



Texas Department of Insurance

2011 Annual Report



Texas Department of Insurance

Office of the Commissioner, Mail Code 113-1C

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November 18, 2011

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

Dear Governors and Speaker:

I am pleased to submit the Annual Report of the Texas Department of Insurance for Fiscal Year 2011, 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. Copies of this report will be provided to insurance commissioners in other states, as well as selected members of the Texas Legislature, upon request. This report is also available on TDI's website at <http://www.tdi.texas.gov/reports/annual.html>.

As in 2010, TDI's Annual Financial Report—formerly published as Part V of the agency's Annual Report—is published under separate cover for Fiscal Year 2011.

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

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

Eleanor Kitzman, Commissioner of Insurance



**136th Annual Report
to the Governor & Legislature**

**For Fiscal Year 2011
ending August 31, 2011**

Eleanor Kitzman,
Commissioner of Insurance

TABLE OF CONTENTS

Agency Vision	III
Agency Mission	III
Agency Regulatory Approach	III
Agency Organization Charts	IV
Part I Report on Program Activities	1
Preface	3
Commissioner's Office	5
Legal and Regulatory Affairs	8
Enforcement	9
Insurance Fraud Unit	11
Financial	13
Property and Casualty	16
Life, Health and Licensing Program	20
Consumer Protection	25
State Fire Marshal's Office	27
Administrative Operations	30
Division of Workers' Compensation	34
Part II Summary of Company Data	51
Rehabilitations and Liquidation Oversight Report	55
Overview: Texas Insurance Market	57

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Agency Vision

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

Agency Mission

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

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

Agency Regulatory Approach

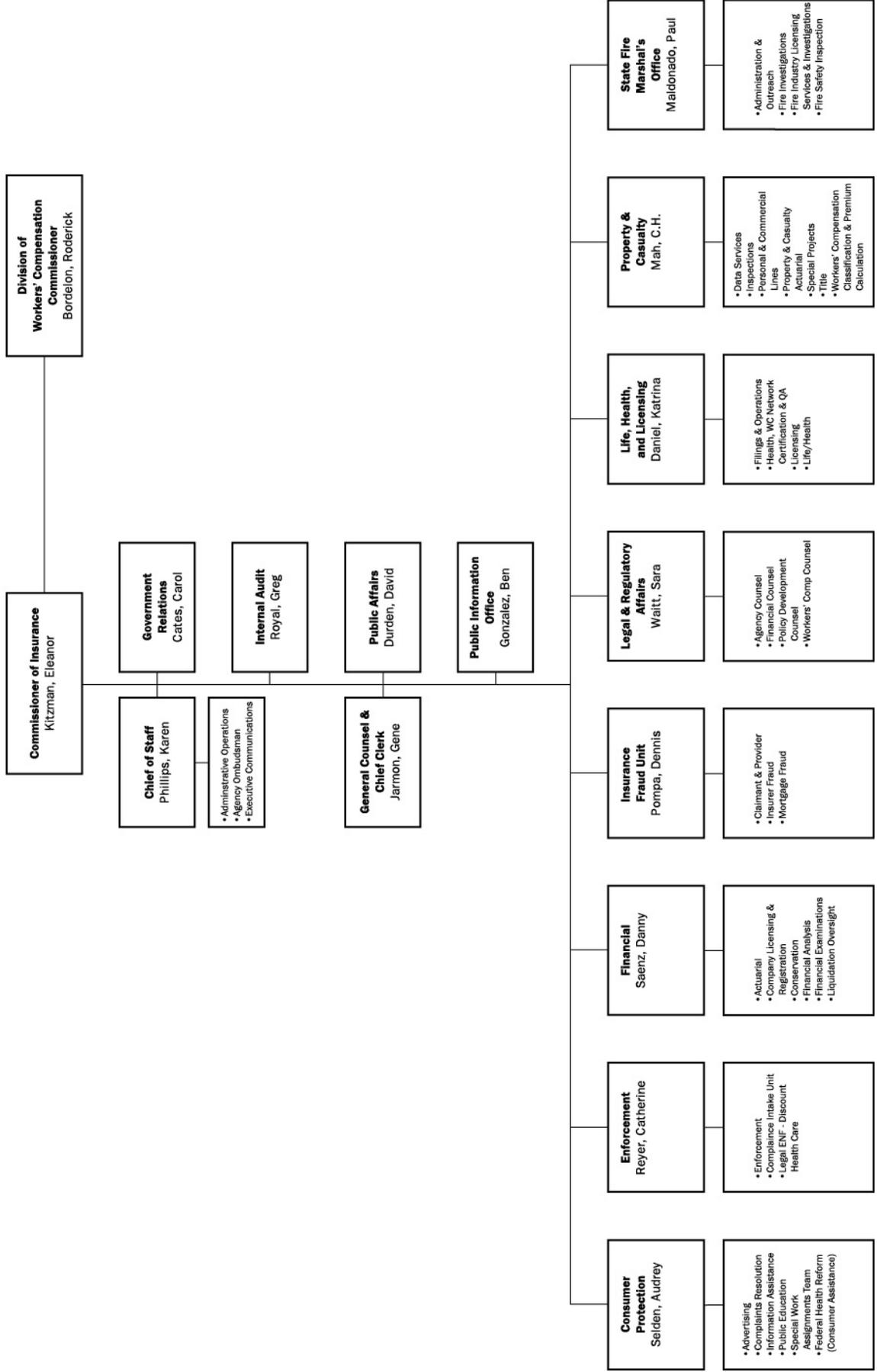
The Texas Department of Insurance will exemplify friendly, courteous, ethical, and professional behavior in all areas of performance by

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

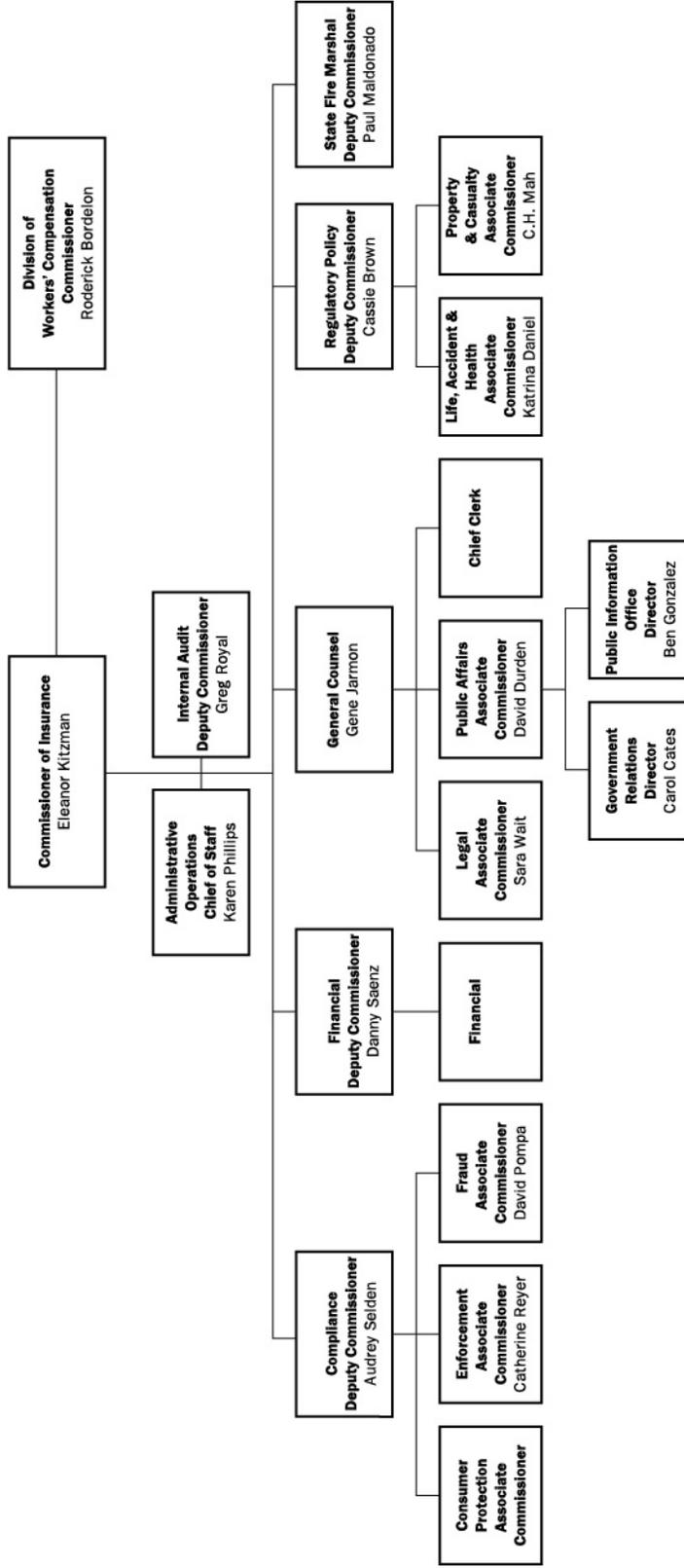
Texas Department of Insurance

Functional Organizational Chart

August 31, 2011



Texas Department of Insurance
 Functional Organizational Chart
 September 30, 2011



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Part I
Report of
Program Activities

Preface: Key Events for the Department in FY 2011

Healthy Texas

Healthy Texas, a statewide public/private partnership established by the 81st Legislature, began enrollment in the fall of 2010. Healthy Texas provides a new health insurance option for small employers in Texas that currently do not offer insurance. Eligible employers that purchase coverage for employees and their dependents through an approved participating private health plan can save up to one-third on premiums.

Administrative Oversight of the Texas Windstorm Insurance Association (TWIA)

On February 28, 2011, following both a financial examination and a limited scope examination, the Department placed TWIA under Administrative Oversight pursuant to Chapter 441 of the Texas Insurance Code. The large number of Hurricane Ike claims had stretched the Association's resources resulting in customer service problems, questionable personnel actions, and financial irregularities. Administrative oversight is one of the regulatory tools through which TDI increases its involvement in the day to day operations of the Association and helps identify where improvement is needed. Day-to-day services provided by TWIA to its policyholder are not affected.

State Farm Rate Case

The long-running case involving State Farm Lloyd's 2003 homeowners rates reached a milestone in April 2011, when State District Judge Tim Sulak signed an order affirming the 2009 Commissioner Order issued against State Farm. That order required State Farm to pay refunds to policyholders totaling \$310 million plus interest. The Court determined that there was sufficient evidence in the Commissioner's Order that it should be upheld. Since the judge's ruling, State Farm has filed an appeal and the case is pending.

82nd Texas Legislature

During the 82nd regular session of the Texas Legislature, TDI tracked approximately 1,057 insurance and workers' compensation-related bills filed during the Regular Session and 33 such bills filed during the First Called Special Session, 217 of which passed and of those, 214 became law. Of particular note was the passage of Sunset legislation to extend the operation of the Department of Insurance to September 1, 2023 in House Bill (HB) 1951. Legislation also was passed to extend the operation of TDI's Division of Workers' Compensation to September 1, 2017 (HB 2605).

During a Special Session called by the Governor, several budget-related bills, a significant health care incentives and innovations bill, and a bill regarding the Texas Windstorm Insurance Association (TWIA) were passed. Senate Bill (SB) 7 authorizes the establishment, and TDI licensure, of health care collaboratives for physicians and hospitals to work together to create incentives for cost savings and to promote efficiencies in quality of care. HB 3 addresses the interests of coastal residents and the state as a whole in seeking to restore financial and operational strength to TWIA, the Texas windstorm insurer of last resort.

New Commissioner Appointed

Governor Perry appointed Eleanor Kitzman as State Commissioner of Insurance, effective August 15, 2011. Ms. Kitzman previously served as the executive director of the South Carolina Budget and Control Board, and was past director of the South Carolina Department of Insurance. She is a member of the State Bar of Texas and South Carolina Bar Association. She received a bachelor's degree from the University of Houston and a law degree from South Texas College of Law.

Health Care Reform

The Patient Protection and Affordable Care Act, signed into law in 2010 and spanning a multi-year timeline, continues to impact health insurance and how insurers administer their plans. The Department applied for one-year federal grants to develop educational materials and to study rate review and health insurance exchanges as provided in the new law. TDI is working closely with state leadership to consider the range of options and implications for the state while monitoring litigation that challenges the constitutionality of the federal health reform laws.

Insurance in Texas: By the Numbers

Homeowners Insurance		Top Writers		2010	MARKET
				WRITTEN PREMIUM	SHARE
Number of Companies*	125	State Farm IL Group		1,693,893,846	29.16%
Number of Groups	58	Allstate Ins Group		732,854,046	12.61%
Number of New Companies**	4	Zurich Ins Group (includes Farmers)		726,509,597	12.51%
Policies in Force (2010)		United Services Automobile Asn Group		449,517,215	7.74%
Homeowners	4,119,577	Liberty MUTUAL Ins Co Group		305,003,275	5.25%
Dwelling	644,887	Travelers Group		282,617,875	4.86%
Tenants	836,543	Nationwide Corp Group		209,684,015	3.61%
2010 Written Premium	\$5,809,476,010	Texas Farm Bureau Mut Group		152,504,496	2.63%
		Chubb & Son Inc Group		114,953,664	1.98%
		Hartford Fire & Cas Group		104,250,867	1.79%

Personal Auto		Top Writers		2010	MARKET
				WRITTEN PREMIUM	SHARE
Number of Companies*	195	State Farm IL Group		2,709,832,339	20.26%
Number of Groups	68	Zurich Ins Group (includes Farmers)		1,657,664,409	12.39%
Number of New Companies**	5	Allstate Ins Group		1,518,684,883	11.35%
Vehicles in Force (Liability)	15,774,673	Progressive Group		1,123,991,037	8.40%
2010 Written Premium	\$13,378,077,964	United Services Automobile Asn Group		931,191,437	6.96%
		Berkshire-Hathaway Group		871,264,424	6.51%
		Nationwide Corp Group		461,190,970	3.45%
		Liberty Mutual Ins Co Group		370,340,685	2.77%
		Home State Ins Group		363,729,698	2.72%
		Titus Group		329,324,944	2.46%

Health Insurance		Top Writers		2010	MARKET
				WRITTEN PREMIUM	SHARE
Number of Companies*	471	Health Care Service Corp Group (includes Bluecross & Blueshield of Texas)		7,707,989,469	20.88%
Number of Groups	183	Unitedhealth Group		6,494,750,981	17.94%
Number of New Companies**	2	Aetna Group		2,567,767,860	7.80%
Texas Population estimate	25,154,000	Humana Inc Group		2,543,787,099	7.02%
Texans with Health Insurance	18,973,000	Amerigroup Group		1,399,044,542	3.86%
Uninsured population	6,181,000	Centene Corp Group		1,345,869,438	3.71%
2010 Written Premium	\$36,261,369,626	Newquest Group		1,014,654,427	2.80%
		Universal American Fin Corp Group		907,569,666	2.50%
		Cigna Health Group		891,403,488	2.46%
		Scott and White Group		550,626,638	1.52%

Life Insurance		Top Writers		2010	MARKET
				WRITTEN PREMIUM	SHARE
Number of Companies*	473	Metropolitan Group		719,436,122	7.81%
Number of Groups	175	New York Life Group		537,201,355	5.83%
Number of New Companies**	1	Northwestern Mutl Group		424,832,942	4.61%
2010 Written Premium	\$9,215,918,389	Prudential of Am Group		380,779,515	4.13%
		Lincoln National Group		374,719,305	4.07%
		State Farm IL Group		307,169,963	3.33%
		American Intrnl Group		292,185,730	3.17%
		Aegon US Holding Group		273,305,088	2.97%
		John Hancock Group		254,315,634	2.76%
		Mass Mutual LIC Group		243,685,979	2.64%

Annuities		Top Writers		2010	MARKET
				WRITTEN PREMIUM	SHARE
Number of Companies*	308	Prudential of Am Group		1,450,365,908	7.84%
Number of Groups	131	Metropolitan Group		1,152,776,836	6.23%
Number of New Companies**	1	John Hancock Group		1,121,301,783	6.06%
2010 Written Premium	\$18,500,577,990	American Intrnl Group		1,058,716,665	5.72%
		Jackson Natl Group		1,011,166,891	5.47%
		ING America Ins Holding Group		860,517,373	4.65%
		Lincoln National Group		810,124,411	4.38%
		Allianz Ins Group		668,951,943	3.63%
		Hartford Fire & Cas Group		638,404,379	3.45%
		College Retirement		611,334,176	3.30%

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

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

Commissioner's Office

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

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

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

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

In FY 2011, the Commissioner's Office included the Chief of Staff, Government Relations, Internal Audit, and Public Information Office.

FY 2011 Highlights

General Counsel/Chief Clerk

- advised the Commissioner on 23 contested cases heard by SOAH and 15 hearings and public meetings conducted by the Commissioner, and advised the Commissioner on other rate matters;
- briefed and advised the Commissioner on 20 appeals of TWIA decisions;
- provided legal and technical review in connection with the adoption of nine new Texas Administrative Code (TAC) rules, the repeal of three TAC rules, and the amendment of nine TAC rules, including the adoption of one TAC rule adopted on an emergency basis;
- provided legal and technical review in connection with the adoption of two manual rule proposals under Article 5.96, Chapter 2151 of the Texas Insurance Code;
- advised the Commissioner regarding orders in connection with agents and insurers, including 223 Consent orders, 101 Default orders, 21 Contested orders, and 2 Cease and Desist orders; also advised the Commissioner on 19 appointment or reappointment orders and 10 TDI Activity orders;
- continued work on updating TDI's database of Commissioner orders and bulletins, which now includes 48 years of Commissioner of Insurance orders and the former State Board of Insurance Board orders;
- approved and processed 43 Commissioner's bulletins;
- maintained and prepared for archiving all contested-case hearing files (Official Administrative Record) and all other administrative hearing files, as well as assisted the Office of the Attorney General (OAG) in related appeals filed with the District Court.

Internal Audit

- conducted nine financial or performance related audits; four other financial/performance-related audits were ongoing at fiscal year-end;
- conducted two follow-ups with management 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;

- conducted one verification audit of implemented recommendations that covered three prior internal audit reports; there was one verification audit of two prior internal audit reports ongoing at fiscal year-end;
- conducted two information technology advisory projects resulting in final reports to the Commissioners and agency management; one advisory project was ongoing at fiscal year-end;
- coordinated with students from the McCombs School of Business, who conducted the agency-wide ethics review.

Government Relations

- facilitated and finalized the TDI Biennial Report to the 82nd Legislature, which consisted of various legislative recommendations;
- worked with the 82nd Legislature, Regular and Special Sessions, to provide resource information and testimony on insurance and workers' compensation-related issues, including Sunset legislation for both TDI and TDI-DWC, TWIA, and various recommendations from the TDI and DWC Biennial Reports to the 82nd Legislature;
- tracked 1,057 insurance-related bills filed during the 82nd Legislative Regular Session and 33 such bills filed during the First Called Special Session;
- published and updated bill implementation information on the agency's website at the conclusion of the 82nd Regular and Special Sessions of the Legislature, which resulted in 171 items to implement, including 61 bills relating to insurance and workers' compensation;
- worked with bill authors and sponsors of legislation to keep them advised of implementation developments, including stakeholder and working group meetings in the development of rules;
- monitored and attended meetings of various boards and committees for the Commissioner of Insurance and the Commissioner of Workers' Compensation, including legislative interim and regular and special session committees;
- continued to maintain a consumer liaison for insurance inquiries;
- assisted TDI staff with appointment and re-appointment of members to advisory committees and boards;
- monitored the ongoing operation of various programs and web-related services created by past legislative sessions to provide insurance information and resources to consumers and the insurance industry, including: (1) TexasSure, which provides information on the insurance status of vehicles and identifies and notifies uninsured motorists of information in the database that cannot be matched or verified; (2) HelpInsure.com, which allows consumers to view sample homeowners or auto insurance rates from the top 25 insurer groups, and assists consumers, businesses, and professionals by helping them connect with agents and companies that offer coverage; and (3) Healthy Texas, which makes health insurance more accessible to Texas small businesses, thus allowing them to offer health coverage to their employees.

Public Information Office

- published four issues of *TDInsight* in FY 2011, a newsletter that provides industry stakeholders and policymakers with timely information on key issues and regulatory actions, in a readable, visually interesting format;
- wrote and coordinated dissemination of 58 press releases to statewide Texas media;
- provided presentation assistance for the Commissioner at 11 events statewide;
- responded to 230 media calls and interview requests;
- continued to provide a daily news clipping service, monitoring all major Texas newspapers for insurance-related news;
- designed and produced all agency newsletters, brochures, booklets, fliers, posters, and stationery, as well as web-enterable forms and optimal web images for the TDI website;

- completed a full redesign of TDI intranet and internet websites, as well as incorporated web designs from outside vendors for Have an Exit Strategy, Consumer Health Assistance Program, and Healthy Texas Online websites to make sure they met TDI and state web and accessibility standards;
- took a lead role in several technology-related projects, including the agency's accessibility project, accessibility training for web team members, and overseeing the agency web domain switch from www.tdi.state.tx.us to www.tdi.texas.gov;
- continued to distribute e-mail updates to close to 4,000 TDI eNews subscribers;
- provided live and archived Internet audio of 10 public hearings/meetings.

Figure 1: Summary of Activity: Commissioner's Office

	FY 2008	FY 2009	FY 2010	FY 2011
Commissioner's Hearings/Meetings	13	15	10	15
Commissioner's Orders*	1,221	1,050	1,139	1,058

* Commissioner's Orders in FY 2011 included 342 disciplinary orders (including contested, consent, cease and desist, and default orders) and other matters regarding TWIA appeals, 22 TAC rules, 6 manual orders, 595 company and financial activities orders, 28 orders for temporary acting commissioner, 11 delegation orders for routine actions, 9 TDI activity actions, 18 appointment or reappointment orders, and 27 other orders regarding rate filings, disapproval of rates, motions for rehearing, and supervision.

Figure 2: Commissioner's Contested Cases by Type

	FY 2008	FY 2009	FY 2010	FY 2011
Total Hearings Conducted for Commissioner*	50	153	132	72
Disciplinary†	29	21	19	38
License Applications	14	11	16	14
Appeals/Other‡	9	121	97	21

* Total number of actual hearings conducted for the Commissioner by SOAH. The count excludes prehearing conferences and additional days of extended hearings.

† Includes State Fire Marshal's Office.

‡ Appeals/Other includes appeals of actions taken by TWIA and the Texas FAIR Plan Association.

Legal and Regulatory Affairs

LEGAL AND REGULATORY AFFAIRS counsels the agency on all matters, including operations, personnel, contracts, open records, and policymaking. The program interprets statutes, drafts rules, opinions, orders, bulletins, and assists the Financial Program with financial and receivership matters.

Legal and Regulatory Affairs serves as liaison to the National Association of Insurance Commissioners (NAIC) and the Interstate Product Regulation Commission. The division has four sections: Agency Counsel, Financial Counsel, Policy Development Counsel, and Workers' Compensation Counsel.

Highlights

In FY 2011, Legal and Regulatory Affairs

- reviewed and/or prepared 281 contracts or agreements for the agency;
- processed 921 citations and 135 subpoenas;
- contributed approximately 1,080 bill comments during the 82nd Regular Legislative Session and was lead on 79 legislative bills;
- published the Agency Counsel Open Records Newsletter (ACORN);
- assisted with TWIA legislative and legal issues.

Figure 3: Summary of Activity: Legal and Regulatory Affairs

	FY 2010	FY 2011
Cases received	154	196
Cases closed	153	238
Open records requests received	12,192	11,439
Open records requests completed	12,263	11,397
AG referrals for opinions	141	86

Enforcement

THE ENFORCEMENT DIVISION investigates allegations of illegal activities by insurance agents, companies, HMOs, and other entities (both licensed and unlicensed) engaged in the business of insurance, and Workers' Compensation system participants. Enforcement reviews issues related to unauthorized insurance, failure to timely pay clean claims, race-based pricing, and disaster-related claims handling, among others. Following investigation, Enforcement attorneys bring disciplinary actions that may result in

- cease and desist orders;
- license application denials;
- license revocations and suspensions;
- monitored agent probations;
- administrative penalties;
- 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 and can assist prosecutors in criminal cases. Enforcement works with the OAG on appeals of disciplinary actions and on enforcement actions conducted by the OAG's Consumer Protection Division.

Enforcement's Compliance Intake Unit (CIU) provides data and file management and public assistance telephone support to the program. CIU also receives, reviews, and analyzes all complaints referred to Enforcement to identify practices that require further investigation by Enforcement and/or other areas of TDI.

Highlights

In FY 2011, Enforcement

- ordered \$95,767,992 in restitution for consumers and assessed \$19,158,435 in administrative penalties, fines, and forfeitures;
- brought disciplinary actions that resulted in revocation of 111 agent licenses;
- issued a Cease and Desist order naming 35 respondents for unauthorized insurance;
- coordinated with four other states to issue an order against a company for failing to notify policyholders of rate increases, various additional expenses, and interest payments; the order provides for a pool of \$10 million for policyholders to select among numerous options, a \$1 million assessment to be spread among states based on the number of policyholders, and a potential back end penalty of \$5 million if the company fails to make adequate changes to prevent similar problems in the future;
- continued its investigation into race-based pricing, which is drawing to a close. To date, the Department has entered into 27 consent order agreements, providing relief for 211,000 Texas policies and provided refunds or other value in the amount of \$17 million. The Department has assessed \$814,000 in fines against the companies involved. The Department is negotiating settlements in the completed company exams and expects to finalize disciplinary actions by mid-2012.
- ordered TWIA and Texas Fair Access to Insurance Requirements (FAIR) Plan Association to do a review of, and where appropriate, make additional payment on, Hurricanes Ike or Dolly claims that were not promptly paid; claims in which coverage was improperly limited for certain types of roof damage; and claims in which General Contractor Overhead and Profit was owed but withheld.

TWIA and FAIR Plan disputed any findings of liability, but agreed to a procedure to identify relevant claims, review the claims under the terms set forth in the order, and make payments or issue premium credits to affected insureds.

- revoked the licenses of three individuals based upon separate investment schemes. One caused over 800 investors nationwide to lose approximately \$100 million. The State Securities Board entered an order against another after more than \$40 million in investor funds were improperly diverted. A third sold \$1,408,000 in unauthorized private annuities. Investment funds were used for the individual's own personal use. Each individual has been the subject of a criminal prosecution.

Figure 4: Summary of Activity

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Cases received	814	1,031	1,393	1,547	1,466
Cases closed	819	776	1,283	1,605	2,098
License revocations	90	76	116	97	111
License denials	24	29	30	26	21
License suspensions/ suspensions of writing*	41	18	16	6	17
Cease and desist orders	14	12	9	18	12
Monetary forfeitures/ restitution orders†	285	223	211	230	324
Forfeitures/assessments/ Restitution	\$34,647,832	\$51,050,935	\$26,166,080	\$338,441,866	\$114,926,427

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

† This number includes Commissioner and State Fire Marshal orders.

Insurance Fraud Unit

THE INSURANCE FRAUD UNIT protects the public from economic harm by investigating allegations of criminal insurance fraud. Its responsibilities include reviewing reports of fraud, initiating inquiries, and conducting investigations when TDI has reason to suspect insurance fraud has occurred (Texas Insurance Code, Chapter 701). In addition, the Fraud Unit actively seeks criminal indictments, makes arrests, and assists in prosecutions to deter insurance fraud in Texas.

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

- Claim fraud committed by consumers or providers against insurance companies, including
 - staged accidents/paper accidents;
 - fake burglary and auto theft claims;
 - arson for profit;
 - claims for medical services not provided or inflated;
 - personal injury schemes;
 - exaggerated/padded claims;
 - organized fraud schemes;
 - workers' compensation claimant and/or provider fraud.
- Deceptive agent practices 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 is comprised of four investigative sections with commissioned peace officers and civilian investigators, an administrative section, and an intake section. Unit management includes the Associate Commissioner/Chief Investigator and three section managers. Additionally, the Fraud Unit has two attorneys on staff, the Fraud Counsel and the Special Prosecutor. The Fraud Counsel provides legal advice and investigative support to the unit. The Special Prosecutor, through a cooperative agreement with the Dallas County District Attorney's Office, is appointed as an assistant district attorney to prosecute cases referred by the Fraud Unit.

Highlights

In FY 2011, the Insurance Fraud Unit

- hosted the 13th Annual Fraud Conference in February 2011 with 254 fraud investigators from state government, law enforcement, and the insurance industry in attendance;
- made 12 public presentations on insurance fraud;
- initiated 713 contacts with law enforcement throughout the state;
- 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.

Figure 5: Summary of Activity FY 2011: Insurance Fraud Unit

Reports of Fraud Received	11,124
Cases Opened	577
Persons Referred to Prosecutors	187
Criminal Indictments	114
Criminal Convictions	112
Fraud Identified in Referrals	\$23,814,341
Assessments (Fines & Penalties)	\$76,300
Restitution Ordered	\$6,527,227
Arrests by Fraud Unit Peace Officers*	6

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

Financial

THE FINANCIAL PROGRAM 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 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 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 2010 reflected \$103 billion in Texas premiums and \$71 billion in claim payments to Texas claimants. These companies reported aggregate assets of \$6.7 trillion, liabilities of \$5.8 trillion and capital and surplus of \$934 billion.

FY 2011 Highlights

General Management and Financial Analysis

- continued to closely monitor evolving developments in the financial and credit markets and their impact on insurance companies that operate in Texas;
- served as a national leader in monitoring and coordinating international efforts to enhance global regulation and improve regulator cooperation and communication with internationally active insurance groups;
- vice-chaired the Financial Analysis Working Group of the NAIC, which exists to identify, discuss, and monitor potentially troubled insurers and insurance groups that are typically of national significance;
- co-chaired the national Group Solvency Issues Working Group of the NAIC, which evaluates regulatory actions involving multi-state and multi-national insurance groups and develops new tools and guidance to promote uniformity and an efficient leveraging of states' resources on group issues.

Company Licensing

- administered approximately \$1.2 billion in statutory deposits, which are funds put up by insurance companies and other entities to protect policyholders and other creditors against the risk of insolvency;
- coordinated with the Texas Health and Human Services Commission (HHSC) to license several start-up HMOs, and to approve service area expansions for numerous existing HMOs, that desired to participate in the HHSC's expansion of the Star-Plus and Children's Health Insurance Programs across the state.

Financial Examinations

- participated in 23 coordinated examinations with other states to increase the efficiency and effectiveness of the examination process;
- began requiring all licensed insurers to submit a Market Conduct Annual Statement promoting uniform analysis by applying consistent measurements and comparisons between companies;
- initiated coordination efforts with federal banking regulators for several domestic insurance holding company systems as part of the implementation of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Actuarial

- conducted the Actuarial Guideline XXXVIII survey to review company practices regarding the extent to which guarantees were not reflected in reserves for universal life products with secondary guarantees;
- participated in the NAIC Life and Health Actuarial Task Force efforts to develop principle-based reserves requirements for life and annuity products, including development of a valuation manual containing reserve requirements and changes to the Model Standard Valuation Law. These efforts are expected to eliminate certain redundant reserves and benefit consumers through greater availability and lower costs, as well as provide other efficiencies benefiting all stakeholders.

Rehabilitation and Liquidation Oversight Division

- collected additional reinsurance recoveries in two receivership estates that were re-opened in FY 2010 in order to make additional distributions; over \$12 million, of a projected \$38.8 million, has been distributed to creditors thus far;
- released three companies from regulatory interventions as rehabilitated, and continued to monitor several other companies that are winding down their financial affairs without impacting the guaranty associations or taxpayers;
- monitored two companies that could have a guaranty fund impact, simultaneously working with these companies for release due to rehabilitation or wind down;
- continued oversight of TWIA;
- oversaw in excess of \$157 million of net asset recoveries through the receivership process, which included approximately \$91 million that was recovered in the receivership of a Texas health insurer.

Figure 6: Number of Company Licenses Under Commissioner's Jurisdiction Fiscal Years 2007-2011

LICENSE TYPE	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Insurance Companies	1,891	1,885	1,863	1,858	1,843
Health Maintenance Organizations	54	54	55	52	51
Premium Finance Companies	264	250	257	194	194
Continuing Care Retirement Communities	25	29	29	29	31
Third Party Administrators	730	748	770	782	760
Total	2,964	2,966	2,974	2,915	2,879

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

Figure 7: Texas Policyholder Premiums, Claim Payments Calendar Years 2006-2010

CALENDAR YEAR	CLAIM PREMIUMS	PAYMENTS	PAYMENTS AS A % OF PREMIUM
2006	\$87.3 billion	\$61.9 billion	70.9%
2007	99.2 billion	64.1 billion	64.6%
2008	101.9 billion	74.5 billion	73.1%
2009	101.8 billion	76.6 billion	75.2%
2010	102.9 billion	70.8 billion	68.8%

Figure 8: Total Capital/Surplus of Insurance Companies Operating in Texas Calendar Years 2006-2010

CALENDAR YEAR	TOTAL CAPITAL/SURPLUS
2006	\$812.6 billion
2007	867.6 billion
2008	806.2 billion
2009	903.0 billion
2010	933.8 billion

**Figure 9: Number of Financial Analysis Reviews
Fiscal Years 2007–2011**

FISCAL YEAR	NUMBER OF REVIEWS
2007	1,900
2008	1,881
2009	1,855
2010	1,750
2011	1,790

**Figure 10: Number of Holding Company Transactions
Processed Fiscal Years 2007–2011**

FISCAL YEAR	NUMBER OF TRANSACTIONS
2007	843
2008	806
2009	884
2010	894
2011	812

**Figure 11: Number of Financial and Market Conduct
Examinations Fiscal Years 2007–2011**

FISCAL YEAR	NUMBER OF EXAMINATIONS
2007	146
2008	153
2009	153
2010	129
2011	139

**Figure 12: Number of Actuarial Examinations Performed
Fiscal Years 2007–2011**

FISCAL YEAR	NUMBER OF EXAMINATIONS
2007	78
2008	77
2009	78
2010	73
2011	70

**Figure 13: Texas Guaranty Association Assessments
Calendar Years 2006–2010**

CALENDAR YEAR	LIFE & HEALTH	PROPERTY & CASUALTY	TITLE	TSIG	TOTAL
2006	0	50,000,000	0	0	50,000,000
2007	12,500,005	0	0	100,000	12,600,005
2008	0	0	0	100,000	100,000
2009	34,998,506	0	0	100,000	35,998,506
2010	0	(47,662,585)*	0	100,000	(47,562,585)*

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

Property and Casualty

THE PROPERTY AND CASUALTY (P&C) PROGRAM monitors a wide range of property and casualty insurance lines from auto to workers' compensation, reviews form and rate filings, explores ways of cutting insurance costs by providing consumers with ways to prevent and mitigate losses, reviews and analyzes statistical data, and prepares reports on insurance rates and markets to assist policymakers and consumers with insurance-related decisions. P&C consists of a General Management section and six divisions: Personal and Commercial Lines Division, Inspections Division, Title Division, Workers' Compensation Classification/Premium Calculation Division, P&C Actuarial Division, and Data Services Division.

Highlights

In FY 2011, P&C

- reviewed the National Council on Compensation Insurance's first loss cost filing for workers' compensation, which was subsequently amended by lowering the proposed loss costs by 6 percent. The loss costs were made available to the industry as an alternative rate base to TDI's classification relativities and were effective June 1, 2011.
- held the biennial rate hearing on workers' compensation insurance as required by HB 7 (79th Legislature, Regular Session). Information regarding profitability, rates, premiums, and certified health care networks was provided. Rate filings received in advance of the hearing suggested that average premium levels for the industry could be reduced by approximately 7.3 percent. The Commissioner reduced the classification relativities by 7.4 percent, effective June 1, 2011. With this reduction, the classification relativities are 50 percent of what they were in 1994.
- completed over 2,500 windstorm inspections following a hail storm that hit the Corpus Christi area in January 2011 and damaged structures in Nueces, Aransas, and San Patricio counties. As of August 31, 2011, the storm had generated 8,322 TWIA claims.
- sent over one million notices to the owners of registered vehicles that appear to be uninsured through the TexasSure program. TexasSure is used by all 254 county Tax Assessor-Collector offices and is available to law enforcement agencies statewide. The average number of insurance verification queries to the system in FY 2011 was 4.6 million per month.
- issued the Texas Homeowners Insurance Policy Comparison Report to the 82nd Texas Legislature as required by SB 1 (81st Texas Legislature, Regular Session). The report compared coverage changes in homeowners' policies since the introduction of new policies in 2002.
- adopted key rules regarding:
 - a credit to consumers equal to 2 percent of the title premium if a title company generally excepts to minerals coverage. Per recent legislation, this credit will expire January 1, 2012. Several new endorsements were adopted, including authorization of a \$15 charge for a Residential Chain of Title, inclusion of a 5 percent charge for a mezzanine financing endorsement, and clarification that aggregating multiple tracts of land does not result in an additional chain of title charge.
 - extension of the Certificate of Compliance Transition program through September 27, 2011 and implementing the Alternative Eligibility Program as a result of the passage of HB 3, 82nd Legislature, 2011, First Called Session.
 - implementation of legislative changes to TWIA's statute and plan of operation. These rules relate to the issuance of public securities, use of public securities proceeds, and payment of public security obligations.
 - implementation of legislative changes to the Filings Made Easy rules, which authorize certain county mutual insurers to continue utilizing appointed managing general agents, districts, or local chapters to manage a portion of the company's business independent of all other business of

the company and be treated as a separate insurer for the purposes of Prohibited Discrimination, Rates, Rating Territories, and Premium Refund for Certain Personal Lines under Texas law.

- expanding the hazard groups from four to seven, updating the excess loss premium factors to reflect the change in the hazard groups, and revising the deductible credits for the three promulgated deductible programs as it relates to workers’ compensation.

Figure 14: Rate and Form Filings Completed

TYPE OF INSURANCE	FY 2010 FORMS	FY 2010 RATES	FY 2010 TOTAL	FY 2011 FORMS	FY 2011 RATES	FY 2011 TOTAL
Personal Liability/Umbrella	90	60	150	93	45	138
Bond and Misc. Lines	487	417	904	542	334	876
Commercial Automobile	764	473	1,237	1,335	564	1,899
General Liability	2,220	936	3,156	2,299	999	3,298
Homeowners	351	287	638	321	288	609
Interline Filing	232	56	288	332	62	394
Inland Marine	479	274	753	426	158	584
Identity Theft	11	2	13	5	1	6
Intake Unit	2	0	2	0	0	0
Commercial Multi-Peril	3,291	993	4,284	3,521	992	4,513
Personal Automobile	505	664	1,169	725	879	1,604
Personal Casualty	14	6	20	9	4	13
Professional Liability	713	364	1,077	645	185	830
Commercial Property	856	451	1,307	749	345	1,094
Workers’ Compensation	266	196	462	438	554	992
Total	10,281	5179	15,460	11,440	5,410	16,850

Figure 15: Summary of Complaints Closed

	FY 2010	FY 2011
Professional Liability	4	2
General Liability	10	13
Bond, Miscellaneous Casualty	25	22
Commercial Property	4	7
Commercial Multi-Peril	2	2
Commercial Automobile	2	4
Inland Marine	1	0
Homeowners	423	313
Personal Auto	1	0
Title	209	220
Workers’ Compensation	27	29

Figure 16: Summary of Title Insurance Activity

	FY 2010	FY 2011
Annual Escrow Audits Reviewed	608	604
Field Examinations/Audits Conducted	322	300
Rates, Rules and Policy Forms	47	7
Licenses Issued (includes renewals)	5,758	4,713
Licenses Cancelled	1,977	1,958

Figure 17: Number of Agents/Licenses Under Commissioner's Jurisdiction (Title Insurance)

Agents/Licenses	FY 2010	FY 2011
Title Agents	582	565
Title Agent Licenses	1,631	1,505
Direct Operations	11	8
Direct Operations Licenses	11	8
Escrow Officers	5,667	5,574
Escrow Officer Licenses	6,680	5,931
Underwriters	29 (21 active)	22 (16 active)
Escrow Accounts	\$146 Billion	\$136 (Billion)

Figure 18: Summary of Activity: Commercial Property Oversight Inspections

	FY 2010	FY 2011
Property Inspections Conducted	1,200	800
Residential/Special Inspections	3	2
VIP Licenses/Certificates Issued	138	146

Figure 19: Summary of Activity: Windstorm Operations

	FY 2010	FY 2011
Applications	38,688	35,801
Inspections	*11,223	9,343
Certificates of Compliance	39,226	36,481
Windstorm Fees Received	\$8,320	\$6,185

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

Figure 20: Summary of Activity: Engineering Services

	FY 2010	FY 2011
Building Code Interpretations	3,701	3,056
Product Evaluations	1,460	2,003

Figure 21: Summary of Activity: Loss Control

	FY 2010	FY 2011
Total Evaluations Completed	202	202
Companies Rated Adequate	201	193
Companies Rated Less than Adequate	1	9
Companies Evaluated for Licensure	11	8
Loss Control Representative Applications Reviewed	168	231
Field Safety Representatives with a Specialty in Hospitals	5	7

**Figure 22: Summary of Activity:
Amusement Ride Safety and Insurance Act**

	FY 2010	FY 2011
Policies Reviewed	436	552
Inspection Certificates Approved	2,683	5,242
Injuries	54	64
Owners Under Compliance Monitoring	635	782

**Figure 23: Summary of Activity:
Workers' Compensation Classification/
Premium Calculation Division
(formerly the Workers' Compensation Division)**

	FY 2010	FY 2011
Experience Rating Modifiers Reviewed	469	485
Responses to Written CIS Inquiries (Non Complaints)	1,433	1,126
Groups Certified	70	69

Figure 24: Other Statistical Reports Collected

	FY 2010	FY 2011
Title Insurance Agents	615	585
Title Insurance Underwriters	21	17

Life, Health and Licensing Program

THE LIFE, HEALTH AND LICENSING (LHL) program regulates a wide range of insurance products and related coverages offered by insurance companies. LHL also licenses insurance agents, adjusters, Workers' Compensation Health Care Networks, provider representatives and brokers, Utilization Review Agents (URAs), Independent Review Organizations (IROs) and handles the registration of Discount Health Care Operators. In addition, LHL resolves Health Maintenance Organization (HMO) complaints, conducts quality of care examinations of HMOs, conducts examinations of IROs, and accepts applications for certification of workers' compensation health care networks.

LHL consists of five divisions: General Management, Life/Health, Health and Workers' Compensation Network (HWCN) Certification and Quality Assurance Division, Licensing, and Filing and Operations.

FY 2011 Highlights

General Management

- spearheaded the proposal or adoption of the following rules:
 - Utilization Reviews for Health Care Provided Under a Health Plan or Health Insurance Policy
 - Repeal Utilization Review Agents
 - Preferred Provider Plans, Network Adequacy Requirements
 - Mental Health Parity
 - Health Information Technology Requirements
 - Standard Proof of Health Insurance for Medical Benefits for Injuries Incurred as a Result of a Motorcycle Accident
 - Spousal Health Insurance Election
 - Health Care Reimbursement Rate Data Collection
 - Annuity Disclosures
 - Independent Review Organizations
 - Discount Health Care Program (four rules)
 - Discretionary Clauses
 - Out-of-Network Claim Dispute Resolution, General Provisions, Mediation Process, Plan Administrator's Required Notice of Claims Dispute Resolution, Complaint Resolution and Outreach
- continued Healthy Texas enrollment, achieving 4,500 enrollees by August, 2011;
- implemented statewide marketing and outreach campaign for Healthy Texas and continued outreach partnership with Governor's office;
- re-contracted with commercial carriers – Celtic Insurance and United Healthcare – for the second year of the Healthy Texas public/private partnership;
- made first payment to carriers from the Healthy Texas Premium Stabilization Fund in July, 2011;
- administered the Three-Share Grant Program.

L/H Division

- led the Department's internal efforts regarding Federal Health Reform;
- coordinated multiple annual data calls (e.g., Long-Term Care, Viatical/Life Settlement, Medical Loss Ratio);
- approved Healthy Texas rates and rates for the Texas Health Insurance Pool;
- completed General Account/Separate Account Commissioner Orders.

HWCN Division

- conducted 38 HMO Quality Assurance Examinations;
- certified 34 networks with coverage areas in 250 of 254 Texas counties;
- certified/registered 197 URAs, certified 39 IROs, and completed 3,411 IRO assignments;
- identified several political subdivisions/intergovernmental risk pools that have chosen to contract directly with health care providers;
- completed review of 1,459 form review filings within 90 days.

Licensing Division

- enabled Electronic Non-Resident Individual and Entity Surplus Lines applications and renewals through National Insurance Producer Registry and Sircon;
- worked with other divisions within the agency to enable migration of State Fire Marshal's Office and URA/IRO data into the licensing Sircon database and provided solutions to many issues involving the integration of data;
- implemented the Texas Guaranteed Student Loan project in which Licensing tracks default agents;
- implemented HB 1757, 81st Legislature, which required a report analyzing the disparity in examination pass rates for candidates for agent and adjuster licenses.
- continued to work with the Continuing Education (CE) vendor, Pearson Vue, to implement the CE Compliance Notification project. A post card will be generated within the Sircon system for each agent currently not compliant with CE requirements 90 days prior to renewal date.

Filing and Operations Division

- processed 13,361 P&C manual rule, rate and form filings;
- processed 19,962 L/H rate and form filings;
- scanned 1,061,885 images;
- coordinated LHL and P&C Compliance Conferences;
- coordinated Federal Health Reform Exchange Symposium.

Figure 25: Summary of Activity: Filing and Operations Division (P&C Intake Section) Filings Received/Processed

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Lines Rate Filings					
Auto Home (Personal Liability & Personal Umbrella)	41	64	40	42	51
Personal Automobile	541	769	602	676	985
Personal Property	302	236	268	297	282
P&C (Other Personal Lines)*	-	2	See Note	See Note	See Note
Total	884	1,071	910	1,015	1,321
Commercial Lines Rate Filings					
Bond, Burglary, Title	412	401	251	372	315
Commercial Automobile	638	774	489	524	703
Commercial Property	383	343	319	372	343
General Liability	1,101	743	830	926	1,037
Identity Theft	3	2	1	2	1
Inland Marine**	179	178	160	277	154
Interline	12	18	45	61	53
Multi-Peril	731	708	699	892	998
P&C (Other Commercial Lines)*	-	0	5	5	5
Professional Liability	169	197	217	202	206
Workers' Compensation	407	594	471	412	486
Total	4,068	3,958	3,487	4,045	4,298

Figure 25: Summary of Activity: Filing and Operations Division (P&C Intake Section) Filings Received/Processed (continued)

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Policy Form, Endorsement and Rule Filings					
Auto Home (Personal Liability and Personal Umbrella)	86	111	67	88	90
Personal Automobile	447	697	540	498	821
Personal Property	316	342	310	345	353
P&C (Other Personal Lines)*	-	2	See Note	See Note	See Note
Bond, Burglary, Title	642	691	593	500	538
Commercial Automobile	645	1,002	925	798	1,417
Commercial Property	1,114	1,062	1,171	877	765
General Liability	1,957	3,258	2,759	2,410	2,294
Identity Theft	-	3	1	13	4
Inland Marine**	531	772	586	498	446
Intake Unit	0	0	3	2	0
Interline	155	444	483	220	375
Multi-Peril	2,428	3,507	3,238	3,235	3,578
P&C (Other Commercial Lines)*	-	0	9	14	10
Professional Liability	369	599	764	661	642
Workers' Compensation	154	399	187	269	437
Total	8,849	12,889	12,806	10,428	11,770
Total P & C Filings Received	13,801	17,918*	17,203*	15,488	17,389*
Intake Unit Filings Processed	131	114	197	175	140

* Total Includes 16,712 SERFF filings.

** Effective 09/03/2009, P&C category shows combined totals.

Figure 26: Number of Licenses, Certificates and Registrations Under Commissioner's Jurisdiction

LICENSE TYPE	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Agents ¹	289,813	306,036	319,640	327,411	341,021
Adjusters	72,012	72,061	80,919	85,735	88,985
Full-Time Home Office Salaried Employees	1,256	1,041	496*	501	640
Discount Health Care Program Operator ²	N/A	N/A	N/A	N/A	9
Specialty - Credit	2,993	3,013	3,021	2,897	2,865
Specialty - Travel	812	896	1,000	1,072	1,160
Specialty - Rental Car Company	64	65	66	58	55
Specialty - Self Service Storage Facility	83	94	127	147	153
Specialty - Telecommunication	12	11	12	18	15
Equipment Vendor					
Life Counselors	372	429	485	523	542
Public Insurance Adjusters	205	234	762	850	742
Risk Managers	1,123	1,114	1,133	1,135	1,133
Re-insurance Intermediary	1,473	909	1,245	1,155	1,265
Premium Finance Companies	325	271	N/A	N/A	N/A
Third-Party Administrators	730	748	N/A	N/A	N/A
Grand Total of Lines Regulated	371,273	386,922	408,906	421,502	438,585

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 P&C license. Carriers are finding it is more useful to have their sales staff acquire a P&C license so that reciprocal licenses can be obtained in other states and the employees/agents can be utilized to handle multiple states.

Figure 27: Summary of Activity: Licensing Division

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Total Filings Processed by Licensing Division	744,844	781,659	875,772	887,616	880,474
Telephone Inquiries Answered*	132,170	138,877	152,024	139,290	143,259

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

Figure 28: Summary of Agents License Statistics

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Issued	62,748	63,642	72,828	63,545	69,416
Renewed	98,820	118,739	116,022	134,064	126,439
Total Appointment Transactions	508,048	511,754	604,158	603,763	595,154
Total Current Agents & Adjusters Licenses	360,975	378,333	401,321	413,996	430,748
Other Licenses	9,243	7,572	7,585	7,506	7,837
Grand Total of Licenses Regulated	371,273	386,922	408,906	421,502	438,585

Figure 29: Numbers and Types of Agents Licenses

	FY 2007	FY 2008	FY 2009	FY 2010	FY2011
County Mutual	3,320	3,263	3,424	3,696	4,039
General Lines - Life, Accident, Health and HMO	167,501	172,461	174,328	175,441	179,160
General Lines - P&C	102,759	105,326	105,391	106,502	109,033
Life Only Agent*			13,340	17,747	21,410
Personal Lines Agent*			6,142	7,847	10,142
Insurance Service Representative	1,654	1,568	1,467	1,325	1,234
Life not to Exceed \$15,000	944	915	831	831	705
Limited Lines	5,441	5,024	4,672	4,576	5,584
Managing General Agent	1,625	1,583	1,598	1,589	1,596
Pre-Need	2,331	2,328	2,625	2,607	2,626
Surplus Lines	4,238	4,670	5,017	5,250	5,492

* Licenses added beginning FY 2008.

Figure 30: Summary of Activity: Life/Health Filings

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Filed	25,855	26,234	24,831	19,884	19,787
Accepted	25,156	25,600	23,858	18,732	18,457
Approved	7,596	9,081	8,161	6,642	6,579
Disapproved	2,497	2,455	2,993	1,800	2,058
Exempt	7,353	5,625	4,898	4,149	4,832

Figure 31: Summary of Activity: HMO Filings

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Actual Performance	1,763	1,423	1,438	1,760	1,481

Figure 32: Summary of Activity: Utilization Review Filings

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Applications Received	19	20	5	18	11
Registered URAs Approved	2	2	0	1	0
Certified URAs Approved	7	14	9	12	11
Certified URAs Renewed	85	79	75	77	71

Figure 33: Summary of Activity: HMO Complaints

Number of complaints against HMOs resolved

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Actual Performance	872	905	668	620	755

Figure 34: Number of HMO Quality Assurance Examinations Conducted

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Actual Performance	18	16	23	28	38

Figure 35: Summary of Activity: HWCN Inquiries

	FY 2007	FY 2007	FY 2008	FY 2009	FY 2011
Inquiries Received	608	479	607	681	685
Inquiries Completed	585	469	591	687	685

Figure 36: Summary of Activity: IRO Applications

	FY 2007	FY 2007	FY 2008	FY 2009	FY 2011
IRO Applications Received	8	7	10	6	2
IRO Applications Approved	10	7	9	6	0
IRO Renewals Approved	16	27	35	42	33

Consumer Protection

CONSUMER PROTECTION (CP) assists Texans by helping resolve insurance complaints; providing insurance information to the public through a Consumer Help Line, publications, and the Internet; and reviewing insurance advertising.

The Consumer Protection Program consists of five activities: Complaints Resolution, Information Assistance, Public Education, Advertising, and Special Work Assignments Team.

FY 2011 Highlights

Disaster Assistance

- helped consumers in several Texas cities following wildfires in summer 2011;
- assisted the Alabama Department of Insurance following deadly tornadoes in that state in April 2011;
- helped consumers following Tropical Storm Hermine in September 2010.

Complaint Resolution and Advertising Review

- returned nearly \$25 million to consumers in additional claim payments and refunds as a result of complaints resolution;
- helped resolve more than 19,000 consumer complaints;
- reviewed more than 6,150 insurance advertisements to ensure compliance with state laws and TDI rules.

Information Assistance

- responded to more than 768,000 consumer inquiries, including nearly 175,000 calls to the Consumer Help Line and 3,500 calls to the Consumer Health Assistance Program (CHAP) Help Line;
- maintained TexasHealthOptions.com, which provides information to help Texans find health coverage, including lists of agents and companies offering various types of health plans; and Helpinsure.com, a comprehensive web resource to help Texans shop for auto and residential property insurance;
- conducted more than 700 Speakers Bureau presentations throughout Texas on insurance issues, including more than 100 events on health issues related to federal health reform conducted by CP's CHAP program;
- distributed more than 7.2 million publications, including 1.2 million rate guides, that help Texans save money on automobile, homeowners, Medicare supplement, long-term care, workers' compensation insurance, and small employer health benefit plans;
- conducted a statewide information and education campaign to help Texans with health insurance-related concerns and assist with enrollment into the federal Pre-Existing Condition Insurance Plan, utilizing targeted radio, television, newspaper, and Internet advertising in key Texas markets as well as outreach to community-based organizations and text messaging;
- redesigned the agency's Texas Health Options website to improve navigation, provide additional information, and allow enhanced access to site visitors using mobile devices;
- began offering a writing workshop to help agency staff use plain language principles to better communicate with consumers.

Partnerships and Cooperative Programs

- participated, along with other TDI programs, in a Memorandum of Understanding with the Centers for Medicare and Medicaid Services to investigate violations of Medicare Advantage and Medicare prescription drug plan marketing rules, and assisted seniors who were victims of fraudulent or misleading marketing of Medicare products;

- initiated or continued partnerships to promote TDI services and enhance outreach activities, including partnerships with:
 - HEB Grocery Stores to distribute information about CHAP to their pharmacy customers across the state;
 - the Texas Department of Assistive and Rehabilitative Services, county health clinics, and local hospitals and clinics to distribute information about the CHAP program;
 - 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 utilizing services provided at 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 assist older Texans and to offer training to benefits counselors in local communities;
 - chiropractor and pharmacy groups to distribute information to their members about claims filing and the complaint process;
 - the Texas Division of Emergency Management and representatives of the insurance industry in the Texas State Disaster Coalition, which facilitates coordinated responses to disasters.

Figure 37: Total Number of Complaint Cases Closed, FYs 07–11

YEAR	CASES CLOSED
2007	21,676
2008	20,375
2009	25,014
2010	21,066
2011	19,014

Figure 38: Dollars Returned to Consumers, FYs 07–11

YEAR	AMOUNT RETURNED
2007	\$33.5 million
2008	31.9 million
2009	74.6 million
2010	40.0 million
2011	25.6 million

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 four divisions: Fire Prevention/Outreach, Licensing Administration and Licensing Investigations, Fire Investigations, and Fire Safety Inspections.

FY 2011 Highlights

Fire Prevention/Outreach

- met with the Texas Forest Service (TFS) to discuss a pilot project between SFMO, TFS, and the Harris County Fire Marshal's Office. The aim of the project is to utilize the current Texas Fire Incident Reporting System (TEXFIRS) data to meet the fire incident data needs of the TFS and the various fire service entities in the state, which would eliminate the duplication of incident reporting.
- participated in several mock burns throughout the state to demonstrate how fast a fire can spread and the importance of fire prevention systems such as working smoke alarms and residential fire sprinklers. These burns also reemphasized the message of the "Have an EXIT Strategy" campaign.
- held the 12th Annual Texas Fire Marshals' Conference in conjunction with the Texas Fire marshal's Association. Approximately 250 fire marshals and fire prevention educators from across the state of Texas attended the conference.
- implemented the Have an Exit Strategy (HAES) fire safety public education campaign on all 52 public, four year universities in the state. The program was funded through a FEMA Fire Prevention and Safety Grant of \$566,500.
- represented the NASFM as a peer reviewer for the FEMA Assistance to Firefighters Fire Prevention and Safety Grant. The purpose of the grant program is to enhance the safety of the public and firefighters with respect to fire and fire-related hazards.
- partnered with and participated in initiatives and programs coordinated by TFS, the National Weather Service, NFPA, and local fire departments to provide fire protection education, mitigation, and prevention information to communities across the state.
- coordinated and organized a Lightning Safety Awareness Week Kickoff event at Austin Fire Station #37. Participating agencies and presenters included the National Weather Service, NFPA, the Texas Division of Emergency Management, the Lightning Protection Institute, TFS, and SFMO.
- represented the State of Texas on the NFPA Public Educator Network. NFPA establishes fire protection and prevention codes and standards, and offers training, research and education for fire service professionals.
- continued partnership with the Insurance Council of Texas on the "We're Out to Alarm Texas" smoke alarm campaign.
- met 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.
- received 1,568,293 fire and non-fire incident reports 1,036 fire departments.
- handled 6,081,379 incoming incidents for various years' data. Staff work with reporting departments to correct any validation errors and help them resubmit their corrected incidents.

Licensing Administration and Licensing Investigations

- settled approximately \$193,861 in cases regarding Fire Standard Compliant Cigarettes violations.
- completed transition of licensing databases to the new Sircon system.
- concentrated inspection efforts on indoor fireworks retail sites.
- met with more than 200 fireworks vendors to explain that the SFMO has a limited role in burn bans, which are initiated by authority of County Commissioners, County Judges, and extended by the Governor. Most counties banned the sale and use of fireworks for the Independence Day selling season due to severe drought. While the bans had a negative effect on the fireworks industry, they likely prevented fires that would have been more difficult to control due to the extreme drought conditions.
- issued 12,539 licenses, registrations, and permits to the fire alarm, extinguisher, sprinkler, and fireworks industries.
- issued 50 State Fire Marshal Orders relating to enforcement of fire extinguisher, alarm, sprinkler, and fireworks safety, generating over \$87,850 in fines and penalties, and ordered firms to return and correct their services at no cost to property owners.

Fire Investigations

- The SFMO Arson Lab was recertified by the American Society of Crime Laboratory Directors, Laboratory Accreditation Board (ASCLD/LAB) in September 2010. ASCLD/LAB offers voluntary accreditation to public and private crime laboratories in the United States and around the world. Accreditation by ASCLD/LAB is recognized by the criminal justice system as a means of determining that a laboratory has met a set of internationally recognized standards of operation for forensic laboratories. Recertification was granted on the first visit which, according to the ASCLD/LAB inspector, is rare.
- participated with the Governor's Star of Texas award, nominating several fallen firefighters for valor in the line of duty.
- 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. Both SFMO and NAPWDA are nationally-recognized certifying entities. Ten canine teams from across the country received recertification for accelerant detection purposes.
- replaced Arson Lab equipment, used for forensic analysis of fire debris. The SFMO was awarded the Paul Coverdell Grant, via the Governor's Criminal Justice Division, for \$281,562. The funds were used to purchase two gas chromatographs and two gas chromatographs for mass spectrometer.
- trained canine detection teams throughout the country.
- received \$45,277 from a Criminal Justice Grant via the Texas Governor's Office. The funds replace an aging Accelerant Detection Canine, purchase evidence tracking software for the Arson Lab, and purchase voice recorders and voice recognition software that will assist Fire Investigators with gathering evidence at crime scenes.
- participated in the Texas Engineering and Extension Service (TEEX) Annual Summer School.

Fire Safety Inspections

- HB 1951, in conformance with a Sunset Review recommendation, requires that the SFMO inspect buildings leased by state agencies. The SFMO has always been the Authority Having Jurisdiction (AHJ) on state-owned buildings. SFMO is working with the Texas Facilities Commission (TFC) to identify and prioritize these buildings and develop the inspection processes and procedures that will be utilized. SFMO and TFC are also developing a "pre-lease" building inspection program that can be utilized before an agency signs a building lease.
- developed the AHJ Declaration for the University Advisory Group. This declaration states that the University is directly responsible for its fire and life safety programs.

Figure 39: Summary of Activity: Fire Marshal's Office

	FY 2010	FY 2011	ANNUAL TARGET
Fire investigations completed	527	412	507
Samples analyzed in arson laboratory	2,644	2,707	2,300
Investigations/inspections of complaints against fire protection equipment/fireworks industries	968	584	1,100
Buildings inspected/re-inspected for fire safety hazards	6,000	5,492	4,650
Number of communities or community partners accepting an SFMO fire prevention program or initiative	81	39*	40

* Note: The target number for this measure is 40. SFMO was able to almost double that number in FY 2010 because of the office's receipt of the Have an Exit Strategy (HAES) grant, which allowed the implementation of the HAES program on 52 college campuses in the state.

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, Staff Services, Purchasing and Contract Administration, Information Technology Services (ITS), Human Resources (HR), Employee Ombudsman and Ethics Advisor.

FY 2011 Highlights

Financial Services

- developed and produced the agency's 2012 Operating Budget;
- coordinated more than 420 fiscal notes to the Legislative Budget Board (LBB) during the 82nd Legislative Session;
- coordinated projects and prepared documents in support of the agency's FY 2011/2012 Legislative Appropriations Request and FY 2011-2015 Strategic Plan as requested by Commissioners, LBB, and Governor's Office of Budget, Planning and Policy during the 82nd Legislative Session;
- prepared the FY 2010 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 2012 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 LBB;
- monitored progress of programs' FY 2010-2011 business plan projects and coordinated agency involvement on projects affecting multiple program areas;
- cooperated and provided information to the Comptroller of Public Accounts for Post Payment Audit for both TDI and OIEC;
- implemented the Integrated Statewide Administrative System (ISAS), which replaced the existing accounting and purchasing systems, in cooperation with the Comptroller of Public Accounts;
- maintained and tested the viability of agency and program disaster recovery plans;
- assessed opportunities for consolidating the Division of Workers' Compensation's (TDI-DWC) field office activities and recommended improvements to the current field office structure to TDI-DWC's Executive Deputy Commissioner of Operations;
- enhanced navigation of the agency's intranet site by preparing an A-Z topics list;
- facilitated approval of the State Fire Marshal's Office's social networking pilot program to promote fire safety awareness and prevention activities through YouTube videos and real time Facebook communication;
- coordinated TDI input for the Texas Homeland Security and Texas Department of Emergency Management on several statewide plans;
- conducted pandemic planning exercise to enhance the agency disaster recovery plan preparedness;
- facilitated meetings with TDI-DWC to assist in preparing a roadmap for the Designated Doctor function;

- provided leadership in furthering the TDI accessibility goals by developing and coordinating employee training, coordinating Adobe Acrobat Professional training for agency forms liaisons, and developing a dedicated intranet site to assist employees with state requirements.

Staff Services

- handled 1,135,946 pieces of agency mail and processed 2,043,072 workers' compensation claim-related documents for carrier representatives;
- microfilmed 67,437 documents and stored 1,890 cubic feet of records through the Texas State Library for record retention;
- processed 1,325 work orders through the Texas Facilities Commission and the Metro Center Lessor;
- coordinated 23 building improvement projects and modular furniture installations/renovations in the Hobby Building;
- facilitated the safety program that resulted in 6 of 14 program areas achieving accident/injury-free status in FY 2011;
- negotiated nine branch office lease renewals.

Purchasing and Contract Administration

- received 2,899 purchase requisitions submitted by programs and processed 2,816 purchase orders;
- posted 15 procurement opportunities on the Electronic State Business Daily;
- tracked and administered 372 contracts;
- hosted purchasing and contract administration related training sessions for staff and customers;
- offered online purchasing and procurement card training videos for purchasing liaisons and procurement card holders;
- participated in the planning, testing, and upgrade of the new ISAS system;
- maintained the content of Purchasing's intranet site;
- continued to publish the quarterly newsletter Purchasing Focus for agency purchase requisitioners and liaisons;
- implemented a Risk Assessment Plan for agency purchases;
- achieved 29.39 percent HUB participation during the first six months of FY 2011;
- attended eight HUB forums;
- sponsored an agency HUB Forum in conjunction with the Texas Workforce Commission.

Information Technology Services

- completed scheduled phases of TDI's enterprise-wide project to provide an integrated, web-enabled, and vendor supported approach to managing, processing, and tracking critical information on insurance companies, agencies, and individual producers, thus providing a more efficient and integrated computing environment, eliminating duplicate data entry and duplicate agency databases, and eliminating several of the agency's legacy systems thereby reducing maintenance costs;
- modified the TDI-DWC's TXCOMP application to allow the application to associate a workers' compensation claim directly to a carrier and employer instead of through the insurance coverage record;
- continued to partner with Team for Texas in the transformation of TDI's servers to the state data centers, including the migration of all Windows Oracle databases to new database servers at the data centers;
- provided multiple avenues for non-subscribing employers to report their status electronically while also enabling TDI-DWC staff the ability to track and report non-subscribing employers' status;
- configured and deployed a legislative tracking application by modifying code shared by another state agency.

In addition to the major initiatives described above, ITS also

- reinforced information security at TDI by
 - voluntarily subjecting TDI's network to a controlled penetration test conducted by the Department of Information Resources to assess network and web application security measures, the result of which demonstrated that effective controls are in place to secure TDI's network and web applications;

- providing information security training classes for new employees and teleworkers, and refresher training courses for current agency staff;
- providing informational articles and material to agency staff regarding recommended security practices and employee responsibilities.
- deployed 760 desktop computers and 75 laptop computers as part of the agency’s hardware obsolescence plan;
- supported agency staff and external customers by responding to 19,200 Help Desk calls, including providing technology support for staff who moved within the agency or who needed assistance as a result of weather, building condition problems, or emergency situations;
- upgraded the agency’s desktop computing operating systems to Windows 2007 and the agency’s email system to GroupWise version 8;
- provided instructor-led automation training and accessibility compliance classes;
- supported TDI’s ongoing movement to provide web-based data and forms.

Human Resources

- processed and tracked 1,723 personnel actions including merit raises, promotions, new hires, transfers, and separations of employment; in addition, 278 personnel actions were processed for OIEC;
- processed 7,722 employment applications; in addition, HR processed 863 applications for OIEC positions;
- answered 63,667 switchboard calls;
- delivered 546.25 hours of traditional classroom training and provided 241.5 hours of training on-line, encompassing new employee orientation and courses on team building, communication, customer service, insurance training, and management training;
- coordinated 19 wellness events;
- participated in the NAIC salary survey;
- completed a post-payment audit performed by Comptroller’s Office; the one audit finding was addressed;
- assisted in the closure of three TDI-DWC field offices and provided resume writing and interviewing training for affected field office staff;
- participated in 14 Workforce Commission hearings; due to the involvement in these hearings, HR has begun a claims tracking process;
- assisted in the development and delivery of accessibility training to all agency staff.

Employee Ombudsman and Ethics Advisor

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

Figure 40: Comparison of Maintenance Tax Rates FY 2004–FY 2011

TYPE	MAX LEGAL RATE	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11
Motor Vehicle	0.2	0.035	0.036	0.062	0.058	0.070	0.063	0.061	0.060
Fire	1.25	0.188	0.184	0.291	0.236	0.280	0.237	0.320	0.310
Workers' Compensation	0.6	0.030	0.027	0.051	0.059	0.069	0.072	0.096	0.115
Casualty	0.4	0.091	0.073	0.119	0.117	0.129	0.112	0.140	0.135
Title	1.0	0.045	0.037	0.107	0.100	0.127	0.115	0.266	0.281
Life, Accident and Health	0.04	0.026	0.026	0.040	0.040	0.040	0.040	0.040	0.040
Third-Party Administrators	0.265	0.150	0.125	0.149	0.110	0.149	0.104	0.072	0.045
*HMO Multi-Service	\$1.32	\$0.89	\$1.02	\$1.53	\$1.23	\$1.23	\$1.08	\$1.32	\$1.26
*HMO Single Service	\$0.44	\$0.30	\$0.34	\$0.51	\$0.41	\$0.41	\$0.36	\$0.44	\$0.42
*HMO Limited Service	\$0.44	\$0.30	\$0.34	\$0.51	\$0.41	\$0.41	\$0.36	\$0.44	\$0.42
Prepaid Legal	0.022	0.022	0.022	0.044	0.036	0.042	0.036	0.042	0.036
Workers' Compensation Evaluation	0.00	0.00	0.00	0.00	0.00	0.00	0.009	0.012	0.009
Division of Workers' Comp.	2.00	.9200	1.051	1.051	1.128	1.003	1.232	1.455	1.584

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

Division of Workers' Compensation (TDI-DWC)

The primary duties of TDI-DWC are to regulate and administer the business of workers' compensation in Texas; and ensure that the Texas Workers' Compensation Act, 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 2011 Legislative Session, Commissioner Bordelon was re-appointed by the Governor and confirmed by the Senate.

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

TDI-DWC consists of a Commissioner's Administration area and four major programs: Operations, Hearings, Office of the Medical Advisor, and Health Care Management and System Monitoring. The Commissioner's Administration includes the Office of the General Counsel and the Special Deputy Commissioner for Policy and Research.

The **General Counsel** advises the Commissioner of Workers' Compensation on legal matters affecting TDI-DWC, reviews litigation, and coordinates legal analysis of policy issues. The office of the General Counsel also includes the Subsequent Injury Fund program area and Self Insurance Regulation. The Subsequent Injury Fund pays authorized income benefits to injured employees who qualify for Lifetime Income Benefits as a result of a subsequent work-related injury and distributes reimbursements to eligible insurance carriers for overpayment of benefits. Self-Insurance Regulation administers the certified self-insurance program for individual private employers with operations and employees in Texas. Self-Insurance Regulation receives and processes applications from private employers that request to self-insure their workers' compensation liabilities in Texas and monitors certified self-insurers that withdraw from the program. As part of the certification process, Self-Insurance Regulation evaluates an applicant's financial strength and liquidity; calculates and accepts security deposits; reviews claims administration plans and excess insurance; conducts safety program plan inspections; performs on-site benefit delivery examinations as needed; and oversees the billing of required self-insurance regulatory fees and workers' compensation maintenance taxes. Approval as a Certified Self-Insurer affords the applicant company protection under the Texas Workers' Compensation Act.

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

Operations

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

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

Field Operations delivers customer assistance and claims service in 23 field offices located throughout the state as well as through centralized functions in the Austin headquarters. 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 30,000 official actions, such as requests for change of treating doctors, requests for Required Medical Examinations, and Supplemental Income Benefit first quarter entitlement determinations;
- conducting quarterly seminars on workers' compensation topics.

Injured employees and other system participants who need information and assistance can contact field offices via a toll-free telephone number that routes calls to the closest local field office.

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 (i.e., non-subscribers).

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

- **Business Process Improvement** supports the mission of TDI-DWC by finding process-oriented solutions to streamline and increase the effectiveness of service delivery. This area also provides coordination for TDI-DWC performance measures and budget functions.
- **Communications** provides support for TDI-DWC internal and external written communications, web-based information, forms management, and translation services. The Communications program coordinates communication with system participants regarding general or specifically targeted information on an appropriate level using a variety of delivery methods specifically tailored to the message.
- **Automation and Project Management** provides automated solutions to specific informational storage and retrieval needs of TDI-DWC.
- **Technical Support** oversees the management of electronic data that is reported to TDI-DWC by system participants and provides support for successful EDI processing.

Hearings

The Deputy Commissioner for Hearings oversees various dispute resolution processes. It is the goal of TDI-DWC to resolve disputed issues at the lowest level of dispute resolution, thereby ensuring

prompt medical care and payment of workers' compensation income benefits to injured employees and prompt payment of medical fees to health care providers. The 82nd Texas Legislature amended sections of the Labor Code that govern certain aspects of the dispute resolution process, effective September 1, 2011 except as otherwise specified, and are reflected in the following description of the program area.

Indemnity Dispute Resolution

The Hearings program provides indemnity dispute resolution for benefit disputes regarding compensability or eligibility for, or the amount of, income, death, or burial benefits. The multi-tiered administrative system for indemnity benefit dispute resolution consists of Benefit Review Conferences (BRC), Contested Case Hearings (CCH), and Appeals Panel reviews. Recent legislation includes more stringent requirements regarding canceling and rescheduling a BRC. If a party fails to attend a BRC and does not show good cause, the party that failed to attend may forfeit the right to a BRC on the issue in dispute. Other legislative changes addressed the situations in which the Appeals Panel can issue a written decision. In addition to writing opinions when the decision of the CCH is being overturned, the Appeals Panel may also issue a written decision on an affirmed case under certain conditions (for example, on an issue of first impression). BRCs and CCHs are held at TDI-DWC field offices and other sites throughout the state, and Appeals Panel reviews of decisions on indemnity disputes are conducted at TDI-DWC headquarters in Austin.

Medical Dispute Resolution

- **Medical Necessity Disputes:** Hearings conducts Medical Contested Case Hearings (MCCH) as an appeal process for resolving medical necessity disputes, i.e., appeal of an Independent Review Organization (IRO) decision, for non-network claims and claims receiving benefits in accordance with Section 504.053(b)(2) of the Labor Code. Effective June 2012, Hearings will resolve appeals of all IRO decisions, including 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:** Effective June 2012, Hearings will conduct BRCs regarding medical fee disputes for non-network claims. If a non-network medical fee dispute is not resolved at a BRC, the parties may proceed to 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.
- **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.
- **First Responder Medical Disputes:** The Labor Code provides for the expedited provision of medical benefits (i.e., an accelerated dispute process) for certain work-related injuries sustained by first responders, employed by a political subdivision, with the intent to ensure that an injured first responder's claim for medical benefits is accelerated by a political subdivision, insurance carrier, and the Division to the full extent authorized by current law.

Other Dispute Resolution

Sections 1305.103 and 1305.451 of the Insurance Code provide that the dispute resolution process in Chapter 410 of the Labor Code applies to disputes of whether an insurance carrier or employer properly provided an employee certain information regarding workers' compensation networks as required by Chapter 1305 of the Insurance Code.

Hearings also resolves disputes regarding official actions taken by the Division. A party may request an expedited CCH in these cases.

Judicial Review

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

Office of the Medical Advisor

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

Health Care Management and System Monitoring

The Executive Deputy Commissioner for Health Care Management and System Monitoring provides guidance and support in the areas of Health Care Policy and Implementation, Health Care Business Management, System Monitoring and Oversight, Outreach and 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, treatment, and return-to-work. This program area's primary purpose through rule and guideline development is to help ensure the quality and appropriateness of health care and injury-specific treatment while also achieving effective medical cost containment and encouraging the prompt and appropriate return to work of injured employees. In developing or revising these rules and guidelines, Health Care Policy and Implementation may seek input from system stakeholders and system participants.

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

- **Information Management** maintains the processes for retrieval of system billing and claim data into useable formats for various reports based on requests from internal and external customers.
- **Health Care Quality Review** supports the functional operation of the Medical Advisor and the Medical Quality Review Panel (MQRP). The MQRP reviews the actions of doctors, other health care providers, insurance carriers, utilization review agents, and independent review organizations in the workers' compensation system and makes recommendations to the Medical Advisor.
- **Medical Fee Dispute Resolution (MFDR)** processes and resolves disputes related primarily to the reimbursement of compensable and medically necessary non-network health care services already provided. MFDR staff are the point of intake for all requests, calls, and documentation regarding non-network medical fee disputes as well as auditing and resolving medical fee disputes.

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.

- **Monitoring and Analysis** oversees the PBO program, reviews internal data for compliance issues, and makes outreach calls to system participants regarding compliance and potential compliance issues.
- **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 and investigates and prepares cases for enforcement action.

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

- **Outreach** 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. Outreach also coordinates TDI-DWC educational and safety conferences, coordinates speaking engagements, and 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.
- **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 Consultation, and Safety Training and Inspections.
 - **Federal Data Collection Program** collects, analyzes, and distributes occupational injury, illness, and fatality information for the state of Texas. Data collection programs include the Bureau of Labor Statistics (BLS) Survey of Occupational Injuries and Illnesses, the BLS Census of Fatal Occupational Injuries, and the annual Occupational Safety and Health Administration (OSHA) Data Initiative. These collection programs are funded in part or wholly through grants from BLS

and OSHA. This program also analyzes workers' compensation claims data to identify causes of injury and illness.

- **Occupational Safety and Health Consultation (OSHCON) Program** provides free assistance to employers with 250 or fewer employees on site and no more than 500 employees nationwide in high-hazard industries to help them better understand and comply with federal OSHA safety regulations. Limited assistance is available to larger employers. The program is largely funded by a grant from OSHA, but is non-regulatory in nature. The program also maintains a free safety and health training DVD loan library 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 state wide safety conference, safety and health publications, and other forms of outreach.
 - **Accident Prevention Services Program** inspects insurance companies that write workers' compensation in Texas to ensure that they are providing required accident prevention services to their policyholders.
 - **Rejected Risk Program** works with companies needing safety and health assistance as identified by the Texas Mutual Insurance Company. Inspections of these employers are conducted to confirm implementation of effective accident prevention plans.
 - **Safety Violations Hotline** is a tool for Texans to report violations of occupational safety and health laws. This 24-hour, bilingual, toll-free hotline (800-452-9595) 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. In order to enhance the Division's operations, Commissioner Bordelon made several changes to the organization of TDI-DWC that affected these programs. In October 2008, Commissioner Bordelon and the Insurance Commissioner agreed to consolidate their enforcement staff, resulting in five enforcement teams, one of which is located at TDI-DWC. In addition, the Commissioners consolidated their legal staff and created the Workers' Compensation Counsel. Commissioner Bordelon also added a Special Deputy Commissioner for Policy and Research who oversees the operation of the Workers' Compensation Research and Evaluation Group, provides guidance, and directs the rulemaking process that implements legislative changes.

Workers' Compensation Counsel

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

Enforcement

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

Workers' Compensation Research and Evaluation Group

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

Highlights

Major legislation affecting workers' compensation passed by the 82nd Texas Legislature, Regular Session (2011):

TDI-DWC Sunset Bill

HB 2605 by Taylor, L.; Sponsored by Huffman (Effective September 1, 2011)

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

Office of Injured Employee Counsel Sunset Bill

HB 1774 by Taylor, L.; Sponsored by Huffman (Effective September 1, 2011)

HB 1774 continues the operations and functions of the Office of Injured Employee Counsel (OIEC) to September 1, 2017. The bill adds standard Sunset provisions regarding alternative dispute resolution procedures and requires OIEC to develop and implement a policy to encourage the use of appropriate alternative dispute resolution procedures under Chapter 2009 of the Government Code to assist in the resolution of internal and external disputes under OIEC's jurisdiction. The bill also requires OIEC to coordinate the implementation of the policy, provide training as needed to implement the procedures for negotiated rulemaking or alternative dispute resolution, and collect data concerning the effectiveness of those procedures. The bill contains provisions regarding OIEC's access to information from the Division and also adds a provision that when assisting an injured employee, OIEC is entitled to the same access to information related to the employee's injury and workers' compensation claim as the employee or any other party to the claim. The provisions regarding OIEC's access to information apply to a claim for workers' compensation benefits based on a compensable injury regardless of whether the injury occurred before, on, or after the effective date of this Act.

House Bills

HB 528 by Solomons; Sponsored by Van de Putte (Effective June 17, 2011)

Pharmaceutical services – workers' compensation informal and voluntary networks

HB 528 amends current law relating to the provision of pharmaceutical services through informal and voluntary networks in the workers' compensation system, and provides an administrative violation. The bill allows workers' compensation carriers to continue to have contractual fee discounts for pharmaceutical services and to use a voluntary or informal network to obtain contractual discounts with health care providers under certain conditions. The bill requires health care providers who participate in pharmacy informal or voluntary networks to receive notice from the insurance carrier, the insurance carrier's authorized agent, or the informal or voluntary network of any person that has access to the health care provider's contractual discount and creates an administrative violation for the insurance carrier if notice is not provided. Additionally, the bill requires pharmacy informal and voluntary networks to register with TDI-DWC, sets out the requirements and timeframes for the reg-

istration process, and clarifies that prescription medication or services may not be delivered through a certified workers' compensation health care network under Chapter 1305 of the Insurance Code or through direct contracts between political subdivisions and health care providers under Section 504.053(b)(2) of the Labor Code. The bill states that a contractual agreement between an insurance carrier and a health care provider that provides for fees for pharmaceutical services that are different from the fees authorized under the fee guidelines adopted by the Commissioner of Workers' Compensation that were in effect on any date between and including January 1, 2011, and the effective date of this Act, and that is arranged under a contract with an informal or voluntary network registered with TDI-DWC is validated and is prohibited from being the sole basis of an enforcement action under Title 5 of the Labor Code.

HB 625 by Solomons; Sponsored by Carona (Effective September 1, 2011)

Staff leasing services

HB 625 relates to certain requirements and timeframes for staff leasing services companies to provide workers' compensation claim and payment information to its client company. The bill also provides for an administrative violation for failure to comply by the staff leasing services company license holder, but also states that a license holder does not commit an administrative violation if the license holder requested the information required from the license holder's workers' compensation insurance provider and the provider does not provide the information to the license holder within the required time. Further, a license holder shall notify TDI of a provider's failure to comply with the "notice of claims information to policyholders" requirements as set forth in Section 2051.151 of the Insurance Code.

HB 2089 by Smithee; Sponsored by Fraser (Effective September 1, 2011)

Resolution of overpayment or underpayment of income benefits

HB 2089 adds a new section to the Labor Code to provide for resolution of overpayment or underpayment of income benefits and requires the Commissioner of Workers' Compensation to establish procedures and timeframes by rule. The procedure for recouping overpayments must take into consideration the cause of the overpayment and minimize the financial hardship to the injured employee. The Commissioner of Workers' Compensation shall adopt rules to implement the section not later than January 1, 2012.

Senate Bills

SB 158 by Williams; Sponsored by Fletcher, et al. (Effective September 1, 2011)

Controlled substances – fraudulent or unlawful acts

SB 158 amends the Health and Safety Code and the Penal Code to set forth offenses and penalties involving the fraudulent or unlawful obtaining, delivering, dispensing, distributing, or diverting of a controlled substance. The bill specifically references persons who convert or divert a controlled substance to which the person has access by virtue of the person's profession or employment and also persons who obtain from a practitioner, by fraud or deceit, controlled substances that are not medically necessary for the person. The bill applies only to an offense committed on or after the effective date of this Act.

SB 800 by Duncan; Sponsored by Elkins (Effective June 17, 2011)

Workers' compensation data collection agents

SB 800 amends the Labor Code to align the statutory authority for the Commissioner of Workers' Compensation to designate a statistical agent for the collection of data with similar authority currently utilized by the Commissioner of Insurance. The bill sets forth the qualifications and operations of workers' compensation data collection agents and authorizes a data collection agent to collect a fee from a reporting insurance carrier, other than a governmental entity, for the necessary and reasonable costs of collecting data from that reporting insurance carrier. The bill originated from a legislative recommendation by TDI-DWC.

SB 809 by Seliger; Sponsored by Giddings (Effective September 1, 2011)

Adjudication of certain workers' compensation disputes

SB 809 relates to the adjudication of certain workers' compensation disputes, including judicial review in district court. The bill sets forth the timeframes for filing suit to seek judicial review of medical dispute decisions by TDI-DWC or SOAH, including medical fee disputes, to be not later than the 45th day after the date on which the notification of the decision is mailed to the party. Because the mailing date is considered to be the fifth day after the date the decision was issued by SOAH or filed

with TDI-DWC, a party essentially has 50 days to seek review, which is consistent with the statutory timeframes for judicial review already in place for indemnity disputes. The bill also provides that the dispute resolution process in Chapter 410 of the Labor Code applies to disputes of whether an insurance carrier properly provided an employee certain information regarding workers' compensation networks as required by Chapter 1305 of the Insurance Code. The bill applies only to a suit for judicial review filed on or after the effective date of this Act.

SB 1714 by Duncan; Sponsored by Chisum (Effective September 1, 2011)

Actions against employer by employee who is not covered by workers' compensation insurance

SB 1714 addresses a recent federal court decision that permitted an employee to opt out of workers' compensation into an employer's non-workers' compensation occupational benefit plan, which contained a pre-injury liability waiver, so long as the employer has workers' compensation insurance coverage. SB 1714 makes more specific that certain common-law defenses do not apply to an action against an employer by or on behalf of an employee who is not covered by workers' compensation insurance obtained through a licensed insurance company or through self-insurance, rather than an action against an employer who does not have workers' compensation insurance coverage. The bill extends the prohibition of pre-injury liability waivers to all employees who are not covered by workers' compensation insurance and not just employees of employers who do not have workers' compensation insurance coverage. The bill also adds that unless an employee has waived coverage in connection with an agreement with the employer, the employee who elects to retain a right of action for damages for injuries sustained in the course and scope of the employment may bring a cause of action, which will be subject to all defenses available under common law and the statutes of this state. The bill's provisions do not apply to a cause of action by an employee if the employee is subject to a valid and enforceable contract with the employee's employer relating to benefits for occupational injury or death and the employer, since January 1, 2011, has continuously had workers' compensation insurance coverage and offered its employee a program providing benefits for occupational injury or death that is not governed by the Texas Workers' Compensation Act. With this exception, the bill applies only to a cause of action that is filed on or after the effective date of this Act.

Rulemaking Highlights

Designated Doctor Requests and General Procedures: amends rules to address revisions to Designated Doctor requests and procedures. Adopted December 6, 2010 (28 Texas Administrative Code (TAC); adds new §§127.1, 127.5, 127.10, 127.15, 127.20, 127.25 and repeals §126.7). (Texas Labor Code §408.0041). Effective February 1, 2011.

Designated Doctor Credentialing and General Procedures: amends rules to address provisions of HB 2605 82nd Texas Legislature, Regular Session (2011), regarding Designated Doctor eligibility, testing and procedures (28 TAC amends §§127.1, 127.5, 127.10 and 127.20 and repeals §§130.6, 180.21 and 180.23 and moves them to Chapter 127). New rules will be added as needed. Posting to receive informal comment anticipated fall 2011.

Medical State Reporting: amends existing rule and adds new rules to establish requirements associated with medical state reporting by insurance carriers including adding data element requirements for medical data interchange to the TDI-DWC. Adopted June 20, 2011 (28 TAC amends §134.802 and adds new §§134.800, 134.801, 134.803-134.807). (Texas Labor Code §413.007 and §413.008). Effective September 1, 2011.

Vocational Rehabilitation: amends rules to ensure that all appropriate stakeholders are eligible to register for the *Registry of Private Providers of Vocational Rehabilitation Services*. Adopted January 14, 2011 (28 TAC amends §§136.1 and 136.2). (Texas Labor Code §409.012). Effective February 3, 2011.

Case Management: addresses HB 7, 79th Texas Legislature, Regular Session (2005) and SB 1814, 81st Texas Legislature (2009) provisions by establishing criteria for what constitutes "appropriate licensure and/or certification" for case managers dealing with non-network claims. Adopted December 6, 2010 (28 TAC adds new §137.5). (Texas Labor Code §401.011(5-a) and §413.021). Effective September 1, 2011.

Pharmacy Closed Formulary: implements the requirements of HB 7, 79th Texas Legislature, Regular Session (2005). The rules require preauthorization for certain drugs. Adopted December 3, 2010 (28 TAC amends §§133.306, 134.500, 134.506, and adds new §§134.510, 134.520, 134.530, 134.540, and 134.550). (Texas Labor Code §408.028(b)). Effective dates: Chapter 134 rules - January 17, 2011; §133.306 – September 1, 2011.

Monitoring and Enforcement: updates rules to implement the provisions of HB 7, 79th Texas Legislature, Regular Session (2005); HB 34, HB 1003, HB 1006, and HB 2004, 80th Texas Legislature (2007), and HB 4290 81st Texas Legislature (2009). Adopted December 21, 2010 (28 TAC amends §§180.1-180.3, 180.5, 180.7, 180.8, 180.24, 180.25, 180.27, and 180.28; adds new §180.26 and §180.50; and repeals §§180.6, 180.7, 180.10-180.18, 180.20, and 180.26). (Texas Labor Code §§401.011, 401.021, 402.001, 402.00128, 402.023, 402.0235, 402.061, 402.072, 402.075, 408.021, 408.023, 408.0231, 408.0041, 408.0043-408.0046, 408.0231, 408.1225, 413.002, 413.011, 413.017, 413.021-413.022, 413.0035-413.0036, 413.041, 413.0512, 413.052, 414.002-005, 414.007, 415.001-415.0036, and 504.053). Effective January 9, 2011.

Monitoring and Enforcement (HB 2605): amends rules to address provisions of HB 2605 82nd Texas Legislature, Regular Session (2011), to codify procedures relating to onsite inspections, proposals for decision, and cease and desist orders (28 TAC amends §§180.1, 180.3, 180.5, 180.8 and 180.27 and adds new §180.29). (Texas Labor Code §§402.073, 414.005 and 415.0211) Posted for informal comment on July 8, 2011. Anticipated adoption fall 2011.

Electronic Medical Billing (eBill): implements provisions of HB 7, 79th Texas Legislature, Regular Session (2005). The rules provide for paper medical billing, medical documentation, and electronic medical billing requirements. Amended rules also reference Health Insurance Portability and Accountability Act standards adopted by the Secretary of the Department of Health and Human Services. Adopted February 3, 2011 (28 TAC amends §§133.10, 133.500-133.501 and adds new §133.502). (Texas Labor Code §413.011). Effective August 1, 2011.

Benefit Review Conference (BRC): addresses HB 7, 79th Texas Legislature, Regular Session (2005) provisions by providing guidelines regarding the type of information a requesting party needs to provide to TDI-DWC and the documented efforts the parties need to make to resolve the disputed issues before a BRC request is submitted to TDI-DWC. Adopted August 6, 2010. (28 TAC §§141.1, 141.2, 141.4 and 141.7) (Texas Labor Code §410.007). Effective date October 1, 2010.

Benefit Review Conference (HB 2605): amends rules to address provisions of HB 2605, 82nd Texas Legislature, Regular Session (2011), to define good cause for rescheduling a BRC and good cause for failing to attend a BRC in addition to clarifying procedures for rescheduling before a scheduled BRC and after failing to attend a BRC (28 TAC amends §§141.1, 141.3 and 143.2). (Texas Labor Code §§410.028 and 410.203). Published in the *Texas Register* for formal comment September 2, 2011. Anticipated adoption fall 2011.

Pharmacy Fee Guideline: proposes amendments to implement legislative changes made by HB 528, 82nd Texas Legislature, Regular Session (2011). (28 TAC amends §§134.503 and 134.504). (Texas Labor Code §§408.028(f) and 408.0281). Published in the *Texas Register* for formal comment July 1, 2011. Public hearing held on July 11, 2011. Anticipated adoption fall 2011.

Accident Prevention Services: rules in Chapter 166 are being examined to determine what amendments will be necessary.

Medical Dispute Resolution: rule amendments will address provisions of HB 2605, 82nd Texas Legislature, Regular Session (2011), which affect the dispute resolution process for medical fee disputes and medical necessity disputes. Rules are being examined to determine what amendments will be necessary.

Non-Subscriber Reporting: rules are being amended to ensure clarity with Division processes regarding: non-subscriber reporting, proof of coverage, employer notices to employees, and employer reporting of injury (28 TAC amends §§160.2 and 160.3; adds new §§110.1, 110.3, 110.5, 110.7, 110.101, 110.103, 110.105, and 110.107; and repeals §§110.1 and 110.101). Rules scheduled for posting to receive informal comment in fall 2011. Anticipated adoption spring 2012.

Income Benefits: rule amendments will address provisions of HB 2089, 82nd Texas Legislature, Regular Session (2011), regarding resolution of overpayment or underpayment of income benefits. Two informal workgroup meetings were held and rules are scheduled for posting to receive informal comment in fall 2011. Rules are required to be adopted by January 1, 2012.

Joint TDI/TDI-DWC Rulemaking Projects

Independent Review Organization (IRO): implements HB 4519, 81st Texas Legislature (2009), which amends the Insurance Code to require the Insurance Commissioner to adopt standards and rules that impose certain restrictions and prohibitions on IROs. Amends 28 TAC Chapter 12 to reflect legislative changes and updates procedural functions. Adoption filed December 06, 2010. Effective December 26, 2010.

Utilization Review Agent (URA): will implement HB 4290, 81st Texas Legislature (2009), which amends the Insurance Code and Labor Code relating to retrospective utilization review and utilization review to determine the experimental or investigational nature of a health care service. Amends 28 TAC §19 et. seq. for both group health and workers' compensation sections. Developed in part with assistance from the URA Advisory Committee. Published in the *Texas Register* for formal comment July 8, 2011. Public hearing held September 15, 2011.

URA Companion Project: will synchronize portions of workers' compensation bill processing, pre-authorization, and concurrent review with the URA proposal. (28 TAC amends §§133.2, 133.240, 133.250, 133.270, 133.305, and 134.600). Published in the *Texas Register* for formal comment July 29, 2011. Public hearing held September 15, 2011. The effective date will be synchronized with the TDI URA rules.

Highlights: Health Care Quality Review

- completed 124 quality of care reviews based on complaints or audits of health care providers, Designated Doctors, peer review doctors, IRO doctors, utilization review agents, and insurance carriers;
- approved the Medical Quality Review Procedure for handling quality of care complaints and audits after seeking stakeholder input; this procedure includes redundant case reviews to increase efficacy, a Quality Assurance Committee, and an informal settlement conference to resolve standard of care cases;
- approved the Annual Audit Plan for CY 2011 after seeking stakeholder input;
- approved and initiated an IRO Plan-Based Audit after seeking stakeholder input;
- approved and initiated a Designated Doctor Plan-Based Audit;
- submitted a draft for stakeholder comment on a Lumbar Spinal Fusion Plan-Based Audit;
- improved communication with medical associations and local medical societies to recruit treating and referral doctors, and resolve health care provider issues;
- posted a Request for Qualification to expand the number of providers and specialties contracting with TDI-DWC to provide professional services as members of the Medical Quality Review Panel;
- hired Dr. Ed Buster as a new Assistant Medical Advisor in October 2010;
- secured the contractual services of Dr. Jane Derebery, board certified in Occupational Medicine, to assist the Medical Advisor in
 - development of policies, rules, and any procedures necessary for the efficient operation of Designated Doctors;
 - development of policies and any procedures for an audit-based plan regarding interventional pain procedures;
 - recruitment of health care providers for the Medical Quality Review Panel;
 - development of policies, rules, and any procedures necessary for the efficient operation of medical quality reviews.

Enforcement

- increased administrative penalties assessed from \$1,048,000 in FY 2010 to \$2,109,000 in FY 2011;
- increased enforcement orders issued by TDI-DWC against all system participants from 19 in FY 2007 to an average of 62 in FY 2008 - FY 2010 and to 134 in FY 2011;
- increased enforcement orders issued by TDI-DWC against health care providers from an average of 8 in FY 2007 - FY 2009 to 35 in FY 2010 and to 60 in FY 2011;

- increased enforcement orders issued or pending at SOAH resulting from Office of the Medical Advisor/MQRP from zero in FY 2007 - FY 2009 to 5 in FY 2010 and to 14 in FY 2011;
- addressed audit findings as follows:*
 - reduced case file backlog from 661 to 18; all remaining issues are set for hearing at SOAH;
 - implemented Commissioner Bordelon’s directive to resolve all cases or set them for informal settlement conference or hearing within 180 days of receipt.

* In July 2010, the State Auditor’s Office completed an audit regarding enforcement at TDI-DWC. The report noted that, as of April 2010, 661 pending workers’ compensation enforcement cases had been open for an average of 467 calendar days.

Medical Fee Dispute Resolution (MFDR)

- decreased the backlog and reduced pending fee disputes from 17,054 in August of 2009 to 7,461 as of August 31, 2011; “fair and reasonable” fee disputes make up most of the closures;
- Provided education on rules and statutes to requesters and respondents, including health care providers, insurance carriers, injured employers, and sub-claimants involved in fee disputes;
- worked with other program areas such as Health and Workers’ Compensation Networks (HWCN), Hearings, and System Monitoring and Oversight to refer disputes received in MFDR that have unresolved medical necessity, compensability, and certified health care network issues; education provided to system participants has significantly decreased the number of referrals to other program areas.

Hearings

- scheduled 19,985 and held 10,009 BRCs;
- scheduled 7,332 and held 4,254 CCHs;
- scheduled 1,107 and held 356 proceedings for medical appeals;
- issued 2,053 Appeals Panel decisions;
- implemented a new process for receiving Letters of Clarification;
- developed rules for BRCs and Appeals Panel processes;
- implemented a process to solicit feedback from system participants related to the performance of presiding officers and the quality of the proceedings process;
- docketed 3,788 cases with SOAH;
- continued to update the *Appeals Panel Decision Manual* with current legal precedents and posted it on the TDI-DWC web site;
- continued to update the *Medical Contested Case Hearing Precedent Manual* for TDI-DWC hearing officers and system participants.

Audits, Complaints and Compliance

- completed 69 Performance Reviews (Audits) on health care providers and insurance carriers;
- handled more than 6,100 complaints, resulting in the return of over \$750,000 to workers’ compensation system participants and assisted in the restitution of \$749,366 to health care providers as a result of investigations of informal and voluntary health care networks;
- issued more than 730 warning letters to system participants and referred more than 425 violations to Enforcement;
- sent approximately 300 letters to potential non-subscribing employers that failed to file the DWC Form-005, *Employer’s Notice of No Coverage or Termination of Coverage*, inquiring about their coverage status, and resulting in 145 non-subscribing employers complying and filing the required form;
- sent approximately 300 letters to non-subscribing employers that had not filed the DWC Form-007, *Non-Covered Employers Report of Occupational Injury and Illness*, inquiring about whether they had reportable occupational injuries or illnesses, resulting in 95 non-subscribing employers complying and filing the required form;
- conducted quarterly insurance carrier meetings to discuss emergent and ongoing compliance concerns in the workers’ compensation system;
- concentrated compliance efforts based on the following priorities established by the Commissioner of Workers’ Compensation:

- failure to comply with Commissioner’s Orders;
- failure to respond to TDI-DWC inquiries;
- failure to respond to data calls;
- failure to provide an IRO with all the documentation the carrier used in making a determination to be reviewed by that IRO;
- failure of Designated Doctors to comply with requisite statutory and regulatory duties;
- cases involving the provision of unreasonable health care or substandard care to injured employees and the inappropriate denial of health care by insurance carriers;
- improper denial of claims.

Performance-Based Oversight

- conducted assessments on 113 insurance carriers;
- finalized and published tier results of the insurance carriers in December 2010;
- initiated a data call in January 2011 to the selected health care providers for the 2011 Health Care Provider Assessment;
- issued preliminary findings for the 2011 Health Care Provider Assessment in June 2011;
- held stakeholder meetings from July 2011 through August 2011 to receive input on the 2012 Insurance Carrier Assessment.

Designated Doctor Outreach and Oversight

- ordered 42,013 Designated Doctor examinations;
- conducted 86 reviews of Designated Doctor examination locations;
- directed the American Academy of Disability Evaluating Physicians, the entity that currently provides training for Designated Doctors, to enhance and improve future Designated Doctor training and testing;
- facilitated 5 Designated Doctor training programs, resulting in 734 renewals and 120 new Designated Doctor certifications;
- initiated Designated Doctor Newsletter and sent the first issue to approximately 1,200 recipients.

Outreach

- conducted 33 basic workers’ compensation educational events and seminars in partnership with several Small Business Development Centers, businesses and other organizations, providing training geared toward health care providers and medical office staff to 2,122 attendees;
- conducted 21 training events on the pharmacy closed formulary rule, training 593 people;
- provided updates to medical associations regarding rule development, public information announcements, and notification of training and other events; encouraged retention of health care providers in the system by providing prompt resolution of questions about such subjects as billing and reimbursement;
- provided answers and resources through the *Comp Connection for Health Care Providers* help line for approximately 6,200 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 661 questions received via e-mail;
- engaged in outreach to 707 health care provider practices and groups via consultation, onsite training, or web meetings to assist them in understanding their role in the workers’ compensation system and how to maximize their participation;
- conducted 41 Brown Bag Seminars for stakeholders at field offices, attended by 594 people, covering topics such as BRC rules, Designated Doctor rules, and Return-to-Work;
- provided customer assistance to approximately 250,000 system participants through the virtual call center;
- provided face-to-face customer service to 9,200 injured employees as walk-in customers at 23 field office locations across the state;
- in conjunction with receiving assistance, approximately 35,000 injured employees were assigned a Single Point of Contact to assist them with their claims.

Workplace Safety

- conducted 2,797 OSHCON consultations with employers, identifying 8,831 occupational hazards;
- audited 28 insurance groups representing 142 insurance companies for compliance with provision of required loss control services, which included onsite safety visits and phone consultations with 376 policyholders;
- processed 159 cases through the Safety Violations Hotline, eliminating 893 safety and health hazards in workplaces;
- provided safety and health educational products and services to 23,989 employers and 260,626 employees, including
 - seven Regional Safety Summits across the state that provided information to target industries on preventing the types of hazards that showed significant increases from previous years, including fatal falls, assaults and violent acts, and contact with electrical current;
 - 17 free OSHA 10-Hour Construction Seminars in either English or Spanish;
 - the 15th Annual Health and Safety Conference, the *Texas Safety Summit*, in May 2011 in Austin;
 - the Resource Center Library of over 4,000 audiovisual safety training materials available for Texas employers and employees to check out for free;
 - an online library of safety and health publications, which were accessed from the web site 2,865,241 times.
- sent educational materials to 177,731 injured employees for whom workers' compensation claims were established and 37,349 of their employers;
- received national recognition from Bureau of Labor Statistics (BLS) for continued excellence in the Texas Census of Fatal Occupational Injuries programs at the 2010 Annual State Training Conference;
- received national recognition from the OSHA for overall performance and data quality during the 2009 OSHA Data Initiative data collection completed in FY 2011;
- received OSHA Region VI office recognition for the OSHCON program manager, who received the Distinguished Consultation Project Award, and several OSHCON staff at the Annual Onsite Conference in April 2011 for outstanding work with the Safety and Health Achievement Recognition Program (SHARP) and involvement in the development of the new OSHA Information System;
- continued OSHCON program participation in regional oil and gas safety networks;
- developed 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 17.15% of the market share based on total written premium for workers' compensation in Texas; as of August 31, 2011, there were 45 active Certified Self-Insurers covering 228 companies that employ 281,772 employees;
- made presentations to the Commissioner and the Board at the Texas Certified Self-Insurer Guaranty Association public meetings, which approved 1 Initial Application, 33 Renewal Applications, 36 Status Reports on Withdrawn CSIs, and 4 Requests for Security Deposit Reduction;
- monitored 51 withdrawn CSIs, including two impaired employers and 1 non-renewal; there were 2 companies that started with the self-insurance program, and there were no withdrawals in FY 2011;
- managed security deposits totaling \$573,485,691 (includes both active and withdrawn companies) and consisting of \$201,400,000 in Letters of Credit, \$300,065,691 in Surety Bonds, \$10,020,000 in cash, and \$62,000,000 in negotiable securities;
- collected \$883,934 in regulatory fees along with \$1,756,088 in maintenance taxes, \$11,013 in research maintenance taxes, and a \$2,000 initial application fee, totaling \$2,653,035;
- completed and approved 31 on-site safety program inspections.

Workers' Compensation Research and Evaluation Group (WCREG)

- completed the following five research projects and posted results to agency website:
 - Annual return-to-work rates using employee wage data obtained from the Texas Workforce Commission
 - Fourth Network Report Card results
 - Biennial Employer Non-subscription survey
 - Income Benefit Adequacy report
 - Biennial Setting the Standard Report, 2010 Results
- presented current research findings to TDI-DWC Educational conferences that were held in Austin and Dallas;
- presented current research findings to TDI-DWC quarterly insurance carrier public meetings;
- presented current research findings to the Texas Medical Association, insurance carriers, and labor union representatives;
- presented fourth Network Report Card results to seven networks;
- completed the analysis of the AMA Guide 4th, 5th, and 6th Editions in collaboration with TDI-DWC, and presented results to executive staff;
- provided data/statistical support for the Office of the Medical Advisor IRO reviews;
- completed several ad hoc analyses requested by the legislature;
- conducted annual insurance carrier survey to measure the participation of employers in workers' compensation networks;
- completed two network data calls and currently conducting an injured workers' survey in support of the fifth annual network report card;
- developed an employer return-to-work working report for the Division's return-to-work team;
- provided data to the Health and Workers' Compensation Networks Certification and Quality Assurance and Enforcement divisions in support of enforcement referrals.

Process Improvement

- created an Operations Support Section that consolidated several important operational functions, including customer maintenance of TDI-DWC's enterprise-wide TXCOMP and COMPASS claims systems, internal and external communications development and routing, business process improvement activities, and automation development and planning;
- worked with Health Care Quality Management, Enforcement, and System Monitoring and Oversight to refine tracking processes for health care quality reviews and TDI-DWC enforcement outcomes;
- created and implemented a scheduling and rotation tracking database for the Designated Doctor Scheduling section to be used as the basis for automation development in the Division's enterprise-wide claims management system;
- completed design documents and began programming sub-modules of the TDI-DWC Legacy System Rewrite, including automation of correspondence related to denial orders for Request for Designated Doctor Examination, Request for BRC, and Request for Letter of Clarification of Designated Doctor Examination Report;
- implemented an online portal for non-subscribing Texas employers to file DWC Form-005, *Employer's Notice of No Coverage or Termination of Coverage*;
- monitored the Health Care Quality Review process to ensure compliance with recently approved procedures.

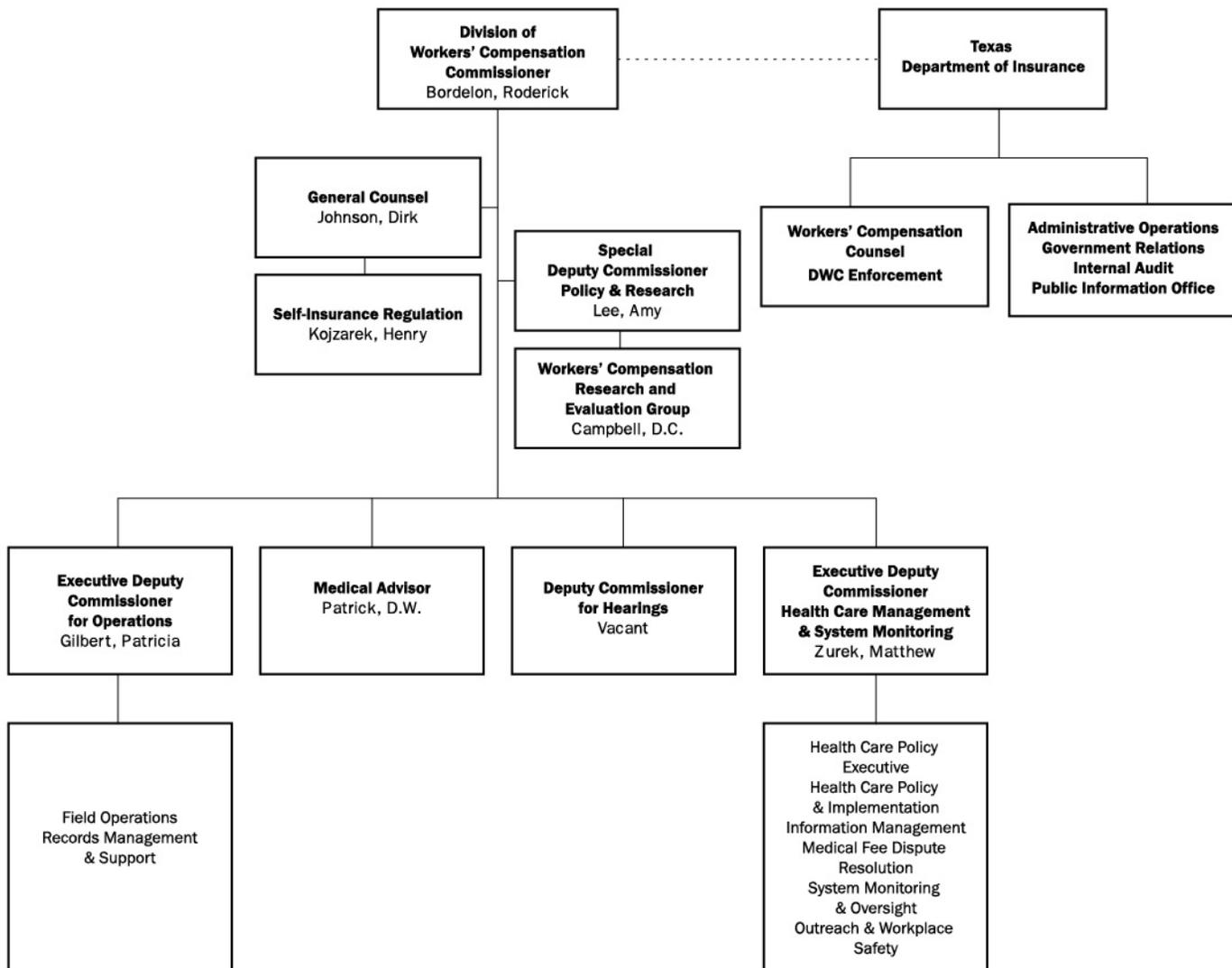
Return-to-Work

- conducted RTW training at TDI-DWC's 15th Annual Health and Safety Conference, the *Texas Safety Summit*;
- made presentations at Texas Business Conferences sponsored by the Texas Workforce Commission at locations across the state;
- developed workers' compensation training materials for the Department of Assistive and Rehabilitative Services (DARS) staff;
- updated the Vocational Registry procedure to include qualified social workers pursuant to recently adopted rules;
- received application for reimbursement from the Return-to-Work (RTW) Reimbursement Program from one employer who was determined to be eligible and received reimbursements in the amount of \$2,597.60;
- distributed more than 10,000 hard copies of the RTW guide for employers titled *Making Return-to-Work Work for Your Business and Your Employees* at speaking engagements, by request, and as a follow-up to small employers receiving OSHCON consultations and residual market inspections;
- provided the guide and other RTW information on the TDI-DWC website, which was accessed 89,272 times.
- made 48 RTW presentations to employers, reaching approximately 6,800 people;
- distributed the brochure titled *Working Works*, which contains information about the value of injured employees' early and medically appropriate return-to-work and includes contact information for DARS, the Texas Workforce Commission, OIEC, 2-1-1 Texas, and TDI-DWC. The brochure is available in English and Spanish.

Texas Department of Insurance

Division of Workers' Compensation

August 31, 2011



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Part II Summary of Company Data

This section of the Texas Department of Insurance's 136th Annual Report

- **summarizes the agency's company licensing activities during fiscal year 2011 , including issuance of new certificates of authority;**
- **summarizes the agency's regulatory interventions initiated due to solvency concerns with certain insurers and related entities;**
- **provides a summary of annual statement data by types of insurance coverage, including total annual premiums paid by Texans for various lines of insurance.**

10-Year History-Certificate of Authority

	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11
Life/Health insurers										
Texas	213	206	196	190	186	175	170	161	161	157
Non-Texas	607	580	561	552	546	529	520	514	504	499
Sub-Total	820	786	757	742	732	704	690	675	665	656
Property & Casualty insurers										
Texas	243	244	245	250	248	252	250	250	243	238
Non-Texas	913	916	915	917	926	932	942	948	948	947
Sub-Total	1,156	1,160	1,160	1,167	1,174	1,184	1,192	1,198	1,191	1,185
Other entities										
Texas	368	362	348	352	341	341	348	353	350	332
Non-Texas	436	456	462	479	485	471	486	504	515	512
Sub-Total	804	818	810	831	826	812	834	857	865	844
Grand Total	2,780	2,764	2,727	2,740	2,732	2,700	2,716	2,730	2,721	2,685*

Life/Health includes: Stock life, mutual life, stipulated premium, non-profit life insurance, fraternal, multiple employer welfare arrangements, local mutual aid, local mutual burial, exempt associations, and non-profit hospital service corporations.

Property & Casualty includes: Stock fire, stock fire and casualty, mutual fire and casualty, stock casualty, Mexican casualty, Lloyds, reciprocals, title, risk retention groups, joint underwriting associations, workers' compensation self insurance groups, county mutuals, and farm mutuals.

Other includes: Non-profit legal services corporations, third party administrators (TPAs), continuing care retirement communities (CCRCs) and health maintenance organizations (HMOs). CCRCs were added to the category in Fiscal Year 1988 and TPAs were added in Fiscal Year 1989.

* FY 2011 Grand Total includes 1,843 licensed insurance companies, 51 HMOs, 31 CCRCs, and 760 TPAs. It does not include 194 premium finance companies and their 10 branch offices.

Reconciliation

Companies Licensed as of August 31, 2010	2,721
Companies Organized or Licensed During Year	58
Less Companies Reinsured, Merged, Withdrawn, Canceled, Dissolved, Redomesticated, Domesticated or Placed In Permanent Receivership During Year	94
Companies Licensed as of August 31, 2011	2,685

Types and Totals of Entities Licensed in Texas as of August 31, 2011

	TEXAS	NON-TEXAS	TOTAL
Property & Casualty	238	947	1,185
Life	157	499	656
Other	332	512	844
Total	727	1,958	2,685

Other includes: Non-Profit Legal Services Corporations, HMOs, TPAs, and CCRCs.

Types and Totals of Entities Holding a Certificate of Authority in Texas as of August 31, 2011

	TEXAS	NON-TEXAS	TOTAL
Stock Life Insurance Companies	104	440	544
Mutual Life Insurance Companies	3	32	35
Stipulated Premium Life Insurance Companies	29	0	29
Non-Profit Life Insurance Companies	0	1	1
Stock Fire Insurance Companies	2	3	5
Stock Fire & Casualty Insurance Companies	103	673	776
Mutual Fire & Casualty Insurance Companies	4	55	59
Stock Casualty Insurance Companies	15	165	180
Mexican Casualty Insurance Companies	0	13	13
Lloyds	52	0	52
Reciprocal Exchanges	7	17	24
Fraternal Benefit Societies	6	24	30
Title Insurance Companies	4	18	22
Non-Profit Legal Service Corporations	2	0	2
Health Maintenance Organizations	48	3	51
Risk Retention Groups	1	0	1
Multiple Employer Welfare Arrangements	4	2	6
Joint Underwriting Associations	3	3	6
Third Party Administrators	255	505	760
Workers' Compensation Self Insurance Groups	7	0	7
Continuing Care Retirement Communities	27	4	31
Total	676	1,958	2,634
Local Mutual Aid Associations	2	0	2
Local Mutual Burial Associations	2	0	2
Exempt Associations	6	0	6
Non-Profit Hospital Service Corporations	1	0	1
County Mutual Fire Insurance Companies	23	0	23
Farm Mutual Fire Insurance Companies	17	0	17
Total	51	0	51
Grand Total	727	1,958	2,685

New Companies Organized or Admitted to Texas between September 1, 2010 and August 31, 2011

	TEXAS	NON-TEXAS	TOTAL
Stock Life Insurance Companies	2	0	2
Stock Fire & Casualty Insurance Companies	0	8	8
Mutual Fire & Casualty Insurance Companies	0	2	2
Stock Casualty Insurance Companies	0	4	4
Reciprocal	0	1	1
Title	0	1	1
Health Maintenance Organization	1	0	1
Continuing Care Retirement Communities	2	0	2
Third Party Administrators	5	32	37
Total	10	48	58

Canceled Certificate of Authority Report

Companies Reinsured, Merged, Dissolved, Withdrawn, Redomesticated, Domesticated or Placed in Receivership between September 1, 2010 and August 31, 2011

	REINSURED OR MERGED	DISSOLVED, WITHDRAWN OR CANCELLED	REDOMESTICATED OR DOMESTICATED	*PERMANENT RECEIVERSHIP	TOTAL
Texas Companies					
Stock Life	0	2	0	0	2
Stock Fire & Casualty	1	0	0	0	1
Lloyds	2	0	0	0	2
Fraternal	0	1	0	0	1
County Mutual	1	0	0	0	1
Risk Retention Group	0	1	0	0	1
Non-Profit Hospital Service Corporations	0	1	0	0	1
Exempt Association	0	1	0	0	1
Health Maintenance Organization	1	1	0	0	2
Third Party Administrators	0	24	0	0	24
Total	5	31	0	0	36
Non-Texas Companies					
Stock Life	4	2	0	0	6
Stock Fire & Casualty	5	2	0	0	7
Mutual Fire & Casualty	1	1	0	0	2
Stock Casualty	2	0	0	0	2
Title	6	0	0	0	6
Third Party Administrators	0	35	0	0	35
Total	18	40	0	0	58
Grand Total	23	71	0	0	94

* The amounts in this column represent Certificates of Authority that have been canceled because an entity was placed into receivership. The Certificate of Authority of a company that is placed in permanent receivership is not automatically canceled. Therefore, these amounts do not reconcile to the number of receiverships for FY 2011. Only the companies that had their Certificates of Authority canceled are included in this section.

Rehabilitations and Liquidation Oversight Report

Companies Under Supervision, Conservation, 404 Orders and Administrative Oversight

Activity for Fiscal Year 2011

BEGINNING BALANCE	NEW ACTIONS	RELEASED TO MANAGEMENT	DISSOLVED	ACQUIRED	MERGED OR BANKRUPTCY	PLACED IN RECEIVERSHIP	YEAR END BALANCE
7	2	3	0	0	0	0	6

Balance at End of FY11

ACTION	DATE	COMPANY NAME
404	01/05/06	ABBA Indemnity Company
404	05/17/10	North America Life Insurance Company
404	07/02/09	Texas Construction Trust
Oversight	05/03/10	American Risk Insurance Company, Inc.
Oversight	02/28/11	Texas Windstorm Insurance Assoc.
Supervision	02/16/11	*Confidential*

Receiverships by Fiscal Year Fiscal Years 2007 - 2011

FISCAL YEAR	BEGINNING BALANCE	NEW RECEIVERSHIPS	RECEIVERSHIPS CLOSED
2007	24	1	0
2008	25	7	2
2009	30	10	1
2010	39	3*	1
2011	41	0	3

*Two closed receiverships were re-opened for purposes of making claims distributions.

Open Receiverships at Year-end FY 2011

Employers Casualty Company
Employers of Texas Lloyds (re-opened)
Employers National Insurance Company (re-opened)
American Eagle Insurance Company
AmCare Health Plans of Texas, Inc., and
AmCare Management, Inc.
Millers Insurance Company (The)
Western Indemnity Insurance Company
Good Samaritan Life Insurance Company
Highlands Insurance Company
Financial Insurance Company of America
Reliant American General Agency
Universal Insurance Exchange, and
Universal Paratransit Ins. Services Group
Vesta Fire Insurance Corporation
Shelby Casualty Insurance Company
The Shelby Insurance Company
Texas Select Lloyds Insurance Company
Select Insurance Services, Inc.
Vesta Insurance Corporation
Family Life Insurance Company of America
Lone Star Life Insurance Company
Peters Burial Association
American Founders Financial Corporation
Webb County Title & Abstract Co., Inc.
Lincoln Memorial Life Insurance Company
Memorial Service Life Insurance Company
National Pre-arranged Services, Inc.
Guardian Fidelity Title Company, Ltd, et al
Esquire Title, L.L.C.
Austin Indemnity Lloyds Insurance Company, and
Austin Indemnity Management Co., LLC
Southern Star Title Company, LLC
Mi Tierra Title, LLC
National Charity Title
AmeriTrust Title Company
W.I.N. Association; and
Healthshare America, LLC;
Chamberhealth USA, and
Healthshare Marketing, LLC
Texas Memorial Life Insurance Company
Texas Memorial Administrators, LLC
TME Holdings, Inc.
Texas Nations Title Agency, Inc.
First American Life Insurance Company

Overview: Texas Insurance Market

Grand Total: Texas Insurance Market – All Admitted & Alternative Carriers subject to TDI Licensing/Eligibility/Registration Requirements:

Total Texas Market – 2010

TYPE OF BUSINESS	TEXAS PREMIUMS
Life	\$9,215,918,389
Annuity	18,500,577,990
Accident & Health	23,399,958,246
Property & Casualty	37,778,457,034
HMO	12,966,212,247
Title	1,064,315,157
Other	*4,009,252
Grand Total	\$102,929,448,315

Recap: Total Admitted Market	\$99,178,126,661
Total Alternative Market	**3,751,321,707
Grand Total	\$102,929,448,315

* Includes: Local Mutual Aid Associations, Local Mutual Burial Associations, Exempt Associations and Non-Profit Legal Service Companies.

** Included with Property & Casualty.

Admitted Market– Carriers holding a Certificate of Authority (License) issued by TDI:

Total Admitted Market - 2010

TYPE OF BUSINESS	TEXAS INSURANCE COMPANIES	NON-TEXAS INSURANCE COMPANIES	TOTAL ADMITTED MARKET
Life	\$790,021,320	\$8,425,897,069	\$9,215,918,389
Annuity	1,806,690,239	16,693,887,751	18,500,577,990
Accident & Health	1,215,517,066	22,184,441,180	23,399,958,246
Property & Casualty	16,889,734,386	17,137,400,994	34,027,135,380
HMO	12,422,138,478	544,073,769	12,966,212,247
Title	343,519,464	720,795,693	1,064,315,157
Other	* 4,009,252		* 4,009,252
Total	\$33,471,630,205	\$65,706,496,456	\$99,178,126,661

Alternative Market– Carriers that are Eligible or Registered or hold some other form of approval issued by TDI:

Alternative Market - 2010

TYPE OF BUSINESS	TEXAS PREMIUMS
Surplus Lines Insurers	***\$3,310,188,843
Foreign Risk Retention Groups	84,024,228
Certified Self Insurers	336,691,957
Self Insurance Group	20,416,626
Total	**\$3,751,321,654

* Includes: Local Mutual Aid Associations, Local Mutual Burial Associations, Exempt Associations and Non-Profit Legal Service Companies.

** Included with Property & Casualty.

*** The vast majority of this business is Property & Casualty insurance. However, the surplus lines market includes some Accident & Health business.

Financial Statement System Summary of Information from Annual Statements Texas Premium Summary- Property and Casualty 2009-2010

	AS OF DECEMBER 31, 2009	AS OF DECEMBER 31, 2010
Primary Lines		
Automobile	15,051,064,985	15,120,890,540
Workers' Compensation	2,183,885,939	1,922,770,862
Homeowners	5,621,726,939	5,809,476,010
Fire & Allied Lines	4,914,181,033	4,934,664,402
Liability	4,443,447,014	4,563,669,219
Medical Professional Liability	234,235,894	226,648,307
* All Other Lines	1,374,113,643	1,449,016,040
Total	33,822,655,447	34,027,135,380

* Does not include \$561,103,334 Accident & Health premiums for 2009 and \$562,781,494 in Accident & Health premiums for 2010 written by Property & Casualty companies that are included in total Accident & Health premiums reflected in the exhibit below.

Financial Statement System Summary of Information from Annual Statements Texas Premium Summary- Life, Annuity and Accident & Health 2009-2010

	AS OF DECEMBER 31, 2009	AS OF DECEMBER 31, 2010
Life		
Ordinary	6,884,461,864	7,056,200,027
Group	1,896,873,903	2,068,657,745
Industrial	1,850,677	1,665,204
Credit	82,900,538	89,395,413
Total	8,866,086,982	9,215,918,389
Annuity		
Annuities	15,074,516,873	13,854,733,099
Other Considerations	2,852,169,935	2,868,935,513
Deposit Type Contracts	1,809,059,868	1,776,909,378
Total	19,735,746,676	18,500,577,990
* Accident & Health	22,471,628,816	23,399,958,246
Total	51,073,462,474	51,116,454,625

* Includes \$561,103,334 Accident & Health premiums for 2009 and \$562,781,494, Accident & Health premiums for 2010 written by Property & Casualty companies not included in All Other Lines reflected in the exhibit above.

Top 40 Insurers/Accident and Health

Based on 2010 Texas Written Premium with Percentage of Market Share

NAIC #	INSURANCE COMPANY	RANK	WRITTEN PREMIUM	% OF MARKET
70670	Blue Cross and Blue Shield of Texas, A Division of Health Care Service Corporation	1	7,169,587,374	30.64%
79413	Unitedhealthcare Insurance Company	2	3,474,965,169	14.85%
60054	Aetna Life Insurance Company	3	1,762,081,464	7.53%
73288	Humana Insurance Company	4	1,507,510,815	6.44%
62308	Connecticut General Life Insurance Company	5	598,742,280	2.56%
65978	Metropolitan Life Insurance Company	6	437,285,005	1.87%
71013	Superior Healthplan Network	7	428,509,808	1.83%
61271	Principal Life Insurance Company	8	376,541,921	1.61%
12558	Care Improvement Plus of Texas Insurance Company	9	362,994,536	1.55%
60380	American Family Life Assurance Company of Columbus	10	324,342,480	1.39%
62235	Unum Life Insurance Company of America	11	242,278,990	1.04%
60069	Texas Health Insurance Pool	12	224,466,984	0.96%
64246	Guardian Life Insurance Company of America, The	13	202,909,653	0.87%
67660	Pennsylvania Life Insurance Company	14	196,151,505	0.84%
68284	Pyramid Life Insurance Company, The	15	194,693,878	0.83%
81396	Delta Dental Insurance Company	16	170,633,972	0.73%
70815	Hartford Life and Accident Insurance Company	17	159,084,504	0.68%
69477	Time Insurance Company	18	152,238,722	0.65%
62286	Golden Rule Insurance Company	19	132,721,823	0.57%
65498	Life Insurance Company of North America	20	128,260,176	0.55%
39616	Vision Service Plan Insurance Company	21	121,674,893	0.52%
69868	United of Omaha Life Insurance Company	22	113,769,295	0.49%
25178	State Farm Mutual Automobile Insurance Company	23	110,487,092	0.47%
77399	Sterling Life Insurance Company	24	105,831,118	0.45%
70025	Genworth Life Insurance Company	25	102,486,972	0.44%
65676	Lincoln National Life Insurance Company, The	26	98,246,897	0.42%
69019	Standard Insurance Company	27	95,702,417	0.41%
61301	Ameritas Life Insurance Corp.	28	94,825,187	0.41%
80802	Sun Life Assurance Company of Canada	29	92,201,998	0.39%
78611	HCSC Insurance Services Company	30	87,798,519	0.38%
65838	John Hancock Life Insurance Company (U.S.A.)	31	83,949,073	0.36%
67105	Reliastar Life Insurance Company	32	83,846,961	0.36%
71412	Mutual of Omaha Insurance Company	33	80,236,829	0.34%
68241	Prudential Insurance Company of America, The	34	79,207,877	0.34%
70785	Pacificare Life and Health Insurance Company	35	75,829,130	0.32%
60534	American Heritage Life Insurance Company	36	74,339,070	0.32%
62049	Colonial Life and Accident Insurance Company	37	74,148,903	0.32%
65080	John Alden Life Insurance Company	38	71,288,195	0.30%
60410	American Fidelity Assurance Company	39	67,526,954	0.29%
70408	Union Security Insurance Company	40	67,249,121	0.29%
Total Top 40 Accident & Health Premiums			20,026,648,380	85.58%
All Other Accident & Health Premiums			3,373,311,506	14.42%
Total Accident & Health Premiums			23,399,958,246	100.00%

Top 40 Insurers/Annuities

Based on 2010 Texas Written Premium with Percentage of Market Share

NAIC #	INSURANCE COMPANY	RANK	WRITTEN PREMIUM	%OF MARKET
65838	John Hancock Life Insurance Company (U.S.A.)	1	1,121,301,783	6.06%
65056	Jackson National Life Insurance Company	2	1,011,166,891	5.47%
65676	Lincoln National Life Insurance Company, The	3	809,240,693	4.37%
79227	Pruco Life Insurance Company	4	741,541,085	4.01%
61050	Metlife Investors USA Insurance Company	5	714,368,392	3.86%
90611	Allianz Life Insurance Company of North America	6	668,951,943	3.62%
86509	ING Life Insurance and Annuity Company	7	629,651,253	3.40%
NA	College Retirement Equities Fund	8	611,334,176	3.30%
61271	Principal Life Insurance Company	9	585,498,750	3.16%
88072	Hartford Life Insurance Company	10	530,852,535	2.87%
66869	Nationwide Life Insurance Company	11	503,001,314	2.72%
91596	New York Life Insurance and Annuity Corporation	12	500,621,721	2.71%
61689	Aviva Life and Annuity Company	13	477,969,330	2.58%
86630	Prudential Annuities Life Assurance Corporation	14	448,693,095	2.43%
62944	AXA Equitable Life Insurance Company	15	436,116,862	2.36%
70238	Variable Annuity Life Insurance Company, The	16	367,102,842	1.98%
86231	Transamerica Life Insurance Company	17	355,815,637	1.92%
69345	Teachers Insurance and Annuity Association of America	18	348,662,126	1.88%
65935	Massachusetts Mutual Life Insurance Company	19	333,191,528	1.80%
92738	American Equity Investment Life Insurance Company	20	327,132,056	1.77%
69663	USAA Life Insurance Company	21	323,096,203	1.75%
65005	Riversource Life Insurance Company	22	307,758,863	1.66%
65978	Metropolitan Life Insurance Company	23	273,713,316	1.48%
60488	American General Life Insurance Company	24	255,312,381	1.38%
70432	Western National Life Insurance Company	25	246,837,920	1.33%
68241	Prudential Insurance Company of America, The	26	240,998,361	1.30%
79065	Sun Life Assurance Company of Canada (U.S.)	27	230,945,845	1.25%
60895	American United Life Insurance Company	28	216,448,083	1.17%
67466	Pacific Life Insurance Company	29	206,815,810	1.12%
80942	ING USA Annuity and Life Insurance Company	30	185,288,997	1.00%
65528	Life Insurance Company of The Southwest	31	182,085,931	0.98%
68322	Great-West Life & Annuity Insurance Company	32	178,352,723	0.96%
68136	Protective Life Insurance Company	33	161,758,606	0.87%
69019	Standard Insurance Company	34	147,725,288	0.80%
56014	Thrivent Financial for Lutherans	35	142,364,497	0.77%
66850	National Western Life Insurance Company	36	141,926,930	0.77%
60941	Sunamerica Annuity and Life Assurance Company	37	140,804,075	0.76%
93696	Fidelity Investments Life Insurance Company	38	136,216,870	0.74%
66974	North American Company for Life and Health Insurance	39	130,563,838	0.71%
88668	Mutual of America Life Insurance Company	40	118,165,033	0.64%
	Total Top 40 Annuity Premium		15,489,393,582	83.72%
	All Other Annuity Premium		3,011,184,408	16.28%
	Total Annuity Premium		18,500,577,990	100.00%

Top 40 Health Maintenance Organization/Accident and Health

Based on 2010 Texas Written Premium with Market Share

NAIC #	INSURANCE COMPANY	RANK	WRITTEN PREMIUM	% OF MARKET
95174	Unitedhealthcare Benefits of Texas, Inc.	1	2,019,232,354	15.57%
95314	Amerigroup Texas, Inc.	2	1,399,044,542	10.79%
95024	Humana Health Plan of Texas, Inc.	3	914,528,544	7.05%
95647	Superior Healthplan, Inc.	4	911,954,799	7.03%
95490	Aetna Health Inc.	5	755,868,178	5.83%
11141	Evercare of Texas, L.L.C.	6	686,391,069	5.29%
12902	Healthspring Life & Health Insurance Company, Inc.	7	660,075,476	5.09%
10096	Selectcare of Texas, L.L.C.	8	608,364,067	4.69%
95099	Scott and White Health Plan	9	550,037,982	4.24%
95329	Texas Children's Health Plan, Inc.	10	502,308,419	3.87%
95615	Community Health Choice, Inc.	11	474,885,954	3.66%
95414	Parkland Community Health Plan, Inc., A Program of Dallas County Hospital District	12	458,680,000	3.54%
70670	Blue Cross and Blue Shield of Texas, A Division of Health Care Service Corporation	13	400,965,808	3.09%
11494	Physicians Health Choice of Texas, LLC	14	316,606,782	2.44%
95248	Community First Health Plans, Inc.	15	267,711,050	2.06%
10134	Bravo Health Texas, Inc.	16	252,292,639	1.95%
95138	SHA, L.L.C.	17	246,063,093	1.90%
95822	Cook Children's Health Plan	18	171,912,955	1.33%
10757	Molina Healthcare of Texas, Inc.	19	161,821,444	1.25%
95809	Driscoll Children's Health Plan	20	151,950,879	1.17%
12827	KS Plan Administrators, LLC	21	149,553,727	1.15%
12151	Arcadian Health Plan, Inc.	22	134,050,961	1.03%
95383	Cigna Healthcare of Texas, Inc.	23	131,048,949	1.01%
52635	El Paso First Health Plans, Inc.	24	112,686,773	0.87%
10768	Selectcare Health Plans, Inc.	25	84,592,952	0.65%
12964	Wellcare of Texas, Inc.	26	68,028,550	0.52%
95799	Valueoptions of Texas, Inc.	27	64,894,979	0.50%
95420	Unicare Health Plans of Texas, Inc.	28	58,276,549	0.45%
95910	Aetna Dental Inc.	29	42,000,128	0.32%
95037	Cigna Dental Health of Texas, Inc.	30	32,461,883	0.25%
95161	Denticare, Inc.	31	31,914,238	0.25%
12346	Valley Baptist Insurance Company	32	21,599,299	0.17%
95240	Seton Health Plan, Inc.	33	20,908,118	0.16%
95765	Unitedhealthcare of Texas, Inc.	34	20,348,685	0.16%
95251	National Pacific Dental, Inc.	35	14,583,041	0.11%
95051	Safeguard Health Plans, Inc.	36	12,515,535	0.10%
95142	United Dental Care of Texas, Inc.	37	10,307,606	0.08%
12282	Arkansas Community Care, Inc.	38	8,997,949	0.07%
95163	Alpha Dental Programs, Inc.	39	8,319,076	0.06%
52556	Managed Dentalguard, Inc.	40	7,601,263	0.06%
Total Top 40 Health Maintenance Organizations			12,945,386,295	99.84%
All Other Health Maintenance Organizations			20,825,952	0.16%
Total Health Maintenance Organizations			12,966,212,247	100.00%

Top 40 Insurers/Life

Based on 2010 Texas Written Premium with Percentage Market Share

NAIC #	INSURANCE COMPANY	RANK	WRITTEN PREMIUM	% OF MARKET
65978	Metropolitan Life Insurance Company	1	569,170,614	6.18%
67091	Northwestern Mutual Life Insurance Company, The	2	424,832,942	4.61%
66915	New York Life Insurance Company	3	387,647,523	4.21%
65676	Lincoln National Life Insurance Company, The	4	361,048,404	3.92%
69108	State Farm Life Insurance Company	5	307,169,963	3.33%
68241	Prudential Insurance Company of America, The	6	275,101,366	2.99%
65838	John Hancock Life Insurance Company (U.S.A.)	7	254,208,684	2.76%
60488	American General Life Insurance Company	8	226,903,571	2.46%
65935	Massachusetts Mutual Life Insurance Company	9	222,567,750	2.42%
67466	Pacific Life Insurance Company	10	203,199,601	2.20%
86231	Transamerica Life Insurance Company	11	179,874,049	1.95%
91596	New York Life Insurance and Annuity Corporation	12	142,707,687	1.55%
65919	Primerica Life Insurance Company	13	139,879,999	1.52%
63177	Farmers New World Life Insurance Company	14	139,400,526	1.51%
60739	American National Insurance Company	15	133,117,552	1.44%
65498	Life Insurance Company of North America	16	130,574,391	1.42%
66168	Minnesota Life Insurance Company	17	128,942,873	1.40%
71129	Fort Dearborn Life Insurance Company	18	128,538,055	1.39%
62944	AXA Equitable Life Insurance Company	19	120,130,438	1.30%
80802	Sun Life Assurance Company of Canada	20	119,551,200	1.30%
68136	Protective Life Insurance Company	21	115,157,372	1.25%
67105	Reliastar Life Insurance Company	22	113,376,080	1.23%
65595	Lincoln Benefit Life Company	23	109,461,744	1.19%
64246	Guardian Life Insurance Company of America, The	24	108,930,901	1.18%
71153	Hartford Life and Annuity Insurance Company	25	106,509,754	1.16%
79227	Pruco Life Insurance Company	26	105,395,394	1.14%
68896	Southern Farm Bureau Life Insurance Company	27	104,373,756	1.13%
62235	UNUM Life Insurance Company of America	28	104,212,477	1.13%
69663	USAA Life Insurance Company	29	99,152,709	1.08%
69868	United of Omaha Life Insurance Company	30	97,245,484	1.06%
65005	Riversource Life Insurance Company	31	88,106,179	0.96%
70815	Hartford Life and Accident Insurance Company	32	85,312,684	0.93%
65536	Genworth Life and Annuity Insurance Company	33	81,767,615	0.89%
61271	Principal Life Insurance Company	34	78,747,351	0.85%
69019	Standard Insurance Company	35	78,178,040	0.85%
68357	Reliable Life Insurance Company, The	36	78,007,419	0.85%
61689	Aviva Life and Annuity Company	37	70,779,042	0.77%
61050	Metlife Investors USA Insurance Company	38	69,968,735	0.76%
60054	Aetna Life Insurance Company	39	67,211,827	0.73%
70211	Reassure America Life Insurance Company	40	66,743,816	0.72%
	Total Top 40 Life Premium		6,423,205,567	69.70%
	All Other Life Premium		2,792,712,822	30.30%
	Total Life Premium		9,215,918,389	100.00%

Top 40 Insurers/Private Passenger Auto

Based on 2010 Texas Written Premium with Percentage of Market Share

NAIC #	INSURANCE COMPANY	RANK	WRITTEN PREMIUM	% OF MARKET
25178	State Farm Mutual Automobile Insurance Company	1	2,447,296,793	18.29%
24392	Farmers Texas County Mutual Insurance Company	2	1,227,822,743	9.18%
29203	Progressive County Mutual Insurance Company	3	1,122,083,232	8.39%
22063	Government Employees Insurance Company	4	604,162,041	4.52%
29688	Allstate Fire and Casualty Insurance Company	5	547,448,335	4.09%
29378	Old American County Mutual Fire Insurance Company	6	498,030,654	3.72%
19240	Allstate Indemnity Company	7	473,521,942	3.54%
25941	United Services Automobile Association	8	404,639,741	3.02%
29297	Home State County Mutual Insurance Company	9	363,729,698	2.72%
29246	Consumers County Mutual Insurance Company	10	329,324,944	2.46%
25968	USAA Casualty Insurance Company	11	316,834,396	2.37%
29335	Allstate County Mutual Insurance Company	12	316,824,378	2.37%
29262	Colonial County Mutual Insurance Company	13	285,710,010	2.14%
13004	Texas Farm Bureau Casualty Insurance Company	14	271,200,651	2.03%
26816	State Farm County Mutual Insurance Company of Texas	15	262,532,793	1.96%
27863	Southern County Mutual Insurance Company	16	250,424,495	1.87%
11198	Loya Insurance Company	17	238,285,900	1.78%
19544	Liberty County Mutual Insurance Company	18	220,168,864	1.65%
22055	Geico Indemnity Company	19	205,067,492	1.53%
23787	Nationwide Mutual Insurance Company	20	160,960,888	1.20%
29327	AAA Texas County Mutual Insurance Company	21	142,461,360	1.06%
25380	Texas Farm Bureau Mutual Insurance Company	22	141,646,879	1.06%
29254	Foremost County Mutual Insurance Company	23	136,869,535	1.02%
21253	Garrison Property and Casualty Insurance Company	24	111,860,727	0.84%
28673	Mid-Century Insurance Company of Texas	25	108,731,318	0.81%
17230	Allstate Property and Casualty Insurance Company	26	105,332,828	0.79%
18600	USAA General Indemnity Company	27	100,739,790	0.75%
11521	Germania Select Insurance Company	28	90,644,752	0.68%
19976	Amica Mutual Insurance Company	29	86,575,017	0.65%
10807	ACCC Insurance Company	30	81,673,737	0.61%
13938	Metropolitan Lloyds Insurance Company of Texas	31	80,647,514	0.60%
29351	Unitrin County Mutual Insurance Company	32	78,233,672	0.58%
33120	Bristol West Specialty Insurance Company	33	72,163,160	0.54%
34789	21st Century Centennial Insurance Company	34	65,818,901	0.49%
13820	Infinity County Mutual Insurance Company	35	65,040,258	0.49%
27820	Farm Bureau County Mutual Insurance Company of Texas	36	64,587,948	0.48%
29394	Mercury County Mutual Insurance Company	37	62,270,372	0.47%
35882	Geico General Insurance Company	38	61,924,029	0.46%
19232	Allstate Insurance Company	39	58,685,872	0.44%
19887	Trinity Universal Insurance Company	40	56,619,572	0.42%
	Total Top 40 Private Passenger Auto Premium		12,318,597,231	92.08%
	All Other Private Passenger Auto Premium		1,059,480,733	7.92%
	Total Private Passenger Auto Premium		13,378,077,964	100.00%

Top 40 Insurers/Workers' Compensation

Based on 2010 Texas Written Premium with Percentage of Market Share

NAIC #	INSURANCE COMPANY	RANK	WRITTEN PREMIUM	% OF MARKET
22945	Texas Mutual Insurance Company	1	596,191,245	31.01%
23841	New Hampshire Insurance Company	2	67,346,832	3.50%
16535	Zurich American Insurance Company	3	67,218,074	3.50%
42404	Liberty Insurance Corporation	4	50,651,120	2.63%
30104	Hartford Underwriters Insurance Company	5	49,090,861	2.55%
25658	Travelers Indemnity Company, The	6	46,312,908	2.41%
43389	Service Lloyds Insurance Company	7	43,534,609	2.26%
19429	Insurance Company of the State of Pennsylvania, The	8	39,155,428	2.04%
40142	American Zurich Insurance Company	9	37,965,364	1.97%
29424	Hartford Casualty Insurance Company	10	34,939,284	1.82%
37478	Hartford Insurance Company of the Midwest	11	31,264,270	1.63%
25682	Travelers Indemnity Company of Connecticut, The	12	28,506,886	1.48%
33600	LM Insurance Corporation	13	28,413,880	1.48%
20281	Federal Insurance Company	14	24,429,012	1.27%
23035	Liberty Mutual Fire Insurance Company	15	23,715,236	1.23%
24171	Netherlands Insurance Company, The	16	23,674,790	1.23%
26042	Wausau Underwriters Insurance Company	17	23,394,523	1.22%
19070	Standard Fire Insurance Company, The	18	23,311,360	1.21%
20508	Valley Forge Insurance Company	19	21,435,267	1.11%
43575	Indemnity Insurance Company of North America	20	21,076,092	1.10%
19410	Commerce and Industry Insurance Company	21	20,051,157	1.04%
19445	National Union Fire Insurance Company of Pittsburgh, Pa.	22	17,083,255	0.89%
19046	Travelers Casualty Insurance Company of America	23	16,193,492	0.84%
13269	Zenith Insurance Company	24	15,412,549	0.80%
41483	Farmington Casualty Company	25	14,970,347	0.78%
22667	Ace American Insurance Company	26	14,925,472	0.78%
10925	Southern Vanguard Insurance Company	27	14,430,614	0.75%
22357	Hartford Accident and Indemnity Company	28	14,031,198	0.73%
23396	Amerisure Mutual Insurance Company	29	13,848,375	0.72%
15563	Seabright Insurance Company	30	13,782,926	0.72%
23043	Liberty Mutual Insurance Company	31	13,188,866	0.69%
11150	Arch Insurance Company	32	12,677,307	0.66%
19488	Amerisure Insurance Company	33	11,828,046	0.62%
20427	American Casualty Company of Reading, Pennsylvania	34	11,436,371	0.59%
29459	Twin City Fire Insurance Company	35	10,284,165	0.53%
21458	Employers Insurance Company of Wausau	36	9,579,783	0.50%
20478	National Fire Insurance Company of Hartford	37	9,175,312	0.48%
19682	Hartford Fire Insurance Company	38	9,143,305	0.48%
23817	Illinois National Insurance Co.	39	9,111,671	0.47%
19038	Travelers Casualty and Surety Company	40	8,142,446	0.42%
	Total Top 40 Workers' Compensation Premium		1,540,923,698	80.14%
	All Other Workers' Compensation Premium		381,847,164	19.86%
	Total Workers' Compensation Premium		1,922,770,862	100.00%

Top 40 Insurers/Homeowners

Based on 2010 Texas written Premium with Percentage of Market Share

NAIC #	INSURANCE COMPANY	RANK	WRITTEN PREMIUM	% OF MARKET
43419	State Farm Lloyds	1	1,684,960,679	29.00%
26530	Allstate Texas Lloyd's	2	483,268,091	8.32%
21695	Texas Farmers Insurance Company	3	319,064,978	5.49%
25941	United Services Automobile Association	4	230,105,282	3.96%
11120	USAA Texas Lloyd's Company	5	219,411,933	3.78%
21652	Farmers Insurance Exchange	6	218,738,473	3.77%
29688	Allstate Fire and Casualty Insurance Company	7	204,788,089	3.53%
41564	Travelers Lloyds of Texas Insurance Company	8	194,556,401	3.35%
37877	Nationwide Property and Casualty Insurance Company	9	129,186,304	2.22%
11215	Safeco Insurance Company of Indiana	10	126,203,492	2.17%
27774	Chubb Lloyds Insurance Company of Texas	11	114,932,445	1.98%
21660	Fire Insurance Exchange	12	100,450,632	1.73%
11059	ASI Lloyds	13	98,723,312	1.70%
41688	Foremost Lloyds of Texas	14	88,736,876	1.53%
25399	Texas Farm Bureau Underwriters	15	82,984,608	1.43%
27998	Travelers Home and Marine Insurance Company, The	16	82,526,231	1.42%
42110	Nationwide Lloyds	17	78,355,221	1.35%
25380	Texas Farm Bureau Mutual Insurance Company	18	69,519,888	1.20%
10896	Amica Lloyd's of Texas	19	60,247,094	1.04%
11543	Texas Fair Plan Association	20	52,982,160	0.91%
15474	National Lloyds Insurance Company	21	51,747,636	0.89%
11008	Auto Club Indemnity Company	22	50,410,439	0.87%
11041	Liberty Lloyds of Texas Insurance Company	23	50,009,827	0.86%
19208	Republic Lloyds	24	48,378,043	0.83%
13938	Metropolitan Lloyds Insurance Company of Texas	25	45,467,936	0.78%
23035	Liberty Mutual Fire Insurance Company	26	43,666,356	0.75%
34690	Property and Casualty Insurance Company of Hartford	27	41,434,947	0.71%
11000	Sentinel Insurance Company, Ltd.	28	41,176,444	0.71%
22608	National Specialty Insurance Company	29	40,680,150	0.70%
42404	Liberty Insurance Corporation	30	40,378,267	0.70%
10759	Universal North America Insurance Company	31	33,316,838	0.57%
12536	Homeowners of America Insurance Company	32	30,604,559	0.53%
22390	Wellington Insurance Company	33	30,558,406	0.53%
11578	Cypress Texas Lloyds	34	30,154,998	0.52%
20230	Central Mutual Insurance Company	35	27,298,791	0.47%
25127	State Auto Property & Casualty Insurance Company	36	25,113,893	0.43%
11070	Safeco Lloyds Insurance Company	37	24,744,812	0.43%
14788	NGM Insurance Company	38	23,626,298	0.41%
19402	Chartis Property Casualty Company	39	21,837,015	0.38%
19216	Southern Insurance Company	40	21,791,555	0.38%
	Total Top 40 Homeowners Premium		5,362,139,399	92.30%
	All Other Homeowners Premium		447,336,611	7.70%
	Total Homeowners Premium		5,809,476,010	100.00%

Top Insurers/Title

Based on 2010 Texas Written Premium with Percentage Market Share

NAIC #	INSURANCE COMPANY	RANK	WRITTEN PREMIUM	% OF MARKET
50121	Stewart Title Guaranty Company	1	210,600,722	19.79%
50814	First American Title Insurance Company	2	203,663,526	19.14%
51586	Fidelity National Title Insurance Company	3	175,649,119	16.50%
50229	Chicago Title Insurance Company	4	138,958,345	13.06%
50016	Title Resources Guaranty Company	5	80,125,605	7.53%
50520	Old Republic National Title Insurance Company	6	74,110,631	6.96%
50598	Alamo Title Insurance	7	50,297,008	4.73%
50083	Commonwealth Land Title Insurance Company	8	45,792,386	4.30%
12309	Alliant National Title Insurance Company, Inc.	9	33,981,028	3.19%
51020	National Title Insurance of New York, Inc.	10	17,889,569	1.68%
50130	North American Title Insurance Company	11	11,670,320	1.10%
50050	Westcor Land Title Insurance Company	12	9,107,066	0.86%
50026	Commerce Title Insurance Company	13	4,847,352	0.46%
51152	WFG National Title Insurance Company	14	2,784,123	0.26%
12591	Sierra Title Insurance Guaranty Company	15	2,496,129	0.23%
50377	National Investors Title Insurance Company	16	2,144,908	0.20%
50792	Southern Title Insurance Corporation	17	197,320	0.02%
	Total Top Title Premium		1,064,315,157	100.00%

Top 40 Premium Finance

Based on 2010 Texas Written Premium with Percentage of Market Share

PREMIUM FINANCE COMPANY	RANK	PREMIUM FINANCED	% OF MARKET
IPFS dba Imperial Credit Corporation	1	527,266,844	21.51%
AFCO Credit Corporation	2	363,175,592	14.81%
First Insurance Funding Corp.	3	279,347,112	11.39%
Aon Premium Finance LLC	4	177,610,547	7.24%
Premium Assignment Corporation	5	143,160,922	5.84%
AFCO Premium Credit LLC	6	113,447,179	4.63%
Prime Rate Premium Finance Corporation, Inc.	7	85,238,766	3.48%
AFS/IBEX Financial Services, Inc.	8	83,715,468	3.41%
AFCO Credit Corporation	9	71,206,776	2.90%
Meridian Credit Services, Inc.	10	55,752,590	2.27%
Camden Premium Finance, LLC	11	44,823,939	1.83%
CAA Premium Finance Company, LLC.	12	41,460,675	1.69%
Capital Premium Financing, Inc.	13	24,524,296	1.00%
Premium Funding Associates, Inc.	14	24,379,187	0.99%
Standard Funding Corp (Woodbury)	15	23,005,207	0.94%
Impact Finance Corporation	16	19,674,239	0.80%
NAAC, Inc.	17	18,824,032	0.77%
CG Premium Finance, Inc.	18	18,532,568	0.76%
Banner Premium Finance, Inc.	19	18,452,869	0.75%
Heritage Premium Assignment Company	20	15,004,995	0.61%
Pronote, Inc.	21	11,827,678	0.48%
Ideal Premium Finance, Inc.	22	11,647,054	0.48%
Advantage Premium Finance Company	23	11,629,653	0.47%
Western Commerce Bank	24	9,657,115	0.39%
Associated Acceptance, Inc.	25	8,458,944	0.35%
Premium Convenience Services, Inc.	26	8,101,760	0.33%
Texas Farm Bureau Premium Finance Company	27	8,031,226	0.33%
Insurance Credit Corp.	28	7,622,717	0.31%
CAC Acceptance Corporation	29	7,538,531	0.31%
Monthly Pay Plan	30	7,314,792	0.30%
Select Premium Services, Inc.	31	6,604,315	0.27%
Pan American Acceptance Corporation	32	6,364,419	0.26%
Rust-Ewing Financial Services, Inc.	33	6,309,199	0.26%
Medical Protective Finance Corporation	34	6,098,192	0.25%
Grayhawk Insurance & Risk Management Services, Inc.	35	5,326,941	0.22%
Insurance Finance Corporation	36	5,292,119	0.22%
Texas Specialty Finance, Inc.	37	5,210,454	0.21%
Houston Premium Finance Corporation	38	4,808,625	0.20%
Combined Group Insurance Services, Inc.	39	4,673,159	0.19%
Dallas National Insurance Company	40	4,515,062	0.18%
Total Top 40 Premium Finance Companies		2,295,635,759	93.64%
All Other Premium Finance Companies		156,014,553	6.36%
Total Premium Financed		2,451,650,311	100.00%

