical support for internal and external training, meetings, and special projects.

Operations Support enhances the mission of TDI-DWC through the efforts of three specialized areas: Business Process Improvement, Communications, and Automation and Project Management.

- **Business Process Improvement** creates and implements process-oriented solutions to streamline and increase the effectiveness of service delivery.
- **Communications** provides support for TDI-DWC internal and external written communications, web-based information, forms management, and translation services.
- **Automation and Project Management** provides automated solutions to business process needs of TDI-DWC and system participants.

Hearings

The Deputy Commissioner for Hearings oversees various dispute resolution processes. It is the goal of TDI-DWC to resolve disputed issues at the lowest level of dispute resolution, thereby ensuring prompt medical care and payment of workers' compensation income benefits to injured employees and prompt payment of medical fees to health care providers. The 82nd Texas Legislature amended sections of the Labor Code that govern certain aspects of the dispute resolution process. These changes became effective September 1, 2011 (except as otherwise specified) and are reflected in the following description of the program area.

Indemnity Dispute Resolution

The Hearings program provides indemnity dispute resolution for benefit disputes regarding compensability or eligibility for, or the amount of, income, death, or burial benefits. The multi-tiered administrative system for indemnity benefit dispute resolution consists of Benefit Review Conferences (BRC), Contested Case Hearings (CCH), and Appeals Panel reviews. Recent legislation includes more stringent requirements regarding canceling and rescheduling a BRC. If a party fails to attend a BRC and does not show good cause, the party that failed to attend shall forfeit the right to that BRC.

Other legislative changes addressed the situations in which the Appeals Panel can issue a written decision. In addition to writing opinions when the decision of the CCH is being overturned, the Appeals Panel may also issue a written decision on an affirmed case under certain conditions (for example, on an issue of first impression). BRCs and CCHs are held at TDI-DWC field offices and other sites throughout the state, and Appeals Panel reviews of decisions on indemnity disputes are conducted at TDI-DWC headquarters in Austin.

Medical Dispute Resolution

- **Medical Necessity Disputes:** Hearings conducts Medical Contested Case Hearings (MCCH) as an appeal process for resolving medical necessity disputes, i.e., appeal of an Independent Review Organization (IRO) decision, for non-network claims and claims receiving benefits in accordance with Section 504.053(b)(2) of the Labor Code. Effective June 2012, Hearings began resolving appeals of all IRO decisions, including decisions involving certified network claims. Texas Labor Code, Section 413.031 allows a party to appeal any IRO decision by requesting an MCCH.
- **Non-network Medical Fee Disputes:** For medical fee disputes received on or after June 1, 2012, Hearings is responsible for conducting BRCs regarding the appeal of a medical fee dispute decision for non-network claims. If a non-network medical fee dispute is not resolved at a BRC, the parties may proceed to binding arbitration or to a State Office of Administrative Hearings (SOAH) contested case hearing. In appeals of medical fee disputes at SOAH, the non-prevailing party, other than an injured employee, is responsible for paying SOAH's hearing costs. Fee disputes received before June 1, 2012 are appealed either to a TDI-DWC CCH or to SOAH.
- **Certified Network Medical Fee Disputes:** Per Insurance Code, Chapter 1305, medical fee disputes between certified network health care providers and insurance carriers are resolved contractually and appeals are handled internally by the networks through their complaint processes.
- **First Responder Medical Disputes:** The Labor Code provides for the expedited provision of medical benefits (i.e., an accelerated dispute process) for certain work-related injuries sustained by a first responder employed by a political subdivision with the intent to ensure that the injured first responder's claim for medical benefits is expedited by the political subdivision, insurance carrier, and TDI-DWC to the full extent authorized by law.

Other Dispute Resolution

Sections 1305.103 and 1305.451 of the Insurance Code provide that the dispute resolution process in Chapter 410 of the Labor Code applies to disputes of whether an insurance carrier or employer properly provided an employee certain information regarding workers' compensation networks as required by Chapter 1305 of the Insurance Code. Hearings also resolves disputes regarding official actions taken by TDI-DWC. A party may request an expedited CCH in these cases.

Judicial Review

Parties dissatisfied with a final dispute resolution decision (other than an arbitration decision) may appeal to a court of law. For indemnity decisions, review by the court is on a modified *de novo* basis. For medical and other dispute resolution decisions, review by the court is based on substantial evidence.

Office of the Medical Advisor

The TDI-DWC Medical Advisor monitors the quality of health care in the workers' compensation system by conducting reviews of health care providers and other system participants. The Medical Advisor also recommends to the Commissioner of Workers' Compensation rules and policies regarding medical care and medical delivery systems and determines which doctors meet the qualifications to serve as Designated Doctors.

Health Care Management and System Monitoring

The Executive Deputy Commissioner for Health Care Management and System Monitoring provides guidance and support in the areas of Health Care Policy, Health Care Business Management, System Monitoring and Oversight, Workplace Safety and Provider Support, and Return-to-Work.

Health Care Policy researches and analyzes economic factors and treatment protocols that form the basis for advising the Commissioner of Workers' Compensation regarding development of medical rules and guidelines for medical fees, medical treatments, and return-to-work. This program area's

primary purpose through rule and guideline development is to help ensure the quality and appropriateness of health care and injury-specific treatment while also achieving effective medical cost containment and encouraging the prompt and appropriate return to work of injured employees. In developing or revising these rules and guidelines, Health Care Policy and Implementation may seek input from system stakeholders and system participants.

Health Care Business Management provides support, regulates, and facilitates activities in the areas of Information Management, Health Care Quality Review, and Medical Fee Dispute Resolution.

- **Information Management** maintains the processes for retrieval of system billing and claim data into useable formats for various reports based on requests from internal and external customers.
- **Health Care Quality Review** supports the functional operation of the Medical Advisor and the Medical Quality Review Panel (MQRP). The MQRP reviews the actions of doctors, other health care providers, insurance carriers, utilization review agents, and independent review organizations in the workers' compensation system and makes recommendations to the Medical Advisor.
- **Medical Fee Dispute Resolution (MFDR)** resolves disputes over the amount of payment for services determined to be medically necessary and appropriate for the treatment of a compensable injury.

System Monitoring and Oversight is responsible for monitoring system compliance by analyzing system data, identifying non-compliance, making referrals to Enforcement, and administering the Performance-Based Oversight (PBO) program. These goals are accomplished through the following activities:

- **Monitoring and Analysis** oversees the PBO program, reviews internal data for compliance issues, makes outreach calls to system participants regarding compliance and potential compliance issues, monitors the management of electronic data that is reported to TDI-DWC by system participants, and provides support for successful EDI processing.
- **Complaint Resolution** reviews and resolves complaints, resulting in thousands of dollars of additional payments to system participants each year.
- **Audits and Investigations** conducts audits on system participants who are deemed poor performers as a result of PBO assessments. This section also investigates and prepares cases for possible enforcement action.

Workplace Safety and Provider Support is responsible for providing outreach and education to system participants regarding medical benefits and other workers' compensation topics, as well as the provision of health and safety resources to Texas employers and employees.

- **Workplace Safety** provides Texas employers and employees with health and safety resources and services to prevent occupational injuries and illnesses through the following activities: Federal Data Collection, Occupational Safety and Health Consultations, and Safety Training and Inspections. Workplace Safety also coordinates annual safety conferences.
 - **Federal Data Collection Program** collects, analyzes, and distributes occupational injury, illness, and fatality information for the state of Texas. Data collection programs include the Bureau of Labor Statistics (BLS) Survey of Occupational Injuries and Illnesses, the BLS Census of Fatal Occupational Injuries, and the annual Occupational Safety and Health Administration (OSHA) Data Initiative. These collection programs are funded in part or wholly through grants from BLS and OSHA. This program also analyzes workers' compensation claims data to identify causes of injury and illness.
 - **Occupational Safety and Health Consultation (OSHCON) Program** provides free assistance to employers with 250 or fewer employees on site and no more than 500 employees nationwide in high-hazard industries to help them better understand and comply with federal OSHA safety regulations. Limited assistance is available to larger employers. The program is largely funded by a grant from OSHA, but is non-regulatory in nature. The program also maintains a free safety and health training DVD loan library that houses over 4,000 safety training materials.
 - **Safety Training and Inspections** consists of four programs that administer its services:
 - **Safety Training Program** educates employees and employers across the state about safe and healthy work practices through on-site company training, regional seminars, an annual state wide safety conference, safety and health publications, and other forms of outreach.

- **Accident Prevention Services Program** inspects insurance companies that write workers' compensation in Texas to ensure that they are providing required accident prevention services to their policyholders.
- **Rejected Risk Program** works with companies needing safety and health assistance as identified by the Texas Mutual Insurance Company. Inspections of these employers are conducted to confirm implementation of effective accident prevention plans.
- **Safety Violations Hotline** is a tool for Texans to report violations of workplace safety and health laws. This 24-hour, bilingual, toll-free hotline can be used by anyone wishing to report suspected violations.
- **Provider Support** provides internal and external training on medical benefits as well as outreach efforts to encourage non-participating health care providers to become involved in the Texas workers' compensation system. Provider Support also provides services to external customers through Comp Connection for Health Care Providers, an educational outreach program that provides a toll-free telephone number and e-mail address for health care providers to make inquiries about workers' compensation rules, policies, and procedures, including questions about billing and dispute resolution.

Return-to-Work provides internal and external training on return-to-work and administers the Return-to-Work Program for Small Employers, including the intake and processing of applications for reimbursement for workplace modifications that facilitate an employee's return to work. In addition, Return-to-Work maintains a list of private providers of vocational rehabilitation as a resource for insurance carriers and injured employees.

In addition to the TDI-DWC major program areas discussed above, the following agency programs provide essential services to TDI-DWC.

Workers' Compensation Counsel

Workers' Compensation Counsel provides services to TDI-DWC in the areas of rulemaking, open records, and specific legal issue support to the program areas. Workers' Compensation Counsel operates under the direction of the Commissioner of Workers' Compensation through the TDI Senior Associate Commissioner for Legal and Regulatory Affairs.

Enforcement

Enforcement investigates alleged violations of the Texas Labor Code and agency rules, issues notices of violation, and pursues enforcement actions according to priorities set by the Commissioner of Workers' Compensation. The Workers' Compensation Litigation Office operates under the direction of the Commissioner of Workers' Compensation through the TDI Associate Commissioner of the Enforcement Section, Compliance Division.

Workers' Compensation Research and Evaluation Group

The Workers' Compensation Research and Evaluation Group (WCREG), overseen by the Special Deputy Commissioner for Policy and Research, conducts research projects on system-wide issues such as medical costs and utilization of care trends in Texas, return-to-work outcomes for injured Texas workers, and employer participation in the Texas workers' compensation system. The WCREG also presents findings and provides testimony for various legislative committees and produces an annual report card for certified workers' compensation health care networks and political subdivisions. The Commissioner of Insurance reviews and adopts the WCREG's annual research agenda in accordance with Section 405.0026, Labor Code.

Rulemaking Highlights

Pharmacy Fee Guideline: adopts a pharmacy fee guideline under Texas Labor Code §408.028(f) and amends rules to implement legislative changes made by HB 528, 82nd Texas Legislature, Regular Session (2011). Adopted September 30, 2011 (amends 28 TAC §§134.503 and 134.504). (Texas Labor Code §§408.028(f) and 408.0281). Effective October 23, 2011.

Benefit Review Conference: amends rules to address provisions of HB 2605, 82nd Texas Legislature, Regular Session (2011), to define "good cause" for rescheduling a BRC and to establish deadlines for requesting that a BRC be rescheduled. Adopted October 31, 2011 (amends 28 TAC §§141.2 and 141.3). (Texas Labor Code §410.028). Effective November 20, 2011.

Appeals Panel: amends rules to address provisions in HB 2605, 82nd Texas Legislature, Regular Session (2011) that authorize the Appeals Panel to issue a written decision affirming the decision of a hearings officer if the case is a case of first impression, involves a recent change in law, or involves errors at the Contested Case Hearing that require correction, but do not affect the outcome of the hearing. Adopted October 31, 2011 (amends 28 TAC §143.2). (Texas Labor Code §§410.203 and 410.204). Effective November 20, 2011.

Income Benefits: amends rules to address provisions of HB 2089, 82nd Texas Legislature, Regular Session (2011), regarding resolution of overpayment or underpayment of income benefits. Adopted December 12, 2011 (amends 28 TAC §128.1 and adds new §§126.15 and 126.16). (Texas Labor Code §408.0815). Effective January 1, 2012.

Monitoring and Enforcement: amends rules to address provisions of HB 2605 82nd Texas Legislature, Regular Session (2011), to codify procedures relating to onsite inspections, proposals for decision, and cease and desist orders. Adopted January 24, 2012 (amends 28 TAC §§180.1, 180.3, 180.5, 180.8 and 180.27 and adds new §§180.4, 180.9 and 180.10). (Texas Labor Code §§402.073, 414.005 and 415.0211). Effective February 14, 2012.

Medical Dispute Resolution: amends rules to address provisions of HB 2605 and SB 809, 82nd Texas Legislature, Regular Session (2011) which affect the dispute resolution process for medical fee disputes and medical necessity disputes. Adopted May 11, 2012 (amends 28 TAC §§133.307, 133.308, 144.1 - 144.7, and 144.9 - 144.16). (Texas Labor Code §§413.031, 413.0311, and 413.0312.) Effective May 31, 2012.

General Medical Provisions: amends rules to harmonize with other TDI utilization review agent rules, current agency policy, and certain provisions of Chapters 1305 and 4201 of the Insurance Code. Adopted March 26, 2012. (amends 28 TAC §§133.2, 133.240, 133.250, 133.270, 133.305 and 134.600). Effective July 1, 2012.

Non-Subscriber Reporting: amends rules to ensure clarity with TDI-DWC processes regarding non-subscriber reporting; employer notices to employees; and employer reporting of occupational injuries, illnesses, and fatalities. Additionally, a new rule establishes a process under which a self-insured political subdivision will notify the TDI-DWC if the political subdivision provides medical benefits in accordance with Texas Labor Code §504.053(b)(2). Adopted July 13, 2012 (amends 28 TAC §§110.1, 110.101, 160.2 and 160.3; adds new §§110.7, 110.103, 110.105, and 160.1). Effective August 2, 2012 (§§110.7 and 110.103); January 1, 2013 (§§110.1, 110.101, 110.105, and 160.1 – 160.3).

Designated Doctor Credentialing and General Procedures: amends rules to address provisions of HB 2605 82nd Texas Legislature, Regular Session (2011), regarding Designated Doctor scheduling, certification, and qualifications. Adopted July 9, 2012 (amends 28 TAC §§127.1, 127.5, 127.10, 127.20, 127.25, 180.23, repeals §130.6 and §180.21, and adds new §§127.100, 127.110, 127.120, 127.130, 127.140, 127.200, 127.210 and 127.220). (Texas Labor Code §408.0041 and §408.1225). Effective September 1, 2012.

Accident Prevention Services: amends rules that regulate accident prevention services provided by insurance carriers to their insureds (amend and /or repeal rules in 28 TAC Chapter 166, as necessary). Stakeholder meeting held June 29, 2012. Anticipated adoption Fall 2012.

Medical Quality Review Panel: establishes rules to address provisions of HB 2605, 82nd Texas Legislature, Regular Session (2011), that require the Commissioner of Workers' Compensation to adopt rules concerning the operation of the Medical Quality Review Panel (MQRP) (adds new 28 TAC §§180.60, 180.62, 180.64, 180.66, 180.68, 180.70, 180.72, 180.74, 180.76 and 180.78). (Texas Labor Code §413.05122). New rules were proposed in the July 27, 2012 issue of the *Texas Register*. Comment period closed August 27, 2012. Anticipated adoption Fall 2012.

Post Designated Doctor Examination: rules will address provisions of HB 2605, 82nd Texas Legislature, Regular Session (2011), regarding an injured employee's request for a post designated doctor exam to be performed by the injured employee's treating doctor or a referral doctor on an issue decided by the designated doctor. (adds new 28 TAC §126.17). Informal rules were posted August 2, 2012. Informal comment closes August 23, 2012. Anticipated adoption Winter 2012.

Medical State Reporting: amendments regarding submission of International Classification of Diseases (ICD) 10 codes. Informal rules providing two options under consideration were posted April 24, 2012. Informal comment closed May 24, 2012. Anticipated adoption to be determined.

Joint TDI/TDI-DWC Rulemaking Projects

Utilization Review Agent (URA): Existing Subchapters R and U of 28 TAC Chapter 19 are to be repealed and replaced with new rules to implement HB 4290, 81st Texas Legislature, Regular Session (2009), which amends the Insurance Code and Labor Code relating to retrospective utilization review and utilization review to determine the experimental or investigational nature of a health care service. (repeals 28 TAC §§19.1701 – 19.1724 and 19.2001 – 19.2021 and adds new §§19.1701 – 19.1719 and 19.2001 – 19.2017). Published in the *Texas Register* for formal comment on August 24, 2012. Public hearing scheduled for September 26, 2012.

URA Companion Project: will synchronize portions of workers' compensation bill processing, pre-authorization, and concurrent review with TDI's URA proposal. (Rules to be amended, date of formal proposal to be determined.)

FY 2012 Highlights

Health Care Quality Review

- performed 107 quality of care reviews based on complaints, plan based audits, or monitoring based reviews of health care providers, designated doctors, peer review doctors, IRO doctors, utilization review agents, and insurance carriers;
- investigated 686 quality of care complaints of health care providers, designated doctors, peer review doctors, IRO doctors, utilization review agents, and insurance carriers;
- after seeking stakeholder input, approved and initiated the Annual Audit Plan for CY 2012 and plan-based audits for lumbar spinal fusions, utilization review agents, and pain management services;
- extended the deadline for a Request for Qualifications to expand the number of practitioners and specialties contracting with TDI-DWC to provide professional services as members of the Medical Quality Review Panel;
- Medical Advisor reached out to the following licensing boards to obtain a list of nominees to serve on the MQRP as required by Texas Labor Code section 413.0512(b):
 - Texas Medical Board
 - Texas Board of Chiropractic Examiners
 - Texas State Board of Pharmacy
 - Texas State Board of Podiatric Medical Examiners
 - Texas State Board of Dental Examiners
 - Texas Board of Occupational Therapy Examiners
 - Texas Board of Physical Therapy Examiners
- Medical Advisor reached out to the following labor, business, and insurance organizations to obtain a list of nominees to serve on the MQRP:
 - Texas Medical Association
 - Texas Osteopathic Medical Association
 - Texas Chiropractic Association
 - Texas Podiatric Medical Association
 - Texas Orthopedic Association
 - Texas Dental Association
 - The Texas Physical Therapy Association
 - The American Occupational Therapy Association
 - American Insurance Association
 - Texas Association of Business
 - Texas AFL-CIO
 - Insurance Council of Texas
 - Property Casualty Insurers Association of America
- proposed new rules related to the Medical Quality Review Panel (MQRP), Quality Assurance Panel and the Medical Quality Review Process to implement Texas Labor Code §§413.05115, 413.05121 and 413.05122, which were enacted or amended by HB 2605, 82nd Legislature, Regular Session, effective September 1, 2011.

Enforcement

- assessed \$1,117,562 in administrative penalties;
- obtained 153 enforcement orders issued by TDI-DWC against all system participants;
- obtained 34 enforcement orders issued by TDI-DWC against health care providers;
- issued 13 orders based on referrals from the Office of the Medical Advisor;
- held several informal settlement conferences for health care providers who were subjects of MQRP reviews;
- continued to implement Commissioner Bordelon's directive to resolve all cases or set them for informal settlement conference or hearing within 180 days of receipt.

Medical Fee Dispute Resolution (MFDR)

- decreased the backlog and reduced pending fee disputes from 17,054 in August of 2009 to 4,850 as of September 2012; "fair and reasonable" fee disputes made up most of the closures;
- provided education on rules and statutes to requesters, respondents, and internal staff with implementation of amended 28 Texas Administrative Code section 133.307, effective for disputes received on or after June 1, 2012.

Hearings

- held 14,403 Benefit Review Conferences;
- held 6,287 Contested Case Hearings;
- issued 2,376 Appeals Panel decisions;
- modified the procedure for receiving and processing Letters of Clarification;
- revised Appeals Panel review processes;
- continued to solicit and evaluate feedback from system participants related to the performance of presiding officers and the quality of the proceedings process;
- docketed 1,113 cases with SOAH;
- continued to update the *Appeals Panel Decision Manual* with current legal precedents and posted it on the TDI-DWC web site;
- continued to update the *Medical Contested Case Hearing Precedent Manual* for TDI-DWC hearing officers and system participants.

Audits, Complaints and Compliance

- completed 65 Performance Reviews (Audits) on health care providers and insurance carriers;
- handled more than 6,300 complaints, resulting in the return of over \$500,000 to workers' compensation system participants;
- issued more than 1,050 warning letters to system participants and referred more than 250 violations to Enforcement;
- sent approximately 600 letters to potential non-subscribing employers that failed to file the DWC Form-005, *Employer's Notice of No Coverage or Termination of Coverage*, inquiring about their coverage status, and resulting in 215 non-subscribing employers complying and filing the required form;
- sent approximately 600 letters to non-subscribing employers that had not filed the DWC Form-007, *Non-Covered Employer's Report of Occupational Injury or Illness*, inquiring about whether they had reportable occupational injuries or illnesses, resulting in 165 non-subscribing employers complying and filing the required form;
- conducted quarterly insurance carrier meetings to discuss emergent and ongoing compliance concerns in the workers' compensation system.

Performance-Based Oversight

- conducted assessments on 240 health care providers;
- finalized and published tier results of the health care providers in December 2011;
- issued preliminary findings for the 2012 Insurance Carrier Assessment in August 2012;
- held stakeholder meetings from February 2012 through May 2012 to receive input on the 2013 Health Care Provider Assessment.

Designated Doctor Outreach and Oversight

- ordered 42,541 designated doctor examinations;
- performed outreach to injured employees by sending 659 Injured Employee Surveys;
- produced two Designated Doctor Newsletters and distributed them to 1,200 recipients;
- designed, developed and delivered four designated doctor educational training programs that facilitated 495 re-certifications and 142 new designated doctor certifications;
- initiated and implemented automation changes in the processing of requests for designated doctor examinations;
- developed statutorily required changes to TDI-DWC rules affecting the designated doctor process;
- developed and presented outreach material to designated doctors and other system participants regarding statutory and TDI-DWC rule changes affecting the designated doctor process;
- developed and presented designated doctor workshops to provide in depth practical training for new designated doctors;
- contracted with a test development entity and worked with subject matter experts to develop the first TDI-DWC-owned and administered designated doctor test.

Outreach

- established the Outreach Planning and Coordination section to facilitate implementation of TDI-DWC rulemaking projects, maintain agency calendars, and coordinate educational opportunities for internal staff and system participants;
- conducted 30 basic workers' compensation educational events, seminars and webinars in partnership with several Small Business Development Centers, businesses and other organizations, providing training geared toward health care providers and medical office staff to 1,178 attendees;
- hosted two Workers' Compensation Educational Conferences in Austin and Dallas, providing information to 908 attendees;
- provided updates to medical associations regarding rule development, public information announcements, and notification of training and other events; encouraged retention of health care providers in the system by providing prompt resolution of questions about such subjects as billing and reimbursement;
- provided answers and resources through the Comp Connection for Health Care Providers help line for approximately 6,217 issues related to billing, fee disputes, compensability, extent of injury, pre-authorization, fee guidelines, denials, workers' compensation rules, policies, and compliance; additionally provided answers to 596 questions received via e-mail;
- made 518 contacts to health care providers about misfiled medical bills to assist them in understanding how to properly file medical bills with workers' compensation insurance carriers;
- conducted 84 seminars for stakeholders at field offices, attended by 809 people, covering topics such as Pharmacy Formulary, new TDI-DWC rules, Return-to-Work, and Medical Fee/Medical Necessity; conducted five additional training events on pharmacy formulary, training 267 people;
- provided customer assistance to approximately 240,000 system participants through the virtual call center;
- provided face-to-face customer service to 6,900 injured employees as walk-in customers at 21 field office locations across the state;
- assigned a Single Point of Contact to approximately 40,300 injured employees who requested assistance with their claims.

Workplace Safety

- conducted 2,764 OSHCON consultations with employers, identifying 5,920 occupational hazards;
- inspected 29 insurance groups representing 165 insurance companies for compliance with provision of required loss control services, which included onsite safety visits and phone consultations with 479 policyholders;
- processed 371 safety related calls through the Safety Violations Hotline; of these, established 66 safety violations cases, eliminating 246 safety and health hazards in workplaces;
- provided safety and health educational products and services to 9,911 employers and 92,455 employees:
 - conducted eight Regional Safety Summits across the state that provided information to target industries on preventing the leading causes of fatal occupational injuries, including transportation incidents; assaults and violent acts; and contact with objects and equipment, as well as common training requirements including lockout/tagout; hazard communication; and personal protective equipment;
 - conducted 45 free Occupational Safety and Health Administration (OSHA) 10-Hour Construction Seminars in either English or Spanish;
 - hosted the 16th Annual Health and Safety Conference, the Texas Safety Summit, in April 2012 in Austin;
 - maintained the Resource Center Library of over 4,000 audiovisual safety training materials available for Texas employers and employees to check out for free;
 - maintained an online library of safety and health publications, which were accessed from the web site 3,030,146 times;
- sent educational materials to 192,629 injured employees for whom workers' compensation claims were established and 41,961 of their employers;
- presented best practices for obtaining source documents for the Census of Fatal Occupational Injury (CFOI) program at the national Bureau of Labor Statistics (BLS) Annual Conference;
- assisted the BLS Branch Chief with training two new staff in Ohio on the methods of nonfatal data collection for the Survey of Occupational Injuries and Illnesses (SOII);
- received national recognition from OSHA as the first large state to obtain a perfect score for overall performance and data quality during the 2010 OSHA Data Initiative data collection completed in FY 2012;
- received OSHA Region VI office recognition for several OSHCON staff at the Annual Onsite Conference in April 2012 for outstanding implementation of the Fall Protection Standard; outstanding contributions promoting safety and health by consulting employers in the residential, commercial, and highway construction business; outstanding bilingual abilities promoting and performing consultative visits in the construction industry; outstanding contributions in the home building, road construction, oil and gas and other promotional activities; and outstanding service conducting air and noise monitoring;
- the OSHCON Program Manager was elected to serve a two year term on the National OSHCON Board of Directors as the Region VI representative, representing New Mexico, Texas, Oklahoma, Louisiana, and Arkansas at the national level;
- continued OSHCON program participation in regional oil and gas safety networks;
- continued a radio advertising campaign for the OSHCON program to promote the service to Texas employers in targeted markets.

Self-Insurance Regulation

- continued to oversee the Certified Self-Insurers (CSI) program, which accounts for 7.17 % of the market share based on total written premium for workers' compensation in Texas; as of August 31, 2012, there were 42 active CSIs covering 235 companies that employ 128,217 employees;
- made presentations to the Commissioner and the Board at the Texas Certified Self-Insurer Guaranty Association public meetings, which approved one Initial Application, 42 Renewal Applications, 54 Status Reports on Withdrawn CSIs, and 10 Requests for Security Deposit Reduction;
- monitored 55 withdrawn CSIs, including two impaired employers and one non-renewal; one com-

pany started with the self-insurance program in FY 2012 and four companies withdrew from the program;

- managed security deposits totaling \$544,035,691 (includes both active and withdrawn companies) and consisting of \$156,600,000 in Letters of Credit, \$378,465,691 in Surety Bonds and \$8,970,000 in cash;
- collected \$670,654.50 in regulatory fees along with \$1,087,758.08 in maintenance taxes and \$8,447.15 in research maintenance taxes, totaling \$1,766,859.73;
- completed and approved 28 on-site safety program inspections.

Workers' Compensation Research and Evaluation Group (WCREG)

- completed the following five research projects and posted results to agency web site:
 - Annual return-to-work rates using employee wage data obtained from the Texas Workforce Commission
 - 2011 Network Report Card results
 - Access to Medical Care in the Texas Workers' Compensation System – 2012 Results
 - FY 2011 Pharmacy Utilization and Cost in the Texas Workers' Compensation System
 - Costs to Employers and Efficiencies in the Texas Workers' Compensation System
- presented current research findings to TDI-DWC educational conferences held in Austin and Dallas;
- presented current research findings to the Texas Medical Association, insurance carriers, and labor union representatives;
- presented 2011 Network Report Card results to nine networks;
- provided data/statistical support for the Office of the Medical Advisor IRO reviews;
- completed several ad hoc analyses requested by the legislature;
- conducted annual insurance carrier survey to measure the participation of employers in workers' compensation networks;
- completed two network data calls and currently conducting an injured workers' survey in support of the 2012 annual network report card;
- provided data to the Health and Workers' Compensation Networks Certification and Quality Assurance and Enforcement divisions in support of enforcement referrals.

Business Process Improvement

- worked with Hearings and the Office of Injured Employee Counsel to improve automated docketing processes and increase the efficiency of scheduling practices for Benefit Review Conferences and Contested Case Hearings;
- implemented changes to TXCOMP Provider and eClaims automated systems to support recent rule changes associated with Designated Doctor Outreach and Oversight;
- implemented sub-modules of the TDI-DWC Legacy System Rewrite, including automation of correspondence related to denial orders for Request for Designated Doctor Examination, Request for BRC, and Request for Letter of Clarification of Designated Doctor Examination Report;
- developed automation requirements to allow on-line filing of the Form DWC-005 *Employer Notice of No Coverage or Termination of Coverage*, Form DWC-007 *Employer's Report of Non-covered Employee's Occupational Injury or Illness*, and Form DWC-020SI *Self-Insured Governmental Entity Coverage Information* for non-subscribing Texas employers and self-insured governmental entities;
- monitored the Health Care Quality Review process to ensure compliance with approved procedures.

Return-to-Work

- conducted Return-to-Work (RTW) training at TDI-DWC's 16th Annual Health and Safety Conference, the Texas Safety Summit;
- made 38 RTW presentations to employers across the state, including 11 presentations at Texas Business Conferences sponsored by the Texas Workforce Commission, reaching approximately 6,400 people;
- provided RTW training and information (not counting web-hits) to approximately 10,000 employers through seminars, consultations and/or printed information;
- developed workers' compensation training materials for the Department of Assistive and Rehabilitative Services (DARS) staff;
- processed applications for and updated the Registry of Private Providers of Vocational Rehabilitation Services;
- received and reviewed two applications for reimbursement from the Return-to-Work Reimbursement Program for Employers, providing reimbursements to the two employers in the aggregate amount of \$6,527.44;
- distributed more than 4,000 hard copies of the RTW guide for employers titled *Making Return-to-Work Work for Your Business and Your Employees* at speaking engagements, by request, and as a follow-up to small employers receiving OSHCON consultations and residual market inspections;
- provided the guide and other RTW information on the TDI-DWC web site, which was accessed approximately 47,000 times.