



**Texas Department of Insurance**  
***2013 Annual Report***



## Texas Department of Insurance

**Commissioner of Insurance**, Mail Code 113-1C

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November 20, 2013

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 (TDI) for Fiscal Year 2013, 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 upon request. This report is also available on TDI's Web site at <http://www.tdi.texas.gov/reports/annual.html>.

As in 2012, TDI's Annual Financial Report is published under separate cover for Fiscal Year 2013.

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

Sincerely,

A handwritten signature in black ink that reads "Julia Rathgeber".

Julia Rathgeber  
Commissioner of Insurance



**138th Annual Report  
to the Governor & Legislature**

**For Fiscal Year 2013  
ending August 31, 2013**

**Julia Rathgeber,**  
Commissioner of Insurance

**Texas Department of Insurance** 2013 Annual Report

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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:

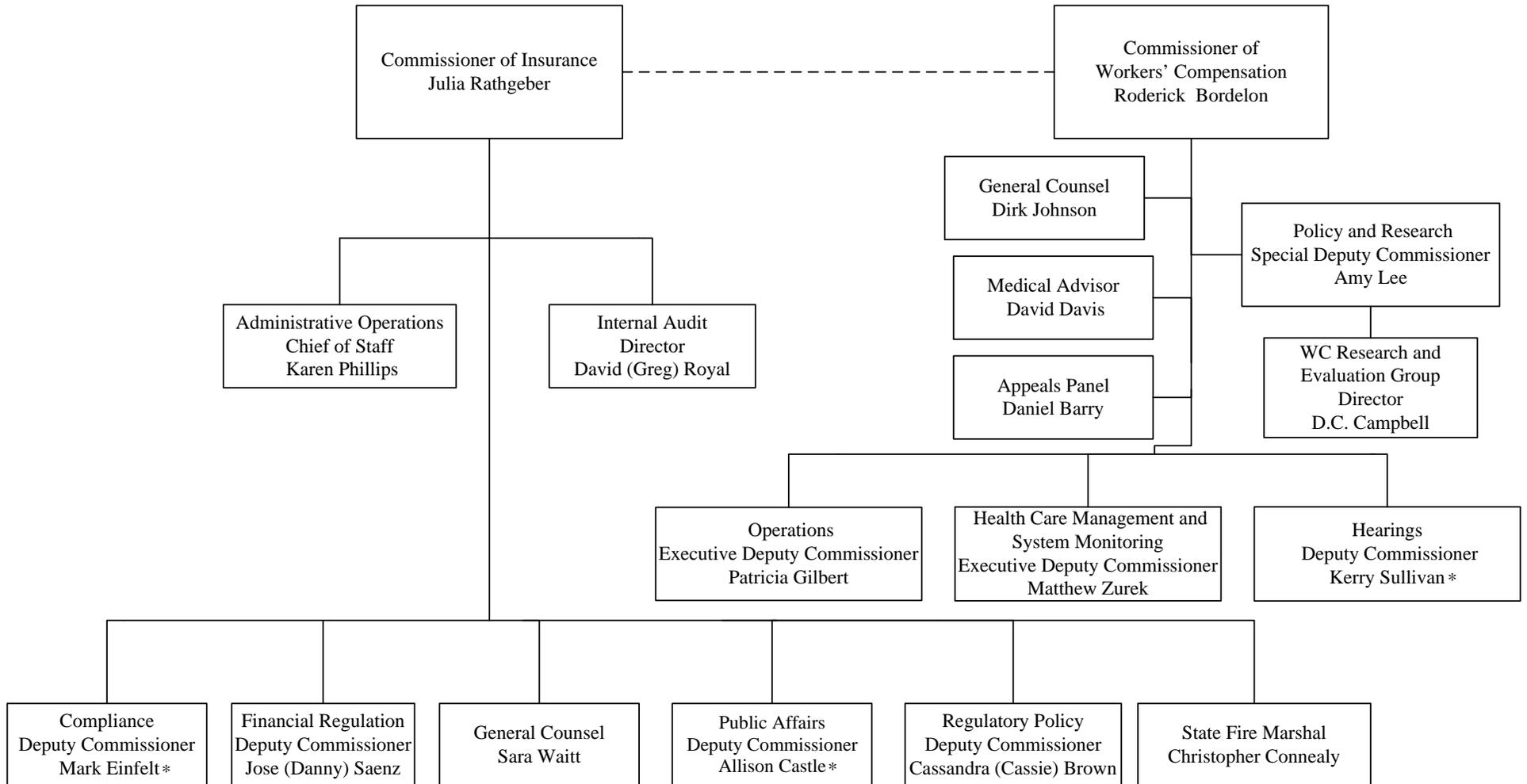
- regulating the insurance industry fairly and diligently,
- promoting a stable and competitive market,
- providing information that makes a difference.

## **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, and
- communicating internally and externally, we evaluate and adjust the course of the agency in response to changes in conditions.

**Texas Department of Insurance**  
**Agency Organization Chart**



\* Fall 2013

## Insurance in Texas: By the Numbers

<b>Homeowners Insurance</b>		<b>Top Writers</b>	<b>2012 Written Premium</b>	<b>Market Share</b>
Number of Companies*	119	STATE FARM IL GROUP	1,718,784,419	27.08%
Number of Groups	59	ALLSTATE INS GROUP	757,295,952	11.93%
Number of New Companies**	3	ZURICH INS GROUP (includes FARMERS)	709,002,487	11.17%
Policies in Force (2012)				
Homeowners	4,219,374	UNITED SERVICES AUTOMOBILE ASN GROUP	554,903,323	8.74%
Dwelling	720,745	LIBERTY MUTUAL INS CO GROUP	453,524,839	7.14%
Tenants	1,116,781	TRAVELERS GROUP	280,516,488	4.42%
2012 Written Premium	\$6,347,556,862	NATIONWIDE CORP GROUP	200,738,952	3.16%
		TEXAS FARM BUREAU MUT GROUP	180,811,353	2.85%
		ARX HOLDING CORP GROUP	143,322,208	2.26%
		CHUBB & SON INC GROUP	127,558,969	2.01%
<b>Personal Auto</b>		<b>Top Writers</b>	<b>2012 Written Premium</b>	<b>Market Share</b>
Number of Companies*	193	STATE FARM IL GROUP	2,765,656,071	19.45%
Number of Groups	71	ZURICH INS GROUP (includes FARMERS)	1,688,428,897	11.88%
Number of New Companies**	4	ALLSTATE INS GROUP	1,579,995,855	11.11%
Vehicles in Force (Liability)	16,540,978	PROGRESSIVE GROUP	1,281,032,022	9.01%
2012 Written Premium	\$14,215,855,999	UNITED SERVICES AUTOMOBILE ASN GROUP	1,068,052,742	7.51%
		BERKSHIRE-HATHAWAY GROUP	1,018,945,397	7.17%
		TEXAS FARM BUREAU MUT GROUP	530,715,030	3.73%
		ORPHEUS GROUP	485,018,383	3.41%
		NATIONWIDE CORP GROUP	483,539,602	3.40%
		HOME STATE INS GROUP	450,042,266	3.17%
<b>Health Insurance</b>		<b>Top Writers</b>	<b>2012 Written Premium</b>	<b>Market Share</b>
Number of Companies*	464	UNITEDHEALTH GROUP	8,458,078,003	18.31%
Number of Groups	176	HEALTH CARE SERVICE CORP GROUP	8,174,931,582	17.69%
Number of New Companies**	3	(includes BLUECROSS & BLUESHIELD of TEXAS)		
Texas Population estimate	25,592,089 (2011)	HUMANA INC GROUP	3,867,576,293	8.37%
Texans with Health Insurance	19,512,569 (2011)	CENTENE CORP GROUP	3,296,590,521	7.13%
Uninsured population	6,079,519 (2011)	WELLPOINT INC GROUP	3,730,409,627	5.91%
2012 Written Premium	\$46,204,660,745	AETNA GROUP	2,716,009,803	5.88%
		CIGNA HEALTH GROUP	2,586,229,717	5.60%
		MOLINA HEALTH CARE INC GROUP	1,265,753,398	2.74%
		UNIVERSAL AMER FIN CORP GROUP	760,414,314	1.65%
		SCOTT AND WHITE GROUP	574,618,966	1.24%
<b>Life Insurance</b>		<b>Top Writers</b>	<b>2012 Written Premium</b>	<b>Market Share</b>
Number of Companies*	459	METROPOLITAN GROUP	767,468,654	7.57%
Number of Groups	173	NEW YORK LIFE GROUP	543,489,117	5.36%
Number of New Companies**	2	NORTHWESTERN MUTL GROUP	490,863,471	4.84%
2012 Written Premium	\$10,144,107,962	PRUDENTIAL OF AM GROUP	475,807,767	4.69%
		LINCOLN NATIONAL GROUP	412,902,608	4.07%
		STATE FARM IL GROUP	338,406,094	3.34%
		MASS MUTUAL L I C GROUP	315,027,044	3.11%
		AMERICAN INTRNL GROUP	289,280,207	2.85%
		AEGON US HOLDING GROUP	279,129,361	2.75%
		JOHN HANCOCK GROUP	272,514,149	2.69%

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

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

## Insurance in Texas: By the Numbers

<b>Annuities</b>		<b>Top Writers</b>	<b>2012 Written Premium</b>	<b>Market Share</b>
Number of Companies*	300	PRUDENTIAL OF AM GROUP	2,183,073,854	10.47%
Number of Groups	120	JACKSON NATL GROUP	1,370,914,606	6.57%
Number of New Companies**	2	AMERICAN INTRNL GROUP	1,184,404,022	5.68%
2012 Written Premium	\$20,857,161,315	METROPOLITAN GROUP	1,165,776,043	5.59%
		PRINCIPAL FIN GROUP	1,134,138,656	5.44%
		JOHN HANCOCK GROUP	1,092,074,833	5.24%
		LINCOLN NATIONAL GROUP	944,842,176	4.53%
		ING AMERICA INS HOLDING GRP	890,016,614	4.27%
		ALLIANZ INS GROUP	673,445,551	3.23%
		AEGPM US HOLDING GROUP	672,456,553	3.22%

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

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



**Part I**  
**Report of Program Activities**

## **Commissioner's Office**

The Commissioner of Insurance, appointed by the Governor with the 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 2013, 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 (FS), Procurement and General Services (PGS), Information Technology Services (ITS), Human Resources (HR), Employee Ombudsman and Ethics Advisor, and the Office of Strategy Management (OSM).

### **FY 2013 Highlights: Administrative Operations**

#### **Financial Services**

- developed and produced the agency's 2014 Operating Budget;
- coordinated more than 420 fiscal notes to the Legislative Budget Board during the 83rd Legislative Session;
- coordinated projects and prepared documents in support of the agency's FY 2014/2015 Legislative Appropriations Request as requested by commissioners, Legislative Budget Board, and Governor's Office of Budget and Planning during the 83rd Legislative Session;
- prepared the FY 2012 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 2014 operating budget;
- provided monitoring and oversight of the agency's and OIEC's expenditures by strategy, object of expense and organizational structure;
- monitored monthly performance measures and reported quarterly performance to the Legislative Budget Board;
- implemented SB 1291 (self-directed functions);
- implemented online conference sign-up and credit card payment processing.

## **Office of Strategy Management (OSM)**

- coordinated the implementation of the balanced scorecard management system;
- coordinated monthly Executive Steering Committee meetings with deputy commissioners and Administrative Operations staff to make decisions about resourcing agency-wide projects;
- developed an operating agreement for the Executive Steering Committee;
- developed standard presentations and templates for reporting balanced scorecard measures and targets;
- developed one page agency “strategic plan” document that includes vision, mission, core values, strategic objectives, goals and includes TDI core responsibilities and core processes;
- established balanced scorecard coordinator role and coordinated monthly meetings;
- developed a balanced scorecard deployment training document;
- established a measure committee to review all measures for consistency, usefulness, and availability of data;
- identified key LBB measures for divisions to consider for balanced scorecard measure and target reporting;
- established project coordinator group;
- established a dialog and approach for discussing current and future projects;
- assisted project managers with their business cases, projects, and questions;
- provided agency-wide project management for all phases of the Sircon for States enterprise project;
- coordinated meetings with the Enterprise Risk Management (ERM) advisor and deputies to assess TDI’s current risk environment, risk philosophy, and desired future state of risk management;
- conducted gap analysis of current risk vs. desired future state of risk and identified actions needed for implementation.

## **Procurement and General Services**

### **Hobby and Metro Services**

- handled 2,126,557 pieces of agency mail;
- received \$7.02 million incoming revenue through Metro mail center services and \$30.5 million incoming revenue through Hobby mail center services;
- completed 2,997,502 copy impressions via quick copy services;
- processed 448 building service orders at Metro Center and 1,229 service orders at the Hobby Building;
- serviced 1,812 customers through the TDI Service Center;
- distributed 168,965 publications;
- microfilmed 221,699 documents and stored 1,579 cubic feet of records through the Texas State Library for record retention;
- disposed of 5,830 cubic feet of obsolete records;
- coordinated and performed 14 field office projects including closing the Bryan and Mt. Pleasant field offices, moving the San Antonio Financial and DWC Houston West field offices and the El Paso construction and reorganization project;
- coordinated and performed 100 facility projects/service orders at Metro Center;
- negotiated four branch office lease renewals by Metro Services and one branch office lease renewal by Hobby Services;
- facilitated the safety program that resulted in 6 of 12 (50%) program areas achieving accident/injury-free status in FY 2013;
- handled 1,997 courier pickups and deliveries.
- saved \$45,129.43 in postage using mail presort services contract;
- shipped 13,218 items via overnight/expedited services vendors;
- achieved 99.9% accuracy rate for annual property inventory.

## **Purchasing and Contract Administration**

- received 3,191 purchase requisitions submitted by programs and processed 2,407 purchase orders;
- posted 17 procurement opportunities on the Electronic State Business Daily;
- tracked and administered 316 contracts;
- hosted purchasing and contract administration training sessions for staff and customers;
- established a new program specialist position to address unique training and customer service requirements related to the CAPPs system;
- filled key Purchasing manager and assistant manager positions;
- maintained the content of the Purchasing intranet site;
- achieved 23.34 percent Historically Underutilized Business (HUB) participation rate in comparison to the statewide rate of 13.42 percent;
- attended four HUB forums;
- hosted a HUB forum event at the Hobby Building.

## **Information Technology Services**

- migrated TDI and OIEC from GroupWise to Microsoft Outlook for e-mail, calendar, and messaging services utilizing the secure data center services infrastructure.
- completed phase three of the Sircon for States enterprise-wide project, that provides integrated, web-enabled third party software service for insurance processing, and initiated phases four through six, of the project to remain on schedule for project completion by August 31, 2014;
- implemented an interface between the Sircon for States system and the legacy workflow / imaging application to provide additional functionality to the business units;
- expanded wireless communications in the Hobby and Metro building to provide network access points for employees working away from their office and implemented Internet access for guests;
- upgraded audio-visual capabilities in selected conference rooms in the Hobby and Metro buildings to improve meeting and presentation services;
- upgraded network access in the three Windstorm field offices to improve access to agency data and functions for employees that resulted in improved customer service;
- refreshed the multi-function device contract with anticipated \$173,000 in annual savings as compared to the initial contract;
- aided the Executive Steering Committee on their approval of the multiyear technology roadmap as part of the strategic planning process;
- participated in the Administrative Operations process improvement project for new employee on-boarding by implementing several time and quality improvements;
- trained 303 staff on security awareness and continued accessibility training;
- completed the mobile technology research and analysis project;
- completed mobile device management software proof of concept;
- designed a new development framework, to be used in future application development projects leveraging reusable assets and current technology;
- completed two external assessments: the VIP technology roadmap assessment that provided data to support the Data Center legislative appropriation requests and the Gartner statewide security assessment that resulted in projects completed in FY13 and investments scheduled for FY14;
- evaluated replacement web content management software through open vendor competition and submitted selection recommendation to management;
- extended language learning services through a new contract with Rosetta Stone;
- continued to work with the new Data Center Services vendor after the transformation completion in FY12 to refresh and enhance the data center environment by:
  - completing a disaster recovery exercise successfully with the data center;
  - completing transition of Oracle environment from virtual to physical servers;
  - migrating from Oracle 10 to 11, where possible;
  - refreshing Windows environment as scheduled;
  - refreshing UNIX operating system environment;
  - upgrading DWC's Compass and TXCOMP WebSphere environment to make it current and in support;

- committed to Information Technology Infrastructure Library (ITIL) concepts, a recognized collection of best practices for information technology, where staff members attend training and test for basic certification;
- upgraded the TeamMate auditing software to a web version facilitating use by both financial examiners and Internal Audit;
- enhanced the designated doctor software application to provide better tracking and scheduling resulting in improved constituent service;
- completed proof-of-concept smart forms initiative with Division of Workers' Compensation.

### **Human Resources**

- processed and tracked 1,739 personnel actions including merit raises, promotions, new hires, transfers, and separations of employment;
- posted 289 jobs;
- processed 9,527 employment applications;
- answered 64,480 switchboard calls;
- delivered 345.5 hours of traditional classroom training and provided 252.5 hours of training online, encompassing new employee orientation and courses on team building, communication, customer service, insurance training, and management training;
- coordinated 22 wellness events;
- participated in the National Association of Insurance Commissioners (NAIC) salary survey;
- participated in six Workforce Commission hearings.

### **Employee Ombudsman and Ethics Advisor**

- responded to requests to provide sexual harassment/discrimination for other state agencies;
- continued presenting mandatory sexual harassment/discrimination course to all agency employees which included visits to all DWC field offices;
- addressed a wide variety of workplace and personnel issues and concerns through coaching; group facilitation, counseling and mediation with agency employees;
- served as co-facilitator for both monthly orientation sessions for new employees and the agency's required training for new managers.

### **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.

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

## FY 2013 Highlights: Internal Audit

- completed an agency-wide risk assessment that culminated in the establishment of the annual audit plan;
- completed eight financial or performance related audits, with one ongoing at fiscal year-end;
- completed one information technology audit;
- completed four advisory projects resulting in final reports to management and the Commissioners, while three others were 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;
- implemented analysis of division area controls using the COSO framework during the fiscal year with internal reports for agency management;
- served as liaison for two SAO audits completed during the fiscal year;
- assisted with the Gartner review of TDI's information security assessment;
- completed four formal fraud investigations.

**Figure 1: Comparison of Maintenance Tax Rates FY 2006–FY 2013**

Type	Max Legal Rate	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13
Motor Vehicle	0.200	0.062	0.058	0.070	0.063	0.061	0.060	0.077	0.072
Fire	1.250	0.291	0.236	0.280	0.237	0.320	0.310	0.331	0.305
Workers' Compensation	0.600	0.051	0.059	0.069	0.072	0.096	0.115	0.151	0.108
Casualty	0.400	0.119	0.117	0.129	0.112	0.140	0.135	0.152	0.151
Title	1.000	0.107	0.100	0.127	0.115	0.266	0.281	0.401	0.151
Life, Accident, and Health	0.040	0.040	0.040	0.040	0.040	0.040	0.040	0.040	0.040
Third-Party Administrators	0.265	0.149	0.110	0.149	0.104	0.072	0.045	0.047	0.035
*HMO Multi-Service	0.265	0.149	0.110	0.149	0.104	0.072	0.045	0.047	0.035
*HMO Single Service	\$0.44	\$0.51	\$0.41	\$0.41	\$0.36	\$0.44	\$0.42	\$0.50	\$0.41
*HMO Limited Service	\$0.44	\$0.51	\$0.41	\$0.41	\$0.36	\$0.44	\$0.42	\$0.50	\$0.41
Prepaid Legal	0.022	0.044	0.036	0.042	0.036	0.042	0.036	0.030	0.029
Workers' Compensation Evaluation	0.000	0.000	0.000	0.000	0.009	0.012	0.009	0.016	0.017
Division of Workers' Comp.	2.000	1.051	1.128	1.003	1.232	1.455	1.584	1.669	1.669

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

## Compliance

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 to form 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.

#### FY 2013 Highlights: Consumer Protection

- helped consumers in West following the April 2013 fertilizer plant fire and explosion;
- helped consumers following a series of tornadoes in Granbury and Cleburne in May 2013;
- returned \$24.7 million to consumers in additional claim payments and refunds as a result of complaints resolution;
- helped resolve more than 21,000 consumer complaints;
- responded to nearly 600,000 consumer inquiries, including phone calls to the Consumer Help Line and written inquiries;
- updated 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 724 presentations throughout Texas on insurance issues;
- distributed 8.5 million publications to help Texans better understand their insurance coverages and save money on the insurance they need;
- 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 train 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;
  - the Texas Windstorm Insurance Association (TWIA) to educate coastal consumers about their TWIA policies and the TWIA claims process.

## Summary of Activity: Consumer Protection

Number of inquiries answered	591,244
Number of consumer information publications distributed	8.5 million
Number of consumer information presentations made	724
Number of complaints resolved	21,034
Dollar amount returned to consumers through complaint resolution	\$24.7 million
Number of complaints against HMOs resolved	871
Average response time (days) to complaints	50.56
Average response time (days) for HMO complaint resolution	22.99

## Enforcement

The Enforcement Section investigates allegations of violations of the law and rules by insurance agents, companies, health maintenance organizations, other entities (both licensed and unlicensed), and workers' compensation system participants. Enforcement receives referrals from multiple areas of the agency, including Consumer Protection and Fraud. 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; and
- 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 Division of Workers' Compensation (DWC).

## FY 2013 Highlights: Enforcement

- ordered \$ 1.8 million in restitution for consumers and assessed \$9.7 million in administrative penalties, fines, and forfeitures;
- obtained 156 enforcement orders issued by DWC against all system participants and obtained 50 orders against health care providers;
- issued 25 orders against health care providers based on referrals from DWC's Office of the Medical Advisor;
- completed the handling of 60 referrals on third-party administrators (TPAs) that appeared to be defunct for a variety of reasons. Eight TPAs came into compliance; 24 voluntarily surrendered their certificate of authority; and 28 certificates of authority were revoked by default.
- expedited the voluntary license surrenders of agents who engaged in misconduct to remove them from the business of insurance. Notable examples of agents who voluntarily surrendered their licenses include an agent who double premium financed \$392,152; a father and son who provided fraudulent proofs of errors and omissions coverage to get contracts with numerous insurers; and a managing general agent that had unfairly retained more than \$1 million in advance commissions.

- revoked an agent’s license for stealing a customer’s identity to get a business loan for \$85,000;
- issued a cease and desist order against an unlicensed person who used a license holder’s identity to sell insurance and get licenses in other states;
- revoked an agent’s license for improper insurance advertising and misuse of insurance premiums and reported to the National Association of Insurance Commissioners through Sircon, helping numerous other state insurance departments pursue similar administrative actions against the agent;
- completed its investigation into the race-based pricing and life insurance project, which was a cumulation of 12 years of data. TDI entered into 31 consent order agreements, providing relief for 214,000 Texas policies, and provided more than \$17 million in refunds. TDI has assessed \$814,000 in fines against the companies involved.
- participated in six multistate market conduct settlement agreements concerning identifying owners and beneficiaries of unclaimed proceeds, rate and form filing, producer licensing and appointment, policy fulfillment, vendor management, and other reexamination issues, resulting in \$6.8 million in payments to Texas. The companies included AGC Life Insurance Company, Banker’s Life and Casualty Company, John Hancock Life Insurance Company, Nationwide Life Insurance Company, National Union Fire Insurance Company of Pittsburgh, and TIAA-CREF Life Insurance Company.

### Summary of Activity: Enforcement

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Cases received	1,393	1,547	1,466	1,039	858
Cases closed	1,283	1,605	2,098	1,831	991
License revocations	116	97	111	70	27
License denials	30	26	21	19	0
License suspensions/ suspensions of writing*	16	6	17	3	0
Cease and desist orders	9	18	12	8	5
Monetary forfeitures/ restitution orders†	211	230	324	409	281
Forfeitures/assessments/ Restitution	\$26,166,080	\$338,441,866	\$114,926,427	\$40,972,950	\$11,587,740

\* This includes actions against financially hazardous companies under Chapter 404, Texas Insurance Code and license suspensions with probation.

† This number includes Commissioner and State Fire Marshal orders.

### Fraud Unit

The Fraud Unit protects the public from economic harm by investigating allegations of insurance crimes. Its responsibilities include reviewing reports of fraud, conducting criminal investigations, and working with state and federal prosecuting agencies. In addition, the Fraud Unit makes arrests, assists in prosecutions, and educates the industry and consumers on ways to deter insurance fraud in Texas.

The Fraud Unit maintains the toll-free Insurance Fraud Hot Line 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

- Agent crimes including
  - issuing fictitious policies
  - conversion of premium payments
  - insurance application fraud
- Insurance company officers and directors fraudulent activities including
  - false financial statements to TDI
  - misuse of company funds
- Unauthorized insurance schemes including
  - insurance products not authorized by the 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 staff includes commissioned peace officers and civilian investigators, an in-house attorney, prosecutors in the Dallas County, Harris County, and Bexar County district attorney offices, a criminal analyst, administrative staff, and an intake section.

### **FY 2013 Highlights: Fraud Unit**

- hosted the 15th Annual Fraud Conference in February 2013 with 344 attendees from state government, law enforcement, prosecuting agencies, and the insurance industry in attendance;
- made 22 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;
- 29 Fraud Unit staff obtained the Certified Fraud Examiner designation.

### **Summary of Activity: Fraud Unit**

Reports of Fraud Received	12,444
Cases Opened	559
Investigations Referred to Prosecutors	222
Criminal Indictments	108
Criminal Judgments	108
Est. Amt. of Fraud Identified in Referrals	\$10, 319,063.60
Assessments (Fines & Penalties)	\$92,000
Restitution Ordered	\$7,533,941.05
Arrests by Fraud Unit Peace Officers*	4

*\* 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 2012 reflected \$121 billion in Texas premiums and \$87 billion in claim payments to Texas claimants. These companies reported aggregate assets of \$7.4 trillion, liabilities of \$6.4 trillion and capital and surplus of \$1.0 trillion.

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

### FY 2013 Highlights: Financial Regulation

#### Financial Analysis

- implemented an innovative and nationally recognized process for automating quarterly financial statement analysis;
- continued enhancements to the 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;
- coordinated and participated in the 2012 Own Risk Solvency Assessment (ORSA) pilot project. Numerous insurers volunteered to provide their ORSA, a confidential internal assessment of material and relevant risks conducted by the insurer or insurance group, to various states for review and overall understanding of the insurance companies' operations.
- Actively 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;
- hosted and demonstrated the Financial Analysis processes and procedures to four international interns;
- received another five-year NAIC accreditation status.

#### Licensing Services

- implemented the Preferred Provider Organization and Commercial Exclusive Provider Benefit Plan rules which provide additional access to affordable healthcare to Texas consumers. The rules have expedited the department's review and the availability of plans and products to Texas consumers.
- changed the vendor of agent and adjuster licensing examinations which created a more distinct interface with the agent licensing database enhancing electronic submission capacity;
- eliminated the requirement for non-admitted companies, including surplus lines carriers, foreign risk retention groups, and accredited reinsurers, to file hard copy financial statements with the

department if they file electronically with the NAIC which created efficiencies in maintaining records for these entities.

## Examinations

- participated in 59 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 quality of care examination function to the examinations section on September 1, 2013, and performed 45 examinations of health entities during FY 2013;
- transitioned the quality of care and title examination areas to audit software and processes currently utilized by the Section in order to improve the efficiency and effectiveness of those examination functions;
- held a leadership role on actuarial initiatives including addressing more uniform reserving standards for certain life products with guarantees.

## Rehabilitation and Liquidation Oversight

- oversaw \$40.5 million of net asset recoveries through the receivership process, and made distributions of \$41.3 million;
  - Distributions include \$10 million in early access from Lincoln Memorial Life to the National Organization of Life and Health Guaranty Associations
  - Recoveries included a tax refund to AmCare HMO of Texas of \$9.7 million, and a reinsurance recovery in Lincoln Memorial Life of approximately \$9 million
- Amcare HMO of Texas has received approval to pay approximately \$45 million in Class 10 interest to claimants which will be distributed in FY 2014;
- Seven insolvencies were closed in FY 2013, and two are projected to close within the first quarter of FY 2014;
- Three companies were placed in receivership for rehabilitation in FY 2013, and all three companies have been converted to liquidation.

**Figure 2: Number of Company Licenses Under Commissioner's Jurisdiction Fiscal Years 2009-2013**

License Type	FY 2009	FY 2010	FY 2011	FY2012	FY2013
Insurance Companies	1,863	1,858	1,843	1,836	1,830
Health Maintenance Organizations	55	52	51	51	53
Premium Finance Companies	257	194	194	193	184
Continuing Care Retirement Communities	29	29	31	31	33
Third Party Administrators	770	782	760	734	683
<b>Total</b>	<b>2,974</b>	<b>2,915</b>	<b>2,879</b>	<b>2,845</b>	<b>2,783</b>

*Note: Does not include 113 foreign risk-retention groups or 208 foreign surplus lines carriers.*

**Figure 3: Texas Policyholder Premiums, Claim Payments Calendar Years 2008–2012**

CALENDAR YEAR	CLAIM PREMIUMS	PAYMENTS	PAYMENTS AS A % OF PREMIUM
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%
2012	120.7 billion	86.7 billion	71.8%

**Figure 4: Total Capital/Surplus of Insurance Companies Operating in Texas Calendar Years 2008-2012**

CALENDAR YEAR	TOTAL CAPITAL/ SURPLUS
2008	806.2 billion
2009	903.0 billion
2010	933.8 billion
2011	931.0 billion
2012	1.0 trillion

**Figure 5: Number of Financial Analysis Reviews Fiscal Years 2009–2013**

FISCAL YEAR	NUMBER OF REVIEWS
2009	1,855
2010	1,750
2011	1,790
2012	847*
2013	768

\* 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 2009–2013**

FISCAL YEAR	NUMBER OF EXAMINATIONS
2009	153
2010	129
2011	139
2012	117
2013	125

**Figure 7: Summary of Title Examination Activity**

	FY 2012	FY 2013
Annual Escrow Audits Reviewed	576	558
Title Examinations Conducted	343	340
Total Amount in Escrow Accounts	\$167 billion	\$193 billion

**Figure 8: Number of HMO Quality Assurance Examinations Fiscal Years 2009-2013**

FISCAL YEAR	NUMBER OF EXAMINATIONS
2009	23
2010	28
2011	38
2012	53
2013	46

**Figure 9: Texas Guaranty Association Assessments  
Calendar Years 2008-2012**

CALENDAR YEAR	LIFE & HEALTH	PROPERTY & CASUALTY	TITLE	TSIG	TOTAL
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
2012	6,855,000*	0	0	107,788	6,962,788

\* Includes allocated assessment, \$14,825,000, less a credit refund of prior assessments, (\$7,970,000), which were redistributed to member insurance companies.

**Figure 10: Summary of Activity: Utilization Review Filings**

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Applications Received	5	18	11	30	323
Registered URAs Approved	0	1	0	0	0
Certified URAs Approved	9	12	11	15	19
Certified URAs Renewed	5	77	71	87	73

**Figure 11: Summary of Activity: MCQA Inquiries**

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Inquiries Received	607	681	685	374	903
Inquiries Completed	591	687	685	374	903

**Figure 12: Summary of Activity: IRO Applications**

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
IRO Applications Received	10	6	2	4	82
IRO Applications Approved	9	6	0	4	2
IRO Renewals Approved	35	42	33	38	40

**Figure 13: Summary of Activity: Certified Workers' Compensation Health Care Networks**

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Total No. of Certified WC Networks	33	30	32	30	28
No. of SAEs Approved	7	7	10	7	7
No. of Original WCNs Approved	1	1	5	3	1
No. of Counties Served	234	249	250	250	254

**Figure 14: Number of Agent and Adjuster Licenses, Certificates and Registrations Under Commissioner's Jurisdiction 2009–2013**

<b>LICENSE TYPE</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>
Agents (1)	319,640	327,411	341,021	352,281	361,581
Adjusters	80,919	85,735	88,985	94,754	97,081
Full-Time Home Office Salaried Employees	496*	501	640	645	655
Discount Health Care Program Operator (2)	N/A	N/A	N/A	54	61
Specialty - Credit	3,021	2,897	2,865	2,748	2,678
Specialty - Travel	1,000	1,072	1,160	1,328	1,662
Specialty – Rental Car Company	66	58	55	50	53
Specialty - Self Service Storage Facility	127	147	153	164	211
Specialty –Telecommunication Equipment Vendor	12	18	15	21	27
Life and Health Insurance Counselors	485	523	542	589	623
Public Insurance Adjusters	762	850	742	786	764
Risk Managers	1,133	1,135	1,133	1,155	1,154
Re-insurance Intermediary	1,245	1,155	1,265	1,211	1,307
Premium Finance Companies	N/A	N/A	N/A	N/A	N/A
Third-Party Administrators	N/A	N/A	N/A	N/A	N/A
Title Agent Licenses (3)					1,577
Direct Operations Licenses (3)					6
Escrow Officer Licenses (3)					6,304
<b>Grand Total of Lines Regulated</b>	<b>408,906</b>	<b>421,502</b>	<b>438,585</b>	<b>455,786</b>	<b>475,744</b>

(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.

(3) FY 2013 figures include Title Licensing's number of licenses.

**Figure 15: Summary of Activity: Agent and Adjuster Licensing 2009–2013**

	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>
Total Filings Processed*	875,772	887,616	880,474	942,852	1,076,325
Total Telephone Inquiries Received**	152,024	139,290	143,259	145,433	147,965

\*Includes Title Filings.

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

**Figure 16: Summary of Agents License Statistics 2009–2013**

	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>
Issued	72,828	63,545	69,416	73,488	71,895
Renewed	116,022	134,064	126,439	138,176	136,828
Total Appointment Transactions	604,158	603,763	595,154	654,931	767,953
Total Current Agent & Adjuster Licenses	401,321	413,996	430,748	447,821	459,426
Other Licenses	7,585	7,506	7,837	7,965	16,318
Grand Total of Licenses Regulated	408,906	421,502	438,585	455,786	475,744

**Figure 17: Numbers and Types of Agents Licenses 2009–2013**

	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>
County Mutual	3,424	3,696	4,039	4,009	4,037
General Lines - Life, Accident, Health and HMO	174,328	175,441	179,160	182,609	185,697
General Lines - Property and Casualty	105,391	106,502	109,033	111,986	113,624
Life Only Agent*	-	17,747	21,410	24,328	26,879
Personal Lines Agent*	-	7,847	10,142	11,613	13,938
Insurance Service Representative	1,467	1,325	1,234	1,170	1,099
Life not to Exceed \$15,000	861	831	705	662	712
Limited Lines	4,672	4,576	5,584	5,952	5,382
Managing General Agent	1,598	1,589	1,596	1,579	1,592
Pre-Need	2,625	2,607	2,626	2,724	2,726
Surplus Lines	5,017	5,250	5,492	5,649	5,895

\* Licenses added beginning FY 2008.

**Figure 18: Summary of Title Insurance Licensing Activity**

	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>
Licenses Issued (includes renewals)	4,713	6,337	4,933
Licenses Cancelled	1,958	1,721	1,328

**Figure 19: Numbers of Agents/Licenses under Commissioner's Jurisdiction (Title Insurance<sup>1</sup>)**

	<b>FY 2012</b>	<b>FY 2013</b>
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

1. For FY 2013, Title Licensing's number of licenses is included in Figure 18.

## General Counsel

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

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

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

### FY 2013 Highlights: General Counsel

- Rules:
  - Life Settlement Rule: Life settlements are complex financial transactions. Owners of life policies who are considering selling their policies are often an elderly and vulnerable population. This rule provides important consumer protections including a Shopper's Guide, mandatory consumer disclosures, and broker fiduciary duties.
  - PPO Balanced Billing Rule and rules addressing Preferred and Exclusive Provider Plans: These rules reduce the likelihood of patient balance billing by requiring that insurers provide more information to insureds regarding their networks.
  - Non-subscriber Rules: These rules ensure employees obtain timely and accurate workers' compensation insurance coverage information from their employers.
- Attorneys provide immediate response to TDI's financial regulatory staff and propose solutions for addressing troubled companies in fluid environments, including actions such as administrative oversight, supervision, conservatorship, and receivership;
- To ensure protection of the public and a fair and competitive market place, our attorneys interface with industry and are integrated into TDI's dynamic regulatory structure;
- Implemented a plain writing initiative for all TDI rules, bulletins, orders, and forms to reduce legalese and enhance readability;
- Peer reviewed international regulators' compliance with regulatory principles related to their powers and duties;
- Received and processed 11,233 open records requests in fiscal year 2013, referred 81 of the requests to the Office of the Attorney General for an opinion. 41 referrals of those referrals were made because the originator of responsive documents maintained by TDI claimed that the documents were proprietary or otherwise confidential.

## Public Affairs

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

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 2013 Highlights: Government Relations

- assisted the Commissioner of Insurance and the Commissioner of Workers' Compensation in preparing for and testifying before various committees of the Texas Legislature such as Senate Business and Commerce, Senate Finance, Senate State Affairs, House Appropriations, House Business and Industry, House Insurance, and several other committees considering insurance related issues;
- tracked 723 bills impacting TDI during the 83rd Legislative Session and three called special sessions, and reported to the Legislature on the required implementation activities of the 157 insurance-related bills that passed during the 83rd Legislative Session and three called special sessions;
- drafted and published TDI's Biennial Report to the 83rd Texas Legislature, and visited offices regarding the information contained in the report;
- published and updated bill implementation information on the agency's website;
- worked with bill authors and sponsors of legislation to answer questions, provide subject matter experts to serve as resource witnesses, drafted proposed bills and amendments, and advised of implementation requirements, including stakeholder and working group meetings in the development of rules;
- monitored and attended meetings of various boards and committees, including legislative committees, for the Commissioner of Insurance, the Commissioner of Workers' Compensation and the State Fire Marshal;
- coordinated and prepared presentations by the Commissioner of Insurance, the Commissioner of Workers' Compensation, the State Fire Marshal, and agency staff for interim and regular session legislative committees charged with studying insurance, workers' compensation-related issues, and the explosion in West, Texas;
- continued to maintain a consumer liaison for approximately 1,200 insurance and workers' compensation constituent inquiries;
- assisted TDI staff with appointment and re-appointment of members to 16 advisory committees and boards;

- monitored the continued administrative oversight of the Texas Windstorm Insurance Association and the implementation of HB 3, 82nd Legislature, First Called Special Session and distributed monthly reports to leadership, and bill author and sponsors.

### **FY 2013 Highlights: Public Information Office**

- wrote and coordinated dissemination of 56 press releases, press statements, and media advisories;
- responded to 548 media calls and information requests;
- continued to provide a daily news clipping service, monitoring all major Texas newspapers for insurance-related news;
- published 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 a web design refresh of the main TDI site, improved the appearance of the online calendar, created a High Value Data Sets directory to comply with SB 701 requirements, updated web page emails to the new tdi.texas.gov domain, and migrated auto and home files to Helpinsure.com;
- assisted with implementation of two new public Life and Health Web applications;
- provided an emergency Web page with continuous updates on the West Fertilizer Plant incident;
- researched and submitted a Request for Offer for a new agency Web Content Management System;
- distributed 112 e-mail updates to more than 6,550 TDI eNews subscribers;
- provided live and archived Internet audio of 15 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 the Regulatory Matters Team, the Research and Policy Initiatives Office, and the Rate and Form Review Office.

### FY 2013 Highlights: Property and Casualty

#### Personal and Commercial Lines

- sent requests for information to fertilizer plants and their insurers following the explosion of the fertilizer plant in West, Texas on April 17, 2013. The Texas House Committee on Homeland Security and Public Safety asked TDI to gather information to develop a set of best practices for risk management and loss control that fertilizer plants may use to reduce risk and promote safety.

#### Inspections

- referred 140 noncompliant amusement ride operations to the Enforcement Section;
- referred the Dallas National Insurance Company and the Munich Reinsurance Group to the Enforcement Section for noncompliance with Texas' loss control requirements for commercial liability insurers. TDI ordered Dallas National Insurance Company to pay a \$30,000 administrative penalty. The Munich Reinsurance Group case is pending.
- adopted 28 Texas Administrative Code §5.4608, concerning the appointment of engineers as qualified windstorm inspectors, pursuant to the changes in HB 3 (82nd Legislature, First Called Special Session).

#### Property and Casualty Actuarial

- participated in the February 2013 public rate hearing for Title insurance rates. The Commissioner ordered an increase of 3.8 percent over the current premium rates, effective May 1, 2013.
- participated in the public rate hearing on workers' compensation insurance as required by HB 7 (79th Legislature, Regular Session). Staff provided information about profitability, rates, premiums, and certified health care networks. Rate filings received in advance of the December 2012 hearing suggested that the industry estimates the need for a slight increase in current premium levels to cover losses and expenses and produce targeted profit levels.
- calculated proposed classification relativities for workers' compensation insurance. The commissioner adopted staff's proposal, which resulted in no change overall, but varied by classification by plus or minus 25 percent. The new classification relativities were effective June 1, 2013.

#### Workers' Compensation Classification and Premium Calculation

- amended rules in the Texas Basic Manual of Rules, Classifications and Experience Rating Plan for Workers' Compensation and Employers' Liability Insurance to eliminate the provisions that

require TDI to assign workers' compensation classification codes and approve changes to classification codes applicable to businesses.

### **Data Services and Special Projects**

- sent over 1.2 million notices to the owners of registered vehicles that appeared to be uninsured through the TexasSure program during FY 2013. TexasSure has sent over 3.6 million notices since the inception of the uninsured letter process. All 254 county Tax Assessor-Collector offices use TexasSure, and TexasSure is available to law enforcement agencies statewide. The system received an average of 4.86 million insurance verification queries per month during FY 2013.
- appointed a panel of experts to advise TWIA on the extent to which a loss to insurable property was incurred as a result of wind, waves, tidal surges, or rising waters not caused by tidal surges as required by Insurance Code §2210.578. The panel held its first public meeting August 22, 2013.

### **FY 2013 Highlights: Life, Accident, and Health**

#### **Research and Policy Initiatives**

- coordinated multiple data calls, drafted related reports, and responded to requests for health insurance market data and analysis;
- monitored the impact of federal health reform on the Texas market;
- responded to legislative, consumer, and other stakeholder requests for information about anticipated 2014 market changes and created consumer and carrier resource pages on TDI's website to broadly communicate;
- continued to oversee Healthy Texas after enrollment cap of 15,000 enrollees was reached in August 2012;
- administered the Three-Share grant program.

#### **Rate and Form Review**

- reviewed and approved rates for Healthy Texas and the Texas Health Insurance Pool;
- completed several customer and consumer focused initiatives, including upgrades to TDI's website to provide information about health insurance rate increases and modifying letter templates to use plain language;
- updated procedures and realigned staff, workflow, and operations in the Accident and Health and Life, Annuity, and Credit programs to increase efficiency and consistency, and account for long-term trends in workloads;
- conducted an analysis of factors that shape health insurance premiums with the University of Texas Health Science Center;
- participated in the transition to implement the Rate and Form Filing Module in SIRCON for States, which will serve as an agency-wide data sharing platform;
- participated with Consumer Protection on the development of a Life Policy Locator program.

#### **Regulatory Matters**

- coordinated LAH efforts in the proposal or adoption of rules pertaining to Health Insurance Coordination of Benefits; Utilization Reviews for Health Care Provided Under a Health Plan or Health Insurance Policy; Preferred and Exclusive Provider Plans; Licensing of Life Settlement Brokers and Providers, Regulation of Life Settlement Contracts and Annual Data Reporting Requirements; Consumer Credit Bill of Rights; and Health Care Collaboratives;
- coordinated LAH efforts for preliminary drafting on rules being considered for proposal pertaining to Arbitration; Individual Accident and Health Policies; Continuation and Conversion; Submission of Clean Claims; Change of TDI's Email Addresses or Website Domain; Electronic Transactions; Health Group Cooperatives; General Account, Separate Account; and Consumer Choice Plans;
- participated in numerous stakeholder meetings relating to LAH issues and rules;
- received and responded to numerous questions from issuers, agents, consumer advocates, and the media on the impact of federal health reform and TDI's role in implementation.

**Figure 20: Summary of Activity: Property and Casualty Intake Program Filings Received/Processed**

<b>RATE FILINGS</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>
Personal Liability/Umbrella	40	42	51	57	28
Bond and Misc. Lines	251	372	315	331	294
Commercial Automobile	489	524	703	687	850
General Liability	830	926	1,037	941	1,278
Homeowners	268	297	282	274	233
Interline Filing	45	61	53	76	35
Inland Marine	160	277	154	239	252
Identity Theft	1	2	1	0	0
Intake Unit	0	0	0	0	0
Commercial Multi-Peril	699	892	998	1,067	815
Personal Automobile	602	676	985	744	631
PC (Other Personal & Commercial Lines)*	5	5	5	6	4
Professional Liability	217	202	206	203	193
Commercial Property	319	372	343	562	505
Workers' Compensation	471	412	486	607	575
<b>Total</b>	<b>4,397</b>	<b>5,060</b>	<b>5,619</b>	<b>5,794</b>	<b>5,693</b>
<b>POLICY FORM, ENDORSEMENT, AND RULE FILINGS</b>					
Personal Liability/Umbrella	67	88	90	126	47
Bond and Misc. Lines	593	500	538	466	567
Commercial Automobile	925	798	1,417	1,306	1,377
General Liability	2,759	2,410	2,294	2,674	3,495
Homeowners	310	345	353	405	265
Interline Filing	483	220	375	280	327
Inland Marine	586	498	446	591	772
Identity Theft	1	13	4	0	2
Intake Unit	3	2	0	0	0
Commercial Multi-Peril	3,238	3,235	3,578	3,605	2,737
Personal Automobile	540	498	821	634	536
PC (Other Personal & Commercial Lines)*	9	14	10	19	6
Professional Liability	764	661	642	641	657
Commercial Property	1,171	877	765	825	1,152
Workers' Compensation	187	269	437	232	290
<b>Total</b>	<b>12,806</b>	<b>10,428</b>	<b>11,770</b>	<b>11,804</b>	<b>12,230</b>
<b>Total P&amp;C Filings Received</b>	<b>17,203</b>	<b>15,488</b>	<b>17,389</b>	<b>**17,598</b>	<b>***17,923</b>
Intake Unit Filings Processed	197	175	140	336	794

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

\*\* Total Includes 16,927 SERFF Filings.

\*\*\* Total Includes 17,565 SERFF Filings.

**Figure 21: Property and Casualty Actuarial Office Rate Filings Completed**

<b>TYPE OF INSURANCE</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>
Personal Liability/Umbrella	36	60	45	56	36
Bond and Misc. Lines	321	417	334	315	287
Commercial Automobile	542	473	564	758	814
General Liability	790	936	999	918	1,443
Homeowners	301	287	288	266	232
Interline Filing	44	56	62	63	47
Inland Marine	195	274	158	197	283
Identity Theft	3	2	1	1	0
Intake Unit	0	0	0	0	0
Commercial Multi-Peril	769	993	992	1,094	825
Personal Automobile	652	664	879	706	688
Personal Casualty	6	6	4	4	5
Professional Liability	98	364	185	124	313
Commercial Property	358	451	345	573	511
Workers' Compensation	658	196	554	417	673
<b>Total</b>	<b>4,773</b>	<b>5,179</b>	<b>5,410</b>	<b>5,492</b>	<b>6,157</b>

**Figure 22: Property and Casualty Personal and Commercial Lines Office Form Filings Completed**

<b>TYPE OF INSURANCE</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>
Personal Liability/Umbrella	64	90	93	136	48
Bond and Misc. Lines	601	487	542	466	591
Commercial Automobile	978	764	1,335	1,464	1,354
General Liability	2,816	2,220	2,299	2,670	3,644
Homeowners	310	351	321	404	296
Interline Filing	490	232	332	323	334
Inland Marine	617	479	426	607	787
Identity Theft	3	11	5	1	2
Intake Unit	3	2	0	2	0
Commercial Multi-Peril	3,547	3,291	3,521	3,746	2,726
Personal Automobile	562	505	725	768	528
Personal Casualty	11	14	9	16	10
Professional Liability	693	713	645	636	726
Commercial Property	1,238	856	749	867	1,100
Workers' Compensation	227	266	438	242	248
<b>Total</b>	<b>12,160</b>	<b>10,281</b>	<b>11,440</b>	<b>12,348</b>	<b>12,394</b>

**Figure 23: Summary of Activity: Commercial Property Oversight Inspections**

	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>
Property Inspections Conducted	1,199	1,200	800	100	*0
Residential/Special Inspections	2	3	2	0	0
VIP Licenses/Certificates Issued	189	138	146	114	103

\* In June 2012, TDI repealed the rule to continue oversight of commercial property and oversight inspections.

**Figure 24: Summary of Activity: Windstorm Operations**

	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>
Applications Processed	77,499	38,688	35,801	31,717	37,228
Inspections Completed	*39,988	**11,223	9,343	7,308	9,401
Certificates of Compliance Issued	66,831	39,226	36,481	32,177	36,990

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

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

**Figure 25: Summary of Activity: Engineering Services**

	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>
Building Code Interpretations Provided	5,902	3,701	3,056	3,843	4,868
Product Evaluations Evaluated	2,100	1,460	2,003	1,867	2,229

**Figure 26: Summary of Activity: Loss Control**

	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>
Total Evaluations Completed	208	202	202	201	205
Companies Rated Adequate	204	201	193	199	198
Companies Rated Less than Adequate	1	1	9	2	7
Companies Evaluated for Licensure	10	11	8	7	2
Loss Control Representative	129	168	231	218	204

**Figure 27: Summary of Activity: Amusement Ride Safety and Insurance Act**

	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>
Inspection Certificates Approved	2,405	2,683	5,242	6,618	7,558
Injuries Reported	78	54	64	87	53

**Figure 28: Summary of Activity: Workers' Compensation Classification/Premium Calculation Office**

	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>
Experience Rating Modifiers Reviewed	624	469	485	*351	**n/a
Responses to Written CIS Inquiries (Non Complaints)	1,379	1,433	1,126	1,175	***223
Groups Certified	70	70	69	64	****58

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

\*\* No longer perform this function as it is not required by statute.

\*\*\* Ceased responding to written inquiries about workers' compensation classifications based on rule change.

\*\*\*\* Group certification transferred to the Property and Casualty Personal and Commercial Lines Office.

**Figure 29: Data Services and Special Projects: Other Statistical Reports Collected**

	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>
Title Insurance Agents	634	615	585	563	577
Title Insurance Underwriters	21	21	17	16	17

**Figure 30: Summary of Activity: Life/Health Filings**

	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>
Filed	24,831	19,884	19,787	21,274	23,304
Accepted	23,858	18,732	18,457	19,739	21,767
Approved	8,161	6,642	6,579	7,570	8,315
Disapproved	2,993	1,800	2,058	1,410	1,379
Exempt	4,898	4,149	4,832	5,658	5,404

**Figure 31: Summary of Activity: HMO Filings**

	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>
Filings Received	1,438	1,760	1,481	1,417	1,823

## **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 2013 Highlights: SFMO**

#### **TEXFIRS**

- 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;
- processed 4,667,788 fire and non-fire incident reports.

#### **Outreach, Policy, and Research**

- held the 14th 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;
- applied for the DJ-Edward Byrne Memorial Justice Assistance Grant, via the Texas Governor's Office;
- applied for the CD-Coverdell National Forensic Sciences Improvement Act Grant, via the Texas Governor's Office;
- created "Three Little Words: Everyone Goes Home" theme song, which will coincide with the "Three Little Words: Everyone Goes Home" educational campaign to reduce the frequency of Line-of-Duty firefighter deaths. This is a joint effort of the State Fire Marshal's Office, Texas Fire Marshals' Association, Texas A&M Forest Service, Texas A&M Engineering Extension Service (TEEX), Texas Commission on Fire Protection, Texas Fire Chiefs Association, and State Firemen's and Fire Marshals' Association;
- attended the National Fire Protection Association's annual conference in Chicago;
- completed re-branding of SFMO, which included a re-design of the SFMO web site, seal, and badge;
- TDI and the SFMO finalized a map of Texas where ammonium nitrate (AN) facilities are located. A citizen can type in their zip code and if there is an AN facility within their zip code, an icon with surrounding major roadways will be shown and a note to contact their local fire department to get information on that facility. If no facility exists in that zip code, a message will appear stating that fact. The map was completed in November 2013.
- SFMO is planning outreach events, with other appropriate state agencies, for the 81 counties that have AN facilities. State officials will meet with AN facility management, local first responders, members of the county's local emergency planning committee (LEPC), and county leaders to share best practices for storage of AN, potential blast zone information for that facility and surrounding structures, review best practices for firefighter response to these facilities, identify needed training, and answer questions by attendees.

## Industry Licensing

- conducted 215 licensing investigations, of which 20 percent were referred to enforcement;
- effected over \$37,000 in repairs that were made by involved companies at no additional cost to the property owner;
- issued 13,872 licenses, registrations, and permits to the fire alarm, extinguisher, sprinkler, and fireworks industries, a six percent increase from the previous year. As of August 31, 2013, there are 2,969 licensed and registered firms and 11,462 licensed and permitted individuals. In addition, SFMO issued 596 display permits and 4,185 retail fireworks permits.
- issued 43 Fire Marshal Consent Orders relating to enforcement of fire extinguisher, alarm, sprinkler, and fireworks statute and rules, generating over \$88,000 in administrative penalties.

## Fire Investigations

- coordinated three fire investigation forums across Texas and three Science Advisory Workgroup (SAW) meetings:
  - approximately 350 fire investigators across the state attended the forums
  - retroactive review of five arson cases has been completed by the SAW group
- training for fire investigators has increased 100 percent since FY 2012;
- 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;
- conducted 19 Firefighter Fatalities (FFF) investigations: one occurred during training; one was medical, one was a motor vehicle accident, and 16 involved fire ground operations;
- SFMO was the lead investigating agency at the West Fertilizer Plant explosion. SFMO staff spent 38 days in West, Texas conducting the origin and cause investigation and the Line of Duty Death (LODD) investigation. The investigation is ongoing. SFMO and ATF provided more than 20,000 personnel hours on the West Fertilizer Plant explosion;
- through realignment efforts, SFMO hired a criminal intelligence analyst and a forensic engineer. Their services are available to all public safety agencies who are investigating fire cases.

## PPC Oversight

- continued meeting with members of the Texas Fire Chief's 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 47 communities in Texas to discuss ISO classification and provide assistance to improve grading; 219 communities improved their ISO rating in FY 2013. Fifteen communities were presented with an award at a city council meeting for achieving a Class 1 or Class 2 ISO rating.

## Fire Safety Inspections

- performed 205 inspections of facilities that are leased by Texas Facilities Commission (TFC) for occupation by state agencies;
- Performed 17 inspections of state owned buildings;
- Performed 44 inspections of Texas Department of Criminal Justice facilities;
- At the request of the Texas House of Representatives Homeland Security and Public Safety Committee, the SFMO reviewed the following databases to ascertain how many Ammonium Nitrate (AN) facilities are located in Texas that store 10,000 pounds or more of this product: Office of the State Chemist, Department of State Health Services Tier II database, Department of Homeland Security AN identified sites, and the Bureau of Alcohol, Tobacco, Firearms, & Explosives – explosive licensing database. The four databases were condensed into one comprehensive list, removing any duplicate companies. A list of facilities was identified and the SFMO initiated voluntary inspections to confirm what was reported. Inspectors found some of the facilities no longer carried AN. The SFMO continued further due diligence in identifying

how many facilities are in the state by contacting regional distributors that sell AN in Texas. After completing this research and confirming the data with voluntary inspections, there are 109 AN facilities in Texas.

- began a three year cycle of inspections of Texas Department of Criminal Justice facilities around the state;
- based on recommendations from the 2011 Sunset report, SFMO began charging fees for inspections conducted on buildings that are not state owned or state leased, or in a community that does not have a local certified inspector;
- during the first and second special sessions of the 83rd Texas Legislature, the SFMO provided numerous fire inspectors and peace officers to assist with developing, maintaining, and managing a safe fire and life safety environment at the Capitol during the proceedings related to SB 1.

**Figure 32: Summary of Activity: Fire Marshal's Office**

	<b>FY 2012</b>	<b>FY 2013</b>	<b>ANNUAL TARGET</b>
Fire investigations completed	483	364	507
Samples analyzed in arson laboratory	2,566	2,965	2,300
Investigations/inspections of complaints against fire protection equipment/fireworks industries	702	640	1,100
Buildings inspected/re-inspected for fire safety hazards	5,274	5,471	4,650
Number of communities or community partners accepting an SFMO fire prevention program or initiative	105*	23	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**

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, Texas Labor Code, and other laws regarding workers' compensation are implemented and enforced. The basic goals of the Texas workers' compensation system are:

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

Governor Rick Perry appointed Rod Bordelon as Commissioner of Workers' Compensation and he assumed those duties in September 2008. During the 2013 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, the Special Deputy Commissioner for Policy and Research, and the Appeals Panel.

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 and Self-Insurance Regulation sections. 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, Information Management Systems, Records Management and Support, Outreach Planning and Coordination and Operations Support for TDI-DWC.

**Designated Doctor Outreach and Oversight** provides education, training, resources, and direction to designated doctors and other system participants to ensure injured employees are evaluated by qualified

doctors. The program area also oversees test development and administration to designated doctors and other doctors authorized to certify maximum medical improvement and impairment rating.

**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 may visit a local field office or contact field offices via a toll-free telephone number that routes calls to the 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 21,000 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 education sessions with system stakeholders on workers' compensation topics, such as designated doctor and pharmacy closed formulary rules. These sessions were conducted at 61 locations with 575 attendees in FY 2013.

**Information Management Systems** 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.

**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 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).

This section also coordinates the scheduling of designated doctor examinations.

**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 intent 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.

### 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. BRCs and CCHs are held at TDI-DWC field offices and other sites throughout the state.

### 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 Texas 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 by the TDI-DWC on or after June 1, 2012, Hearings is responsible for conducting BRCs regarding the appeal of a medical fee dispute decision issued by the TDI-DWC 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 by the TDI-DWC 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 Texas 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 Texas 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.

### Appeals Panel

The Appeals Panel reviews decisions on indemnity disputes appealed from the Contested Case Hearing (CCH) level. The Appeals Panel issues a written decision to reverse the hearing officer's decision or remand the case to CCH, and may issue a written decision on an affirmed case under certain conditions (for example, on an issue of first impression).

## 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 and Implementation, Health Care Business Management, System Monitoring and Oversight, Workplace Safety, and Return to Work.

**Health Care Policy and Implementation** 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 participants.

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

- **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.
- **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 which 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.

**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 or identified through complaints and/or internal data. This section also investigates and prepares cases for possible enforcement action.

**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 (OSHCN) 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, which 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 statewide 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 confidential, bilingual, toll-free hotline can be used by anyone wishing to report suspected violations.

**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 program areas. Workers' Compensation Counsel operates under the direction of the Commissioner of Workers' Compensation through the TDI Associate Commissioner of the Legal Section, General Counsel Division.

## 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 in the state such as medical costs and utilization of care trends, return-to-work outcomes for injured employees, and employer participation in the 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, Texas Labor Code.

## Rulemaking Highlights

**Non-Subscriber Reporting:** ensures 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 §110.105 and §160.1), effective January 1, 2013; (new §110.7 and §110.103), effective August 2, 2012. (Texas Labor Code §§406.006, 406.008, 406.009, 504.018, and 504.053(b)(2)).

**Designated Doctor Credentialing and General Procedures:** addresses 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), effective September 1, 2012. (Texas Labor Code §408.0041 and §408.1225).

**Accident Prevention Services:** regulates accident prevention services provided by insurance carriers to their policyholders. Adopted March 11, 2013 (amends 28 TAC §§166.1, 166.3, 166.5, repeals §§166.2, 166.4, 166.6 – 166.9, and adds new §166.2), effective October 1, 2013. (Texas Labor Code §§411.061, 411.063-411.068, and 413.021).

**Medical Quality Review Panel:** addresses 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). Adopted October 17, 2012. (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), effective January 1, 2013. (Texas Labor Code §§413.0511, 413.05115, 413.0512, 413.05121, 413.05122, 413.0513, 413.0514, and 413.0515).

**Post Designated Doctor Examination:** addresses provisions of HB 2605, 82nd Texas Legislature, Regular Session (2011), regarding an injured employee's request for a post designated doctor examination to be performed by the treating doctor or a referral doctor on an issue, other than maximum medical improvement or impairment rating, decided by the designated doctor. Adopted December 17, 2012. (adds new 28 TAC §126.17), effective January 6, 2013. (Texas Labor Code §408.0041 (f-4)).

**Medical State Reporting:** allows for the submission of International Classification of Diseases (ICD) 10 codes for medical bill and payment reporting by insurance carriers to TDI-DWC. The ICD 10 codes are being implemented by the Centers for Medicare and Medicaid Services (CMS) for CMS billing on

October 1, 2014. Adopted January 28, 2013. (amends 28 TAC §§134.803 and 134.807), effective February 17, 2013. (Texas Labor Code §§413.007, 413.008, and 413.011).

**Impairment Rating:** clarifies that an impairment rating based on an injured employee's condition on a date that is not the date of maximum medical improvement is invalid. Adopted July 13, 2012 (amends 28 TAC §130.1), effective August 25, 2013.

### **Joint TDI/TDI-DWC Rulemaking Projects**

**Utilization Review Agent (URA):** repeals and replaces Subchapters R and U of 28 TAC Chapter 19 with new rules to implement HB 4290, 81st Texas Legislature, Regular Session (2009), which amended provisions of the Insurance Code and Texas Labor Code relating to utilization review to determine the experimental or investigational nature of a health care service and retrospective utilization review. Adopted January 31, 2013. (repeals 28 TAC §§19.1701 – 19.1724; 19.2001 – 19.2021, and adds new §§19.1701 – 19.1719; 19.2001 – 19.2017). Effective February 20, 2013.

**URA Companion Project:** will synchronize key portions of workers' compensation bill processing, voluntary certification, pre-authorization, and concurrent review with the URA rules in 28 TAC Chapter 19 adopted on January 31, 2013. (amends 28 TAC §§133.2, 133.240, 133.250, 133.305 and 134.600). Anticipated adoption early 2014.

### **FY 2013 Highlights: Division of Workers Compensation**

#### **Health Care Quality Review**

- performed 116 quality of care reviews based on complaints, plan based audits, or monitoring based reviews of health care providers, designated doctors, peer review doctors, Independent Review Organization (IRO) doctors, utilization review agents, and insurance carriers;
- performed 218 quality of care reviews based on Performance-Based Oversight assessments of health care providers;
- investigated 211 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 adopted the Annual Audit Plan for CY 2013;
- after seeking stakeholder input, adopted and initiated plan-based audits of health care providers prescribing opioids, designated doctors, and insurance carriers/utilization review agents;
- proposed and sought stakeholder input on a legacy claim pain management plan based-audit;
- TDI-DWC 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 §413.0512(b):
  - Texas Medical Board
  - Texas Board of Chiropractic Examiners
  - Texas State Board of Dental Examiners
- TDI-DWC 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 Podiatric Medical Association
  - Texas Orthopedic Association
  - Texas Dental Association
  - Texas Association of Neurological Surgeons
  - Texas Pharmacy Business Council
  - Travis County Medical Association
  - Harris County Medical Society
  - Bexar County Medical Society
  - Texas Pain Society
  - Texas Society of Anesthesiologists
  - Texas Hospital Association
  - Texas Pharmacy Association

- American Insurance Association
- Texas Association of Business
- Texas AFL-CIO
- Insurance Council of Texas
- Property Casualty Insurers Association of America

## Enforcement

- assessed \$1,002,870 in administrative penalties;
- obtained 156 enforcement orders issued by TDI-DWC against all system participants;
- obtained 50 enforcement orders issued by TDI-DWC against health care providers;
- issued 25 orders against health care providers 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 the Commissioner of Workers' Compensation's directive to resolve all cases or set them for informal settlement conference or hearing within 180 days of receipt.

## Medical Fee Dispute Resolution

- decreased the backlog and reduced pending fee disputes from 17,054 in August of 2009 to 3,241 as of September 2013; "fair and reasonable" and "stop loss" 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 TAC §133.307, effective for disputes received on or after June 1, 2012.

## Hearings

- held 15,755 benefit review conferences;
- held 7,438 contested case hearings;
- issued 3,009 Appeals Panel decisions;
- docketed 966 cases with SOAH.

## Audits, Complaints and Compliance

- completed 65 Performance Reviews (Audits) on insurance carriers;
- handled more than 4,100 complaints, resulting in the return of over \$531,000 to system participants;
- issued more than 640 warning letters to system participants and referred more than 430 violations to Enforcement;
- conducted quarterly insurance carrier meetings to discuss emergent and ongoing compliance concerns in the Texas workers' compensation system.

## Performance-Based Oversight

- conducted assessments on 110 insurance carriers;
- finalized and published tier results of the insurance carriers in December 2012;
- issued preliminary findings for the 2013 Health Care Provider Assessment in August 2013.

## Designated Doctors

- approved 36,835 designated doctor examinations;
- performed outreach to injured employees by sending 243 Injured Employee Surveys;
- produced two issues of *Designated Doctor Update Newsletter* and distributed them to 1,300 recipients;
- applied a more comprehensive designated doctor certification process for applications received on or after January 1, 2013, and approved 252 new certifications and 272 re-certifications based on the revised standards;

- 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 indepth 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

- conducted 315 presentations (speeches, training, exhibits, seminars, teleconferences, webinars and staff participation in industry meetings) made by TDI-DWC staff for external consumers groups;
- hosted two Workers' Compensation Compliance Conferences in Austin and Houston, providing information to 609 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 5,803 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 471 questions received via e-mail;
- made 577 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 61 education sessions for system participants at field offices, attended by 575 people, covering topics such as pharmacy formulary and new designated doctor rules.
- provided customer assistance to approximately 200,000 system participants through the virtual call center;
- provided face-to-face customer service to approximately 7,000 injured employees as walk-in customers at 21 field office locations across the state;
- in conjunction with receiving assistance, approximately 37,000 injured employees were assigned a Single Point of Contact to assist them with their claims.

## Workplace Safety

- conducted 2,532 OSHCON consultations with employers, identifying 7,339 occupational hazards;
- conducted 64 inspections representing 150 insurance companies for compliance with provision of required loss control services, which included on-site safety visits and phone consultations with 365 policyholders;
- processed 206 safety-related calls through the Safety Violations Hotline; of these, established 30 safety violations cases, eliminating 118 safety and health hazards in workplaces;
- provided safety and health educational products and services to 9,104 employers and 85,040 employees, including:
  - conducted nine Regional Safety Summits across the state that provided information to target industries on preventing the leading causes of fatal occupational injuries, including transportation incidents, violence and other injuries by persons or animals, and contact with objects and equipment, as well as common workplace safety issues associated with emergency preparedness and disaster recovery; injury reporting and recording compliance; and the new OSHA Hazard Communication Standard;
  - conducted 46 free OSHA 10-Hour Construction Seminars in either English or Spanish;

- conducted 27 on-site customized safety training sessions at employer worksites;
- hosted the 17th Annual Health and Safety Conference, the *Texas Safety Summit*, in May 2013 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 3,268,393 times.
- sent educational materials about workplace safety and return to work to 187,629 injured employees for whom workers' compensation claims were established and 41,689 of their employers;
- received national recognition from OSHA for obtaining a perfect score for overall performance and data quality during the 2011 OSHA Data Initiative data collection completed in FY 2013;
- OSHCON Program Manager served 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 6.93% of the market share based on total written premium for workers' compensation in Texas; as of August 31, 2013, there were 41 active Certified Self-Insurers covering 237 companies that employ 130,331 employees;
- made presentations to the Commissioner of Workers' Compensation and Board at the Texas Certified Self-Insurer Guaranty Association public meetings which approved two initial applications, 44 renewal applications, 56 status reports on withdrawn CSIs, and four special requests for security deposit reductions;
- monitored 56 withdrawn CSIs, including two impaired employers and one non-renewal; there were no new entrants into the self-insurance program in FY 2013 and one company withdrew from the program;
- managed security deposits totaling \$525,535,691 (includes both active and withdrawn companies) and consisting of \$148,500,000 in Letters of Credit, \$369,065,691 in Surety Bonds and \$7,970,000 in cash;
- collected \$2,000 in application fees, \$520,499.43 in regulatory fees along with \$1,010,484.18 in maintenance taxes and \$10,004.29 in research maintenance taxes, totaling \$1,542,987.90;
- completed and approved 27 on-site safety program inspections.

### **Workers' Compensation Research and Evaluation Group**

- completed the following seven research projects and posted reports/results to agency website:
  - *Setting the Standard: An Analysis of the Impact of the 2005 Legislative Reforms on the Texas Workers' Compensation System, 2012 Results*
  - *Return-to-Work in the Texas Workers' Compensation System, 2006-2010*
  - *Return-to-Work Outcomes of Texas Injured Employees, 2013*
  - *2012 Workers' Compensation Network Report Card*
  - *Health Care Cost and Utilization in the Texas Workers' Compensation System, 1998 – 2011*
  - *Impact of the Texas Pharmacy Closed Formulary* (three preliminary reports updated quarterly)
  - *Income Benefit Adequacy in the Texas Workers' Compensation System, 2000-2011*
- presented current research findings at TDI-DWC compliance conferences held in Austin and Houston;
- presented current research findings to the Texas Medical Association, Workers' Compensation Research Group, insurance carriers, and labor union representatives;
- presented *2012 Workers' Compensation Network Report Card* to ten 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 one network data call and currently conducting an injured employees survey in support of the 2013 annual network report card;
- completed one formulary data call in support of a new rule effective September 1, 2013, and currently conducting a second formulary data call;
- 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 to document and improve processes related to conducting Benefit Review Conferences and Contested Case Hearings, including case reading activities and work-load reporting;
- partnered with Designated Doctor Outreach and Oversight staff to implement the new Designated Doctor Certification Test with a test administration vendor;
- implemented a streamlined process for gathering automation requirements, currently in use on the TXCOMP Provider Rewrite project;
- implemented phase one automation for filing of the DWC Form-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 training at TDI-DWC's 17th Annual Health and Safety Conference, the *Texas Safety Summit*;
- made 36 return-to-work presentations to employers across the state reaching approximately 6,200 attendees;
- approximately 9,700 employers received return-to-work training and information (not counting web-hits) through seminars, consultations and/or printed information;
- distributed more than 3,400 hard copies of the 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 return-to-work information on the TDI website, which was accessed approximately 25,000 times.