

Request for

# Legislative Appropriations

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**For Fiscal Years 2012 and 2013**

Submitted to the Governor's Office of Budget, Planning and Policy  
and the Legislative Budget Board by the

**Texas Department of Insurance**

A handwritten signature in black ink that reads "Mike Geeslin".

Mike Geeslin, *Commissioner of Insurance*

August 30, 2010

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TEXAS DEPARTMENT OF INSURANCE  
 REQUEST FOR LEGISLATIVE APPROPRIATIONS  
 FISCAL YEARS 2012 AND 2013

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# **1. ADMINISTRATOR'S STATEMENT**

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**ADMINISTRATOR'S STATEMENT**  
82nd Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

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Agency code: **454**

Agency name: **Department of Insurance**

**A NEW APPROACH**

This Texas Department of Insurance (TDI) 2012-13 Legislative Appropriations Request proposes a budget for operating at reduced funding levels, including a plan for reducing the budget by 10 percent. If the Legislature deems that a ten percent reduction is necessary, TDI's budget would be reduced from current levels by \$29,029,037, which could severely impact insurance regulation in Texas.

If reductions of \$29 million were implemented, TDI cannot predict the effectiveness of the current regulatory structure in Texas. Simply, the current structure is a system of laws and regulations, implemented through ever-changing agency procedures by personnel with a wide range of professional skill-sets. This requires funding, and the amount of funding is one variable that determines how the Department ultimately regulates.

In addition to funding, the other variables are the market environment and law as we know it today. The combined weight of these three variables must be equal to what is deemed to be a balanced and effective regulatory approach. Any change in funding that is not accompanied by a change in either the market or laws only changes one of the inputs, forcing the equation to be out of balance. Markets – think consumers, agents, carriers and information – are their own creatures and not really subject to re-crafting: One cannot simply decree that the markets change and then so be it. The law, however, can be changed.

Currently, TDI's regulatory structure is a hybrid approach that is organized in some cases by line of insurance and in other cases by function. The Texas Insurance Code and TDI programs are organized by line of insurance for form and rate regulation. Other functions, such as consumer protection, financial solvency regulation, and agent licensing, to name a few, oversee functions common to multiple lines of insurance and collaborate with other areas of the agency to fulfill their mission. Again, this hybrid insurance-function approach is based on current law, markets and funding, and is only scalable up to a point. If you want to cut weight from a car, and you remove two of the tires and half the transmission, it ceases to work like a car. The same could be said for TDI, which operates at an increasingly lean operating budget (not including program funding): It can be scaled down to a certain level, but at some point it ceases to work efficiently.

Still, cuts could be made in the TDI budget; however, the depth of those cuts may necessitate a new regulatory framework to better fit what would be the resulting structure of TDI.

To construct such a framework, TDI would need an alternative statutory structure – a new and re-weighted law variable – that operates in toggle fashion, activated quickly but not at the expense of public input and thorough analysis. The Legislature would, in addition to the multiple policy questions it would need to answer, decide if the alternative structure is voluntary, meaning the regulated entity could pick the current system or the alternative system, subject to petition by consumer interests, or exclusive, in that it replaces the current regimen for a line of insurance altogether by Commissioner order. In any case, it should only be utilized if, after open hearing and transparent analysis, it was determined that this was the best approach to regulating given the resources at hand.

The alternative structure would re-direct energy to two methods. One, Value Regulation, refers to infusing a different type of information into the market. The other, Principle Outcome Regulation, is based on regulated entities' overall value added to the market and lives of Texas citizens. One or both could be used for any line of insurance.

- Value Regulation. Value Regulation centers on the agency as an information provider that gives the consumer more insight on the value of a product. For instance, instead of simply posting information on a web site about a policy or price, the agency would provide more information on key products that gives insight into how it is structured, how it works, the basis for its cost, risks to consider, suitable buyers, market penetration, and comparative analysis to similar products, etc. The major statutory change would be to allow the Department to issue advisory opinions and grant the legal means to develop content for posting and publication. This type of information

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would enable consumers to make more informed decisions.

- **Principle Outcome Regulation.** Principle Outcome Regulation centers on regulating a carrier based on whether it is meeting certain expectations. For instance, simplicity of contracts, low-fluctuation in pricing, independent claims dispute resolution, customer service and financial stability are among the many outcomes that would need to be consistently achieved. The regulatory leverage lies with how the business plan is structured and adhered to. Essentially, if the outcomes are not met, then the plan must be restructured. This is an important point, because the shift is from taking action on each transactional step they take or legal infraction, to compelling them to alter their business plan. This approach could result in a longer enforcement cycle on violations and may seem lighter, but consider that the stakes are higher: Without a business plan to reach what the Legislature deems to be desired public policy outcomes, you do not retain the certificate of authority to operate in Texas. The likely outcome, therefore, is that carriers will work to resolve issues in a timely manner.

There are many details that would need to be determined, such as mandates to the agency to publish regulatory guidance, what constitutes an outcome and violations of those outcomes, transition provisions, etc. As always, TDI stands ready to be a resource to the Legislature should these policy concepts be deliberated in conjunction with the budget reductions.

TDI would be able to provide options for statutory changes that would give TDI contingency authority to adjust levels of regulation depending on funding availability, economic factors, and natural disasters. Additionally, TDI is exploring alternate funding solutions for essential functions (e.g., grants and self-directed funding), which the Legislature could consider as it determines TDI's 2012-2013 appropriations.

#### **GOVERNANCE: TDI COMMISSIONERS**

The Commissioner of Insurance is the chief executive of the Texas Department of Insurance (TDI), and the Commissioner of Workers' Compensation serves as the chief executive for TDI's Division of Workers' Compensation (DWC). The Governor appoints both Commissioners subject to Senate confirmation. The Commissioner of Insurance and Commissioner of Workers' Compensation regulate the Texas insurance industry and workers' compensation system, respectively, by administering and enforcing the applicable laws. TDI's regulatory authority is fully described in the Texas Insurance and Labor Codes and its regulatory rules are contained within the Texas Administrative Code.

#### **BACKGROUND CHECKS**

Texas Government Code authorizes TDI to access applicant criminal history information to determine licensure eligibility. TDI reviews the data using statutory guidelines and refers questionable applicants to TDI's Enforcement Program for appropriate action.

#### **SUNSET REVIEW**

The Sunset Advisory Commission (SAC) reviewed the Texas Department of Insurance in 2008 and made recommendations on the agency to the 81st Texas Legislature. The Legislature considered their recommendations but did not pass the Sunset bill. Instead, the Legislature continued the agency in separate legislation for two more years and focused the subsequent Sunset staff reviews on the appropriateness of the SAC adopted recommendations. Accordingly, both TDI and DWC are scheduled for Sunset review in 2011.

Sunset's re-examination of TDI insurance functions resulted in recommendations, which focus on rate regulation for homeowners insurance, statutorily created advisory committees, fire safety inspection resource allocation, assessments of penalties for fire safety violations, electronic transaction technologies, and qualifications for reduced rate filing requirements.

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Sunset's review of DWC resulted in recommendations for more timely and equitable dispute resolution process; improved DWC oversight of medical quality review process; more explicit enforcement authority; enhanced designated doctor qualification requirements; transferring responsibility for certain claims decisions to carriers; and improved reporting by non-subscribing employers.

#### **WORKERS' COMPENSATION**

Since the last Legislative Appropriations Request (LAR), TDI has continued to advance the progress toward the goals established by HB 7 (79th Tex. Leg.). Since the 81st Legislative Session, DWC has:

- streamlined dispute resolution, reducing income and medical fee and necessity dispute time frames
- implemented new income benefit changes, including work-search requirements for supplemental income benefits
- developed a closed pharmacy formulary—one of the first in the nation for workers' compensation
- revised TDI's enforcement structure to align DWC and insurance enforcement activities
- trained medical office staff across the state on the use of DWC's medical fee and treatment guidelines.

#### **LEGISLATION**

##### **Healthy Texas Implementation**

TDI is responsible for implementation of SB 78 (81st Tex. Leg.) which creates the Healthy Texas Program and the Healthy Texas Small Employer Premium Stabilization Fund.

Healthy Texas is a new health plan for small employers that qualify for participation. The Fund reimburses health benefit plan issuers for claims paid for individuals covered under qualifying group health plans. Insurers will be responsible for all payments up to an annual threshold of \$5,000 per individual, and once that threshold is met, the Fund will reimburse up to 80 percent of claims, up to \$75,000 per individual. Any excess funds at the end of the calendar year would be carried forward and added to the Fund in the next calendar year. The Fund may also receive revenue from legislative appropriations.

##### **Federal Health Reform**

In March 2010, the President signed the Patient Protection and Affordable Care Act of 2009 -- the federal health care reform (FHR) bill, which is intended to provide accessible health care coverage for an estimated 32 million Americans who are currently uninsured, and to help people who already have health insurance retain their coverage. Some of the law's provisions are effective in 2010, while others will be phased in through 2020. Lawmakers and federal and state regulators are working to adopt the laws and rules necessary to implement health care reform.

To implement FHR, TDI formed an oversight team to create a common point of coordination between TDI and the Texas Health and Human Services Commission. Several implementation teams support the work of the oversight team. Responsibilities of these teams include developing a strategic communications plan and public awareness campaign; focusing on initial market reforms; working with external stakeholders on implementation; determining the impact of rate review requirements; proposing rule analysis and evaluating the effects of FHR on current state law; supporting the Office of Health Insurance Consumer Assistance/Health Insurance Ombudsman Program to assist consumers; and establishing Texas' Exchange Program.

#### **BUDGET REDUCTIONS**

TDI's funding has decreased slightly over the past several biennia, due to TDI voluntarily returning unused funds and/or requesting less in appropriations. Further, over

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time the agency has continued to assume additional work and absorb expenses for which no appropriation was made. For example, following the 81st Legislative Session, TDI absorbed approximately \$2 million of salary costs associated with the mandated statewide reclassifications. This effectively reduced staffing levels by at least 25 positions. In brief, we have been taking a fiscally streamlined approach and seeking efficiency at an enterprise level for several years.

In Spring 2010, state leadership asked agencies to propose a plan to reduce 2010-11 budgets by 5 percent. Because of TDI's already lean funding levels, a reduction of 5 percent would require cuts to key programs. Furthermore, TDI's funding structure precludes any savings from being returned to the state general revenue (GR) fund because revenue to Account 36 would probably be reduced. Account 36 is the GR dedicated account from which TDI and other agencies are funded. The Texas Insurance Code requires that the insurance maintenance taxes be set with the intention of collecting the revenue needed to fund appropriations; if the Legislature appropriates fewer dollars, the revenue would be adjusted downward. With TDI's self leveling budget structure, the reduction would not result in savings to the state and would likely result in loss of revenue due to reduced fees and taxes. Ultimately, leadership exempted TDI from the 5 percent budget reductions required of many state agencies.

#### BASELINE

For the 2012-13 Legislative Appropriations Request, all agencies were required to submit a baseline reflecting the 2010-11 five percent reduction regardless of prior exceptions. TDI's baseline funding level reduces the agency budget by \$10,009,794 and eliminates 94 FTEs. In constructing the 95 percent baseline, TDI assumed similar reductions to those submitted in Spring FY 2010. Generally, these reductions were not outdated functions or inefficiencies but across-the-board cuts that if implemented could harm Texans. Significant impacts include:

- reductions to state revenue
- increased risk of insurer insolvencies
- inability to conduct exams within statutorily required timeframes
- delayed enforcement activities
- increased proliferation of noncompliant products and excessive rates into the market
- inability to complete required training for certain critical positions
- delayed income and medical benefit delivery to injured employees
- delayed workers' compensation dispute resolution proceedings
- reduced safety training, outreach and oversight
- fewer consumer publications
- delayed complaint resolution
- reduced ability to assist consumers following natural disasters
- reduced monitoring of TexasSure Vehicle Insurance Verification program.

#### EXCEPTIONAL ITEMS

To mitigate the harm on Texans, TDI is requesting to restore the 2012-13 budget to current funding levels. Additionally, TDI has identified five other funding requests that will help TDI meet its statutory obligations and provide necessary consumer protections. TDI has assumed additional responsibilities over the last several biennia and resources have not kept pace. Further, the recent economic downturn has had a profound effect on TDI's workload, as the agency has dealt with increased insolvencies and consumer complaints. With limited resources and expanding statutory requirements, TDI needs additional resources to meet its statutory obligations and to reward eligible staff who are integral to the success of achieving our mission.

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The exceptional items in priority order are:

- Restore Five Percent Reduction (\$10,009,794 and 94 FTEs)
- Fund Retention Efforts (\$3,990,982)
- Fund Federal Health Care Reform (\$11,374,286 and 57 FTEs)
- Fund Additional Solvency Positions (\$1,637,664 and 15 FTEs)
- Fund Solvency Monitoring Training (\$200,000)
- Transfer TexasSure Funding to TDI (\$8,454,532)

These items request a total of 166 FTEs and \$35,667,258 over the FY 2012-13 biennium.

#### 10 PERCENT REDUCTION SCHEDULE

Agencies are required to submit a 10 percent supplemental reduction schedule for the 2012-13 biennium. To construct this 10 percent supplemental budget reduction schedule, TDI chose to continue an across-the-board approach and set priorities within each 5 percent increment according to the regulatory priorities that the agency would follow at the lower funding levels. However, the Commissioners recognize that reductions of the five to fifteen percent magnitude would need to be followed by a change in the overall regulatory scheme.

With the across-the-board approach, TDI identified incremental reductions for eleven business units. The first 5 percent increment would eliminate an additional 87.4 FTEs and reduce the budget by \$9,509,622. The second 5 percent increment would further eliminate 97.5 FTEs and reduce the agency budget again by \$9,509,621. The 5 percent incremental reductions result in similar but more severe adverse impacts to those identified at the 95 percent baseline. Specific service reductions resulting from the first 5 percent increment include:

- closing or consolidating field offices
- reduced travel for outreach, training and field operations
- eliminating actuarial consultations for rate hearings
- reduces the number of engineer oversights performed and public education seminars conducted
- conducting fewer exams
- impacts affect service levels for fire safety inspections, outreach, investigations and enforcement
- eliminate expert consultation services on critical Medicare-related matters

The second 5 percent reduction impacts the same business units but results in even more severe service reductions including elimination of certain mandated functions, such as loss control inspections, fire safety house outreach and advertising reviews. The combined impact of these reductions would critically impair TDI's ability to effectively regulate the insurance industry and workers' compensation system under current Texas law. Services would be severely impacted and TDI would need to seek interim approval from the Legislative Budget Board to change its performance measures.

For example, at the baseline level, TDI would conduct approximately 120 exams and review about 1,570 financial statements annually. With a 10 percent reduction, the number of exams would decline to around 110 and reviews of financial statements to around 1,370. This magnitude of reduction would result in TDI not meeting statutory exam requirements, and could impede TDI's timely identification of at risk companies. This, in turn, could result in more insurer insolvencies and decrease state revenue as

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described below.

Reduction to solvency surveillance and examination activities would strain already limited resources. The number of financially troubled insurers and other entities that TDI placed into receivership more than doubled in the last five years due to the economy and a continued elevated level of interventions is anticipated. With reduced funding, TDI estimates a decrease of the percent of identified companies reviewed from 97 percent currently to 80 percent.

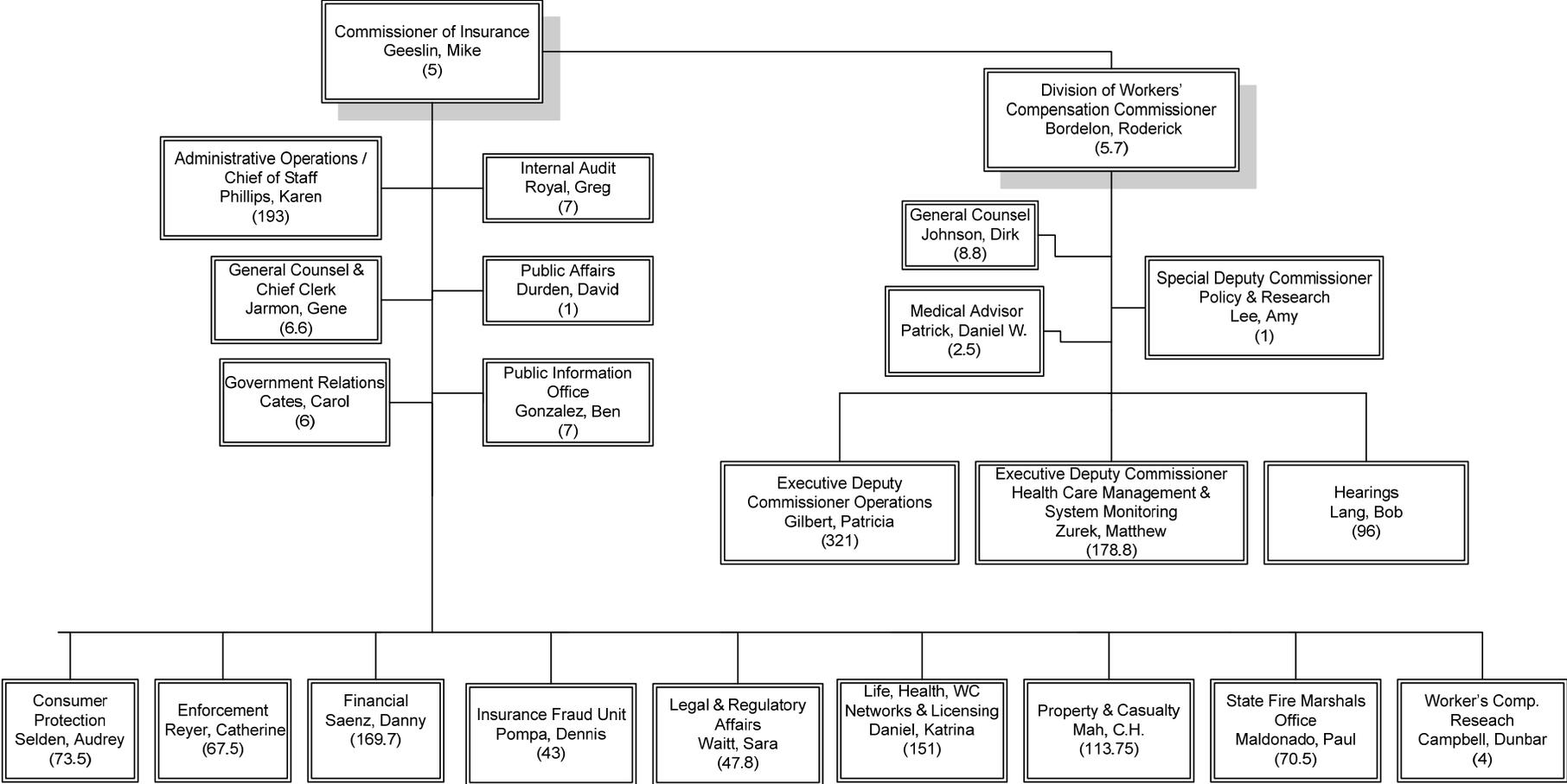
Reimbursements for regulatory fees (examination fees and overhead assessments) and maintenance taxes would decrease in direct correlation with the budget reductions. Reduction in solvency monitoring could result in more insurer insolvencies and guaranty fund assessments to fund unpaid claims owed by insolvent insurers. These assessments result in tax credits that lower the amount of insurance premium taxes collected by the state. The revenue impact from one \$50 million insolvency may be many times larger than suggested budget reductions.

Under current law, the impact of these reductions would be detrimental. Therefore, if TDI is required to reduce its budget by 15 percent of current funding, TDI would request an opportunity to revisit its regulatory framework.

## **1.A. ORGANIZATIONAL CHART**

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**Texas Department of Insurance  
Organizational Chart**



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## **2. SUMMARIES OF REQUEST**

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**2.A. SUMMARY OF BASE REQUEST BY STRATEGY**  
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<b>Goal / Objective / STRATEGY</b>	<b>Exp 2009</b>	<b>Est 2010</b>	<b>Bud 2011</b>	<b>Req 2012</b>	<b>Req 2013</b>
<b>1</b> Promote Consumer Access to Affordable Insur Products W/in a Fair Mrkt					
<b>1</b> <i>Provide Insurance Consumers with Meaningful Information</i>					
<b>1</b> CONSUMER EDUCATION AND OUTREACH	3,106,786	3,080,594	3,364,813	3,043,212	3,043,212
<b>2</b> <i>Reduce Unfair &amp; Illegal Insurer Practices</i>					
<b>1</b> RESOLVE COMPLAINTS	3,107,632	2,853,649	2,971,500	2,815,969	2,815,969
<b>2</b> INVESTIGATION AND ENFORCEMENT	2,991,866	2,949,014	3,004,801	2,819,203	2,819,203
<b>3</b> INSURER FRAUD	1,361,152	1,359,634	1,481,770	1,338,255	1,338,255
<b>3</b> <i>Reduce Impediments to Competition and Improve Insurance Availability</i>					
<b>1</b> PROCESS RATES, FORMS & LICENSES	10,881,655	10,716,475	11,397,951	10,477,491	10,477,491
<b>2</b> PROMOTE UNDERSERVED COVERAGE	173,722	189,543	225,226	207,395	207,395
<b>3</b> TEXAS ONLINE	385,415	380,000	380,000	380,000	380,000
<b>4</b> CERTIFY SELF-INSURANCE	640,466	694,473	684,121	635,567	635,567
<b>4</b> <i>Administer Innovative Insurance Initiatives</i>					
<b>1</b> LONG-TERM CARE	130,327	143,318	147,463	147,463	147,463
<b>2</b> THREE-SHARE PROGRAMS	441,325	1,945,539	449,711	422,375	422,375
<b>3</b> HEALTHY TEXAS	0	2,052,017	39,804,000	22,389,500	22,389,500
<b>TOTAL, GOAL 1</b>	<b>\$23,220,346</b>	<b>\$26,364,256</b>	<b>\$63,911,356</b>	<b>\$44,676,430</b>	<b>\$44,676,430</b>

**2** Promote Financial Strength of Ins. Industry & Reduce Undue Loss Cost

**1** *Regulate Insurance Industry Solvency*

<b>1</b> INSURERS FINANCIAL CONDITION	11,899,634	12,004,700	12,351,182	11,543,610	11,543,610
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**2** *Assure Loss Control Services, Windstorm Inspections & Fraud Referrals*

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<b>Goal / Objective / STRATEGY</b>	<b>Exp 2009</b>	<b>Est 2010</b>	<b>Bud 2011</b>	<b>Req 2012</b>	<b>Req 2013</b>
<b>1</b> LOSS CONTROL PROGRAMS	3,148,160	2,690,608	2,701,961	2,591,826	2,591,826
<b>2</b> PROVIDER AND CONSUMER FRAUD	1,325,413	1,351,328	1,339,811	1,262,812	1,262,812
<b>3</b> WORKERS' COMPENSATION FRAUD	246,144	273,835	277,204	263,883	263,883
<b>TOTAL, GOAL 2</b>	<b>\$16,619,351</b>	<b>\$16,320,471</b>	<b>\$16,670,158</b>	<b>\$15,662,131</b>	<b>\$15,662,131</b>

**3** Reduce Loss of Life & Property Due to Fire

**1** *Protect the Public from Loss of Life and Property due to fire*

<b>1</b> FIRE PROTECTION	4,041,170	4,762,047	4,329,637	4,051,246	4,051,246
<b>TOTAL, GOAL 3</b>	<b>\$4,041,170</b>	<b>\$4,762,047</b>	<b>\$4,329,637</b>	<b>\$4,051,246</b>	<b>\$4,051,246</b>

**4** Effectively Regulate the Texas Workers' Compensation System

**1** *Ensure Appropriate Delivery of Workers' Compensation Benefits*

<b>1</b> OVERSIGHT AND ENFORCEMENT	4,585,006	4,912,742	5,832,636	4,862,798	4,862,798
<b>2</b> DISPUTE RESOLUTION	14,464,710	14,092,245	14,885,477	13,961,709	13,961,709
<b>3</b> SUBSEQUENT INJURY FUND ADMIN	3,638,869	4,505,041	4,503,192	4,496,929	4,496,929

**2** *Ensure Workers' Comp System Participants are Educated and Informed*

<b>1</b> HEALTH AND SAFETY SERVICES	3,636,692	4,284,388	4,240,222	4,072,039	4,072,039
<b>2</b> CUSTOMER SERVICE & RECORDS ADMIN	5,788,917	5,666,102	5,636,153	5,183,058	5,183,058

<b>TOTAL, GOAL 4</b>	<b>\$32,114,194</b>	<b>\$33,460,518</b>	<b>\$35,097,680</b>	<b>\$32,576,533</b>	<b>\$32,576,533</b>
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**5** Indirect Administration

**1** *Indirect Administration*

**2.A. SUMMARY OF BASE REQUEST BY STRATEGY**  
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<b>1</b> CENTRAL ADMINISTRATION	9,119,187	10,227,236	10,521,438	9,645,157	9,645,156
<b>2</b> INFORMATION RESOURCES	10,395,932	11,706,289	11,100,336	10,657,411	10,657,411
<b>3</b> OTHER SUPPORT SERVICES	3,439,981	3,398,077	3,399,754	3,227,646	3,227,646
<b>TOTAL, GOAL 5</b>	<b>\$22,955,100</b>	<b>\$25,331,602</b>	<b>\$25,021,528</b>	<b>\$23,530,214</b>	<b>\$23,530,213</b>
<b>TOTAL, AGENCY STRATEGY REQUEST</b>	<b>\$98,950,161</b>	<b>\$106,238,894</b>	<b>\$145,030,359</b>	<b>\$120,496,554</b>	<b>\$120,496,553</b>
<b>TOTAL, AGENCY RIDER APPROPRIATIONS REQUEST*</b>				<b>\$0</b>	<b>\$0</b>
<b>GRAND TOTAL, AGENCY REQUEST</b>	<b>\$98,950,161</b>	<b>\$106,238,894</b>	<b>\$145,030,359</b>	<b>\$120,496,554</b>	<b>\$120,496,553</b>

**2.A. SUMMARY OF BASE REQUEST BY STRATEGY**  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/27/2010**  
 TIME: **12:50:23PM**

Agency code: **454** Agency name: **Department of Insurance**

<b>Goal / Objective / STRATEGY</b>	<b>Exp 2009</b>	<b>Est 2010</b>	<b>Bud 2011</b>	<b>Req 2012</b>	<b>Req 2013</b>
<b>METHOD OF FINANCING:</b>					
<b>General Revenue Funds:</b>					
1 General Revenue Fund	162,751	237,292	230,926	230,926	230,926
8042 Insurance Maint Tax Fees	35,640,482	35,409,354	36,757,085	34,270,695	34,270,695
<b>SUBTOTAL</b>	<b>\$35,803,233</b>	<b>\$35,646,646</b>	<b>\$36,988,011</b>	<b>\$34,501,621</b>	<b>\$34,501,621</b>
<b>General Revenue Dedicated Funds:</b>					
36 Dept Ins Operating Acct	56,484,410	58,335,356	60,391,934	56,174,456	56,174,455
5101 Subsequent Injury Fund	3,562,599	4,420,140	4,420,140	4,420,140	4,420,140
<b>SUBTOTAL</b>	<b>\$60,047,009</b>	<b>\$62,755,496</b>	<b>\$64,812,074</b>	<b>\$60,594,596</b>	<b>\$60,594,595</b>
<b>Federal Funds:</b>					
555 Federal Funds	1,996,104	3,055,264	2,266,721	2,266,721	2,266,721
<b>SUBTOTAL</b>	<b>\$1,996,104</b>	<b>\$3,055,264</b>	<b>\$2,266,721</b>	<b>\$2,266,721</b>	<b>\$2,266,721</b>
<b>Other Funds:</b>					
6 State Highway Fund	0	0	0	0	0
329 Healthy TX Sm Emp Prem Stabil. Fund	0	0	34,829,000	17,414,500	17,414,500
666 Appropriated Receipts	1,003,815	2,712,971	1,104,553	689,116	689,116
777 Interagency Contracts	100,000	2,068,517	5,030,000	5,030,000	5,030,000
<b>SUBTOTAL</b>	<b>\$1,103,815</b>	<b>\$4,781,488</b>	<b>\$40,963,553</b>	<b>\$23,133,616</b>	<b>\$23,133,616</b>
<b>TOTAL, METHOD OF FINANCING</b>	<b>\$98,950,161</b>	<b>\$106,238,894</b>	<b>\$145,030,359</b>	<b>\$120,496,554</b>	<b>\$120,496,553</b>

\*Rider appropriations for the historical years are included in the strategy amounts.

**2.B. SUMMARY OF BASE REQUEST BY METHOD OF FINANCE**  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/27/2010**  
 TIME: **12:50:51PM**

Agency code: **454** Agency name: **Department of Insurance**

METHOD OF FINANCING	Exp 2009	Est 2010	Bud 2011	Req 2012	Req 2013
<b><u>GENERAL REVENUE</u></b>					
<b><u>1</u> General Revenue Fund</b>					
<i>REGULAR APPROPRIATIONS</i>					
Art. IX Sec 8.04 Surplus Property (10-11 GAA)	\$0	\$6,366	\$0	\$0	\$0
Regular Appropriations - Hobby	\$6,520	\$6,520	\$6,520	\$6,520	\$6,520
Regular Appropriations - Metro GR in lieu of EFF Art. IX Sec 6.26	\$224,406	\$224,406	\$224,406	\$224,406	\$224,406
<i>LAPSED APPROPRIATIONS</i>					
Lapsed Appropriation Metro	\$(65,645)	\$0	\$0	\$0	\$0
Lapsed Appropriations Hobby	\$(2,530)	\$0	\$0	\$0	\$0
<b>TOTAL, General Revenue Fund</b>	<b>\$162,751</b>	<b>\$237,292</b>	<b>\$230,926</b>	<b>\$230,926</b>	<b>\$230,926</b>
<b><u>8042</u> General Revenue - Insurance Companies Maintenance Tax and Insurance Department Fees</b>					
<i>REGULAR APPROPRIATIONS</i>					
Regular Appropriations-Hobby	\$34,060,239	\$36,091,932	\$35,858,632	\$34,270,695	\$34,270,695

**2.B. SUMMARY OF BASE REQUEST BY METHOD OF FINANCE**  
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 Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/27/2010**  
 TIME: **12:50:55PM**

Agency code: **454** Agency name: **Department of Insurance**

<b>METHOD OF FINANCING</b>	<b>Exp 2009</b>	<b>Est 2010</b>	<b>Bud 2011</b>	<b>Req 2012</b>	<b>Req 2013</b>
<b><u>GENERAL REVENUE</u></b>					
Regular Appropriations-Hobby Three Share	\$450,000	\$0	\$0	\$0	\$0
<i>TRANSFERS</i>					
81st Leg Session HB 4586 Sec 89 Retention Payment-Hobby	\$420,680	\$0	\$0	\$0	\$0
Art IX, Sec 17.77 Cont Appn SB 78 Healthy Texas-Hobby (2010-11 GAA)	\$0	\$96,000	\$75,000	\$0	\$0
Art IX, Sec 19.62(a), Salary Increase (2008-09 GAA)	\$502,175	\$0	\$0	\$0	\$0
Art IX, Sec 19.62(a), Salary Increase (2008-09 GAA)	\$593,669	\$0	\$0	\$0	\$0
Art IX-76 (May 2007),Sec 19.10 Cont Appn HB 716 Mtg Fraud-Hobby	\$152,013	\$0	\$0	\$0	\$0
Art IX-84 (May 2007), Sec 19.44 Cont Appn SB 1731 Hlth Care - Hobby	\$549,150	\$0	\$0	\$0	\$0
Art. IX Sec 17.75 Cont Appn HB 4341 Disct Hlthcare-Hobby (10-11 GAA)	\$0	\$0	\$44,875	\$0	\$0
HB 15 Sec 30 (h)(1-2) Data Center Consolidation-Hobby	\$(413,125)	\$0	\$0	\$0	\$0

**2.B. SUMMARY OF BASE REQUEST BY METHOD OF FINANCE**  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/27/2010**  
 TIME: **12:50:55PM**

Agency code: **454** Agency name: **Department of Insurance**

<b>METHOD OF FINANCING</b>	<b>Exp 2009</b>	<b>Est 2010</b>	<b>Bud 2011</b>	<b>Req 2012</b>	<b>Req 2013</b>
<b><u>GENERAL REVENUE</u></b>					
HB 15 Sec 30 (h)(1-2) Data Center Consolidation-Metro	\$ (43,180)	\$ 0	\$ 0	\$ 0	\$ 0
<i>LAPSED APPROPRIATIONS</i>					
Art IX -Rider 13 (page 8-23) (GAA 10-11), UB Authority - Hobby	\$ 0	\$ (778,578)	\$ 778,578	\$ 0	\$ 0
Art IX, Sec 14.03(j) UB Cap. Bud GAA 2008-09-Hobby	\$ 277,076	\$ 0	\$ 0	\$ 0	\$ 0
Lapsed Appropriations-Hobby	\$ (908,215)	\$ 0	\$ 0	\$ 0	\$ 0
<b>TOTAL, General Revenue - Insurance Companies Maintenance Tax and Insurance Department Fees</b>	<b>\$35,640,482</b>	<b>\$35,409,354</b>	<b>\$36,757,085</b>	<b>\$34,270,695</b>	<b>\$34,270,695</b>
<b>TOTAL, ALL GENERAL REVENUE</b>	<b>\$35,803,233</b>	<b>\$35,646,646</b>	<b>\$36,988,011</b>	<b>\$34,501,621</b>	<b>\$34,501,621</b>

**GENERAL REVENUE FUND - DEDICATED**

**36** GR Dedicated - Texas Department of Insurance Operating Fund Account No. 036

*REGULAR APPROPRIATIONS*

Regular Appropriations-Hobby

\$17,316,011	\$19,972,625	\$19,854,411	\$18,996,381	\$18,996,381
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Regular Appropriations-Hobby Cross Border

\$150,000	\$ 0	\$ 0	\$ 0	\$ 0
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**2.B. SUMMARY OF BASE REQUEST BY METHOD OF FINANCE**  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/27/2010**  
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Agency code: **454** Agency name: **Department of Insurance**

<b>METHOD OF FINANCING</b>	<b>Exp 2009</b>	<b>Est 2010</b>	<b>Bud 2011</b>	<b>Req 2012</b>	<b>Req 2013</b>
<b><u>GENERAL REVENUE FUND - DEDICATED</u></b>					
Regular Appropriations-Hobby Long Term Care	\$150,000	\$0	\$0	\$0	\$0
Regular Appropriations-Metro	\$38,215,245	\$39,522,728	\$39,237,311	\$37,178,075	\$37,178,074
<i>TRANSFERS</i>					
81st Leg HB 4586 Sec 89 Retention-Hobby	\$213,160	\$0	\$0	\$0	\$0
81st Leg HB 4586 Sec 89 Retention Payment-Metro	\$499,680	\$0	\$0	\$0	\$0
Art IX Sec Cont Appn HB 4341 Disct Hlthcare-Hobby (2010-11 GAA)	\$0	\$97,153	\$43,062	\$0	\$0
Art IX, Sec 19.62(a), Sal Incr (08-09 GAA) 08 Hobby	\$254,456	\$0	\$0	\$0	\$0
Art IX, Sec 19.62(a), Sal Incr (08-09 GAA) 09 Metro	\$601,052	\$0	\$0	\$0	\$0
Art IX, Sec 19.62(a), Sal Incr (08-09 GAA) 09-Hobby	\$300,813	\$0	\$0	\$0	\$0

**2.B. SUMMARY OF BASE REQUEST BY METHOD OF FINANCE**  
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 Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/27/2010**  
 TIME: **12:50:55PM**

Agency code: **454** Agency name: **Department of Insurance**

<b>METHOD OF FINANCING</b>	<b>Exp 2009</b>	<b>Est 2010</b>	<b>Bud 2011</b>	<b>Req 2012</b>	<b>Req 2013</b>
<b><u>GENERAL REVENUE FUND - DEDICATED</u></b>					
Art IX, Sec 19.62(a), Sal Incr (2008-09 GAA) 08 Metro	\$561,664	\$0	\$0	\$0	\$0
Art IX-101 (May 2007), Sec 19.94 Cont Appn HB 2935 Cigarettes-Hobby	\$380,557	\$0	\$0	\$0	\$0
Art. IX, Sec 9.05, Texas Online Licenses (08-09 GAA) Hobby	\$7,945	\$0	\$0	\$0	\$0
HB 15 Sec 30 (h)(1-2)Data Center Consolidation-Metro	\$(576,511)	\$0	\$0	\$0	\$0
Hobby-Cross Border Vetoed	\$(150,000)	\$0	\$0	\$0	\$0
<i>LAPSED APPROPRIATIONS</i>					
Lapsed Appropriations- Hobby	\$(630,514)	\$0	\$0	\$0	\$0
Lapsed Appropriations- Metro	\$(2,452,109)	\$0	\$0	\$0	\$0
<i>UNEXPENDED BALANCES AUTHORITY</i>					
Art IX Rider 13 (p. 8-23), (GAA 10-11), UB Authority - Hobby	\$0	\$(407,026)	\$407,026	\$0	\$0

**2.B. SUMMARY OF BASE REQUEST BY METHOD OF FINANCE**  
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 Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/27/2010**  
 TIME: **12:50:55PM**

METHOD OF FINANCING	Exp 2009	Est 2010	Bud 2011	Req 2012	Req 2013
Agency code: <b>454</b> Agency name: <b>Department of Insurance</b>					
<b><u>GENERAL REVENUE FUND - DEDICATED</u></b>					
Art IX, Sec 14.03(j) UB Cap. Bud. 08-09 GAA	\$327,327	\$0	\$0	\$0	\$0
Art IX-Rider 13 (p. 8-23), (GAA 10-11) UB Authority - Metro	\$0	\$(850,124)	\$850,124	\$0	\$0
Rider 14, Appropriation of UB 08-09-GAA-Metro	\$1,315,634	\$0	\$0	\$0	\$0
<b>TOTAL, GR Dedicated - Texas Department of Insurance Operating Fund Account No. 036</b>	<b>\$56,484,410</b>	<b>\$58,335,356</b>	<b>\$60,391,934</b>	<b>\$56,174,456</b>	<b>\$56,174,455</b>
<b><u>5101</u> GR Dedicated - Subsequent Injury Account No. 5101</b>					
<i>REGULAR APPROPRIATIONS</i>					
Regular Appropriations-Metro	\$3,670,140	\$4,420,140	\$4,420,140	\$4,420,140	\$4,420,140
<i>LAPSED APPROPRIATIONS</i>					
Lapsed Appropriations-Metro	\$(107,541)	\$0	\$0	\$0	\$0
<b>TOTAL, GR Dedicated - Subsequent Injury Account No. 5101</b>	<b>\$3,562,599</b>	<b>\$4,420,140</b>	<b>\$4,420,140</b>	<b>\$4,420,140</b>	<b>\$4,420,140</b>
<b>TOTAL, ALL GENERAL REVENUE FUND - DEDICATED</b>	<b>\$60,047,009</b>	<b>\$62,755,496</b>	<b>\$64,812,074</b>	<b>\$60,594,596</b>	<b>\$60,594,595</b>
<b>TOTAL, GR &amp; GR-DEDICATED FUNDS</b>	<b>\$95,850,242</b>	<b>\$98,402,142</b>	<b>\$101,800,085</b>	<b>\$95,096,217</b>	<b>\$95,096,216</b>

**2.B. SUMMARY OF BASE REQUEST BY METHOD OF FINANCE**  
 82nd Regular Session, Agency Submission, Version 1  
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DATE: **8/27/2010**  
 TIME: **12:50:55PM**

Agency code: **454** Agency name: **Department of Insurance**

<b>METHOD OF FINANCING</b>	<b>Exp 2009</b>	<b>Est 2010</b>	<b>Bud 2011</b>	<b>Req 2012</b>	<b>Req 2013</b>
<b><u>FEDERAL FUNDS</u></b>					
<b>555</b> Federal Funds					
<i>REGULAR APPROPRIATIONS</i>					
Regular Appropriations-Metro	\$2,254,623	\$2,254,623	\$2,254,623	\$2,266,721	\$2,266,721
<i>TRANSFERS</i>					
Art IX Sec 8.02, Federal Funds (10-11 GAA)-Metro	\$90,750	\$13,788	\$12,098	\$0	\$0
Art IX, Sec 8.02, Fed. Funds (10-11 GAA)-Hobby-Fire Safety & Prev.	\$0	\$566,500	\$0	\$0	\$0
Art IX, Sec 8.02, Federal Funds (10-11 GAA)-Metro	\$0	\$220,353	\$0	\$0	\$0
<i>LAPSED APPROPRIATIONS</i>					
Lapsed Appropriations-Metro	\$(349,269)	\$0	\$0	\$0	\$0
<b>TOTAL, Federal Funds</b>	<b>\$1,996,104</b>	<b>\$3,055,264</b>	<b>\$2,266,721</b>	<b>\$2,266,721</b>	<b>\$2,266,721</b>
<b>TOTAL, ALL FEDERAL FUNDS</b>	<b>\$1,996,104</b>	<b>\$3,055,264</b>	<b>\$2,266,721</b>	<b>\$2,266,721</b>	<b>\$2,266,721</b>

**OTHER FUNDS**

**2.B. SUMMARY OF BASE REQUEST BY METHOD OF FINANCE**  
 82nd Regular Session, Agency Submission, Version 1  
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DATE: **8/27/2010**  
 TIME: **12:50:55PM**

Agency code: **454** Agency name: **Department of Insurance**

METHOD OF FINANCING	Exp 2009	Est 2010	Bud 2011	Req 2012	Req 2013
<b><u>OTHER FUNDS</u></b>					
<b>329</b> Healthy Texas Small Employer Premium Stabilization Fund					
<i>REGULAR APPROPRIATIONS</i>					
Art IX, Sec 17.77 Cont Appn SB 78 Healthy TX-Hobby (10-11 GAA)	\$0	\$17,404,000	\$17,425,000	\$17,414,500	\$17,414,500
<i>UNEXPENDED BALANCES AUTHORITY</i>					
Art IX, Sec 17.11 Healthy TX-Hobby (10-11 GAA), UB Authority	\$0	\$(17,404,000)	\$17,404,000	\$0	\$0
<b>TOTAL, Healthy Texas Small Employer Premium Stabilization Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$34,829,000</b>	<b>\$17,414,500</b>	<b>\$17,414,500</b>
<b>666</b> Appropriated Receipts					
<i>REGULAR APPROPRIATIONS</i>					
Regular Appropriations- Hobby	\$218,431	\$218,430	\$218,430	\$218,430	\$218,430
Regular Appropriations- Metro	\$1,271,269	\$470,686	\$470,686	\$470,686	\$470,686
<i>RIDER APPROPRIATION</i>					
Art VIII-30, Rider3, (08-09 GAA)-Hobby	\$257,528	\$0	\$0	\$0	\$0
<i>TRANSFERS</i>					

**2.B. SUMMARY OF BASE REQUEST BY METHOD OF FINANCE**  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/27/2010**  
 TIME: **12:50:55PM**

Agency code: **454** Agency name: **Department of Insurance**

<b>METHOD OF FINANCING</b>	<b>Exp 2009</b>	<b>Est 2010</b>	<b>Bud 2011</b>	<b>Req 2012</b>	<b>Req 2013</b>
<b><u>OTHER FUNDS</u></b>					
Art IX sec 17.08 Appropriation of Fines (10-11 GAA)-Hobby	\$0	\$1,500,000	\$0	\$0	\$0
Art IX Sec 8.03 Reimbursements and Payments (08-09 GAA)-Hobby	\$14,553	\$0	\$0	\$0	\$0
Art IX, Sec 8.08, Seminars & Conferences (08-09 GAA)-Hobby	\$29,235	\$0	\$0	\$0	\$0
Art IX, Sec 8.08, Seminars & Conferences (10-11 GAA)-Hobby	\$0	\$58,127	\$0	\$0	\$0
<i>LAPSED APPROPRIATIONS</i>					
Lapsed Appropriation-Metro	\$(797,023)	\$0	\$0	\$0	\$0
Lapsed Appropriations-Hobby	\$(272,081)	\$0	\$0	\$0	\$0
<i>UNEXPENDED BALANCES AUTHORITY</i>					
Art IX Sec 8.01 Acceptance of Gift of Money (10-11 GAA) Metro	\$0	\$(411,685)	\$0	\$0	\$0
Art IX Sec 8.01, Acceptance of Gift of Money ( 08-09 GAA)-Metro	\$1,163,068	\$0	\$0	\$0	\$0

**2.B. SUMMARY OF BASE REQUEST BY METHOD OF FINANCE**  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/27/2010**  
 TIME: **12:50:55PM**

Agency code: **454** Agency name: **Department of Insurance**

METHOD OF FINANCING	Exp 2009	Est 2010	Bud 2011	Req 2012	Req 2013
<b><u>OTHER FUNDS</u></b>					
Art IX, Sec 8.08, Seminars & Conferences (08-09 GAA)-Hobby	\$(3,752)	\$3,752	\$3,752	\$0	\$0
Art IX, Sec 8.08, Seminars & Conferences (08-09 GAA)-Metro	\$(198)	\$198	\$0	\$0	\$0
Art IX, Sec 8.08, Seminars & conferences (10-11 GAA)-Hobby	\$0	\$(3,752)	\$0	\$0	\$0
Art. IX Sec 8.01, Acceptance of Gift of Money (10-11 GAA)-Metro	\$(877,215)	\$877,215	\$411,685	\$0	\$0
<b>TOTAL, Appropriated Receipts</b>	<b>\$1,003,815</b>	<b>\$2,712,971</b>	<b>\$1,104,553</b>	<b>\$689,116</b>	<b>\$689,116</b>
<b><u>777</u> Interagency Contracts</b>					
<i>REGULAR APPROPRIATIONS</i>					
Regular Appropriations-Hobby	\$57,600	\$57,600	\$57,600	\$130,000	\$130,000
Regular Appropriations-Hobby (HHSC Grant-Healthy Texas)	\$0	\$4,900,000	\$4,900,000	\$4,900,000	\$4,900,000
<i>RIDER APPROPRIATION</i>					
Art IX, Sec 14.01 Appropriation Transfers (10-11 GAA)-Hobby	\$0	\$54,900	\$72,400	\$0	\$0

**2.B. SUMMARY OF BASE REQUEST BY METHOD OF FINANCE**  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/27/2010**  
 TIME: **12:50:55PM**

METHOD OF FINANCING	Exp 2009	Est 2010	Bud 2011	Req 2012	Req 2013
Agency code: <b>454</b> Agency name: <b>Department of Insurance</b>					
<b>OTHER FUNDS</b>					
Art IX, Sec 14.01(d) Appropriation Transfers (08-09 GAA)-Hobby	\$42,400	\$0	\$0	\$0	\$0
<i>LAPSED APPROPRIATIONS</i>					
Lapsed Appropriations-Hobby	\$0	\$(2,943,983)	\$0	\$0	\$0
<b>TOTAL, Interagency Contracts</b>	<b>\$100,000</b>	<b>\$2,068,517</b>	<b>\$5,030,000</b>	<b>\$5,030,000</b>	<b>\$5,030,000</b>
<b>TOTAL, ALL OTHER FUNDS</b>	<b>\$1,103,815</b>	<b>\$4,781,488</b>	<b>\$40,963,553</b>	<b>\$23,133,616</b>	<b>\$23,133,616</b>
<b>GRAND TOTAL</b>	<b>\$98,950,161</b>	<b>\$106,238,894</b>	<b>\$145,030,359</b>	<b>\$120,496,554</b>	<b>\$120,496,553</b>

**2.B. SUMMARY OF BASE REQUEST BY METHOD OF FINANCE**  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/27/2010**  
 TIME: **12:50:55PM**

Agency code: **454** Agency name: **Department of Insurance**

<b>METHOD OF FINANCING</b>	<b>Exp 2009</b>	<b>Est 2010</b>	<b>Bud 2011</b>	<b>Req 2012</b>	<b>Req 2013</b>
<b><u>FULL-TIME-EQUIVALENT POSITIONS</u></b>					
<b>REGULAR APPROPRIATIONS</b>					
Art VIII, Sec 17,08-09 Regular Appropriations, TDI Cross Border	2.0	0.0	0.0	0.0	0.0
Regular Appropriations, TDI Metro	801.2	779.8	779.8	723.5	723.5
Art VIII-19, (08-09 GAA) Regular Appropriations, Hobby Long Term Care	3.0	0.0	0.0	0.0	0.0
Regular Appropriations TDI Hobby	903.2	913.2	913.2	878.0	878.0
Regular Appropriations TDI Hobby	1.0	0.0	0.0	0.0	0.0
<b>TRANSFERS</b>					
Data Center Consolidation, HB 15, Sec 30 (h)(1-2) TDI Hobby	(6.9)	0.0	0.0	0.0	0.0
Data Center Consolidation, HB, Sec 30 (h) (1-2)TDI-Metro	(16.0)	0.0	0.0	0.0	0.0
Art IX, Sec 19.94, HB 2935 Cigarettes-Hobby	9.0	0.0	0.0	0.0	0.0
Art IX, Sec 19.44, SB 1731, Health Care-Hobby	1.0	0.0	0.0	0.0	0.0
Art IX, Sec 19.10, HB 716 Mortgage Fraud-Hobby	3.0	0.0	0.0	0.0	0.0
Art IX, Sec 17.75 Cont Appn HB 4341 Discr Healthcare-Hobby (10-11 GAA)	0.0	2.0	2.0	0.0	0.0
Art IX, Sec 17.77 Cont Appn SB 78 Healthy Texas-Hobby (10-11 GAA)	0.0	0.5	0.5	0.0	0.0
TDI Hobby Cross Border Vetoed	(2.0)	0.0	0.0	0.0	0.0
<b>UNAUTHORIZED NUMBER OVER (BELOW) CAP</b>					
Hobby	(74.9)	(88.1)	0.0	0.0	0.0
Metro	(95.8)	(94.9)	0.0	0.0	0.0
<b>TOTAL, ADJUSTED FTES</b>	<b>1,527.8</b>	<b>1,512.5</b>	<b>1,695.5</b>	<b>1,601.5</b>	<b>1,601.5</b>

**2.B. SUMMARY OF BASE REQUEST BY METHOD OF FINANCE**

82nd Regular Session, Agency Submission, Version 1

Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/27/2010**  
TIME: **12:50:55PM**

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Agency code: **454**

Agency name: **Department of Insurance**

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<b>METHOD OF FINANCING</b>	<b>Exp 2009</b>	<b>Est 2010</b>	<b>Bud 2011</b>	<b>Req 2012</b>	<b>Req 2013</b>
<b>NUMBER OF 100% FEDERALLY FUNDED FTEs</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

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**2.C. SUMMARY OF BASE REQUEST BY OBJECT OF EXPENSE**  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/27/2010**  
 TIME: **12:56:45PM**

Agency code: <b>454</b>	Agency name: <b>Department of Insurance</b>				
<b>OBJECT OF EXPENSE</b>	<b>Exp 2009</b>	<b>Est 2010</b>	<b>Bud 2011</b>	<b>BL 2012</b>	<b>BL 2013</b>
1001 SALARIES AND WAGES	\$72,702,918	\$72,959,142	\$78,049,057	\$72,124,197	\$72,124,197
1002 OTHER PERSONNEL COSTS	\$3,332,943	\$2,420,615	\$2,433,789	\$2,422,518	\$2,422,518
2001 PROFESSIONAL FEES AND SERVICES	\$4,742,149	\$6,470,479	\$6,990,079	\$6,625,086	\$6,625,086
2002 FUELS AND LUBRICANTS	\$102,028	\$117,460	\$117,460	\$104,460	\$104,460
2003 CONSUMABLE SUPPLIES	\$602,829	\$652,048	\$597,848	\$565,236	\$565,235
2004 UTILITIES	\$1,009,623	\$1,098,286	\$1,045,430	\$1,044,978	\$1,044,978
2005 TRAVEL	\$2,312,984	\$2,228,866	\$2,265,746	\$2,139,238	\$2,139,238
2006 RENT - BUILDING	\$3,224,656	\$3,617,594	\$3,571,703	\$3,558,163	\$3,558,163
2007 RENT - MACHINE AND OTHER	\$593,659	\$768,248	\$740,357	\$727,350	\$727,350
2009 OTHER OPERATING EXPENSE	\$9,584,695	\$13,261,353	\$48,302,680	\$29,800,845	\$29,800,845
3001 CLIENT SERVICES	\$2,368	\$10,000	\$10,000	\$10,000	\$10,000
4000 GRANTS	\$395,000	\$1,895,000	\$395,000	\$372,500	\$372,500
5000 CAPITAL EXPENDITURES	\$344,309	\$739,803	\$511,210	\$1,001,983	\$1,001,983
<b>OOE Total (Excluding Riders)</b>	<b>\$98,950,161</b>	<b>\$106,238,894</b>	<b>\$145,030,359</b>	<b>\$120,496,554</b>	<b>\$120,496,553</b>
<b>OOE Total (Riders)</b>					
<b>Grand Total</b>	<b>\$98,950,161</b>	<b>\$106,238,894</b>	<b>\$145,030,359</b>	<b>\$120,496,554</b>	<b>\$120,496,553</b>

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**2.D. SUMMARY OF BASE REQUEST OBJECTIVE OUTCOMES**

82nd Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation system of Texas (ABEST)

Date : **8/27/2010**

Time: **12:51:15PM**

Agency code: **454**

Agency name: **Department of Insurance**

Goal/ Objective / Outcome	Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
1 Promote Consumer Access to Affordable Insur Products W/in a Fair Mrkt					
2 Reduce Unfair & Illegal Insurer Practices					
1 Percent of Enforcement Cases Concluded within 365 Days	39.00	46.00	46.00	44.00	44.00
2 Percent of Insurer Fraud Referrals Resulting in Legal Action	54.00	55.00	55.00	60.00	60.00
3 Reduce Impediments to Competition and Improve Insurance Availability					
1 Percent of Company, TPA and PF License Apps Completed within 60 Days	92.00%	98.00%	98.00%	80.00%	80.00%
2 Percent of Agent License Filings Completed within 15 Days	95.00%	96.00%	96.00%	94.00%	94.00%
3 Percent of Statutory Rate and Form Filings Completed within 90 Days	89.00%	87.00%	87.00%	87.00%	87.00%
4 Percent Personal Auto/Res Property Form Filings Completed in 60 Days	94.00%	95.00%	95.00%	92.00%	92.00%
5 % of Autos in Underserved Mrkt w/Personal or Comm. Liability Insurance	79.00%	78.00%	75.00%	75.00%	75.00%
6 Percent of Licensees Who Renew Online	73.00%	78.00%	84.00%	84.00%	84.00%
4 Administer Innovative Insurance Initiatives					
1 % of Small Employers Participating in Innovative Insurance Initiatives	5.00%	6.00%	6.00%	7.00%	7.00%

**2.D. SUMMARY OF BASE REQUEST OBJECTIVE OUTCOMES**

82nd Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation system of Texas (ABEST)

Date : 8/27/2010  
Time: 12:51:19PM

Agency code: 454

Agency name: Department of Insurance

Goal/ Objective / Outcome	Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
2 Promote Financial Strength of Ins. Industry & Reduce Undue Loss Cost					
1 Regulate Insurance Industry Solvency					
<b>KEY</b> 1 Percent of Statutorily Mandated Examinations Completed w/in 18 Months					
	92.48%	88.00%	90.00%	80.00%	80.00%
2 Percent of Identified Companies Reviewed					
	99.00%	97.00%	97.00%	95.00%	95.00%
<b>KEY</b> 3 Percent of Special Deputy Receiver Collections Expended on Asset Admin					
	5.27%	5.00%	15.00%	16.00%	16.00%
<b>KEY</b> 4 Average Days from Company "At Risk" Identification to Solvency Action					
	31.00%	21.00%	21.00%	21.00%	21.00%
<b>KEY</b> 5 % of Companies Rehabilitated after TDI Solvency-Related Intervention					
	44.00%	18.00%	18.00%	16.00%	16.00%
2 Assure Loss Control Services, Windstorm Inspections & Fraud Referrals					
1 Percent of Insurers Providing Adequate Loss Control Programs					
	100.00%	97.00%	97.00%	97.00%	97.00%
2 Percent Comm Property Inspections Meeting Filed Rating Schedule Reqs					
	91.00%	85.00%	85.00%	85.00%	85.00%
3 % of Windstorm Inspections That Result in an "Approved" Status Code					
	31.00%	35.00%	35.00%	35.00%	35.00%
4 Percent Consumer and Provider Fraud Referrals w/in Legal Action					
	81.00%	60.00%	60.00%	70.00%	70.00%
5 Percent of WC Insurance fraud Referral W/Legal Action					
	79.00%	55.00%	55.00%	65.00%	65.00%

**2.D. SUMMARY OF BASE REQUEST OBJECTIVE OUTCOMES**

82nd Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation system of Texas (ABEST)

Date : 8/27/2010

Time: 12:51:19PM

Agency code: 454

Agency name: Department of Insurance

Goal/ Objective / Outcome	Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
3 Reduce Loss of Life & Property Due to Fire					
1 Protect the Public from Loss of Life and Property due to fire					
1 % of SFMO Criminal Referrals Resulting in Enforcement/Legal Action	77.00%	60.00%	60.00%	57.00%	57.00%
2 % of Fire Sfty Registrations, Licenses, Permits Issued w/in 20 Days	100.00%	99.00%	99.00%	94.00%	94.00%
4 Effectively Regulate the Texas Workers' Compensation System					
1 Ensure Appropriate Delivery of Workers' Compensation Benefits					
1 % of WC Enforcement Cases Concluded within 365 Days	0.00%	75.00%	55.00%	55.00%	55.00%
2 Percent of Medical Bills Processed Timely	98.00%	95.00%	95.00%	95.00%	95.00%
3 % of Med Fee Disputes Resolved or Upheld Upon Appeal	86.00%	50.00%	90.00%	90.00%	90.00%
4 Payments from the Subsequent Injury Fund	3,239,981.00	4,900,000.00	5,360,650.00	6,234,220.00	6,962,804.00
2 Ensure Workers' Comp System Participants are Educated and Informed					
1 Percent of TIBs Recipients Returning to Work Within 90 Days of Injury	54.00%	54.00%	54.00%	54.00%	54.00%

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**2.E. SUMMARY OF EXCEPTIONAL ITEMS REQUEST**

82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2010  
 TIME : 12:51:38PM

Agency code: 454

Agency name: Department of Insurance

Priority	Item	2012			2013			Biennium	
		GR and GR/GR Dedicated	All Funds	FTEs	GR and GR Dedicated	All Funds	FTEs	GR and GR Dedicated	All Funds
1	Restore 5 % Baseline Reduction	\$5,004,897	\$5,004,897	94.0	\$5,004,897	\$5,004,897	94.0	\$10,009,794	\$10,009,794
2	Support Retention Efforts	\$1,995,491	\$1,995,491		\$1,995,491	\$1,995,491		\$3,990,982	\$3,990,982
3	Fund Federal Health Care Reform	\$6,165,286	\$6,165,286	57.0	\$5,209,000	\$5,209,000	40.0	\$11,374,286	\$11,374,286
4	Fund Additional Solvency Positions	\$818,832	\$818,832	15.0	\$818,832	\$818,832	15.0	\$1,637,664	\$1,637,664
5	Fund Solvency Monitoring Training	\$100,000	\$100,000		\$100,000	\$100,000		\$200,000	\$200,000
6	Transfer TexasSure Funding to TDI		\$4,225,766			\$4,228,766			\$8,454,532
<b>Total, Exceptional Items Request</b>		<b>\$14,084,506</b>	<b>\$18,310,272</b>	<b>166.0</b>	<b>\$13,128,220</b>	<b>\$17,356,986</b>	<b>149.0</b>	<b>\$27,212,726</b>	<b>\$35,667,258</b>

**Method of Financing**

General Revenue	\$9,376,925	\$9,376,925		\$8,420,639	\$8,420,639		\$17,797,564	\$17,797,564
General Revenue - Dedicated	4,707,581	4,707,581		4,707,581	4,707,581		9,415,162	9,415,162
Federal Funds								
Other Funds		4,225,766			4,228,766			8,454,532
	<b>\$14,084,506</b>	<b>\$18,310,272</b>		<b>\$13,128,220</b>	<b>\$17,356,986</b>		<b>\$27,212,726</b>	<b>\$35,667,258</b>

**Full Time Equivalent Positions**

**166.0**

**149.0**

**Number of 100% Federally Funded FTEs**

**0.0**

**0.0**

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**2.F. SUMMARY OF TOTAL REQUEST BY STRATEGY**  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE : **8/27/2010**  
 TIME : **12:51:58PM**

Agency code: **454** Agency name: **Department of Insurance**

<b>Goal/Objective/STRATEGY</b>	<b>Base 2012</b>	<b>Base 2013</b>	<b>Exceptional 2012</b>	<b>Exceptional 2013</b>	<b>Total Request 2012</b>	<b>Total Request 2013</b>
<b>1 Promote Consumer Access to Affordable Insur Products W/in a Fair M</b>						
<b>1 Provide Insurance Consumers with Meaningful Information</b>						
<b>1 CONSUMER EDUCATION AND OUTREACH</b>	\$3,043,212	\$3,043,212	\$5,638,905	\$5,641,905	\$8,682,117	\$8,685,117
<b>2 Reduce Unfair &amp; Illegal Insurer Practices</b>						
<b>1 RESOLVE COMPLAINTS</b>	2,815,969	2,815,969	172,980	172,980	2,988,949	2,988,949
<b>2 INVESTIGATION AND ENFORCEMENT</b>	2,819,203	2,819,203	878,594	878,595	3,697,797	3,697,798
<b>3 INSURER FRAUD</b>	1,338,255	1,338,255	95,215	95,215	1,433,470	1,433,470
<b>3 Reduce Impediments to Competition and Improve Insurance Availability</b>						
<b>1 PROCESS RATES, FORMS &amp; LICENSES</b>	10,477,491	10,477,491	4,830,208	3,873,921	15,307,699	14,351,412
<b>2 PROMOTE UNDERSERVED COVERAGE</b>	207,395	207,395	5,469	5,469	212,864	212,864
<b>3 TEXAS ONLINE</b>	380,000	380,000	0	0	380,000	380,000
<b>4 CERTIFY SELF-INSURANCE</b>	635,567	635,567	66,767	66,767	702,334	702,334
<b>4 Administer Innovative Insurance Initiatives</b>						
<b>1 LONG-TERM CARE</b>	147,463	147,463	4,184	4,184	151,647	151,647
<b>2 THREE-SHARE PROGRAMS</b>	422,375	422,375	23,830	23,830	446,205	446,205
<b>3 HEALTHY TEXAS</b>	22,389,500	22,389,500	8,509	8,509	22,398,009	22,398,009
<b>TOTAL, GOAL 1</b>	<b>\$44,676,430</b>	<b>\$44,676,430</b>	<b>\$11,724,661</b>	<b>\$10,771,375</b>	<b>\$56,401,091</b>	<b>\$55,447,805</b>
<b>2 Promote Financial Strength of Ins. Industry &amp; Reduce Undue Loss Co</b>						
<b>1 Regulate Insurance Industry Solvency</b>						
<b>1 INSURERS FINANCIAL CONDITION</b>	11,543,610	11,543,610	2,149,332	2,149,332	13,692,942	13,692,942
<b>2 Assure Loss Control Services, Windstorm Inspections &amp; Fraud Referrals</b>						
<b>1 LOSS CONTROL PROGRAMS</b>	2,591,826	2,591,826	162,415	162,415	2,754,241	2,754,241
<b>2 PROVIDER AND CONSUMER FRAUD</b>	1,262,812	1,262,812	91,550	91,550	1,354,362	1,354,362
<b>3 WORKERS' COMPENSATION FRAUD</b>	263,883	263,883	19,509	19,509	283,392	283,392
<b>TOTAL, GOAL 2</b>	<b>\$15,662,131</b>	<b>\$15,662,131</b>	<b>\$2,422,806</b>	<b>\$2,422,806</b>	<b>\$18,084,937</b>	<b>\$18,084,937</b>

**2.F. SUMMARY OF TOTAL REQUEST BY STRATEGY**  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE : 8/27/2010  
 TIME : 12:52:03PM

Agency code: 454 Agency name: Department of Insurance

Goal/Objective/STRATEGY	Base 2012	Base 2013	Exceptional 2012	Exceptional 2013	Total Request 2012	Total Request 2013
<b>3</b> Reduce Loss of Life & Property Due to Fire						
1 <i>Protect the Public from Loss of Life and Property due to fire</i>						
1 FIRE PROTECTION	\$4,051,246	\$4,051,246	\$302,829	\$302,829	\$4,354,075	\$4,354,075
<b>TOTAL, GOAL 3</b>	<b>\$4,051,246</b>	<b>\$4,051,246</b>	<b>\$302,829</b>	<b>\$302,829</b>	<b>\$4,354,075</b>	<b>\$4,354,075</b>
<b>4</b> Effectively Regulate the Texas Workers' Compensation System						
1 <i>Ensure Appropriate Delivery of Workers' Compensation Benefits</i>						
1 OVERSIGHT AND ENFORCEMENT	4,862,798	4,862,798	352,123	352,123	5,214,921	5,214,921
2 DISPUTE RESOLUTION	13,961,709	13,961,709	961,780	961,780	14,923,489	14,923,489
3 SUBSEQUENT INJURY FUND ADMIN	4,496,929	4,496,929	7,772	7,772	4,504,701	4,504,701
2 <i>Ensure Workers' Comp System Participants are Educated and Informed</i>						
1 HEALTH AND SAFETY SERVICES	4,072,039	4,072,039	150,657	150,657	4,222,696	4,222,696
2 CUSTOMER SERVICE & RECORDS ADMIN	5,183,058	5,183,058	524,140	524,140	5,707,198	5,707,198
<b>TOTAL, GOAL 4</b>	<b>\$32,576,533</b>	<b>\$32,576,533</b>	<b>\$1,996,472</b>	<b>\$1,996,472</b>	<b>\$34,573,005</b>	<b>\$34,573,005</b>

**2.F. SUMMARY OF TOTAL REQUEST BY STRATEGY**  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE : **8/27/2010**  
 TIME : **12:52:03PM**

Agency code: <b>454</b> Agency name: <b>Department of Insurance</b>						
<b>Goal/Objective/STRATEGY</b>	<b>Base 2012</b>	<b>Base 2013</b>	<b>Exceptional 2012</b>	<b>Exceptional 2013</b>	<b>Total Request 2012</b>	<b>Total Request 2013</b>
<b>5</b> Indirect Administration						
<b>1</b> <i>Indirect Administration</i>						
<b>1</b> CENTRAL ADMINISTRATION	\$9,645,157	\$9,645,156	\$925,432	\$925,432	\$10,570,589	\$10,570,588
<b>2</b> INFORMATION RESOURCES	10,657,411	10,657,411	741,501	741,501	11,398,912	11,398,912
<b>3</b> OTHER SUPPORT SERVICES	3,227,646	3,227,646	196,571	196,571	3,424,217	3,424,217
<b>TOTAL, GOAL 5</b>	<b>\$23,530,214</b>	<b>\$23,530,213</b>	<b>\$1,863,504</b>	<b>\$1,863,504</b>	<b>\$25,393,718</b>	<b>\$25,393,717</b>
<b>TOTAL, AGENCY STRATEGY REQUEST</b>	<b>\$120,496,554</b>	<b>\$120,496,553</b>	<b>\$18,310,272</b>	<b>\$17,356,986</b>	<b>\$138,806,826</b>	<b>\$137,853,539</b>
<b>TOTAL, AGENCY RIDER APPROPRIATIONS REQUEST</b>						
<b>GRAND TOTAL, AGENCY REQUEST</b>	<b>\$120,496,554</b>	<b>\$120,496,553</b>	<b>\$18,310,272</b>	<b>\$17,356,986</b>	<b>\$138,806,826</b>	<b>\$137,853,539</b>

**2.F. SUMMARY OF TOTAL REQUEST BY STRATEGY**  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE : **8/27/2010**  
 TIME : **12:52:03PM**

Agency code: <b>454</b> Agency name: <b>Department of Insurance</b>							
<i>Goal/Objective/STRATEGY</i>	<b>Base 2012</b>	<b>Base 2013</b>	<b>Exceptional 2012</b>	<b>Exceptional 2013</b>	<b>Total Request 2012</b>	<b>Total Request 2013</b>	
<b>General Revenue Funds:</b>							
1 General Revenue Fund	\$230,926	\$230,926	\$0	\$0	\$230,926	\$230,926	
8042 Insurance Maint Tax Fees	34,270,695	34,270,695	9,376,925	8,420,639	43,647,620	42,691,334	
	<b>\$34,501,621</b>	<b>\$34,501,621</b>	<b>\$9,376,925</b>	<b>\$8,420,639</b>	<b>\$43,878,546</b>	<b>\$42,922,260</b>	
<b>General Revenue Dedicated Funds:</b>							
36 Dept Ins Operating Acct	56,174,456	56,174,455	4,707,581	4,707,581	60,882,037	60,882,036	
5101 Subsequent Injury Fund	4,420,140	4,420,140	0	0	4,420,140	4,420,140	
	<b>\$60,594,596</b>	<b>\$60,594,595</b>	<b>\$4,707,581</b>	<b>\$4,707,581</b>	<b>\$65,302,177</b>	<b>\$65,302,176</b>	
<b>Federal Funds:</b>							
555 Federal Funds	2,266,721	2,266,721	0	0	2,266,721	2,266,721	
	<b>\$2,266,721</b>	<b>\$2,266,721</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,266,721</b>	<b>\$2,266,721</b>	
<b>Other Funds:</b>							
6 State Highway Fund	0	0	4,225,766	4,228,766	4,225,766	4,228,766	
329 Healthy TX Sm Emp Prem Stabil. Fund	17,414,500	17,414,500	0	0	17,414,500	17,414,500	
666 Appropriated Receipts	689,116	689,116	0	0	689,116	689,116	
777 Interagency Contracts	5,030,000	5,030,000	0	0	5,030,000	5,030,000	
	<b>\$23,133,616</b>	<b>\$23,133,616</b>	<b>\$4,225,766</b>	<b>\$4,228,766</b>	<b>\$27,359,382</b>	<b>\$27,362,382</b>	
<b>TOTAL, METHOD OF FINANCING</b>	<b>\$120,496,554</b>	<b>\$120,496,553</b>	<b>\$18,310,272</b>	<b>\$17,356,986</b>	<b>\$138,806,826</b>	<b>\$137,853,539</b>	
<b>FULL TIME EQUIVALENT POSITIONS</b>	<b>1,601.5</b>	<b>1,601.5</b>	<b>166.0</b>	<b>149.0</b>	<b>1,767.5</b>	<b>1,750.5</b>	

**2.G. SUMMARY OF TOTAL REQUEST OBJECTIVE OUTCOMES**

82nd Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation system of Texas (ABEST)

Date : 8/27/2010  
Time: 12:52:20PM

Agency code: 454

Agency name: Department of Insurance

Goal/ Objective / Outcome

	BL 2012	BL 2013	Excp 2012	Excp 2013	Total Request 2012	Total Request 2013
1	Promote Consumer Access to Affordable Insur Products W/in a Fair Mrkt					
2	<i>Reduce Unfair &amp; Illegal Insurer Practices</i>					
	<b>1 Percent of Enforcement Cases Concluded within 365 Days</b>					
	44.00	44.00	46.00	46.00	46.00	46.00
	<b>2 Percent of Insurer Fraud Referrals Resulting in Legal Action</b>					
	60.00	60.00			60.00	60.00
3	<i>Reduce Impediments to Competition and Improve Insurance Availability</i>					
	<b>1 Percent of Company, TPA and PF License Apps Completed within 60 Days</b>					
	80.00%	80.00%	98.00%	98.00%	98.00%	98.00%
	<b>2 Percent of Agent License Filings Completed within 15 Days</b>					
	94.00%	94.00%	96.00%	96.00%	96.00%	96.00%
	<b>3 Percent of Statutory Rate and Form Filings Completed within 90 Days</b>					
	87.00%	87.00%			87.00%	87.00%
	<b>4 Percent Personal Auto/Res Property Form Filings Completed in 60 Days</b>					
	92.00%	92.00%	95.00%	95.00%	95.00%	95.00%
	<b>5 % of Autos in Underserved Mrkt w/Personal or Comm. Liability Insurance</b>					
	75.00%	75.00%			75.00%	75.00%
	<b>6 Percent of Licensees Who Renew Online</b>					
	84.00%	84.00%			84.00%	84.00%

**2.G. SUMMARY OF TOTAL REQUEST OBJECTIVE OUTCOMES**

82nd Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation system of Texas (ABEST)

Date : 8/27/2010  
Time: 12:52:24PM

Agency code: 454

Agency name: Department of Insurance

Goal/ Objective / Outcome

	BL 2012	BL 2013	Excp 2012	Excp 2013	Total Request 2012	Total Request 2013
4	<i>Administer Innovative Insurance Initiatives</i>					
	<b>1 % of Small Employers Participating in Innovative Insurance Initiatives</b>					
	7.00%	7.00%			7.00%	7.00%
2	Promote Financial Strength of Ins. Industry & Reduce Undue Loss Cost					
1	<i>Regulate Insurance Industry Solvency</i>					
<b>KEY</b>	<b>1 Percent of Statutorily Mandated Examinations Completed w/in 18 Months</b>					
	80.00%	80.00%	92.00%	92.00%	92.00%	92.00%
	<b>2 Percent of Identified Companies Reviewed</b>					
	95.00%	95.00%	99.00%	99.00%	99.00%	99.00%
<b>KEY</b>	<b>3 Percent of Special Deputy Receiver Collections Expended on Asset Admin</b>					
	16.00%	16.00%	15.00%	15.00%	15.00%	15.00%
<b>KEY</b>	<b>4 Average Days from Company "At Risk" Identification to Solvency Action</b>					
	21.00%	21.00%			21.00%	21.00%
<b>KEY</b>	<b>5 % of Companies Rehabilitated after TDI Solvency-Related Intervention</b>					
	16.00%	16.00%	20.00%	20.00%	20.00%	20.00%
2	<i>Assure Loss Control Services, Windstorm Inspections &amp; Fraud Referrals</i>					
	<b>1 Percent of Insurers Providing Adequate Loss Control Programs</b>					
	97.00%	97.00%			97.00%	97.00%

**2.G. SUMMARY OF TOTAL REQUEST OBJECTIVE OUTCOMES**

82nd Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation system of Texas (ABEST)

Date : 8/27/2010  
Time: 12:52:24PM

Agency code: 454

Agency name: Department of Insurance

Goal/ Objective / Outcome

	BL 2012	BL 2013	Excp 2012	Excp 2013	Total Request 2012	Total Request 2013
<b>2 Percent Comm Property Inspections Meeting Filed Rating Schedule Reqs</b>	85.00%	85.00%			85.00%	85.00%
<b>3 % of Windstorm Inspections That Result in an "Approved" Status Code</b>	35.00%	35.00%			35.00%	35.00%
<b>4 Percent Consumer and Provider Fraud Referrals w/in Legal Action</b>	70.00%	70.00%			70.00%	70.00%
<b>5 Percent of WC Insurance fraud Referral W/Legal Action</b>	65.00%	65.00%			65.00%	65.00%
3 Reduce Loss of Life & Property Due to Fire						
1 <i>Protect the Public from Loss of Life and Property due to fire</i>						
<b>1 % of SFMO Criminal Referrals Resulting in Enforcement/Legal Action</b>	57.00%	57.00%	60.00%	60.00%	60.00%	60.00%
<b>2 % of Fire Sfty Registrations, Licenses, Permits Issued w/in 20 Days</b>	94.00%	94.00%	99.00%	99.00%	99.00%	99.00%
4 Effectively Regulate the Texas Workers' Compensation System						
1 <i>Ensure Appropriate Delivery of Workers' Compensation Benefits</i>						
<b>1 % of WC Enforcement Cases Concluded within 365 Days</b>	55.00%	55.00%			55.00%	55.00%

**2.G. SUMMARY OF TOTAL REQUEST OBJECTIVE OUTCOMES**

82nd Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation system of Texas (ABEST)

Date : 8/27/2010  
Time: 12:52:24PM

Agency code: **454** Agency name: **Department of Insurance**

Goal/ Objective / Outcome

	<b>BL 2012</b>	<b>BL 2013</b>	<b>Excp 2012</b>	<b>Excp 2013</b>	<b>Total Request 2012</b>	<b>Total Request 2013</b>
<b>2 Percent of Medical Bills Processed Timely</b>	95.00%	95.00%			95.00%	95.00%
<b>3 % of Med Fee Disputes Resolved or Upheld Upon Appeal</b>	90.00%	90.00%			90.00%	90.00%
<b>4 Payments from the Subsequent Injury Fund</b>	6,234,220.00	6,962,804.00			6,234,220.00	6,962,804.00
2 <i>Ensure Workers' Comp System Participants are Educated and Informed</i>						
<b>1 Percent of TIBs Recipients Returning to Work Within 90 Days of Injury</b>	54.00%	54.00%			54.00%	54.00%

### **3. STRATEGY REQUESTS**

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**3.A. STRATEGY REQUEST**  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2010  
 TIME: 12:54:16PM

Agency code: **454** Agency name: **Department of Insurance**

GOAL: 1 Promote Consumer Access to Affordable Insur Products W/in a Fair Mrkt Statewide Goal/Benchmark: 7 1  
 OBJECTIVE: 1 Provide Insurance Consumers with Meaningful Information Service Categories:  
 STRATEGY: 1 Educate Consumers and Industry by Providing Outreach and Information Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
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**Output Measures:**

KEY 1	Number of Inquiries Answered	674,473.00	650,000.00	650,000.00	650,000.00	650,000.00
2	Number of Consumer Information Publications Distributed	6,227,193.00	3,800,000.00	3,800,000.00	5,500,000.00	5,500,000.00
3	Number of Consumer Information Presentations Made	934.00	650.00	650.00	650.00	650.00
4	Number of TDI Calls to Insurance Industry for Data	21.00	20.00	20.00	20.00	20.00

**Explanatory/Input Measures:**

1	Percent of Premiums Expended on Insurer Overhead Costs	20.00	21.00	21.00	21.00	21.00
2	% of Vehicles W/ Personal or Commercial Automobile Liability Insurance	86.00	79.00	79.00	79.00	79.00

**Objects of Expense:**

1001	SALARIES AND WAGES	\$2,330,720	\$2,319,364	\$2,471,760	\$2,306,365	\$2,306,365
1002	OTHER PERSONNEL COSTS	\$99,353	\$82,801	\$81,500	\$81,500	\$81,500
2001	PROFESSIONAL FEES AND SERVICES	\$107,030	\$228,765	\$247,397	\$216,843	\$216,843
2002	FUELS AND LUBRICANTS	\$0	\$0	\$0	\$0	\$0
2003	CONSUMABLE SUPPLIES	\$17,814	\$11,476	\$11,441	\$11,441	\$11,441
2004	UTILITIES	\$17,798	\$12,203	\$10,953	\$10,953	\$10,953
2005	TRAVEL	\$167,033	\$29,433	\$32,775	\$32,775	\$32,775
2006	RENT - BUILDING	\$4,148	\$8,478	\$8,163	\$8,163	\$8,163
2007	RENT - MACHINE AND OTHER	\$8,999	\$20,095	\$20,063	\$20,063	\$20,063
2009	OTHER OPERATING EXPENSE	\$350,227	\$357,386	\$476,075	\$329,913	\$329,913
5000	CAPITAL EXPENDITURES	\$3,664	\$10,593	\$4,686	\$25,196	\$25,196
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$3,106,786</b>	<b>\$3,080,594</b>	<b>\$3,364,813</b>	<b>\$3,043,212</b>	<b>\$3,043,212</b>

**Method of Financing:**

8042	Insurance Maint Tax Fees	\$1,962,221	\$1,892,841	\$2,070,279	\$1,861,197	\$1,861,197
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**3.A. STRATEGY REQUEST**

82nd Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2010  
TIME: 12:54:24PM

Agency code: **454**      Agency name: **Department of Insurance**

GOAL:	1	Promote Consumer Access to Affordable Insur Products W/in a Fair Mrkt	Statewide Goal/Benchmark:	7	1
OBJECTIVE:	1	Provide Insurance Consumers with Meaningful Information	Service Categories:		
STRATEGY:	1	Educate Consumers and Industry by Providing Outreach and Information	Service:	17	Income: A.2    Age: B.3

CODE	DESCRIPTION	Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
<b>SUBTOTAL, MOF (GENERAL REVENUE FUNDS)</b>		<b>\$1,962,221</b>	<b>\$1,892,841</b>	<b>\$2,070,279</b>	<b>\$1,861,197</b>	<b>\$1,861,197</b>
<b>Method of Financing:</b>						
36	Dept Ins Operating Acct	\$970,478	\$1,002,204	\$1,093,447	\$980,928	\$980,928
<b>SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)</b>		<b>\$970,478</b>	<b>\$1,002,204</b>	<b>\$1,093,447</b>	<b>\$980,928</b>	<b>\$980,928</b>
<b>Method of Financing:</b>						
6	State Highway Fund	\$0	\$0	\$0	\$0	\$0
666	Appropriated Receipts	\$84,087	\$84,087	\$84,087	\$84,087	\$84,087
777	Interagency Contracts	\$90,000	\$101,462	\$117,000	\$117,000	\$117,000
<b>SUBTOTAL, MOF (OTHER FUNDS)</b>		<b>\$174,087</b>	<b>\$185,549</b>	<b>\$201,087</b>	<b>\$201,087</b>	<b>\$201,087</b>
<b>TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)</b>					<b>\$3,043,212</b>	<b>\$3,043,212</b>
<b>TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)</b>		<b>\$3,106,786</b>	<b>\$3,080,594</b>	<b>\$3,364,813</b>	<b>\$3,043,212</b>	<b>\$3,043,212</b>
<b>FULL TIME EQUIVALENT POSITIONS:</b>		<b>44.8</b>	<b>44.8</b>	<b>47.5</b>	<b>46.8</b>	<b>46.8</b>

**STRATEGY DESCRIPTION AND JUSTIFICATION:**

**3.A. STRATEGY REQUEST**

82nd Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2010  
TIME: 12:54:24PM

Agency code: **454**      Agency name: **Department of Insurance**

GOAL:	1	Promote Consumer Access to Affordable Insur Products W/in a Fair Mrkt	Statewide Goal/Benchmark:	7	1
OBJECTIVE:	1	Provide Insurance Consumers with Meaningful Information	Service Categories:		
STRATEGY:	1	Educate Consumers and Industry by Providing Outreach and Information	Service:	17	Income: A.2    Age: B.3

CODE	DESCRIPTION	Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
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Statute (Tex. Ins. Code, Ch. 38) directs TDI to collect and analyze market data and provide information/reports to elected officials, consumers, industry; to collect consumer complaints data and distribute information to the public (Sections 521.001-.002, 521.004, 521.052, and 521.054-.055); and to provide requested assistance to the legislature (Tex. Gov. Code, §301.028). Data for statutorily mandated reports are collected through agency statistical plans/special data calls (e.g. Legislative Report on Market Conditions).

TDI supports competition by educating consumers via its toll free Consumer Help Line, website, publications, and presentations (Tex. Ins. Code, §521.051). Information provided includes company complaints/financial data, publications on auto, homeowners, life, health insurance, and price comparison guides on auto, homeowners, long-term care, small employer health, and Medicare supplement insurance.

This strategy coordinates with agency strategies 1.3.2 Promote Underserved Coverage; 1.2.1 Resolve Complaints; 1.2.2 Investigation and Enforcement; 1.2.3 Insurer Fraud; and 2.2.2 Provider and Consumer Fraud. Strategy 1.1.1 contributes to statewide goal 07 and benchmark 01 by assisting market competition, helping consumers with purchasing decisions, and providing legislators/agency leadership with information for decision-making.

**EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:**

Legislation, market trends, population and demographic changes, and the information needs of stakeholders impact this strategy. Changes in state or federal laws may expand or decrease regulation. Legislation enacted in 2003 relating to form filings for residential property and automobile authorized the use of new policy forms, which allows consumers a wider range of policy form choices with coverage and price more varied between companies. As product variety continues to increase and market conditions change, both policymakers and consumers face greater challenges. Policymakers, whose decisions affect available products, need data and analysis for public policy decisions. Consumers face challenges in selecting policies that most cost-effectively meets their needs, increasing the agency’s role in consumer education. As the population ages and becomes more diverse, TDI will ensure its information is available in appropriate languages and formats. Internal factors include the increased degree of automation and the need to use technology that is compatible with what is used by the industry, consumers, and other parties. Market conditions may also change rapidly, and the agency must balance the need to provide comprehensive data with providing it quickly. Changing market conditions also require the agency to manage resources to ensure that data collected, analyzed and distributed reflects the information needs of consumers, legislators and other interested parties.

**3.A. STRATEGY REQUEST**  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2010  
 TIME: 12:54:24PM

Agency code: **454** Agency name: **Department of Insurance**

GOAL: 1 Promote Consumer Access to Affordable Insur Products W/in a Fair Mrkt Statewide Goal/Benchmark: 7 1  
 OBJECTIVE: 2 Reduce Unfair & Illegal Insurer Practices Service Categories:  
 STRATEGY: 1 Respond Promptly and Act on Complaints Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
<b>Output Measures:</b>						
KEY 1	Number of Complaints Resolved	28,392.00	23,350.00	23,350.00	21,800.00	21,800.00
2	Number of Insurance Advertising Filings Reviewed	6,166.00	6,100.00	6,100.00	6,100.00	6,100.00
3	Dollar Amount Returned to Consumers through Complaint Resolution	74,645,429.00	30,000,000.00	30,000,000.00	30,000,000.00	30,000,000.00
KEY 4	Number of Complaints Against Health Maintenance Organizations Resolved	1,492.00	1,435.00	1,000.00	950.00	950.00
<b>Efficiency Measures:</b>						
KEY 1	Average Response Time (in Days) to Complaints	47.00	29.00	29.00	29.00	29.00
2	Avg Response Time (in Days) for HMO Complaint Resolution	4.00	10.00	10.00	10.00	10.00
<b>Objects of Expense:</b>						
1001	SALARIES AND WAGES	\$2,648,958	\$2,557,774	\$2,683,001	\$2,546,947	\$2,546,947
1002	OTHER PERSONNEL COSTS	\$122,917	\$99,639	\$97,700	\$97,700	\$97,700
2001	PROFESSIONAL FEES AND SERVICES	\$12,527	\$13,299	\$25,986	\$6,535	\$6,535
2003	CONSUMABLE SUPPLIES	\$21,370	\$11,917	\$11,910	\$11,910	\$11,910
2004	UTILITIES	\$13,482	\$6,745	\$5,494	\$5,494	\$5,494
2005	TRAVEL	\$153,695	\$15,097	\$18,440	\$18,440	\$18,440
2006	RENT - BUILDING	\$139	\$2,250	\$2,250	\$2,250	\$2,250
2007	RENT - MACHINE AND OTHER	\$10,605	\$18,586	\$18,547	\$18,548	\$18,548
2009	OTHER OPERATING EXPENSE	\$117,166	\$116,450	\$102,911	\$80,321	\$80,321
5000	CAPITAL EXPENDITURES	\$6,773	\$11,892	\$5,261	\$27,824	\$27,824
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$3,107,632</b>	<b>\$2,853,649</b>	<b>\$2,971,500</b>	<b>\$2,815,969</b>	<b>\$2,815,969</b>
<b>Method of Financing:</b>						
8042	Insurance Maint Tax Fees	\$2,062,535	\$1,842,461	\$1,918,551	\$1,818,133	\$1,818,133

**3.A. STRATEGY REQUEST**  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2010  
 TIME: 12:54:24PM

Agency code: **454** Agency name: **Department of Insurance**

GOAL: 1 Promote Consumer Access to Affordable Insur Products W/in a Fair Mrkt Statewide Goal/Benchmark: 7 1  
 OBJECTIVE: 2 Reduce Unfair & Illegal Insurer Practices Service Categories:  
 STRATEGY: 1 Respond Promptly and Act on Complaints Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
<b>SUBTOTAL, MOF (GENERAL REVENUE FUNDS)</b>		<b>\$2,062,535</b>	<b>\$1,842,461</b>	<b>\$1,918,551</b>	<b>\$1,818,133</b>	<b>\$1,818,133</b>
<b>Method of Financing:</b>						
36	Dept Ins Operating Acct	\$1,045,097	\$1,011,188	\$1,052,949	\$997,836	\$997,836
<b>SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)</b>		<b>\$1,045,097</b>	<b>\$1,011,188</b>	<b>\$1,052,949</b>	<b>\$997,836</b>	<b>\$997,836</b>
<b>TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)</b>					<b>\$2,815,969</b>	<b>\$2,815,969</b>
<b>TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)</b>		<b>\$3,107,632</b>	<b>\$2,853,649</b>	<b>\$2,971,500</b>	<b>\$2,815,969</b>	<b>\$2,815,969</b>
<b>FULL TIME EQUIVALENT POSITIONS:</b>		<b>55.2</b>	<b>56.2</b>	<b>59.1</b>	<b>57.9</b>	<b>57.9</b>

**STRATEGY DESCRIPTION AND JUSTIFICATION:**

TDI is directed by statute to facilitate the resolution of consumer complaints and assist consumers in recovering valid claims (Tex. Ins. Code §§521.002 and 843.282). The agency maintains a complaint resolution process to resolve complaints from the public and while doing so, to educate consumers about insurance coverages and policies. To assure that insurers are promoting certain insurance products in a fair and equitable manner, TDI also reviews advertising for long term care, Medicare supplement, and other products (§§31.002, 101.102, 541.051-53, and 541.061).

While assisting with complaints and questions, TDI is able to detect possible deceptive or fraudulent practices by agents or other regulated entities as described in strategies 1.2.2 Investigation and Enforcement and 1.2.3 Insurer Fraud. In addition, this strategy contributes to the statewide goal 07 and benchmark 01 by encouraging fair competition in the insurance industry.

**EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:**

Changes in the economy, weather conditions such as natural disasters, catastrophes, market changes, industry compliance, and publicity about insurance issues may lead to increased consumer complaints. After several years of declining complaints, consumer complaints increased in FY 2009 due to Hurricane Ike. Legislative changes also may affect complaints. In 2003, SB 14 deregulated insurance policies, and insurance companies were no longer required to provide mold coverage. As a result, mold complaints have dropped. Following the enactment of prompt pay statutes and regulations in 2001, the department saw an increase in complaints received from doctors and other health care providers. However, in 2003, SB 418 provided additional prompt pay protections. TDI completed a comprehensive educational campaign and the number of complaints from physicians and providers has dropped. Technology and automation impact the strategy. TDI's "paperless" complaints process has allowed TDI to process complaints more efficiently.

**3.A. STRATEGY REQUEST**  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2010  
 TIME: 12:54:24PM

Agency code: **454**      Agency name: **Department of Insurance**

GOAL:            1   Promote Consumer Access to Affordable Insur Products W/in a Fair Mrkt      Statewide Goal/Benchmark:    7    1  
 OBJECTIVE:    2   Reduce Unfair & Illegal Insurer Practices      Service Categories:  
 STRATEGY:    2   Investigate Trade Practices and Bring Enforcement Actions as Needed      Service:   17    Income: A.2    Age:    B.3

CODE	DESCRIPTION	Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
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**Output Measures:**

1	Number of Enforcement Cases Concluded with Action	556.00	550.00	550.00	370.00	370.00
2	Dollar Amount of Penalties Assessed for Statute and Rule Violations	7,421,927.00	8,450,000.00	8,450,000.00	8,107,257.00	8,107,257.00
3	Dollar Amount of Restitution Assessed for Statute and Rule Violations	20,093,771.00	328,382,230.00	20,500,000.00	2,980,254.00	2,980,254.00
4	Number of Quality Assurance Examinations Conducted	23.00	20.00	20.00	19.00	19.00

**Efficiency Measures:**

1	Average Cost Per QA Examination Conducted	1,579.00	4,800.00	4,800.00	5,190.00	5,190.00
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**Objects of Expense:**

1001	SALARIES AND WAGES	\$2,628,294	\$2,625,243	\$2,693,103	\$2,514,762	\$2,514,762
1002	OTHER PERSONNEL COSTS	\$92,596	\$73,643	\$72,360	\$72,360	\$72,360
2001	PROFESSIONAL FEES AND SERVICES	\$146,577	\$95,009	\$86,000	\$86,000	\$86,000
2002	FUELS AND LUBRICANTS	\$0	\$0	\$0	\$0	\$0
2003	CONSUMABLE SUPPLIES	\$15,409	\$20,080	\$20,074	\$20,074	\$20,074
2004	UTILITIES	\$290	\$69	\$0	\$0	\$0
2005	TRAVEL	\$3,643	\$20,035	\$17,082	\$17,082	\$17,082
2006	RENT - BUILDING	\$56	\$0	\$0	\$0	\$0
2007	RENT - MACHINE AND OTHER	\$11,738	\$16,247	\$16,212	\$16,212	\$16,212
2009	OTHER OPERATING EXPENSE	\$87,420	\$86,574	\$94,611	\$65,240	\$65,240
5000	CAPITAL EXPENDITURES	\$5,843	\$12,114	\$5,359	\$27,473	\$27,473
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$2,991,866</b>	<b>\$2,949,014</b>	<b>\$3,004,801</b>	<b>\$2,819,203</b>	<b>\$2,819,203</b>

**Method of Financing:**

8042	Insurance Maint Tax Fees	\$1,961,283	\$1,904,033	\$1,912,249	\$1,792,418	\$1,792,418
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**3.A. STRATEGY REQUEST**  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2010  
 TIME: 12:54:24PM

Agency code: **454**      Agency name: **Department of Insurance**

GOAL:            1   Promote Consumer Access to Affordable Insur Products W/in a Fair Mrkt      Statewide Goal/Benchmark:    7    1  
 OBJECTIVE:    2   Reduce Unfair & Illegal Insurer Practices      Service Categories:  
 STRATEGY:    2   Investigate Trade Practices and Bring Enforcement Actions as Needed      Service:   17    Income: A.2    Age:    B.3

CODE	DESCRIPTION	Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
<b>SUBTOTAL, MOF (GENERAL REVENUE FUNDS)</b>		<b>\$1,961,283</b>	<b>\$1,904,033</b>	<b>\$1,912,249</b>	<b>\$1,792,418</b>	<b>\$1,792,418</b>
<b>Method of Financing:</b>						
36	Dept Ins Operating Acct	\$1,030,583	\$1,044,981	\$1,092,552	\$1,026,785	\$1,026,785
<b>SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)</b>		<b>\$1,030,583</b>	<b>\$1,044,981</b>	<b>\$1,092,552</b>	<b>\$1,026,785</b>	<b>\$1,026,785</b>
<b>TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)</b>					<b>\$2,819,203</b>	<b>\$2,819,203</b>
<b>TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)</b>		<b>\$2,991,866</b>	<b>\$2,949,014</b>	<b>\$3,004,801</b>	<b>\$2,819,203</b>	<b>\$2,819,203</b>
<b>FULL TIME EQUIVALENT POSITIONS:</b>		<b>48.6</b>	<b>48.7</b>	<b>51.9</b>	<b>48.9</b>	<b>48.9</b>

**STRATEGY DESCRIPTION AND JUSTIFICATION:**

The Texas Department of Insurance (TDI) is directed by statute (Tex. Ins. Code §31.002; and Ch. 82, Subchapter B) to ensure insurance laws are executed and to take action against entities engaged in unfair/illegal practices. TDI investigates possible deceptive/ fraudulent practices or other violations by regulated entities and resolves violations of state law or rules informally, through warning letters, consent orders and informal settlements. Violations are also resolved through contested case proceedings before the State Office of Administrative Hearings (SOAH). The Commissioner enters a final order based on the proposal of the SOAH administrative law judge. Resolutions may include cessation of illegal conduct, license revocations, fines and/or restitution.

TDI also conducts examinations of the state's HMOs, workers' compensation networks, IROs, and URAs in order to monitor compliance with Texas' quality of care guidelines and network access and availability. HMO exams are performed for the investigation of complaints and for determining whether to grant an HMO or workers' compensation network a certificate of authority and/or to allow an existing HMO or workers' compensation network to expand its service area.

This strategy contributes to the statewide goal 07 and benchmark 01 by investigating and enforcing Texas statutes, which supports fair rates and practices by insurance companies and other regulated entities.

**EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:**

**3.A. STRATEGY REQUEST**

82nd Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2010  
TIME: 12:54:24PM

Agency code: **454** Agency name: **Department of Insurance**

GOAL: 1 Promote Consumer Access to Affordable Insur Products W/in a Fair Mrkt  
OBJECTIVE: 2 Reduce Unfair & Illegal Insurer Practices  
STRATEGY: 2 Investigate Trade Practices and Bring Enforcement Actions as Needed

Statewide Goal/Benchmark: 7 1  
Service Categories:  
Service: 17 Income: A.2 Age: B.3

<b>CODE</b>	<b>DESCRIPTION</b>	<b>Exp 2009</b>	<b>Est 2010</b>	<b>Bud 2011</b>	<b>BL 2012</b>	<b>BL 2013</b>
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Legislation, economic changes, and market forces affect this strategy. Changes in economy or market forces may lead to increased enforcement activity. For example, high reinsurance rates and weather concerns may result in companies restricting their writing and TDI is required to monitor those practices to ensure compliance with Texas law. New legislation may create additional industry requirements, which TDI will then monitor for compliance. Internal factors affecting this strategy include agency practices. Opportunity for informal resolution of actions, and concern for particular issues such as availability of insurance at reasonable rates, non-discrimination and health insurance affect TDI's enforcement efforts.

**3.A. STRATEGY REQUEST**  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2010  
 TIME: 12:54:24PM

Agency code: **454** Agency name: **Department of Insurance**

GOAL: 1 Promote Consumer Access to Affordable Insur Products W/in a Fair Mrkt Statewide Goal/Benchmark: 7 1  
 OBJECTIVE: 2 Reduce Unfair & Illegal Insurer Practices Service Categories:  
 STRATEGY: 3 Investigate Insurer Fraud and Refer Violations for Prosecution Service: 34 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
<b>Output Measures:</b>						
KEY 1	Number of Insurer Fraud Referrals to State and Federal Prosecutors	71.00	70.00	70.00	62.00	62.00
KEY 2	Dollar Amount of Restitution for Insurer Fraud Cases Referred	2.38	2.00	2.00	2.00	2.00
<b>Efficiency Measures:</b>						
1	Average Number of Days Per Insurer Fraud Case Referred	291.00	300.00	300.00	375.00	375.00
<b>Explanatory/Input Measures:</b>						
1	Estimated Dollar Amount (in Millions) of Insurer Fraud Referred	9.33	7.00	7.00	6.00	6.00
2	Number of Reports of Insurer Fraud Received	1,278.00	884.00	902.00	902.00	902.00
<b>Objects of Expense:</b>						
1001	SALARIES AND WAGES	\$1,189,553	\$1,180,881	\$1,303,789	\$1,174,495	\$1,174,495
1002	OTHER PERSONNEL COSTS	\$26,199	\$8,871	\$11,960	\$11,960	\$11,960
2001	PROFESSIONAL FEES AND SERVICES	\$16,431	\$23,065	\$20,623	\$15,858	\$15,858
2003	CONSUMABLE SUPPLIES	\$7,999	\$5,899	\$5,896	\$5,896	\$5,896
2004	UTILITIES	\$10,760	\$7,776	\$6,413	\$6,530	\$6,530
2005	TRAVEL	\$55,737	\$63,665	\$63,703	\$61,807	\$61,807
2006	RENT - BUILDING	\$707	\$596	\$579	\$579	\$579
2007	RENT - MACHINE AND OTHER	\$2,393	\$8,143	\$8,128	\$8,128	\$8,128
2009	OTHER OPERATING EXPENSE	\$44,380	\$54,861	\$58,079	\$40,171	\$40,171
5000	CAPITAL EXPENDITURES	\$6,993	\$5,877	\$2,600	\$12,831	\$12,831
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$1,361,152</b>	<b>\$1,359,634</b>	<b>\$1,481,770</b>	<b>\$1,338,255</b>	<b>\$1,338,255</b>

**Method of Financing:**

8042	Insurance Maint Tax Fees	\$950,868	\$928,532	\$1,011,977	\$917,793	\$917,793
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**3.A. STRATEGY REQUEST**  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2010  
 TIME: 12:54:24PM

Agency code: **454** Agency name: **Department of Insurance**

GOAL: 1 Promote Consumer Access to Affordable Insur Products W/in a Fair Mrkt Statewide Goal/Benchmark: 7 1  
 OBJECTIVE: 2 Reduce Unfair & Illegal Insurer Practices Service Categories:  
 STRATEGY: 3 Investigate Insurer Fraud and Refer Violations for Prosecution Service: 34 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
<b>SUBTOTAL, MOF (GENERAL REVENUE FUNDS)</b>		<b>\$950,868</b>	<b>\$928,532</b>	<b>\$1,011,977</b>	<b>\$917,793</b>	<b>\$917,793</b>
<b>Method of Financing:</b>						
36	Dept Ins Operating Acct	\$400,612	\$420,911	\$458,621	\$409,290	\$409,290
<b>SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)</b>		<b>\$400,612</b>	<b>\$420,911</b>	<b>\$458,621</b>	<b>\$409,290</b>	<b>\$409,290</b>
<b>Method of Financing:</b>						
666	Appropriated Receipts	\$4,672	\$4,672	\$4,672	\$4,672	\$4,672
777	Interagency Contracts	\$5,000	\$5,519	\$6,500	\$6,500	\$6,500
<b>SUBTOTAL, MOF (OTHER FUNDS)</b>		<b>\$9,672</b>	<b>\$10,191</b>	<b>\$11,172</b>	<b>\$11,172</b>	<b>\$11,172</b>
<b>TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)</b>					<b>\$1,338,255</b>	<b>\$1,338,255</b>
<b>TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)</b>		<b>\$1,361,152</b>	<b>\$1,359,634</b>	<b>\$1,481,770</b>	<b>\$1,338,255</b>	<b>\$1,338,255</b>
<b>FULL TIME EQUIVALENT POSITIONS:</b>		<b>23.6</b>	<b>23.0</b>	<b>25.2</b>	<b>24.1</b>	<b>24.1</b>

**STRATEGY DESCRIPTION AND JUSTIFICATION:**

Statutes (Tex. Ins. Code, §701, Subchapter C) direct TDI to investigate cases involving fraud committed by those in the insurance industry and those conducting unauthorized insurance business to initiate legal action when appropriate. TDI receives, evaluates and investigates potentially fraudulent insurance activities reported by staff, the general public, the insurance industry and other regulatory or law enforcement agencies. The Fraud Unit is a law enforcement agency (Tex. Crim. Proc. Code, Art. 2.12(28)) and has access to crime databases. It may make arrests, execute search warrants and subpoenas, refer cases to district attorneys, and participate in state and federal criminal investigation task forces. Cases may culminate in referrals to district attorneys and federal prosecutors for criminal prosecution.

This strategy protects consumers and ensures that the insurance industry maintains integrity in its business practices. In order to reduce fraud, the program works with strategy 1.1.1 Consumer Education and Outreach.

This strategy contributes to statewide goal 07 and benchmark 01. Eliminating and deterring fraud reduces unfair and illegal practices, which encourages fair competition in the insurance industry. It protects consumers' insurance assets from financial loss related to the purchase of fraudulent products.

**3.A. STRATEGY REQUEST**

82nd Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2010  
TIME: 12:54:24PM

Agency code: **454**      Agency name: **Department of Insurance**

GOAL:	1	Promote Consumer Access to Affordable Insur Products W/in a Fair Mrkt	Statewide Goal/Benchmark:	7	1
OBJECTIVE:	2	Reduce Unfair & Illegal Insurer Practices	Service Categories:		
STRATEGY:	3	Investigate Insurer Fraud and Refer Violations for Prosecution	Service:	34	Income: A.2    Age: B.3

<b>CODE</b>	<b>DESCRIPTION</b>	<b>Exp 2009</b>	<b>Est 2010</b>	<b>Bud 2011</b>	<b>BL 2012</b>	<b>BL 2013</b>
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**EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:**

Fraud victimizes insurance consumers when agents convert premiums, unauthorized insurers sell fake coverage, or company employees use company assets for personal gain, causing a company to fail. State and federal legislation affects this strategy. The 80th Texas Legislature created the Texas Residential Mortgage Fraud Task Force to take a proactive stance towards tracking and prosecuting mortgage fraud statewide. TDI participates in this task force. The TDI Fraud Unit also supports a Governor’s Executive Order to prevent and eliminate fraud, waste and abuse. Insurance fraud committed by those within the industry is addressed by the National Association of Insurance Commissioners, which maintains an anti-fraud task force that recommends model laws relating to insurance fraud. As states enact tougher fraud laws, insurance consumers and taxpayers will benefit. Economic trends affect the amount and type of fraudulent activities occurring in the state. The regulatory climate may lead to voids in the marketplace, which are filled by fraudulent operators. TDI participated in the Texas Committee on Insurance Fraud to enhance fraud awareness. A memorandum of understanding with the Dallas County District Attorney’s Office allows TDI to support a special prosecutor to assist in insurance fraud investigations and prosecution. Continued funding for access to national and statewide insurer databases as well as maintenance, enhancement and expanded use of existing TDI databases and case management systems are essential.

**3.A. STRATEGY REQUEST**

82nd Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2010  
TIME: 12:54:24PM

Agency code: **454**      Agency name: **Department of Insurance**

GOAL:            1    Promote Consumer Access to Affordable Insur Products W/in a Fair Mrkt      Statewide Goal/Benchmark:    7    1  
OBJECTIVE:    3    Reduce Impediments to Competition and Improve Insurance Availability      Service Categories:  
STRATEGY:    1    Process Rates, Forms & Licenses Promptly      Service: 17    Income: A.2    Age:    B.3

CODE	DESCRIPTION	Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
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**Output Measures:**

1	Number of Life/Health Filings Completed	24,893.00	29,800.00	29,800.00	28,997.00	28,997.00
2	Number of HMO Form Filings Completed	1,438.00	1,500.00	1,500.00	1,350.00	1,350.00
3	Number of Property and Casualty Rate and Form Filings Completed	16,048.00	13,500.00	13,500.00	12,265.00	12,265.00

**Explanatory/Input Measures:**

1	Total of Number Licensed Agents	347,665.00	372,000.00	394,000.00	394,000.00	394,000.00
2	Number of Regulated Companies and Other Carriers	1,960.00	1,955.00	1,950.00	1,950.00	1,950.00

**Objects of Expense:**

1001	SALARIES AND WAGES	\$9,912,145	\$9,725,707	\$10,417,671	\$9,515,459	\$9,515,459
1002	OTHER PERSONNEL COSTS	\$441,875	\$338,035	\$369,500	\$364,220	\$364,220
2001	PROFESSIONAL FEES AND SERVICES	\$64,176	\$86,031	\$47,743	\$36,543	\$36,543
2003	CONSUMABLE SUPPLIES	\$59,338	\$66,517	\$65,998	\$65,624	\$65,624
2004	UTILITIES	\$5,130	\$5,736	\$5,688	\$5,688	\$5,688
2005	TRAVEL	\$24,355	\$30,455	\$41,861	\$41,861	\$41,861
2006	RENT - BUILDING	\$0	\$48	\$0	\$0	\$0
2007	RENT - MACHINE AND OTHER	\$35,449	\$68,324	\$68,181	\$68,181	\$68,181
2009	OTHER OPERATING EXPENSE	\$318,774	\$349,263	\$360,799	\$272,738	\$272,738
5000	CAPITAL EXPENDITURES	\$20,413	\$46,359	\$20,510	\$107,177	\$107,177
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$10,881,655</b>	<b>\$10,716,475</b>	<b>\$11,397,951</b>	<b>\$10,477,491</b>	<b>\$10,477,491</b>

**Method of Financing:**

8042	Insurance Maint Tax Fees	\$7,224,630	\$6,904,044	\$7,415,157	\$6,780,702	\$6,780,702
<b>SUBTOTAL, MOF (GENERAL REVENUE FUNDS)</b>		<b>\$7,224,630</b>	<b>\$6,904,044</b>	<b>\$7,415,157</b>	<b>\$6,780,702</b>	<b>\$6,780,702</b>

**Method of Financing:**

**3.A. STRATEGY REQUEST**  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2010  
 TIME: 12:54:24PM

Agency code: **454** Agency name: **Department of Insurance**

GOAL: 1 Promote Consumer Access to Affordable Insur Products W/in a Fair Mrkt Statewide Goal/Benchmark: 7 1  
 OBJECTIVE: 3 Reduce Impediments to Competition and Improve Insurance Availability Service Categories:  
 STRATEGY: 1 Process Rates, Forms & Licenses Promptly Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
36	Dept Ins Operating Acct	\$3,657,025	\$3,789,111	\$3,982,794	\$3,696,789	\$3,696,789
<b>SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)</b>		<b>\$3,657,025</b>	<b>\$3,789,111</b>	<b>\$3,982,794</b>	<b>\$3,696,789</b>	<b>\$3,696,789</b>
<b>Method of Financing:</b>						
666	Appropriated Receipts	\$0	\$23,320	\$0	\$0	\$0
<b>SUBTOTAL, MOF (OTHER FUNDS)</b>		<b>\$0</b>	<b>\$23,320</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)</b>					<b>\$10,477,491</b>	<b>\$10,477,491</b>
<b>TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)</b>		<b>\$10,881,655</b>	<b>\$10,716,475</b>	<b>\$11,397,951</b>	<b>\$10,477,491</b>	<b>\$10,477,491</b>
<b>FULL TIME EQUIVALENT POSITIONS:</b>		<b>203.5</b>	<b>198.7</b>	<b>219.2</b>	<b>205.7</b>	<b>205.7</b>

**STRATEGY DESCRIPTION AND JUSTIFICATION:**

The agency is directed by statute to review rates, filings and policy forms for property, casualty, credit, life, accident and health, annuity, workers' compensation networks, and HMO coverages (Tex. Ins. Code, Ch. 5, 1701, 20A, 37, 843, 1271, 1272, 1305, 1111, 1153). TDI also reviews/approves registration/certification applications for prospective agents, adjusters, insurers, third party administrators, utilization review agents, independent review organizations, workers' compensation health care networks and self-insured groups as well as other specialized risk-bearing entities (Tex. Ins. Code, Ch. 21.58A, 21.58C, 801, 822, 841, 1111). After licensure, TDI reviews subsequent filings submitted in connection with moving books and records, contracting with viatical and life settlement entities, withdrawing from lines of business, and expanding service areas.

Form filings consist of policy forms, applications, riders, evidence or outline of coverages, actuarial memorandums, amendments and endorsements. Rate filings consist of rates, actuarial memorandum and support, rating plans, rating methodologies, and rating manuals. Licensing and registration of insurers and other risk-bearing entities consist of applications, business plans, and background checks.

Strategy 1.3.1 provides information to support strategies 1.2.2 Investigation and Enforcement, 1.2.3 Insurer Fraud, and 1.3.2 Promote Underserved Coverage. This strategy contributes to the statewide goal 07 and benchmark 01 by assisting the agency in regulating the industry and in examining rates for appropriateness.

**EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:**

**3.A. STRATEGY REQUEST**

82nd Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2010  
TIME: 12:54:24PM

Agency code: **454**      Agency name: **Department of Insurance**

GOAL:	1	Promote Consumer Access to Affordable Insur Products W/in a Fair Mrkt	Statewide Goal/Benchmark:	7	1
OBJECTIVE:	3	Reduce Impediments to Competition and Improve Insurance Availability	Service Categories:		
STRATEGY:	1	Process Rates, Forms & Licenses Promptly	Service:	17	Income: A.2    Age: B.3

<b>CODE</b>	<b>DESCRIPTION</b>	<b>Exp 2009</b>	<b>Est 2010</b>	<b>Bud 2011</b>	<b>BL 2012</b>	<b>BL 2013</b>
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State and federal legislation, changes in the economy and market trends impact this strategy. Federal health care reform legislation will impact the number and types of filings reviewed. State legislation has increased the number of rate and form filings in the automobile and residential property markets and authorized new policy forms, which have increased complexity of these filings. State legislation has also provided carriers the opportunity to design new health coverages.

In response to changes in economy market trends and state statutes, insurers have developed more complex products. Changes in market conditions can also affect the type of coverages offered and the rates charged. Mergers and consolidations, particularly in the HMO market, have resulted in fewer form filings. Economic conditions, including costs of medical services, building materials, repair services and other cost factors associated with claims also affect rates and the types of coverages offered.

Internal factors affecting this strategy include the increased degree of automation necessary to track and review filings, although the impact of automation on the review process is less significant. Due to the variety of lines of insurance, as well as the variety of coverages offered within individual lines, the cost-effective use of staff resources requires significant cross-training to ensure timely processing of filings. In addition, competitive private sector salaries affect the agency's ability to attract and retain qualified staff, such as actuaries.

**3.A. STRATEGY REQUEST**  
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DATE: 8/27/2010  
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Agency code: **454**      Agency name: **Department of Insurance**

GOAL:            1    Promote Consumer Access to Affordable Insur Products W/in a Fair Mrkt      Statewide Goal/Benchmark:    7    1  
 OBJECTIVE:    3    Reduce Impediments to Competition and Improve Insurance Availability      Service Categories:  
 STRATEGY:     2    Promote Coverage in Underserved Markets      Service:    17    Income:    A.2    Age:        B.3

CODE	DESCRIPTION	Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
<b>Objects of Expense:</b>						
1001	SALARIES AND WAGES	\$160,052	\$171,008	\$207,976	\$189,618	\$189,618
1002	OTHER PERSONNEL COSTS	\$8,340	\$10,440	\$10,440	\$10,440	\$10,440
2001	PROFESSIONAL FEES AND SERVICES	\$0	\$665	\$0	\$0	\$0
2003	CONSUMABLE SUPPLIES	\$727	\$992	\$664	\$992	\$992
2004	UTILITIES	\$292	\$474	\$0	\$0	\$0
2005	TRAVEL	\$0	\$441	\$412	\$412	\$412
2007	RENT - MACHINE AND OTHER	\$812	\$932	\$931	\$931	\$931
2009	OTHER OPERATING EXPENSE	\$3,158	\$3,772	\$4,441	\$2,931	\$2,931
5000	CAPITAL EXPENDITURES	\$341	\$819	\$362	\$2,071	\$2,071
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$173,722</b>	<b>\$189,543</b>	<b>\$225,226</b>	<b>\$207,395</b>	<b>\$207,395</b>
<b>Method of Financing:</b>						
8042	Insurance Maint Tax Fees	\$115,299	\$122,379	\$145,417	\$133,905	\$133,905
<b>SUBTOTAL, MOF (GENERAL REVENUE FUNDS)</b>		<b>\$115,299</b>	<b>\$122,379</b>	<b>\$145,417</b>	<b>\$133,905</b>	<b>\$133,905</b>
<b>Method of Financing:</b>						
36	Dept Ins Operating Acct	\$58,423	\$67,164	\$79,809	\$73,490	\$73,490
<b>SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)</b>		<b>\$58,423</b>	<b>\$67,164</b>	<b>\$79,809</b>	<b>\$73,490</b>	<b>\$73,490</b>
<b>TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)</b>					<b>\$207,395</b>	<b>\$207,395</b>
<b>TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)</b>		<b>\$173,722</b>	<b>\$189,543</b>	<b>\$225,226</b>	<b>\$207,395</b>	<b>\$207,395</b>
<b>FULL TIME EQUIVALENT POSITIONS:</b>		<b>2.8</b>	<b>3.1</b>	<b>3.2</b>	<b>3.2</b>	<b>3.2</b>

**3.A. STRATEGY REQUEST**  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2010  
 TIME: 12:54:24PM

Agency code: **454**      Agency name: **Department of Insurance**

GOAL:	1	Promote Consumer Access to Affordable Insur Products W/in a Fair Mrkt	Statewide Goal/Benchmark:	7	1
OBJECTIVE:	3	Reduce Impediments to Competition and Improve Insurance Availability	Service Categories:		
STRATEGY:	2	Promote Coverage in Underserved Markets	Service:	17	Income: A.2    Age: B.3

CODE	DESCRIPTION	Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
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**STRATEGY DESCRIPTION AND JUSTIFICATION:**

TDI is directed by statute (Tex. Ins. Code, Arts. 2004.001-.007) to improve insurance availability by identifying underserved markets, creating incentives, and implementing requirements for insurers to write automobile and residential property insurance in underserved markets.

The Texas Automobile Insurance Plan Association has incentive programs to encourage companies to move policyholders from the assigned risk program to the voluntary market based on underserved areas identified by TDI (Tex. Ins. Code, Art. 2151.153). The Commissioner is authorized to establish a Fair Access to Insurance Requirements (FAIR) plan (Tex. Ins. Code, Art. 2211), which is an insurer of last resort.

Other strategies support coverage in underserved areas by providing consumer education and market analysis, resolving consumer complaints and enforcing regulations against unfair trade practices that may result in insurance availability problems (Tex. Ins. Code, Arts. 544.002 and 544.051). Success in enforcement actions will reduce illegal refusal by the industry to write insurance for certain segments of the population and certain geographical areas.

This strategy contributes to statewide goal 07 and benchmark 01 in that incentive programs comply with statutes regulating the industry in underserved areas and help to reduce rates paid by those in underserved areas.

**EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:**

The primary external factors affecting this strategy are market conditions and legislation. Texas Insurance Code Article 21.49A established the Fair Access to Insurance Requirements (FAIR) Plan to address availability problems in the homeowners market. Recent legislation relating to form filings for residential property and automobile authorizes the use of new policy forms. TDI believes this flexibility in forms will increase the availability of insurance, in general, and also encourage companies to write in underserved areas.

**3.A. STRATEGY REQUEST**

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DATE: 8/27/2010  
TIME: 12:54:24PM

Agency code: **454**      Agency name: **Department of Insurance**

GOAL:	1	Promote Consumer Access to Affordable Insur Products W/in a Fair Mrkt	Statewide Goal/Benchmark:	7	7
OBJECTIVE:	3	Reduce Impediments to Competition and Improve Insurance Availability	Service Categories:		
STRATEGY:	3	Support Texas Online	Service:	17	Income: A.2    Age: B.3

CODE	DESCRIPTION	Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
<b>Objects of Expense:</b>						
2009	OTHER OPERATING EXPENSE	\$385,415	\$380,000	\$380,000	\$380,000	\$380,000
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$385,415</b>	<b>\$380,000</b>	<b>\$380,000</b>	<b>\$380,000</b>	<b>\$380,000</b>
<b>Method of Financing:</b>						
1	General Revenue Fund	\$3,990	\$6,520	\$6,520	\$6,520	\$6,520
<b>SUBTOTAL, MOF (GENERAL REVENUE FUNDS)</b>		<b>\$3,990</b>	<b>\$6,520</b>	<b>\$6,520</b>	<b>\$6,520</b>	<b>\$6,520</b>
<b>Method of Financing:</b>						
36	Dept Ins Operating Acct	\$381,425	\$373,480	\$373,480	\$373,480	\$373,480
<b>SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)</b>		<b>\$381,425</b>	<b>\$373,480</b>	<b>\$373,480</b>	<b>\$373,480</b>	<b>\$373,480</b>
<b>TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)</b>					<b>\$380,000</b>	<b>\$380,000</b>
<b>TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)</b>		<b>\$385,415</b>	<b>\$380,000</b>	<b>\$380,000</b>	<b>\$380,000</b>	<b>\$380,000</b>
<b>FULL TIME EQUIVALENT POSITIONS:</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**STRATEGY DESCRIPTION AND JUSTIFICATION:**

In 2000, TDI began on-line agent license renewals as a pilot project of the Electronic Government Task Force, authorized by the 76th Legislature. This Texas e-government initiative (Gov. Code, §Ch.2054, Subchapter I ) was established to provide the citizens of Texas access to Texas governmental services 24 hours a day, seven days a week, and 365 days a year.

TDI prints and mails out renewal notices as required by the Texas Insurance Code, Ch. 4003, however, licensees have the option to renew their license(s) online by submitting payment through a third-party system, including, but not limited to TexasOnline, Sircon, and the National Insurance Producer Registry. The online payment is sent through ePay, Global Payment Services (the bank that handles the state's credit card transactions), and the Comptroller. The Comptroller processes the payments and sends a credit card (ePay) file to TDI daily.

Strategy 1.3.3 provides information to support strategy 1.3.1 Process Rates, Forms and Licenses. This strategy contributes to statewide goal 07 and benchmark 07.

**3.A. STRATEGY REQUEST**

82nd Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2010  
TIME: 12:54:24PM

Agency code: **454**      Agency name: **Department of Insurance**

GOAL:	1	Promote Consumer Access to Affordable Insur Products W/in a Fair Mrkt	Statewide Goal/Benchmark:	7	7
OBJECTIVE:	3	Reduce Impediments to Competition and Improve Insurance Availability	Service Categories:		
STRATEGY:	3	Support Texas Online	Service:	17	Income: A.2    Age: B.3

<b>CODE</b>	<b>DESCRIPTION</b>	<b>Exp 2009</b>	<b>Est 2010</b>	<b>Bud 2011</b>	<b>BL 2012</b>	<b>BL 2013</b>
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**EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:**

Online services increase customer convenience, access to government services, and allows for automated error-checking. The number of licensees renewing online is hard to predict due to many external factors. However, the continued growth in Texas' population, the number of agents remaining active in the insurance industry, the steady recruitment of new agents, and the continued evolution of the online service industry will be contributing factors. This development provides an infrastructure upon which subsequent programs and services can be added so that TDI can continue to progress in the online technology era and be a positive change in the way government does business in Texas.

**3.A. STRATEGY REQUEST**

82nd Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2010  
TIME: 12:54:24PM

Agency code: **454**      Agency name: **Department of Insurance**

GOAL:	1	Promote Consumer Access to Affordable Insur Products W/in a Fair Mrkt	Statewide Goal/Benchmark:	7	5
OBJECTIVE:	3	Reduce Impediments to Competition and Improve Insurance Availability	Service Categories:		
STRATEGY:	4	Regulate Private Employers that Qualify to Self-Ins w/in the WC System	Service:	17	Income: A.2    Age: B.3

CODE	DESCRIPTION	Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
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**Efficiency Measures:**

1	Average Cost Per Certified Self-Insured Certificate Holder	19,062.00	21,686.00	22,000.00	22,000.00	22,000.00
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**Explanatory/Input Measures:**

1	% Market Share of Self-insurance to Total WC Insurance Market	14.00	16.00	16.00	15.00	15.00
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**Objects of Expense:**

1001	SALARIES AND WAGES	\$512,465	\$557,047	\$551,362	\$497,860	\$497,860
1002	OTHER PERSONNEL COSTS	\$27,020	\$17,460	\$17,500	\$17,500	\$17,500
2001	PROFESSIONAL FEES AND SERVICES	\$1,347	\$0	\$0	\$0	\$0
2003	CONSUMABLE SUPPLIES	\$1,448	\$6,848	\$6,848	\$6,498	\$6,498
2004	UTILITIES	\$2,576	\$2,734	\$2,585	\$2,585	\$2,585
2005	TRAVEL	\$10,087	\$10,785	\$10,785	\$10,785	\$10,785
2006	RENT - BUILDING	\$42,372	\$40,415	\$40,415	\$40,415	\$40,415
2007	RENT - MACHINE AND OTHER	\$0	\$11,542	\$10,853	\$10,854	\$10,854
2009	OTHER OPERATING EXPENSE	\$42,148	\$44,782	\$42,508	\$37,394	\$37,394
5000	CAPITAL EXPENDITURES	\$1,003	\$2,860	\$1,265	\$11,676	\$11,676
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$640,466</b>	<b>\$694,473</b>	<b>\$684,121</b>	<b>\$635,567</b>	<b>\$635,567</b>

**Method of Financing:**

36	Dept Ins Operating Acct	\$640,466	\$694,473	\$684,121	\$635,567	\$635,567
<b>SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)</b>		<b>\$640,466</b>	<b>\$694,473</b>	<b>\$684,121</b>	<b>\$635,567</b>	<b>\$635,567</b>

**3.A. STRATEGY REQUEST**

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DATE: 8/27/2010  
TIME: 12:54:24PM

Agency code: **454**      Agency name: **Department of Insurance**

GOAL:	1	Promote Consumer Access to Affordable Insur Products W/in a Fair Mrkt	Statewide Goal/Benchmark:	7	5
OBJECTIVE:	3	Reduce Impediments to Competition and Improve Insurance Availability	Service Categories:		
STRATEGY:	4	Regulate Private Employers that Qualify to Self-Ins w/in the WC System	Service:	17	Income: A.2    Age: B.3

CODE	DESCRIPTION	Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
<b>TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)</b>					<b>\$635,567</b>	<b>\$635,567</b>
<b>TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)</b>		<b>\$640,466</b>	<b>\$694,473</b>	<b>\$684,121</b>	<b>\$635,567</b>	<b>\$635,567</b>
<b>FULL TIME EQUIVALENT POSITIONS:</b>		<b>10.6</b>	<b>11.0</b>	<b>11.3</b>	<b>10.3</b>	<b>10.3</b>

**STRATEGY DESCRIPTION AND JUSTIFICATION:**

The agency is directed by statute to ensure certified self-insuring employers meet statutory financial, claims administration, and safety requirements through an ongoing process of qualifying, renewing, and revoking certification (Tex. Labor Code, §§ 407.001 – 407.133). The Division of Workers’ Compensation administers a regulatory program for private sector employers who qualify to self-insure. The program serves as an alternative to commercial workers’ compensation coverage and, as a result, helps to moderate general insurance rates charged by insurance companies in Texas. The costs of regulation are directly paid by the active certified self-insurers in the form of a regulatory fee.

This strategy coordinates with agency strategy 1.3.1 Process Rates, Forms and Licenses to ensure the processes for certification of group self-insurers and private employer self-insurers are consistent. Strategy 1.3.4 contributes to statewide goal 07 and benchmark 05 by establishing a clear process for employer certification to self-insure workers’ compensation liabilities and by monitoring the ability of certified employers to cover those liabilities.

**EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:**

The availability of “large deductible” workers’ compensation insurance policies, which enable employers to directly self-fund claims below the deductible, affects participation in the program. In addition, the availability and cost of commercial workers’ compensation insurance affect the self-insurance program. The risk of assessment by the guaranty association to cover the liabilities of an impaired certified self-insurer may also limit participation in the program. The effectiveness of the program is contingent on the public awareness of the program, including presentation of the program on the agency’s web site.

**3.A. STRATEGY REQUEST**

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DATE: 8/27/2010  
TIME: 12:54:24PM

Agency code: **454**      Agency name: **Department of Insurance**

GOAL:	1	Promote Consumer Access to Affordable Insur Products W/in a Fair Mrkt	Statewide Goal/Benchmark:	7	0
OBJECTIVE:	4	Administer Innovative Insurance Initiatives	Service Categories:		
STRATEGY:	1	Support the State's Long-term Care Partnership Initiatives	Service:	17	Income: A.2    Age: B.3

CODE	DESCRIPTION	Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
<b>Objects of Expense:</b>						
1001	SALARIES AND WAGES	\$125,919	\$140,459	\$145,079	\$145,079	\$145,079
1002	OTHER PERSONNEL COSTS	\$2,841	\$1,160	\$1,180	\$1,180	\$1,180
2003	CONSUMABLE SUPPLIES	\$814	\$421	\$506	\$506	\$506
2007	RENT - MACHINE AND OTHER	\$0	\$699	\$698	\$698	\$698
2009	OTHER OPERATING EXPENSE	\$753	\$579	\$0	\$0	\$0
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$130,327</b>	<b>\$143,318</b>	<b>\$147,463</b>	<b>\$147,463</b>	<b>\$147,463</b>
<b>Method of Financing:</b>						
36	Dept Ins Operating Acct	\$130,327	\$143,318	\$147,463	\$147,463	\$147,463
<b>SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)</b>		<b>\$130,327</b>	<b>\$143,318</b>	<b>\$147,463</b>	<b>\$147,463</b>	<b>\$147,463</b>
<b>TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)</b>					<b>\$147,463</b>	<b>\$147,463</b>
<b>TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)</b>		<b>\$130,327</b>	<b>\$143,318</b>	<b>\$147,463</b>	<b>\$147,463</b>	<b>\$147,463</b>
<b>FULL TIME EQUIVALENT POSITIONS:</b>		<b>2.8</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>

**STRATEGY DESCRIPTION AND JUSTIFICATION:**

The agency is directed by statute (SB22, 80th Texas Legislature) to create a long-term care insurance partnership (LTCP) program to reduce future reliance on Medicaid. Rulemaking authority is expressly granted to the executive commissioner of the Health and Human Services Commission (HHSC) (Human Resources Code §32.106), and to the commissioner of insurance (Tex. Ins. Code §1651.107). TDI in consultation with the HHSC is charged with adopting minimum standards for a long-term care benefit plan that may qualify as an approved plan under the LTCP. TDI is charged with ensuring that anyone selling LTCP policies receives training and demonstrates evidence of understanding long-term care and how it relates to other public and private coverage of long-term care.

This strategy supports agency strategies 1.1.1 Consumer Education and Outreach; 1.3.1 Process Rates, Forms and Licenses; and 1.3.2 Promote Underserved Coverage to reduce impediments to competition and improve insurance availability in the long term care market by: reviewing the actuarial memorandum and rates to ensure assumptions used are reasonable and appropriate and that the rates comply with Texas law; educating consumers; and licensing agents.

**3.A. STRATEGY REQUEST**

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DATE: 8/27/2010  
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Agency code: **454**      Agency name: **Department of Insurance**

GOAL:	1	Promote Consumer Access to Affordable Insur Products W/in a Fair Mrkt	Statewide Goal/Benchmark:	7	0
OBJECTIVE:	4	Administer Innovative Insurance Initiatives	Service Categories:		
STRATEGY:	1	Support the State's Long-term Care Partnership Initiatives	Service:	17	Income: A.2    Age: B.3

<b>CODE</b>	<b>DESCRIPTION</b>	<b>Exp 2009</b>	<b>Est 2010</b>	<b>Bud 2011</b>	<b>BL 2012</b>	<b>BL 2013</b>
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**EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:**

Implementation of the LTCP is a joint effort between TDI, HHSC and the Department of Aging and Disability Services (DADS). TDI regulates the insurers, their policy forms, advertising and agents. Additionally, rates are required to be filed and are subject to review. HHSC with assistance/cooperation from TDI and DADS is charged with implementing a public awareness and education campaign designed to educate the public on the need to plan for future long-term care expense needs, the limits of Medicaid eligibility and benefits, the value and availability of long-term care insurance; and encourage individuals to proactively prepare to address their long term care needs, including giving consideration to obtain long-term care insurance.

**3.A. STRATEGY REQUEST**  
 82nd Regular Session, Agency Submission, Version 1  
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DATE: 8/27/2010  
 TIME: 12:54:24PM

Agency code: **454**      Agency name: **Department of Insurance**

GOAL:            1   Promote Consumer Access to Affordable Insur Products W/in a Fair Mrkt  
 OBJECTIVE:    4   Administer Innovative Insurance Initiatives  
 STRATEGY:     2   Administer Three-Share Grant Program

Statewide Goal/Benchmark:    7   0  
 Service Categories:  
 Service:   NA    Income:   NA    Age:    NA

CODE	DESCRIPTION	Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
<b>Objects of Expense:</b>						
1001	SALARIES AND WAGES	\$45,532	\$46,622	\$50,958	\$46,122	\$46,122
1002	OTHER PERSONNEL COSTS	\$0	\$180	\$180	\$180	\$180
2003	CONSUMABLE SUPPLIES	\$271	\$200	\$200	\$200	\$200
2005	TRAVEL	\$270	\$0	\$0	\$0	\$0
2007	RENT - MACHINE AND OTHER	\$0	\$332	\$332	\$332	\$332
2009	OTHER OPERATING EXPENSE	\$252	\$3,205	\$3,041	\$3,041	\$3,041
4000	GRANTS	\$395,000	\$1,895,000	\$395,000	\$372,500	\$372,500
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$441,325</b>	<b>\$1,945,539</b>	<b>\$449,711</b>	<b>\$422,375</b>	<b>\$422,375</b>
<b>Method of Financing:</b>						
8042	Insurance Maint Tax Fees	\$441,325	\$445,539	\$449,711	\$422,375	\$422,375
<b>SUBTOTAL, MOF (GENERAL REVENUE FUNDS)</b>		<b>\$441,325</b>	<b>\$445,539</b>	<b>\$449,711</b>	<b>\$422,375</b>	<b>\$422,375</b>
<b>Method of Financing:</b>						
666	Appropriated Receipts	\$0	\$1,500,000	\$0	\$0	\$0
<b>SUBTOTAL, MOF (OTHER FUNDS)</b>		<b>\$0</b>	<b>\$1,500,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)</b>					<b>\$422,375</b>	<b>\$422,375</b>
<b>TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)</b>		<b>\$441,325</b>	<b>\$1,945,539</b>	<b>\$449,711</b>	<b>\$422,375</b>	<b>\$422,375</b>
<b>FULL TIME EQUIVALENT POSITIONS:</b>		<b>1.0</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>

**STRATEGY DESCRIPTION AND JUSTIFICATION:**

**3.A. STRATEGY REQUEST**

82nd Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2010  
TIME: 12:54:24PM

Agency code: **454**      Agency name: **Department of Insurance**

GOAL:	1	Promote Consumer Access to Affordable Insur Products W/in a Fair Mrkt	Statewide Goal/Benchmark:	7	0
OBJECTIVE:	4	Administer Innovative Insurance Initiatives	Service Categories:		
STRATEGY:	2	Administer Three-Share Grant Program	Service:	NA	Income: NA    Age: NA

CODE	DESCRIPTION	Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
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The agency is directed by statute (81th Tex. Leg. HB 1, Art. 8, Rider 15) to award through a competitive application process, grants to local government entities for the research, planning and development of three-share premium assistance programs. TDI provides technical assistance and project oversight to grantees, with the long-term goal of increasing access to private healthcare coverage for the uninsured through the provisions of affordable benefit plans. The three-share programs use a combination of employer, employee, and public funds with each participant contributing one-third of the premium.

This strategy supports strategy 1.1.1 Consumer Education and Outreach by issuing a competitive Request for Proposal and awarding the three-share premium assistance grant funds to a consortium of local government entities. TDI provides on-going technical assistance to grantees and oversees project activities to ensure the grantees comply with the contractual requirements. This strategy supports strategy 1.3.2 Promote Underserved Coverage by encouraging fair competition in the health coverage market and identifying underserved markets and implementing legislative incentives for insurers to write business in those same underserved markets.

**EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:**

Due to Texas' high uninsured rate among the working population, Texas has a sizeable population that could benefit from multi-share programs. Involving local community stakeholders in the program design helps ensure that each program is tailored to the employers and employees in that community and offers a benefit package they would be willing to purchase. Texas may be able to add a three-share component to other state programs, such as the proposed CHIP Premium Assistance program, to enable more families to participate in these programs by contributing to the monthly premium.

Established three-share programs in other states have achieved long-term success, but generally have relatively low target enrollment rates of between 5 and 10 percent of the eligible population. At these enrollment rates, three-share programs likely would cover a small percent of Texas' uninsured. They could, however, be one component of a coordinated approach to increase healthcare coverage. Three-share programs typically have more limited benefits than traditional Medicaid and many commercial insurance plans so they would only provide partial coverage for those with chronic health conditions or high acute care costs.

Tex. Health and Safety Code Ch. 75 authorizes the establishment of regional or local health care programs for employees of small employers and states that a governing body operating the health care program is not an insurer or health maintenance organization and is not subject to regulation by the Texas Department of Insurance.

**3.A. STRATEGY REQUEST**

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DATE: 8/27/2010  
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Agency code: **454**      Agency name: **Department of Insurance**

GOAL:	1	Promote Consumer Access to Affordable Insur Products W/in a Fair Mrkt	Statewide Goal/Benchmark:	7	0
OBJECTIVE:	4	Administer Innovative Insurance Initiatives	Service Categories:		
STRATEGY:	3	Promote the Healthy Texas program	Service:	17	Income: A.2    Age: B.3

<b>CODE</b>	<b>DESCRIPTION</b>	<b>Exp 2009</b>	<b>Est 2010</b>	<b>Bud 2011</b>	<b>BL 2012</b>	<b>BL 2013</b>
<b>Objects of Expense:</b>						
1001	SALARIES AND WAGES	\$0	\$212,599	\$295,054	\$295,054	\$295,054
1002	OTHER PERSONNEL COSTS	\$0	\$1,680	\$71,738	\$71,738	\$71,738
2001	PROFESSIONAL FEES AND SERVICES	\$0	\$237,250	\$1,882,000	\$1,882,000	\$1,882,000
2005	TRAVEL	\$0	\$0	\$12,243	\$12,243	\$12,243
2009	OTHER OPERATING EXPENSE	\$0	\$1,600,488	\$37,542,965	\$20,128,465	\$20,128,465
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$0</b>	<b>\$2,052,017</b>	<b>\$39,804,000</b>	<b>\$22,389,500</b>	<b>\$22,389,500</b>
<b>Method of Financing:</b>						
8042	Insurance Maint Tax Fees	\$0	\$61,982	\$75,000	\$75,000	\$75,000
<b>SUBTOTAL, MOF (GENERAL REVENUE FUNDS)</b>		<b>\$0</b>	<b>\$61,982</b>	<b>\$75,000</b>	<b>\$75,000</b>	<b>\$75,000</b>
<b>Method of Financing:</b>						
36	Dept Ins Operating Acct	\$0	\$34,018	\$0	\$0	\$0
<b>SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)</b>		<b>\$0</b>	<b>\$34,018</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Method of Financing:</b>						
329	Healthy TX Sm Emp Prem Stabil. Fund	\$0	\$0	\$34,829,000	\$17,414,500	\$17,414,500
777	Interagency Contracts	\$0	\$1,956,017	\$4,900,000	\$4,900,000	\$4,900,000
<b>SUBTOTAL, MOF (OTHER FUNDS)</b>		<b>\$0</b>	<b>\$1,956,017</b>	<b>\$39,729,000</b>	<b>\$22,314,500</b>	<b>\$22,314,500</b>
<b>TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)</b>					<b>\$22,389,500</b>	<b>\$22,389,500</b>
<b>TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)</b>		<b>\$0</b>	<b>\$2,052,017</b>	<b>\$39,804,000</b>	<b>\$22,389,500</b>	<b>\$22,389,500</b>
<b>FULL TIME EQUIVALENT POSITIONS:</b>		<b>0.0</b>	<b>3.5</b>	<b>5.5</b>	<b>5.5</b>	<b>5.5</b>

**3.A. STRATEGY REQUEST**

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DATE: 8/27/2010  
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Agency code: **454**      Agency name: **Department of Insurance**

GOAL:	1	Promote Consumer Access to Affordable Insur Products W/in a Fair Mrkt	Statewide Goal/Benchmark:	7	0
OBJECTIVE:	4	Administer Innovative Insurance Initiatives	Service Categories:		
STRATEGY:	3	Promote the Healthy Texas program	Service:	17	Income: A.2    Age: B.3

CODE	DESCRIPTION	Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
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**STRATEGY DESCRIPTION AND JUSTIFICATION:**

Healthy Texas (Tex. Ins. Code, Ch. 1508) establishes a statewide health insurance program to help reduce the number of uninsured citizens; enrollment is expected to begin in Fall 2010. With over 24 million citizens in the state of Texas, approximately 6 million have no health insurance coverage. Because of the high cost to the employer and the employees, it is particularly difficult for Texas small business owners to provide health insurance to their employees at an affordable rate. The Healthy Texas program strategically targets low-income, uninsured small business employees.

This strategy coordinates with 1.4.2 Three-Share Programs.

**EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:**

Healthy Texas is designed to pay for 80 percent of the costs if an individual's total claims fall between \$5,000 and \$75,000 in a calendar year. The health plan will cover 100 percent of claims below the \$5,000 threshold and above \$75,000, up to the annual benefit limit. The health plan also covers the remaining 20 percent of costs between the \$5,000 and \$75,000.

For small business owners to participate in Healthy Texas, the employer must: qualify as a small business with 2 to 50 employees; not have provided group insurance 12 months prior to Healthy Texas application; and pay at least 50 percent of the premium costs for employees. In addition, at least 30 percent of employees must receive annual wages at or below 300 percent of the federal poverty level; and at least 60 percent of eligible employees must elect to participate in the program.

Legislation, economic changes, and market forces affect this strategy. Regional and local health care programs (e.g., Three-Share), state consumer choice benefit plans, and federal health reforms will work in conjunction with the Healthy Texas program to address the health care concerns of Texas small employers and small business employees. Changes to the economic climate and private market would also impact employer eligibility and program participation. Competing agency priorities and resource constraints could also impact the strategy as TDI staff must simultaneously implement Healthy Texas and federal health care reform.

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Agency code: **454** Agency name: **Department of Insurance**

GOAL: 2 Promote Financial Strength of Ins. Industry & Reduce Undue Loss Cost  
 OBJECTIVE: 1 Regulate Insurance Industry Solvency  
 STRATEGY: 1 Analyze the Financial Condition of Insurers and Take Solvency Action

Statewide Goal/Benchmark: 7 1  
 Service Categories:  
 Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
<b>Output Measures:</b>						
KEY 1	Number of Entities Receiving TDI Solvency-related Intervention	9.00	6.00	10.00	11.00	11.00
KEY 2	Number of On-site Examinations Conducted	153.00	130.00	130.00	120.00	120.00
3	Number of Reviews of Annual and Interim Financial Statements Completed	1,855.00	1,750.00	1,750.00	1,569.00	1,569.00
<b>Efficiency Measures:</b>						
KEY 1	Average Cost Per Examination	34,245.00	36,000.00	36,000.00	42,000.00	42,000.00
<b>Explanatory/Input Measures:</b>						
KEY 1	Dollar Amount (in Millions) of Insurance Company Insolvencies	614.00	1.00	50.00	55.00	55.00
2	Percent of Ins Meeting Statutory or Risk-Based Capital and Surplus Req	99.00 %	97.00 %	97.00 %	97.00 %	97.00 %
<b>Objects of Expense:</b>						
1001	SALARIES AND WAGES	\$9,973,895	\$9,978,066	\$10,454,881	\$9,722,354	\$9,722,354
1002	OTHER PERSONNEL COSTS	\$367,641	\$314,454	\$235,720	\$235,720	\$235,720
2001	PROFESSIONAL FEES AND SERVICES	\$2,182	\$48,988	\$1,670	\$770	\$770
2003	CONSUMABLE SUPPLIES	\$59,822	\$48,171	\$41,707	\$41,707	\$41,707
2004	UTILITIES	\$31,984	\$52,632	\$52,487	\$52,487	\$52,487
2005	TRAVEL	\$879,423	\$931,976	\$932,706	\$891,520	\$891,520
2006	RENT - BUILDING	\$52,194	\$52,146	\$52,194	\$52,194	\$52,194
2007	RENT - MACHINE AND OTHER	\$40,674	\$69,594	\$69,444	\$69,444	\$69,444
2009	OTHER OPERATING EXPENSE	\$472,003	\$456,350	\$487,225	\$369,113	\$369,113
5000	CAPITAL EXPENDITURES	\$19,816	\$52,323	\$23,148	\$108,301	\$108,301
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$11,899,634</b>	<b>\$12,004,700</b>	<b>\$12,351,182</b>	<b>\$11,543,610</b>	<b>\$11,543,610</b>

**3.A. STRATEGY REQUEST**

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Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2010  
TIME: 12:54:24PM

Agency code: **454**      Agency name: **Department of Insurance**

GOAL:            2   Promote Financial Strength of Ins. Industry & Reduce Undue Loss Cost  
OBJECTIVE:    1   Regulate Insurance Industry Solvency  
STRATEGY:    1   Analyze the Financial Condition of Insurers and Take Solvency Action

Statewide Goal/Benchmark:    7    1  
Service Categories:  
Service:    17    Income:    A.2    Age:    B.3

CODE	DESCRIPTION	Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
<b>Method of Financing:</b>						
8042	Insurance Maint Tax Fees	\$7,814,825	\$7,670,138	\$7,893,844	\$7,371,590	\$7,371,590
<b>SUBTOTAL, MOF (GENERAL REVENUE FUNDS)</b>		<b>\$7,814,825</b>	<b>\$7,670,138</b>	<b>\$7,893,844</b>	<b>\$7,371,590</b>	<b>\$7,371,590</b>
<b>Method of Financing:</b>						
36	Dept Ins Operating Acct	\$3,959,809	\$4,209,562	\$4,332,338	\$4,047,020	\$4,047,020
<b>SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)</b>		<b>\$3,959,809</b>	<b>\$4,209,562</b>	<b>\$4,332,338</b>	<b>\$4,047,020</b>	<b>\$4,047,020</b>
<b>Method of Financing:</b>						
666	Appropriated Receipts	\$125,000	\$125,000	\$125,000	\$125,000	\$125,000
<b>SUBTOTAL, MOF (OTHER FUNDS)</b>		<b>\$125,000</b>	<b>\$125,000</b>	<b>\$125,000</b>	<b>\$125,000</b>	<b>\$125,000</b>
<b>TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)</b>					<b>\$11,543,610</b>	<b>\$11,543,610</b>
<b>TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)</b>		<b>\$11,899,634</b>	<b>\$12,004,700</b>	<b>\$12,351,182</b>	<b>\$11,543,610</b>	<b>\$11,543,610</b>
<b>FULL TIME EQUIVALENT POSITIONS:</b>		<b>176.4</b>	<b>167.2</b>	<b>197.3</b>	<b>187.8</b>	<b>187.8</b>
<b>STRATEGY DESCRIPTION AND JUSTIFICATION:</b>						

**3.A. STRATEGY REQUEST**

82nd Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2010  
TIME: 12:54:24PM

Agency code: **454**      Agency name: **Department of Insurance**

GOAL:	2	Promote Financial Strength of Ins. Industry & Reduce Undue Loss Cost	Statewide Goal/Benchmark:	7	1
OBJECTIVE:	1	Regulate Insurance Industry Solvency	Service Categories:		
STRATEGY:	1	Analyze the Financial Condition of Insurers and Take Solvency Action	Service:	17	Income: A.2    Age: B.3

CODE	DESCRIPTION	Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
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TDI is directed by statute to monitor the financial stability of insurers by analyzing their financial statement filings (Tex. Ins. Code §§401.051, 401.002, 404.001 and 802.001), performing on-site examinations (Tex. Ins. Code §401.051), reviewing actuarial opinions and performing actuarial analysis (Tex. Ins. Code §§404.001, 425.051 and 802.002) and reviewing holding company transactions (Tex. Ins. Code, Ch. 823) and risk sharing contracts (Tex. Ins. Code §§492.002 and 493.002).

TDI uses various intervention strategies to address insurers with financial problems including holding informal insurer management conferences, requiring insurers to file corrective business plans, placing insurers under administrative oversight, and taking formal administrative action to rehabilitate troubled companies such as issuing orders that place companies in conservation (Tex. Ins. Code §§401.051, 404.001, 443.001 and 441.001). TDI also conducts additional follow-up monitoring of companies released from rehabilitation.

When rehabilitation is not possible, the Commissioner appoints Special Deputy Receivers (SDRs) to liquidate insolvent companies. TDI analyzes the business plans, budgets, and expenses of all SDRs to assure that they appropriately manage the estates (Tex. Ins. Code §443.001). TDI also monitors the guaranty associations to ascertain that claims are paid in a timely manner (Tex. Ins. Code, Ch. 2602, and §§462,001 and 463.001).

This strategy contributes to the statewide goal 07 and benchmark 01 by encouraging the financial health of the industry.

**EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:**

Changes in federal legislation may preempt state regulations and TDI’s ability to regulate certain segments of the insurance industry. Many external factors affect insurers including the general health of the economy, changes in investment yields and the volatility of financial markets, adverse trends in claims due to catastrophic or unexpected losses, and an increasing number of acquisitions, mergers and reorganizations. These factors affect the complexity of TDI’s analysis as well as the amount of time required to perform that analysis. The health of the economy also affects TDI’s ability to carry out this strategy as recruitment/retention of qualified staff replacements can be difficult. Adequate computer resources are critical to the success of this strategy. The automation of data and the development of automated programs, as well as access to the NAIC database, will continue to be important to the financial analysis process.

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Agency code: **454**      Agency name: **Department of Insurance**

GOAL:            2    Promote Financial Strength of Ins. Industry & Reduce Undue Loss Cost      Statewide Goal/Benchmark:    7    1  
 OBJECTIVE:    2    Assure Loss Control Services, Windstorm Inspections & Fraud Referrrals      Service Categories:  
 STRATEGY:    1    Inspect Loss Control Programs and Assure Code and Schedule Compliance      Service:    17    Income:    A.2    Age:    B.3

CODE	DESCRIPTION	Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
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**Output Measures:**

KEY 1	Number of Windstorm Inspections Completed	14,981.00	11,500.00	11,500.00	9,600.00	9,600.00
KEY 2	Number of Inspections of Insurer Loss Control Programs Completed	205.00	200.00	200.00	133.00	133.00
KEY 3	Number of Commercial Property Oversight Inspections Completed	1,199.00	1,160.00	1,160.00	870.00	870.00

**Efficiency Measures:**

KEY 1	Average Cost Per Windstorm Inspection	69.00	50.00	50.00	50.00	50.00
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**Objects of Expense:**

1001	SALARIES AND WAGES	\$2,573,366	\$2,217,517	\$2,228,391	\$2,157,375	\$2,157,375
1002	OTHER PERSONNEL COSTS	\$99,452	\$72,550	\$81,160	\$78,520	\$78,520
2001	PROFESSIONAL FEES AND SERVICES	\$0	\$8,348	\$0	\$0	\$0
2002	FUELS AND LUBRICANTS	\$0	\$0	\$0	\$0	\$0
2003	CONSUMABLE SUPPLIES	\$14,141	\$12,658	\$13,516	\$13,516	\$13,516
2004	UTILITIES	\$45,649	\$46,338	\$43,995	\$43,995	\$43,995
2005	TRAVEL	\$220,515	\$150,598	\$150,596	\$114,596	\$114,596
2006	RENT - BUILDING	\$82,357	\$83,968	\$83,968	\$83,968	\$83,968
2007	RENT - MACHINE AND OTHER	\$17,892	\$17,089	\$17,051	\$17,052	\$17,052
2009	OTHER OPERATING EXPENSE	\$91,621	\$71,274	\$78,741	\$59,236	\$59,236
3001	CLIENT SERVICES	\$0	\$0	\$0	\$0	\$0
4000	GRANTS	\$0	\$0	\$0	\$0	\$0
5000	CAPITAL EXPENDITURES	\$3,167	\$10,268	\$4,543	\$23,568	\$23,568
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$3,148,160</b>	<b>\$2,690,608</b>	<b>\$2,701,961</b>	<b>\$2,591,826</b>	<b>\$2,591,826</b>

**Method of Financing:**

8042	Insurance Maint Tax Fees	\$2,089,434	\$1,737,193	\$1,744,523	\$1,673,415	\$1,673,415
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**3.A. STRATEGY REQUEST**  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2010  
 TIME: 12:54:24PM

Agency code: **454** Agency name: **Department of Insurance**

GOAL: 2 Promote Financial Strength of Ins. Industry & Reduce Undue Loss Cost Statewide Goal/Benchmark: 7 1  
 OBJECTIVE: 2 Assure Loss Control Services, Windstorm Inspections & Fraud Referrals Service Categories:  
 STRATEGY: 1 Inspect Loss Control Programs and Assure Code and Schedule Compliance Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
<b>SUBTOTAL, MOF (GENERAL REVENUE FUNDS)</b>		<b>\$2,089,434</b>	<b>\$1,737,193</b>	<b>\$1,744,523</b>	<b>\$1,673,415</b>	<b>\$1,673,415</b>
<b>Method of Financing:</b>						
36	Dept Ins Operating Acct	\$1,058,726	\$953,415	\$957,438	\$918,411	\$918,411
<b>SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)</b>		<b>\$1,058,726</b>	<b>\$953,415</b>	<b>\$957,438</b>	<b>\$918,411</b>	<b>\$918,411</b>
<b>TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)</b>					<b>\$2,591,826</b>	<b>\$2,591,826</b>
<b>TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)</b>		<b>\$3,148,160</b>	<b>\$2,690,608</b>	<b>\$2,701,961</b>	<b>\$2,591,826</b>	<b>\$2,591,826</b>
<b>FULL TIME EQUIVALENT POSITIONS:</b>		<b>51.0</b>	<b>47.1</b>	<b>51.5</b>	<b>50.2</b>	<b>50.2</b>

**STRATEGY DESCRIPTION AND JUSTIFICATION:**

Statutes direct TDI to provide: windstorm inspection for coastal structures as required for coverage through Windstorm Insurance Association and oversight of non-TDI inspectors who provide inspections, training and education on building code requirements (Tex. Ins. Code, Art. 2210); oversight inspections of loss costs for commercial structures (Tex. Ins. Code, Art. 2001.002); evaluation of loss control programs provided to commercial policyholders (Tex. Ins. Code, Arts. 1903.001; 1903.051; 1952.058); enforce amusement ride inspections (Tex. Occ. Code, §§2151.001 - 2151.153); and certify inspectors for state Voluntary Inspection Program for homeowners needing to provide proof of insurability (Tex. Ins. Code, Art. 2003.101).

The strategy addresses the need to reduce insured losses through safety precautions, resulting cost reductions, property losses, injuries, and loss of life. TDI evaluates insurers' loss control programs for quality/effective services. Coastal construction is inspected to assure compliance with codes and determine eligibility for wind/hail insurance. Commercial oversight inspections ensure correct loss costs.

Strategy contributes to statewide goal 07 and benchmark 01 by reducing costs that may increase rates and financial exposure to general revenue fund. Strategy 2.2.1 supports strategies 1.1.1 Consumer Education and Outreach by educating consumers about loss prevention/safety and 1.3.2 Promote Underserved Coverage by providing recourse for homeowners needing proof of insurability and benefiting businesses in underserved areas.

**EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:**

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Agency code: **454**      Agency name: **Department of Insurance**

GOAL:	2	Promote Financial Strength of Ins. Industry & Reduce Undue Loss Cost	Statewide Goal/Benchmark:	7	1
OBJECTIVE:	2	Assure Loss Control Services, Windstorm Inspections & Fraud Referrals	Service Categories:		
STRATEGY:	1	Inspect Loss Control Programs and Assure Code and Schedule Compliance	Service:	17	Income: A.2    Age: B.3

<b>CODE</b>	<b>DESCRIPTION</b>	<b>Exp 2009</b>	<b>Est 2010</b>	<b>Bud 2011</b>	<b>BL 2012</b>	<b>BL 2013</b>
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Legislation, market conditions, population changes, and weather patterns may impact this strategy. Since the adoption of the International Residential Code and International Building Code as the standard(s) for windstorm certification, TDI has provided training for engineers, builders, architects and homeowners to promote compliance with building code requirements. Except after significant wind events such as Hurricanes Rita and Ike, the market reflects decreasing requests for TDI inspections in favor of inspections by private sector entities. As a result, TDI has increased its emphasis on oversight of non-TDI inspections and expanded training related to building requirements for property owners and building trade professionals. Population growth and coastal development has increased the number of insured residences in windstorm prone areas, and many meteorologists believe increased hurricane activity will continue in the near future.

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Agency code: **454**      Agency name: **Department of Insurance**

GOAL:            2   Promote Financial Strength of Ins. Industry & Reduce Undue Loss Cost      Statewide Goal/Benchmark:    7    1  
OBJECTIVE:    2   Assure Loss Control Services, Windstorm Inspections & Fraud Referrals      Service Categories:  
STRATEGY:    2   Investigate Provider/Consumer Fraud & Refer Violations for Prosecution      Service:   34    Income:   A.2    Age:    B.3

CODE	DESCRIPTION	Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
<b>Output Measures:</b>						
KEY 1	Number of Referrals of Alleged Consumer & Provider Fraud	107.00	110.00	110.00	100.00	100.00
KEY 2	Dollar Amt of Restitution for Consumer/Provider Fraud Cases Referred	83.68	0.39	1.00	1.00	1.00
<b>Efficiency Measures:</b>						
1	Avg Number of Days Per Consumer or Provider Fraud Case Referred	250.00	265.00	265.00	300.00	300.00
<b>Explanatory/Input Measures:</b>						
1	Number of Reports of Consumer and Provider Fraud Received	7,863.00	7,803.00	7,959.00	7,959.00	7,959.00
2	Estimated \$ Amount (in Millions) of Consumer & Provider Fraud Referred	8.56	1.75	1.75	1.59	1.59
<b>Objects of Expense:</b>						
1001	SALARIES AND WAGES	\$1,116,841	\$1,099,807	\$1,111,079	\$1,047,292	\$1,047,292
1002	OTHER PERSONNEL COSTS	\$43,994	\$30,591	\$34,231	\$34,240	\$34,240
2001	PROFESSIONAL FEES AND SERVICES	\$15,549	\$19,672	\$18,019	\$15,858	\$15,858
2003	CONSUMABLE SUPPLIES	\$7,316	\$5,358	\$5,355	\$5,355	\$5,355
2004	UTILITIES	\$10,117	\$6,715	\$5,413	\$5,594	\$5,594
2005	TRAVEL	\$48,596	\$50,242	\$50,280	\$48,384	\$48,384
2006	RENT - BUILDING	\$4,408	\$6,243	\$579	\$579	\$579
2007	RENT - MACHINE AND OTHER	\$4,813	\$9,005	\$7,231	\$7,230	\$7,230
2009	OTHER OPERATING EXPENSE	\$66,183	\$118,604	\$105,372	\$86,839	\$86,839
5000	CAPITAL EXPENDITURES	\$7,596	\$5,091	\$2,252	\$11,441	\$11,441
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$1,325,413</b>	<b>\$1,351,328</b>	<b>\$1,339,811</b>	<b>\$1,262,812</b>	<b>\$1,262,812</b>

**Method of Financing:**

**3.A. STRATEGY REQUEST**

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Agency code: **454**      Agency name: **Department of Insurance**

GOAL:	2	Promote Financial Strength of Ins. Industry & Reduce Undue Loss Cost	Statewide Goal/Benchmark:	7	1
OBJECTIVE:	2	Assure Loss Control Services, Windstorm Inspections & Fraud Referrals	Service Categories:		
STRATEGY:	2	Investigate Provider/Consumer Fraud & Refer Violations for Prosecution	Service:	34	Income: A.2    Age: B.3

<b>CODE</b>	<b>DESCRIPTION</b>	<b>Exp 2009</b>	<b>Est 2010</b>	<b>Bud 2011</b>	<b>BL 2012</b>	<b>BL 2013</b>
8042	Insurance Maint Tax Fees	\$856,790	\$843,434	\$855,414	\$808,122	\$808,122
<b>SUBTOTAL, MOF (GENERAL REVENUE FUNDS)</b>		<b>\$856,790</b>	<b>\$843,434</b>	<b>\$855,414</b>	<b>\$808,122</b>	<b>\$808,122</b>
<b>Method of Financing:</b>						
36	Dept Ins Operating Acct	\$434,140	\$462,897	\$469,473	\$443,518	\$443,518
<b>SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)</b>		<b>\$434,140</b>	<b>\$462,897</b>	<b>\$469,473</b>	<b>\$443,518</b>	<b>\$443,518</b>
<b>Method of Financing:</b>						
666	Appropriated Receipts	\$29,483	\$39,478	\$8,424	\$4,672	\$4,672
777	Interagency Contracts	\$5,000	\$5,519	\$6,500	\$6,500	\$6,500
<b>SUBTOTAL, MOF (OTHER FUNDS)</b>		<b>\$34,483</b>	<b>\$44,997</b>	<b>\$14,924</b>	<b>\$11,172</b>	<b>\$11,172</b>
<b>TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)</b>					<b>\$1,262,812</b>	<b>\$1,262,812</b>
<b>TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)</b>		<b>\$1,325,413</b>	<b>\$1,351,328</b>	<b>\$1,339,811</b>	<b>\$1,262,812</b>	<b>\$1,262,812</b>
<b>FULL TIME EQUIVALENT POSITIONS:</b>		<b>21.0</b>	<b>20.7</b>	<b>22.7</b>	<b>21.6</b>	<b>21.6</b>
<b>STRATEGY DESCRIPTION AND JUSTIFICATION:</b>						

**3.A. STRATEGY REQUEST**

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GOAL:	2	Promote Financial Strength of Ins. Industry & Reduce Undue Loss Cost	Statewide Goal/Benchmark:	7	1
OBJECTIVE:	2	Assure Loss Control Services, Windstorm Inspections & Fraud Referrals	Service Categories:		
STRATEGY:	2	Investigate Provider/Consumer Fraud & Refer Violations for Prosecution	Service:	34	Income: A.2    Age: B.3

CODE	DESCRIPTION	Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
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Statutes (Tex. Ins. Code, §701, Subchapter C) direct TDI to investigate possible provider and consumer fraud and refer violations for prosecution as appropriate. TDI's Fraud Unit receives, evaluates, and investigates reports of fraud from the industry, general public and regulatory and law enforcement agencies. TDI's Fraud Unit is a law enforcement agency (Tex. Crim. Proc. Code, Art. 2.12(28)) and has access to national and regional crime databases. The program may make arrests, execute search warrants and subpoenas, refer cases to district attorneys, and participate in joint state and federal criminal investigation task forces. TDI provides technical assistance to the industry and prosecutors of fraud cases. TDI provides speakers for insurance industry groups (particularly companies' special investigations units) and advises industry officials regarding relevant statutes and fraud prevention procedures.

Insurance fraud is an offense that proves costly to insurance companies and consumers alike. This strategy works to ensure that the insurance industry maintains effective anti-fraud business practices. In addition, the program works with strategy 1.1.1 Consumer Education and Outreach to educate the public about fraudulent activities, reduce the number of fraud cases committed, and increase detection. This strategy contributes to the statewide goal 07 and benchmark 01. Eliminating or deterring fraud reduces unfair and illegal practices, which encourages competition in the industry and reduces insurance costs related to fraudulent claims.

**EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:**

State and federal legislation affects this strategy. Anti-fraud efforts are addressed at the national level. Claimant insurance fraud is addressed by the Coalition Against Insurance Fraud and the National Insurance Crime Bureau (NICB), and provider fraud is addressed by the National Health Care Anti-fraud Association. As fraud reduction efforts increase, all insurance consumers and taxpayers will benefit. On a statewide level, TDI continues to support the Governor's Executive Order, RP36, relating to preventing and eliminating fraud, waste and abuse. Changes in the economy have an effect on the volume of fraudulent activities since a downturn in the economy and a tight market creates an optimal climate for fraudulent operators. An increase in fraudulent activities usually causes an increase in fraud reports to TDI. Additionally, the Fraud Unit's liaison initiative with insurance industry officials and statutory requirements increase the number of claimant fraud cases reported. TDI participated in the "Texas Committee on Insurance Fraud" to enhance fraud awareness. Through a memorandum of understanding with the Dallas County District Attorney's Office, TDI also continues to support a special prosecutor to assist in investigations and prosecution of insurance fraud. Continued funding for and access to national and statewide databases is essential to this strategy. The maintenance, enhancement and expanded use of existing TDI databases and case management systems are also essential to the success of this strategy.

**3.A. STRATEGY REQUEST**

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Agency code: **454**      Agency name: **Department of Insurance**

GOAL:            2   Promote Financial Strength of Ins. Industry & Reduce Undue Loss Cost      Statewide Goal/Benchmark:    7    1  
OBJECTIVE:    2   Assure Loss Control Services, Windstorm Inspections & Fraud Referrals      Service Categories:  
STRATEGY:    3   Investigate Workers' Comp Fraud & Refer Violations for Prosecution      Service:   34    Income: A.2    Age:    B.3

CODE	DESCRIPTION	Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
<b>Output Measures:</b>						
1	Number of WC Insurance Fraud Referrals to State or Federal Prosecutors	28.00	40.00	40.00	37.00	37.00
KEY 2	Dollar Amount of Restitution for WC Fraud Cases Referred	4.23	0.05	0.20	0.20	0.20
<b>Efficiency Measures:</b>						
1	Average Number of Days Per WC Insurance Fraud Case Referred	241.00	200.00	200.00	200.00	200.00
<b>Explanatory/Input Measures:</b>						
1	Number of Reports of WC Insurance Fraud Received	1,880.00	1,561.00	1,592.00	1,592.00	1,592.00
2	Dollar Amount (in Millions) of WC Insurance Fraud Referred	0.19	0.20	0.20	0.19	0.19
<b>Objects of Expense:</b>						
1001	SALARIES AND WAGES	\$208,924	\$230,843	\$232,476	\$218,131	\$218,131
1002	OTHER PERSONNEL COSTS	\$1,860	\$2,280	\$4,920	\$4,920	\$4,920
2001	PROFESSIONAL FEES AND SERVICES	\$1,878	\$569	\$452	\$0	\$0
2002	FUELS AND LUBRICANTS	\$0	\$0	\$0	\$0	\$0
2003	CONSUMABLE SUPPLIES	\$1,714	\$1,168	\$1,168	\$1,168	\$1,168
2004	UTILITIES	\$2,229	\$2,339	\$2,282	\$2,282	\$2,282
2005	TRAVEL	\$8,450	\$10,000	\$10,000	\$9,250	\$9,250
2006	RENT - BUILDING	\$17,299	\$15,868	\$15,868	\$15,868	\$15,868
2007	RENT - MACHINE AND OTHER	\$0	\$4,489	\$4,220	\$4,221	\$4,221
2009	OTHER OPERATING EXPENSE	\$3,434	\$5,057	\$5,277	\$2,927	\$2,927
3001	CLIENT SERVICES	\$0	\$0	\$0	\$0	\$0
4000	GRANTS	\$0	\$0	\$0	\$0	\$0
5000	CAPITAL EXPENDITURES	\$356	\$1,222	\$541	\$5,116	\$5,116

**3.A. STRATEGY REQUEST**

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Agency code: **454**      Agency name: **Department of Insurance**

GOAL:	2	Promote Financial Strength of Ins. Industry & Reduce Undue Loss Cost	Statewide Goal/Benchmark:	7	1
OBJECTIVE:	2	Assure Loss Control Services, Windstorm Inspections & Fraud Referrals	Service Categories:		
STRATEGY:	3	Investigate Workers' Comp Fraud & Refer Violations for Prosecution	Service:	34	Income: A.2    Age: B.3

<b>CODE</b>	<b>DESCRIPTION</b>	<b>Exp 2009</b>	<b>Est 2010</b>	<b>Bud 2011</b>	<b>BL 2012</b>	<b>BL 2013</b>
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$246,144</b>	<b>\$273,835</b>	<b>\$277,204</b>	<b>\$263,883</b>	<b>\$263,883</b>
<b>Method of Financing:</b>						
36	Dept Ins Operating Acct	\$246,144	\$273,835	\$277,204	\$263,883	\$263,883
<b>SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)</b>		<b>\$246,144</b>	<b>\$273,835</b>	<b>\$277,204</b>	<b>\$263,883</b>	<b>\$263,883</b>
<b>TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)</b>					<b>\$263,883</b>	<b>\$263,883</b>
<b>TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)</b>		<b>\$246,144</b>	<b>\$273,835</b>	<b>\$277,204</b>	<b>\$263,883</b>	<b>\$263,883</b>
<b>FULL TIME EQUIVALENT POSITIONS:</b>		<b>4.6</b>	<b>5.0</b>	<b>5.0</b>	<b>4.5</b>	<b>4.5</b>

**STRATEGY DESCRIPTION AND JUSTIFICATION:**

Statutes (Tex. Ins. Code, §701, Subchapter C) direct TDI to investigate possible workers' compensation claimant, provider and premium insurance fraud and refer violations for prosecution as appropriate. TDI's Fraud Unit receives, evaluates, and investigates reports of fraud from the industry, general public and regulatory/law enforcement agencies. TDI's Fraud Unit is a law enforcement agency (Tex. Crim. Proc. Code, Art. 2.12(28)) and has access to national/regional crime databases. The Fraud Unit may make arrests, execute search warrants and subpoenas, refer cases to district attorneys, and participate in joint state and federal criminal investigation task forces. TDI provides technical assistance to the industry and prosecutors on fraud cases. TDI provides speakers for insurance industry groups (particularly companies' special investigations units) and advises industry officials regarding relevant statutes/fraud prevention procedures. Insurance fraud is an offense that proves costly to insurance companies and consumers alike. This strategy works to ensure that the insurance industry maintains effective anti-fraud business practices. In addition, the program works with strategy 1.1.1 Consumer Education and Outreach to educate the public about fraudulent activities, reduce the number of fraud cases committed, and increase detection. This strategy contributes to the statewide goal 07 and benchmark 01. Eliminating/detering fraud reduces unfair and illegal practices, which encourages competition in the industry and reduces insurance costs related to fraudulent claims.

**EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:**

**3.A. STRATEGY REQUEST**

82nd Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2010  
TIME: 12:54:24PM

Agency code: **454**      Agency name: **Department of Insurance**

GOAL:	2	Promote Financial Strength of Ins. Industry & Reduce Undue Loss Cost	Statewide Goal/Benchmark:	7	1
OBJECTIVE:	2	Assure Loss Control Services, Windstorm Inspections & Fraud Referrals	Service Categories:		
STRATEGY:	3	Investigate Workers' Comp Fraud & Refer Violations for Prosecution	Service:	34	Income: A.2    Age: B.3

<b>CODE</b>	<b>DESCRIPTION</b>	<b>Exp 2009</b>	<b>Est 2010</b>	<b>Bud 2011</b>	<b>BL 2012</b>	<b>BL 2013</b>
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State and federal legislation affects this strategy. Anti-fraud efforts are addressed at the national level. Claimant insurance fraud is addressed by the Coalition against Insurance Fraud and the National Insurance Crime Bureau (NICB), and provider fraud is addressed by the National Health Care Anti-fraud Association. As fraud reduction efforts increase, all insurance consumers and taxpayers will benefit. On a statewide level, TDI continues to support a Governor's Executive Order relating to preventing and eliminating fraud, waste and abuse. Changes in the economy have an effect on the volume of fraudulent activities since a downturn in the economy and a tight market creates an optimal climate for fraudulent operators. An increase in fraudulent activities usually causes an increase in fraud reports to TDI. Additionally, the Fraud Unit's liaison initiative with insurance industry officials and statutory requirements increase the number of claimant fraud cases reported. TDI participated in the Texas Committee on Insurance Fraud to enhance fraud awareness. Through a memorandum of understanding with the Dallas County District Attorney's Office, TDI also continues to support a special prosecutor to assist in investigations and prosecution of insurance fraud. Continued funding for and access to national and statewide databases is essential to this strategy. The maintenance, enhancement and expanded use of existing TDI databases and case management systems are also essential to the success of this strategy.



**3.A. STRATEGY REQUEST**  
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Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2010  
TIME: 12:54:24PM

Agency code: **454** Agency name: **Department of Insurance**

GOAL: 3 Reduce Loss of Life & Property Due to Fire Statewide Goal/Benchmark: 7 1  
OBJECTIVE: 1 Protect the Public from Loss of Life and Property due to fire Service Categories:  
STRATEGY: 1 Provide Fire Protection through Education, Enforcement and Engineering Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
2009	OTHER OPERATING EXPENSE	\$200,615	\$782,623	\$257,139	\$214,103	\$214,103
5000	CAPITAL EXPENDITURES	\$191,053	\$219,915	\$204,879	\$118,424	\$118,424
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$4,041,170</b>	<b>\$4,762,047</b>	<b>\$4,329,637</b>	<b>\$4,051,246</b>	<b>\$4,051,246</b>

**Method of Financing:**

1	General Revenue Fund	\$0	\$6,366	\$0	\$0	\$0
8042	Insurance Maint Tax Fees	\$2,652,247	\$2,651,632	\$2,742,721	\$2,580,166	\$2,580,166
<b>SUBTOTAL, MOF (GENERAL REVENUE FUNDS)</b>		<b>\$2,652,247</b>	<b>\$2,657,998</b>	<b>\$2,742,721</b>	<b>\$2,580,166</b>	<b>\$2,580,166</b>

**Method of Financing:**

36	Dept Ins Operating Acct	\$1,388,251	\$1,537,549	\$1,586,916	\$1,471,080	\$1,471,080
<b>SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)</b>		<b>\$1,388,251</b>	<b>\$1,537,549</b>	<b>\$1,586,916</b>	<b>\$1,471,080</b>	<b>\$1,471,080</b>

**Method of Financing:**

555	Federal Funds					
	97.044.000 Assistance to Firefighters Grant	\$0	\$566,500	\$0	\$0	\$0
CFDA Subtotal, Fund	555	\$0	\$566,500	\$0	\$0	\$0
<b>SUBTOTAL, MOF (FEDERAL FUNDS)</b>		<b>\$0</b>	<b>\$566,500</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Method of Financing:**

666	Appropriated Receipts	\$672	\$0	\$0	\$0	\$0
<b>SUBTOTAL, MOF (OTHER FUNDS)</b>		<b>\$672</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>



**3.A. STRATEGY REQUEST**  
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 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2010  
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Agency code: **454**      Agency name: **Department of Insurance**

GOAL:            4    Effectively Regulate the Texas Workers' Compensation System      Statewide Goal/Benchmark:    7    5  
 OBJECTIVE:    1    Ensure Appropriate Delivery of Workers' Compensation Benefits      Service Categories:  
 STRATEGY:    1    Oversee Activities of System Participants and Take Enforcement Action      Service:    17    Income:    A.2    Age:    B.3

CODE	DESCRIPTION	Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
<b>Output Measures:</b>						
	1 # of Workers' Compensation Enforcement Cases Concluded with Action	0.00	438.00	276.00	276.00	276.00
	2 \$ of Penalties Assessed for Violations for WC Statues and Rules	1,047,150.00	637,500.00	750,000.00	750,000.00	750,000.00
	3 \$ Returned to WC System Participants through Complaint Resolution	1,046,512.00	1,100,000.00	1,100,000.00	1,100,000.00	1,100,000.00
KEY 4	Number of Quality of Care Reviews Completed	111.00	82.00	82.00	97.00	97.00
KEY 5	# of Complaints Closed Involving WC System Participants	3,595.00	2,756.00	2,756.00	6,640.00	6,640.00
	6 Number of Performance Reviews Completed	77.00	72.00	72.00	68.00	68.00
<b>Efficiency Measures:</b>						
KEY 1	AVG # Days Per Q of C Reviews of Provider Carriers/URAS/IROS Completed	121.00	180.00	180.00	189.00	189.00
KEY 2	AVG # of Days to Close a Complaint Involving WC System	130.00	120.00	120.00	132.00	132.00
	3 Average Number of Days to Complete a Performance Review	122.00	180.00	180.00	180.00	180.00
<b>Objects of Expense:</b>						
1001	SALARIES AND WAGES	\$3,540,424	\$3,487,307	\$4,596,728	\$3,997,038	\$3,997,038
1002	OTHER PERSONNEL COSTS	\$185,165	\$180,703	\$108,960	\$108,960	\$108,960
2001	PROFESSIONAL FEES AND SERVICES	\$364,710	\$538,030	\$539,185	\$127,500	\$127,500
2003	CONSUMABLE SUPPLIES	\$10,446	\$33,470	\$33,470	\$31,975	\$31,975
2004	UTILITIES	\$18,886	\$20,214	\$17,839	\$17,839	\$17,839
2005	TRAVEL	\$39,054	\$59,726	\$52,641	\$52,641	\$52,641
2006	RENT - BUILDING	\$288,487	\$280,431	\$279,132	\$279,132	\$279,132
2007	RENT - MACHINE AND OTHER	\$0	\$79,090	\$74,372	\$74,372	\$74,372
2009	OTHER OPERATING EXPENSE	\$131,283	\$211,819	\$120,598	\$79,598	\$79,598

**3.A. STRATEGY REQUEST**

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DATE: 8/27/2010  
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Agency code: **454**      Agency name: **Department of Insurance**

GOAL:	4	Effectively Regulate the Texas Workers' Compensation System	Statewide Goal/Benchmark:	7	5
OBJECTIVE:	1	Ensure Appropriate Delivery of Workers' Compensation Benefits	Service Categories:		
STRATEGY:	1	Oversee Activities of System Participants and Take Enforcement Action	Service:	17	Income: A.2    Age: B.3

<b>CODE</b>	<b>DESCRIPTION</b>	<b>Exp 2009</b>	<b>Est 2010</b>	<b>Bud 2011</b>	<b>BL 2012</b>	<b>BL 2013</b>
5000	CAPITAL EXPENDITURES	\$6,551	\$21,952	\$9,711	\$93,743	\$93,743
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$4,585,006</b>	<b>\$4,912,742</b>	<b>\$5,832,636</b>	<b>\$4,862,798</b>	<b>\$4,862,798</b>
<b>Method of Financing:</b>						
36	Dept Ins Operating Acct	\$4,209,849	\$4,342,843	\$5,316,951	\$4,758,798	\$4,758,798
<b>SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)</b>		<b>\$4,209,849</b>	<b>\$4,342,843</b>	<b>\$5,316,951</b>	<b>\$4,758,798</b>	<b>\$4,758,798</b>
<b>Method of Financing:</b>						
666	Appropriated Receipts	\$375,157	\$569,899	\$515,685	\$104,000	\$104,000
<b>SUBTOTAL, MOF (OTHER FUNDS)</b>		<b>\$375,157</b>	<b>\$569,899</b>	<b>\$515,685</b>	<b>\$104,000</b>	<b>\$104,000</b>
<b>TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)</b>					<b>\$4,862,798</b>	<b>\$4,862,798</b>
<b>TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)</b>		<b>\$4,585,006</b>	<b>\$4,912,742</b>	<b>\$5,832,636</b>	<b>\$4,862,798</b>	<b>\$4,862,798</b>
<b>FULL TIME EQUIVALENT POSITIONS:</b>		<b>70.0</b>	<b>69.3</b>	<b>86.4</b>	<b>79.8</b>	<b>79.8</b>

**STRATEGY DESCRIPTION AND JUSTIFICATION:**

**3.A. STRATEGY REQUEST**

82nd Regular Session, Agency Submission, Version 1  
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Agency code: **454**      Agency name: **Department of Insurance**

GOAL:	4	Effectively Regulate the Texas Workers' Compensation System	Statewide Goal/Benchmark:	7	5
OBJECTIVE:	1	Ensure Appropriate Delivery of Workers' Compensation Benefits	Service Categories:		
STRATEGY:	1	Oversee Activities of System Participants and Take Enforcement Action	Service:	17	Income: A.2    Age: B.3

CODE	DESCRIPTION	Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
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Texas Department of Insurance Division of Workers' Compensation (DWC) regulates delivery of quality medical care, monitors and ensures compliance with Texas Workers' Compensation Act (Tex. Labor Code, Ch. 412-15). Delivery of quality medical care is mandated through policies relating to payment of medical services/delivery of medical benefits to ensure timely and appropriate care and reimbursement. DWC performs quality reviews of health care providers, insurance carriers, peer review/designated doctors, and independent review organizations. DWC processes/approves applications of treating doctors who qualify to determine maximum medical improvement/impairment rating, establishes/maintains Designated Doctor List, and provides educational outreach to participants.

DWC uses data to conduct performance reviews/investigations, identify outreach, and place insurance carriers/health care providers into performance tiers. DWC resolves complaints, reports complaint data, and refers matters for investigation and enforcement action. DWC investigates allegations of noncompliance, makes referrals to authorities, initiates administrative actions, and assesses penalties/sanctions.

Strategy coordinates with agency strategies 1.2.1 Resolve Complaints, 1.3.1 Process Rates, Forms and Licenses, 1.3.4 Certify Self-Insurance, 4.1.2 Dispute Resolution, 4.2.1 Health and Safety Services, and 4.2.2 Customer Service and Records Administration. Strategy 4.1.1 contributes to statewide goal 07 and benchmark 05 by establishing medical rules and policies that ensure timely access to quality care.

**EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:**

The implementation of networks and adoption of treatment guidelines and planning are expected to simplify the handling of workers' compensation claims. These changes require extensive training for internal and external system participants. Litigation related to quality reviews and to fee/treatment guidelines rules could affect the activities performed in this strategy. Medical quality reviews which are primarily funded by a one-time grant may require additional funding in the future. Increased use of technology for data collection and analysis continue to be important to the medical quality review process. The availability of useful data and changes in legislation may affect the DWC's monitoring activities. The performance based oversight model may change the nature of enforcement functions performed by the agency. Internal factors impacting this strategy include the use of automation to collect, analyze, and disseminate performance information and to conduct investigations.

**3.A. STRATEGY REQUEST**  
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DATE: 8/27/2010  
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Agency code: **454** Agency name: **Department of Insurance**

GOAL: 4 Effectively Regulate the Texas Workers' Compensation System Statewide Goal/Benchmark: 7 5  
 OBJECTIVE: 1 Ensure Appropriate Delivery of Workers' Compensation Benefits Service Categories:  
 STRATEGY: 2 Resolve Indemnity, Medical Fee and Medical Necessity Disputes Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
<b>Output Measures:</b>						
KEY 1	Number of Benefit Review Conferences Held	10,887.00	9,600.00	9,250.00	8,929.00	8,929.00
KEY 2	Number of Contested Case Hearings Held	4,909.00	4,520.00	4,300.00	4,196.00	4,196.00
KEY 3	Number of Appellate Decisions Issued	1,987.00	2,021.00	2,150.00	2,300.00	2,300.00
<b>Efficiency Measures:</b>						
KEY 1	Average Number of Days to Resolve a Medical Fee Dispute	381.00	300.00	90.00	300.00	300.00
	2 Avg # of Days to Resolve Indemnity Disputes Via Resolution Proceedings	112.00	115.00	112.00	85.00	85.00
<b>Explanatory/Input Measures:</b>						
1	Number of Initial Benefit Review Conferences Set	12,904.00	11,276.00	10,900.00	10,532.00	10,532.00
2	Number of Medical Fee Disputes Received	12,272.00	5,800.00	5,800.00	5,800.00	5,800.00
<b>Objects of Expense:</b>						
1001	SALARIES AND WAGES	\$11,614,847	\$11,416,495	\$12,336,475	\$11,313,204	\$11,313,204
1002	OTHER PERSONNEL COSTS	\$593,245	\$401,881	\$409,880	\$409,880	\$409,880
2001	PROFESSIONAL FEES AND SERVICES	\$175,987	\$200,242	\$100,000	\$100,000	\$100,000
2003	CONSUMABLE SUPPLIES	\$136,988	\$107,083	\$101,036	\$90,054	\$90,054
2004	UTILITIES	\$90,801	\$71,114	\$66,240	\$66,240	\$66,240
2005	TRAVEL	\$251,886	\$253,388	\$240,895	\$240,895	\$240,895
2006	RENT - BUILDING	\$1,080,353	\$1,051,313	\$1,051,313	\$1,051,313	\$1,051,313
2007	RENT - MACHINE AND OTHER	\$24,451	\$64,050	\$61,942	\$61,942	\$61,942
2009	OTHER OPERATING EXPENSE	\$474,526	\$457,505	\$487,093	\$362,854	\$362,854
5000	CAPITAL EXPENDITURES	\$21,626	\$69,174	\$30,603	\$265,327	\$265,327
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$14,464,710</b>	<b>\$14,092,245</b>	<b>\$14,885,477</b>	<b>\$13,961,709</b>	<b>\$13,961,709</b>

**Method of Financing:**

**3.A. STRATEGY REQUEST**

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Agency code: **454**      Agency name: **Department of Insurance**

GOAL:	4	Effectively Regulate the Texas Workers' Compensation System	Statewide Goal/Benchmark:	7	5
OBJECTIVE:	1	Ensure Appropriate Delivery of Workers' Compensation Benefits	Service Categories:		
STRATEGY:	2	Resolve Indemnity, Medical Fee and Medical Necessity Disputes	Service:	17	Income: A.2    Age: B.3

<b>CODE</b>	<b>DESCRIPTION</b>	<b>Exp 2009</b>	<b>Est 2010</b>	<b>Bud 2011</b>	<b>BL 2012</b>	<b>BL 2013</b>
36	Dept Ins Operating Acct	\$14,385,010	\$14,010,407	\$14,813,477	\$13,889,709	\$13,889,709
<b>SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)</b>		<b>\$14,385,010</b>	<b>\$14,010,407</b>	<b>\$14,813,477</b>	<b>\$13,889,709</b>	<b>\$13,889,709</b>
<b>Method of Financing:</b>						
666	Appropriated Receipts	\$79,700	\$81,838	\$72,000	\$72,000	\$72,000
<b>SUBTOTAL, MOF (OTHER FUNDS)</b>		<b>\$79,700</b>	<b>\$81,838</b>	<b>\$72,000</b>	<b>\$72,000</b>	<b>\$72,000</b>
<b>TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)</b>					<b>\$13,961,709</b>	<b>\$13,961,709</b>
<b>TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)</b>		<b>\$14,464,710</b>	<b>\$14,092,245</b>	<b>\$14,885,477</b>	<b>\$13,961,709</b>	<b>\$13,961,709</b>
<b>FULL TIME EQUIVALENT POSITIONS:</b>		<b>277.9</b>	<b>268.4</b>	<b>303.3</b>	<b>286.3</b>	<b>286.3</b>

**STRATEGY DESCRIPTION AND JUSTIFICATION:**

The Texas Department of Insurance Division of Workers' Compensation (DWC) attempts to resolve disputes at the lowest level (Tex. Labor Code Ch. 402). DWC provides medical fee dispute resolution services to health care providers, insurance carriers, injured employees, and sub-claimants who are in dispute over reimbursement for compensable/medically necessary non-network medical treatment already provided (Tex. Labor Code Ch. 413, Subchapter C). DWC provides dispute resolution processes to resolve indemnity disputes and appeals of certain medical necessity and fee disputes. Indemnity dispute resolution resolves 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, contested case hearings, and appeals panel reviews (Tex. Labor Code, Ch.410). Disputes that occurred prior to 1/1/1991, DWC holds pre-hearing conferences, issues award recommendations, and approves Compromise Settlement Agreements for benefits of injured workers [V.T.C.S., Arts. 8306, 8307, 8309; SB1 (1989 Act) Art. 17, §17.18].

Strategy 4.1.2 coordinates with strategies 1.2.1 Resolve Complaints and 4.1.1 Oversight and Enforcement to ensure that workers' compensation medical necessity disputes are properly assigned to an independent review organization. Strategy 4.1.2 contributes to the statewide goal 07 and benchmark 05 by resolving disputes effectively and efficiently.

**EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:**

The volume of TDI's dispute resolution services depends on the number of claims filed by injured workers. The continued implementation of legislative changes (HB 7, 79th Tex. Leg., 2005) regarding workers' compensation networks, and medical fee and treatment guidelines may affect the volume and complexity of disputes. Changes in agency rules and statutory changes as well as issues that are in litigation may affect the processing of medical and indemnity disputes and require training for agency staff.

**3.A. STRATEGY REQUEST**  
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Agency code: **454**      Agency name: **Department of Insurance**

GOAL:            4    Effectively Regulate the Texas Workers' Compensation System      Statewide Goal/Benchmark:    7    5  
 OBJECTIVE:    1    Ensure Appropriate Delivery of Workers' Compensation Benefits      Service Categories:  
 STRATEGY:    3    Administer Subsequent Injury Fund      Service:    17    Income:    A.2    Age:    B.3

CODE	DESCRIPTION	Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
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**Output Measures:**

KEY 1	# of Injured Workers Receiving Lifetime Income Benefits through SIF	37.00	39.00	41.00	42.00	43.00
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**Efficiency Measures:**

1	Avg Days from Receipt of SIF Request for Reimbursement to Payment	82.00	62.00	62.00	62.00	62.00
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**Objects of Expense:**

1001	SALARIES AND WAGES	\$64,425	\$52,665	\$52,855	\$46,284	\$46,284
1002	OTHER PERSONNEL COSTS	\$2,350	\$1,200	\$1,200	\$1,200	\$1,200
2001	PROFESSIONAL FEES AND SERVICES	\$866	\$17,500	\$17,500	\$17,500	\$17,500
2003	CONSUMABLE SUPPLIES	\$308	\$562	\$562	\$562	\$562
2004	UTILITIES	\$343	\$411	\$345	\$345	\$345
2005	TRAVEL	\$131	\$510	\$510	\$510	\$510
2006	RENT - BUILDING	\$5,649	\$6,023	\$6,040	\$6,040	\$6,040
2007	RENT - MACHINE AND OTHER	\$0	\$1,816	\$1,709	\$1,709	\$1,709
2009	OTHER OPERATING EXPENSE	\$3,564,687	\$4,424,005	\$4,422,317	\$4,421,693	\$4,421,693
5000	CAPITAL EXPENDITURES	\$110	\$349	\$154	\$1,086	\$1,086
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$3,638,869</b>	<b>\$4,505,041</b>	<b>\$4,503,192</b>	<b>\$4,496,929</b>	<b>\$4,496,929</b>

**Method of Financing:**

36	Dept Ins Operating Acct	\$76,270	\$84,901	\$83,052	\$76,789	\$76,789
5101	Subsequent Injury Fund	\$3,562,599	\$4,420,140	\$4,420,140	\$4,420,140	\$4,420,140
<b>SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)</b>		<b>\$3,638,869</b>	<b>\$4,505,041</b>	<b>\$4,503,192</b>	<b>\$4,496,929</b>	<b>\$4,496,929</b>

**3.A. STRATEGY REQUEST**

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DATE: 8/27/2010  
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Agency code: **454**      Agency name: **Department of Insurance**

GOAL:	4	Effectively Regulate the Texas Workers' Compensation System	Statewide Goal/Benchmark:	7	5
OBJECTIVE:	1	Ensure Appropriate Delivery of Workers' Compensation Benefits	Service Categories:		
STRATEGY:	3	Administer Subsequent Injury Fund	Service:	17	Income: A.2    Age: B.3

CODE	DESCRIPTION	Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
<b>TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)</b>					<b>\$4,496,929</b>	<b>\$4,496,929</b>
<b>TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)</b>		<b>\$3,638,869</b>	<b>\$4,505,041</b>	<b>\$4,503,192</b>	<b>\$4,496,929</b>	<b>\$4,496,929</b>
<b>FULL TIME EQUIVALENT POSITIONS:</b>		<b>1.6</b>	<b>1.3</b>	<b>1.3</b>	<b>1.3</b>	<b>1.3</b>

**STRATEGY DESCRIPTION AND JUSTIFICATION:**

Tex. Labor Code §403.006 requires the Texas Department of Insurance Division of Workers' Compensation (DWC) to maintain the Subsequent Injury Fund (SIF), a general revenue dedicated account. SIF is liable for the timely payment of authorized lifetime income benefits to eligible injured employees who meet the statutory criteria due to a second work-related injury (Tex. Labor Code, §408.162). SIF is also liable for reimbursement of eligible insurance carrier overpayments made pursuant to a DWC interlocutory order or decision that is later reversed or modified, and for the reimbursement of eligible insurance carrier multiple employment claims (Tex. Labor Code, §§410.209, 413.055) and certain pharmaceutical claims (Tex. Labor Code, §413.0141). SIF staff monitor proper financial administration of the payment of lifetime income benefits in coordination with TDI accounting staff. Insurance carrier requests for reimbursements to the SIF are reviewed, processed and paid on a quarterly basis.

This strategy coordinates with agency strategy 4.1.2 Dispute Resolution to ensure payments from the SIF are based on final adjudication of any questions about lifetime income benefit eligibility and other disputed issues. Strategy 4.1.3 contributes to statewide goal 07 and benchmark 05 by ensuring eligible injured employees receive lifetime income benefits in accordance with the Texas Labor Code and by effectively distributing reimbursements to eligible insurance carriers for overpayment of benefits.

**EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:**

The amount of SIF payments is dependent on the number of claims and disputes filed by injured employees and insurance carriers and the number of insurance carrier requests for reimbursement. The financial condition of the SIF may be impacted by changes in statute and/or rules regarding the types of payments that may be made from the SIF.



**3.A. STRATEGY REQUEST**  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2010  
 TIME: 12:54:24PM

Agency code: **454** Agency name: **Department of Insurance**

GOAL: 4 Effectively Regulate the Texas Workers' Compensation System Statewide Goal/Benchmark: 7 5  
 OBJECTIVE: 2 Ensure Workers' Comp System Participants are Educated and Informed Service Categories:  
 STRATEGY: 1 Provide Educational Services/WPS Consultations to System Participants Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$3,636,692</b>	<b>\$4,284,388</b>	<b>\$4,240,222</b>	<b>\$4,072,039</b>	<b>\$4,072,039</b>
<b>Method of Financing:</b>						
1	General Revenue Fund	\$158,761	\$0	\$0	\$0	\$0
<b>SUBTOTAL, MOF (GENERAL REVENUE FUNDS)</b>		<b>\$158,761</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Method of Financing:</b>						
36	Dept Ins Operating Acct	\$1,388,722	\$1,721,603	\$1,887,816	\$1,719,633	\$1,719,633
<b>SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)</b>		<b>\$1,388,722</b>	<b>\$1,721,603</b>	<b>\$1,887,816</b>	<b>\$1,719,633</b>	<b>\$1,719,633</b>
<b>Method of Financing:</b>						
555	Federal Funds					
	17.005.001 OSHA BUREAU OF LABOR STATISTICS	\$187,440	\$184,916	\$198,819	\$198,819	\$198,819
	17.504.001 OSHA Consultation Agreements	\$1,733,257	\$2,218,078	\$1,983,441	\$1,983,441	\$1,983,441
	17.504.002 OSHA Consultation Agreements	\$75,407	\$85,770	\$84,461	\$84,461	\$84,461
CFDA Subtotal, Fund	555	\$1,996,104	\$2,488,764	\$2,266,721	\$2,266,721	\$2,266,721
<b>SUBTOTAL, MOF (FEDERAL FUNDS)</b>		<b>\$1,996,104</b>	<b>\$2,488,764</b>	<b>\$2,266,721</b>	<b>\$2,266,721</b>	<b>\$2,266,721</b>
<b>Method of Financing:</b>						
666	Appropriated Receipts	\$93,105	\$74,021	\$85,685	\$85,685	\$85,685
<b>SUBTOTAL, MOF (OTHER FUNDS)</b>		<b>\$93,105</b>	<b>\$74,021</b>	<b>\$85,685</b>	<b>\$85,685</b>	<b>\$85,685</b>
<b>TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)</b>					<b>\$4,072,039</b>	<b>\$4,072,039</b>
<b>TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)</b>		<b>\$3,636,692</b>	<b>\$4,284,388</b>	<b>\$4,240,222</b>	<b>\$4,072,039</b>	<b>\$4,072,039</b>
<b>FULL TIME EQUIVALENT POSITIONS:</b>		<b>67.0</b>	<b>66.8</b>	<b>79.9</b>	<b>78.3</b>	<b>78.3</b>

**3.A. STRATEGY REQUEST**

82nd Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2010  
TIME: 12:54:24PM

Agency code: **454**      Agency name: **Department of Insurance**

GOAL:	4	Effectively Regulate the Texas Workers' Compensation System	Statewide Goal/Benchmark:	7	5
OBJECTIVE:	2	Ensure Workers' Comp System Participants are Educated and Informed	Service Categories:		
STRATEGY:	1	Provide Educational Services/WPS Consultations to System Participants	Service:	17	Income: A.2    Age: B.3

CODE	DESCRIPTION	Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
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**STRATEGY DESCRIPTION AND JUSTIFICATION:**

Statute (Tex. Labor Code Ch. 411, 413 & Tex. Ins. Code Article 5.76-3 §8) directs the Texas Department of Insurance Division of Workers' Compensation (DWC) to promote safe/healthy workplaces and help employees return to work (RTW). DWC provides outreach to increase effectiveness of health/safety programs. DWC conducts inspections, consultations and investigations of employers and insurance companies to help develop effective health/safety programs, identify and control workplace hazards, and understand state/federal regulations. DWC compiles/analyzes data on occupational injuries, illnesses and fatalities by industry, case characteristics, and demographics. DWC maintains a bilingual hotline to report suspected violations.

DWC provides RTW education to system participants (Tex. Labor Code Ch. 413). DWC responds to questions/assists injured employees to RTW (Tex. Labor Code §413.025). RTW guidelines (Tex. Labor Code §413.011) provide a benchmark for expected lost time durations for injuries/illnesses. DWC administers an RTW program for employers with 50 or less employees to reimburse/advance certain expenses that assist injured employees return to work as early as possible (Tex. Labor Code §413.022). Strategy coordinates with agency strategy 4.1.1 Oversight and Enforcement, 4.1.2 Dispute Resolution, and 4.2.2 Customer Service and Records Administration. Strategy 4.2.1 contributes to statewide goal 07 and benchmark 05 by assisting employers/employees in providing safe workplaces/reducing workplace injuries and establishing clear standards for expected lost time durations.

**EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:**

The agency's ability to analyze injury data and to target its safety education and outreach efforts depends on the receipt of accurate injury and employment data, the use of changing technology, and the ability to deliver state-of-the-art educational programs and customer service. Consultative and inspection activities are influenced by the number of insurance companies writing workers' compensation insurance in Texas; the number of employers placed into the Rejected Risk program by Texas Mutual Insurance Company (the insurer of last resort) based on statutory identification criteria contained in the Insurance Code; the number of employers requesting Occupational Safety and Health Consultation (OSHCON) services; and employer postings of the toll-free hotline information. Changes to state and federal laws, rules, policies, court rulings, and federal funding of grant programs may require program adjustments. The ability to recruit and retain qualified personnel with experience and training on health and safety issues remains a workforce challenge. Changing demographics of employees and employers in Texas workplaces require that customized RTW education, products and other services be developed and distributed throughout the state using varied delivery methods. Changes to the Labor Code, Insurance Code, and other state laws; court rulings; and rule and policy changes may affect the services provided to employers and employees related to return to work.

**3.A. STRATEGY REQUEST**

82nd Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2010  
TIME: 12:54:24PM

Agency code: **454**      Agency name: **Department of Insurance**

GOAL:            4    Effectively Regulate the Texas Workers' Compensation System      Statewide Goal/Benchmark:    7    5  
OBJECTIVE:    2    Ensure Workers' Comp System Participants are Educated and Informed      Service Categories:  
STRATEGY:    2    Provide Customer Assistance & Records Admin for System Participants      Service:    09    Income:    A.2    Age:    B.3

CODE	DESCRIPTION	Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
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**Output Measures:**

1	Number of Injury Records in Which Indemnity Benefits are Initiated	65,798.00	65,800.00	65,800.00	65,800.00	65,800.00
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**Explanatory/Input Measures:**

1	Number of Documents Received Electronically by the DWC	682,593.00	5,220,000.00	5,220,000.00	4,500,000.00	4,500,000.00
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**Objects of Expense:**

1001	SALARIES AND WAGES	\$4,168,278	\$4,154,870	\$4,326,034	\$3,904,942	\$3,904,942
1002	OTHER PERSONNEL COSTS	\$267,603	\$176,019	\$184,040	\$184,040	\$184,040
2001	PROFESSIONAL FEES AND SERVICES	\$249,413	\$187,283	\$0	\$0	\$0
2003	CONSUMABLE SUPPLIES	\$84,707	\$77,652	\$75,207	\$73,457	\$73,457
2004	UTILITIES	\$48,185	\$39,813	\$38,087	\$38,087	\$38,087
2005	TRAVEL	\$34,698	\$34,860	\$28,860	\$28,860	\$28,860
2006	RENT - BUILDING	\$686,520	\$590,459	\$584,134	\$584,134	\$584,134
2007	RENT - MACHINE AND OTHER	\$9,894	\$79,406	\$75,338	\$75,339	\$75,339
2009	OTHER OPERATING EXPENSE	\$230,645	\$302,848	\$314,325	\$202,617	\$202,617
5000	CAPITAL EXPENDITURES	\$8,974	\$22,892	\$10,128	\$91,582	\$91,582
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$5,788,917</b>	<b>\$5,666,102</b>	<b>\$5,636,153</b>	<b>\$5,183,058</b>	<b>\$5,183,058</b>

**Method of Financing:**

36	Dept Ins Operating Acct	\$5,576,978	\$5,455,446	\$5,427,153	\$4,974,058	\$4,974,058
<b>SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)</b>		<b>\$5,576,978</b>	<b>\$5,455,446</b>	<b>\$5,427,153</b>	<b>\$4,974,058</b>	<b>\$4,974,058</b>

**Method of Financing:**

666	Appropriated Receipts	\$211,939	\$210,656	\$209,000	\$209,000	\$209,000
<b>SUBTOTAL, MOF (OTHER FUNDS)</b>		<b>\$211,939</b>	<b>\$210,656</b>	<b>\$209,000</b>	<b>\$209,000</b>	<b>\$209,000</b>

**3.A. STRATEGY REQUEST**

82nd Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2010  
TIME: 12:54:24PM

Agency code: **454**      Agency name: **Department of Insurance**

GOAL:	4	Effectively Regulate the Texas Workers' Compensation System	Statewide Goal/Benchmark:	7	5
OBJECTIVE:	2	Ensure Workers' Comp System Participants are Educated and Informed	Service Categories:		
STRATEGY:	2	Provide Customer Assistance & Records Admin for System Participants	Service:	09	Income: A.2    Age: B.3

CODE	DESCRIPTION	Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
<b>TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)</b>					<b>\$5,183,058</b>	<b>\$5,183,058</b>
<b>TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)</b>		<b>\$5,788,917</b>	<b>\$5,666,102</b>	<b>\$5,636,153</b>	<b>\$5,183,058</b>	<b>\$5,183,058</b>
<b>FULL TIME EQUIVALENT POSITIONS:</b>		<b>136.4</b>	<b>134.6</b>	<b>154.0</b>	<b>137.4</b>	<b>137.4</b>

**STRATEGY DESCRIPTION AND JUSTIFICATION:**

The Texas Department of Insurance Division of Workers' Compensation (DWC) is directed by statute to receive, collect and maintain information on every compensable injury that is reported to DWC. DWC also provides information and reports to qualified individuals, insurance carriers and employers. (Tex. Labor Code Ch. 402, 406, 408, 409). The information received is maintained in paper, microfiche, microfilm and electronic format and as required by records retention schedules established under Ch. 441.185 Tex. Gov't. Code.

DWC is charged with educating/informing system participants of their rights and responsibilities in the system, how to interact within the workers' compensation system, and best practices for return-to-work/workplace safety programs (Tex. Labor Code Ch. 402). In addition, DWC has a duty to provide education to healthcare providers about rules and procedures (Tex. Labor Code 413). DWC provides education of this nature in part through electronic documents and training materials that are available on its website.

This strategy supports agency strategies 4.1.1 Oversight and Enforcement, 4.1.2 Dispute Resolution, 4.1.3 Subsequent Injury Fund Administration, and 4.2.1 Health and Safety Services through the collection and maintenance of workers' compensation claim information. Strategy 4.2.2 contributes to statewide goal 07 and benchmark 05 by supplying agency staff with current claim administration and proof of coverage information, which is used to inform system participants about their rights and responsibilities within the workers' compensation system.

**EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:**

Legislative changes and information needs of system participants impact this strategy. Changes in state law and agency rules may expand or decrease the functions performed under this strategy, based on the information required to be received and maintained by the agency, and based on the effect that rule and policy changes have on system participants. The use of technology can have a major impact on this strategy. Increasing the ability to process and store information electronically is a key goal for the agency. Identifying and implementing alternate methods of providing educational materials and training to system participants through technology can also augment the agency's ability to inform the public.

**3.A. STRATEGY REQUEST**  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2010  
 TIME: 12:54:24PM

Agency code: **454** Agency name: **Department of Insurance**

GOAL: 5 Indirect Administration Statewide Goal/Benchmark: 7 0  
 OBJECTIVE: 1 Indirect Administration Service Categories:  
 STRATEGY: 1 Central Administration Service: 09 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
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**Objects of Expense:**

1001	SALARIES AND WAGES	\$7,857,681	\$8,484,791	\$8,904,535	\$8,160,844	\$8,160,844
1002	OTHER PERSONNEL COSTS	\$389,784	\$222,277	\$220,980	\$220,980	\$220,980
2001	PROFESSIONAL FEES AND SERVICES	\$155,347	\$214,013	\$212,717	\$173,980	\$173,980
2003	CONSUMABLE SUPPLIES	\$39,478	\$49,351	\$49,670	\$47,681	\$47,680
2004	UTILITIES	\$21,566	\$39,046	\$16,279	\$15,529	\$15,529
2005	TRAVEL	\$37,656	\$86,894	\$95,762	\$78,487	\$78,487
2006	RENT - BUILDING	\$187,860	\$538,325	\$502,069	\$502,069	\$502,069
2007	RENT - MACHINE AND OTHER	\$20,183	\$97,310	\$91,712	\$89,432	\$89,432
2009	OTHER OPERATING EXPENSE	\$409,632	\$495,229	\$427,714	\$356,155	\$356,155
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$9,119,187</b>	<b>\$10,227,236</b>	<b>\$10,521,438</b>	<b>\$9,645,157</b>	<b>\$9,645,156</b>

**Method of Financing:**

1	General Revenue Fund	\$0	\$224,406	\$224,406	\$224,406	\$224,406
8042	Insurance Maint Tax Fees	\$3,188,408	\$3,143,308	\$3,381,858	\$3,079,764	\$3,079,764
<b>SUBTOTAL, MOF (GENERAL REVENUE FUNDS)</b>		<b>\$3,188,408</b>	<b>\$3,367,714</b>	<b>\$3,606,264</b>	<b>\$3,304,170</b>	<b>\$3,304,170</b>

**Method of Financing:**

36	Dept Ins Operating Acct	\$5,930,779	\$6,859,522	\$6,915,174	\$6,340,987	\$6,340,986
<b>SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)</b>		<b>\$5,930,779</b>	<b>\$6,859,522</b>	<b>\$6,915,174</b>	<b>\$6,340,987</b>	<b>\$6,340,986</b>

**Method of Financing:**

666	Appropriated Receipts	\$0	\$0	\$0	\$0	\$0
<b>SUBTOTAL, MOF (OTHER FUNDS)</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**3.A. STRATEGY REQUEST**

82nd Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2010  
TIME: 12:54:24PM

Agency code: **454**      Agency name: **Department of Insurance**

GOAL:	5	Indirect Administration	Statewide Goal/Benchmark:	7	0
OBJECTIVE:	1	Indirect Administration	Service Categories:		
STRATEGY:	1	Central Administration	Service:	09	Income: A.2    Age: B.3

CODE	DESCRIPTION	Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
<b>TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)</b>					<b>\$9,645,157</b>	<b>\$9,645,156</b>
<b>TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)</b>		<b>\$9,119,187</b>	<b>\$10,227,236</b>	<b>\$10,521,438</b>	<b>\$9,645,157</b>	<b>\$9,645,156</b>
<b>FULL TIME EQUIVALENT POSITIONS:</b>		<b>133.2</b>	<b>142.0</b>	<b>153.3</b>	<b>142.5</b>	<b>142.5</b>

**STRATEGY DESCRIPTION AND JUSTIFICATION:**

Central Administration is comprised of two Commissioners' administrative support activities, Financial Services, and Human Resources and provides leadership direction, oversight and support for TDI programs. The Commissioners' areas ensure TDI and DWC activities are compliant with all statutory and regulatory requirements as well as consistent with TDI goals, objectives, purpose, and policies. In addition, the Commissioners' areas ensure agency accountability and integrity; provide assistance and information to the Legislature, the public and the media on insurance-related and workers' compensation matters and issues.

Financial Services manages agency-wide budget and planning functions, including the Legislative Appropriations Request, the strategic plan, the annual operating budget, performance measure reports, and business planning. Financial Services also monitors the agency's compliance with certain Article IX provisions of the General Appropriations Act and provides administrative support to the Office of Injured Employee Counsel.

Human Resources ensures compliance with employment laws, implements professional development training, maintains payroll records, and manages other personnel activities. Additionally, Human Resources leads the agency's recruitment and succession planning activities as well as promotes a positive working environment.

TDI strives to maintain a highly serviceable Central Administration to better allow agency programs time to focus on the effective and efficient regulation of the Texas insurance market and workers' compensation system.

**EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:**

This past biennium, the Sunset Advisory Commission reviewed TDI's mission and operations. Consequently, TDI anticipates legislation as a result of the Sunset Advisory Commission's findings and recommendations to the 82nd Legislature. Additionally, federal health care reform legislation will have a significant impact on agency operations, funding and workload. As TDI services expand to meet the insurance and workers' compensation needs of Texans, administrative resources are critical for communicating direction and policy, establishing new programs, recruiting and hiring additional employees, and managing budgetary and planning activities.

**3.A. STRATEGY REQUEST**  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2010  
 TIME: 12:54:24PM

Agency code: **454**      Agency name: **Department of Insurance**

GOAL:            5   Indirect Administration  
 OBJECTIVE:    1   Indirect Administration  
 STRATEGY:    2   Information Resources

Statewide Goal/Benchmark:    7    0  
 Service Categories:  
 Service:    09    Income:    A.2    Age:    B.3

CODE	DESCRIPTION	Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
<b>Objects of Expense:</b>						
1001	SALARIES AND WAGES	\$4,693,081	\$4,793,232	\$4,912,636	\$4,610,288	\$4,610,288
1002	OTHER PERSONNEL COSTS	\$204,014	\$141,934	\$148,740	\$148,740	\$148,740
2001	PROFESSIONAL FEES AND SERVICES	\$3,408,707	\$4,503,286	\$3,785,787	\$3,940,699	\$3,940,699
2003	CONSUMABLE SUPPLIES	\$25,588	\$39,324	\$39,317	\$28,587	\$28,587
2004	UTILITIES	\$570,179	\$639,961	\$635,862	\$635,862	\$635,862
2005	TRAVEL	\$24,931	\$21,212	\$22,010	\$24,010	\$24,010
2006	RENT - BUILDING	\$217,513	\$314,646	\$314,646	\$314,646	\$314,646
2007	RENT - MACHINE AND OTHER	\$2,611	\$50,260	\$48,271	\$48,271	\$48,271
2009	OTHER OPERATING EXPENSE	\$1,219,758	\$979,827	\$1,014,856	\$906,308	\$906,308
5000	CAPITAL EXPENDITURES	\$29,550	\$222,607	\$178,211	\$0	\$0
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$10,395,932</b>	<b>\$11,706,289</b>	<b>\$11,100,336</b>	<b>\$10,657,411</b>	<b>\$10,657,411</b>
<b>Method of Financing:</b>						
8042	Insurance Maint Tax Fees	\$3,141,010	\$4,102,209	\$3,946,564	\$3,831,745	\$3,831,745
<b>SUBTOTAL, MOF (GENERAL REVENUE FUNDS)</b>		<b>\$3,141,010</b>	<b>\$4,102,209</b>	<b>\$3,946,564</b>	<b>\$3,831,745</b>	<b>\$3,831,745</b>
<b>Method of Financing:</b>						
36	Dept Ins Operating Acct	\$7,254,922	\$7,604,080	\$7,153,772	\$6,825,666	\$6,825,666
<b>SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)</b>		<b>\$7,254,922</b>	<b>\$7,604,080</b>	<b>\$7,153,772</b>	<b>\$6,825,666</b>	<b>\$6,825,666</b>
<b>TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)</b>					<b>\$10,657,411</b>	<b>\$10,657,411</b>
<b>TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)</b>		<b>\$10,395,932</b>	<b>\$11,706,289</b>	<b>\$11,100,336</b>	<b>\$10,657,411</b>	<b>\$10,657,411</b>
<b>FULL TIME EQUIVALENT POSITIONS:</b>		<b>84.7</b>	<b>85.1</b>	<b>90.4</b>	<b>84.9</b>	<b>84.9</b>

**3.A. STRATEGY REQUEST**

82nd Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2010  
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Agency code: **454** Agency name: **Department of Insurance**

GOAL:	5	Indirect Administration	Statewide Goal/Benchmark:	7	0
OBJECTIVE:	1	Indirect Administration	Service Categories:		
STRATEGY:	2	Information Resources	Service:	09	Income: A.2 Age: B.3

<b>CODE</b>	<b>DESCRIPTION</b>	<b>Exp 2009</b>	<b>Est 2010</b>	<b>Bud 2011</b>	<b>BL 2012</b>	<b>BL 2013</b>
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**STRATEGY DESCRIPTION AND JUSTIFICATION:**

Information Technology Services (ITS) provides automation and computer support for all TDI agency programs as well as for the Office of Injured Employee Counsel (OIEC) and ensures the agency’s infrastructure and networked computer systems are fully operational. ITS responsibilities include application development, quality assurance, direct customer support, project management, systems analysis, planning and monitoring of the capital and operational budget, desk side software support, office automation support, and telephone systems support. These responsibilities are performed for all Austin locations as well as 24 field office locations across the state. Justification for ITS is reflected in performance of the program by a 99.75 percent server “uptime” provided for the past five years, 100 percent of reporting deadlines being met for fiscal years 2006 and 2007, and the division’s continued service to other TDI program areas. Innovations in hardware and software may impact this strategy.

**EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:**

Innovations in hardware and software may impact this strategy. The recent implementation of the state Data Center Consolidation Services contract and its effect on time and cost has led to additional demands on resources. Analysis and exploration of consolidated database solutions could have an impact on program resources as could development and implementation of imaging solutions or other new software applications. Additional resources may be required to administer and support expansion of TDI’s telecommuting project.

**3.A. STRATEGY REQUEST**  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2010  
 TIME: 12:54:24PM

Agency code: **454** Agency name: **Department of Insurance**

GOAL: 5 Indirect Administration Statewide Goal/Benchmark: 7 0  
 OBJECTIVE: 1 Indirect Administration Service Categories:  
 STRATEGY: 3 Other Support Services Service: 09 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
<b>Objects of Expense:</b>						
1001	SALARIES AND WAGES	\$1,582,274	\$1,562,668	\$1,595,287	\$1,539,121	\$1,539,121
1002	OTHER PERSONNEL COSTS	\$84,868	\$59,760	\$70,200	\$70,200	\$70,200
2001	PROFESSIONAL FEES AND SERVICES	\$3,699	\$1,500	\$1,500	\$1,500	\$1,500
2002	FUELS AND LUBRICANTS	\$10,831	\$15,960	\$15,960	\$15,960	\$15,960
2003	CONSUMABLE SUPPLIES	\$34,830	\$87,431	\$47,842	\$43,202	\$43,202
2004	UTILITIES	\$43,246	\$41,063	\$33,426	\$33,426	\$33,426
2005	TRAVEL	\$14,126	\$12,482	\$12,508	\$11,708	\$11,708
2006	RENT - BUILDING	\$128,193	\$227,893	\$231,972	\$220,897	\$220,897
2007	RENT - MACHINE AND OTHER	\$396,184	\$52,653	\$47,113	\$36,813	\$36,813
2009	OTHER OPERATING EXPENSE	\$1,141,730	\$1,336,667	\$1,343,946	\$1,254,819	\$1,254,819
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$3,439,981</b>	<b>\$3,398,077</b>	<b>\$3,399,754</b>	<b>\$3,227,646</b>	<b>\$3,227,646</b>
<b>Method of Financing:</b>						
8042	Insurance Maint Tax Fees	\$1,179,607	\$1,159,629	\$1,193,820	\$1,124,370	\$1,124,370
<b>SUBTOTAL, MOF (GENERAL REVENUE FUNDS)</b>		<b>\$1,179,607</b>	<b>\$1,159,629</b>	<b>\$1,193,820</b>	<b>\$1,124,370</b>	<b>\$1,124,370</b>
<b>Method of Financing:</b>						
36	Dept Ins Operating Acct	\$2,260,374	\$2,238,448	\$2,205,934	\$2,103,276	\$2,103,276
<b>SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)</b>		<b>\$2,260,374</b>	<b>\$2,238,448</b>	<b>\$2,205,934</b>	<b>\$2,103,276</b>	<b>\$2,103,276</b>
<b>TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)</b>					<b>\$3,227,646</b>	<b>\$3,227,646</b>
<b>TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)</b>		<b>\$3,439,981</b>	<b>\$3,398,077</b>	<b>\$3,399,754</b>	<b>\$3,227,646</b>	<b>\$3,227,646</b>
<b>FULL TIME EQUIVALENT POSITIONS:</b>		<b>43.0</b>	<b>42.5</b>	<b>44.8</b>	<b>42.8</b>	<b>42.8</b>

**3.A. STRATEGY REQUEST**

82nd Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2010  
TIME: 12:54:24PM

Agency code: **454** Agency name: **Department of Insurance**

GOAL:	5	Indirect Administration	Statewide Goal/Benchmark:	7	0
OBJECTIVE:	1	Indirect Administration	Service Categories:		
STRATEGY:	3	Other Support Services	Service:	09	Income: A.2 Age: B.3

<b>CODE</b>	<b>DESCRIPTION</b>	<b>Exp 2009</b>	<b>Est 2010</b>	<b>Bud 2011</b>	<b>BL 2012</b>	<b>BL 2013</b>
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**STRATEGY DESCRIPTION AND JUSTIFICATION:**

This strategy consists of Staff Services and Purchasing and Contract Administration. Staff Services provides and coordinates facility-related and operational support and consists of six functions: Facilities Management, Mail Services, Copy Center Services, Records Retention, Warehouse Services, and Safety and Risk Management. The Purchasing division processes all agency purchasing and contracting transactions, coordinates the agency’s Historically Underutilized Business (HUB) program and is responsible for the administration of all agency contracts.

**EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:**

TDI maintains two headquarter facilities and 24 field offices. Staff Services and Purchasing must coordinate support activities to meet the needs of staff housed at various locations. Moreover, the mail, copy center and facility management activities operate from both headquarters. Relocating the headquarter locations to a common or nearby location would impact this strategy. A relocation of staff would require significant resources from facilities management; however, once completed, it could result in processing efficiencies and benefit the agency overall. Implementation of imaging and workflow solutions could positively impact this strategy by improving processing timeframes for mail services and by providing staff electronic access to agency contracts.

**3.A. STRATEGY REQUEST**

82nd Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2010  
TIME: 12:54:24PM

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**SUMMARY TOTALS:**

<b>OBJECTS OF EXPENSE:</b>	<b>\$98,950,161</b>	<b>\$106,238,894</b>	<b>\$145,030,359</b>	<b>\$120,496,554</b>	<b>\$120,496,553</b>
<b>METHODS OF FINANCE (INCLUDING RIDERS):</b>				<b>\$120,496,554</b>	<b>\$120,496,553</b>
<b>METHODS OF FINANCE (EXCLUDING RIDERS):</b>	<b>\$98,950,161</b>	<b>\$106,238,894</b>	<b>\$145,030,359</b>	<b>\$120,496,554</b>	<b>\$120,496,553</b>
<b>FULL TIME EQUIVALENT POSITIONS:</b>	<b>1,527.8</b>	<b>1,512.5</b>	<b>1,695.5</b>	<b>1,601.5</b>	<b>1,601.5</b>

**3.B. RIDER REVISIONS AND ADDITIONS  
REQUEST**

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## RIDER REVISIONS AND ADDITIONS REQUEST

<b>Agency Code:</b> 454	<b>Agency Name:</b> Texas Department of Insurance	<b>Prepared By:</b> Jacqueline Canady	<b>Date:</b> 08/30/2010	<b>Request Level:</b> Base
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Current Rider Number	Page Number in 2010-11 GAA	Proposed Rider Language																																																																	
2	VIII-31	<p><b>Capital Budget.</b> None of the funds appropriated above may be expended for capital budget items except as listed below. The amounts shown below shall be expended only for purposes shown and are not available for expenditure for other purposes. Amounts appropriated above and identified in this provision as appropriations either for "Lease payments to the Master Lease Purchase Program" or for items with a "(MLPP)" notation shall be expended only for the purpose of making lease-purchase payments to the Texas Public Finance Authority pursuant to the provisions of Government Code § 1232.103. Upon approval from the Legislative Budget Board, capital budgeted funds listed below under "Acquisition of Information Resource Technologies" may be used to lease information resources hardware and/or software, if determined by agency management to be in the best interest of the state of Texas.</p> <table style="width: 100%; margin-top: 10px;"> <thead> <tr> <th style="width: 80%;"></th> <th style="width: 10%; text-align: center;"><u>2010</u></th> <th style="width: 10%; text-align: center;"><u>2012</u></th> <th style="width: 10%; text-align: center;"><u>2011</u></th> <th style="width: 10%; text-align: center;"><u>2013</u></th> </tr> </thead> <tbody> <tr> <td>a. 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Acquisition of Information Resource Technologies					(1) Data Center Consolidation	\$4,497,296	\$3,697,373	\$3,779,797	\$3,678,561	(2) Purchase of Information Resource Technologies – Scheduled Replacement of Items	\$680,604	\$918,815	\$680,604	\$918,815	<del>(3) Replace DWC Obsolete Infrastructure Technology</del>	<del>\$238,214</del>		<del>\$238,214</del>		Total, Acquisition of Information Resource Technologies	<u>\$5,416,114</u>	<u>\$4,616,188</u>	<u>\$4,698,612</u>	<u>\$4,597,376</u>	b. 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## RIDER REVISIONS AND ADDITIONS REQUEST (CONTINUED)

Agency Code:	Agency Name:	Prepared By:	Date:	Request Level:
454	Texas Department of Insurance	Jacqueline Canady	8/30/2010	Base
Current Rider Number	Page Number in 2010-11 GAA	Proposed Rider Language		
3	VIII-31-32	<p><b>Appropriation Source, Rehabilitation of Insurance Companies.</b> Of the amounts appropriated above, \$125,000 each year of the biennium is from fees that the Department of Insurance shall collect from companies that are successfully rehabilitated by the department. Fees collected and appropriated above shall be in amounts sufficient to cover, yet not exceed, costs of rehabilitating those companies. Any such fee collected in excess of \$125,000 each year of the biennium are also hereby appropriated for the biennium beginning September 1, <del>2009</del> <u>2010</u> for the sole purpose of the rehabilitation of other insurance companies pursuant to 441.203 of the Texas Insurance Code (estimated to be \$0).</p> <p><i>Updated fiscal years.</i></p>		
4	VIII-32	<p><b>State Support for NAIC Activities.</b> The agency is prohibited from using resources in support of the National Association of Insurance Commissioners in the absence of NAIC accreditation of the Texas Department of Insurance for compliance with NAIC Financial Regulation Standards. The prohibition would be effective immediately upon loss of accreditation. The only exceptions to this prohibition shall be limited to expenditures necessary for (1) continued departmental use of the NAIC database for monitoring financial solvency of companies doing business in Texas; (2) solvency-related training; and (3) efforts to regain accreditation. The prohibition on using resources does not apply in the event that the Commissioner voluntarily determines not to participate in the state insurance department accreditation program.</p> <p><i>No changes.</i></p>		
5	VIII-32	<p><b>Liquidation Oversight and Title Examiner Full-Time Equivalent Positions.</b> In addition to the "Number of Full Time Equivalents (FTE)" positions authorized above, an additional <del>32.5</del> <u>8.5</u> FTE positions are authorized for each year of the <del>2040-44</del> <u>12-13</u> biennium to support liquidation oversight and title examiner activities. These positions are excluded from the FTE cap.</p> <p><i>Reflects approved increase granted by the Office of the Governor and the Legislative Budget Board in April and May 2010, respectively.</i></p>		
6	VIII-32	<p><b>Appropriations Limited to Revenue Collections.</b> The application of special provisions limiting appropriations to revenue collections elsewhere in this Article shall be consistent with relevant statutory provisions governing the agency's assessment of tax rates and fees. As provided by the Texas Insurance Code and the Texas Labor Code, the Commissioners shall take into account unexpended funds in the preceding year when adjusting rates of assessment necessary to pay all expenses of regulating insurance and conducting the operations of the State Fire Marshal and the Office of Injured Employee Counsel during the succeeding year.</p> <p><i>No changes.</i></p>		
7	VIII-32	<p><b>Travel Cap.</b> Out of the funds appropriated above, expenditures for out-of-state travel by the Texas Department of Insurance are limited to <del>\$654,697</del> <u>597,475</u> in fiscal year <del>2040</del> <u>12</u> and <del>\$654,697</del> <u>597,475</u> in fiscal year <del>2044</del> <u>13</u>. Of these amounts, <del>\$483,000</del> <u>428,778</u> in fiscal year <del>2040</del> <u>12</u> and <del>\$483,000</del> <u>428,778</u> in fiscal year <del>2044</del> <u>13</u> shall be utilized solely for out-of-state travel for the purpose of financial examinations. Notwithstanding any other provisions in this act, travel expenditures associated with federal programs and paid out of federal funds are exempt from this limitation.</p> <p><i>Reflects changes based on agency's 5% reduction plan.</i></p>		

## RIDER REVISIONS AND ADDITIONS REQUEST (CONTINUED)

Agency Code: 454	Agency Name: Texas Department of Insurance	Prepared By: Jacqueline Canady	Date: 08/30/2010	Request Level: Base
Current Rider Number	Page Number in 2010-11 GAA	Proposed Rider Language		
8	VIII-32	<p><b>Limit on Estimated Appropriations.</b> Excluding appropriations for the TexasOnline Authority, the combined appropriation authority from the General Revenue Fund, which includes Insurance Companies Maintenance Tax (Object Code 3203), Insurance Department Fees (Object Code 3215), and General Revenue Fund-Dedicated-Texas Department of Insurance Operating Fund Account No. Fund 36 shall not exceed <del>\$95,213,805</del> <u>\$95,096,217</u> for fiscal year 2040 <u>12</u> and <del>\$94,576,874</del> <u>\$95,096,216</u> for fiscal year 2044 <u>13</u>.</p> <p><i>Updated to reflect FY 2012/201313 MOF.</i></p>		
9	VIII-32	<p><b>State Support for NCOIL Activities.</b> Funds appropriated above include funds from the General Revenue – Insurance Companies Maintenance Tax, Insurance Department Fees and General Revenue Fund-Dedicated for payment of state dues for the National Conference of Insurance Legislators.</p> <p><i>No changes.</i></p>		
10	VIII-32	<p><b>Crash Records Information System.</b> Included in Strategy D.2.1, Traffic Safety, at the Department of Transportation is \$750,000 for fiscal year 2040 <u>12</u> and \$750,000 for fiscal year 2044 <u>13</u> from General Revenue - Insurance Companies Maintenance Tax and Insurance Department Fees for on-going maintenance of the Crash Records Information System.</p> <p><i>Updated fiscal years.</i></p>		
11	VIII-32	<p><b>Increase Consumer Choice.</b> Out of amounts appropriated above, the Department of Insurance shall contract with the Office of Public Insurance Counsel in the amount of \$48,000 each fiscal year from the GR Dedicated-Texas Department of Insurance Operating Fund Account No. 036 to provide consumers with insurance information to make informed decisions.</p> <p><i>No changes.</i></p>		
12	VIII-32	<p><b>Consumer Information Report.</b> The Department of Insurance shall submit a report quarterly to the Legislature and the public no later than the 90<sup>th</sup> day after the last day of the quarter covered by the report the following information for each insurer that writes a line of insurance in the state: market share, profits and losses, average rate, and average loss ratio. The report shall include the change in rate over the previous 12, 24, and 36 months.</p> <p><i>No changes.</i></p>		
13	VIII-32	<p><b>Appropriation of Unexpended Balances.</b> Any unexpended balances as of August 31, 2040 <u>12</u>, not to exceed 5 percent for any item of appropriation above, are hereby appropriated for the same purposes, in the same strategies, for the fiscal year beginning September 1, 2040 <u>12</u>.</p> <p><i>Updated fiscal years.</i></p>		

## RIDER REVISIONS AND ADDITIONS REQUEST (CONTINUED)

<b>Agency Code:</b> 454		<b>Agency Name:</b> Texas Department of Insurance		<b>Prepared By:</b> Jacqueline Canady		<b>Date:</b> 08/30/2010		<b>Request Level:</b> Base	
<b>Current Rider Number</b>	<b>Page Number in 2010-11 GAA</b>	<b>Proposed Rider Language</b>							
14	VIII-33	<p><b>Subsequent Injury Fund.</b> Amounts appropriated above in Strategy <del>F-6.4 D.1.3</del>, Subsequent Injury Fund Administration, include an estimated \$4,420,140 in fiscal year 2040 <del>12</del> and \$4,420,140 in fiscal year 2044 <del>13</del> out of the GR Dedicated – Subsequent Injury Account No. 5101 for payment of liabilities pursuant to Labor Code, chapter 403. In the event that actual liabilities exceed the estimated amounts, the Division of Workers' Compensation shall furnish information supporting the estimated additional liabilities to the Comptroller of Public Accounts. If the Comptroller finds that there are sufficient balances in the GR Dedicated – Subsequent Injury Account No. 5101 to support the payment of projected liabilities, a finding of fact to that effect shall be issued and a contingent appropriation shall be made available for the intended purposes.</p> <p><i>Strategy updated to reflect approved FY 2012/2013 strategic structure</i></p>							
15	VIII-33	<p><b>Three-Share Premium Assistance Programs.</b></p> <p>(1) Amount appropriated above to the Department of insurance of <del>\$450,000</del> 422,375 in fiscal year 2040 <del>12</del> and <del>\$450,000</del> 422,375 in fiscal year 2044 <del>13</del> in General Revenue – Insurance Companies Maintenance Tax and Insurance Department Fees in Strategy <del>4.4 A.4.2</del>, Three-Share Assistance Programs, and 1.0 Full-Time-Equivalents (FTE) position each fiscal year included above in the "Number of Full-Time Equivalents (FTE)" is for the purpose of awarding, through a competitive application process, grants to local government entities for the research, planning, and development of "three-share" premium assistance programs to increase access to private healthcare coverage for the uninsured, and providing technical assistance to grant recipients. The agency shall consider the following factors in selecting recipients of grant funds:</p> <ol style="list-style-type: none"> <li>a. proposals to match grant awards with local funds</li> <li>b. percentage of uninsured in the applicable area</li> <li>c. existing efforts in pursuing "three-share" premium assistance programs</li> <li>d. healthcare use and delivery factors affecting the area's healthcare infrastructure and capacity</li> </ol> <p>(2) <u>Out of funds collected from health insurers for fines, penalties, and sanctions and deposited in General Revenue, the Texas Department of Insurance is hereby appropriated, out of amounts collected in excess of those contained in the Comptroller's Biennial Revenue Estimate, an amount not to exceed \$1.5 million in each year of the biennium for the Three Share Premium Assistance Program.</u></p> <p>The agency shall report a summary of the grants awarded to local government entities to the Legislative Budget Board and the Governor no later than January 1, 2014. <del>3</del>.</p> <p><i>Strategy updated to reflect approved FY 2012/2013 strategic structure. Transfer contingency rider language from Article IX Section 17.08 to agency specific rider.</i></p>							
16	VIII-33	<p><b>Division of Workers' Compensation Reporting Requirement.</b> The Division of Workers' Compensation shall include information collected about on-the-job injuries and occupational diseases, compliance with notice requirements regarding whether employers carry workers' compensation insurance from non-subscribing employers and administrative penalties levied against a non-complying employers under the provision of the Labor Code § 411.032 and Texas Administrative Code, Title 28, Insurance §§ 110.1, 110.101, and 160.2 in its biennial report submitted to the Legislature.</p> <p><i>No changes.</i></p>							

## RIDER REVISIONS AND ADDITIONS REQUEST (CONTINUED)

Agency Code: 454	Agency Name: Texas Department of Insurance	Prepared By: Jacqueline Canady	Date: 08/30/2010	Request Level: Base
Current Rider Number	Page Number in 2010-11 GAA	Proposed Rider Language		
17	VIII-33	<p><b>Sunset Contingency.</b> Funds appropriated above for fiscal year 2011 for the Texas Department of Insurance are made contingent on the continuation of the Texas Department of Insurance by the Eighty-first Legislature. In the event that the agency is not continued, the funds appropriated for fiscal year 2010 or as much thereof as may be necessary are to be used to provide for the phase out of the agency operations.</p> <p><i>Delete. Article 3 Section 3.01 of the 1st Called Session of the 81st legislature states that in preparation of the 82nd Legislature the Sunset Advisory Commission's review of the TDI will be limited to the appropriateness of the recommendations made by the commission to the 81st legislature. Therefore, this rider is no longer needed as the agency will be under Sunset review during the 82nd legislative session.</i></p>		
18	VIII-33	<p><b>Health Insurance Premiums.</b></p> <p>a. <del>It is the intent of the Legislature that, out of funds appropriated under Strategy A.1.1, Consumer Education and Marketing Analyses, the Texas Department of Insurance conduct reviews of the accessibility of health benefit plan coverage for and the affordability of health benefit plan premiums for:</del></p> <p style="margin-left: 20px;"><del>(1) Families with annual household incomes that are less than 200% of the federal poverty level for the applicable household size</del></p> <p style="margin-left: 20px;"><del>(2) Families with annual household incomes that are \$100,000 or less and the members of which are not eligible for coverage under a health benefit plan issued by, paid for, or sponsored by an employer of a member of the family; and</del></p> <p style="margin-left: 20px;"><del>(3) Individuals with annual incomes that are \$55,000 or less and who are not eligible for coverage under a health benefit plan issued by, paid for, or sponsored by an employer.</del></p> <p>b. <del>The department shall include the results of those reviews in the biennial report submitted under Section 32.022, Insurance Code, to the appropriate committees of each house of the Legislature immediately preceding the 82<sup>nd</sup> Regular Legislative Session.</del></p> <p><i>Delete. Rider should be removed due to its requirements being met during the current biennium.</i></p>		
19	VIII-34	<p><b>Study of Data Mining.</b> It is the intent of the Legislature that, out of funds appropriated under Strategy A.1.1, Consumer Education and Market Analyses, the Texas Department of Insurance, using data collected under Chapters 38 and 2451, Insurance code:</p> <p>a. <del>Conduct a review of insurance industry practices regarding:</del></p> <p style="margin-left: 20px;"><del>(1) The use of data mining and pattern recognition practices and technologies that are used to predict the difference in expected losses of covered persons or applicants for personal automobile or residential property insurance coverage or health benefit plan coverage; and</del></p> <p style="margin-left: 20px;"><del>(2) The manner in which insurers use these technologies in underwriting and setting rates for personal automobile or residential property insurance or health benefit plans; and</del></p> <p>b. <del>Include that review in the biennial report submitted under Section 32.033, Insurance Code, to the appropriate committees of each house of the Legislature on or before December 31.</del></p> <p><i>Delete. Rider should be removed due to its requirements being met during the current biennium.</i></p>		
20	VII-34	<p><b>Coverage Reductions.</b> Out of funds appropriated above to the Department of Insurance, the department shall conduct a review of levels of coverage to determine what, if any, changes have occurred in the level of protection offered by homeowner's insurance policies since the department's adoption of approved national forms in 2002. The department shall prepare a report for the 82<sup>nd</sup> legislature quantifying effect of the change to national forms on the level of coverage for the average homeowner in this state.</p> <p><i>Delete. Rider should be removed due to its requirements being met during the current biennium.</i></p>		

## RIDER REVISIONS AND ADDITIONS REQUEST (CONTINUED)

<b>Agency Code:</b> 454	<b>Agency Name:</b> Texas Department of Insurance	<b>Prepared By:</b> Jacqueline Canady	<b>Date:</b> 08/30/2010	<b>Request Level:</b> Base
Current Rider Number	Page Number in 2010-11 GAA	Proposed Rider Language		
701		<p><b>Contingency Appropriation: State Regulatory Response.</b></p> <p><u>a. Contingent upon a finding of fact by the Commissioner of Insurance that additional resources are needed by the Department of Insurance such as a significant change in insurance regulatory environment, demands of federal healthcare reform implementation, a weather related disaster in the State of Texas, a public health crisis, such as a pandemic, a fire that has been declared as a disaster situation in the State of Texas, and non- weather related disasters, to a point where additional appropriations are required to maintain adequate regulation of the industry, an additional appropriation shall be made available.</u></p> <p><u>b. In the event of a finding of fact by the Commissioner of Insurance that additional resources are needed, the Texas Department of Insurance shall furnish information supporting the estimated additional resources to the Comptroller of Public Accounts. If the Comptroller finds that there are sufficient balances in the General Revenue Fund-Insurance Companies Maintenance Tax and Insurance Department Fees to support the payment of projected expenses, it shall issue a finding of fact to that effect and a contingent appropriation shall be made available for the intended purposes.</u></p> <p><u>c. None of the additional appropriation may be used and/or expended by the Department of Insurance unless the Commissioner of Insurance files a finding of fact with the Governor and the Legislative Budget Board and neither the Governor nor the Legislative Budget Board issues a written disapproval not later than:</u></p> <p><u>(1) the 10th day after the date the staff of the Legislative Budget Board concludes its review of the findings of fact and forwards those findings of fact along with the conclusions or comments of the Legislative Budget Board staff to the Chair of the House Appropriations Committee, Chair of the Senate Finance Committee, Speaker of the House, and Lieutenant Governor; and</u></p> <p><u>(2) within 10 business days of the receipt of the finding of fact by the Governor.</u></p> <p><u>d. The additional resources may only be used and/or expended to address issues included in the finding of fact submitted to the Governor and the Legislative Budget Board pursuant to subsection (c) above, and apply only to the 2012-2013 biennium unless otherwise appropriated. It is the intent of the Legislature that these funds not be included in base level funding requests for the 2014-2015 biennium.</u></p> <p><i>This rider would enable TDI to respond adequately to a major emergency.</i></p>		
702		<p><b><u>Appropriation of Unexpended Balances Healthy Texas Premium Stabilization Fund.</u></b> Any unexpended balances of previous appropriations as of August 31, 2012 in Fund 329- Healthy Texas Premium Stabilization Fund, are hereby appropriated for the same purposes, in the same strategies, for the fiscal year beginning September 1, 2012.</p> <p><i>This rider would allow for the proper payment of Healthy Texas Claims. Transfer contingency rider language from Article IX Section 17.77 to agency specific rider.</i></p>		

## **4. EXCEPTIONAL ITEM REQUEST**

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**4.A. EXCEPTIONAL ITEM REQUEST SCHEDULE**  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/27/2010**  
 TIME: **12:57:07PM**

Agency code: **454**

Agency name:

**Department of Insurance**

<b>CODE</b>	<b>DESCRIPTION</b>	<b>Excp 2012</b>	<b>Excp 2013</b>
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	<b>Item Name:</b>	Restore 5% Baseline Reduction		
	<b>Item Priority:</b>	1		
<b>Includes Funding for the Following Strategy or Strategies:</b>		01-01-01	Educate Consumers and Industry by Providing Outreach and Information	
		01-02-01	Respond Promptly and Act on Complaints	
		01-02-02	Investigate Trade Practices and Bring Enforcement Actions as Needed	
		01-02-03	Investigate Insurer Fraud and Refer Violations for Prosecution	
		01-03-01	Process Rates, Forms & Licenses Promptly	
		01-03-02	Promote Coverage in Underserved Markets	
		01-03-04	Regulate Private Employers that Qualify to Self-Ins w/in the WC System	
		01-04-02	Administer Three-Share Grant Program	
		02-01-01	Analyze the Financial Condition of Insurers and Take Solvency Action	
		02-02-01	Inspect Loss Control Programs and Assure Code and Schedule Compliance	
		02-02-02	Investigate Provider/Consumer Fraud & Refer Violations for Prosecution	
		02-02-03	Investigate Workers' Comp Fraud & Refer Violations for Prosecution	
		03-01-01	Provide Fire Protection through Education, Enforcement and Engineering	
		04-01-01	Oversee Activities of System Participants and Take Enforcement Action	
		04-01-02	Resolve Indemnity, Medical Fee and Medical Necessity Disputes	
		04-01-03	Administer Subsequent Injury Fund	
		04-02-01	Provide Educational Services/WPS Consultations to System Participants	
		04-02-02	Provide Customer Assistance & Records Admin for System Participants	
		05-01-01	Central Administration	
		05-01-02	Information Resources	
		05-01-03	Other Support Services	

**OBJECTS OF EXPENSE:**

1001	SALARIES AND WAGES	3,889,126	3,889,126
1002	OTHER PERSONNEL COSTS	11,280	11,280
2001	PROFESSIONAL FEES AND SERVICES	434,929	434,929
2002	FUELS AND LUBRICANTS	13,000	13,000
2003	CONSUMABLE SUPPLIES	51,100	51,100
2004	UTILITIES	750	750
2005	TRAVEL	128,510	128,510
2006	RENT - BUILDING	13,540	13,540
2007	RENT - MACHINE AND OTHER	13,011	13,011

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Agency code: **454**

Agency name:

**Department of Insurance**

<b>CODE</b>	<b>DESCRIPTION</b>	<b>Excp 2012</b>	<b>Excp 2013</b>
2009	OTHER OPERATING EXPENSE	312,319	312,319
4000	GRANTS	22,500	22,500
5000	CAPITAL EXPENDITURES	114,832	114,832
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$5,004,897</b>	<b>\$5,004,897</b>

**METHOD OF FINANCING:**

36	Dept Ins Operating Acct	3,187,194	3,187,194
8042	Insurance Maint Tax Fees	1,817,703	1,817,703
<b>TOTAL, METHOD OF FINANCING</b>		<b>\$5,004,897</b>	<b>\$5,004,897</b>

**FULL-TIME EQUIVALENT POSITIONS (FTE):**

94.00	94.00
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**DESCRIPTION / JUSTIFICATION:**

Funding for this exceptional item will restore program funding, positions and related support costs that TDI proposed to eliminate in response to leadership's January 15, 2010 letter requesting state agencies reduce their 2010-2011 budget by five percent. Accordingly, TDI prepared a five percent reduction plan, but requested an exemption due to the agency's self-leveling funding mechanism and heightened insurer solvency activities. On May 17, 2010, the Governor's Office of Budget, Planning and Policy and the Legislative Budget Board approved the exception. The 2012-2013 Legislative Appropriations Request instructions direct state agencies to establish their baseline budgets at 95 percent of current funding regardless of prior exceptions.

Funding for this exceptional item will allow TDI to maintain its current level of services for: solvency regulation; workers' compensation dispute resolution, workplace safety, field office operations/records management, medical quality review, data collection activities, and system monitoring/oversight; enforcement and fraud activities; rate and form filings review; consumer complaint resolution; public education; mandated studies; windstorm activities; insurer loss control/fire-safety oversight inspections; industry data reports; fire safety and prevention; Three-Share grant administration; and various operational expenses, such as travel and vehicle funding.

**EXTERNAL/INTERNAL FACTORS:**

TDI's funding mechanism is self-leveling. The Legislature appropriates funds from GR Dedicated Account 36 to various agencies that participate in or contribute to the regulation of insurance, prevention of insurance losses, and administration of the workers' compensation system. The Texas Insurance and Labor codes require that the maintenance taxes be set with the intention of collecting the revenue needed to fund authorized expenditures from the Account. Therefore, if spending levels were reduced, the maintenance taxes would be adjusted to collect less revenue.

Reduced funding would result in noticeable changes in the agency's service levels and in oversight of areas that require an increasingly complex approach to regulation in the changing economic landscape. With the exception of statewide salary increases and funding for new programs, TDI's funding has decreased slightly over the past several biennia due to TDI voluntarily returning unused funds and/or requesting less in appropriations. Further, over time TDI has assumed additional work and absorbed expenses for which no appropriations were made. For example, following the 81st Legislative Session, TDI absorbed approximately \$2 million of salary costs associated with the mandated statewide reclassifications. For several years, TDI has been taking a fiscally streamlined approach and seeking efficiency at an enterprise level and further reductions to the agency's budget will make it difficult to meet existing statutory obligations.

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Agency code: **454**

Agency name:

**Department of Insurance**

<b>CODE</b>	<b>DESCRIPTION</b>	<b>Excp 2012</b>	<b>Excp 2013</b>
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**Item Name:** Support Retention Efforts  
**Item Priority:** 2

- Includes Funding for the Following Strategy or Strategies:**
- 01-01-01 Educate Consumers and Industry by Providing Outreach and Information
  - 01-02-01 Respond Promptly and Act on Complaints
  - 01-02-02 Investigate Trade Practices and Bring Enforcement Actions as Needed
  - 01-02-03 Investigate Insurer Fraud and Refer Violations for Prosecution
  - 01-03-01 Process Rates, Forms & Licenses Promptly
  - 01-03-02 Promote Coverage in Underserved Markets
  - 01-03-04 Regulate Private Employers that Qualify to Self-Ins w/in the WC System
  - 01-04-01 Support the State's Long-term Care Partnership Initiatives
  - 01-04-02 Administer Three-Share Grant Program
  - 01-04-03 Promote the Healthy Texas program
  - 02-01-01 Analyze the Financial Condition of Insurers and Take Solvency Action
  - 02-02-01 Inspect Loss Control Programs and Assure Code and Schedule Compliance
  - 02-02-02 Investigate Provider/Consumer Fraud & Refer Violations for Prosecution
  - 02-02-03 Investigate Workers' Comp Fraud & Refer Violations for Prosecution
  - 03-01-01 Provide Fire Protection through Education, Enforcement and Engineering
  - 04-01-01 Oversee Activities of System Participants and Take Enforcement Action
  - 04-01-02 Resolve Indemnity, Medical Fee and Medical Necessity Disputes
  - 04-01-03 Administer Subsequent Injury Fund
  - 04-02-01 Provide Educational Services/WPS Consultations to System Participants
  - 04-02-02 Provide Customer Assistance & Records Admin for System Participants
  - 05-01-01 Central Administration
  - 05-01-02 Information Resources
  - 05-01-03 Other Support Services

**OBJECTS OF EXPENSE:**

1001	SALARIES AND WAGES	1,995,491	1,995,491
	<b>TOTAL, OBJECT OF EXPENSE</b>	<b>1,995,491</b>	<b>1,995,491</b>

**METHOD OF FINANCING:**

36	Dept Ins Operating Acct	1,194,840	1,194,840
8042	Insurance Maint Tax Fees	800,651	800,651

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Agency name:

**Department of Insurance**

CODE	DESCRIPTION	Excp 2012	Excp 2013
<b>TOTAL, METHOD OF FINANCING</b>		<b>\$1,995,491</b>	<b>\$1,995,491</b>

**DESCRIPTION / JUSTIFICATION:**

Funding for this exceptional item will support recruitment and retention of qualified staff. Approval of this exceptional item will fund salary increases and monetary incentives for high performing staff throughout the agency. TDI's recent Survey of Employee Engagement indicates that employees' greatest area of concern is pay. As the economy improves and job opportunities increase, TDI may lose skilled staff because funds for merit increases/promotions are limited. TDI has lost highly skilled employees due to more competitive salaries in the private sector; several high level financial examiners in the Dallas field office have left for similar, yet higher-paying jobs with private firms, which is problematic because the largest concentration of Texas-domiciled insurers is in the Dallas area. Funding will support annual salary increases and promotions for deserving employees, allowing TDI to be more competitive with the private sector. Currently, 1,217 employees are eligible for salary increases and assuming 3.4 percent increases, TDI respectfully requests \$3,990,982 for the biennium.

TDI absorbed approximately \$2 million as a result of the State Auditor's Office (SAO) recommended changes to the State's 2010-2011 Position Classification Plan. This exceptional item will restore funds used to implement the reclassification and allow TDI to address salary inequities that resulted from implementation.

**EXTERNAL/INTERNAL FACTORS:**

Over the past several biennia, TDI has voluntarily returned unused funds and/or requested less in appropriations, which has resulted in decreased funding. Further, over time the agency has continued to assume additional work and absorb expenses for which no appropriation was made. For example, TDI absorbed approximately \$2 million of salary costs associated with mandated statewide reclassifications following the 81st Legislative Session. Funding for this exceptional item will further TDI's efforts to retain critical staff and reward deserving, high-performing employees for their dedication.

In FY 2009, the SAO State Classification Team conducted a review of the State's Position Classification Plan. The scope of the study included a review of the placement of positions within the Plan and an analysis of market pay for benchmark positions. Recommended changes included: revising Salary Schedules A and B and moving 395 job classifications to a higher minimum salary group. The minimum estimated cost to state agencies of implementing these changes was approximately \$33.5 million for the biennium, not including additional costs that agencies incurred, such as salary adjustments to address any internal equity issues the changes created. SAO recommended that the Legislature consider assisting state agencies with funding. SAO indicated eight agencies would bear the majority (83%) of the costs associated with these recommended changes, including TDI. The SAO estimated TDI's minimum cost impact at \$1,879,523.

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Agency name:  
**Department of Insurance**

<b>CODE</b>	<b>DESCRIPTION</b>	<b>Excp 2012</b>	<b>Excp 2013</b>
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<b>Item Name:</b>	Fund Federal Health Care Reform		
<b>Item Priority:</b>	3		
<b>Includes Funding for the Following Strategy or Strategies:</b>	01-01-01	Educate Consumers and Industry by Providing Outreach and Information	
	01-02-02	Investigate Trade Practices and Bring Enforcement Actions as Needed	
	01-03-01	Process Rates, Forms & Licenses Promptly	
	02-01-01	Analyze the Financial Condition of Insurers and Take Solvency Action	

**OBJECTS OF EXPENSE:**

1001	SALARIES AND WAGES	3,362,533	2,634,614
2001	PROFESSIONAL FEES AND SERVICES	895,000	895,000
2003	CONSUMABLE SUPPLIES	25,351	25,351
2004	UTILITIES	67,200	46,800
2005	TRAVEL	42,600	42,600
2006	RENT - BUILDING	960,677	752,710
2009	OTHER OPERATING EXPENSE	811,925	811,925
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$6,165,286</b>	<b>\$5,209,000</b>

**METHOD OF FINANCING:**

8042	Insurance Maint Tax Fees	6,165,286	5,209,000
<b>TOTAL, METHOD OF FINANCING</b>		<b>\$6,165,286</b>	<b>\$5,209,000</b>

**FULL-TIME EQUIVALENT POSITIONS (FTE):**

	57.00	40.00
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**DESCRIPTION / JUSTIFICATION:**

Funding for this item will provide positions and cover costs related to the implementation of federal health care reform (FHR), specifically: \$800,000 to initiate statewide public awareness campaign; 12 FTEs to revise/draft rules and propose statutory changes; and 17 and 28 FTEs, respectively for increased form and rate filings reviews.

To inform Texans, TDI anticipates initiating an outreach/media campaign that will use extensive advertising in major markets. This approach is similar to the TexasSure campaign, which involved hiring publicity and media firms to develop advertising, make media buys, and engage a public relations campaign.

TDI estimates that up to 136 Texas Insurance Code chapters must be changed. TDI anticipates drafting/revising 49 rules. TDI needs experienced attorneys for rule development, stakeholder meetings, drafting informal/formal proposals, hearings and adoption orders, and to meet federal deadlines. TDI lacks resources to address FHR workload and does not anticipate receiving federal funds to assist with statute and rule development.

TDI does not anticipate receiving federal funds to support form filings reviews related to FHR market reforms. TDI lacks resources to address the volume of filings insurers and HMOs will submit in response to FHR provisions effective September 2010 and March 2011. To comply with the two deadlines, TDI anticipates receiving an extra 10,770 and 8,722

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**Department of Insurance**

**CODE DESCRIPTION**

**Excp 2012**

**Excp 2013**

form filings, respectively.

On January 1, 2011, FHR requires annual review of insurer medical loss ratio information, which will be used to issue a rebate to enrollees. The law establishes an annual process for review of unreasonable increases in premiums. The two provisions will generate approximately 4,500 rate and 173 rebate calculation filings annually. TDI performs limited reviews of health rates and the scope of review required by FHR significantly expands TDI's health rate review activities. Funding will support critical actuarial review of rates.

**EXTERNAL/INTERNAL FACTORS:**

On March 23, 2010, Congress passed the Patient Protection and Affordable Care Act (i.e. FHR), which makes numerous changes to health insurance and to the delivery of health care in the United States. Texas statutes and rules will need to be developed and amended to comply with the federal law. Timing of the required changes under FHR ranges from immediately after passage through 2020.

Many of the early required changes that insurers and HMOs will be making to their health care filings directly benefit Texans. For example, effective September 23, 2010, FHR eliminates copayments and deductibles for preventive services, which will help Texans save money for basic health care services that are key to detecting or preventing more serious conditions. Additionally, parents with children who have pre-existing medical conditions will be able to add their children to existing health care plans with no fear of being denied coverage because insurers and HMOs must guarantee coverage as required by FHR.

Beginning January 1, 2011, FHR will require TDI's annual review of insurers' medical loss ratio information, which will be used to issue an annual rebate to enrollees on a pro rata basis if the ratio of premium revenue expended on reimbursement for clinical services provided to enrollees and for activities that improve health care quality to the total premium revenue is less than established market percentages. Many aspects of FHR, such as annual rebates are designed to reduce the overall costs of health care to enrollees.

TDI has applied for federal funding through a FHR grant for the rate review activities. Additionally, the agency is exploring other grant opportunities to implement FHR. If TDI receives federal funding, TDI will amend its request for state funds.

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<b>CODE</b>	<b>DESCRIPTION</b>	<b>Excp 2012</b>	<b>Excp 2013</b>
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**Item Name:** Fund Additional Solvency Positions

**Item Priority:** 4

**Includes Funding for the Following Strategy or Strategies:** 02-01-01 Analyze the Financial Condition of Insurers and Take Solvency Action

**OBJECTS OF EXPENSE:**

1001	SALARIES AND WAGES	766,332	766,332
2005	TRAVEL	45,000	45,000
2009	OTHER OPERATING EXPENSE	7,500	7,500
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$818,832</b>	<b>\$818,832</b>

**METHOD OF FINANCING:**

36	Dept Ins Operating Acct	290,112	290,112
8042	Insurance Maint Tax Fees	528,720	528,720
<b>TOTAL, METHOD OF FINANCING</b>		<b>\$818,832</b>	<b>\$818,832</b>

**FULL-TIME EQUIVALENT POSITIONS (FTE):**

	15.00	15.00
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**DESCRIPTION / JUSTIFICATION:**

Funding for this exceptional item will add critical positions for solvency regulation of the insurance industry. Additional funding will allow TDI to respond to elevated levels of insurer insolvencies and related unpaid insurance claims. Over the past several biennia, TDI has eliminated several vacant positions to streamline fiscal resources and seek greater efficiency at an enterprise level. At the time, the national economy was strong and insurer insolvencies were infrequent. However, as noted in Texas' Strengthening Our Prosperity report, much has changed in the national economic picture since 2008. Given state budget shortfalls, leadership has asked agencies to critically reexamine their role in government. Agencies must identify the core programs and activities necessary for the long-term economic health of our state. TDI has identified solvency regulation as a core activity that is key to Texas' economic health.

Additionally, the role of the regulator becomes increasingly important during a recession. Insolvencies, fraud and consumer complaints increase, insurance availability declines, and the public expects governmental protection from market misconduct. This exceptional item would allow TDI to add critical financial examiner and analysis positions, which are needed given current and expected elevated levels of insolvencies. Requested funding would also provide for critical training and travel for the additional staff.

**EXTERNAL/INTERNAL FACTORS:**

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The nation has experienced the worst economic downturn in decades, which has caused a significant increase in the number of insurers and related entities that require enhanced solvency surveillance and front-end detection activities. The economy has also necessitated longer and more complicated financial examinations. TDI needs additional staff resources to ensure statutory exams and solvency monitoring activities are timely performed and to protect consumers from harm due to insolvencies.

TDI could hire private contractors to conduct financial examinations of insurers, but this would be a more expensive option for the state. Insurers receive tax credits for the costs of financial examinations and a reduction in premium tax collections equates to a reduction in the state's General Revenue.

Texas insurers and HMOs reported more than \$102 billion in Texas premiums and aggregate assets of \$6 trillion in calendar year 2008. Given the size of the industry and elevated-levels of regulatory interventions/receiverships, the need for solvency surveillance through on-site exams and financial analysis reviews is essential.

Texas Insurance Code §401.102 states that "The legislature recognizes that experienced, highly qualified examiners and actuaries are necessary for the department to effectively monitor and regulate the solvency of insurers in this state. ... The legislature pledges to provide to the department the necessary funding to support the...department's efforts to attract the highly qualified persons necessary to fulfill regulatory responsibilities relating to insurer solvency."

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<b>CODE</b>	<b>DESCRIPTION</b>	<b>Excp 2012</b>	<b>Excp 2013</b>
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**Item Name:** Fund Solvency Monitoring Training

**Item Priority:** 5

**Includes Funding for the Following Strategy or Strategies:** 02-01-01 Analyze the Financial Condition of Insurers and Take Solvency Action

**OBJECTS OF EXPENSE:**

2009	OTHER OPERATING EXPENSE	100,000	100,000
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>100,000</b>	<b>100,000</b>

**METHOD OF FINANCING:**

36	Dept Ins Operating Acct	35,435	35,435
8042	Insurance Maint Tax Fees	64,565	64,565
<b>TOTAL, METHOD OF FINANCING</b>		<b>100,000</b>	<b>100,000</b>

**DESCRIPTION / JUSTIFICATION:**

Funding for this item will allow TDI to resume annual training seminars for financial analysts and examiners. This training is essential for timely detection of insolvent insurers, maintaining TDI's status as a National Association of Insurance Commissioners (NAIC) accredited insurance department, and maintaining staff professional designations. Annual training strengthens employee solvency expertise, enhances employee knowledge for determining insurer solvency and reviewing related transactions for compliance with Texas laws and regulations, and keeps employees current on new and developing insurance-related issues and topics.

Currently, TDI does not have sufficient funds for all required training, which may result in certain staff losing professional designations in the near future. Accreditation entities may be tolerant in the short-term, but expect compliance with CE requirements. For example, most examiners are credentialed by the Society of Financial Examiners (SOFE), which requires 120 CE hours in a 3 year period. SOFE may let an examiner fall below 40 hours per year, but any shortfall must be made up within 3 years. Last biennium, staff applied previously earned CE hours to meet their CE shortfalls, but extra CE hours have now been depleted.

Furthermore, TDI is concerned that inadequately trained staff increases the risk that an insurer insolvency will not be detected in a timely manner, resulting in unpaid claims to consumers and market disruptions. Given current market dynamics, TDI must keep abreast of changes in the marketplace, and annual training will facilitate agency efforts to do so.

**EXTERNAL/INTERNAL FACTORS:**

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**Excp 2012**

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For several years, the Foundation for Insurance Regulatory Studies in Texas (FIRST) grant provided sufficient funding to pay third-party organizations to provide the minimum hours of training required for staff; TDI was unable to secure grant funds for the past two years. FIRST opined that TDI should secure a permanent source of funding for this operational cost. However, TDI's current budget cannot support the costs associated with the training. Financial analysts and examiners work from field offices across the state, which increases costs of delivering training as staff must either travel to Austin or training must be provided at multiple locations. TDI employs technology for remote training; however, the complexity and scope of this training is more conducive to in person training. Further, having annual training in Austin creates an opportunity for financial analysts and examiners to be in close proximity and learn best practices from one another.

TDI provides some training to Austin staff, but not field staff. Field staff obtains limited training at quarterly meetings; managers earn CE hours by giving speeches/educational presentations; other staff take courses offered by TDI, while some staff watch webinars. These hours count towards CE requirements, but do not meet minimum required hours. Furthermore, this basic training does not provide the specific content that is vital to effective solvency regulation - financial and market trend analyses.

TDI will consider alternate means to provide training, such as new technology. However, the preferred solution is to secure funding to pay recognized professionals from the industry and investment markets to provide the training. Funding would allow TDI to provide the required training, which would facilitate timely detection of insolvent insurers, prevent staff from losing professional designations, and secure TDI's status as an NAIC accredited insurance department.

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<b>CODE</b>	<b>DESCRIPTION</b>	<b>Excp 2012</b>	<b>Excp 2013</b>
	<b>Item Name:</b> Transfer TexasSure Funding to TDI		
	<b>Item Priority:</b> 6		
	<b>Includes Funding for the Following Strategy or Strategies:</b> 01-01-01 Educate Consumers and Industry by Providing Outreach and Information		
<b>OBJECTS OF EXPENSE:</b>			
2009	OTHER OPERATING EXPENSE	4,225,766	4,228,766
	<b>TOTAL, OBJECT OF EXPENSE</b>	<b>\$4,225,766</b>	<b>\$4,228,766</b>
<b>METHOD OF FINANCING:</b>			
6	State Highway Fund	4,225,766	4,228,766
	<b>TOTAL, METHOD OF FINANCING</b>	<b>\$4,225,766</b>	<b>\$4,228,766</b>

**DESCRIPTION / JUSTIFICATION:**

Funding for this exceptional item will transfer appropriated funds and any unexpended balances for the TexasSure Vehicle Insurance Verification Program from the Texas Department of Motor Vehicles (TxDMV) to TDI. Approval of this exceptional item will help TDI ensure proper expenditure of the appropriated funds and compliance with LBB reporting requirements.

Currently, funds for the operation of TexasSure are appropriated to the TxDMV; however, TDI is statutorily designated as the lead agency for the operation and maintenance of TexasSure. As the lead agency, TDI receives and certifies invoices related to the operation and maintenance of TexasSure. Following certification, TDI forwards the invoices to TxDMV for payment. When problems arise with a particular invoice, TxDMV must coordinate with TDI, which may delay timely payment.

Transferring the funds to TDI would eliminate delays resulting from cross-agency communication regarding invoices and payments and help ensure that payments are made timely and do not result in penalties.

**EXTERNAL/INTERNAL FACTORS:**

The 79th Texas Legislature passed Senate Bill 1670, which directed TDI, in consultation with TxDMV and other agencies, to “establish a program for verification of whether owners of motor vehicles have established financial responsibility.” The agencies established TexasSure, a secure database that matches the records of registered passenger vehicles in Texas to personal auto insurance policy data submitted by Texas insurance companies.

The 74th Legislature emphasized quality assurance by including an Article IX rider in the General Appropriations Act that established a quality assurance review process that must be followed for all major information resources projects. Such a rider has been continued in all subsequent General Appropriation Acts. TexasSure qualifies as a major information resource project and is subject to quality assurance team reporting. Transferring the TexasSure funds to TDI streamlines efficiency and oversight of the invoice and payment processes, which should result in improved quality assurance.

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**4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE**

82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/27/2010**  
 TIME: **12:57:30PM**

Agency code: **454** Agency name **Department of Insurance**

Code	Description	Excp 2012	Excp 2013
<b>Item Name:</b> Restore 5% Baseline Reduction			
<b>Allocation to Strategy:</b> 1-1-1 Educate Consumers and Industry by Providing Outreach and Information			
<b>OBJECTS OF EXPENSE:</b>			
1001	SALARIES AND WAGES	44,577	44,577
2001	PROFESSIONAL FEES AND SERVICES	30,554	30,554
2009	OTHER OPERATING EXPENSE	37,141	37,141
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$112,272</b>	<b>\$112,272</b>
<b>METHOD OF FINANCING:</b>			
36	Dept Ins Operating Acct	39,783	39,783
8042	Insurance Maint Tax Fees	72,489	72,489
<b>TOTAL, METHOD OF FINANCING</b>		<b>\$112,272</b>	<b>\$112,272</b>
<b>FULL-TIME EQUIVALENT POSITIONS (FTE):</b>		0.7	0.7

**4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE**

82nd Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/27/2010**  
TIME: **12:57:35PM**

Agency code: **454**                      Agency name **Department of Insurance**

Code	Description	Excp 2012	Excp 2013
<b>Item Name:</b> Restore 5% Baseline Reduction			
<b>Allocation to Strategy:</b> 1-2-1              Respond Promptly and Act on Complaints			
<b>OUTPUT MEASURES:</b>			
	<u>1</u> Number of Complaints Resolved	1,550.00	1,550.00
	<u>4</u> Number of Complaints Against Health Maintenance Organizations Resolved	50.00	50.00
<b>OBJECTS OF EXPENSE:</b>			
	1001    SALARIES AND WAGES	78,750	78,750
	2001    PROFESSIONAL FEES AND SERVICES	19,451	19,451
	2009    OTHER OPERATING EXPENSE	1,326	1,326
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$99,527</b>	<b>\$99,527</b>
<b>METHOD OF FINANCING:</b>			
	36    Dept Ins Operating Acct	35,267	35,267
	8042    Insurance Maint Tax Fees	64,260	64,260
<b>TOTAL, METHOD OF FINANCING</b>		<b>\$99,527</b>	<b>\$99,527</b>
<b>FULL-TIME EQUIVALENT POSITIONS (FTE):</b>		1.2	1.2

**4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE**

82nd Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/27/2010**  
TIME: **12:57:35PM**

Agency code: **454**                      Agency name **Department of Insurance**

Code	Description	Excp 2012	Excp 2013
<b>Item Name:</b> Restore 5% Baseline Reduction			
<b>Allocation to Strategy:</b> 1-2-2 Investigate Trade Practices and Bring Enforcement Actions as Needed			
<b>STRATEGY IMPACT ON OUTCOME MEASURES:</b>			
	<u>1</u> Percent of Enforcement Cases Concluded within 365 Days	46.00	46.00
<b>OUTPUT MEASURES:</b>			
	<u>1</u> Number of Enforcement Cases Concluded with Action	80.00	80.00
	<u>2</u> Dollar Amount of Penalties Assessed for Statute and Rule Violations	392,743.00	392,473.00
	<u>3</u> Dollar Amount of Restitution Assessed for Statute and Rule Violations	17,519,746.00	17,519,746.00
	<u>4</u> Number of Quality Assurance Examinations Conducted	3.00	3.00
<b>EFFICIENCY MEASURES:</b>			
	<u>1</u> Average Cost Per QA Examination Conducted	6,000.00	6,000.00
<b>OBJECTS OF EXPENSE:</b>			
	1001 SALARIES AND WAGES	139,305	139,305
	2009 OTHER OPERATING EXPENSE	7,711	7,711
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$147,016</b>	<b>\$147,016</b>
<b>METHOD OF FINANCING:</b>			
	36 Dept Ins Operating Acct	52,095	52,095
	8042 Insurance Maint Tax Fees	94,921	94,921
<b>TOTAL, METHOD OF FINANCING</b>		<b>\$147,016</b>	<b>\$147,016</b>
<b>FULL-TIME EQUIVALENT POSITIONS (FTE):</b>		3.0	3.0

**4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE**

82nd Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/27/2010**  
TIME: **12:57:35PM**

Agency code: **454**                      Agency name **Department of Insurance**

Code	Description	Excp 2012	Excp 2013
<b>Item Name:</b> Restore 5% Baseline Reduction			
<b>Allocation to Strategy:</b> 1-2-3 Investigate Insurer Fraud and Refer Violations for Prosecution			
<b>OUTPUT MEASURES:</b>			
<u>1</u>	Number of Insurer Fraud Referrals to State and Federal Prosecutors	8.00	8.00
<b>EFFICIENCY MEASURES:</b>			
<u>1</u>	Average Number of Days Per Insurer Fraud Case Referred	300.00	300.00
<b>EXPLANATORY/INPUT MEASURES:</b>			
<u>1</u>	Estimated Dollar Amount (in Millions) of Insurer Fraud Referred	7.00	7.00
<b>OBJECTS OF EXPENSE:</b>			
1001	SALARIES AND WAGES	54,632	54,632
2001	PROFESSIONAL FEES AND SERVICES	2,161	2,161
2005	TRAVEL	1,897	1,897
2009	OTHER OPERATING EXPENSE	2,653	2,653
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$61,343</b>	<b>\$61,343</b>
<b>METHOD OF FINANCING:</b>			
36	Dept Ins Operating Acct	21,737	21,737
8042	Insurance Maint Tax Fees	39,606	39,606
<b>TOTAL, METHOD OF FINANCING</b>		<b>\$61,343</b>	<b>\$61,343</b>
<b>FULL-TIME EQUIVALENT POSITIONS (FTE):</b>		1.1	1.1

**4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE**

82nd Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/27/2010**  
TIME: **12:57:35PM**

Agency code: **454**                      Agency name **Department of Insurance**

Code	Description	Excp 2012	Excp 2013
<b>Item Name:</b> Restore 5% Baseline Reduction			
<b>Allocation to Strategy:</b> 1-3-1 Process Rates, Forms & Licenses Promptly			
<b>STRATEGY IMPACT ON OUTCOME MEASURES:</b>			
<u>1</u>	Percent of Company, TPA and PF License Apps Completed within 60 Days	98.00%	98.00%
<u>2</u>	Percent of Agent License Filings Completed within 15 Days	96.00%	96.00%
<u>4</u>	Percent Personal Auto/Res Property Form Filings Completed in 60 Days	95.00%	95.00%
<b>OUTPUT MEASURES:</b>			
<u>1</u>	Number of Life/Health Filings Completed	803.00	803.00
<u>2</u>	Number of HMO Form Filings Completed	150.00	150.00
<u>3</u>	Number of Property and Casualty Rate and Form Filings Completed	1,235.00	1,235.00
<b>OBJECTS OF EXPENSE:</b>			
1001	SALARIES AND WAGES	591,782	591,782
1002	OTHER PERSONNEL COSTS	5,280	5,280
2001	PROFESSIONAL FEES AND SERVICES	11,200	11,200
2009	OTHER OPERATING EXPENSE	5,170	5,170
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$613,432</b>	<b>\$613,432</b>
<b>METHOD OF FINANCING:</b>			
36	Dept Ins Operating Acct	217,369	217,369
8042	Insurance Maint Tax Fees	396,063	396,063
<b>TOTAL, METHOD OF FINANCING</b>		<b>\$613,432</b>	<b>\$613,432</b>
<b>FULL-TIME EQUIVALENT POSITIONS (FTE):</b>		13.5	13.5

**4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE**

82nd Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/27/2010**  
TIME: **12:57:35PM**

Agency code: **454**                      Agency name **Department of Insurance**

Code	Description	Excp 2012	Excp 2013
<b>Item Name:</b> Restore 5% Baseline Reduction			
<b>Allocation to Strategy:</b> 1-3-4              Regulate Private Employers that Qualify to Self-Ins w/in the WC System			
<b>EFFICIENCY MEASURES:</b>			
	<u>1</u> Average Cost Per Certified Self-Insured Certificate Holder	23,000.00	23,000.00
<b>OBJECTS OF EXPENSE:</b>			
	1001 SALARIES AND WAGES	53,502	53,502
	2003 CONSUMABLE SUPPLIES	350	350
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$53,852</b>	<b>\$53,852</b>
<b>METHOD OF FINANCING:</b>			
	36 Dept Ins Operating Acct	53,852	53,852
<b>TOTAL, METHOD OF FINANCING</b>		<b>\$53,852</b>	<b>\$53,852</b>
<b>FULL-TIME EQUIVALENT POSITIONS (FTE):</b>		1.0	1.0

**4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE**

82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/27/2010**  
 TIME: **12:57:35PM**

Agency code: **454** Agency name **Department of Insurance**

Code	Description	Excp 2012	Excp 2013
<b>Item Name:</b>	Restore 5% Baseline Reduction		
<b>Allocation to Strategy:</b>	1-4-2 Administer Three-Share Grant Program		
<b>OBJECTS OF EXPENSE:</b>			
4000 GRANTS		22,500	22,500
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$22,500</b>	<b>\$22,500</b>
<b>METHOD OF FINANCING:</b>			
8042 Insurance Maint Tax Fees		22,500	22,500
<b>TOTAL, METHOD OF FINANCING</b>		<b>\$22,500</b>	<b>\$22,500</b>
<b>FULL-TIME EQUIVALENT POSITIONS (FTE):</b>		0.0	0.0

**4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE**

82nd Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/27/2010**  
TIME: **12:57:35PM**

Agency code: **454**                      Agency name **Department of Insurance**

Code	Description	Excp 2012	Excp 2013
<b>Item Name:</b> Restore 5% Baseline Reduction			
<b>Allocation to Strategy:</b> 2-1-1 Analyze the Financial Condition of Insurers and Take Solvency Action			
<b>STRATEGY IMPACT ON OUTCOME MEASURES:</b>			
<u>1</u>	Percent of Statutorily Mandated Examinations Completed w/in 18 Months	90.00%	91.00%
<u>2</u>	Percent of Identified Companies Reviewed	97.00%	97.00%
<u>3</u>	Percent of Special Deputy Receiver Collections Expended on Asset Admin	15.00%	15.00%
<u>5</u>	% of Companies Rehabilitated after TDI Solvency-Related Intervention	18.00%	18.00%
<b>OUTPUT MEASURES:</b>			
<u>1</u>	Number of Entities Receiving TDI Solvency-related Intervention	-1.00	-1.00
<u>2</u>	Number of On-site Examinations Conducted	10.00	10.00
<u>3</u>	Number of Reviews of Annual and Interim Financial Statements Completed	181.00	181.00
<b>EFFICIENCY MEASURES:</b>			
<u>1</u>	Average Cost Per Examination	38,000.00	38,000.00
<b>EXPLANATORY/INPUT MEASURES:</b>			
<u>1</u>	Dollar Amount (in Millions) of Insurance Company Insolvencies	50.00	50.00
<b>OBJECTS OF EXPENSE:</b>			
1001	SALARIES AND WAGES	553,938	553,938
2001	PROFESSIONAL FEES AND SERVICES	900	900
2005	TRAVEL	41,186	41,186
2009	OTHER OPERATING EXPENSE	24,561	24,561
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$620,585</b>	<b>\$620,585</b>
<b>METHOD OF FINANCING:</b>			
36	Dept Ins Operating Acct	219,904	219,904
8042	Insurance Maint Tax Fees	400,681	400,681
<b>TOTAL, METHOD OF FINANCING</b>		<b>\$620,585</b>	<b>\$620,585</b>
<b>FULL-TIME EQUIVALENT POSITIONS (FTE):</b>		9.5	9.5

**4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE**

82nd Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/27/2010**  
TIME: **12:57:35PM**

Agency code: **454**                      Agency name **Department of Insurance**

Code	Description	Excp 2012	Excp 2013
<b>Item Name:</b> Restore 5% Baseline Reduction			
<b>Allocation to Strategy:</b> 2-2-1 Inspect Loss Control Programs and Assure Code and Schedule Compliance			
<b>OUTPUT MEASURES:</b>			
<u>1</u>	Number of Windstorm Inspections Completed	1,900.00	1,900.00
<u>2</u>	Number of Inspections of Insurer Loss Control Programs Completed	67.00	67.00
<u>3</u>	Number of Commercial Property Oversight Inspections Completed	290.00	290.00
<b>OBJECTS OF EXPENSE:</b>			
1001	SALARIES AND WAGES	60,412	60,412
1002	OTHER PERSONNEL COSTS	2,640	2,640
2005	TRAVEL	36,000	36,000
2009	OTHER OPERATING EXPENSE	1,145	1,145
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$100,197</b>	<b>\$100,197</b>
<b>METHOD OF FINANCING:</b>			
36	Dept Ins Operating Acct	35,505	35,505
8042	Insurance Maint Tax Fees	64,692	64,692
<b>TOTAL, METHOD OF FINANCING</b>		<b>\$100,197</b>	<b>\$100,197</b>
<b>FULL-TIME EQUIVALENT POSITIONS (FTE):</b>		1.3	1.3

**4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE**

82nd Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/27/2010**

TIME: **12:57:35PM**

Agency code: **454**                      Agency name **Department of Insurance**

Code	Description	Excp 2012	Excp 2013
<b>Item Name:</b> Restore 5% Baseline Reduction			
<b>Allocation to Strategy:</b> 2-2-2 Investigate Provider/Consumer Fraud & Refer Violations for Prosecution			
<b>OUTPUT MEASURES:</b>			
<u>1</u>	Number of Referrals of Alleged Consumer & Provider Fraud	10.00	10.00
<b>EFFICIENCY MEASURES:</b>			
<u>1</u>	Avg Number of Days Per Consumer or Provider Fraud Case Referred	265.00	265.00
<b>EXPLANATORY/INPUT MEASURES:</b>			
<u>2</u>	Estimated \$ Amount (in Millions) of Consumer & Provider Fraud Referred	1.75	1.75
<b>OBJECTS OF EXPENSE:</b>			
1001	SALARIES AND WAGES	54,632	54,632
2001	PROFESSIONAL FEES AND SERVICES	2,161	2,161
2005	TRAVEL	1,897	1,897
2009	OTHER OPERATING EXPENSE	2,656	2,656
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$61,346</b>	<b>\$61,346</b>
<b>METHOD OF FINANCING:</b>			
36	Dept Ins Operating Acct	21,738	21,738
8042	Insurance Maint Tax Fees	39,608	39,608
<b>TOTAL, METHOD OF FINANCING</b>		<b>\$61,346</b>	<b>\$61,346</b>
<b>FULL-TIME EQUIVALENT POSITIONS (FTE):</b>		1.1	1.1

**4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE**

82nd Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/27/2010**

TIME: **12:57:35PM**

Agency code: **454**                      Agency name **Department of Insurance**

Code	Description	Excp 2012	Excp 2013
<b>Item Name:</b> Restore 5% Baseline Reduction			
<b>Allocation to Strategy:</b> 2-2-3              Investigate Workers' Comp Fraud & Refer Violations for Prosecution			
<b>OUTPUT MEASURES:</b>			
	<u>1</u> Number of WC Insurance Fraud Referrals to State or Federal Prosecutors	3.00	3.00
<b>EXPLANATORY/INPUT MEASURES:</b>			
	<u>2</u> Dollar Amount (in Millions) of WC Insurance Fraud Referred	0.20	0.20
<b>OBJECTS OF EXPENSE:</b>			
	1001    SALARIES AND WAGES	13,100	13,100
	2005    TRAVEL	750	750
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$13,850</b>	<b>\$13,850</b>
<b>METHOD OF FINANCING:</b>			
	36    Dept Ins Operating Acct	13,850	13,850
<b>TOTAL, METHOD OF FINANCING</b>		<b>\$13,850</b>	<b>\$13,850</b>
<b>FULL-TIME EQUIVALENT POSITIONS (FTE):</b>		0.5	0.5

**4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE**

82nd Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/27/2010**  
TIME: **12:57:35PM**

Agency code: **454**                      Agency name **Department of Insurance**

Code	Description	Excp 2012	Excp 2013
<b>Item Name:</b> Restore 5% Baseline Reduction			
<b>Allocation to Strategy:</b> 3-1-1                      Provide Fire Protection through Education, Enforcement and Engineering			
<b>STRATEGY IMPACT ON OUTCOME MEASURES:</b>			
	<u>1</u> % of SFMO Criminal Referrals Resulting in Enforcement/Legal Action	60.00%	60.00%
	<u>2</u> % of Fire Sfty Registrations, Licenses, Permits Issued w/in 20 Days	99.00%	99.00%
<b>OUTPUT MEASURES:</b>			
	<u>1</u> # of Individuals Attending SFMO Fire Prevention/Safety Presentations	20,000.00	20,000.00
	<u>2</u> Number of Fire Investigations Completed	26.00	26.00
	<u>3</u> Number of Samples Analyzed in the Arson Lab	115.00	115.00
	<u>4</u> Number of SFMO Criminal Referrals to Prosecution	5.00	5.00
	<u>5</u> Number of SFMO Registrations, Licenses, & Permits Issued	585.00	585.00
	<u>6</u> Number of Licensing Investigations or Inspections Conducted	55.00	55.00
	<u>7</u> Number of Buildings Inspected or Reinspected for Fire Safety Hazards	232.00	232.00
	<u>8</u> # of Communities Accepting a SFMO Fire Prevention Program	2.00	2.00
<b>EFFICIENCY MEASURES:</b>			
	<u>1</u> Average Cost Per Fire Safety Inspection	145.00	145.00
	<u>2</u> AverageTime to Complete Fire Investigations	150.00	150.00
<b>OBJECTS OF EXPENSE:</b>			
	1001 SALARIES AND WAGES	31,729	31,729
	1002 OTHER PERSONNEL COSTS	3,360	3,360
	2002 FUELS AND LUBRICANTS	13,000	13,000
	2005 TRAVEL	28,705	28,705
	2006 RENT - BUILDING	2,465	2,465
	2007 RENT - MACHINE AND OTHER	431	431
	2009 OTHER OPERATING EXPENSE	15,234	15,234
	5000 CAPITAL EXPENDITURES	114,832	114,832
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$209,756</b>	<b>\$209,756</b>
<b>METHOD OF FINANCING:</b>			
	36 Dept Ins Operating Acct	74,327	74,327
	8042 Insurance Maint Tax Fees	135,429	135,429
<b>TOTAL, METHOD OF FINANCING</b>		<b>\$209,756</b>	<b>\$209,756</b>
<b>FULL-TIME EQUIVALENT POSITIONS (FTE):</b>		1.0	1.0

**4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE**

82nd Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/27/2010**  
TIME: **12:57:35PM**

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Agency code: **454**                      Agency name **Department of Insurance**

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Code	Description	Excp 2012	Excp 2013
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**Item Name:**                                      Restore 5% Baseline Reduction

**Allocation to Strategy:**                      3-1-1              Provide Fire Protection through Education, Enforcement and Engineering

**4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE**

82nd Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/27/2010**  
TIME: **12:57:35PM**

Agency code: **454**                      Agency name **Department of Insurance**

Code	Description	Excp 2012	Excp 2013
<b>Item Name:</b> Restore 5% Baseline Reduction			
<b>Allocation to Strategy:</b> 4-1-1      Oversee Activities of System Participants and Take Enforcement Action			
<b>OUTPUT MEASURES:</b>			
	<u>4</u> Number of Quality of Care Reviews Completed	5.00	5.00
	<u>5</u> # of Complaints Closed Involving WC System Participants	160.00	160.00
	<u>6</u> Number of Performance Reviews Completed	4.00	4.00
<b>EFFICIENCY MEASURES:</b>			
	<u>1</u> AVG # Days Per Q of C Reviews of Provider Carriers/URAS/IROS Completed	180.00	180.00
	<u>2</u> AVG # of Days to Close a Complaint Involving WC System	120.00	120.00
<b>OBJECTS OF EXPENSE:</b>			
	1001 SALARIES AND WAGES	245,192	245,192
	2003 CONSUMABLE SUPPLIES	1,495	1,495
	2009 OTHER OPERATING EXPENSE	1,749	1,749
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$248,436</b>	<b>\$248,436</b>
<b>METHOD OF FINANCING:</b>			
	36 Dept Ins Operating Acct	248,436	248,436
<b>TOTAL, METHOD OF FINANCING</b>		<b>\$248,436</b>	<b>\$248,436</b>
<b>FULL-TIME EQUIVALENT POSITIONS (FTE):</b>		6.6	6.6

**4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE**

82nd Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/27/2010**  
TIME: **12:57:35PM**

Agency code: **454**                      Agency name **Department of Insurance**

Code	Description	Excp 2012	Excp 2013
<b>Item Name:</b> Restore 5% Baseline Reduction			
<b>Allocation to Strategy:</b> 4-1-2 Resolve Indemnity, Medical Fee and Medical Necessity Disputes			
<b>OBJECTS OF EXPENSE:</b>			
1001	SALARIES AND WAGES	656,768	656,768
2003	CONSUMABLE SUPPLIES	10,982	10,982
2009	OTHER OPERATING EXPENSE	554	554
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$668,304</b>	<b>\$668,304</b>
<b>METHOD OF FINANCING:</b>			
36	Dept Ins Operating Acct	668,304	668,304
<b>TOTAL, METHOD OF FINANCING</b>		<b>\$668,304</b>	<b>\$668,304</b>
<b>FULL-TIME EQUIVALENT POSITIONS (FTE):</b>		17.0	17.0

**4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE**

82nd Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/27/2010**  
TIME: **12:57:35PM**

Agency code: **454**                      Agency name **Department of Insurance**

Code	Description	Excp 2012	Excp 2013
<b>Item Name:</b>	Restore 5% Baseline Reduction		
<b>Allocation to Strategy:</b>	4-1-3      Administer Subsequent Injury Fund		
<b>OBJECTS OF EXPENSE:</b>			
1001	SALARIES AND WAGES	6,571	6,571
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$6,571</b>	<b>\$6,571</b>
<b>METHOD OF FINANCING:</b>			
36	Dept Ins Operating Acct	6,571	6,571
<b>TOTAL, METHOD OF FINANCING</b>		<b>\$6,571</b>	<b>\$6,571</b>

**4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE**

82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/27/2010**  
 TIME: **12:57:35PM**

Agency code: **454** Agency name **Department of Insurance**

Code	Description	Excp 2012	Excp 2013
<b>Item Name:</b> Restore 5% Baseline Reduction			
<b>Allocation to Strategy:</b> 4-2-1 Provide Educational Services/WPS Consultations to System Participants			
<b>OBJECTS OF EXPENSE:</b>			
1001	SALARIES AND WAGES	73,545	73,545
2003	CONSUMABLE SUPPLIES	630	630
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$74,175</b>	<b>\$74,175</b>
<b>METHOD OF FINANCING:</b>			
36	Dept Ins Operating Acct	74,175	74,175
<b>TOTAL, METHOD OF FINANCING</b>		<b>\$74,175</b>	<b>\$74,175</b>
<b>FULL-TIME EQUIVALENT POSITIONS (FTE):</b>		1.6	1.6

**4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE**

82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/27/2010**  
 TIME: **12:57:35PM**

Agency code: **454** Agency name **Department of Insurance**

Code	Description	Excp 2012	Excp 2013
<b>Item Name:</b> Restore 5% Baseline Reduction			
<b>Allocation to Strategy:</b> 4-2-2 Provide Customer Assistance & Records Admin for System Participants			
<b>OBJECTS OF EXPENSE:</b>			
1001	SALARIES AND WAGES	421,092	421,092
2003	CONSUMABLE SUPPLIES	1,750	1,750
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$422,842</b>	<b>\$422,842</b>
<b>METHOD OF FINANCING:</b>			
36	Dept Ins Operating Acct	422,842	422,842
<b>TOTAL, METHOD OF FINANCING</b>		<b>\$422,842</b>	<b>\$422,842</b>
<b>FULL-TIME EQUIVALENT POSITIONS (FTE):</b>		16.6	16.6

**4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE**

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Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/27/2010**  
TIME: **12:57:35PM**

Agency code: **454**                      Agency name **Department of Insurance**

Code	Description	Excp 2012	Excp 2013
<b>Item Name:</b> Restore 5% Baseline Reduction			
<b>Allocation to Strategy:</b> 5-1-1 Central Administration			
<b>OBJECTS OF EXPENSE:</b>			
1001	SALARIES AND WAGES	549,338	549,338
2001	PROFESSIONAL FEES AND SERVICES	36,738	36,738
2003	CONSUMABLE SUPPLIES	20,523	20,523
2004	UTILITIES	750	750
2005	TRAVEL	17,275	17,275
2007	RENT - MACHINE AND OTHER	2,280	2,280
2009	OTHER OPERATING EXPENSE	74,742	74,742
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$701,646</b>	<b>\$701,646</b>
<b>METHOD OF FINANCING:</b>			
36	Dept Ins Operating Acct	510,551	510,551
8042	Insurance Maint Tax Fees	191,095	191,095
<b>TOTAL, METHOD OF FINANCING</b>		<b>\$701,646</b>	<b>\$701,646</b>
<b>FULL-TIME EQUIVALENT POSITIONS (FTE):</b>		10.8	10.8

**4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE**

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DATE: **8/27/2010**  
 TIME: **12:57:35PM**

Agency code: **454** Agency name **Department of Insurance**

Code	Description	Excp 2012	Excp 2013
<b>Item Name:</b> Restore 5% Baseline Reduction			
<b>Allocation to Strategy:</b> 5-1-2 Information Resources			
<b>OBJECTS OF EXPENSE:</b>			
1001	SALARIES AND WAGES	221,982	221,982
2001	PROFESSIONAL FEES AND SERVICES	331,764	331,764
2003	CONSUMABLE SUPPLIES	10,730	10,730
2009	OTHER OPERATING EXPENSE	48,549	48,549
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$613,025</b>	<b>\$613,025</b>
<b>METHOD OF FINANCING:</b>			
36	Dept Ins Operating Acct	374,569	374,569
8042	Insurance Maint Tax Fees	238,456	238,456
<b>TOTAL, METHOD OF FINANCING</b>		<b>\$613,025</b>	<b>\$613,025</b>
<b>FULL-TIME EQUIVALENT POSITIONS (FTE):</b>		5.5	5.5

**4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE**

82nd Regular Session, Agency Submission, Version 1  
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DATE: **8/27/2010**  
TIME: **12:57:35PM**

Agency code: **454**                      Agency name **Department of Insurance**

Code	Description	Excp 2012	Excp 2013
<b>Item Name:</b> Restore 5% Baseline Reduction			
<b>Allocation to Strategy:</b> 5-1-3 Other Support Services			
<b>OBJECTS OF EXPENSE:</b>			
1001	SALARIES AND WAGES	38,279	38,279
2003	CONSUMABLE SUPPLIES	4,640	4,640
2005	TRAVEL	800	800
2006	RENT - BUILDING	11,075	11,075
2007	RENT - MACHINE AND OTHER	10,300	10,300
2009	OTHER OPERATING EXPENSE	89,128	89,128
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$154,222</b>	<b>\$154,222</b>
<b>METHOD OF FINANCING:</b>			
36	Dept Ins Operating Acct	96,319	96,319
8042	Insurance Maint Tax Fees	57,903	57,903
<b>TOTAL, METHOD OF FINANCING</b>		<b>\$154,222</b>	<b>\$154,222</b>
<b>FULL-TIME EQUIVALENT POSITIONS (FTE):</b>		2.0	2.0

**4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE**

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TIME: **12:57:35PM**

Agency code: **454**                      Agency name **Department of Insurance**

Code	Description	Excp 2012	Excp 2013
<b>Item Name:</b> Support Retention Efforts			
<b>Allocation to Strategy:</b> 1-1-1 Educate Consumers and Industry by Providing Outreach and Information			
<b>OBJECTS OF EXPENSE:</b>			
1001	SALARIES AND WAGES	66,515	66,515
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$66,515</b>	<b>\$66,515</b>
<b>METHOD OF FINANCING:</b>			
36	Dept Ins Operating Acct	23,570	23,570
8042	Insurance Maint Tax Fees	42,945	42,945
<b>TOTAL, METHOD OF FINANCING</b>		<b>\$66,515</b>	<b>\$66,515</b>

**4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE**

82nd Regular Session, Agency Submission, Version 1  
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DATE: **8/27/2010**  
 TIME: **12:57:35PM**

Agency code: **454** Agency name **Department of Insurance**

Code	Description	Excp 2012	Excp 2013
<b>Item Name:</b> Support Retention Efforts			
<b>Allocation to Strategy:</b> 1-2-1 Respond Promptly and Act on Complaints			
<b>OBJECTS OF EXPENSE:</b>			
1001	SALARIES AND WAGES	73,453	73,453
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$73,453</b>	<b>\$73,453</b>
<b>METHOD OF FINANCING:</b>			
36	Dept Ins Operating Acct	26,028	26,028
8042	Insurance Maint Tax Fees	47,425	47,425
<b>TOTAL, METHOD OF FINANCING</b>		<b>\$73,453</b>	<b>\$73,453</b>

**4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE**

82nd Regular Session, Agency Submission, Version 1  
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DATE: **8/27/2010**  
TIME: **12:57:35PM**

Agency code: **454**                      Agency name **Department of Insurance**

Code	Description	Excp 2012	Excp 2013
<b>Item Name:</b> Support Retention Efforts			
<b>Allocation to Strategy:</b> 1-2-2              Investigate Trade Practices and Bring Enforcement Actions as Needed			
<b>OBJECTS OF EXPENSE:</b>			
1001	SALARIES AND WAGES	72,525	72,525
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$72,525</b>	<b>\$72,525</b>
<b>METHOD OF FINANCING:</b>			
36	Dept Ins Operating Acct	25,699	25,699
8042	Insurance Maint Tax Fees	46,826	46,826
<b>TOTAL, METHOD OF FINANCING</b>		<b>\$72,525</b>	<b>\$72,525</b>

**4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE**

82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/27/2010**  
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Agency code: **454** Agency name **Department of Insurance**

Code	Description	Excp 2012	Excp 2013
<b>Item Name:</b> Support Retention Efforts			
<b>Allocation to Strategy:</b> 1-2-3 Investigate Insurer Fraud and Refer Violations for Prosecution			
<b>OBJECTS OF EXPENSE:</b>			
1001	SALARIES AND WAGES	33,872	33,872
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$33,872</b>	<b>\$33,872</b>
<b>METHOD OF FINANCING:</b>			
36	Dept Ins Operating Acct	12,003	12,003
8042	Insurance Maint Tax Fees	21,869	21,869
<b>TOTAL, METHOD OF FINANCING</b>		<b>\$33,872</b>	<b>\$33,872</b>

**4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE**

82nd Regular Session, Agency Submission, Version 1  
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Agency code: **454**                      Agency name **Department of Insurance**

Code	Description	Excp 2012	Excp 2013
<b>Item Name:</b> Support Retention Efforts			
<b>Allocation to Strategy:</b> 1-3-1 Process Rates, Forms & Licenses Promptly			
<b>OBJECTS OF EXPENSE:</b>			
1001	SALARIES AND WAGES	274,423	274,423
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$274,423</b>	<b>\$274,423</b>
<b>METHOD OF FINANCING:</b>			
36	Dept Ins Operating Acct	97,242	97,242
8042	Insurance Maint Tax Fees	177,181	177,181
<b>TOTAL, METHOD OF FINANCING</b>		<b>\$274,423</b>	<b>\$274,423</b>

**4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE**

82nd Regular Session, Agency Submission, Version 1  
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DATE: **8/27/2010**  
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Agency code: **454** Agency name **Department of Insurance**

Code	Description	Excp 2012	Excp 2013
<b>Item Name:</b> Support Retention Efforts			
<b>Allocation to Strategy:</b> 1-3-2 Promote Coverage in Underserved Markets			
<b>OBJECTS OF EXPENSE:</b>			
1001	SALARIES AND WAGES	5,469	5,469
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$5,469</b>	<b>\$5,469</b>
<b>METHOD OF FINANCING:</b>			
36	Dept Ins Operating Acct	1,938	1,938
8042	Insurance Maint Tax Fees	3,531	3,531
<b>TOTAL, METHOD OF FINANCING</b>		<b>\$5,469</b>	<b>\$5,469</b>

**4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE**

82nd Regular Session, Agency Submission, Version 1  
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DATE: **8/27/2010**  
TIME: **12:57:35PM**

Agency code: **454**                      Agency name **Department of Insurance**

Code	Description	Excp 2012	Excp 2013
<b>Item Name:</b> Support Retention Efforts			
<b>Allocation to Strategy:</b> 1-3-4 Regulate Private Employers that Qualify to Self-Ins w/in the WC System			
<b>OBJECTS OF EXPENSE:</b>			
1001	SALARIES AND WAGES	12,915	12,915
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$12,915</b>	<b>\$12,915</b>
<b>METHOD OF FINANCING:</b>			
36	Dept Ins Operating Acct	12,915	12,915
<b>TOTAL, METHOD OF FINANCING</b>		<b>\$12,915</b>	<b>\$12,915</b>

**4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE**

82nd Regular Session, Agency Submission, Version 1  
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DATE: **8/27/2010**  
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Agency code: **454** Agency name **Department of Insurance**

Code	Description	Excp 2012	Excp 2013
<b>Item Name:</b> Support Retention Efforts			
<b>Allocation to Strategy:</b> 1-4-1 Support the State's Long-term Care Partnership Initiatives			
<b>OBJECTS OF EXPENSE:</b>			
1001	SALARIES AND WAGES	4,184	4,184
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$4,184</b>	<b>\$4,184</b>
<b>METHOD OF FINANCING:</b>			
36	Dept Ins Operating Acct	4,184	4,184
<b>TOTAL, METHOD OF FINANCING</b>		<b>\$4,184</b>	<b>\$4,184</b>

**4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE**

82nd Regular Session, Agency Submission, Version 1  
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Agency code: **454**                      Agency name **Department of Insurance**

Code	Description	Excp 2012	Excp 2013
<b>Item Name:</b> Support Retention Efforts			
<b>Allocation to Strategy:</b> 1-4-2 Administer Three-Share Grant Program			
<b>OBJECTS OF EXPENSE:</b>			
1001	SALARIES AND WAGES	1,330	1,330
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$1,330</b>	<b>\$1,330</b>
<b>METHOD OF FINANCING:</b>			
8042	Insurance Maint Tax Fees	1,330	1,330
<b>TOTAL, METHOD OF FINANCING</b>		<b>\$1,330</b>	<b>\$1,330</b>

**4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE**

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Agency code: **454** Agency name **Department of Insurance**

Code	Description	Excp 2012	Excp 2013
<b>Item Name:</b> Support Retention Efforts			
<b>Allocation to Strategy:</b> 1-4-3 Promote the Healthy Texas program			
<b>OBJECTS OF EXPENSE:</b>			
1001	SALARIES AND WAGES	8,509	8,509
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$8,509</b>	<b>\$8,509</b>
<b>METHOD OF FINANCING:</b>			
8042	Insurance Maint Tax Fees	8,509	8,509
<b>TOTAL, METHOD OF FINANCING</b>		<b>\$8,509</b>	<b>\$8,509</b>

**4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE**

82nd Regular Session, Agency Submission, Version 1  
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DATE: **8/27/2010**  
 TIME: **12:57:35PM**

Agency code: **454** Agency name **Department of Insurance**

Code	Description	Excp 2012	Excp 2013
<b>Item Name:</b> Support Retention Efforts			
<b>Allocation to Strategy:</b> 2-1-1 Analyze the Financial Condition of Insurers and Take Solvency Action			
<b>OBJECTS OF EXPENSE:</b>			
1001	SALARIES AND WAGES	280,387	280,387
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$280,387</b>	<b>\$280,387</b>
<b>METHOD OF FINANCING:</b>			
36	Dept Ins Operating Acct	99,355	99,355
8042	Insurance Maint Tax Fees	181,032	181,032
<b>TOTAL, METHOD OF FINANCING</b>		<b>\$280,387</b>	<b>\$280,387</b>

**4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE**

82nd Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

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Agency code: **454**                      Agency name **Department of Insurance**

Code	Description	Excp 2012	Excp 2013
<b>Item Name:</b> Support Retention Efforts			
<b>Allocation to Strategy:</b> 2-2-1 Inspect Loss Control Programs and Assure Code and Schedule Compliance			
<b>OBJECTS OF EXPENSE:</b>			
1001	SALARIES AND WAGES	62,218	62,218
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$62,218</b>	<b>\$62,218</b>
<b>METHOD OF FINANCING:</b>			
36	Dept Ins Operating Acct	22,047	22,047
8042	Insurance Maint Tax Fees	40,171	40,171
<b>TOTAL, METHOD OF FINANCING</b>		<b>\$62,218</b>	<b>\$62,218</b>

**4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE**

82nd Regular Session, Agency Submission, Version 1  
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DATE: **8/27/2010**  
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Agency code: **454**                      Agency name **Department of Insurance**

Code	Description	Excp 2012	Excp 2013
<b>Item Name:</b> Support Retention Efforts			
<b>Allocation to Strategy:</b> 2-2-2              Investigate Provider/Consumer Fraud & Refer Violations for Prosecution			
<b>OBJECTS OF EXPENSE:</b>			
1001	SALARIES AND WAGES	30,204	30,204
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$30,204</b>	<b>\$30,204</b>
<b>METHOD OF FINANCING:</b>			
36	Dept Ins Operating Acct	10,703	10,703
8042	Insurance Maint Tax Fees	19,501	19,501
<b>TOTAL, METHOD OF FINANCING</b>		<b>\$30,204</b>	<b>\$30,204</b>

**4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE**

82nd Regular Session, Agency Submission, Version 1  
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DATE: **8/27/2010**  
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Agency code: **454** Agency name **Department of Insurance**

Code	Description	Excp 2012	Excp 2013
<b>Item Name:</b> Support Retention Efforts			
<b>Allocation to Strategy:</b> 2-2-3 Investigate Workers' Comp Fraud & Refer Violations for Prosecution			
<b>OBJECTS OF EXPENSE:</b>			
1001	SALARIES AND WAGES	5,659	5,659
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$5,659</b>	<b>\$5,659</b>
<b>METHOD OF FINANCING:</b>			
36	Dept Ins Operating Acct	5,659	5,659
<b>TOTAL, METHOD OF FINANCING</b>		<b>\$5,659</b>	<b>\$5,659</b>

**4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE**

82nd Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

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Agency code: **454**                      Agency name **Department of Insurance**

Code	Description	Excp 2012	Excp 2013
<b>Item Name:</b> Support Retention Efforts			
<b>Allocation to Strategy:</b> 3-1-1              Provide Fire Protection through Education, Enforcement and Engineering			
<b>OBJECTS OF EXPENSE:</b>			
	1001    SALARIES AND WAGES	93,073	93,073
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$93,073</b>	<b>\$93,073</b>
<b>METHOD OF FINANCING:</b>			
	36    Dept Ins Operating Acct	32,980	32,980
	8042   Insurance Maint Tax Fees	60,093	60,093
<b>TOTAL, METHOD OF FINANCING</b>		<b>\$93,073</b>	<b>\$93,073</b>

**4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE**

82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/27/2010**  
 TIME: **12:57:35PM**

Agency code: **454** Agency name **Department of Insurance**

Code	Description	Excp 2012	Excp 2013
<b>Item Name:</b> Support Retention Efforts			
<b>Allocation to Strategy:</b> 4-1-1 Oversee Activities of System Participants and Take Enforcement Action			
<b>OBJECTS OF EXPENSE:</b>			
1001	SALARIES AND WAGES	103,687	103,687
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$103,687</b>	<b>\$103,687</b>
<b>METHOD OF FINANCING:</b>			
36	Dept Ins Operating Acct	103,687	103,687
<b>TOTAL, METHOD OF FINANCING</b>		<b>\$103,687</b>	<b>\$103,687</b>

**4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE**

82nd Regular Session, Agency Submission, Version 1  
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DATE: **8/27/2010**  
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Agency code: **454**                      Agency name **Department of Insurance**

Code	Description	Excp 2012	Excp 2013
<b>Item Name:</b> Support Retention Efforts			
<b>Allocation to Strategy:</b> 4-1-2 Resolve Indemnity, Medical Fee and Medical Necessity Disputes			
<b>OBJECTS OF EXPENSE:</b>			
1001	SALARIES AND WAGES	293,476	293,476
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$293,476</b>	<b>\$293,476</b>
<b>METHOD OF FINANCING:</b>			
36	Dept Ins Operating Acct	293,476	293,476
<b>TOTAL, METHOD OF FINANCING</b>		<b>\$293,476</b>	<b>\$293,476</b>

**4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE**

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DATE: **8/27/2010**  
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Agency code: **454** Agency name **Department of Insurance**

Code	Description	Excp 2012	Excp 2013
<b>Item Name:</b> Support Retention Efforts			
<b>Allocation to Strategy:</b> 4-1-3 Administer Subsequent Injury Fund			
<b>OBJECTS OF EXPENSE:</b>			
1001	SALARIES AND WAGES	1,201	1,201
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$1,201</b>	<b>\$1,201</b>
<b>METHOD OF FINANCING:</b>			
36	Dept Ins Operating Acct	1,201	1,201
<b>TOTAL, METHOD OF FINANCING</b>		<b>\$1,201</b>	<b>\$1,201</b>

**4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE**

82nd Regular Session, Agency Submission, Version 1  
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DATE: **8/27/2010**  
 TIME: **12:57:35PM**

Agency code: **454** Agency name **Department of Insurance**

Code	Description	Excp 2012	Excp 2013
<b>Item Name:</b> Support Retention Efforts			
<b>Allocation to Strategy:</b> 4-2-1 Provide Educational Services/WPS Consultations to System Participants			
<b>OBJECTS OF EXPENSE:</b>			
1001	SALARIES AND WAGES	76,482	76,482
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$76,482</b>	<b>\$76,482</b>
<b>METHOD OF FINANCING:</b>			
36	Dept Ins Operating Acct	76,482	76,482
<b>TOTAL, METHOD OF FINANCING</b>		<b>\$76,482</b>	<b>\$76,482</b>

**4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE**

82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/27/2010**  
 TIME: **12:57:35PM**

Agency code: **454** Agency name **Department of Insurance**

Code	Description	Excp 2012	Excp 2013
<b>Item Name:</b> Support Retention Efforts			
<b>Allocation to Strategy:</b> 4-2-2 Provide Customer Assistance & Records Admin for System Participants			
<b>OBJECTS OF EXPENSE:</b>			
1001	SALARIES AND WAGES	101,298	101,298
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$101,298</b>	<b>\$101,298</b>
<b>METHOD OF FINANCING:</b>			
36	Dept Ins Operating Acct	101,298	101,298
<b>TOTAL, METHOD OF FINANCING</b>		<b>\$101,298</b>	<b>\$101,298</b>

**4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE**

82nd Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/27/2010**  
TIME: **12:57:35PM**

Agency code: **454**                      Agency name **Department of Insurance**

Code	Description	Excp 2012	Excp 2013
<b>Item Name:</b> Support Retention Efforts			
<b>Allocation to Strategy:</b> 5-1-1 Central Administration			
<b>OBJECTS OF EXPENSE:</b>			
1001	SALARIES AND WAGES	223,786	223,786
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$223,786</b>	<b>\$223,786</b>
<b>METHOD OF FINANCING:</b>			
36	Dept Ins Operating Acct	146,152	146,152
8042	Insurance Maint Tax Fees	77,634	77,634
<b>TOTAL, METHOD OF FINANCING</b>		<b>\$223,786</b>	<b>\$223,786</b>

**4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE**

82nd Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/27/2010**  
TIME: **12:57:35PM**

Agency code: **454**                      Agency name **Department of Insurance**

Code	Description	Excp 2012	Excp 2013
<b>Item Name:</b> Support Retention Efforts			
<b>Allocation to Strategy:</b> 5-1-2 Information Resources			
<b>OBJECTS OF EXPENSE:</b>			
1001	SALARIES AND WAGES	128,476	128,476
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$128,476</b>	<b>\$128,476</b>
<b>METHOD OF FINANCING:</b>			
36	Dept Ins Operating Acct	71,429	71,429
8042	Insurance Maint Tax Fees	57,047	57,047
<b>TOTAL, METHOD OF FINANCING</b>		<b>\$128,476</b>	<b>\$128,476</b>

**4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE**

82nd Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/27/2010**  
TIME: **12:57:35PM**

Agency code: **454**                      Agency name **Department of Insurance**

Code	Description	Excp 2012	Excp 2013
<b>Item Name:</b> Support Retention Efforts			
<b>Allocation to Strategy:</b> 5-1-3 Other Support Services			
<b>OBJECTS OF EXPENSE:</b>			
1001	SALARIES AND WAGES	42,349	42,349
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$42,349</b>	<b>\$42,349</b>
<b>METHOD OF FINANCING:</b>			
36	Dept Ins Operating Acct	26,792	26,792
8042	Insurance Maint Tax Fees	15,557	15,557
<b>TOTAL, METHOD OF FINANCING</b>		<b>\$42,349</b>	<b>\$42,349</b>

**4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE**

82nd Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/27/2010**  
TIME: **12:57:35PM**

Agency code: **454**                      Agency name **Department of Insurance**

Code	Description	Excp 2012	Excp 2013
<b>Item Name:</b> Fund Federal Health Care Reform			
<b>Allocation to Strategy:</b> 1-1-1 Educate Consumers and Industry by Providing Outreach and Information			
<b>OBJECTS OF EXPENSE:</b>			
1001	SALARIES AND WAGES	329,650	329,650
2003	CONSUMABLE SUPPLIES	3,296	3,296
2004	UTILITIES	6,084	6,084
2006	RENT - BUILDING	94,181	94,181
2009	OTHER OPERATING EXPENSE	801,141	801,141
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$1,234,352</b>	<b>\$1,234,352</b>
<b>METHOD OF FINANCING:</b>			
8042	Insurance Maint Tax Fees	1,234,352	1,234,352
<b>TOTAL, METHOD OF FINANCING</b>		<b>\$1,234,352</b>	<b>\$1,234,352</b>
<b>FULL-TIME EQUIVALENT POSITIONS (FTE):</b>		4.7	4.7

**4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE**

82nd Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/27/2010**  
TIME: **12:57:35PM**

Agency code: **454**                      Agency name **Department of Insurance**

Code	Description	Excp 2012	Excp 2013
<b>Item Name:</b> Fund Federal Health Care Reform			
<b>Allocation to Strategy:</b> 1-2-2 Investigate Trade Practices and Bring Enforcement Actions as Needed			
<b>OUTPUT MEASURES:</b>			
	<u>1</u> Number of Enforcement Cases Concluded with Action	20.00	20.00
<b>OBJECTS OF EXPENSE:</b>			
	1001 SALARIES AND WAGES	357,869	357,870
	2001 PROFESSIONAL FEES AND SERVICES	179,000	179,000
	2003 CONSUMABLE SUPPLIES	3,380	3,380
	2004 UTILITIES	6,240	6,240
	2005 TRAVEL	8,520	8,520
	2006 RENT - BUILDING	102,244	102,244
	2009 OTHER OPERATING EXPENSE	1,800	1,800
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$659,053</b>	<b>\$659,054</b>
<b>METHOD OF FINANCING:</b>			
	8042 Insurance Maint Tax Fees	659,053	659,054
<b>TOTAL, METHOD OF FINANCING</b>		<b>\$659,053</b>	<b>\$659,054</b>
<b>FULL-TIME EQUIVALENT POSITIONS (FTE):</b>		5.6	5.6

**4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE**

82nd Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/27/2010**

TIME: **12:57:35PM**

Agency code: **454**                      Agency name **Department of Insurance**

Code	Description	Excp 2012	Excp 2013
<b>Item Name:</b>		Fund Federal Health Care Reform	
<b>Allocation to Strategy:</b>		1-3-1	Process Rates, Forms & Licenses Promptly
<b>OUTPUT MEASURES:</b>			
	<u>1</u> Number of Life/Health Filings Completed	8,722.00	0.00
	<u>2</u> Number of HMO Form Filings Completed	1,170.00	0.00
<b>OBJECTS OF EXPENSE:</b>			
	1001 SALARIES AND WAGES	2,496,078	1,768,158
	2001 PROFESSIONAL FEES AND SERVICES	626,500	626,500
	2003 CONSUMABLE SUPPLIES	16,985	16,985
	2004 UTILITIES	51,756	31,356
	2005 TRAVEL	29,820	29,820
	2006 RENT - BUILDING	713,130	505,163
	2009 OTHER OPERATING EXPENSE	8,084	8,084
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$3,942,353</b>	<b>\$2,986,066</b>
<b>METHOD OF FINANCING:</b>			
	8042 Insurance Maint Tax Fees	3,942,353	2,986,066
<b>TOTAL, METHOD OF FINANCING</b>		<b>\$3,942,353</b>	<b>\$2,986,066</b>
<b>FULL-TIME EQUIVALENT POSITIONS (FTE):</b>		43.9	26.9

**4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE**

82nd Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/27/2010**  
TIME: **12:57:35PM**

Agency code: **454**                      Agency name **Department of Insurance**

Code	Description	Excp 2012	Excp 2013
<b>Item Name:</b> Fund Federal Health Care Reform			
<b>Allocation to Strategy:</b> 2-1-1 Analyze the Financial Condition of Insurers and Take Solvency Action			
<b>OUTPUT MEASURES:</b>			
<u>2</u>	Number of On-site Examinations Conducted	5.00	5.00
<b>OBJECTS OF EXPENSE:</b>			
1001	SALARIES AND WAGES	178,936	178,936
2001	PROFESSIONAL FEES AND SERVICES	89,500	89,500
2003	CONSUMABLE SUPPLIES	1,690	1,690
2004	UTILITIES	3,120	3,120
2005	TRAVEL	4,260	4,260
2006	RENT - BUILDING	51,122	51,122
2009	OTHER OPERATING EXPENSE	900	900
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$329,528</b>	<b>\$329,528</b>
<b>METHOD OF FINANCING:</b>			
8042	Insurance Maint Tax Fees	329,528	329,528
<b>TOTAL, METHOD OF FINANCING</b>		<b>\$329,528</b>	<b>\$329,528</b>
<b>FULL-TIME EQUIVALENT POSITIONS (FTE):</b>		2.8	2.8

**4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE**

82nd Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/27/2010**  
TIME: **12:57:35PM**

Agency code: **454**                      Agency name **Department of Insurance**

Code	Description	Excp 2012	Excp 2013
<b>Item Name:</b> Fund Additional Solvency Positions			
<b>Allocation to Strategy:</b> 2-1-1 Analyze the Financial Condition of Insurers and Take Solvency Action			
<b>STRATEGY IMPACT ON OUTCOME MEASURES:</b>			
<u>1</u>	Percent of Statutorily Mandated Examinations Completed w/in 18 Months	90.00%	90.00%
<u>2</u>	Percent of Identified Companies Reviewed	98.00%	98.00%
<u>5</u>	% of Companies Rehabilitated after TDI Solvency-Related Intervention	18.00%	18.00%
<b>OUTPUT MEASURES:</b>			
<u>1</u>	Number of Entities Receiving TDI Solvency-related Intervention	-2.00	-2.00
<u>2</u>	Number of On-site Examinations Conducted	20.00	20.00
<u>3</u>	Number of Reviews of Annual and Interim Financial Statements Completed	50.00	50.00
<b>EFFICIENCY MEASURES:</b>			
<u>1</u>	Average Cost Per Examination	40,000.00	40,000.00
<b>OBJECTS OF EXPENSE:</b>			
1001	SALARIES AND WAGES	766,332	766,332
2005	TRAVEL	45,000	45,000
2009	OTHER OPERATING EXPENSE	7,500	7,500
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$818,832</b>	<b>\$818,832</b>
<b>METHOD OF FINANCING:</b>			
36	Dept Ins Operating Acct	290,112	290,112
8042	Insurance Maint Tax Fees	528,720	528,720
<b>TOTAL, METHOD OF FINANCING</b>		<b>\$818,832</b>	<b>\$818,832</b>
<b>FULL-TIME EQUIVALENT POSITIONS (FTE):</b>		15.0	15.0

**4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE**

82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/27/2010**  
 TIME: **12:57:35PM**

Agency code: **454** Agency name **Department of Insurance**

Code	Description	Excp 2012	Excp 2013
<b>Item Name:</b> Fund Solvency Monitoring Training			
<b>Allocation to Strategy:</b> 2-1-1 Analyze the Financial Condition of Insurers and Take Solvency Action			
<b>OBJECTS OF EXPENSE:</b>			
2009	OTHER OPERATING EXPENSE	100,000	100,000
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$100,000</b>	<b>\$100,000</b>
<b>METHOD OF FINANCING:</b>			
36	Dept Ins Operating Acct	35,435	35,435
8042	Insurance Maint Tax Fees	64,565	64,565
<b>TOTAL, METHOD OF FINANCING</b>		<b>\$100,000</b>	<b>\$100,000</b>

**4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE**

82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/27/2010**  
 TIME: **12:57:35PM**

Agency code: **454** Agency name **Department of Insurance**

Code	Description	Excp 2012	Excp 2013
<b>Item Name:</b> Transfer TexasSure Funding to TDI			
<b>Allocation to Strategy:</b> 1-1-1 Educate Consumers and Industry by Providing Outreach and Information			
<b>OBJECTS OF EXPENSE:</b>			
2009	OTHER OPERATING EXPENSE	4,225,766	4,228,766
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$4,225,766</b>	<b>\$4,228,766</b>
<b>METHOD OF FINANCING:</b>			
6	State Highway Fund	4,225,766	4,228,766
<b>TOTAL, METHOD OF FINANCING</b>		<b>\$4,225,766</b>	<b>\$4,228,766</b>

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**4.C. EXCEPTIONAL ITEMS STRATEGY REQUEST**  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

**DATE: 8/27/2010**  
**TIME: 12:58:01PM**

Agency Code: **454** Agency name: **Department of Insurance**

GOAL: 1 Promote Consumer Access to Affordable Insur Products W/in a Fair Mrkt Statewide Goal/Benchmark: 7 - 1  
 OBJECTIVE: 1 Provide Insurance Consumers with Meaningful Information Service Categories:  
 STRATEGY: 1 Educate Consumers and Industry by Providing Outreach and Information Service: 17 Income: A.2 Age: B.3

<b>CODE DESCRIPTION</b>	<b>Excp 2012</b>	<b>Excp 2013</b>
<b>OBJECTS OF EXPENSE:</b>		
1001 SALARIES AND WAGES	440,742	440,742
2001 PROFESSIONAL FEES AND SERVICES	30,554	30,554
2003 CONSUMABLE SUPPLIES	3,296	3,296
2004 UTILITIES	6,084	6,084
2006 RENT - BUILDING	94,181	94,181
2009 OTHER OPERATING EXPENSE	5,064,048	5,067,048
<b>Total, Objects of Expense</b>	<b>\$5,638,905</b>	<b>\$5,641,905</b>

<b>METHOD OF FINANCING:</b>		
6 State Highway Fund	4,225,766	4,228,766
36 Dept Ins Operating Acct	63,353	63,353
8042 Insurance Maint Tax Fees	1,349,786	1,349,786
<b>Total, Method of Finance</b>	<b>\$5,638,905</b>	<b>\$5,641,905</b>

**FULL-TIME EQUIVALENT POSITIONS (FTE):** 5.4 5.4

**EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:**

- Restore 5% Baseline Reduction
- Support Retention Efforts
- Fund Federal Health Care Reform
- Transfer TexasSure Funding to TDI

**4.C. EXCEPTIONAL ITEMS STRATEGY REQUEST**  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

**DATE: 8/27/2010**  
**TIME: 12:58:06PM**

Agency Code: **454** Agency name: **Department of Insurance**

GOAL: 1 Promote Consumer Access to Affordable Insur Products W/in a Fair Mrkt Statewide Goal/Benchmark: 7 - 1  
 OBJECTIVE: 2 Reduce Unfair & Illegal Insurer Practices Service Categories:  
 STRATEGY: 1 Respond Promptly and Act on Complaints Service: 17 Income: A.2 Age: B.3

<b>CODE DESCRIPTION</b>	<b>Excp 2012</b>	<b>Excp 2013</b>
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**STRATEGY IMPACT ON OUTCOME MEASURES:**

<u>1</u> Percent of Enforcement Cases Concluded within 365 Days	46.00	46.00
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**OUTPUT MEASURES:**

<u>1</u> Number of Complaints Resolved	1,550.00	1,550.00
<u>4</u> Number of Complaints Against Health Maintenance Organizations Resolved	50.00	50.00

**OBJECTS OF EXPENSE:**

1001 SALARIES AND WAGES	152,203	152,203
2001 PROFESSIONAL FEES AND SERVICES	19,451	19,451
2009 OTHER OPERATING EXPENSE	1,326	1,326
<b>Total, Objects of Expense</b>	<b>\$172,980</b>	<b>\$172,980</b>

**METHOD OF FINANCING:**

36 Dept Ins Operating Acct	61,295	61,295
8042 Insurance Maint Tax Fees	111,685	111,685
<b>Total, Method of Finance</b>	<b>\$172,980</b>	<b>\$172,980</b>

**FULL-TIME EQUIVALENT POSITIONS (FTE):**

1.2	1.2
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**EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:**

Restore 5% Baseline Reduction  
 Support Retention Efforts

**4.C. EXCEPTIONAL ITEMS STRATEGY REQUEST**  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

**DATE: 8/27/2010**  
**TIME: 12:58:06PM**

Agency Code: **454** Agency name: **Department of Insurance**

GOAL: 1 Promote Consumer Access to Affordable Insur Products W/in a Fair Mrkt Statewide Goal/Benchmark: 7 - 1  
 OBJECTIVE: 2 Reduce Unfair & Illegal Insurer Practices Service Categories:  
 STRATEGY: 2 Investigate Trade Practices and Bring Enforcement Actions as Needed Service: 17 Income: A.2 Age: B.3

<b>CODE DESCRIPTION</b>	<b>Excp 2012</b>	<b>Excp 2013</b>
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**OUTPUT MEASURES:**

<u>1</u> Number of Enforcement Cases Concluded with Action	100.00	100.00
<u>2</u> Dollar Amount of Penalties Assessed for Statute and Rule Violations	392,743.00	392,743.00
<u>3</u> Dollar Amount of Restitution Assessed for Statute and Rule Violations	17,519,746.00	17,519,746.00
<u>4</u> Number of Quality Assurance Examinations Conducted	3.00	3.00

**EFFICIENCY MEASURES:**

<u>1</u> Average Cost Per QA Examination Conducted	6,000.00	6,000.00
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**OBJECTS OF EXPENSE:**

1001 SALARIES AND WAGES	569,699	569,700
2001 PROFESSIONAL FEES AND SERVICES	179,000	179,000
2003 CONSUMABLE SUPPLIES	3,380	3,380
2004 UTILITIES	6,240	6,240
2005 TRAVEL	8,520	8,520
2006 RENT - BUILDING	102,244	102,244
2009 OTHER OPERATING EXPENSE	9,511	9,511
<b>Total, Objects of Expense</b>	<b>\$878,594</b>	<b>\$878,595</b>

**METHOD OF FINANCING:**

36 Dept Ins Operating Acct	77,794	77,794
8042 Insurance Maint Tax Fees	800,800	800,801
<b>Total, Method of Finance</b>	<b>\$878,594</b>	<b>\$878,595</b>

**FULL-TIME EQUIVALENT POSITIONS (FTE):**

8.6	8.6
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**4.C. EXCEPTIONAL ITEMS STRATEGY REQUEST**  
82nd Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

**DATE: 8/27/2010**  
**TIME: 12:58:06PM**

Agency Code: **454** Agency name: **Department of Insurance**

GOAL:	1 Promote Consumer Access to Affordable Insur Products W/in a Fair Mrkt	Statewide Goal/Benchmark:	7 - 1
OBJECTIVE:	2 Reduce Unfair & Illegal Insurer Practices	Service Categories:	
STRATEGY:	2 Investigate Trade Practices and Bring Enforcement Actions as Needed	Service: 17 Income: A.2 Age: B.3	

<u>CODE</u>	<u>DESCRIPTION</u>	<u>Excp 2012</u>	<u>Excp 2013</u>
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**EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:**

Restore 5% Baseline Reduction  
Support Retention Efforts  
Fund Federal Health Care Reform

**4.C. EXCEPTIONAL ITEMS STRATEGY REQUEST**  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

**DATE: 8/27/2010**  
**TIME: 12:58:06PM**

Agency Code: **454** Agency name: **Department of Insurance**

GOAL: 1 Promote Consumer Access to Affordable Insur Products W/in a Fair Mrkt Statewide Goal/Benchmark: 7 - 1  
 OBJECTIVE: 2 Reduce Unfair & Illegal Insurer Practices Service Categories:  
 STRATEGY: 3 Investigate Insurer Fraud and Refer Violations for Prosecution Service: 34 Income: A.2 Age: B.3

<b>CODE DESCRIPTION</b>	<b>Excp 2012</b>	<b>Excp 2013</b>
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**EFFICIENCY MEASURES:**

<u>1</u> Average Number of Days Per Insurer Fraud Case Referred	300.00	300.00
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**EXPLANATORY/INPUT MEASURES:**

<u>1</u> Estimated Dollar Amount (in Millions) of Insurer Fraud Referred	7.00	7.00
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**OBJECTS OF EXPENSE:**

1001 SALARIES AND WAGES	88,504	88,504
2001 PROFESSIONAL FEES AND SERVICES	2,161	2,161
2005 TRAVEL	1,897	1,897
2009 OTHER OPERATING EXPENSE	2,653	2,653
<b>Total, Objects of Expense</b>	<b>\$95,215</b>	<b>\$95,215</b>

**METHOD OF FINANCING:**

36 Dept Ins Operating Acct	33,740	33,740
8042 Insurance Maint Tax Fees	61,475	61,475
<b>Total, Method of Finance</b>	<b>\$95,215</b>	<b>\$95,215</b>

**FULL-TIME EQUIVALENT POSITIONS (FTE):**

1.1	1.1
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**EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:**

Restore 5% Baseline Reduction  
 Support Retention Efforts

**4.C. EXCEPTIONAL ITEMS STRATEGY REQUEST**  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

**DATE: 8/27/2010**  
**TIME: 12:58:06PM**

Agency Code: **454** Agency name: **Department of Insurance**

GOAL: 1 Promote Consumer Access to Affordable Insur Products W/in a Fair Mrkt Statewide Goal/Benchmark: 7 - 1  
 OBJECTIVE: 3 Reduce Impediments to Competition and Improve Insurance Availability Service Categories:  
 STRATEGY: 1 Process Rates, Forms & Licenses Promptly Service: 17 Income: A.2 Age: B.3

<b>CODE DESCRIPTION</b>	<b>Excp 2012</b>	<b>Excp 2013</b>
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**STRATEGY IMPACT ON OUTCOME MEASURES:**

<u>1</u> Percent of Company, TPA and PF License Apps Completed within 60 Days	98.00 %	98.00 %
<u>2</u> Percent of Agent License Filings Completed within 15 Days	96.00 %	96.00 %
<u>4</u> Percent Personal Auto/Res Property Form Filings Completed in 60 Days	95.00 %	95.00 %

**OUTPUT MEASURES:**

<u>1</u> Number of Life/Health Filings Completed	9,525.00	803.00
<u>2</u> Number of HMO Form Filings Completed	1,320.00	150.00
<u>3</u> Number of Property and Casualty Rate and Form Filings Completed	1,235.00	1,235.00

**OBJECTS OF EXPENSE:**

1001 SALARIES AND WAGES	3,362,283	2,634,363
1002 OTHER PERSONNEL COSTS	5,280	5,280
2001 PROFESSIONAL FEES AND SERVICES	637,700	637,700
2003 CONSUMABLE SUPPLIES	16,985	16,985
2004 UTILITIES	51,756	31,356
2005 TRAVEL	29,820	29,820
2006 RENT - BUILDING	713,130	505,163
2009 OTHER OPERATING EXPENSE	13,254	13,254
<b>Total, Objects of Expense</b>	<b>\$4,830,208</b>	<b>\$3,873,921</b>

**METHOD OF FINANCING:**

36 Dept Ins Operating Acct	314,611	314,611
8042 Insurance Maint Tax Fees	4,515,597	3,559,310
<b>Total, Method of Finance</b>	<b>\$4,830,208</b>	<b>\$3,873,921</b>

**4.C. EXCEPTIONAL ITEMS STRATEGY REQUEST**  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

**DATE: 8/27/2010**  
**TIME: 12:58:06PM**

Agency Code: **454** Agency name: **Department of Insurance**

GOAL:	1 Promote Consumer Access to Affordable Insur Products W/in a Fair Mrkt	Statewide Goal/Benchmark:	7 - 1
OBJECTIVE:	3 Reduce Impediments to Competition and Improve Insurance Availability	Service Categories:	
STRATEGY:	1 Process Rates, Forms & Licenses Promptly	Service: 17 Income: A.2 Age: B.3	

<b>CODE DESCRIPTION</b>	<b>Excp 2012</b>	<b>Excp 2013</b>
<b>FULL-TIME EQUIVALENT POSITIONS (FTE):</b>	57.4	40.4

**EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:**

- Restore 5% Baseline Reduction
- Support Retention Efforts
- Fund Federal Health Care Reform

**4.C. EXCEPTIONAL ITEMS STRATEGY REQUEST**  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

**DATE: 8/27/2010**  
**TIME: 12:58:06PM**

Agency Code: **454** Agency name: **Department of Insurance**

GOAL: 1 Promote Consumer Access to Affordable Insur Products W/in a Fair Mrkt Statewide Goal/Benchmark: 7 - 1  
 OBJECTIVE: 3 Reduce Impediments to Competition and Improve Insurance Availability Service Categories:  
 STRATEGY: 2 Promote Coverage in Underserved Markets Service: 17 Income: A.2 Age: B.3

<b>CODE DESCRIPTION</b>	<b>Excp 2012</b>	<b>Excp 2013</b>
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**OBJECTS OF EXPENSE:**

1001 SALARIES AND WAGES	5,469	5,469
<b>Total, Objects of Expense</b>	<b>\$5,469</b>	<b>\$5,469</b>

**METHOD OF FINANCING:**

36 Dept Ins Operating Acct	1,938	1,938
8042 Insurance Maint Tax Fees	3,531	3,531
<b>Total, Method of Finance</b>	<b>\$5,469</b>	<b>\$5,469</b>

**EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:**

Restore 5% Baseline Reduction  
 Support Retention Efforts

**4.C. EXCEPTIONAL ITEMS STRATEGY REQUEST**  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

**DATE: 8/27/2010**  
**TIME: 12:58:06PM**

Agency Code: **454** Agency name: **Department of Insurance**

GOAL: 1 Promote Consumer Access to Affordable Insur Products W/in a Fair Mrkt Statewide Goal/Benchmark: 7 - 5  
 OBJECTIVE: 3 Reduce Impediments to Competition and Improve Insurance Availability Service Categories:  
 STRATEGY: 4 Regulate Private Employers that Qualify to Self-Ins w/in the WC System Service: 17 Income: A.2 Age: B.3

<b>CODE DESCRIPTION</b>	<b>Excp 2012</b>	<b>Excp 2013</b>
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**EFFICIENCY MEASURES:**

<u>1</u> Average Cost Per Certified Self-Insured Certificate Holder	23,000.00	23,000.00
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**OBJECTS OF EXPENSE:**

1001 SALARIES AND WAGES	66,417	66,417
2003 CONSUMABLE SUPPLIES	350	350
<b>Total, Objects of Expense</b>	<b>\$66,767</b>	<b>\$66,767</b>

**METHOD OF FINANCING:**

36 Dept Ins Operating Acct	66,767	66,767
<b>Total, Method of Finance</b>	<b>\$66,767</b>	<b>\$66,767</b>

**FULL-TIME EQUIVALENT POSITIONS (FTE):**

1.0	1.0
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**EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:**

Restore 5% Baseline Reduction  
 Support Retention Efforts

**4.C. EXCEPTIONAL ITEMS STRATEGY REQUEST**  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

**DATE: 8/27/2010**  
**TIME: 12:58:06PM**

Agency Code: **454** Agency name: **Department of Insurance**

GOAL: 1 Promote Consumer Access to Affordable Insur Products W/in a Fair Mrkt Statewide Goal/Benchmark: 7 - 0  
 OBJECTIVE: 4 Administer Innovative Insurance Initiatives Service Categories:  
 STRATEGY: 1 Support the State's Long-term Care Partnership Initiatives Service: 17 Income: A.2 Age: B.3

<b>CODE DESCRIPTION</b>	<b>Excp 2012</b>	<b>Excp 2013</b>
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**OBJECTS OF EXPENSE:**

1001 SALARIES AND WAGES	4,184	4,184
<b>Total, Objects of Expense</b>	<b>\$4,184</b>	<b>\$4,184</b>

**METHOD OF FINANCING:**

36 Dept Ins Operating Acct	4,184	4,184
<b>Total, Method of Finance</b>	<b>\$4,184</b>	<b>\$4,184</b>

**EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:**

Support Retention Efforts

**4.C. EXCEPTIONAL ITEMS STRATEGY REQUEST**  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

**DATE: 8/27/2010**  
**TIME: 12:58:06PM**

Agency Code: **454** Agency name: **Department of Insurance**

GOAL: 1 Promote Consumer Access to Affordable Insur Products W/in a Fair Mrkt Statewide Goal/Benchmark: 7 - 0  
 OBJECTIVE: 4 Administer Innovative Insurance Initiatives Service Categories:  
 STRATEGY: 2 Administer Three-Share Grant Program Service: NA Income: NA Age: NA

<b>CODE DESCRIPTION</b>	<b>Excp 2012</b>	<b>Excp 2013</b>
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**OBJECTS OF EXPENSE:**

1001 SALARIES AND WAGES	1,330	1,330
4000 GRANTS	22,500	22,500
<b>Total, Objects of Expense</b>	<b>\$23,830</b>	<b>\$23,830</b>

**METHOD OF FINANCING:**

8042 Insurance Maint Tax Fees	23,830	23,830
<b>Total, Method of Finance</b>	<b>\$23,830</b>	<b>\$23,830</b>

**EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:**

Restore 5% Baseline Reduction  
 Support Retention Efforts

**4.C. EXCEPTIONAL ITEMS STRATEGY REQUEST**  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

**DATE: 8/27/2010**  
**TIME: 12:58:06PM**

Agency Code: **454** Agency name: **Department of Insurance**

GOAL: 1 Promote Consumer Access to Affordable Insur Products W/in a Fair Mrkt Statewide Goal/Benchmark: 7 - 0  
 OBJECTIVE: 4 Administer Innovative Insurance Initiatives Service Categories:  
 STRATEGY: 3 Promote the Healthy Texas program Service: 17 Income: A.2 Age: B.3

<b>CODE DESCRIPTION</b>	<b>Excp 2012</b>	<b>Excp 2013</b>
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**OBJECTS OF EXPENSE:**

1001 SALARIES AND WAGES	8,509	8,509
<b>Total, Objects of Expense</b>	<b>\$8,509</b>	<b>\$8,509</b>

**METHOD OF FINANCING:**

8042 Insurance Maint Tax Fees	8,509	8,509
<b>Total, Method of Finance</b>	<b>\$8,509</b>	<b>\$8,509</b>

**EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:**

Support Retention Efforts

**4.C. EXCEPTIONAL ITEMS STRATEGY REQUEST**  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

**DATE: 8/27/2010**  
**TIME: 12:58:06PM**

Agency Code: **454** Agency name: **Department of Insurance**

GOAL: 2 Promote Financial Strength of Ins. Industry & Reduce Undue Loss Cost Statewide Goal/Benchmark: 7 - 1  
 OBJECTIVE: 1 Regulate Insurance Industry Solvency Service Categories:  
 STRATEGY: 1 Analyze the Financial Condition of Insurers and Take Solvency Action Service: 17 Income: A.2 Age: B.3

<b>CODE DESCRIPTION</b>	<b>Excp 2012</b>	<b>Excp 2013</b>
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**STRATEGY IMPACT ON OUTCOME MEASURES:**

<u>1</u> Percent of Statutorily Mandated Examinations Completed w/in 18 Months	92.00 %	92.00 %
<u>2</u> Percent of Identified Companies Reviewed	99.00 %	99.00 %
<u>3</u> Percent of Special Deputy Receiver Collections Expended on Asset Admin	15.00 %	15.00 %
<u>5</u> % of Companies Rehabilitated after TDI Solvency-Related Intervention	20.00 %	20.00 %

**OUTPUT MEASURES:**

<u>1</u> Number of Entities Receiving TDI Solvency-related Intervention	(3.00)	(3.00)
<u>2</u> Number of On-site Examinations Conducted	35.00	35.00
<u>3</u> Number of Reviews of Annual and Interim Financial Statements Completed	231.00	231.00

**EFFICIENCY MEASURES:**

<u>1</u> Average Cost Per Examination	39,000.00	39,000.00
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**EXPLANATORY/INPUT MEASURES:**

<u>1</u> Dollar Amount (in Millions) of Insurance Company Insolvencies	50.00	50.00
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**OBJECTS OF EXPENSE:**

1001 SALARIES AND WAGES	1,779,593	1,779,593
2001 PROFESSIONAL FEES AND SERVICES	90,400	90,400
2003 CONSUMABLE SUPPLIES	1,690	1,690
2004 UTILITIES	3,120	3,120
2005 TRAVEL	90,446	90,446
2006 RENT - BUILDING	51,122	51,122
2009 OTHER OPERATING EXPENSE	132,961	132,961
<b>Total, Objects of Expense</b>	<b>\$2,149,332</b>	<b>\$2,149,332</b>

**4.C. EXCEPTIONAL ITEMS STRATEGY REQUEST**  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

**DATE: 8/27/2010**  
**TIME: 12:58:06PM**

Agency Code: **454** Agency name: **Department of Insurance**

GOAL: 2 Promote Financial Strength of Ins. Industry & Reduce Undue Loss Cost Statewide Goal/Benchmark: 7 - 1  
 OBJECTIVE: 1 Regulate Insurance Industry Solvency Service Categories:  
 STRATEGY: 1 Analyze the Financial Condition of Insurers and Take Solvency Action Service: 17 Income: A.2 Age: B.3

<b>CODE DESCRIPTION</b>	<b>Excp 2012</b>	<b>Excp 2013</b>
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**METHOD OF FINANCING:**

36 Dept Ins Operating Acct	644,806	644,806
8042 Insurance Maint Tax Fees	1,504,526	1,504,526
<b>Total, Method of Finance</b>	<b>\$2,149,332</b>	<b>\$2,149,332</b>

<b>FULL-TIME EQUIVALENT POSITIONS (FTE):</b>	27.3	27.3
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**EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:**

- Restore 5% Baseline Reduction
- Support Retention Efforts
- Fund Federal Health Care Reform
- Fund Additional Solvency Positions
- Fund Solvency Monitoring Training

**4.C. EXCEPTIONAL ITEMS STRATEGY REQUEST**  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

**DATE: 8/27/2010**  
**TIME: 12:58:06PM**

Agency Code: **454** Agency name: **Department of Insurance**

GOAL: 2 Promote Financial Strength of Ins. Industry & Reduce Undue Loss Cost Statewide Goal/Benchmark: 7 - 1  
 OBJECTIVE: 2 Assure Loss Control Services, Windstorm Inspections & Fraud Referrals Service Categories:  
 STRATEGY: 1 Inspect Loss Control Programs and Assure Code and Schedule Compliance Service: 17 Income: A.2 Age: B.3

<b>CODE DESCRIPTION</b>	<b>Excp 2012</b>	<b>Excp 2013</b>
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**OUTPUT MEASURES:**

<u>1</u> Number of Windstorm Inspections Completed	1,900.00	1,900.00
<u>2</u> Number of Inspections of Insurer Loss Control Programs Completed	67.00	67.00
<u>3</u> Number of Commercial Property Oversight Inspections Completed	290.00	290.00

**OBJECTS OF EXPENSE:**

1001 SALARIES AND WAGES	122,630	122,630
1002 OTHER PERSONNEL COSTS	2,640	2,640
2005 TRAVEL	36,000	36,000
2009 OTHER OPERATING EXPENSE	1,145	1,145
<b>Total, Objects of Expense</b>	<b>\$162,415</b>	<b>\$162,415</b>

**METHOD OF FINANCING:**

36 Dept Ins Operating Acct	57,552	57,552
8042 Insurance Maint Tax Fees	104,863	104,863
<b>Total, Method of Finance</b>	<b>\$162,415</b>	<b>\$162,415</b>

**FULL-TIME EQUIVALENT POSITIONS (FTE):**

1.3	1.3
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**EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:**

Restore 5% Baseline Reduction  
 Support Retention Efforts

**4.C. EXCEPTIONAL ITEMS STRATEGY REQUEST**  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

**DATE: 8/27/2010**  
**TIME: 12:58:06PM**

Agency Code: **454** Agency name: **Department of Insurance**

GOAL: 2 Promote Financial Strength of Ins. Industry & Reduce Undue Loss Cost Statewide Goal/Benchmark: 7 - 1  
 OBJECTIVE: 2 Assure Loss Control Services, Windstorm Inspections & Fraud Referrrals Service Categories:  
 STRATEGY: 2 Investigate Provider/Consumer Fraud & Refer Violations for Prosecution Service: 34 Income: A.2 Age: B.3

<b>CODE DESCRIPTION</b>	<b>Excp 2012</b>	<b>Excp 2013</b>
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**OUTPUT MEASURES:**

<b>1</b> Number of Referrals of Alleged Consumer & Provider Fraud	10.00	10.00
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**EFFICIENCY MEASURES:**

<b>1</b> Avg Number of Days Per Consumer or Provider Fraud Case Referred	265.00	265.00
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**EXPLANATORY/INPUT MEASURES:**

<b>2</b> Estimated \$ Amount (in Millions) of Consumer & Provider Fraud Referred	1.75	1.75
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**OBJECTS OF EXPENSE:**

1001 SALARIES AND WAGES	84,836	84,836
2001 PROFESSIONAL FEES AND SERVICES	2,161	2,161
2005 TRAVEL	1,897	1,897
2009 OTHER OPERATING EXPENSE	2,656	2,656
<b>Total, Objects of Expense</b>	<b>\$91,550</b>	<b>\$91,550</b>

**METHOD OF FINANCING:**

36 Dept Ins Operating Acct	32,441	32,441
8042 Insurance Maint Tax Fees	59,109	59,109
<b>Total, Method of Finance</b>	<b>\$91,550</b>	<b>\$91,550</b>

**FULL-TIME EQUIVALENT POSITIONS (FTE):**

1.1	1.1
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**EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:**

Restore 5% Baseline Reduction

**4.C. EXCEPTIONAL ITEMS STRATEGY REQUEST**  
82nd Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

**DATE:** 8/27/2010  
**TIME:** 12:58:06PM

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Agency Code: **454** Agency name: **Department of Insurance**

GOAL: 2 Promote Financial Strength of Ins. Industry & Reduce Undue Loss Cost Statewide Goal/Benchmark: 7 - 1  
OBJECTIVE: 2 Assure Loss Control Services, Windstorm Inspections & Fraud Referrals Service Categories:  
STRATEGY: 2 Investigate Provider/Consumer Fraud & Refer Violations for Prosecution Service: 34 Income: A.2 Age: B.3

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<b>CODE</b>	<b>DESCRIPTION</b>	<b>Excp 2012</b>	<b>Excp 2013</b>
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Support Retention Efforts

**4.C. EXCEPTIONAL ITEMS STRATEGY REQUEST**  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

**DATE: 8/27/2010**  
**TIME: 12:58:06PM**

Agency Code: **454** Agency name: **Department of Insurance**

GOAL: 2 Promote Financial Strength of Ins. Industry & Reduce Undue Loss Cost Statewide Goal/Benchmark: 7 - 1  
 OBJECTIVE: 2 Assure Loss Control Services, Windstorm Inspections & Fraud Referrals Service Categories:  
 STRATEGY: 3 Investigate Workers' Comp Fraud & Refer Violations for Prosecution Service: 34 Income: A.2 Age: B.3

<b>CODE DESCRIPTION</b>	<b>Excp 2012</b>	<b>Excp 2013</b>
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**OUTPUT MEASURES:**

<b>1</b> Number of WC Insurance Fraud Referrals to State or Federal Prosecutors	3.00	3.00
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**EXPLANATORY/INPUT MEASURES:**

<b>2</b> Dollar Amount (in Millions) of WC Insurance Fraud Referred	0.20	0.20
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**OBJECTS OF EXPENSE:**

1001 SALARIES AND WAGES	18,759	18,759
2005 TRAVEL	750	750
<b>Total, Objects of Expense</b>	<b>\$19,509</b>	<b>\$19,509</b>

**METHOD OF FINANCING:**

36 Dept Ins Operating Acct	19,509	19,509
<b>Total, Method of Finance</b>	<b>\$19,509</b>	<b>\$19,509</b>

**FULL-TIME EQUIVALENT POSITIONS (FTE):**

	0.5	0.5
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**EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:**

Restore 5% Baseline Reduction

Support Retention Efforts

**4.C. EXCEPTIONAL ITEMS STRATEGY REQUEST**  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

**DATE: 8/27/2010**  
**TIME: 12:58:06PM**

Agency Code: **454** Agency name: **Department of Insurance**

GOAL: 3 Reduce Loss of Life & Property Due to Fire Statewide Goal/Benchmark: 7 - 1  
 OBJECTIVE: 1 Protect the Public from Loss of Life and Property due to fire Service Categories:  
 STRATEGY: 1 Provide Fire Protection through Education, Enforcement and Engineering Service: 17 Income: A.2 Age: B.3

<b>CODE DESCRIPTION</b>	<b>Excp 2012</b>	<b>Excp 2013</b>
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**STRATEGY IMPACT ON OUTCOME MEASURES:**

<u>1</u> % of SFMO Criminal Referrals Resulting in Enforcement/Legal Action	60.00 %	60.00 %
<u>2</u> % of Fire Sfty Registrations, Licenses, Permits Issued w/in 20 Days	99.00 %	99.00 %

**OUTPUT MEASURES:**

<u>1</u> # of Individuals Attending SFMO Fire Prevention/Safety Presentations	20,000.00	20,000.00
<u>2</u> Number of Fire Investigations Completed	26.00	26.00
<u>3</u> Number of Samples Analyzed in the Arson Lab	115.00	115.00
<u>4</u> Number of SFMO Criminal Referrals to Prosecution	5.00	5.00
<u>5</u> Number of SFMO Registrations, Licenses, & Permits Issued	585.00	585.00
<u>6</u> Number of Licensing Investigations or Inspections Conducted	55.00	55.00
<u>7</u> Number of Buildings Inspected or Reinspected for Fire Safety Hazards	232.00	232.00
<u>8</u> # of Communities Accepting a SFMO Fire Prevention Program	2.00	2.00

**EFFICIENCY MEASURES:**

<u>1</u> Average Cost Per Fire Safety Inspection	145.00	145.00
<u>2</u> Average Time to Complete Fire Investigations	150.00	150.00

**OBJECTS OF EXPENSE:**

1001 SALARIES AND WAGES	124,802	124,802
1002 OTHER PERSONNEL COSTS	3,360	3,360
2002 FUELS AND LUBRICANTS	13,000	13,000
2005 TRAVEL	28,705	28,705
2006 RENT - BUILDING	2,465	2,465
2007 RENT - MACHINE AND OTHER	431	431
2009 OTHER OPERATING EXPENSE	15,234	15,234
5000 CAPITAL EXPENDITURES	114,832	114,832

**4.C. EXCEPTIONAL ITEMS STRATEGY REQUEST**  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

**DATE: 8/27/2010**  
**TIME: 12:58:06PM**

Agency Code: **454** Agency name: **Department of Insurance**

GOAL: 3 Reduce Loss of Life & Property Due to Fire Statewide Goal/Benchmark: 7 - 1  
 OBJECTIVE: 1 Protect the Public from Loss of Life and Property due to fire Service Categories:  
 STRATEGY: 1 Provide Fire Protection through Education, Enforcement and Engineering Service: 17 Income: A.2 Age: B.3

<b>CODE DESCRIPTION</b>	<b>Excp 2012</b>	<b>Excp 2013</b>
<b>Total, Objects of Expense</b>	<b>\$302,829</b>	<b>\$302,829</b>

**METHOD OF FINANCING:**

36 Dept Ins Operating Acct	107,307	107,307
8042 Insurance Maint Tax Fees	195,522	195,522
<b>Total, Method of Finance</b>	<b>\$302,829</b>	<b>\$302,829</b>

**FULL-TIME EQUIVALENT POSITIONS (FTE):** 1.0 1.0

**EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:**

Restore 5% Baseline Reduction  
 Support Retention Efforts

**4.C. EXCEPTIONAL ITEMS STRATEGY REQUEST**  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

**DATE:** 8/27/2010  
**TIME:** 12:58:06PM

Agency Code: **454** Agency name: **Department of Insurance**

GOAL: 4 Effectively Regulate the Texas Workers' Compensation System Statewide Goal/Benchmark: 7 - 5  
 OBJECTIVE: 1 Ensure Appropriate Delivery of Workers' Compensation Benefits Service Categories:  
 STRATEGY: 1 Oversee Activities of System Participants and Take Enforcement Action Service: 17 Income: A.2 Age: B.3

<b>CODE DESCRIPTION</b>	<b>Excp 2012</b>	<b>Excp 2013</b>
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**OUTPUT MEASURES:**

<u>4</u> Number of Quality of Care Reviews Completed	5.00	5.00
<u>5</u> # of Complaints Closed Involving WC System Participants	160.00	160.00
<u>6</u> Number of Performance Reviews Completed	4.00	4.00

**EFFICIENCY MEASURES:**

<u>1</u> AVG # Days Per Q of C Reviews of Provider Carriers/URAS/IROS Completed	180.00	180.00
<u>2</u> AVG # of Days to Close a Complaint Involving WC System	120.00	120.00

**OBJECTS OF EXPENSE:**

1001 SALARIES AND WAGES	348,879	348,879
2003 CONSUMABLE SUPPLIES	1,495	1,495
2009 OTHER OPERATING EXPENSE	1,749	1,749
<b>Total, Objects of Expense</b>	<b>\$352,123</b>	<b>\$352,123</b>

**METHOD OF FINANCING:**

36 Dept Ins Operating Acct	352,123	352,123
<b>Total, Method of Finance</b>	<b>\$352,123</b>	<b>\$352,123</b>

**FULL-TIME EQUIVALENT POSITIONS (FTE):**

6.6	6.6
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**EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:**

Restore 5% Baseline Reduction  
 Support Retention Efforts

**4.C. EXCEPTIONAL ITEMS STRATEGY REQUEST**  
 82nd Regular Session, Agency Submission, Version 1  
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**DATE: 8/27/2010**  
**TIME: 12:58:06PM**

Agency Code: **454** Agency name: **Department of Insurance**

GOAL: 4 Effectively Regulate the Texas Workers' Compensation System Statewide Goal/Benchmark: 7 - 5  
 OBJECTIVE: 1 Ensure Appropriate Delivery of Workers' Compensation Benefits Service Categories:  
 STRATEGY: 2 Resolve Indemnity, Medical Fee and Medical Necessity Disputes Service: 17 Income: A.2 Age: B.3

<b>CODE DESCRIPTION</b>	<b>Excp 2012</b>	<b>Excp 2013</b>
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**OBJECTS OF EXPENSE:**

1001 SALARIES AND WAGES	950,244	950,244
2003 CONSUMABLE SUPPLIES	10,982	10,982
2009 OTHER OPERATING EXPENSE	554	554
<b>Total, Objects of Expense</b>	<b>\$961,780</b>	<b>\$961,780</b>

**METHOD OF FINANCING:**

36 Dept Ins Operating Acct	961,780	961,780
<b>Total, Method of Finance</b>	<b>\$961,780</b>	<b>\$961,780</b>

**FULL-TIME EQUIVALENT POSITIONS (FTE):**

17.0	17.0
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**EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:**

Restore 5% Baseline Reduction  
 Support Retention Efforts

**4.C. EXCEPTIONAL ITEMS STRATEGY REQUEST**  
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**DATE: 8/27/2010**  
**TIME: 12:58:06PM**

Agency Code: **454** Agency name: **Department of Insurance**

GOAL: 4 Effectively Regulate the Texas Workers' Compensation System Statewide Goal/Benchmark: 7 - 5  
 OBJECTIVE: 1 Ensure Appropriate Delivery of Workers' Compensation Benefits Service Categories:  
 STRATEGY: 3 Administer Subsequent Injury Fund Service: 17 Income: A.2 Age: B.3

<b>CODE DESCRIPTION</b>	<b>Excp 2012</b>	<b>Excp 2013</b>
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**OBJECTS OF EXPENSE:**

1001 SALARIES AND WAGES	7,772	7,772
<b>Total, Objects of Expense</b>	<b>\$7,772</b>	<b>\$7,772</b>

**METHOD OF FINANCING:**

36 Dept Ins Operating Acct	7,772	7,772
<b>Total, Method of Finance</b>	<b>\$7,772</b>	<b>\$7,772</b>

**EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:**

Restore 5% Baseline Reduction  
 Support Retention Efforts

**4.C. EXCEPTIONAL ITEMS STRATEGY REQUEST**  
 82nd Regular Session, Agency Submission, Version 1  
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**DATE: 8/27/2010**  
**TIME: 12:58:06PM**

Agency Code: **454** Agency name: **Department of Insurance**

GOAL: 4 Effectively Regulate the Texas Workers' Compensation System Statewide Goal/Benchmark: 7 - 5  
 OBJECTIVE: 2 Ensure Workers' Comp System Participants are Educated and Informed Service Categories:  
 STRATEGY: 1 Provide Educational Services/WPS Consultations to System Participants Service: 17 Income: A.2 Age: B.3

<b>CODE DESCRIPTION</b>	<b>Excp 2012</b>	<b>Excp 2013</b>
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**OBJECTS OF EXPENSE:**

1001 SALARIES AND WAGES	150,027	150,027
2003 CONSUMABLE SUPPLIES	630	630
<b>Total, Objects of Expense</b>	<b>\$150,657</b>	<b>\$150,657</b>

**METHOD OF FINANCING:**

36 Dept Ins Operating Acct	150,657	150,657
<b>Total, Method of Finance</b>	<b>\$150,657</b>	<b>\$150,657</b>

**FULL-TIME EQUIVALENT POSITIONS (FTE):**

1.6	1.6
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**EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:**

Restore 5% Baseline Reduction  
 Support Retention Efforts

**4.C. EXCEPTIONAL ITEMS STRATEGY REQUEST**  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

**DATE: 8/27/2010**  
**TIME: 12:58:06PM**

Agency Code: **454** Agency name: **Department of Insurance**

GOAL: 4 Effectively Regulate the Texas Workers' Compensation System Statewide Goal/Benchmark: 7 - 5  
 OBJECTIVE: 2 Ensure Workers' Comp System Participants are Educated and Informed Service Categories:  
 STRATEGY: 2 Provide Customer Assistance & Records Admin for System Participants Service: 09 Income: A.2 Age: B.3

<b>CODE DESCRIPTION</b>	<b>Excp 2012</b>	<b>Excp 2013</b>
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**OBJECTS OF EXPENSE:**

1001 SALARIES AND WAGES	522,390	522,390
2003 CONSUMABLE SUPPLIES	1,750	1,750
<b>Total, Objects of Expense</b>	<b>\$524,140</b>	<b>\$524,140</b>

**METHOD OF FINANCING:**

36 Dept Ins Operating Acct	524,140	524,140
<b>Total, Method of Finance</b>	<b>\$524,140</b>	<b>\$524,140</b>

**FULL-TIME EQUIVALENT POSITIONS (FTE):**

16.6	16.6
------	------

**EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:**

Restore 5% Baseline Reduction  
 Support Retention Efforts

**4.C. EXCEPTIONAL ITEMS STRATEGY REQUEST**  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

**DATE: 8/27/2010**  
**TIME: 12:58:06PM**

Agency Code: **454**

Agency name: **Department of Insurance**

GOAL: 5 Indirect Administration  
 OBJECTIVE: 1 Indirect Administration  
 STRATEGY: 1 Central Administration

Statewide Goal/Benchmark: 7 - 0  
 Service Categories:  
 Service: 09 Income: A.2 Age: B.3

<b>CODE DESCRIPTION</b>	<b>Excp 2012</b>	<b>Excp 2013</b>
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**OBJECTS OF EXPENSE:**

1001 SALARIES AND WAGES	773,124	773,124
2001 PROFESSIONAL FEES AND SERVICES	36,738	36,738
2003 CONSUMABLE SUPPLIES	20,523	20,523
2004 UTILITIES	750	750
2005 TRAVEL	17,275	17,275
2007 RENT - MACHINE AND OTHER	2,280	2,280
2009 OTHER OPERATING EXPENSE	74,742	74,742
<b>Total, Objects of Expense</b>	<b>\$925,432</b>	<b>\$925,432</b>

**METHOD OF FINANCING:**

36 Dept Ins Operating Acct	656,703	656,703
8042 Insurance Maint Tax Fees	268,729	268,729
<b>Total, Method of Finance</b>	<b>\$925,432</b>	<b>\$925,432</b>

**FULL-TIME EQUIVALENT POSITIONS (FTE):**

10.8	10.8
------	------

**EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:**

Restore 5% Baseline Reduction  
 Support Retention Efforts

**4.C. EXCEPTIONAL ITEMS STRATEGY REQUEST**  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

**DATE: 8/27/2010**  
**TIME: 12:58:06PM**

Agency Code: **454**

Agency name: **Department of Insurance**

GOAL: 5 Indirect Administration  
 OBJECTIVE: 1 Indirect Administration  
 STRATEGY: 2 Information Resources

Statewide Goal/Benchmark: 7 - 0  
 Service Categories:  
 Service: 09 Income: A.2 Age: B.3

<b>CODE DESCRIPTION</b>	<b>Excp 2012</b>	<b>Excp 2013</b>
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**OBJECTS OF EXPENSE:**

1001 SALARIES AND WAGES	350,458	350,458
2001 PROFESSIONAL FEES AND SERVICES	331,764	331,764
2003 CONSUMABLE SUPPLIES	10,730	10,730
2009 OTHER OPERATING EXPENSE	48,549	48,549
<b>Total, Objects of Expense</b>	<b>\$741,501</b>	<b>\$741,501</b>

**METHOD OF FINANCING:**

36 Dept Ins Operating Acct	445,998	445,998
8042 Insurance Maint Tax Fees	295,503	295,503
<b>Total, Method of Finance</b>	<b>\$741,501</b>	<b>\$741,501</b>

**FULL-TIME EQUIVALENT POSITIONS (FTE):**

5.5	5.5
-----	-----

**EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:**

Restore 5% Baseline Reduction  
 Support Retention Efforts

**4.C. EXCEPTIONAL ITEMS STRATEGY REQUEST**  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

**DATE: 8/27/2010**  
**TIME: 12:58:06PM**

Agency Code: **454**

Agency name: **Department of Insurance**

GOAL: 5 Indirect Administration  
 OBJECTIVE: 1 Indirect Administration  
 STRATEGY: 3 Other Support Services

Statewide Goal/Benchmark: 7 - 0  
 Service Categories:  
 Service: 09 Income: A.2 Age: B.3

<b>CODE DESCRIPTION</b>	<b>Excp 2012</b>	<b>Excp 2013</b>
-------------------------	------------------	------------------

**OBJECTS OF EXPENSE:**

1001 SALARIES AND WAGES	80,628	80,628
2003 CONSUMABLE SUPPLIES	4,640	4,640
2005 TRAVEL	800	800
2006 RENT - BUILDING	11,075	11,075
2007 RENT - MACHINE AND OTHER	10,300	10,300
2009 OTHER OPERATING EXPENSE	89,128	89,128
<b>Total, Objects of Expense</b>	<b>\$196,571</b>	<b>\$196,571</b>

**METHOD OF FINANCING:**

36 Dept Ins Operating Acct	123,111	123,111
8042 Insurance Maint Tax Fees	73,460	73,460
<b>Total, Method of Finance</b>	<b>\$196,571</b>	<b>\$196,571</b>

**FULL-TIME EQUIVALENT POSITIONS (FTE):**

2.0	2.0
-----	-----

**EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:**

Restore 5% Baseline Reduction  
 Support Retention Efforts

## **5. CAPITAL BUDGET**

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5.A. CAPITAL BUDGET PROJECT SCHEDULE  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2010  
 TIME: 12:59:27PM

Agency code: 454

Agency name: Department of Insurance

Category Code / Category Name

*Project Sequence/Project Id/ Name*

OOE / TOF / MOF CODE	Est 2010	Bud 2011	BL 2012	BL 2013
<b>5005 Acquisition of Information Resource Technologies</b>				
<i>1/1 Data Center Consolidation</i>				
<b>OBJECTS OF EXPENSE</b>				
<u>Capital</u>				
General 2001 PROFESSIONAL FEES AND SERVICES	\$4,497,296	\$3,779,797	\$3,697,373	\$3,678,561
Capital Subtotal OOE, Project 1	\$4,497,296	\$3,779,797	\$3,697,373	\$3,678,561
Subtotal OOE, Project 1	<b>\$4,497,296</b>	<b>\$3,779,797</b>	<b>\$3,697,373</b>	<b>\$3,678,561</b>
<b>TYPE OF FINANCING</b>				
<u>Capital</u>				
General CA 36 Dept Ins Operating Acct	\$2,825,777	\$2,116,686	\$2,360,536	\$2,348,526
General CA 8042 Insurance Maint Tax Fees	\$1,671,519	\$1,663,111	\$1,336,837	\$1,330,035
Capital Subtotal TOF, Project 1	\$4,497,296	\$3,779,797	\$3,697,373	\$3,678,561
Subtotal TOF, Project 1	<b>\$4,497,296</b>	<b>\$3,779,797</b>	<b>\$3,697,373</b>	<b>\$3,678,561</b>
<i>2/2 Purchase of Information Resource Technologies - Scheduled Replacement of Items</i>				
<b>OBJECTS OF EXPENSE</b>				
<u>Capital</u>				
General 2001 PROFESSIONAL FEES AND SERVICES	\$138,918	\$0	\$0	\$0
General 2009 OTHER OPERATING EXPENSE	\$406,687	\$545,605	\$0	\$0
General 5000 CAPITAL EXPENDITURES	\$305,150	\$134,999	\$918,815	\$918,815
Capital Subtotal OOE, Project 2	\$850,755	\$680,604	\$918,815	\$918,815
Subtotal OOE, Project 2	<b>\$850,755</b>	<b>\$680,604</b>	<b>\$918,815</b>	<b>\$918,815</b>
<b>TYPE OF FINANCING</b>				
<u>Capital</u>				

5.A. CAPITAL BUDGET PROJECT SCHEDULE  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2010  
 TIME: 12:59:32PM

Agency code: 454

Agency name: Department of Insurance

Category Code / Category Name

<i>Project Sequence/Project Id/ Name</i>		Est 2010	Bud 2011	BL 2012	BL 2013
OOE / TOF / MOF CODE					
General CA	36 Dept Ins Operating Acct	\$543,152	\$434,520	\$672,732	\$672,732
General CA	8042 Insurance Maint Tax Fees	\$307,603	\$246,084	\$246,083	\$246,083
Capital Subtotal TOF, Project 2		\$850,755	\$680,604	\$918,815	\$918,815
Subtotal TOF, Project 2		<b>\$850,755</b>	<b>\$680,604</b>	<b>\$918,815</b>	<b>\$918,815</b>

4/4 Replace DWC Obsolete Infrastructure Technology

OBJECTS OF EXPENSE

Capital

General 2009	OTHER OPERATING EXPENSE	\$75,154	\$60,000	\$0	\$0
General 5000	CAPITAL EXPENDITURES	\$222,607	\$178,211	\$0	\$0
Capital Subtotal OOE, Project 4		\$297,761	\$238,211	\$0	\$0
Subtotal OOE, Project 4		<b>\$297,761</b>	<b>\$238,211</b>	<b>\$0</b>	<b>\$0</b>

TYPE OF FINANCING

Capital

General CA	36 Dept Ins Operating Acct	\$297,761	\$238,211	\$0	\$0
Capital Subtotal TOF, Project 4		\$297,761	\$238,211	\$0	\$0
Subtotal TOF, Project 4		<b>\$297,761</b>	<b>\$238,211</b>	<b>\$0</b>	<b>\$0</b>
Capital Subtotal, Category 5005		\$5,645,812	\$4,698,612	\$4,616,188	\$4,597,376
Informational Subtotal, 5005					
Category Total, Category 5005		<b>\$5,645,812</b>	<b>\$4,698,612</b>	<b>\$4,616,188</b>	<b>\$4,597,376</b>

5006 Transportation Items

3/3 Purchase of Transportation Items

OBJECTS OF EXPENSE

5.A. CAPITAL BUDGET PROJECT SCHEDULE  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2010  
 TIME : 12:59:32PM

Agency code: 454

Agency name: Department of Insurance

Category Code / Category Name

Project Sequence/Project Id/ Name

OOE / TOF / MOF CODE	Est 2010	Bud 2011	BL 2012	BL 2013
<u>Capital</u>				
General 5000 CAPITAL EXPENDITURES	\$204,366	\$198,000	\$83,168	\$83,168
Capital Subtotal OOE, Project 3	\$204,366	\$198,000	\$83,168	\$83,168
Subtotal OOE, Project 3	<b>\$204,366</b>	<b>\$198,000</b>	<b>\$83,168</b>	<b>\$83,168</b>
<b>TYPE OF FINANCING</b>				
<u>Capital</u>				
General CA 1 General Revenue Fund	\$6,366	\$0	\$0	\$0
General CA 36 Dept Ins Operating Acct	\$70,161	\$70,161	\$29,471	\$29,471
General CA 8042 Insurance Maint Tax Fees	\$127,839	\$127,839	\$53,697	\$53,697
Capital Subtotal TOF, Project 3	\$204,366	\$198,000	\$83,168	\$83,168
Subtotal TOF, Project 3	<b>\$204,366</b>	<b>\$198,000</b>	<b>\$83,168</b>	<b>\$83,168</b>
Capital Subtotal, Category 5006	\$204,366	\$198,000	\$83,168	\$83,168
Informational Subtotal, 5006				
Category Total, Category 5006	<b>\$204,366</b>	<b>\$198,000</b>	<b>\$83,168</b>	<b>\$83,168</b>
<b>AGENCY TOTAL -CAPITAL</b>	<b>\$5,850,178</b>	<b>\$4,896,612</b>	<b>\$4,699,356</b>	<b>\$4,680,544</b>
<b>AGENCY TOTAL -INFORMATIONAL</b>				
<b>AGENCY TOTAL</b>	<b>\$5,850,178</b>	<b>\$4,896,612</b>	<b>\$4,699,356</b>	<b>\$4,680,544</b>

5.A. CAPITAL BUDGET PROJECT SCHEDULE  
82nd Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2010  
TIME : 12:59:32PM

Agency code: 454

Agency name: Department of Insurance

Category Code / Category Name

*Project Sequence/Project Id/ Name*

OOE / TOF / MOF CODE	Est 2010	Bud 2011	BL 2012	BL 2013
<b>METHOD OF FINANCING:</b>				
<u>Capital</u>				
General 1 General Revenue Fund	\$6,366	\$0	\$0	\$0
General 36 Dept Ins Operating Acct	\$3,736,851	\$2,859,578	\$3,062,739	\$3,050,729
General 8042 Insurance Maint Tax Fees	\$2,106,961	\$2,037,034	\$1,636,617	\$1,629,815
Total, Method of Financing-Capital	\$5,850,178	\$4,896,612	\$4,699,356	\$4,680,544
<b>Total, Method of Financing</b>	<b>\$5,850,178</b>	<b>\$4,896,612</b>	<b>\$4,699,356</b>	<b>\$4,680,544</b>
<b>TYPE OF FINANCING:</b>				
<u>Capital</u>				
General CA CURRENT APPROPRIATIONS	\$5,850,178	\$4,896,612	\$4,699,356	\$4,680,544
Total, Type of Financing-Capital	\$5,850,178	\$4,896,612	\$4,699,356	\$4,680,544
<b>Total,Type of Financing</b>	<b>\$5,850,178</b>	<b>\$4,896,612</b>	<b>\$4,699,356</b>	<b>\$4,680,544</b>

**5.B. CAPITAL BUDGET PROJECT INFORMATION**  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/27/2010**  
 TIME: **1:00:08PM**

Agency Code:	<b>454</b>	Agency name:	<b>Department of Insurance</b>
Category Number:	<b>5005</b>	Category Name:	<b>ACQUISITN INFO RES TECH.</b>
Project number:	<b>1</b>	Project Name:	<b>Data Center Consolidation</b>

**PROJECT DESCRIPTION**

**General Information**

In accordance with, HB 1516, 79th Leg. Regular Session; TDI, as one of the 27 participating agencies, transitioned data center services to Team for Texas effective April 1, 2007, the contract commencement date. The Data Center Services contract provides TDI, as a participating agency, data center (server operations), disaster recovery, and bulk print and mail services. The contract includes transition of legacy agency data center operations to the service provider, consolidation of these operations to the state data centers and transformation of services for greater consistency, efficiency, and value. Until TDI is fully consolidated into the data centers, some services are maintained in TDI's legacy data centers.

TDI resources monitor Team for Texas' level of support and ensure that Team for Texas' and TDI's responsibilities are met, in accordance with the contract and the Service Responsibility Matrices.

<b>Number of Units / Average Unit Cost</b>	0						
<b>Estimated Completion Date</b>	0						
<b>Additional Capital Expenditure Amounts Required</b>							
	<table border="0"> <tr> <td></td> <td align="center"><b>2014</b></td> <td align="center"><b>2015</b></td> </tr> <tr> <td></td> <td align="center">0</td> <td align="center">0</td> </tr> </table>		<b>2014</b>	<b>2015</b>		0	0
	<b>2014</b>	<b>2015</b>					
	0	0					
<b>Type of Financing</b>	CA						
<b>Projected Useful Life</b>	N/A						
<b>Estimated/Actual Project Cost</b>	\$ 0						
<b>Length of Financing/ Lease Period</b>	N/A						

<b><u>ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS</u></b>				<b>Total over project life</b>
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
	0	0	0	0

<b><u>REVENUE GENERATION / COST SAVINGS</u></b>		
<b><u>REVENUE COST FLAG</u></b>	<b><u>MOF_CODE</u></b>	<b><u>AVERAGE_AMOUNT</u></b>

**Explanation:**

**Project Location:** Texas Department of Insurance and Division of Workers' Compensation

**Beneficiaries:** TDI employees, OIEC employees, and the agency's client base of customers, representing both the insurance industry and the general public.

**Frequency of Use and External Factors Affecting Use:**

Daily

**5.B. CAPITAL BUDGET PROJECT INFORMATION**  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/27/2010**  
 TIME: **1:00:08PM**

Agency Code:	<b>454</b>	Agency name:	<b>Department of Insurance</b>
Category Number:	<b>5005</b>	Category Name:	<b>ACQUISITN INFO RES TECH.</b>
Project number:	<b>2</b>	Project Name:	<b>IR Planned Procurements</b>

**PROJECT DESCRIPTION**

**General Information**

The proposed IR Planned Procurement Project includes all currently planned IR-related capital budget items that will enable TDI to implement planned projects as detailed in the agency's ITD. The ITD is designed to assist the agency in achieving its IR goals and objectives as laid out in TDI's IR Strategic Plan for FY 09-13. TDI's IR planning is inclusive of the automation needs of the Office of Injured Employee Counsel (OIEC), per HB 7, 79th Legislature.

Approval of this project will allow the agency to reach established IR goals to:

1. Web-enable TDI's and OIEC's internal processes to provide automated services to clients via the Internet, and fully participate in e-government initiatives
2. Implement technological solutions to anticipated changes in state laws governing the regulation of the insurance industry and the interests of injured employees in the workers' compensation system
3. Increase use of electronic document/records management technology and increase responsiveness of TDI's customer service
4. Maintain and upgrade TDI's computing environment to ensure compatibility with of e-government, and to provide continued efficiency of staff and quality of customer service for the agency's and OIEC's clients.

Postponing requested funding for these items will prohibit the agency from implementing and upgrading the infrastructure necessary to sustain a more responsive customer service by:

Preventing TDI from implementing major portions of its plan required by SB 80 (76th Legislature) to use the Internet to provide direct automated services to clients of the agency.

Preventing the implementation of changes to the automated systems that support the regulation of insurance and workers' compensation.

Preventing TDI from improving many of its paper-based document and records management systems, therefore hindering the improvement of related customer service.

<b>Number of Units / Average Unit Cost</b>	0		
<b>Estimated Completion Date</b>			
<b>Additional Capital Expenditure Amounts Required</b>		<b>2014</b>	<b>2015</b>
		0	0
<b>Type of Financing</b>	CA	CURRENT APPROPRIATIONS	
<b>Projected Useful Life</b>	N/A		
<b>Estimated/Actual Project Cost</b>	\$ 0		
<b>Length of Financing/ Lease Period</b>	N/A		

**5.B. CAPITAL BUDGET PROJECT INFORMATION**  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/27/2010**  
 TIME: **1:00:08PM**

**ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS**

2012	2013	2014	2015	<b>Total over project life</b>
0	0	0	0	0

<b><u>REVENUE GENERATION / COST SAVINGS</u></b>		
<b><u>REVENUE COST FLAG</u></b>	<b><u>MOF CODE</u></b>	<b><u>AVERAGE AMOUNT</u></b>

**Explanation:**

**Project Location:** Information Resources planned procurements will support staff and technological operations at TDI headquarters in Austin Texas and staff stationed throughout the state.

**Beneficiaries:** TDI employees, OIEC employees, and the agency's client base of customers, representing both the insurance industry and the general public.

**Frequency of Use and External Factors Affecting Use:**

Information technologies purchased through the Information Resources Planned Procurements Project will be utilized on a frequent basis.

**5.B. CAPITAL BUDGET PROJECT INFORMATION**  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2010  
 TIME: 1:00:08PM

Agency Code:	<b>454</b>	Agency name:	<b>Department of Insurance</b>
Category Number:	<b>5006</b>	Category Name:	<b>TRANSPORTATION ITEMS</b>
Project number:	<b>3</b>	Project Name:	<b>SFMO Vehicle Replacement</b>

**PROJECT DESCRIPTION**

**General Information**

General Information: The State Fire Marshal's Office (SFMO) is required by legislation to inspect buildings statewide that receive licenses from the state, to include firework stands, day care centers and foster homes. The SFMO is also required to inspect state colleges, universities, and state-owned buildings for fire safety. In addition, the SFMO responds to requests for fire investigations from local law enforcement entities, and conducts investigations derived from complaints received about entities licensed in the fireworks and fire safety industry. The SFMO is striving to discontinue the use of fleet vehicles in excess of 100,000 miles. It is SFMO's belief that this milestone represents the most cost-effective use of the asset, diminishing the amount of vehicle repairs; and is the most prudent approach as a retirement indicator for vehicle safety reasons. The SFMO must replace vehicles for field staff on a regular basis to ensure the safety of travelers and its ability to perform mission critical activities.

Twenty-five percent of the SFMO's fleet will have exceeded the 100,000 mile threshold by the time new FY12 vehicles become available for deployment. At the reduced baseline request, the SFMO will be able to replace only 4 vehicles each year of the FY 2012-FY2013 biennium instead of 11 vehicles per year over the past several biennia.

Restoration would allow replacement of old or high-mileage vehicles to provide safe and reliable transportation for fire investigators to fulfill their job responsibilities and perform mission critical activities.

<b>Number of Units / Average Unit Cost</b>	\$18,000		
<b>Estimated Completion Date</b>	August 2013		
<b>Additional Capital Expenditure Amounts Required</b>		<b>2014</b>	<b>2015</b>
		0	0
<b>Type of Financing</b>	CA	CURRENT APPROPRIATIONS	
<b>Projected Useful Life</b>	4 Years		
<b>Estimated/Actual Project Cost</b>	\$ 0		
<b>Length of Financing/ Lease Period</b>	N/A		

<b><u>ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS</u></b>					
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>Total over project life</b>
	0	0	0	0	0

<b><u>REVENUE GENERATION / COST SAVINGS</u></b>		
<b><u>REVENUE</u></b>	<b><u>COST FLAG</u></b>	<b><u>MOF_CODE</u></b>
<b><u>AVERAGE AMOUNT</u></b>		

**Explanation:**

**Project Location:** Vehicles are used by SFMO staff statewide.

**5.B. CAPITAL BUDGET PROJECT INFORMATION**  
82nd Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/27/2010**  
TIME: **1:00:08PM**

**Beneficiaries:** SFMO employees benefit from safe, reliable vehicles. The general public benefits from ability of SFMO to meet strategy 3.1.1 Protect Texans from fire and fire-related hazards.

**Frequency of Use and External Factors Affecting Use:**

Vehicles are used daily by field staff to perform work. Unexpected damage or costly repairs of vehicles increases the need for adequate and timely replacement.

**5.B. CAPITAL BUDGET PROJECT INFORMATION**  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2010  
 TIME: 1:00:08PM

Agency Code:	<b>454</b>	Agency name:	<b>Department of Insurance</b>
Category Number:	<b>5005</b>	Category Name:	<b>ACQUISITN INFO RES TECH.</b>
Project number:	<b>4</b>	Project Name:	<b>Replace DWC Obsolete Infrastructure</b>

**PROJECT DESCRIPTION**

**General Information**

This project is necessary to support the additional automation needs as a result of HB 7, 79th Legislature. This bill transferred workers' compensation regulatory functions to TDI and established a new agency, the Office of Injured Employee Counsel (OIEC). TDI provides all technology support including equipment for OIEC. TDI's information resource technologies doubled as a result of this legislation adding 26 offices and 900 FTEs.

TDI will use the increased funds to align technology equipment with TDI's obsolescence plan. TDI's obsolescence plan encompasses the replacement of deteriorated or functionally obsolete hardware for all aspects of the agency's technical infrastructure including specialty servers, network printers, portable printers, scanners, monitors, desktop and laptop computers. TDI's plan also includes updating software to keep pace with current software technology, remaining compatible with outside entities, and ensuring the use of versions of software for which support is available.

The agency's need for computing power continues to grow and change as the environment is being augmented by web-based functionality. In order to accommodate this change, it is more cost effective to replace older hardware on a regular basis with newer, more powerful and less expensive equipment than it is to upgrade or expand existing systems. The proposed IR Planned Procurement Project includes all currently planned IR-related capital budget items that will enable TDI to implement planned projects as detailed in the agency's ITD. The ITD is designed to assist the agency in achieving its IR goals and objectives as outlined in TDI's IR Strategic Plan for FY 09-13. IR planning continues to reflect TDI's emphasis on partnering technology and business processes in order to achieve quality customer service.

<b>Number of Units / Average Unit Cost</b>	0				
<b>Estimated Completion Date</b>					
<b>Additional Capital Expenditure Amounts Required</b>	<table border="0"> <tr> <td><b>2014</b></td> <td><b>2015</b></td> </tr> <tr> <td align="right">0</td> <td align="right">0</td> </tr> </table>	<b>2014</b>	<b>2015</b>	0	0
<b>2014</b>	<b>2015</b>				
0	0				
<b>Type of Financing</b>	CA				
<b>Projected Useful Life</b>	N/A				
<b>Estimated/Actual Project Cost</b>	\$ 0				
<b>Length of Financing/ Lease Period</b>	N/A				

<b><u>ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS</u></b>					<b>Total over project life</b>
<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>		
0	0	0	0		0

<b><u>REVENUE GENERATION / COST SAVINGS</u></b>		
<b><u>REVENUE COST FLAG</u></b>	<b><u>MOF_CODE</u></b>	<b><u>AVERAGE_AMOUNT</u></b>

**Explanation:**

**5.B. CAPITAL BUDGET PROJECT INFORMATION**  
82nd Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/27/2010**  
TIME: **1:00:08PM**

**Project Location:** Division of Workers' Compensation (DWC) central and field offices as well as scheduled obsolescence at Austin offices.

**Beneficiaries:** Agency staff in need of technology to perform their assigned duties

**Frequency of Use and External Factors Affecting Use:**

Daily

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Agency code: 454 Agency name: Department of Insurance

Category Code/Name

*Project Sequence/Project Id/Name*

Goal/Obj/Str	Strategy Name	Est 2010	Bud 2011	BL 2012	BL 2013	
<b>5005 Acquisition of Information Resource Technologies</b>						
<i>1/1</i>	<i>Data Center Consolidation</i>					
<b><u>GENERAL BUDGET</u></b>						
Capital	5-1-2	INFORMATION RESOURCES	4,497,296	3,779,797	\$3,697,373	\$3,678,561
		TOTAL, PROJECT	\$4,497,296	\$3,779,797	\$3,697,373	\$3,678,561

*2/2 IR Planned Procurements*

**GENERAL BUDGET**

Capital	1-1-1	CONSUMER EDUCATION AND OUTREACH	29,533	23,627	25,196	25,196
	1-2-3	INSURER FRAUD	16,384	13,107	12,831	12,831
	1-2-1	RESOLVE COMPLAINTS	33,154	26,523	27,824	27,824
	1-2-2	INVESTIGATION AND ENFORCEMENT	33,774	27,019	27,473	27,473
	1-3-1	PROCESS RATES, FORMS & LICENSES	129,249	103,399	107,177	107,177
	1-3-2	PROMOTE UNDERSERVED COVERAGE	2,282	1,826	2,071	2,071
	1-3-4	CERTIFY SELF-INSURANCE	7,973	6,378	11,676	11,676
	2-1-1	INSURERS FINANCIAL CONDITION	145,876	116,701	108,301	108,301
	2-2-1	LOSS CONTROL PROGRAMS	28,628	22,903	23,568	23,568
	2-2-2	PROVIDER AND CONSUMER FRAUD	14,193	11,354	11,441	11,441
	2-2-3	WORKERS' COMPENSATION FRAUD	3,406	2,726	5,116	5,116
	3-1-1	FIRE PROTECTION	43,350	34,680	35,256	35,256
	4-1-1	OVERSIGHT AND ENFORCEMENT	61,203	48,962	93,743	93,743
	4-1-2	DISPUTE RESOLUTION	192,856	154,285	265,327	265,327
	4-1-3	SUBSEQUENT INJURY FUND ADMIN	973	778	1,086	1,086

Agency code: 454 Agency name: Department of Insurance

Category Code/Name

Project Sequence/Project Id/Name

	Goal/Obj/Str	Strategy Name	Est 2010	Bud 2011	BL 2012	BL 2013
Capital	4-2-1	HEALTH AND SAFETY SERVICES	44,097	35,277	\$69,147	\$69,147
	4-2-2	CUSTOMER SERVICE & RECORDS ADMIN	63,824	51,059	91,582	91,582
		TOTAL, PROJECT	\$850,755	\$680,604	\$918,815	\$918,815

4/4 Replace DWC Obsolete Infrastructure

**GENERAL BUDGET**

Capital	5-1-2	INFORMATION RESOURCES	297,761	238,211	0	0
		TOTAL, PROJECT	\$297,761	\$238,211	\$0	\$0

5006 Transportation Items

3/3 SFMO Vehicle Replacement

**GENERAL BUDGET**

Capital	3-1-1	FIRE PROTECTION	204,366	198,000	83,168	83,168
		TOTAL, PROJECT	\$204,366	\$198,000	\$83,168	\$83,168

		TOTAL CAPITAL, ALL PROJECTS	\$5,850,178	\$4,896,612	\$4,699,356	\$4,680,544
		TOTAL INFORMATIONAL, ALL PROJECTS				
		TOTAL, ALL PROJECTS	\$5,850,178	\$4,896,612	\$4,699,356	\$4,680,544

### 5.E. Capital Budget MOF by Strategy

<b>Agency Code:</b> 454	<b>Agency Name:</b> Texas Department of Insurance	<b>Prepared By:</b> Jacqueline Canady	<b>Date:</b> August 30,2010		
<b>PROJECT CODE/NAME:</b> 001 Data Center Technology					
<b>CATEGORY CODE/NAME:</b> Acquisition of Information Resource Technology					
<b>ALLOCATION TO STRATEGY:</b> 05-01-02 Information Resources					
Code	Strategy Allocation	Estimated 2010	Budgeted 2011	Requested 2012	Requested 2013
2001	<b>Objects of Expense:</b>				
	Professional Fees	4,497,296	3,779,797	3,697,373	3,678,561
	<b>Total, Objects of Expense</b>	4,497,296	3,779,797	3,697,373	3,678,561
36 8042	<b>Method of Financing:</b>				
	Department of Insurance Operating Account	2,871,236	2,413,159	2,360,536	2,348,526
	Insurance Maintenance Tax Fees	1,626,060	1,366,640	1,336,837	1,330,035
	<b>Total, Method of Financing</b>	4,497,296	3,779,799	3,697,373	3,678,561

### 5.E. Capital Budget MOF by Strategy

<b>Agency Code:</b> 454	<b>Agency Name:</b> Texas Department of Insurance	<b>Prepared By:</b> Jacqueline Canady	<b>Date:</b> August 30,2010		
<b>PROJECT CODE/NAME:</b> 002 Scheduled Replacement of Items					
<b>CATEGORY CODE/NAME:</b> 5005 Acquisition of Information Resource Technology					
<b>ALLOCATION TO STRATEGY:</b> 01-01-01 Educate Consumers and the Industry by Providing Outreach and Information					
Code	Strategy Allocation	Estimated 2010	Budgeted 2011	Requested 2012	Requested 2013
	<b>Objects of Expense:</b>				
2001	Professional Fees	8,612			
2009	Other Operating Expense	10,328	18,941		
5000	Capital Expenditures	10,593	4,686	25,196	25,196
		29,533	23,627	25,196	25,196
0036	Department of Insurance Operating Account	10,465	8,372	8,928	8,928
8042	Insurance Maintenance Tax Fees	19,068	15,255	16,268	16,268
	<b>Total, Method of Financing</b>	29,533	23,627	25,196	25,196

### 5.E. Capital Budget MOF by Strategy

<b>Agency Code:</b> 454	<b>Agency Name:</b> Texas Department of Insurance	<b>Prepared By:</b> Jacqueline Canady	<b>Date:</b> August 30,2010		
<b>PROJECT CODE/NAME:</b> 002 Scheduled Replacement of Items					
<b>CATEGORY CODE/NAME:</b> 5005 Acquisition of Information Resource Technology					
<b>ALLOCATION TO STRATEGY:</b> 01-02-01 Respond Promptly and Act on Complaints					
Code	Strategy Allocation	Estimated 2010	Budgeted 2011	Requested 2012	Requested 2013
	<b>Objects of Expense:</b>				
2001	Professional Fees	9,667			
2009	Other Operating Expense	11,595	21,262		
5000	Capital Expenditures	11,892	5,261	27,824	27,824
		33,154	26,523	27,824	27,824
0036	Department of Insurance Operating Account	11,748	9,398	9,859	9,859
8042	Insurance Maintenance Tax Fees	21,406	17,125	17,965	17,965
	<b>Total, Method of Financing</b>	33,154	26,523	27,824	27,824

### 5.E. Capital Budget MOF by Strategy

<b>Agency Code:</b> 454	<b>Agency Name:</b> Texas Department of Insurance	<b>Prepared By:</b> Jacqueline Canady	<b>Date:</b> August 30,2010		
<b>PROJECT CODE/NAME:</b> 002 Scheduled Replacement of Items					
<b>CATEGORY CODE/NAME:</b> 5005 Acquisition of Information Resource Technology					
<b>ALLOCATION TO STRATEGY:</b> 01-02-02 Investigate Trade Practices and Bring Enforcement Actions as Needed					
Code	Strategy Allocation	Estimated 2010	Budgeted 2011	Requested 2012	Requested 2013
	<b>Objects of Expense:</b>				
2001	Professional Fees	9,848			
2009	Other Operating Expense	11,812	21,660		
5000	Capital Expenditures	12,114	5,359	27,473	27,473
		33,774	27,019	27,473	27,473
0036	Department of Insurance Operating Account	11,968	9,574	9,735	9,735
8042	Insurance Maintenance Tax Fees	21,806	17,445	17,738	17,738
	<b>Total, Method of Financing</b>	33,774	27,019	27,473	27,473

### 5.E. Capital Budget MOF by Strategy

<b>Agency Code:</b> 454	<b>Agency Name:</b> Texas Department of Insurance	<b>Prepared By:</b> Jacqueline Canady	<b>Date:</b> August 30,2010		
<b>PROJECT CODE/NAME:</b> 002 Scheduled Replacement of Items					
<b>CATEGORY CODE/NAME:</b> 5005 Acquisition of Information Resource Technology					
<b>ALLOCATION TO STRATEGY:</b> 01-02-03 Investigate Insurer Fraud and Refer Violations for Prosecution					
Code	Strategy Allocation	Estimated 2010	Budgeted 2011	Requested 2012	Requested 2013
	<b>Objects of Expense:</b>				
2001	Professional Fees	4,777			
2009	Other Operating Expense	5,730	10,507		
5000	Capital Expenditures	5,877	2,600	12,831	12,831
		16,384	13,107	12,831	12,831
0036	Department of Insurance Operating Account	5,806	4,644	4,547	4,547
8042	Insurance Maintenance Tax Fees	10,578	8,463	8,284	8,284
	<b>Total, Method of Financing</b>	16,384	13,107	12,831	12,831

### 5.E. Capital Budget MOF by Strategy

<b>Agency Code:</b> 454	<b>Agency Name:</b> Texas Department of Insurance	<b>Prepared By:</b> Jacqueline Canady	<b>Date:</b> August 30,2010		
<b>PROJECT CODE/NAME:</b> 002 Scheduled Replacement of Items					
<b>CATEGORY CODE/NAME:</b> 5005 Acquisition of Information Resource Technology					
<b>ALLOCATION TO STRATEGY:</b> 01-03-01 Process Rates, Forms, and Licenses Promptly					
Code	Strategy Allocation	Estimated 2010	Budgeted 2011	Requested 2012	Requested 2013
	<b>Objects of Expense:</b>				
2001	Professional Fees	37,687			
2009	Other Operating Expense	45,203	82,889		
5000	Capital Expenditures	46,359	20,510	107,177	107,177
		129,249	103,399	107,177	107,177
0036	Department of Insurance Operating Account	45,799	36,639	37,978	37,978
8042	Insurance Maintenance Tax Fees	83,450	66,760	69,199	69,199
	<b>Total, Method of Financing</b>	129,249	103,399	107,177	107,177

### 5.E. Capital Budget MOF by Strategy

<b>Agency Code:</b> 454	<b>Agency Name:</b> Texas Department of Insurance	<b>Prepared By:</b> Jacqueline Canady	<b>Date:</b> August 30,2010		
<b>PROJECT CODE/NAME:</b> 002 Scheduled Replacement of Items					
<b>CATEGORY CODE/NAME:</b> 5005 Acquisition of Information Resource Technology					
<b>ALLOCATION TO STRATEGY:</b> 01-03-02 Promote Coverage in Underserved Markets					
Code	Strategy Allocation	Estimated 2010	Budgeted 2011	Requested 2012	Requested 2013
	<b>Objects of Expense:</b>				
2001	Professional Fees	665			
2009	Other Operating Expense	798	1,464		
5000	Capital Expenditures	819	362	2,071	2,071
		2,282	1,826	2,071	2,071
0036	Department of Insurance Operating Account	809	647	734	734
8042	Insurance Maintenance Tax Fees	1,473	1,179	1,337	1,337
	<b>Total, Method of Financing</b>	2,282	1,826	2,071	2,071

### 5.E. Capital Budget MOF by Strategy

<b>Agency Code:</b> 454	<b>Agency Name:</b> Texas Department of Insurance	<b>Prepared By:</b> Jacqueline Canady	<b>Date:</b> August 30,2010		
<b>PROJECT CODE/NAME:</b> 002 Scheduled Replacement of Items					
<b>CATEGORY CODE/NAME:</b> 5005 Acquisition of Information Resource Technology					
<b>ALLOCATION TO STRATEGY:</b> 01-03-04 Certify and Regulate Private Employers that Qualify to Self-Insure within the Workers' Comp. System					
Code	Strategy Allocation	Estimated 2010	Budgeted 2011	Requested 2012	Requested 2013
	<b>Objects of Expense:</b>				
2001	Professional Fees				
2009	Other Operating Expense	5,113	5,113		
5000	Capital Expenditures	2,860	1,265	11,676	11,676
		7,973	6,378	11,676	11,676
0036	Department of Insurance Operating Account	7,973	6,378	11,676	11,676
8042	Insurance Maintenance Tax Fees				
	<b>Total, Method of Financing</b>	7,973	6,378	11,676	11,676

### 5.E. Capital Budget MOF by Strategy

<b>Agency Code:</b> 454	<b>Agency Name:</b> Texas Department of Insurance	<b>Prepared By:</b> Jacqueline Canady	<b>Date:</b> August 30,2010		
<b>PROJECT CODE/NAME:</b> 002 Scheduled Replacement of Items					
<b>CATEGORY CODE/NAME:</b> 5005 Acquisition of Information Resource Technology					
<b>ALLOCATION TO STRATEGY:</b> 02-01-01 Analyze the Financial Condition of Insurers and Take Solvency Action					
Code	Strategy Allocation	Estimated 2010	Budgeted 2011	Requested 2012	Requested 2013
	<b>Objects of Expense:</b>				
2001	Professional Fees	42,536			
2009	Other Operating Expense	51,017	93,553		
5000	Capital Expenditures	52,323	23,148	108,301	108,301
		145,876	116,701	108,301	108,301
0036	Department of Insurance Operating Account	51,691	41,353	38,376	38,376
8042	Insurance Maintenance Tax Fees	94,185	75,348	69,925	69,925
		145,876	116,701	108,301	108,301

### 5.E. Capital Budget MOF by Strategy

<b>Agency Code:</b> 454	<b>Agency Name:</b> Texas Department of Insurance	<b>Prepared By:</b> Jacqueline Canady	<b>Date:</b> August 30,2010		
<b>PROJECT CODE/NAME:</b> 002 Scheduled Replacement of Items					
<b>CATEGORY CODE/NAME:</b> 5005 Acquisition of Information Resource Technology					
<b>ALLOCATION TO STRATEGY:</b> 02-02-01 Inspect Loss Control Programs and Assure Code and Schedule Compliance					
Code	Strategy Allocation	Estimated 2010	Budgeted 2011	Requested 2012	Requested 2013
	<b>Objects of Expense:</b>				
2001	Professional Fees	8,348			
2009	Other Operating Expense	10,012	18,360		
5000	Capital Expenditures	10,268	4,543	23,568	23,568
		28,628	22,903	23,568	23,568
0036	Department of Insurance Operating Account	10,144	8,116	8,351	8,351
8042	Insurance Maintenance Tax Fees	18,484	14,787	15,217	15,217
	<b>Total, Method of Financing</b>	28,628	22,903	23,568	23,568

### 5.E. Capital Budget MOF by Strategy

<b>Agency Code:</b> 454	<b>Agency Name:</b> Texas Department of Insurance	<b>Prepared By:</b> Jacqueline Canady	<b>Date:</b> August 30,2010		
<b>PROJECT CODE/NAME:</b> 002 Scheduled Replacement of Items					
<b>CATEGORY CODE/NAME:</b> 5005 Acquisition of Information Resource Technology					
<b>ALLOCATION TO STRATEGY:</b> 02-02-02 Investigate Provider/Consumer Fraud and Refer Violations for Prosecution					
Code	Strategy Allocation	Estimated 2010	Budgeted 2011	Requested 2012	Requested 2013
	<b>Objects of Expense:</b>				
2001	Professional Fees	4,138			
2009	Other Operating Expense	4,964	9,102		
5000	Capital Expenditures	5,091	2,252	11,441	11,441
		14,193	11,354	11,441	11,441
0036	Department of Insurance Operating Account	5,029	4,023	4,054	4,054
8042	Insurance Maintenance Tax Fees	9,164	7,331	7,387	7,387
	<b>Total, Method of Financing</b>	14,193	11,354	11,441	11,441

### 5.E. Capital Budget MOF by Strategy

<b>Agency Code:</b> 454	<b>Agency Name:</b> Texas Department of Insurance	<b>Prepared By:</b> Jacqueline Canady	<b>Date:</b> August 30,2010		
<b>PROJECT CODE/NAME:</b> 002 Scheduled Replacement of Items					
<b>CATEGORY CODE/NAME:</b> 5005 Acquisition of Information Resource Technology					
<b>ALLOCATION TO STRATEGY:</b> 02-02-03 Investigate Workers' Compensation Fraud and Refer Violations for Prosecution					
Code	Strategy Allocation	Estimated 2010	Budgeted 2011	Requested 2012	Requested 2013
	<b>Objects of Expense:</b>				
2001	Professional Fees	-			
2009	Other Operating Expense	2,184	2,185		
5000	Capital Expenditures	1,222	541	5,116	5,116
		3,406	2,726	5,116	5,116
0036	Department of Insurance Operating Account	3,406	2,726	5,116	5,116
8042	Insurance Maintenance Tax Fees				
	<b>Total, Method of Financing</b>	3,406	2,726	5,116	5,116

### 5.E. Capital Budget MOF by Strategy

<b>Agency Code:</b> 454	<b>Agency Name:</b> Texas Department of Insurance	<b>Prepared By:</b> Jacqueline Canady	<b>Date</b> August 30,2010		
<b>PROJECT CODE/NAME:</b> 002 Scheduled Replacement of Items					
<b>CATEGORY CODE/NAME:</b> 5005 Acquisition of Information Resource Technology					
<b>ALLOCATION TO STRATEGY:</b> 03-01-01 Provide Fire Prevention through Education, Enforcement of Regulations, and Engineering					
Code	Strategy Allocation	Estimated 2010	Budgeted 2011	Requested 2012	Requested 2013
	<b>Objects of Expense:</b>				
2001	Professional Fees	12,640			
2009	Other Operating Expense	15,161	27,801		
5000	Capital Expenditures	15,549	6,879	35,256	35,256
		43,350	34,680	35,256	35,256
0036	Department of Insurance Operating Account	15,361	12,289	12,493	12,493
8042	Insurance Maintenance Tax Fees	27,989	22,391	22,763	22,763
	<b>Total, Method of Financing</b>	43,350	34,680	35,256	35,256

### 5.E. Capital Budget MOF by Strategy

<b>Agency Code:</b> 454	<b>Agency Name:</b> Texas Department of Insurance	<b>Prepared By:</b> Jacqueline Canady	<b>Date</b> August 30,2010		
<b>PROJECT CODE/NAME:</b> 002 Scheduled Replacement of Items					
<b>CATEGORY CODE/NAME:</b> 5005 Acquisition of Information Resource Technology					
<b>ALLOCATION TO STRATEGY:</b> 04-01-01 Oversee Activities of System Participants and Take Enforcement Action					
Code	Strategy Allocation	Estimated 2010	Budgeted 2011	Requested 2012	Requested 2013
	<b>Objects of Expense:</b>				
2001	Professional Fees				
2009	Other Operating Expense	39,251	39,251		
5000	Capital Expenditures	21,952	9,711	93,743	93,743
		61,203	48,962	93,743	93,743
0036	Department of Insurance Operating Account	61,203	48,962	93,743	93,743
8042	Insurance Maintenance Tax Fees				
	<b>Total, Method of Financing</b>	61,203	48,962	93,743	93,743

### 5.E. Capital Budget MOF by Strategy

<b>Agency Code:</b> 454	<b>Agency Name:</b> Texas Department of Insurance	<b>Prepared By:</b> Jacqueline Canady	<b>Date</b> August 30,2010		
<b>PROJECT CODE/NAME:</b> 002 Scheduled Replacement of Items					
<b>CATEGORY CODE/NAME:</b> 5005 Acquisition of Information Resource Technology					
<b>ALLOCATION TO STRATEGY:</b> 04-01-02 Resolve Indemnity, Medical Fee, and Medical Necessity Disputes					
Code	Strategy Allocation	Estimated 2010	Budgeted 2011	Requested 2012	Requested 2013
	<b>Objects of Expense:</b>				
2001	Professional Fees				
2009	Other Operating Expense	123,682	123,682		
5000	Capital Expenditures	69,174	30,603	265,327	265,327
		192,856	154,285	265,327	265,327
0036	Department of Insurance Operating Account	192,856	154,285	265,327	265,327
8042	Insurance Maintenance Tax Fees				
	<b>Total, Method of Financing</b>	192,856	154,285	265,327	265,327

### 5.E. Capital Budget MOF by Strategy

<b>Agency Code:</b> 454	<b>Agency Name:</b> Texas Department of Insurance	<b>Prepared By:</b> Jacqueline Canady	<b>Date:</b> August 30,2010		
<b>PROJECT CODE/NAME:</b> 002 Scheduled Replacement of Items					
<b>CATEGORY CODE/NAME:</b> 5005 Acquisition of Information Resource Technology					
<b>ALLOCATION TO STRATEGY:</b> 04-01-03 Administer Subsequent Injury Fund					
Code	Strategy Allocation	Estimated 2010	Budgeted 2011	Requested 2012	Requested 2013
	<b>Objects of Expense:</b>				
2001	Professional Fees				
2009	Other Operating Expense	624	624		
5000	Capital Expenditures	349	154	1,086	1,086
		973	778	1,086	1,086
0036	Department of Insurance Operating Account	973	778	1,086	1,086
8042	Insurance Maintenance Tax Fees				
	<b>Total, Method of Financing</b>	973	778	1,086	1,086

### 5.E. Capital Budget MOF by Strategy

<b>Agency Code:</b> 454	<b>Agency Name:</b> Texas Department of Insurance	<b>Prepared By:</b> Jacqueline Canady	<b>Date:</b> August 30,2010		
<b>PROJECT CODE/NAME:</b> 002 Scheduled Replacement of Items					
<b>CATEGORY CODE/NAME:</b> 5005 Acquisition of Information Resource Technology					
<b>ALLOCATION TO STRATEGY:</b> 04-02-01 Provide Educational Services and Workplace Safety Consultations to System Participants					
Code	Strategy Allocation	Estimated 2010	Budgeted 2011	Requested 2012	Requested 2013
	<b>Objects of Expense:</b>				
2001	Professional Fees				
2009	Other Operating Expense	28,281	28,280		
5000	Capital Expenditures	15,816	6,997	69,147	69,147
		44,097	35,277	69,147	69,147
0036	Department of Insurance Operating Account	44,097	35,277	69,147	69,147
8042	Insurance Maintenance Tax Fees				
	<b>Total, Method of Financing</b>	44,097	35,277	69,147	69,147

### 5.E. Capital Budget MOF by Strategy

<b>Agency Code:</b> 454	<b>Agency Name:</b> Texas Department of Insurance	<b>Prepared By:</b> Jacqueline Canady	<b>Date:</b> August 30,2010		
<b>PROJECT CODE/NAME:</b> 002 Scheduled Replacement of Items					
<b>CATEGORY CODE/NAME:</b> 5005 Acquisition of Information Resource Technology					
<b>ALLOCATION TO STRATEGY:</b> 04-02-02 Provide Customer Assistance and Records Administration Services for System Participants					
Code	Strategy Allocation	Estimated 2010	Budgeted 2011	Requested 2012	Requested 2013
	<b>Objects of Expense:</b>				
2001	Professional Fees				
2009	Other Operating Expense	40,932	40,931		
5000	Capital Expenditures	22,892	10,128	91,582	91,582
		63,824	51,059	91,582	91,582
0036	Department of Insurance Operating Account	63,824	51,059	91,582	91,582
8042	Insurance Maintenance Tax Fees				
	<b>Total, Method of Financing</b>	63,824	51,059	91,582	91,582

### 5.E. Capital Budget MOF by Strategy

<b>Agency Code:</b> 454	<b>Agency Name:</b> Texas Department of Insurance	<b>Prepared By:</b> Jacqueline Canady	<b>Date:</b> August 30,2010		
<b>PROJECT CODE/NAME:</b> 003 SFMO Vehicle Replacement					
<b>CATEGORY CODE/NAME:</b> 5006 Transportation Items					
<b>ALLOCATION TO STRATEGY:</b> 03-01-01 Fire Protection					
Code	Strategy Allocation	Estimated 2010	Budgeted 2011	Requested 2012	Requested 2013
	<b>Objects of Expense:</b>				
5000	Capital Budget Expenditures	204,366	198,000	83,168	83,168
	<b>Total, Objects of Expense</b>	204,366	198,000	83,168	83,168
	<b>Method of Financing:</b>				
0001	General Revenue	6,366			
0036	Department of Insurance Operating Account	66,587	70,161	29,471	29,471
8042	Insurance Maintenance Tax Fees	131,413	127,839	53,697	53,697
	<b>Total, Method of Financing</b>	204,366	198,000	83,168	83,168

### 5.E. Capital Budget MOF by Strategy

<b>Agency Code:</b> 454	<b>Agency Name:</b> Texas Department of Insurance	<b>Prepared By:</b> Jacqueline Canady	<b>Date:</b> August 30,2010		
<b>PROJECT CODE/NAME:</b> 004 Replace DWC Obsolete Infrastructure					
<b>CATEGORY CODE/NAME:</b> 5005 Acquisition of Information Resource Technology					
<b>ALLOCATION TO STRATEGY:</b> 05-01-02 Information Resources					
Code	Strategy Allocation	Estimated 2010	Budgeted 2011	Requested 2012	Requested 2013
	<b>Objects of Expense:</b>				
2009	Other Operating	75,154	60,000	-	-
5000	Capital Budget Expenditures	222,607	178,211		
	<b>Total, Objects of Expense</b>	297,761	238,211	-	-
	<b>Method of Financing:</b>				
36	Department of Insurance Operating Account	297,761	238,211	-	-
	<b>Total, Method of Financing</b>	297,761	238,211	-	-

Agency code: **454** Agency name: **Department of Insurance**

Category Code / Category Name <i>Project Number / Name</i> OOE / TOF / MOF CODE	Excp 2012	Excp 2013
5006 Transportation Items		
<u>3 SFMO Vehicle Replacement</u>		
<b>Objects of Expense</b>		
5000 CAPITAL EXPENDITURES	114,832	114,832
<b>Subtotal OOE, Project</b> 3	<b>114,832</b>	<b>114,832</b>
<b>Type of Financing</b>		
CA     36 Dept Ins Operating Acct	40,690	40,690
CA     8042 Insurance Maint Tax Fees	74,142	74,142
<b>Subtotal TOF, Project</b> 3	<b>114,832</b>	<b>114,832</b>
<b>Subtotal Category</b> <b>5006</b>	<b>114,832</b>	<b>114,832</b>
<b>AGENCY TOTAL</b>	<b>114,832</b>	<b>114,832</b>
<b>METHOD OF FINANCING:</b>		
36 Dept Ins Operating Acct	40,690	40,690
8042 Insurance Maint Tax Fees	74,142	74,142
<b>Total, Method of Financing</b>	<b>114,832</b>	<b>114,832</b>
<b>TYPE OF FINANCING:</b>		
CA     CURRENT APPROPRIATIONS	114,832	114,832
<b>Total, Type of Financing</b>	<b>114,832</b>	<b>114,832</b>

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**CAPITAL BUDGET ALLOCATION TO STRATEGIES BY PROJECT - EXCEPTIONAL**

82nd Regular Session, Agency Submission, Version 1  
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DATE: **8/27/2010**  
TIME: **1:00:55PM**  
PAGE: **1 of 1**

Agency code: **454**                      Agency name: **Department of Insurance**

**Category Code/Name**

**Project Number/Name**

Goal/Obj/Str	Strategy Name	Excp 2012	Excp 2013
5006 Transportation Items			
3	SFMO Vehicle Replacement		
3 1 1	FIRE PROTECTION	114,832	114,832
	TOTAL, PROJECT	114,832	114,832
	<b>TOTAL, ALL PROJECTS</b>	<b>114,832</b>	<b>114,832</b>

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## **6. SUPPORTING SCHEDULES**

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**6.A. HISTORICALLY UNDERUTILIZED BUSINESS SUPPORTING SCHEDULE**

82nd Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

Date: 8/27/2010

Time: 1:02:43PM

Agency Code: 454 Agency: Department of Insurance

COMPARISON TO STATEWIDE HUB PROCUREMENT GOALS

**A. Fiscal Year 2008 - 2009 HUB Expenditure Information**

Statewide HUB Goals	Procurement Category	HUB Expenditures FY 2008				Total Expenditures FY 2008		HUB Expenditures FY 2009				Total Expenditures FY 2009
		% Goal	% Actual	Diff	Actual \$	% Goal	% Actual	Diff	Actual \$			
11.9%	Heavy Construction	0.0 %	0.0%	0.0%	\$0	\$0	0.0 %	0.0%	0.0%	\$0	\$0	
26.1%	Building Construction	0.0 %	0.0%	0.0%	\$0	\$7,998	0.0 %	0.0%	0.0%	\$0	\$0	
57.2%	Special Trade Construction	0.0 %	0.0%	0.0%	\$0	\$17,800	0.0 %	8.1%	8.1%	\$1,334	\$16,523	
20.0%	Professional Services	0.0 %	4.3%	4.3%	\$15,545	\$360,470	0.0 %	1.8%	1.8%	\$4,880	\$270,392	
33.0%	Other Services	0.0 %	24.3%	24.3%	\$2,001,849	\$8,223,238	0.0 %	30.8%	30.8%	\$2,289,359	\$7,440,450	
12.6%	Commodities	0.0 %	56.9%	56.9%	\$763,118	\$1,341,428	0.0 %	41.2%	41.2%	\$1,034,303	\$2,507,905	
	<b>Total Expenditures</b>		<b>27.9%</b>		<b>\$2,780,512</b>	<b>\$9,950,934</b>		<b>32.5%</b>		<b>\$3,329,876</b>	<b>\$10,235,270</b>	

**B. Assessment of Fiscal Year 2008 - 2009 Efforts to Meet HUB Procurement Goals**

**Attainment:**

The agency attained or exceeded one of the three, or 33.3 percent, of the applicable statewide HUB procurement goals in FY 2008.

The agency attained or exceeded one of the three, or 33.3 percent, of the applicable statewide HUB procurement goals in FY 2009.

**Applicability:**

TDI's functions do not include construction, therefore, "Heavy Construction," "Building Construction," and "Special Trade Construction" categories are not applicable to the agency. However, TDI did incur incidental construction expenses associated with building maintenance through the special trade category.

**Factors Affecting Attainment:**

Professional Services. The contracts established under the professional service category were for actuarial service contracts. TDI continues to competitively bid these services, but has found that there are few HUB actuarial firms certified in Texas that can provide the specialized actuarial services required by the agency.

Other Services. Several of the contracts established under the "Other Services" category were specialized contracts with low HUB participation, such as proprietary maintenance contracts.

**"Good-Faith" Efforts:**

TDI made the following good faith efforts in FY2008 and 2009. One HUB forum was sponsored in FY 2008 and 2009, respectively. The forums primary objective was to fulfill TDI's procurement needs and to locate professional services needed to implement the Special Deputy Receiver Program. TDI participated in several forums sponsored by organizations and businesses and governmental entities to locate businesses that would provide necessary goods and services for the agency. In addition, HUB Discussion Group meetings. TDI distributed brochures and other informational items regarding HUB and the procurement process and ensured that contract specifications, terms, and conditions did not impose unreasonable or unnecessary requirements for contractors. A statewide Mentor Protégé Program was promoted and

**6.A. HISTORICALLY UNDERUTILIZED BUSINESS SUPPORTING SCHEDULE**

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Automated Budget and Evaluation System of Texas (ABEST)

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Agency Code: **454** Agency: **Department of Insurance**

resulted in maintaining active mentor protégé relationship with a HUB and non-HUB vendors.

## 6.B. Current Biennium One-time Expenditure Schedule

Agency Code:	Agency Name:	Prepared By:	Date:	
454	Texas Department of Insurance	Jacqueline Canady	8/30/2010	
Item	2010-2011		2012-2013	
	Amount	MOF	Amount	MOF
Data Center Consolidation				
E.1.2.	311,112	36	311,112	36
E.1.2.	176,192	8042	176,192	8042

**6.B. Current Biennium One-time Expenditure Schedule - Strategy Allocation 2010-11 Biennium**

<b>Agency Code:</b> 454	<b>Agency Name:</b> Texas Department of Insurance	<b>Prepared By:</b> Jacqueline Canady	<b>Date:</b> 8/30/2010
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<b>PROJECT ITEM:</b>	Data Center Consolidation
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**ALLOCATION TO STRATEGY:** E.1.2 - Information Resources

Code	Strategy Allocation	Estimated 2010	Budgeted 2011	Requested 2012	Requested 2013
2001	<b>Objects of Expense:</b> Professional Fees		487,304		
	<b>Total, Objects of Expense</b>	\$0	\$487,304		
36	<b>Method of Financing:</b>		\$311,112		
8042			\$176,192		
	<b>Total, Method of Financing</b>	\$0	\$487,304		

**Description of Item for 2010-11**

Department of Information Resources (DIR) estimates for FY 2012 & FY 2013 are lower than the appropriations for FY 2010 & FY 2011. After the 5% reduction to the baseline request in FY 2012 & FY 2013 the resulting overage in the appropriation is shown in the FY 2012 & FY 2013 Amounts.

**6.B. Current Biennium One-time Expenditure Schedule - Strategy Allocation 2012-13 Biennium**

<b>Agency Code:</b> 454		<b>Agency Name:</b> Texas Department of Insurance		<b>Prepared By:</b> Jacqueline Canady		<b>Date:</b> 8/30/2010	
<b>PROJECT ITEM:</b> Data Center Consolidation							
<b>ALLOCATION TO STRATEGY:</b> E.1.2 - Information Resources							
Code	Strategy Allocation	Estimated 2010	Budgeted 2011	Requested 2012	Requested 2013		
2001	<b>Objects of Expense:</b> Professional Fees			243,652	243,652		
	<b>Total, Objects of Expense</b>			\$243,652	\$243,652		
36 8042	<b>Method of Financing:</b>			\$155,556	\$155,556		
				\$88,096	\$88,096		
<b>Total, Method of Financing</b>				\$243,652	\$243,652		

**Description of Item for 2012-13**

Department of Information Resources (DIR) estimates for FY 2012 & FY 2013 are lower than the appropriations for FY 2010 & FY 2011. After the 5% reduction to the baseline request in FY 2012 & FY 2013 the resulting overage in the appropriation is shown in the FY 2012 & FY 2013 Amounts.

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**6.C. FEDERAL FUNDS SUPPORTING SCHEDULE**  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/27/2010**  
 TIME: **1:01:16PM**

Agency code:	454	Agency name	Department of Insurance					
CFDA NUMBER/ STRATEGY				Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
<b>17.005.001</b>	OSHA BUREAU OF LABOR STATISTICS							
4 - 2 - 1	HEALTH AND SAFETY SERVICES			187,440	184,916	198,819	198,819	198,819
	<b>TOTAL, ALL STRATEGIES</b>			<b>\$187,440</b>	<b>\$184,916</b>	<b>\$198,819</b>	<b>\$198,819</b>	<b>\$198,819</b>
	ADDL FED FNDS FOR EMPL BENEFITS			0	0	0	0	0
	<b>TOTAL, FEDERAL FUNDS</b>			<b>\$187,440</b>	<b>\$184,916</b>	<b>\$198,819</b>	<b>\$198,819</b>	<b>\$198,819</b>
	ADDL GR FOR EMPL BENEFITS			\$0	\$0	\$0	\$0	\$0
<b>17.504.001</b>	OSHA Consultation Agreements							
4 - 2 - 1	HEALTH AND SAFETY SERVICES			1,733,257	2,218,078	1,983,441	1,983,441	1,983,441
	<b>TOTAL, ALL STRATEGIES</b>			<b>\$1,733,257</b>	<b>\$2,218,078</b>	<b>\$1,983,441</b>	<b>\$1,983,441</b>	<b>\$1,983,441</b>
	ADDL FED FNDS FOR EMPL BENEFITS			0	0	0	0	0
	<b>TOTAL, FEDERAL FUNDS</b>			<b>\$1,733,257</b>	<b>\$2,218,078</b>	<b>\$1,983,441</b>	<b>\$1,983,441</b>	<b>\$1,983,441</b>
	ADDL GR FOR EMPL BENEFITS			\$0	\$0	\$0	\$0	\$0
<b>17.504.002</b>	OSHA Consultation Agreements							
4 - 2 - 1	HEALTH AND SAFETY SERVICES			75,407	85,770	84,461	84,461	84,461
	<b>TOTAL, ALL STRATEGIES</b>			<b>\$75,407</b>	<b>\$85,770</b>	<b>\$84,461</b>	<b>\$84,461</b>	<b>\$84,461</b>
	ADDL FED FNDS FOR EMPL BENEFITS			0	0	0	0	0
	<b>TOTAL, FEDERAL FUNDS</b>			<b>\$75,407</b>	<b>\$85,770</b>	<b>\$84,461</b>	<b>\$84,461</b>	<b>\$84,461</b>
	ADDL GR FOR EMPL BENEFITS			\$0	\$0	\$0	\$0	\$0
<b>97.044.000</b>	Assistance to Firefighters Grant							
3 - 1 - 1	FIRE PROTECTION			0	566,500	0	0	0

**6.C. FEDERAL FUNDS SUPPORTING SCHEDULE**  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/27/2010**  
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Agency code: <b>454</b>	Agency name	Department of Insurance					
<b>CFDA NUMBER/ STRATEGY</b>			<b>Exp 2009</b>	<b>Est 2010</b>	<b>Bud 2011</b>	<b>BL 2012</b>	<b>BL 2013</b>
<b>TOTAL, ALL STRATEGIES</b>			<b>\$0</b>	<b>\$566,500</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>ADDL FED FNDS FOR EMPL BENEFITS</b>			0	0	0	0	0
<b>TOTAL, FEDERAL FUNDS</b>			<b>\$0</b>	<b>\$566,500</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>ADDL GR FOR EMPL BENEFITS</b>			<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**6.C. FEDERAL FUNDS SUPPORTING SCHEDULE**  
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 Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/27/2010**  
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Agency code:	454	Agency name	Department of Insurance					
CFDA NUMBER/ STRATEGY				<b>Exp 2009</b>	<b>Est 2010</b>	<b>Bud 2011</b>	<b>BL 2012</b>	<b>BL 2013</b>
<b><u>SUMMARY LISTING OF FEDERAL PROGRAM AMOUNTS</u></b>								
17.005.001	OSHA BUREAU OF LABOR STATISTICS			187,440	184,916	198,819	198,819	198,819
17.504.001	OSHA Consultation Agreements			1,733,257	2,218,078	1,983,441	1,983,441	1,983,441
17.504.002	OSHA Consultation Agreements			75,407	85,770	84,461	84,461	84,461
97.044.000	Assistance to Firefighters Grant			0	566,500	0	0	0
<b>TOTAL, ALL STRATEGIES</b>				\$1,996,104	\$3,055,264	\$2,266,721	\$2,266,721	\$2,266,721
<b>TOTAL , ADDL FED FUNDS FOR EMPL BENEFITS</b>				0	0	0	0	0
<b>TOTAL, FEDERAL FUNDS</b>				<b>\$1,996,104</b>	<b>\$3,055,264</b>	<b>\$2,266,721</b>	<b>\$2,266,721</b>	<b>\$2,266,721</b>
<b>TOTAL, ADDL GR FOR EMPL BENEFITS</b>				<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**SUMMARY OF SPECIAL CONCERNS/ISSUES**

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Agency code: 454	Agency name Department of Insurance					
<b>CFDA NUMBER/ STRATEGY</b>	<b>Exp 2009</b>	<b>Est 2010</b>	<b>Bud 2011</b>	<b>BL 2012</b>	<b>BL 2013</b>	

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**Assumptions and Methodology:**

U.S. Department of Homeland Security - FEMA Grant  
Assistance to Firefighters Grant Program - Fire Safety & Prevention

The grant term ends August 2010, and is not expected to continue past the termination date.

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**Potential Loss:**

OSHA Federal Grants:

N/A for the OSHA grants.

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**6.D. FEDERAL FUNDS TRACKING SCHEDULE**  
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DATE: 8/27/2010  
 TIME : 1:01:39PM

Agency code: **454**

Agency name: **Department of Insurance**

<b>Federal FY</b>	<b>Award Amount</b>	<b>Expended SFY 2007</b>	<b>Expended SFY 2008</b>	<b>Expended SFY 2009</b>	<b>Expended SFY 2010</b>	<b>Expended SFY 2011</b>	<b>Budgeted SFY 2012</b>	<b>Estimated SFY 2013</b>	<b>Total</b>	<b>Difference from Award</b>
<b>CFDA 17.005.001 OSHA BUREAU OF LABOR STATISTICS</b>										
<b>2009</b>	\$283,100	\$0	\$0	\$218,750	\$22,917	\$0	\$0	\$0	\$241,667	\$41,433
<b>2010</b>	\$289,058	\$0	\$0	\$0	\$264,970	\$24,088	\$0	\$0	\$289,058	\$0
<b>2011</b>	\$289,217	\$0	\$0	\$0	\$0	\$265,116	\$24,101	\$0	\$289,217	\$0
<b>2012</b>	\$289,217	\$0	\$0	\$0	\$0	\$0	\$265,116	\$24,101	\$289,217	\$0
<b>2013</b>	\$289,217	\$0	\$0	\$0	\$0	\$0	\$0	\$265,116	\$265,116	\$24,101
<b>Total</b>	<b>\$1,439,809</b>	<b>\$0</b>	<b>\$0</b>	<b>\$218,750</b>	<b>\$287,887</b>	<b>\$289,204</b>	<b>\$289,217</b>	<b>\$289,217</b>	<b>\$1,374,275</b>	<b>\$65,534</b>

<b>Empl. Benefit Payment</b>	\$48,768	\$46,584	\$51,910	\$52,882	\$52,770	\$52,770	\$52,770	\$358,454
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**6.D. FEDERAL FUNDS TRACKING SCHEDULE**  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2010  
 TIME : 1:01:45PM

Agency code: **454**

Agency name: **Department of Insurance**

<b>Federal FY</b>	<b>Award Amount</b>	<b>Expended SFY 2007</b>	<b>Expended SFY 2008</b>	<b>Expended SFY 2009</b>	<b>Expended SFY 2010</b>	<b>Expended SFY 2011</b>	<b>Budgeted SFY 2012</b>	<b>Estimated SFY 2013</b>	<b>Total</b>	<b>Difference from Award</b>
<b>CFDA 17,504,001 OSHA Consultation Agreements</b>										
<b>2009</b>	\$2,628,000	\$0	\$0	\$1,940,703	\$484,277	\$0	\$0	\$0	\$2,424,980	\$203,020
<b>2010</b>	\$2,628,000	\$0	\$0	\$0	\$2,409,000	\$219,000	\$0	\$0	\$2,628,000	\$0
<b>2011</b>	\$2,627,823	\$0	\$0	\$0	\$0	\$2,408,838	\$218,985	\$0	\$2,627,823	\$0
<b>2012</b>	\$2,627,823	\$0	\$0	\$0	\$0	\$0	\$2,408,838	\$218,985	\$2,627,823	\$0
<b>2013</b>	\$2,627,823	\$0	\$0	\$0	\$0	\$0	\$0	\$2,408,838	\$2,408,838	\$218,985
<b>Total</b>	<b>\$13,139,469</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,940,703</b>	<b>\$2,893,277</b>	<b>\$2,627,838</b>	<b>\$2,627,823</b>	<b>\$2,627,823</b>	<b>\$12,717,464</b>	<b>\$422,005</b>

<b>Empl. Benefit Payment</b>	\$382,015	\$356,582	\$381,666	\$482,787	\$482,787	\$482,787	\$482,787	\$482,787	\$3,051,411
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**6.D. FEDERAL FUNDS TRACKING SCHEDULE**  
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 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2010  
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Agency code: **454**

Agency name: **Department of Insurance**

<b>Federal FY</b>	<b>Award Amount</b>	<b>Expended SFY 2007</b>	<b>Expended SFY 2008</b>	<b>Expended SFY 2009</b>	<b>Expended SFY 2010</b>	<b>Expended SFY 2011</b>	<b>Budgeted SFY 2012</b>	<b>Estimated SFY 2013</b>	<b>Total</b>	<b>Difference from Award</b>
<b>CFDA 17,504,002 OSHA Consultation Agreements</b>										
<b>2009</b>	\$113,620	\$0	\$0	\$90,063	\$7,947	\$0	\$0	\$0	\$98,010	\$15,610
<b>2010</b>	\$113,620	\$0	\$0	\$0	\$104,152	\$9,468	\$0	\$0	\$113,620	\$0
<b>2011</b>	\$113,620	\$0	\$0	\$0	\$0	\$104,152	\$9,468	\$0	\$113,620	\$0
<b>2012</b>	\$113,620	\$0	\$0	\$0	\$0	\$0	\$104,152	\$9,468	\$113,620	\$0
<b>2013</b>	\$113,620	\$0	\$0	\$0	\$0	\$0	\$0	\$104,152	\$104,152	\$9,468
<b>Total</b>	<b>\$568,100</b>	<b>\$0</b>	<b>\$0</b>	<b>\$90,063</b>	<b>\$112,099</b>	<b>\$113,620</b>	<b>\$113,620</b>	<b>\$113,620</b>	<b>\$543,022</b>	<b>\$25,078</b>

<b>Empl. Benefit Payment</b>	\$23,620	\$18,525	\$21,510	\$22,728	\$22,728	\$22,728	\$22,728	\$22,728	\$154,567
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**6.D. FEDERAL FUNDS TRACKING SCHEDULE**  
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 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2010  
 TIME : 1:01:45PM

Agency code: **454**                      Agency name: **Department of Insurance**

<b>Federal FY</b>	<b>Award Amount</b>	<b>Expended SFY 2007</b>	<b>Expended SFY 2008</b>	<b>Expended SFY 2009</b>	<b>Expended SFY 2010</b>	<b>Expended SFY 2011</b>	<b>Budgeted SFY 2012</b>	<b>Estimated SFY 2013</b>	<b>Total</b>	<b>Difference from Award</b>
<b>CFDA 97.044.000</b> Assistance to Firefighters Grant										
<b>2010</b>	\$566,500	\$0	\$0	\$0	\$566,500	\$0	\$0	\$0	\$566,500	\$0
<b>Total</b>	<b>\$566,500</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$566,500</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$566,500</b>	<b>\$0</b>
<hr/>										
<b>Empl. Benefit Payment</b>		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

**6.E. ESTIMATED REVENUE COLLECTIONS SUPPORTING SCHEDULE**

82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

**DATE: 8/27/2010**  
**TIME: 1:02:05PM**

Agency Code: **454**

Agency name: **Department of Insurance**

<b>FUND/ACCOUNT</b>	<b>Act 2009</b>	<b>Exp 2010</b>	<b>Exp 2011</b>	<b>Bud 2012</b>	<b>Est 2013</b>
<b>1 General Revenue Fund</b>					
Beginning Balance (Unencumbered):	\$0	\$0	\$0	\$0	\$0
Estimated Revenue:					
3103 Limited Sales & Use Tax-State	586	908	750	750	750
3105 Discounts for Sales Tax-State	4	5	5	5	5
3175 Professional Fees	127,653	115,690	126,000	116,000	126,000
3206 Insurance Companies Fees	78,654	115,876	84,900	109,900	84,900
3210 Insurance Agents Licenses	190,231	213,676	221,614	235,982	244,591
3215 Insurance Dept Fees - Misc	4,428	(3,278)	0	0	0
3222 Ins Penalty Lieu of Suspension	4,147,895	6,023,495	3,322,625	3,322,625	3,322,625
3557 Health Care Facilities Fees	29,904	28,700	29,000	29,000	29,000
3714 Judgments	5,443	13,202	5,000	5,000	5,000
3727 Fees - Administrative Services	205,714	205,197	206,000	206,000	206,000
3775 Returned Check Fees	1,950	1,548	1,500	1,500	1,500
3795 Other Misc Government Revenue	119,857	444	400	400	400
3839 Sale of Motor Vehicle/Boat/Aircraft	10,665	25,465	18,000	12,000	12,000
3852 Interest on Local Deposits-St Agy	177	217	200	200	200
Subtotal: Actual/Estimated Revenue	4,923,161	6,741,145	4,015,994	4,039,362	4,032,971
<b>Total Available</b>	<b>\$4,923,161</b>	<b>\$6,741,145</b>	<b>\$4,015,994</b>	<b>\$4,039,362</b>	<b>\$4,032,971</b>
<b>DEDUCTIONS:</b>					
Expended/Budgeted/Requested	(3,990)	(6,520)	(6,520)	(6,520)	(6,520)
Other (balances swept by Agency 902)	(4,919,171)	(6,734,625)	(4,009,474)	(4,032,842)	(4,026,451)
<b>Total, Deductions</b>	<b>\$(4,923,161)</b>	<b>\$(6,741,145)</b>	<b>\$(4,015,994)</b>	<b>\$(4,039,362)</b>	<b>\$(4,032,971)</b>
<b>Ending Fund/Account Balance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**REVENUE ASSUMPTIONS:**

Assumes fee rates remain the same.

**6.E. ESTIMATED REVENUE COLLECTIONS SUPPORTING SCHEDULE**

**DATE: 8/27/2010**

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Automated Budget and Evaluation System of Texas (ABEST)

**TIME: 1:02:10PM**

Agency Code: **454**

Agency name: **Department of Insurance**

**FUND/ACCOUNT**

**Act 2009**

**Exp 2010**

**Exp 2011**

**Bud 2012**

**Est 2013**

**CONTACT PERSON:**

Joe Meyer

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**6.E. ESTIMATED REVENUE COLLECTIONS SUPPORTING SCHEDULE**

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**TIME: 1:02:10PM**

Agency Code: **454**

Agency name: **Department of Insurance**

<b>FUND/ACCOUNT</b>	<b>Act 2009</b>	<b>Exp 2010</b>	<b>Exp 2011</b>	<b>Bud 2012</b>	<b>Est 2013</b>
<b>36 Dept Ins Operating Acct</b>					
Beginning Balance (Unencumbered):	\$53,987,764	\$50,255,241	\$63,929,558	\$58,346,585	\$58,429,082
Estimated Revenue:					
3149 Amusement Ride Inspection	108,660	162,648	140,000	140,000	140,000
3175 Professional Fees	2,272,550	2,544,705	2,359,769	2,645,745	2,478,229
3206 Insurance Companies Fees	321,001	330,645	322,700	322,700	322,700
3210 Insurance Agents Licenses	15,681,821	15,761,648	16,330,000	16,650,000	16,580,000
3212 Tx Work Comp Self - Ins Reg Fees	441,287	1,400,723	1,000,000	1,000,000	1,000,000
3213 Catastrophe Prop Ins Pool Fees	6,335	7,285	7,000	7,000	7,000
3214 Insur Maint Tax/Fee Coll-Comptrollr	51,490,558	64,215,945	49,913,035	52,158,581	51,693,815
3215 Insurance Dept Fees - Misc	1,151,659	1,112,190	1,027,181	1,050,281	1,017,281
3216 Insurance Dept Exam/Audit Fees	12,286,620	14,143,410	13,049,428	11,866,500	11,893,685
3219 Workers Comp Comm-Ins Co Maint Tax	679,173	2,047,319	1,200,000	1,200,000	1,200,000
3220 W/C Res & Oversight CNCL/Maint Tax	3,675	622	16,000	16,000	16,000
3727 Fees - Administrative Services	354,750	179,000	75,000	250,000	120,000
3733 Workers Compensation Penalties	474,590	605,000	800,000	800,000	800,000
3777 Default Fund - Warrant Voided	16,892	14,916	15,000	15,000	15,000
3795 Other Misc Government Revenue	1,394	0	0	0	0
Subtotal: Actual/Estimated Revenue	85,290,965	102,526,056	86,255,113	88,121,807	87,283,710
<b>Total Available</b>	<b>\$139,278,729</b>	<b>\$152,781,297</b>	<b>\$150,184,671</b>	<b>\$146,468,392</b>	<b>\$145,712,792</b>

**DEDUCTIONS:**

Expended/Budgeted/Requested	(54,241,594)	(58,238,203)	(60,348,872)	(56,165,146)	(56,165,145)
Art IX Sec 17.75 HB4341 Dscent Hlthcare	0	(97,153)	(43,062)	0	0
HB15 Sec 30(n)(5) hardware	576,511	0	0	0	0
Art IX Sec 9.05 TX Online	(7,945)	0	0	0	0
Art IX Sec 19.94ContAppn HB 2935	(380,557)	0	0	0	0
81st Leg HB 4586 Sec 89 Retention Pmt	(712,840)	0	0	0	0
Art IX Sec 19.62a Salary Increase	(1,717,985)	0	0	0	0
Transfer-Emp Bnfts (OASI,ERS,Insurance)	(16,380,729)	(16,982,885)	(17,642,724)	(18,712,431)	(18,567,150)
Benefit Replacement Pay	(497,883)	(327,489)	(338,000)	(337,912)	(337,828)
Art IX Sec 13.10/15.04 - S/W Alloc costs	(2,066,917)	(1,605,320)	(1,610,902)	(1,610,902)	(1,610,902)
Workers Compensation Reimbursement	(52,389)	(9,000)	(9,000)	(9,000)	(9,000)

**6.E. ESTIMATED REVENUE COLLECTIONS SUPPORTING SCHEDULE**

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Agency name: **Department of Insurance**

<b>FUND/ACCOUNT</b>	<b>Act 2009</b>	<b>Exp 2010</b>	<b>Exp 2011</b>	<b>Bud 2012</b>	<b>Est 2013</b>
Art I 36& I-36 Texas Facilities Commission	(1,030,083)	(1,030,083)	(1,030,083)	(1,030,083)	(1,030,083)
Art VIII 23 & 15 Office of Injrd Emp Counsel	(9,535,954)	(9,450,610)	(10,091,484)	(9,586,909)	(9,200,937)
Art VIII 98 & 80 Lease Payments	(2,900,359)	(1,031,819)	(640,031)	(503,000)	(255,000)
Transfer to Comptroller (TIC 201.052)	(74,764)	(79,177)	(83,928)	(83,928)	(83,928)
<b>Total, Deductions</b>	<b>\$(89,023,488)</b>	<b>\$(88,851,739)</b>	<b>\$(91,838,086)</b>	<b>\$(88,039,311)</b>	<b>\$(87,259,973)</b>
<b>Ending Fund/Account Balance</b>	<b>\$50,255,241</b>	<b>\$63,929,558</b>	<b>\$58,346,585</b>	<b>\$58,429,081</b>	<b>\$58,452,819</b>

**REVENUE ASSUMPTIONS:**

Revenue estimates for all funds are based on the assumption there will not be changes to the current fee rate structure. Estimates for 3210 Agents License fees assume a slight increase in activity. The Commissioner of Insurance annually sets assessment rates for object codes 3214 and 3216 (examination overhead assessment). The assessment rates set take into consideration appropriations, other revenue sources, and fund balance.

**CONTACT PERSON:**

Joe Meyer

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**6.E. ESTIMATED REVENUE COLLECTIONS SUPPORTING SCHEDULE**

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Agency name: **Department of Insurance**

<b>FUND/ACCOUNT</b>	<b>Act 2009</b>	<b>Exp 2010</b>	<b>Exp 2011</b>	<b>Bud 2012</b>	<b>Est 2013</b>
<b>666 Appropriated Receipts</b>					
Beginning Balance (Unencumbered):	\$1,163,068	\$1,193,974	\$728,245	\$312,807	\$312,806
Estimated Revenue:					
3206 Insurance Companies Fees	382,528	125,000	125,000	125,000	125,000
3222 Ins Penalty Lieu of Suspension	0	1,500,000	0	0	0
3719 Fees/Copies or Filing of Records	236,683	236,823	236,823	236,823	236,823
3722 Conf, Semin, & Train Regis Fees	109,162	164,690	106,563	106,563	106,563
3733 Workers Compensation Penalties	100,018	0	0	0	0
3752 Sale of Publications/Advertising	11,790	33,899	33,899	33,899	33,899
3773 Insurance and Damages	2,200	0	0	0	0
3802 Reimbursements-Third Party	2,484,215	2,489,697	2,490,306	2,490,306	2,490,306
Subtotal: Actual/Estimated Revenue	3,326,596	4,550,109	2,992,591	2,992,591	2,992,591
<b>Total Available</b>	<b>\$4,489,664</b>	<b>\$5,744,083</b>	<b>\$3,720,836</b>	<b>\$3,305,398</b>	<b>\$3,305,397</b>
<b>DEDUCTIONS:</b>					
Expended/Budgeted/Requested	(678,286)	(689,315)	(689,117)	(689,117)	(689,117)
Art IX Sec 8.08 Seminars & Conferences	(25,483)	(58,127)	(3,752)	0	0
Art IX Sec 8.03 Reimbs & Payments	(14,553)	0	0	0	0
Art IX Sec 8.03 Reimb Art VIII	(1,921,279)	(1,864,097)	(1,861,440)	(1,856,440)	(1,856,440)
Art IX Sec 17.08 Appropriation of Fines	0	(1,500,000)	0	0	0
Xfer-Employee Benefits (OASI, ERS, Insurance)	(358,807)	(426,734)	(430,000)	(435,000)	(435,000)
Benefit Replacement Pay (Art IX - 41 Sec 6.10(b))	(11,429)	(12,035)	(12,035)	(12,035)	(12,035)
Labor Code Sec 402.062; Art IX Sec 8.01 TMIC Grant	(285,853)	(465,530)	(411,685)	0	0
<b>Total, Deductions</b>	<b>\$(3,295,690)</b>	<b>\$(5,015,838)</b>	<b>\$(3,408,029)</b>	<b>\$(2,992,592)</b>	<b>\$(2,992,592)</b>
<b>Ending Fund/Account Balance</b>	<b>\$1,193,974</b>	<b>\$728,245</b>	<b>\$312,807</b>	<b>\$312,806</b>	<b>\$312,805</b>

**REVENUE ASSUMPTIONS:**

Assumes revenues will be collected to sustain current appropriated receipt funding levels. Assumes that revenue reimbursements from Liquidation and Title Allocated accounts equal estimated to disbursements including matching and BRP benefits.

**6.E. ESTIMATED REVENUE COLLECTIONS SUPPORTING SCHEDULE**

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Agency name: **Department of Insurance**

**FUND/ACCOUNT**

**Act 2009**

**Exp 2010**

**Exp 2011**

**Bud 2012**

**Est 2013**

**CONTACT PERSON:**

Joe Meyer

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**6.E. ESTIMATED REVENUE COLLECTIONS SUPPORTING SCHEDULE**

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Agency name: **Department of Insurance**

<b>FUND/ACCOUNT</b>	<b>Act 2009</b>	<b>Exp 2010</b>	<b>Exp 2011</b>	<b>Bud 2012</b>	<b>Est 2013</b>
<b>777 Interagency Contracts</b>					
Beginning Balance (Unencumbered):	\$0	\$0	\$0	\$0	\$0
Estimated Revenue:					
3971 ICF/MR Collections	100,000	2,082,604	5,030,000	5,030,000	5,030,000
Subtotal: Actual/Estimated Revenue	100,000	2,082,604	5,030,000	5,030,000	5,030,000
<b>Total Available</b>	<b>\$100,000</b>	<b>\$2,082,604</b>	<b>\$5,030,000</b>	<b>\$5,030,000</b>	<b>\$5,030,000</b>
<b>DEDUCTIONS:</b>					
Expended/Budgeted Requested DADS	(57,600)	(57,600)	(57,600)	(130,000)	(130,000)
Expended/Budgeted Requested DSHS	0	0	0	(4,827,227)	(4,827,227)
Art IX, Sec 14.01(d) Approp Trfs - GAA DADS	(42,400)	(54,900)	(72,400)	0	0
Art IX, Sec 14.01(d) Approp Trfs - GAA DSHS	0	(1,956,017)	(4,823,505)	0	0
Xfer-Employee Benefits (OASI, ERS, Insurance)	0	(12,037)	(74,445)	(70,723)	(70,723)
Benefit Replacement Pay	0	(2,050)	(2,050)	(2,050)	(2,050)
<b>Total, Deductions</b>	<b>\$(100,000)</b>	<b>\$(2,082,604)</b>	<b>\$(5,030,000)</b>	<b>\$(5,030,000)</b>	<b>\$(5,030,000)</b>
<b>Ending Fund/Account Balance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**REVENUE ASSUMPTIONS:**

**CONTACT PERSON:**

Joe Meyer

**6.E. ESTIMATED REVENUE COLLECTIONS SUPPORTING SCHEDULE**

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Agency name: **Department of Insurance**

<b>FUND/ACCOUNT</b>	<b>Act 2009</b>	<b>Exp 2010</b>	<b>Exp 2011</b>	<b>Bud 2012</b>	<b>Est 2013</b>
<b>888 Earned Federal Funds</b>					
Beginning Balance (Unencumbered):	\$0	\$0	\$0	\$0	\$0
Estimated Revenue:					
3702 Fed Receipts-Earned Federal Funds	184,867	278,321	278,321	278,321	278,321
Subtotal: Actual/Estimated Revenue	184,867	278,321	278,321	278,321	278,321
<b>Total Available</b>	<b>\$184,867</b>	<b>\$278,321</b>	<b>\$278,321</b>	<b>\$278,321</b>	<b>\$278,321</b>
<b>DEDUCTIONS:</b>					
Expended/Budgeted/Requested	(158,761)	(224,406)	(224,406)	(224,406)	(224,406)
Xfer-Employee Benefits (OASI, ERS, Insurance)	(26,106)	(33,430)	(33,430)	(33,430)	(33,430)
Benefit Replacement Pay	0	(1,025)	(1,025)	(1,025)	(1,025)
Swept by Comptroller	0	(19,460)	(19,460)	(19,460)	(19,460)
<b>Total, Deductions</b>	<b>\$(184,867)</b>	<b>\$(278,321)</b>	<b>\$(278,321)</b>	<b>\$(278,321)</b>	<b>\$(278,321)</b>
<b>Ending Fund/Account Balance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**REVENUE ASSUMPTIONS:**

**CONTACT PERSON:**

Joe Meyer

**6.E. ESTIMATED REVENUE COLLECTIONS SUPPORTING SCHEDULE**

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<b>FUND/ACCOUNT</b>	<b>Act 2009</b>	<b>Exp 2010</b>	<b>Exp 2011</b>	<b>Bud 2012</b>	<b>Est 2013</b>
<b>5101 Subsequent Injury Fund</b>					
Beginning Balance (Unencumbered):	\$55,293,578	\$59,979,100	\$59,645,153	\$59,369,209	\$59,217,591
Estimated Revenue:					
3777 Default Fund - Warrant Voided	10,870	62,702	0	0	0
3869 Workers'CompDeathBenefits to State	8,237,251	4,023,491	4,144,196	4,268,522	4,396,577
Subtotal: Actual/Estimated Revenue	8,248,121	4,086,193	4,144,196	4,268,522	4,396,577
<b>Total Available</b>	<b>\$63,541,699</b>	<b>\$64,065,293</b>	<b>\$63,789,349</b>	<b>\$63,637,731</b>	<b>\$63,614,168</b>
<b>DEDUCTIONS:</b>					
Expended/Budgeted/Requested	(3,562,599)	(4,420,140)	(4,420,140)	(4,420,140)	(4,420,140)
<b>Total, Deductions</b>	<b>\$(3,562,599)</b>	<b>\$(4,420,140)</b>	<b>\$(4,420,140)</b>	<b>\$(4,420,140)</b>	<b>\$(4,420,140)</b>
<b>Ending Fund/Account Balance</b>	<b>\$59,979,100</b>	<b>\$59,645,153</b>	<b>\$59,369,209</b>	<b>\$59,217,591</b>	<b>\$59,194,028</b>

**REVENUE ASSUMPTIONS:**

Assumes projected revenue increases are based on the actual revenue in the current year (2010) and extrapolated. This projection yields successive annual increases of 3% over the prior year.

**CONTACT PERSON:**

Joe Meyer

**6.E. ESTIMATED REVENUE COLLECTIONS SUPPORTING SCHEDULE**

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<b>FUND/ACCOUNT</b>	<b>Act 2009</b>	<b>Exp 2010</b>	<b>Exp 2011</b>	<b>Bud 2012</b>	<b>Est 2013</b>
<b>8042 Insurance Maint Tax Fees</b>					
Beginning Balance (Unencumbered):	\$36,113,393	\$27,799,255	\$33,211,427	\$33,307,104	\$33,286,267
Estimated Revenue:					
3203 Insurance Comp Maintenance Tax	56,452,243	71,875,093	67,982,532	61,446,343	61,636,394
3215 Insurance Dept Fees - Misc	235,248	223,184	225,000	225,000	225,000
Subtotal: Actual/Estimated Revenue	56,687,491	72,098,277	68,207,532	61,671,343	61,861,394
<b>Total Available</b>	<b>\$92,800,884</b>	<b>\$99,897,532</b>	<b>\$101,418,959</b>	<b>\$94,978,447</b>	<b>\$95,147,661</b>
<b>DEDUCTIONS:</b>					
Expended/Budgeted/Requested	(33,422,795)	(35,313,354)	(36,637,210)	(34,276,822)	(34,276,822)
Art IX Sec 19.44 ContAppn SB1731	(549,150)	0	0	0	0
Art IX Sec 19.10 ContAppn HB 716	(152,013)	0	0	0	0
Art IX Sec 17.75 HB 4341 Disct Healthcare	0	0	(44,875)	0	0
Art IX Sec 17.77 SB 78 Healthy Texas	0	(96,000)	(75,000)	0	0
81st Leg HB 4586 Sec 89 Retention Payment	(420,680)	0	0	0	0
Art IX Sec 19.62(a) Salary Increase 2008-09 GAA	(1,095,844)	0	0	0	0
Xfer Employee Benefits (OASI, ERS, Insurance)	(4,696,753)	(5,200,027)	(5,418,980)	(3,196,189)	(3,341,470)
Benefit Replacement Pay	(124,512)	(217,092)	(206,237)	(195,925)	(186,129)
Unemployment Reimbursement	(4,240)	(16,000)	(16,000)	(16,000)	(16,000)
81st Leg SB 1011 Transfer to fund 5064 from CFP for TFS	0	(1,000,000)	(1,000,000)	0	0
Art I 4 I-4 Attorney General	(4,016,687)	(4,138,864)	(4,138,864)	(4,138,864)	(4,138,864)
Art I 14 Cancer Prevention & Health	(3,759,434)	0	0	0	0
Art II 41 & 47 Dept of Health Services	(6,551,382)	(6,640,209)	(6,640,209)	(6,339,999)	(6,339,999)
Art III 213 & 227 Texas Forest Service	(3,475,999)	(7,725,000)	(7,725,000)	(7,383,750)	(7,383,750)
Art IV 31 & 32 Comptroller Judiciary	(1,166,082)	(1,267,649)	(1,296,972)	(1,232,123)	(1,232,123)
Art V 27 & 29 Commission on Fire Protection	(3,478,145)	(2,814,568)	(2,647,813)	(2,647,813)	(2,647,813)
Avt VII p. 18 VII-20 Crash Records Info (TXDOT)	(749,908)	(750,000)	(750,000)	(750,000)	(750,000)
Transfer to Comptroller (TIC Art 201.052)	(1,338,005)	(1,507,343)	(1,514,695)	(1,514,695)	(1,514,695)
<b>Total, Deductions</b>	<b>\$(65,001,629)</b>	<b>\$(66,686,106)</b>	<b>\$(68,111,855)</b>	<b>\$(61,692,180)</b>	<b>\$(61,827,665)</b>
<b>Ending Fund/Account Balance</b>	<b>\$27,799,255</b>	<b>\$33,211,426</b>	<b>\$33,307,104</b>	<b>\$33,286,267</b>	<b>\$33,319,996</b>

**6.E. ESTIMATED REVENUE COLLECTIONS SUPPORTING SCHEDULE**

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Agency name: **Department of Insurance**

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<b>FUND/ACCOUNT</b>	<b>Act 2009</b>	<b>Exp 2010</b>	<b>Exp 2011</b>	<b>Bud 2012</b>	<b>Est 2013</b>
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**REVENUE ASSUMPTIONS:**

Revenue estimates for object 3203 (maintenance taxes) for FY 2011, 2012, and 2013 assume estimated funding levels for agencies 241, 302, 303, 411, 576, and 601. 2012/2013 also assumes agency 454 (TDI) is appropriated at the LAR base requested level. Revenue estimates for object 3203 take into consideration estimated fund balances, and combined revenues and deductions in fund 8042 and account 0036 exclusive of DWC. Maintenance tax rates are set annually by the Commissioner. The revenue estimate or deductions do not include the \$3.05 million deducted by the Comptroller as required by chapter 252 of the Texas Insurance Code.

**CONTACT PERSON:**

Joe Meyer

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**6.H. Estimated Total of All Agency Funds Outside the GAA Bill Pattern**  
**Texas Department of Insurance**

<b>ESTIMATED GRAND TOTAL OF AGENCY FUNDS OUTSIDE THE 2012-13 GAA BILL PATTERN</b>	<b>\$</b>	<b>1,089,287,824</b>
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**Summary**

Estimated Beginning Balance in FY 2010	\$	6,066,300
Estimated Revenues FY 2010	\$	74,050,416
Estimated Revenues FY 2011	\$	287,515,192
<b>FY 2010-11 Total</b>	<b>\$</b>	<b>367,631,908</b>
Estimated Beginning Balance in FY 2012	\$	366,069,608
Estimated Revenues FY 2012	\$	361,508,608
Estimated Revenues FY 2013	\$	361,709,608
<b>FY 2012-13 Total</b>	<b>\$</b>	<b>1,089,287,824</b>

**Constitutional or Statutory Creation and Use of Funds:**

See individual pages

**Method of Calculation and Revenue Assumptions:**

See individual pages

**6.H. Estimated Total of All Agency Funds Outside the GAA Bill Pattern**  
**Texas Department of Insurance**

<b>ESTIMATED GRAND TOTAL OF AGENCY FUNDS OUTSIDE THE 2010-11 GAA BILL PATTERN</b>	<b>\$ 988,164,588</b>
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**Catastrophe Reserve Trust Fund**

Estimated Beginning Balance in FY 2010	\$ -
Estimated Revenues FY 2010	\$ 74,043,416
Estimated Revenues FY 2011	\$ 286,975,192
<b>FY 2010-11 Total</b>	<b>\$ 361,018,608</b>
Estimated Beginning Balance in FY 2012	\$ 361,018,608
Estimated Revenues FY 2012	\$ 299,197,029
Estimated Revenues FY 2013	\$ 327,948,951
<b>FY 2012-13 Total</b>	<b>\$ 988,164,588</b>

**Constitutional or Statutory Creation and Use of Funds:**

The Catastrophe Reserve Trust Fund (CRTF) was established by the Texas Legislature in 1993 as part of the state's overall plan and funding for catastrophic losses caused by windstorm and hail damage for designated areas on the Texas Gulf Coast and for controlling its cost for losses in the event of a catastrophic storm. In the event of a major storm affecting the Texas coast, the CRTF would be used to pay certain losses. See Tex. Ins. Code Chapter 2210.

Chapter 2210 of the Insurance Code requires that the TDI adopt rules to keep and maintain the CRTF and that the Comptroller administer the fund in accordance with the statute and the rules adopted by the Commissioner of Insurance. The rules regarding the procedures for payments to, disbursements from and the maintenance of the CRTF became effective on August 21, 2000. Revised rules are currently pending adoption, and may go into effect in September or October of 2010.

Under current Texas law, in the event of a catastrophic storm, losses on policies issued through TWIA are paid by a sequential combination of the TWIA's available assets, the CRTF, any reinsurance, and finally the proceeds of public securities issued on behalf of TWIA. These public securities will be funded from TWIA income, policyholder surcharges and member insurer assessments. Thus the CRTF is an integral part of the Texas statutory method of funding catastrophic windstorm losses. In the event of a change to the Insurance Code that would permit disbursements from the CRTF for reasons other than losses caused by a catastrophic storm, other sources of funding to cover those losses heretofore paid by the CRTF would be impacted. A major coastal storm like Hurricane Katrina could create insurance industry-wide property losses of many billions of dollars. The availability of the CRTF's assets for catastrophic losses is critical to the State of Texas, policyholders, the TWIA and its members.

Further, in October 1998, the IRS issued a Technical Advice Memorandum (TAM) adverse to the CRTF. The IRS found that the CRTF was subject to federal taxes because the CRTF was not an integral part of the State in that the State did not provide seed money for the CRTF and did not contribute financially to its current operations. In 1999, the Texas legislature enacted House Bill 2253, which amended Article 21.49 of the Insurance Code. House Bill 2253 clarified the legislature's original intent that the CRTF was a state fund and not subject to federal taxation. The bill specifically stated that all money, including investment income, is state money with legal title in TDI. The Texas legislature also included TDI Rider 10 in the General Appropriations Act. In Rider 10, the legislature appropriated \$2 million in 2000 and \$2 million in 2001 out of the Texas Department of Insurance Operating Fund Account to be transferred each year to the CRTF for the purpose of maintaining the CRTF. The legislature expressly stated that the amount appropriated constituted the state's contribution to the funding of the CRTF. To the extent that any monies are removed from the CRTF for purposes other than losses due to a catastrophic storm, there may be federal tax implications to the CRTF. In June of 2010 TWIA received informal notification that the IRS would be issuing a favorable ruling regarding the tax status of TWIA. It was further indicated that the final formal ruling should be issued in late August or early September, 2010.

**6.H. Estimated Total of All Agency Funds Outside the GAA Bill Pattern**  
**Texas Department of Insurance**

<b>ESTIMATED GRAND TOTAL OF AGENCY FUNDS OUTSIDE THE 2010-11 GAA BILL PATTERN</b>	<b>\$ 988,164,588</b>
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<p><b><u>Catastrophe Reserve Trust Fund</u></b></p> <p><b>Method of Calculation and Revenue Assumptions:</b></p> <hr/> <p><b><u>Fiscal Year (FY) 2010</u></b>  The balance of the fund was distributed to TWIA in July and September 2008 due to Hurricanes Dolly and Ike. Given the 2008 operating loss due to these hurricanes, no contributions were made to the CRTF in FY 2009. Thus, the starting balance of the fund at the beginning of FY 2010 was zero. The FY 2010 revenue estimate is composed of actual deposits made by TWIA in July and August of FY 2010, and estimated interest earned and the management fee for the remainder of FY 2010. The annual rate used for the CRTF management fees was .0006, based on the published fee schedules of the Texas Treasury Safekeeping Trust Company (TTSTC), applied to the average daily balance of the fund during the fiscal year. The assumed average annual investment yield was 0.17% based on the average yield actually paid in July of 2010, applied to the average daily balance of the fund during the fiscal year.</p> <p><b><u>General Assumptions Applicable to FY 2011 Through FY 2012</u></b>  No hurricanes strike Texas in FYs 2011 – 2013  TWIA does not purchase reinsurance in FYs 2011 – 2013  TWIA will not be subject to Federal income taxes in 2010 and thereafter  The annual average growth in exposures (both inflationary increases in coverage limits and numbers of policyholders insured) is 3 percent  Average rates are increased 5 percent effective January 1 of each year  The non-hurricane loss experience and the expenses of TWIA will approximate recent historical averages</p> <p><b><u>Fiscal Year 2011</u></b>  The deposits to the CRTF consist of the projected 2010 operating profit of TWIA plus the statutory 15 percent surcharges on the premiums of certain noncompliant structures (\$2210.259). The latter are estimated from the surcharges actually collected from September, 2009 through July, 2010, adjusted to a full annual basis and for subsequent rate increases. It was further assumed that any inflationary increases in the amount of coverage on policies subject to the surcharge would be offset by attrition in the number of policies subject to the surcharge. It was assumed that the 2010 operating profit was deposited in the CRTF in mid-March, 2011, and the statutory premium surcharges were deposited at approximately the 15<sup>th</sup> of the month following collection. The annual rate used for the CRTF management fees was .0002, based on the published fee schedules of the TTSTC, applied to the average daily balance of the fund during the fiscal year. The assumed average annual investment yield applied to the average daily balance of the fund during the fiscal year was 0.34%, based on the assumption the average annual yield would rise to double that actually paid in July of 2010.</p> <p><b><u>Fiscal Year 2012</u></b>  The deposits to the CRTF consist to the projected 2011 operating profit of TWIA plus the statutory 15 percent surcharges on the premiums of certain noncompliant structures (\$2210.259). The latter are estimated from the surcharges actually collected from September, 2009 through July, 2010, adjusted to a full annual basis and for subsequent rate increases. It was further assumed that any inflationary increases in the amount of coverage on policies subject to the surcharge would be offset by attrition in the number of policies subject to the surcharge. It was assumed that the 2011 operating profit was deposited in the CRTF in mid-March, 2012, and the statutory premium surcharges were deposited at approximately the 15<sup>th</sup> of the month following collection. The annual rate used for the CRTF management fees was .0002, based on the published fee schedules of the TTSTC, applied to the average daily balance of the fund during the fiscal year. The assumed average annual investment yield applied to the average daily balance of the fund during the fiscal year was 0.68%, based on the assumption the average annual yield would rise to double that estimated to be paid in FY July of 2011.</p> <p><b><u>Fiscal Year 2013</u></b>  The deposits to the CRTF consist to the projected 2012 operating profit of TWIA plus the statutory 15 percent surcharges on the premiums of certain noncompliant structures (\$2210.259). The latter are estimated from the surcharges actually collected from September, 2009 through July, 2010, adjusted to a full annual basis and for subsequent for rate increases. It was further assumed that any inflationary increases in the amount of coverage on policies subject to the surcharge would be offset by attrition in the number of policies subject to the surcharge. It was assumed that the 2012 operating profit was deposited in the CRTF in mid-March, 2013, and the statutory premium surcharges were deposited at approximately the 15<sup>th</sup> of the month following collection. The annual rate used for the CRTF management fees was .0002, based on the published fee schedules of the TTSTC, applied to the average daily balance of the fund during the fiscal year. The assumed average annual investment yield applied to the average daily balance of the fund during the fiscal year was 1.00%, based on the assumption the average annual yield would rise over that estimated to be paid in FY July of 2012.</p>
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**6.H. Estimated Total of All Agency Funds Outside the GAA Bill Pattern**  
**Texas Department of Insurance**

<b>ESTIMATED GRAND TOTAL OF AGENCY FUNDS OUTSIDE THE 2012-13 GAA BILL PATTERN</b>	<b>\$</b>	<b>6,232,000</b>
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**Abandoned Property / Liquidation Operating Fund (1999)**

Estimated Beginning Balance in FY 2010	\$	6,066,300
Estimated Revenues FY 2010	\$	7,000
Estimated Revenues FY 2011	\$	540,000
<b>FY 2010-11 Total</b>	<b>\$</b>	<b>6,613,300</b>
Estimated Beginning Balance in FY 2012	\$	5,051,000
Estimated Revenues FY 2012	\$	490,000
Estimated Revenues FY 2013	\$	691,000
<b>FY 2012-13 Total</b>	<b>\$</b>	<b>6,232,000</b>

**Constitutional or Statutory Creation and Use of Funds:**

TIC Chapter 443 - These are non-appropriated funds representing unclaimed amounts from financially troubled insurers that have been placed in receivership under a court sanctioned process. The court may declare such funds abandoned if no claim is made on the amounts. Pursuant to statute, these funds can be used to: (1) operate insurance company receivership liquidations where the insolvent estate's funds are inadequate to pay for the costs of administration, and (2) pay for expenses related to insurance receiverships that cannot be allocated to any receivership estate.

**Method of Calculation and Revenue Assumptions:**

Revenue estimates include interest earned , reimbursements and unclaimed assets from estates. Revenue estimates for 2010 are based on 2010 interest received and projected through fiscal year end. Revenue estimates for 2011 and 2012 are based on prior year's interest assuming no change in the rate, and the projected transfer of reimbursements. Revenue estimates for 2013 are based on prior years' interest assuming no change in the rate and transfer of unclaimed funds . The actual amount of revenue could vary significantly from the estimate due to the varying amounts of reimbursements and unclaimed property from year to year. Estimated 2012 beginning balance calculated using average expenditures over last 5 years.

Development of a methodology to project expenditures for inclusion in the GAA would be dependent on predicting the cash needs of newly created estates. Development of a methodology to project revenues for inclusion in the GAA would be dependent on predicting the amount of unclaimed property that will become abandoned.

**6.I 10 PERCENT BIENNIAL BASE REDUCTION OPTIONS**  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

Date: 8/27/2010  
 Time: 12:58:51PM

Agency code: **454** Agency name: **Department of Insurance**

<u>Item Priority and Name/ Method of Financing</u>	<b>REVENUE LOSS</b>			<b>REDUCTION AMOUNT</b>			<b>TARGET</b>
	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	

**1 Property and Casualty Activities (5 percent)**

**Category:** Programs - Service Reductions (FTEs-Layoffs)

**Item Comment:** The reduced funding would eliminate a total of 6.8FTEs and decrease the agency annual budget by \$930,792. It decreases professional fees for actuarial consultation, eliminates Windstorm Inspection Field Offices, and impacts the monitoring of TexasSure Vehicle Insurance Verification. It also reduces administrative, executive, and legal support.

This reduction results in 1,650 fewer windstorm inspections conducted; delays windstorm product evaluation reviews; and reduces the number of engineer oversights performed and public education seminars conducted. This reduction would cause an increase in complaints from owners, builders, and agents frustrated by the reduction in customer service.

This reduction will delay response times for all title functions, including agent licensing, escrow officer licensing, complaint processing, and open records requests. It would adversely impact performance measures for strategies 1.3.1 Rates, Forms and Licenses and 1.2.1 Resolve Complaints. It would decrease the percent of title license filings completed within 15 days by 20 percent. It would reduce the annual number of title insurance complaints resolved by 40, and increase complaint response time by six days.

It will limit the ability to timely respond to insurer questions regarding data reporting and lengthen the time it takes to perform edit-and-reasonability checks on reported data, thereby delaying final publications. The reduction could impact the timeliness of resolving complaints regarding workers' compensation classification and premium calculations. It will also impact the timely processing of public information requests.

Strategy: 1-1-1 Educate Consumers and Industry by Providing Outreach and Information

General Revenue Funds

8042 Insurance Maint Tax Fees	\$15,708	\$15,708	\$31,416	\$15,708	\$15,708	\$31,416
<b>General Revenue Funds Total</b>	<b>\$15,708</b>	<b>\$15,708</b>	<b>\$31,416</b>	<b>\$15,708</b>	<b>\$15,708</b>	<b>\$31,416</b>

Strategy: 1-2-1 Respond Promptly and Act on Complaints

General Revenue Funds

8042 Insurance Maint Tax Fees	\$649	\$649	\$1,298	\$649	\$649	\$1,298
<b>General Revenue Funds Total</b>	<b>\$649</b>	<b>\$649</b>	<b>\$1,298</b>	<b>\$649</b>	<b>\$649</b>	<b>\$1,298</b>

**6.I 10 PERCENT BIENNIAL BASE REDUCTION OPTIONS**  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

Date: 8/27/2010  
 Time: 12:58:57PM

Agency code: **454** Agency name: **Department of Insurance**

<u>Item Priority and Name/ Method of Financing</u>	<b>REVENUE LOSS</b>			<b>REDUCTION AMOUNT</b>			<b>TARGET</b>
	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	
Strategy: 1-2-2 Investigate Trade Practices and Bring Enforcement Actions as Needed							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$545	\$545	\$1,090	\$545	\$545	\$1,090	
<b>General Revenue Funds Total</b>	<b>\$545</b>	<b>\$545</b>	<b>\$1,090</b>	<b>\$545</b>	<b>\$545</b>	<b>\$1,090</b>	
Strategy: 1-2-3 Investigate Insurer Fraud and Refer Violations for Prosecution							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$333	\$333	\$666	\$333	\$333	\$666	
<b>General Revenue Funds Total</b>	<b>\$333</b>	<b>\$333</b>	<b>\$666</b>	<b>\$333</b>	<b>\$333</b>	<b>\$666</b>	
Strategy: 1-3-1 Process Rates, Forms & Licenses Promptly							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$135,018	\$135,018	\$270,036	\$135,018	\$135,018	\$270,036	
<b>General Revenue Funds Total</b>	<b>\$135,018</b>	<b>\$135,018</b>	<b>\$270,036</b>	<b>\$135,018</b>	<b>\$135,018</b>	<b>\$270,036</b>	
Strategy: 1-3-2 Promote Coverage in Underserved Markets							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$23,158	\$23,158	\$46,316	\$23,158	\$23,158	\$46,316	
<b>General Revenue Funds Total</b>	<b>\$23,158</b>	<b>\$23,158</b>	<b>\$46,316</b>	<b>\$23,158</b>	<b>\$23,158</b>	<b>\$46,316</b>	
Strategy: 2-1-1 Analyze the Financial Condition of Insurers and Take Solvency Action							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$13,829	\$13,829	\$27,658	\$13,829	\$13,829	\$27,658	
<b>General Revenue Funds Total</b>	<b>\$13,829</b>	<b>\$13,829</b>	<b>\$27,658</b>	<b>\$13,829</b>	<b>\$13,829</b>	<b>\$27,658</b>	
Strategy: 2-2-1 Inspect Loss Control Programs and Assure Code and Schedule Compliance							

**6.I 10 PERCENT BIENNIAL BASE REDUCTION OPTIONS**  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

Date: 8/27/2010  
 Time: 12:58:57PM

Agency code: **454** Agency name: **Department of Insurance**

<u>Item Priority and Name/ Method of Financing</u>	<b>REVENUE LOSS</b>			<b>REDUCTION AMOUNT</b>			<b>TARGET</b>
	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$169,517	\$169,517	\$339,034	\$169,517	\$169,517	\$339,034	
<b>General Revenue Funds Total</b>	<b>\$169,517</b>	<b>\$169,517</b>	<b>\$339,034</b>	<b>\$169,517</b>	<b>\$169,517</b>	<b>\$339,034</b>	
Strategy: 2-2-2 Investigate Provider/Consumer Fraud & Refer Violations for Prosecution							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$310	\$310	\$620	\$310	\$310	\$620	
<b>General Revenue Funds Total</b>	<b>\$310</b>	<b>\$310</b>	<b>\$620</b>	<b>\$310</b>	<b>\$310</b>	<b>\$620</b>	
Strategy: 3-1-1 Provide Fire Protection through Education, Enforcement and Engineering							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$898	\$898	\$1,796	\$898	\$898	\$1,796	
<b>General Revenue Funds Total</b>	<b>\$898</b>	<b>\$898</b>	<b>\$1,796</b>	<b>\$898</b>	<b>\$898</b>	<b>\$1,796</b>	
Strategy: 5-1-1 Central Administration							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$39,388	\$39,388	\$78,776	\$39,388	\$39,388	\$78,776	
<b>General Revenue Funds Total</b>	<b>\$39,388</b>	<b>\$39,388</b>	<b>\$78,776</b>	<b>\$39,388</b>	<b>\$39,388</b>	<b>\$78,776</b>	
Strategy: 5-1-2 Information Resources							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$50,882	\$50,882	\$101,764	\$50,882	\$50,882	\$101,764	
<b>General Revenue Funds Total</b>	<b>\$50,882</b>	<b>\$50,882</b>	<b>\$101,764</b>	<b>\$50,882</b>	<b>\$50,882</b>	<b>\$101,764</b>	
Strategy: 5-1-3 Other Support Services							
<u>General Revenue Funds</u>							

**6.I 10 PERCENT BIENNIAL BASE REDUCTION OPTIONS**  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

Date: 8/27/2010  
 Time: 12:58:57PM

Agency code: **454** Agency name: **Department of Insurance**

Item Priority and Name/ Method of Financing	REVENUE LOSS			REDUCTION AMOUNT			TARGET
	2012	2013	Biennial Total	2012	2013	Biennial Total	
8042 Insurance Maint Tax Fees	\$15,161	\$15,161	\$30,322	\$15,161	\$15,161	\$30,322	
<b>General Revenue Funds Total</b>	<b>\$15,161</b>	<b>\$15,161</b>	<b>\$30,322</b>	<b>\$15,161</b>	<b>\$15,161</b>	<b>\$30,322</b>	
<b>Item Total</b>	<b>\$465,396</b>	<b>\$465,396</b>	<b>\$930,792</b>	<b>\$465,396</b>	<b>\$465,396</b>	<b>\$930,792</b>	
<b>FTE Reductions (From FY 2012 and FY 2013 Base Request)</b>				<b>6.8</b>	<b>6.8</b>		

**2 Fire Safety Activities (5 Percent)**

**Category:** Programs - Service Reductions (FTEs-Layoffs)

**Item Comment:** This reduction of \$578,246 eliminates 2.3 FTEs, cuts funds for vehicle repairs and administrative, executive, and legal support, as well as decreases funding to retain and reward State Fire Marshal's Office (SFMO) employees. The reduction eliminates specialized training, potentially resulting in a loss of certifications for SFMO employees. The reduction impacts customer service due to staff reductions. Additionally, the reduction would adversely impact field services if vehicles are inoperable, increase workload for remaining administrative staff, and delay response times for Fire Standard Compliant Cigarette complaints, fire safety inspections, arson investigation requests, and fire protection industry licensing investigations. These impacts affect service levels to local fire professionals and all communities who rely on SFMO expertise for fire safety inspections, outreach, investigations and enforcement.

Strategy: 1-1-1 Educate Consumers and Industry by Providing Outreach and Information

General Revenue Funds

8042 Insurance Maint Tax Fees	\$9,207	\$9,207	\$18,414	\$9,207	\$9,207	\$18,414	
<b>General Revenue Funds Total</b>	<b>\$9,207</b>	<b>\$9,207</b>	<b>\$18,414</b>	<b>\$9,207</b>	<b>\$9,207</b>	<b>\$18,414</b>	

Strategy: 1-2-1 Respond Promptly and Act on Complaints

General Revenue Funds

8042 Insurance Maint Tax Fees	\$403	\$403	\$806	\$403	\$403	\$806	
<b>General Revenue Funds Total</b>	<b>\$403</b>	<b>\$403</b>	<b>\$806</b>	<b>\$403</b>	<b>\$403</b>	<b>\$806</b>	

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

General Revenue Funds

8042 Insurance Maint Tax Fees	\$339	\$339	\$678	\$339	\$339	\$678	
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**6.I 10 PERCENT BIENNIAL BASE REDUCTION OPTIONS**  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

Date: 8/27/2010  
 Time: 12:58:57PM

Agency code: **454** Agency name: **Department of Insurance**

<u>Item Priority and Name/ Method of Financing</u>	<b>REVENUE LOSS</b>			<b>REDUCTION AMOUNT</b>			<b>TARGET</b>
	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	
<b>General Revenue Funds Total</b>	<b>\$339</b>	<b>\$339</b>	<b>\$678</b>	<b>\$339</b>	<b>\$339</b>	<b>\$678</b>	
Strategy: 1-3-1 Process Rates, Forms & Licenses Promptly							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$8,041	\$8,041	\$16,082	\$8,041	\$8,041	\$16,082	
<b>General Revenue Funds Total</b>	<b>\$8,041</b>	<b>\$8,041</b>	<b>\$16,082</b>	<b>\$8,041</b>	<b>\$8,041</b>	<b>\$16,082</b>	
Strategy: 2-1-1 Analyze the Financial Condition of Insurers and Take Solvency Action							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$8,591	\$8,591	\$17,182	\$8,591	\$8,591	\$17,182	
<b>General Revenue Funds Total</b>	<b>\$8,591</b>	<b>\$8,591</b>	<b>\$17,182</b>	<b>\$8,591</b>	<b>\$8,591</b>	<b>\$17,182</b>	
Strategy: 2-2-1 Inspect Loss Control Programs and Assure Code and Schedule Compliance							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$521	\$521	\$1,042	\$521	\$521	\$1,042	
<b>General Revenue Funds Total</b>	<b>\$521</b>	<b>\$521</b>	<b>\$1,042</b>	<b>\$521</b>	<b>\$521</b>	<b>\$1,042</b>	
Strategy: 3-1-1 Provide Fire Protection through Education, Enforcement and Engineering							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$196,102	\$196,102	\$392,204	\$196,102	\$196,102	\$392,204	
<b>General Revenue Funds Total</b>	<b>\$196,102</b>	<b>\$196,102</b>	<b>\$392,204</b>	<b>\$196,102</b>	<b>\$196,102</b>	<b>\$392,204</b>	
Strategy: 5-1-1 Central Administration							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$24,890	\$24,890	\$49,780	\$24,890	\$24,890	\$49,780	
<b>General Revenue Funds Total</b>	<b>\$24,890</b>	<b>\$24,890</b>	<b>\$49,780</b>	<b>\$24,890</b>	<b>\$24,890</b>	<b>\$49,780</b>	

**6.I 10 PERCENT BIENNIAL BASE REDUCTION OPTIONS**  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

Date: 8/27/2010  
 Time: 12:58:57PM

Agency code: **454** Agency name: **Department of Insurance**

<u>Item Priority and Name/ Method of Financing</u>	REVENUE LOSS			REDUCTION AMOUNT			TARGET
	2012	2013	Biennial Total	2012	2013	Biennial Total	
Strategy: 5-1-2 Information Resources							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$31,611	\$31,611	\$63,222	\$31,611	\$31,611	\$63,222	
<b>General Revenue Funds Total</b>	<b>\$31,611</b>	<b>\$31,611</b>	<b>\$63,222</b>	<b>\$31,611</b>	<b>\$31,611</b>	<b>\$63,222</b>	
Strategy: 5-1-3 Other Support Services							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$9,418	\$9,418	\$18,836	\$9,418	\$9,418	\$18,836	
<b>General Revenue Funds Total</b>	<b>\$9,418</b>	<b>\$9,418</b>	<b>\$18,836</b>	<b>\$9,418</b>	<b>\$9,418</b>	<b>\$18,836</b>	
<b>Item Total</b>	<b>\$289,123</b>	<b>\$289,123</b>	<b>\$578,246</b>	<b>\$289,123</b>	<b>\$289,123</b>	<b>\$578,246</b>	
<b>FTE Reductions (From FY 2012 and FY 2013 Base Request)</b>				<b>2.3</b>	<b>2.3</b>		

**3 Quality of Care Reviews (5 Percent)**

**Category:** Programs - Service Reductions (FTEs-Layoffs)

**6.I 10 PERCENT BIENNIAL BASE REDUCTION OPTIONS**  
 82nd Regular Session, Agency Submission, Version 1  
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Date: 8/27/2010  
 Time: 12:58:57PM

Agency code: **454** Agency name: **Department of Insurance**

<u>Item Priority and Name/ Method of Financing</u>	REVENUE LOSS			REDUCTION AMOUNT			TARGET
	2012	2013	Biennial Total	2012	2013	Biennial Total	

**Item Comment:** The reduction would eliminate 4.0 FTEs and reduce the agency budget by \$545,020 in the DWC Health Care Policy and Implementation (HCPI), Information Management Services (IMS), System Monitoring and Oversight (SMO), Health Care Quality Review (HCQR) program areas, and reduces administrative, executive, and legal support. The reductions impact several key measures for strategies 4.1.1 Oversight and Enforcement, 4.1.2 Dispute Resolution, and 4.2.1 Health and Safety Services. The reductions would adversely impact IMS by decreasing staff available to assist program areas with running reports, processing open records requests, one-on-one communication, and problem solving.

The HCPI reduction would eliminate expert consultation services on critical Medicare-related matters, and reduce HCPI travel funds used to educate system participants regarding rule implementation, and train staff on current health care and workers' compensation laws.

The reduced funding for SMO would lessen DWC's ability to timely identify issues and resolve complaints, which could delay payment of benefits owed to system participants. This could also reduce the overall number of SMO complaints and audits completed.

The reduced funding for HCQR would result in a decreased ability to perform statutorily required Medical Quality Review Panel activities. It would increase review times for non-provider cases and result in fewer medical quality reviews, including complaint-driven quality of care reviews for insurance carriers, IROs, and URAs. This reduction would negatively impact DWC's ability to monitor the quality of health care delivered in the workers' compensation system. The reduction would adversely impact DWC's ability to monitor patterns and trends of system participants regarding the utilization of medical services provided to injured employees.

Strategy: 4-1-1 Oversee Activities of System Participants and Take Enforcement Action

Gr Dedicated

36 Dept Ins Operating Acct	\$160,458	\$160,458	\$320,916	\$160,458	\$160,458	\$320,916
<b>Gr Dedicated Total</b>	<b>\$160,458</b>	<b>\$160,458</b>	<b>\$320,916</b>	<b>\$160,458</b>	<b>\$160,458</b>	<b>\$320,916</b>

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

Gr Dedicated

36 Dept Ins Operating Acct	\$1,656	\$1,656	\$3,312	\$1,656	\$1,656	\$3,312
<b>Gr Dedicated Total</b>	<b>\$1,656</b>	<b>\$1,656</b>	<b>\$3,312</b>	<b>\$1,656</b>	<b>\$1,656</b>	<b>\$3,312</b>

Strategy: 4-1-3 Administer Subsequent Injury Fund

Gr Dedicated

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Agency code: **454** Agency name: **Department of Insurance**

<u>Item Priority and Name/ Method of Financing</u>	<b>REVENUE LOSS</b>			<b>REDUCTION AMOUNT</b>			<b>TARGET</b>
	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	
36 Dept Ins Operating Acct	\$25,335	\$25,335	\$50,670	\$25,335	\$25,335	\$50,670	
<b>Gr Dedicated Total</b>	<b>\$25,335</b>	<b>\$25,335</b>	<b>\$50,670</b>	<b>\$25,335</b>	<b>\$25,335</b>	<b>\$50,670</b>	
Strategy: 4-2-1 Provide Educational Services/WPS Consultations to System Participants							
<u>Gr Dedicated</u>							
36 Dept Ins Operating Acct	\$663	\$663	\$1,326	\$663	\$663	\$1,326	
<b>Gr Dedicated Total</b>	<b>\$663</b>	<b>\$663</b>	<b>\$1,326</b>	<b>\$663</b>	<b>\$663</b>	<b>\$1,326</b>	
Strategy: 4-2-2 Provide Customer Assistance & Records Admin for System Participants							
<u>Gr Dedicated</u>							
36 Dept Ins Operating Acct	\$3,042	\$3,042	\$6,084	\$3,042	\$3,042	\$6,084	
<b>Gr Dedicated Total</b>	<b>\$3,042</b>	<b>\$3,042</b>	<b>\$6,084</b>	<b>\$3,042</b>	<b>\$3,042</b>	<b>\$6,084</b>	
Strategy: 5-1-1 Central Administration							
<u>Gr Dedicated</u>							
36 Dept Ins Operating Acct	\$43,366	\$43,366	\$86,732	\$43,366	\$43,366	\$86,732	
<b>Gr Dedicated Total</b>	<b>\$43,366</b>	<b>\$43,366</b>	<b>\$86,732</b>	<b>\$43,366</b>	<b>\$43,366</b>	<b>\$86,732</b>	
Strategy: 5-1-2 Information Resources							
<u>Gr Dedicated</u>							
36 Dept Ins Operating Acct	\$29,487	\$29,487	\$58,974	\$29,487	\$29,487	\$58,974	
<b>Gr Dedicated Total</b>	<b>\$29,487</b>	<b>\$29,487</b>	<b>\$58,974</b>	<b>\$29,487</b>	<b>\$29,487</b>	<b>\$58,974</b>	
Strategy: 5-1-3 Other Support Services							
<u>Gr Dedicated</u>							
36 Dept Ins Operating Acct	\$8,503	\$8,503	\$17,006	\$8,503	\$8,503	\$17,006	

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	2012	2013	Biennial Total	2012	2013	Biennial Total	
<b>Gr Dedicated Total</b>	<b>\$8,503</b>	<b>\$8,503</b>	<b>\$17,006</b>	<b>\$8,503</b>	<b>\$8,503</b>	<b>\$17,006</b>	
<b>Item Total</b>	<b>\$272,510</b>	<b>\$272,510</b>	<b>\$545,020</b>	<b>\$272,510</b>	<b>\$272,510</b>	<b>\$545,020</b>	
<b>FTE Reductions (From FY 2012 and FY 2013 Base Request)</b>				<b>4.0</b>	<b>4.0</b>		

**4 Advertising Function (5 Percent)**

**Category:** Programs - Service Reductions (FTEs-Layoffs)

**Item Comment:** This reduction would eliminate 3.6 FTEs and result in 3,050 fewer advertising reviews completed during the year. The reduction would decrease the agency budget by \$489,422, and reduce administrative, executive, and legal support. The advertising unit promotes truth in advertising by ensuring the ads comply with applicable statutes and rules and by detecting possible fraudulent and unauthorized activities. This reduction eliminates reviews of Internet advertising and other advertising filings not subject to pre-use review for compliance with statutes and rules. It results in fewer referrals of misleading advertising to TDI's Enforcement and Fraud programs and could result in a higher incidence of misleading advertising of insurance products to consumers and increased noncompliance with statutes and rules.

Moreover, the reduction eliminates funding used to recruit, retain, and reward employees.

The reduction impacts key performance measures for strategies 1.2.1 Resolve Complaints, 1.2.2 Investigation and Enforcement, and 2.2.2 Provider and Consumer Fraud.

Strategy: 1-1-1 Educate Consumers and Industry by Providing Outreach and Information

General Revenue Funds

8042 Insurance Maint Tax Fees	\$13,812	\$13,812	\$27,624	\$13,812	\$13,812	\$27,624
<b>General Revenue Funds Total</b>	<b>\$13,812</b>	<b>\$13,812</b>	<b>\$27,624</b>	<b>\$13,812</b>	<b>\$13,812</b>	<b>\$27,624</b>

Strategy: 1-2-1 Respond Promptly and Act on Complaints

General Revenue Funds

8042 Insurance Maint Tax Fees	\$143,700	\$143,700	\$287,400	\$143,700	\$143,700	\$287,400
<b>General Revenue Funds Total</b>	<b>\$143,700</b>	<b>\$143,700</b>	<b>\$287,400</b>	<b>\$143,700</b>	<b>\$143,700</b>	<b>\$287,400</b>

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

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<u>Item Priority and Name/ Method of Financing</u>	<b>REVENUE LOSS</b>			<b>REDUCTION AMOUNT</b>			<b>TARGET</b>
	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$287	\$287	\$574	\$287	\$287	\$574	
<b>General Revenue Funds Total</b>	<b>\$287</b>	<b>\$287</b>	<b>\$574</b>	<b>\$287</b>	<b>\$287</b>	<b>\$574</b>	
Strategy: 1-2-3 Investigate Insurer Fraud and Refer Violations for Prosecution							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$8,240	\$8,240	\$16,480	\$8,240	\$8,240	\$16,480	
<b>General Revenue Funds Total</b>	<b>\$8,240</b>	<b>\$8,240</b>	<b>\$16,480</b>	<b>\$8,240</b>	<b>\$8,240</b>	<b>\$16,480</b>	
Strategy: 1-3-1 Process Rates, Forms & Licenses Promptly							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$6,808	\$6,808	\$13,616	\$6,808	\$6,808	\$13,616	
<b>General Revenue Funds Total</b>	<b>\$6,808</b>	<b>\$6,808</b>	<b>\$13,616</b>	<b>\$6,808</b>	<b>\$6,808</b>	<b>\$13,616</b>	
Strategy: 2-1-1 Analyze the Financial Condition of Insurers and Take Solvency Action							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$7,271	\$7,271	\$14,542	\$7,271	\$7,271	\$14,542	
<b>General Revenue Funds Total</b>	<b>\$7,271</b>	<b>\$7,271</b>	<b>\$14,542</b>	<b>\$7,271</b>	<b>\$7,271</b>	<b>\$14,542</b>	
Strategy: 2-2-1 Inspect Loss Control Programs and Assure Code and Schedule Compliance							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$441	\$441	\$882	\$441	\$441	\$882	
<b>General Revenue Funds Total</b>	<b>\$441</b>	<b>\$441</b>	<b>\$882</b>	<b>\$441</b>	<b>\$441</b>	<b>\$882</b>	
Strategy: 2-2-2 Investigate Provider/Consumer Fraud & Refer Violations for Prosecution							
<u>General Revenue Funds</u>							

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<u>Item Priority and Name/ Method of Financing</u>	<b>REVENUE LOSS</b>			<b>REDUCTION AMOUNT</b>			<b>TARGET</b>
	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	
8042 Insurance Maint Tax Fees	\$8,228	\$8,228	\$16,456	\$8,228	\$8,228	\$16,456	
<b>General Revenue Funds Total</b>	<b>\$8,228</b>	<b>\$8,228</b>	<b>\$16,456</b>	<b>\$8,228</b>	<b>\$8,228</b>	<b>\$16,456</b>	
Strategy: 3-1-1 Provide Fire Protection through Education, Enforcement and Engineering							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$472	\$472	\$944	\$472	\$472	\$944	
<b>General Revenue Funds Total</b>	<b>\$472</b>	<b>\$472</b>	<b>\$944</b>	<b>\$472</b>	<b>\$472</b>	<b>\$944</b>	
Strategy: 5-1-1 Central Administration							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$20,726	\$20,726	\$41,452	\$20,726	\$20,726	\$41,452	
<b>General Revenue Funds Total</b>	<b>\$20,726</b>	<b>\$20,726</b>	<b>\$41,452</b>	<b>\$20,726</b>	<b>\$20,726</b>	<b>\$41,452</b>	
Strategy: 5-1-2 Information Resources							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$26,755	\$26,755	\$53,510	\$26,755	\$26,755	\$53,510	
<b>General Revenue Funds Total</b>	<b>\$26,755</b>	<b>\$26,755</b>	<b>\$53,510</b>	<b>\$26,755</b>	<b>\$26,755</b>	<b>\$53,510</b>	
Strategy: 5-1-3 Other Support Services							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$7,971	\$7,971	\$15,942	\$7,971	\$7,971	\$15,942	
<b>General Revenue Funds Total</b>	<b>\$7,971</b>	<b>\$7,971</b>	<b>\$15,942</b>	<b>\$7,971</b>	<b>\$7,971</b>	<b>\$15,942</b>	
<b>Item Total</b>	<b>\$244,711</b>	<b>\$244,711</b>	<b>\$489,422</b>	<b>\$244,711</b>	<b>\$244,711</b>	<b>\$489,422</b>	
<b>FTE Reductions (From FY 2012 and FY 2013 Base Request)</b>				<b>3.6</b>	<b>3.6</b>		

**5 Injured Employee Customer Services (5 Percent)**

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Agency code: **454** Agency name: **Department of Insurance**

<u>Item Priority and Name/ Method of Financing</u>	REVENUE LOSS			REDUCTION AMOUNT			TARGET
	2012	2013	Biennial Total	2012	2013	Biennial Total	

**Category:** Programs - Service Reductions (FTEs-Layoffs)

**Item Comment:** The reduction would eliminate 31.9 FTEs and reduce the agency budget by \$2,113,220. It would impact DWC's Field Operations (FO), Records Management and Support (RMS), and Self-Insurance (SI), as well as administrative, executive, and legal support. FO reductions would increase the time to process inquiries and complaints, official actions, and requests for dispute proceedings. FO reductions may impact monitoring of system participants for violations law. It would delay scheduling of designated doctor exam requests, affect 24 field offices and Metro, and convert field offices to hearings-only sites. It would extend customer wait-time, delay data entry, and affect availability of claim and system information.

The RMS reduction would delay creating 6,900 claim records and processing 80,000 records and 13,000 official actions per month. It would delay by 10 days 200 requests for claim information and 100 requests for employer verifications per week, which may result in non-compliance with the Public Information Act. Delayed access to information could impact treatment/actions and timeframes for benefit payments and the injured employee's return to work. It would inhibit DWC's ability to provide records and reports to carriers, injured employees, attorneys, and internal customers. It would also jeopardize efficiency initiatives.

The SI reduction would increase processing time, result in lapses in certification dates and cause outdated financial information to be used on applications. It would impact support for the Texas Certified Self-Insurer Guaranty Association and affect security deposits required by the Certified Self-Insurers due to outdated claims information.

Tex. Labor Code, Ch. 408 requires DWC to perform certain administrative functions for individual claims. This reduction would impact these administrative functions. If funding is reduced, the Legislature could consider shifting specific claims administration functions from DWC to the carriers.

Strategy: 1-3-4 Regulate Private Employers that Qualify to Self-Ins w/in the WC System

Gr Dedicated

36 Dept Ins Operating Acct	\$38,670	\$38,670	\$77,340	\$38,670	\$38,670	\$77,340
<b>Gr Dedicated Total</b>	<b>\$38,670</b>	<b>\$38,670</b>	<b>\$77,340</b>	<b>\$38,670</b>	<b>\$38,670</b>	<b>\$77,340</b>

Strategy: 4-1-1 Oversee Activities of System Participants and Take Enforcement Action

Gr Dedicated

36 Dept Ins Operating Acct	\$3,115	\$3,115	\$6,230	\$3,115	\$3,115	\$6,230
<b>Gr Dedicated Total</b>	<b>\$3,115</b>	<b>\$3,115</b>	<b>\$6,230</b>	<b>\$3,115</b>	<b>\$3,115</b>	<b>\$6,230</b>

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<u>Item Priority and Name/ Method of Financing</u>	<b>REVENUE LOSS</b>			<b>REDUCTION AMOUNT</b>			<b>TARGET</b>
	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	
Strategy: 4-1-2 Resolve Indemnity, Medical Fee and Medical Necessity Disputes							
<u>Gr Dedicated</u>							
36 Dept Ins Operating Acct	\$522,724	\$522,724	\$1,045,448	\$522,724	\$522,724	\$1,045,448	
<b>Gr Dedicated Total</b>	<b>\$522,724</b>	<b>\$522,724</b>	<b>\$1,045,448</b>	<b>\$522,724</b>	<b>\$522,724</b>	<b>\$1,045,448</b>	
Strategy: 4-2-1 Provide Educational Services/WPS Consultations to System Participants							
<u>Gr Dedicated</u>							
36 Dept Ins Operating Acct	\$2,571	\$2,571	\$5,142	\$2,571	\$2,571	\$5,142	
<b>Gr Dedicated Total</b>	<b>\$2,571</b>	<b>\$2,571</b>	<b>\$5,142</b>	<b>\$2,571</b>	<b>\$2,571</b>	<b>\$5,142</b>	
Strategy: 4-2-2 Provide Customer Assistance & Records Admin for System Participants							
<u>Gr Dedicated</u>							
36 Dept Ins Operating Acct	\$141,382	\$141,382	\$282,764	\$141,382	\$141,382	\$282,764	
<b>Gr Dedicated Total</b>	<b>\$141,382</b>	<b>\$141,382</b>	<b>\$282,764</b>	<b>\$141,382</b>	<b>\$141,382</b>	<b>\$282,764</b>	
Strategy: 5-1-1 Central Administration							
<u>Gr Dedicated</u>							
36 Dept Ins Operating Acct	\$200,846	\$200,846	\$401,692	\$200,846	\$200,846	\$401,692	
<b>Gr Dedicated Total</b>	<b>\$200,846</b>	<b>\$200,846</b>	<b>\$401,692</b>	<b>\$200,846</b>	<b>\$200,846</b>	<b>\$401,692</b>	
Strategy: 5-1-2 Information Resources							
<u>Gr Dedicated</u>							
36 Dept Ins Operating Acct	\$114,333	\$114,333	\$228,666	\$114,333	\$114,333	\$228,666	
<b>Gr Dedicated Total</b>	<b>\$114,333</b>	<b>\$114,333</b>	<b>\$228,666</b>	<b>\$114,333</b>	<b>\$114,333</b>	<b>\$228,666</b>	
Strategy: 5-1-3 Other Support Services							

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	2012	2013	Biennial Total	2012	2013	Biennial Total	
<u>Gr Dedicated</u>							
36 Dept Ins Operating Acct	\$32,969	\$32,969	\$65,938	\$32,969	\$32,969	\$65,938	
<b>Gr Dedicated Total</b>	<b>\$32,969</b>	<b>\$32,969</b>	<b>\$65,938</b>	<b>\$32,969</b>	<b>\$32,969</b>	<b>\$65,938</b>	
<b>Item Total</b>	<b>\$1,056,610</b>	<b>\$1,056,610</b>	<b>\$2,113,220</b>	<b>\$1,056,610</b>	<b>\$1,056,610</b>	<b>\$2,113,220</b>	
<b>FTE Reductions (From FY 2012 and FY 2013 Base Request)</b>				<b>31.9</b>	<b>31.9</b>		

**6 Life, Health & Licensing Activities (5 Percent)**

**Category:** Programs - Service Reductions (FTEs-Layoffs)

**Item Comment:** This reduced funding eliminates 7.4 FTEs and decreases the agency budget by \$1,041,310. The reduction impacts medical necessity review activities, program operations and administration, the Texas Three-Share program, and administrative, executive, and legal support. The reduction would reduce TDI's ability to timely enter requests for independent review organization (IRO) assignments, as well as audit IRO decisions for quality standards. This reduction would limit TDI's ability to approve or deny Utilization Review Agent (URA) and IRO applications within the required time frames.

Reductions would impede staff's ability to conduct research, respond to requests from external stakeholders, and complete legislatively mandated studies. The reduction would impede timely review of legislation as well as the rulemaking process. The implementation of Federal Health Reform will further compound the impact of this reduction.

The reduction would result in inability to pay for software support renewals, maintenance contract renewals, staff dues, and continuing education and training for actuaries and attorneys. It would eliminate funding for special project contracts, including actuarial analysis. It would impact travel for training, national meetings, and educating stakeholders on regulations.

It would impact Three-Share programs and may cause them to seek supplemental financing from other local sources, increase premium costs, and reduce future expenditures.

Strategy: 1-1-1 Educate Consumers and Industry by Providing Outreach and Information

General Revenue Funds

8042 Insurance Maint Tax Fees	\$22,023	\$22,023	\$44,046	\$22,023	\$22,023	\$44,046	
<b>General Revenue Funds Total</b>	<b>\$22,023</b>	<b>\$22,023</b>	<b>\$44,046</b>	<b>\$22,023</b>	<b>\$22,023</b>	<b>\$44,046</b>	

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	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	
Strategy: 1-2-1 Respond Promptly and Act on Complaints							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$45,662	\$45,662	\$91,324	\$45,662	\$45,662	\$91,324	
<b>General Revenue Funds Total</b>	<b>\$45,662</b>	<b>\$45,662</b>	<b>\$91,324</b>	<b>\$45,662</b>	<b>\$45,662</b>	<b>\$91,324</b>	
Strategy: 1-2-2 Investigate Trade Practices and Bring Enforcement Actions as Needed							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$603	\$603	\$1,206	\$603	\$603	\$1,206	
<b>General Revenue Funds Total</b>	<b>\$603</b>	<b>\$603</b>	<b>\$1,206</b>	<b>\$603</b>	<b>\$603</b>	<b>\$1,206</b>	
Strategy: 1-2-3 Investigate Insurer Fraud and Refer Violations for Prosecution							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$368	\$368	\$736	\$368	\$368	\$736	
<b>General Revenue Funds Total</b>	<b>\$368</b>	<b>\$368</b>	<b>\$736</b>	<b>\$368</b>	<b>\$368</b>	<b>\$736</b>	
Strategy: 1-3-1 Process Rates, Forms & Licenses Promptly							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$261,278	\$261,278	\$522,556	\$261,278	\$261,278	\$522,556	
<b>General Revenue Funds Total</b>	<b>\$261,278</b>	<b>\$261,278</b>	<b>\$522,556</b>	<b>\$261,278</b>	<b>\$261,278</b>	<b>\$522,556</b>	
Strategy: 1-4-1 Support the State's Long-term Care Partnership Initiatives							
<u>Gr Dedicated</u>							
36 Dept Ins Operating Acct	\$5,286	\$5,286	\$10,572	\$5,286	\$5,286	\$10,572	
<b>Gr Dedicated Total</b>	<b>\$5,286</b>	<b>\$5,286</b>	<b>\$10,572</b>	<b>\$5,286</b>	<b>\$5,286</b>	<b>\$10,572</b>	
Strategy: 1-4-2 Administer Three-Share Grant Program							

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	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$40,215	\$40,215	\$80,430	\$40,215	\$40,215	\$80,430	
<b>General Revenue Funds Total</b>	<b>\$40,215</b>	<b>\$40,215</b>	<b>\$80,430</b>	<b>\$40,215</b>	<b>\$40,215</b>	<b>\$80,430</b>	
Strategy: 2-1-1 Analyze the Financial Condition of Insurers and Take Solvency Action							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$19,102	\$19,102	\$38,204	\$19,102	\$19,102	\$38,204	
<b>General Revenue Funds Total</b>	<b>\$19,102</b>	<b>\$19,102</b>	<b>\$38,204</b>	<b>\$19,102</b>	<b>\$19,102</b>	<b>\$38,204</b>	
Strategy: 2-2-1 Inspect Loss Control Programs and Assure Code and Schedule Compliance							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$926	\$926	\$1,852	\$926	\$926	\$1,852	
<b>General Revenue Funds Total</b>	<b>\$926</b>	<b>\$926</b>	<b>\$1,852</b>	<b>\$926</b>	<b>\$926</b>	<b>\$1,852</b>	
Strategy: 2-2-2 Investigate Provider/Consumer Fraud & Refer Violations for Prosecution							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$342	\$342	\$684	\$342	\$342	\$684	
<b>General Revenue Funds Total</b>	<b>\$342</b>	<b>\$342</b>	<b>\$684</b>	<b>\$342</b>	<b>\$342</b>	<b>\$684</b>	
Strategy: 3-1-1 Provide Fire Protection through Education, Enforcement and Engineering							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$990	\$990	\$1,980	\$990	\$990	\$1,980	
<b>General Revenue Funds Total</b>	<b>\$990</b>	<b>\$990</b>	<b>\$1,980</b>	<b>\$990</b>	<b>\$990</b>	<b>\$1,980</b>	
Strategy: 4-1-2 Resolve Indemnity, Medical Fee and Medical Necessity Disputes							
<u>Gr Dedicated</u>							

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Agency code: **454** Agency name: **Department of Insurance**

<u>Item Priority and Name/ Method of Financing</u>	<b>REVENUE LOSS</b>			<b>REDUCTION AMOUNT</b>			<b>TARGET</b>
	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	
36 Dept Ins Operating Acct	\$6,050	\$6,050	\$12,100	\$6,050	\$6,050	\$12,100	
<b>Gr Dedicated Total</b>	<b>\$6,050</b>	<b>\$6,050</b>	<b>\$12,100</b>	<b>\$6,050</b>	<b>\$6,050</b>	<b>\$12,100</b>	
Strategy: 5-1-1 Central Administration							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$43,463	\$43,463	\$86,926	\$43,463	\$43,463	\$86,926	
<b>General Revenue Funds Total</b>	<b>\$43,463</b>	<b>\$43,463</b>	<b>\$86,926</b>	<b>\$43,463</b>	<b>\$43,463</b>	<b>\$86,926</b>	
<u>Gr Dedicated</u>							
36 Dept Ins Operating Acct	\$480	\$480	\$960	\$480	\$480	\$960	
<b>Gr Dedicated Total</b>	<b>\$480</b>	<b>\$480</b>	<b>\$960</b>	<b>\$480</b>	<b>\$480</b>	<b>\$960</b>	
Strategy: 5-1-2 Information Resources							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$56,096	\$56,096	\$112,192	\$56,096	\$56,096	\$112,192	
<b>General Revenue Funds Total</b>	<b>\$56,096</b>	<b>\$56,096</b>	<b>\$112,192</b>	<b>\$56,096</b>	<b>\$56,096</b>	<b>\$112,192</b>	
<u>Gr Dedicated</u>							
36 Dept Ins Operating Acct	\$822	\$822	\$1,644	\$822	\$822	\$1,644	
<b>Gr Dedicated Total</b>	<b>\$822</b>	<b>\$822</b>	<b>\$1,644</b>	<b>\$822</b>	<b>\$822</b>	<b>\$1,644</b>	
Strategy: 5-1-3 Other Support Services							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$16,712	\$16,712	\$33,424	\$16,712	\$16,712	\$33,424	
<b>General Revenue Funds Total</b>	<b>\$16,712</b>	<b>\$16,712</b>	<b>\$33,424</b>	<b>\$16,712</b>	<b>\$16,712</b>	<b>\$33,424</b>	
<u>Gr Dedicated</u>							
36 Dept Ins Operating Acct	\$237	\$237	\$474	\$237	\$237	\$474	

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<u>Item Priority and Name/ Method of Financing</u>	REVENUE LOSS			REDUCTION AMOUNT			TARGET
	2012	2013	Biennial Total	2012	2013	Biennial Total	
<b>Gr Dedicated Total</b>	\$237	\$237	\$474	\$237	\$237	\$474	
<b>Item Total</b>	\$520,655	\$520,655	\$1,041,310	\$520,655	\$520,655	\$1,041,310	
<b>FTE Reductions (From FY 2012 and FY 2013 Base Request)</b>				7.4	7.4		

**7 Workplace Safety (5 Percent)**

**Category:** Programs - Service Reductions (FTEs-Layoffs)

**Item Comment:** This reduction would eliminate 3.6 FTEs, reduce the agency budget by \$402,896, and impact appropriations for key performance measures for strategy 4.2.1 Health and Safety Services. It negatively impacts DWC's ability to educate system participants and could adversely impact safety and health conditions in Texas workplaces. The reduction would impact resources devoted to the development and delivery of workplace safety educational and communication tools (i.e. publications and web pages), as well as administrative, executive, and legal support. It would decrease the number of workplace safety outreach initiatives for employers and employees that address concerns in high-hazard industries, occupations and demographics in Texas, and could result in increased work-related injuries and illnesses in Texas.

The reduction could adversely impact injured employees' access to health care by decreasing resources devoted to recruiting new health care providers and training/assisting existing providers. It would limit training and outreach to health care providers regarding complex workers' compensation treatment, coding and billing guidelines, which could affect patient care and provider billing. The reduction would impact delivery of educational seminars, conferences and information to system participants who cannot access information electronically or who require formal training. As a result, providers, insurance carriers, employers and employees would be less informed regarding their rights and responsibilities in the workers' compensation system.

Strategy: 4-1-1 Oversee Activities of System Participants and Take Enforcement Action

Gr Dedicated

36 Dept Ins Operating Acct	\$591	\$591	\$1,182	\$591	\$591	\$1,182	
<b>Gr Dedicated Total</b>	<b>\$591</b>	<b>\$591</b>	<b>\$1,182</b>	<b>\$591</b>	<b>\$591</b>	<b>\$1,182</b>	

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

Gr Dedicated

36 Dept Ins Operating Acct	\$1,224	\$1,224	\$2,448	\$1,224	\$1,224	\$2,448	
<b>Gr Dedicated Total</b>	<b>\$1,224</b>	<b>\$1,224</b>	<b>\$2,448</b>	<b>\$1,224</b>	<b>\$1,224</b>	<b>\$2,448</b>	

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<u>Item Priority and Name/ Method of Financing</u>	REVENUE LOSS			REDUCTION AMOUNT			TARGET
	2012	2013	Biennial Total	2012	2013	Biennial Total	
Strategy: 4-2-1 Provide Educational Services/WPS Consultations to System Participants							
<u>Gr Dedicated</u>							
36 Dept Ins Operating Acct	\$98,553	\$98,553	\$197,106	\$98,553	\$98,553	\$197,106	
<b>Gr Dedicated Total</b>	<b>\$98,553</b>	<b>\$98,553</b>	<b>\$197,106</b>	<b>\$98,553</b>	<b>\$98,553</b>	<b>\$197,106</b>	
Strategy: 4-2-2 Provide Customer Assistance & Records Admin for System Participants							
<u>Gr Dedicated</u>							
36 Dept Ins Operating Acct	\$2,249	\$2,249	\$4,498	\$2,249	\$2,249	\$4,498	
<b>Gr Dedicated Total</b>	<b>\$2,249</b>	<b>\$2,249</b>	<b>\$4,498</b>	<b>\$2,249</b>	<b>\$2,249</b>	<b>\$4,498</b>	
Strategy: 5-1-1 Central Administration							
<u>Gr Dedicated</u>							
36 Dept Ins Operating Acct	\$70,747	\$70,747	\$141,494	\$70,747	\$70,747	\$141,494	
<b>Gr Dedicated Total</b>	<b>\$70,747</b>	<b>\$70,747</b>	<b>\$141,494</b>	<b>\$70,747</b>	<b>\$70,747</b>	<b>\$141,494</b>	
Strategy: 5-1-2 Information Resources							
<u>Gr Dedicated</u>							
36 Dept Ins Operating Acct	\$21,798	\$21,798	\$43,596	\$21,798	\$21,798	\$43,596	
<b>Gr Dedicated Total</b>	<b>\$21,798</b>	<b>\$21,798</b>	<b>\$43,596</b>	<b>\$21,798</b>	<b>\$21,798</b>	<b>\$43,596</b>	
Strategy: 5-1-3 Other Support Services							
<u>Gr Dedicated</u>							
36 Dept Ins Operating Acct	\$6,286	\$6,286	\$12,572	\$6,286	\$6,286	\$12,572	
<b>Gr Dedicated Total</b>	<b>\$6,286</b>	<b>\$6,286</b>	<b>\$12,572</b>	<b>\$6,286</b>	<b>\$6,286</b>	<b>\$12,572</b>	
<b>Item Total</b>	<b>\$201,448</b>	<b>\$201,448</b>	<b>\$402,896</b>	<b>\$201,448</b>	<b>\$201,448</b>	<b>\$402,896</b>	

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<u>Item Priority and Name/ Method of Financing</u>	<b>REVENUE LOSS</b>			<b>REDUCTION AMOUNT</b>			<b>TARGET</b>
	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	
<b>FTE Reductions (From FY 2012 and FY 2013 Base Request)</b>				<b>3.6</b>	<b>3.6</b>		
<b>8 Fraud Investigation (5 Percent)</b>							
<b>Category:</b> Programs - Service Reductions (FTEs-Layoffs)							
<b>Item Comment:</b> The reduction would eliminate 3.0 FTEs and decrease the agency's budget by \$350,864, which would impact the Fraud Unit's ability to investigate and initiate legal action regarding allegations of insurance fraud. The reduction would delay insurer fraud enforcement case referrals by an average of 75 days, consumer and provider fraud referrals by an average of 35 days, and workers' compensation fraud referrals by an average of 20 days. The reduction would delay processing of incoming reports from the public, law enforcement and the insurance industry, delay review of outgoing investigative reports to prosecutors; impact staff's ability to timely assist prosecutors; increase time to process routine services (inquiries, complaints, official actions); create workflow delays by requiring staff to handle more duties; reduce travel funds for conducting investigative field work; limit ability to meet legislatively mandated training requirements for peace officers; limit opportunities to provide staff training to keep pace with current fraud schemes; and diminish ability to provide anti-fraud outreach and liaison initiatives to external stakeholders. The reduction would impact administrative, executive, and legal support, as well as several key performance measures.							
Strategy: 1-1-1 Educate Consumers and Industry by Providing Outreach and Information							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$5,058	\$5,058	\$10,116	\$5,058	\$5,058	\$10,116	
<b>General Revenue Funds Total</b>	<b>\$5,058</b>	<b>\$5,058</b>	<b>\$10,116</b>	<b>\$5,058</b>	<b>\$5,058</b>	<b>\$10,116</b>	
Strategy: 1-2-3 Investigate Insurer Fraud and Refer Violations for Prosecution							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$51,960	\$51,960	\$103,920	\$51,960	\$51,960	\$103,920	
<b>General Revenue Funds Total</b>	<b>\$51,960</b>	<b>\$51,960</b>	<b>\$103,920</b>	<b>\$51,960</b>	<b>\$51,960</b>	<b>\$103,920</b>	
Strategy: 1-3-1 Process Rates, Forms & Licenses Promptly							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$4,412	\$4,412	\$8,824	\$4,412	\$4,412	\$8,824	
<b>General Revenue Funds Total</b>	<b>\$4,412</b>	<b>\$4,412</b>	<b>\$8,824</b>	<b>\$4,412</b>	<b>\$4,412</b>	<b>\$8,824</b>	

Strategy: 2-1-1 Analyze the Financial Condition of Insurers and Take Solvency Action

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<u>Item Priority and Name/ Method of Financing</u>	<b>REVENUE LOSS</b>			<b>REDUCTION AMOUNT</b>			<b>TARGET</b>
	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$4,715	\$4,715	\$9,430	\$4,715	\$4,715	\$9,430	
<b>General Revenue Funds Total</b>	<b>\$4,715</b>	<b>\$4,715</b>	<b>\$9,430</b>	<b>\$4,715</b>	<b>\$4,715</b>	<b>\$9,430</b>	
Strategy: 2-2-1 Inspect Loss Control Programs and Assure Code and Schedule Compliance							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$286	\$286	\$572	\$286	\$286	\$572	
<b>General Revenue Funds Total</b>	<b>\$286</b>	<b>\$286</b>	<b>\$572</b>	<b>\$286</b>	<b>\$286</b>	<b>\$572</b>	
Strategy: 2-2-2 Investigate Provider/Consumer Fraud & Refer Violations for Prosecution							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$55,581	\$55,581	\$111,162	\$55,581	\$55,581	\$111,162	
<b>General Revenue Funds Total</b>	<b>\$55,581</b>	<b>\$55,581</b>	<b>\$111,162</b>	<b>\$55,581</b>	<b>\$55,581</b>	<b>\$111,162</b>	
Strategy: 2-2-3 Investigate Workers' Comp Fraud & Refer Violations for Prosecution							
<u>Gr Dedicated</u>							
36 Dept Ins Operating Acct	\$13,250	\$13,250	\$26,500	\$13,250	\$13,250	\$26,500	
<b>Gr Dedicated Total</b>	<b>\$13,250</b>	<b>\$13,250</b>	<b>\$26,500</b>	<b>\$13,250</b>	<b>\$13,250</b>	<b>\$26,500</b>	
Strategy: 3-1-1 Provide Fire Protection through Education, Enforcement and Engineering							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$305	\$305	\$610	\$305	\$305	\$610	
<b>General Revenue Funds Total</b>	<b>\$305</b>	<b>\$305</b>	<b>\$610</b>	<b>\$305</b>	<b>\$305</b>	<b>\$610</b>	
Strategy: 5-1-1 Central Administration							
<u>General Revenue Funds</u>							

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	2012	2013	Biennial Total	2012	2013	Biennial Total	
8042 Insurance Maint Tax Fees	\$13,848	\$13,848	\$27,696	\$13,848	\$13,848	\$27,696	
<b>General Revenue Funds Total</b>	<b>\$13,848</b>	<b>\$13,848</b>	<b>\$27,696</b>	<b>\$13,848</b>	<b>\$13,848</b>	<b>\$27,696</b>	
<u>Gr Dedicated</u>							
36 Dept Ins Operating Acct	\$1,163	\$1,163	\$2,326	\$1,163	\$1,163	\$2,326	
<b>Gr Dedicated Total</b>	<b>\$1,163</b>	<b>\$1,163</b>	<b>\$2,326</b>	<b>\$1,163</b>	<b>\$1,163</b>	<b>\$2,326</b>	
Strategy: 5-1-2 Information Resources							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$17,349	\$17,349	\$34,698	\$17,349	\$17,349	\$34,698	
<b>General Revenue Funds Total</b>	<b>\$17,349</b>	<b>\$17,349</b>	<b>\$34,698</b>	<b>\$17,349</b>	<b>\$17,349</b>	<b>\$34,698</b>	
<u>Gr Dedicated</u>							
36 Dept Ins Operating Acct	\$1,813	\$1,813	\$3,626	\$1,813	\$1,813	\$3,626	
<b>Gr Dedicated Total</b>	<b>\$1,813</b>	<b>\$1,813</b>	<b>\$3,626</b>	<b>\$1,813</b>	<b>\$1,813</b>	<b>\$3,626</b>	
Strategy: 5-1-3 Other Support Services							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$5,169	\$5,169	\$10,338	\$5,169	\$5,169	\$10,338	
<b>General Revenue Funds Total</b>	<b>\$5,169</b>	<b>\$5,169</b>	<b>\$10,338</b>	<b>\$5,169</b>	<b>\$5,169</b>	<b>\$10,338</b>	
<u>Gr Dedicated</u>							
36 Dept Ins Operating Acct	\$523	\$523	\$1,046	\$523	\$523	\$1,046	
<b>Gr Dedicated Total</b>	<b>\$523</b>	<b>\$523</b>	<b>\$1,046</b>	<b>\$523</b>	<b>\$523</b>	<b>\$1,046</b>	
<b>Item Total</b>	<b>\$175,432</b>	<b>\$175,432</b>	<b>\$350,864</b>	<b>\$175,432</b>	<b>\$175,432</b>	<b>\$350,864</b>	
<b>FTE Reductions (From FY 2012 and FY 2013 Base Request)</b>				<b>3.0</b>	<b>3.0</b>		
<b>9 Workers' Compensation Dispute Resolution Activities (5 Percent)</b>							

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	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	
<b>Category:</b> Programs - Service Reductions (FTEs-Layoffs)							
<b>Item Comment:</b> This reduction eliminates 7.3 FTEs and reduces the agency budget by \$949,456. It impacts the Division of Workers' Compensation (DWC) Medical Fee Dispute Resolution and Hearings programs, and administrative, executive, and legal support. The reduction will impact key measures for strategy 4.1.2 Dispute Resolution by impeding DWC's ability to monitor the quality of medical fee dispute decisions for hospital based services. It will also increase processing time for medical fee disputes. It would impede the DWC's ability to timely identify problematic system fee dispute trends and impact the quality of fee dispute information provided to system participants.							
Reductions in the Hearings area will delay workers' compensation indemnity and medical dispute resolution services. DWC may not be able to meet statutory timeframes for conducting benefit review conferences and contested case hearings, per § 410.025 (b) and § 410.025 (a). It would increase the Subsequent Injury Fund's exposure to higher reimbursement requests due to delays in adjudicating disputes. The reduction could result in increased travel expenses as staff may need to travel from other locations to resolve disputes, conduct benefit review conferences and contested case hearings statewide. It would delay delivery of income and medical benefits to injured employees due to a backlog of dispute resolution proceedings. Additionally, at a reduced funding level, indemnity benefits and prospective medical care would take precedence; resulting in delays of contested case hearings for retrospective medical care, attorney fee, and medical fee disputes.							
Strategy: 4-1-1 Oversee Activities of System Participants and Take Enforcement Action							
<u>Gr Dedicated</u>							
36 Dept Ins Operating Acct	\$1,401	\$1,401	\$2,802	\$1,401	\$1,401	\$2,802	
<b>Gr Dedicated Total</b>	<b>\$1,401</b>	<b>\$1,401</b>	<b>\$2,802</b>	<b>\$1,401</b>	<b>\$1,401</b>	<b>\$2,802</b>	
Strategy: 4-1-2 Resolve Indemnity, Medical Fee and Medical Necessity Disputes							
<u>Gr Dedicated</u>							
36 Dept Ins Operating Acct	\$378,325	\$378,325	\$756,650	\$378,325	\$378,325	\$756,650	
<b>Gr Dedicated Total</b>	<b>\$378,325</b>	<b>\$378,325</b>	<b>\$756,650</b>	<b>\$378,325</b>	<b>\$378,325</b>	<b>\$756,650</b>	
Strategy: 4-2-1 Provide Educational Services/WPS Consultations to System Participants							
<u>Gr Dedicated</u>							
36 Dept Ins Operating Acct	\$1,156	\$1,156	\$2,312	\$1,156	\$1,156	\$2,312	
<b>Gr Dedicated Total</b>	<b>\$1,156</b>	<b>\$1,156</b>	<b>\$2,312</b>	<b>\$1,156</b>	<b>\$1,156</b>	<b>\$2,312</b>	

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	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	
Strategy: 4-2-2 Provide Customer Assistance & Records Admin for System Participants							
<u>Gr Dedicated</u>							
36 Dept Ins Operating Acct	\$5,299	\$5,299	\$10,598	\$5,299	\$5,299	\$10,598	
<b>Gr Dedicated Total</b>	<b>\$5,299</b>	<b>\$5,299</b>	<b>\$10,598</b>	<b>\$5,299</b>	<b>\$5,299</b>	<b>\$10,598</b>	
Strategy: 5-1-1 Central Administration							
<u>Gr Dedicated</u>							
36 Dept Ins Operating Acct	\$22,367	\$22,367	\$44,734	\$22,367	\$22,367	\$44,734	
<b>Gr Dedicated Total</b>	<b>\$22,367</b>	<b>\$22,367</b>	<b>\$44,734</b>	<b>\$22,367</b>	<b>\$22,367</b>	<b>\$44,734</b>	
Strategy: 5-1-2 Information Resources							
<u>Gr Dedicated</u>							
36 Dept Ins Operating Acct	\$51,368	\$51,368	\$102,736	\$51,368	\$51,368	\$102,736	
<b>Gr Dedicated Total</b>	<b>\$51,368</b>	<b>\$51,368</b>	<b>\$102,736</b>	<b>\$51,368</b>	<b>\$51,368</b>	<b>\$102,736</b>	
Strategy: 5-1-3 Other Support Services							
<u>Gr Dedicated</u>							
36 Dept Ins Operating Acct	\$14,812	\$14,812	\$29,624	\$14,812	\$14,812	\$29,624	
<b>Gr Dedicated Total</b>	<b>\$14,812</b>	<b>\$14,812</b>	<b>\$29,624</b>	<b>\$14,812</b>	<b>\$14,812</b>	<b>\$29,624</b>	
<b>Item Total</b>	<b>\$474,728</b>	<b>\$474,728</b>	<b>\$949,456</b>	<b>\$474,728</b>	<b>\$474,728</b>	<b>\$949,456</b>	
<b>FTE Reductions (From FY 2012 and FY 2013 Base Request)</b>				<b>7.3</b>	<b>7.3</b>		

**10 Enforcement Activities (5 Percent)**

**Category:** Programs - Service Reductions (FTEs-Layoffs)

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Agency code: **454** Agency name: **Department of Insurance**

<u>Item Priority and Name/ Method of Financing</u>	<b>REVENUE LOSS</b>			<b>REDUCTION AMOUNT</b>			<b>TARGET</b>
	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	

**Item Comment:** This reduction would eliminate 3.8 FTEs and decrease the agency budget by \$527,044. This reduction would limit Enforcement’s ability to timely resolve cases and to use outside actuarial services in rate hearings. The reduction would impact state revenue, and reduce administrative, executive, and legal support.

The reduction would impact TDI’s ability to investigate trade practices and bring enforcement action. It would increase the time to resolve cases by an average of 12 days. Pursuing fewer cases annually could result in adverse impact on consumers.

The elimination of the actuarial services contracts would reduce the amount of restitution assessed by \$18,040,000. In FY 2010 these actuarial contracts enabled TDI to assess more than \$300 million in restitution.

The reduction would impact oversight of workers’ compensation system participants, delay indemnity, medical fee and medical necessity dispute resolution, and adversely affect workers’ compensation enforcement actions.

It would impact administrative and/or technical work for the compliance intake section of Enforcement, eliminate administrative support to attorneys/investigators, and delay processing of requests for information. It would eliminate funding used for recruiting, retaining, and rewarding employees.

Strategy: 1-1-1 Educate Consumers and Industry by Providing Outreach and Information

General Revenue Funds

8042 Insurance Maint Tax Fees	\$6,425	\$6,425	\$12,850	\$6,425	\$6,425	\$12,850
<b>General Revenue Funds Total</b>	<b>\$6,425</b>	<b>\$6,425</b>	<b>\$12,850</b>	<b>\$6,425</b>	<b>\$6,425</b>	<b>\$12,850</b>

Strategy: 1-2-1 Respond Promptly and Act on Complaints

General Revenue Funds

8042 Insurance Maint Tax Fees	\$282	\$282	\$564	\$282	\$282	\$564
<b>General Revenue Funds Total</b>	<b>\$282</b>	<b>\$282</b>	<b>\$564</b>	<b>\$282</b>	<b>\$282</b>	<b>\$564</b>

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

General Revenue Funds

8042 Insurance Maint Tax Fees	\$136,853	\$136,853	\$273,706	\$136,853	\$136,853	\$273,706
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Date: 8/27/2010  
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Agency code: **454** Agency name: **Department of Insurance**

<u>Item Priority and Name/ Method of Financing</u>	<b>REVENUE LOSS</b>			<b>REDUCTION AMOUNT</b>			<b>TARGET</b>
	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	
<b>General Revenue Funds Total</b>	<b>\$136,853</b>	<b>\$136,853</b>	<b>\$273,706</b>	<b>\$136,853</b>	<b>\$136,853</b>	<b>\$273,706</b>	
Strategy: 1-3-1 Process Rates, Forms & Licenses Promptly							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$5,619	\$5,619	\$11,238	\$5,619	\$5,619	\$11,238	
<b>General Revenue Funds Total</b>	<b>\$5,619</b>	<b>\$5,619</b>	<b>\$11,238</b>	<b>\$5,619</b>	<b>\$5,619</b>	<b>\$11,238</b>	
Strategy: 2-1-1 Analyze the Financial Condition of Insurers and Take Solvency Action							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$6,001	\$6,001	\$12,002	\$6,001	\$6,001	\$12,002	
<b>General Revenue Funds Total</b>	<b>\$6,001</b>	<b>\$6,001</b>	<b>\$12,002</b>	<b>\$6,001</b>	<b>\$6,001</b>	<b>\$12,002</b>	
Strategy: 2-2-1 Inspect Loss Control Programs and Assure Code and Schedule Compliance							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$363	\$363	\$726	\$363	\$363	\$726	
<b>General Revenue Funds Total</b>	<b>\$363</b>	<b>\$363</b>	<b>\$726</b>	<b>\$363</b>	<b>\$363</b>	<b>\$726</b>	
Strategy: 3-1-1 Provide Fire Protection through Education, Enforcement and Engineering							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$390	\$390	\$780	\$390	\$390	\$780	
<b>General Revenue Funds Total</b>	<b>\$390</b>	<b>\$390</b>	<b>\$780</b>	<b>\$390</b>	<b>\$390</b>	<b>\$780</b>	
Strategy: 4-1-1 Oversee Activities of System Participants and Take Enforcement Action							
<u>Gr Dedicated</u>							
36 Dept Ins Operating Acct	\$23,540	\$23,540	\$47,080	\$23,540	\$23,540	\$47,080	
<b>Gr Dedicated Total</b>	<b>\$23,540</b>	<b>\$23,540</b>	<b>\$47,080</b>	<b>\$23,540</b>	<b>\$23,540</b>	<b>\$47,080</b>	

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Agency code: **454** Agency name: **Department of Insurance**

<u>Item Priority and Name/ Method of Financing</u>	<b>REVENUE LOSS</b>			<b>REDUCTION AMOUNT</b>			<b>TARGET</b>
	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	
Strategy: 4-1-2 Resolve Indemnity, Medical Fee and Medical Necessity Disputes							
<u>Gr Dedicated</u>							
36 Dept Ins Operating Acct	\$16,919	\$16,919	\$33,838	\$16,919	\$16,919	\$33,838	
<b>Gr Dedicated Total</b>	<b>\$16,919</b>	<b>\$16,919</b>	<b>\$33,838</b>	<b>\$16,919</b>	<b>\$16,919</b>	<b>\$33,838</b>	
Strategy: 4-2-2 Provide Customer Assistance & Records Admin for System Participants							
<u>Gr Dedicated</u>							
36 Dept Ins Operating Acct	\$688	\$688	\$1,376	\$688	\$688	\$1,376	
<b>Gr Dedicated Total</b>	<b>\$688</b>	<b>\$688</b>	<b>\$1,376</b>	<b>\$688</b>	<b>\$688</b>	<b>\$1,376</b>	
Strategy: 5-1-1 Central Administration							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$17,391	\$17,391	\$34,782	\$17,391	\$17,391	\$34,782	
<b>General Revenue Funds Total</b>	<b>\$17,391</b>	<b>\$17,391</b>	<b>\$34,782</b>	<b>\$17,391</b>	<b>\$17,391</b>	<b>\$34,782</b>	
<u>Gr Dedicated</u>							
36 Dept Ins Operating Acct	\$11,810	\$11,810	\$23,620	\$11,810	\$11,810	\$23,620	
<b>Gr Dedicated Total</b>	<b>\$11,810</b>	<b>\$11,810</b>	<b>\$23,620</b>	<b>\$11,810</b>	<b>\$11,810</b>	<b>\$23,620</b>	
Strategy: 5-1-2 Information Resources							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$22,084	\$22,084	\$44,168	\$22,084	\$22,084	\$44,168	
<b>General Revenue Funds Total</b>	<b>\$22,084</b>	<b>\$22,084</b>	<b>\$44,168</b>	<b>\$22,084</b>	<b>\$22,084</b>	<b>\$44,168</b>	
<u>Gr Dedicated</u>							
36 Dept Ins Operating Acct	\$6,658	\$6,658	\$13,316	\$6,658	\$6,658	\$13,316	
<b>Gr Dedicated Total</b>	<b>\$6,658</b>	<b>\$6,658</b>	<b>\$13,316</b>	<b>\$6,658</b>	<b>\$6,658</b>	<b>\$13,316</b>	

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Agency code: **454** Agency name: **Department of Insurance**

<u>Item Priority and Name/ Method of Financing</u>	<b>REVENUE LOSS</b>			<b>REDUCTION AMOUNT</b>			<b>TARGET</b>
	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	
Strategy: 5-1-3 Other Support Services							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$6,579	\$6,579	\$13,158	\$6,579	\$6,579	\$13,158	
<b>General Revenue Funds Total</b>	<b>\$6,579</b>	<b>\$6,579</b>	<b>\$13,158</b>	<b>\$6,579</b>	<b>\$6,579</b>	<b>\$13,158</b>	
<u>Gr Dedicated</u>							
36 Dept Ins Operating Acct	\$1,920	\$1,920	\$3,840	\$1,920	\$1,920	\$3,840	
<b>Gr Dedicated Total</b>	<b>\$1,920</b>	<b>\$1,920</b>	<b>\$3,840</b>	<b>\$1,920</b>	<b>\$1,920</b>	<b>\$3,840</b>	
<b>Item Total</b>	<b>\$263,522</b>	<b>\$263,522</b>	<b>\$527,044</b>	<b>\$263,522</b>	<b>\$263,522</b>	<b>\$527,044</b>	
<b>FTE Reductions (From FY 2012 and FY 2013 Base Request)</b>				<b>3.8</b>	<b>3.8</b>		

**11 Solvency Monitoring Activities (5 Percent)**

**Category:** Programs - Service Reductions (FTEs-Layoffs)

**Item Comment:** This reduction would eliminate 13.7 FTEs, decrease the agency's budget by \$1,581,352, impact functions related to solvency monitoring, and reduce administrative, executive, and legal support. It would result in approximately 200 fewer financial analysis reviews, 4 fewer financial examinations and 40 fewer actuarial examinations. It could decrease the percent of identified companies reviewed from 97 to 85 percent and the dollar amount (in millions) of net asset recoveries collected from receivership estates in liquidation proceedings from \$25M to \$21M. It would decrease TDI's ability to effectively rehabilitate financially troubled insurers, delay processing of insurance company license application filings, and jeopardize TDI's accreditation from the National Association of Insurance Commissioners.

Reduction to solvency surveillance and examination activities would strain already limited resources. The number of financially troubled insurers and other entities TDI placed into receivership more than doubled in the last five years due to the economy (e.g. downturn in investment/real estate markets, sub-prime exposures, etc). A continued elevated level of interventions is forecasted. Examinations have become more complex and longer requiring qualified staff; however, the reduction would impede TDI's ability to offer competitive salaries for these critical positions.

The reduction would negatively impact state revenue. Reimbursements for regulatory fees (examination fees and overhead assessments) and maintenance taxes would decrease in direct correlation with reductions. Reduction in solvency monitoring could result in larger and/or more insurer insolvencies and guaranty fund assessments for unpaid claims owed by insolvent insurers. These assessments result in tax credits that lower the amount of insurance premium taxes collected by the state. The negative impact to General Revenue from one \$50M insolvency may be many times larger than the 5 percent reduction.

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Agency code: **454** Agency name: **Department of Insurance**

<u>Item Priority and Name/ Method of Financing</u>	<b>REVENUE LOSS</b>			<b>REDUCTION AMOUNT</b>			<b>TARGET</b>
	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	
Strategy: 1-1-1 Educate Consumers and Industry by Providing Outreach and Information							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$25,169	\$25,169	\$50,338	\$25,169	\$25,169	\$50,338	
<b>General Revenue Funds Total</b>	<b>\$25,169</b>	<b>\$25,169</b>	<b>\$50,338</b>	<b>\$25,169</b>	<b>\$25,169</b>	<b>\$50,338</b>	
Strategy: 1-2-1 Respond Promptly and Act on Complaints							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$1,103	\$1,103	\$2,206	\$1,103	\$1,103	\$2,206	
<b>General Revenue Funds Total</b>	<b>\$1,103</b>	<b>\$1,103</b>	<b>\$2,206</b>	<b>\$1,103</b>	<b>\$1,103</b>	<b>\$2,206</b>	
Strategy: 1-2-2 Investigate Trade Practices and Bring Enforcement Actions as Needed							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$928	\$928	\$1,856	\$928	\$928	\$1,856	
<b>General Revenue Funds Total</b>	<b>\$928</b>	<b>\$928</b>	<b>\$1,856</b>	<b>\$928</b>	<b>\$928</b>	<b>\$1,856</b>	
Strategy: 1-2-3 Investigate Insurer Fraud and Refer Violations for Prosecution							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$566	\$566	\$1,132	\$566	\$566	\$1,132	
<b>General Revenue Funds Total</b>	<b>\$566</b>	<b>\$566</b>	<b>\$1,132</b>	<b>\$566</b>	<b>\$566</b>	<b>\$1,132</b>	
Strategy: 1-3-1 Process Rates, Forms & Licenses Promptly							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$49,779	\$49,779	\$99,558	\$49,779	\$49,779	\$99,558	
<b>General Revenue Funds Total</b>	<b>\$49,779</b>	<b>\$49,779</b>	<b>\$99,558</b>	<b>\$49,779</b>	<b>\$49,779</b>	<b>\$99,558</b>	
Strategy: 2-1-1 Analyze the Financial Condition of Insurers and Take Solvency Action							

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<u>Item Priority and Name/ Method of Financing</u>	<b>REVENUE LOSS</b>			<b>REDUCTION AMOUNT</b>			<b>TARGET</b>
	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$125,780	\$125,780	\$251,560	\$125,780	\$125,780	\$251,560	
<b>General Revenue Funds Total</b>	<b>\$125,780</b>	<b>\$125,780</b>	<b>\$251,560</b>	<b>\$125,780</b>	<b>\$125,780</b>	<b>\$251,560</b>	
<u>Gr Dedicated</u>							
36 Dept Ins Operating Acct	\$404,693	\$404,693	\$809,386	\$404,693	\$404,693	\$809,386	
<b>Gr Dedicated Total</b>	<b>\$404,693</b>	<b>\$404,693</b>	<b>\$809,386</b>	<b>\$404,693</b>	<b>\$404,693</b>	<b>\$809,386</b>	
Strategy: 2-2-1 Inspect Loss Control Programs and Assure Code and Schedule Compliance							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$1,426	\$1,426	\$2,852	\$1,426	\$1,426	\$2,852	
<b>General Revenue Funds Total</b>	<b>\$1,426</b>	<b>\$1,426</b>	<b>\$2,852</b>	<b>\$1,426</b>	<b>\$1,426</b>	<b>\$2,852</b>	
Strategy: 2-2-2 Investigate Provider/Consumer Fraud & Refer Violations for Prosecution							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$527	\$527	\$1,054	\$527	\$527	\$1,054	
<b>General Revenue Funds Total</b>	<b>\$527</b>	<b>\$527</b>	<b>\$1,054</b>	<b>\$527</b>	<b>\$527</b>	<b>\$1,054</b>	
Strategy: 3-1-1 Provide Fire Protection through Education, Enforcement and Engineering							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$1,526	\$1,526	\$3,052	\$1,526	\$1,526	\$3,052	
<b>General Revenue Funds Total</b>	<b>\$1,526</b>	<b>\$1,526</b>	<b>\$3,052</b>	<b>\$1,526</b>	<b>\$1,526</b>	<b>\$3,052</b>	
Strategy: 5-1-1 Central Administration							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$66,977	\$66,977	\$133,954	\$66,977	\$66,977	\$133,954	
<b>General Revenue Funds Total</b>	<b>\$66,977</b>	<b>\$66,977</b>	<b>\$133,954</b>	<b>\$66,977</b>	<b>\$66,977</b>	<b>\$133,954</b>	

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Agency code: **454** Agency name: **Department of Insurance**

<u>Item Priority and Name/ Method of Financing</u>	<b>REVENUE LOSS</b>			<b>REDUCTION AMOUNT</b>			<b>TARGET</b>
	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	
Strategy: 5-1-2 Information Resources							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$86,446	\$86,446	\$172,892	\$86,446	\$86,446	\$172,892	
<b>General Revenue Funds Total</b>	<b>\$86,446</b>	<b>\$86,446</b>	<b>\$172,892</b>	<b>\$86,446</b>	<b>\$86,446</b>	<b>\$172,892</b>	
Strategy: 5-1-3 Other Support Services							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$25,756	\$25,756	\$51,512	\$25,756	\$25,756	\$51,512	
<b>General Revenue Funds Total</b>	<b>\$25,756</b>	<b>\$25,756</b>	<b>\$51,512</b>	<b>\$25,756</b>	<b>\$25,756</b>	<b>\$51,512</b>	
<b>Item Total</b>	<b>\$790,676</b>	<b>\$790,676</b>	<b>\$1,581,352</b>	<b>\$790,676</b>	<b>\$790,676</b>	<b>\$1,581,352</b>	
<b>FTE Reductions (From FY 2012 and FY 2013 Base Request)</b>				<b>13.7</b>	<b>13.7</b>		

**12 Property and Casualty Activities (10 percent)**

**Category:** Programs - Service Reductions (FTEs-Layoffs)

**Item Comment:** The reduced funding would eliminate an additional 8.8 FTEs and decrease the agency budget by \$930,792. It eliminates the ability to provide oversight inspections over commercial property loss costs developed by private entities, impacts the monitoring of TexasSure Vehicle Insurance Verification, and limits the ability to timely review property and casualty rate and form filings. The reduction would further impact administrative, executive, and legal support.

A 10 percent reduction would significantly impact services, resulting in decreased customer satisfaction. It would further impact statutory forms filings, property and casualty rate filings, and complaints. It would impact product evaluation development, supervision of the loss control program, and decrease oversight inspections of appointed engineers. This reduction would also eliminate oversight inspections of Insurance Services Office commercial property surveys. This reduction would further impact performance measures for title activities, decreasing the percent of title license filings completed within 15 days by another 20 percent. TDI would resolve 40 fewer title insurance complaints, and response time would increase by six more days. The reduction would limit the ability to process complaints, open records requests, and statutory rate and form filings for personal and commercial lines. It would also result in 200 fewer filings completed annually. It would decrease the number of P&C rate filings, and delay rate review filing times, allowing non-compliant rates to be charged. It would delay edits-and-reasonability checks on reported data, thus impacting timeliness of publications, as well as delay data analysis and GIS map production. The reduction could impact the timeliness of resolving complaints regarding workers' compensation classification and premium calculations.

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<u>Item Priority and Name/ Method of Financing</u>	<b>REVENUE LOSS</b>			<b>REDUCTION AMOUNT</b>			<b>TARGET</b>
	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	
Strategy: 1-1-1 Educate Consumers and Industry by Providing Outreach and Information							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$22,100	\$22,100	\$44,200	\$22,100	\$22,100	\$44,200	
<b>General Revenue Funds Total</b>	<b>\$22,100</b>	<b>\$22,100</b>	<b>\$44,200</b>	<b>\$22,100</b>	<b>\$22,100</b>	<b>\$44,200</b>	
Strategy: 1-2-1 Respond Promptly and Act on Complaints							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$649	\$649	\$1,298	\$649	\$649	\$1,298	
<b>General Revenue Funds Total</b>	<b>\$649</b>	<b>\$649</b>	<b>\$1,298</b>	<b>\$649</b>	<b>\$649</b>	<b>\$1,298</b>	
Strategy: 1-2-2 Investigate Trade Practices and Bring Enforcement Actions as Needed							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$629	\$629	\$1,258	\$629	\$629	\$1,258	
<b>General Revenue Funds Total</b>	<b>\$629</b>	<b>\$629</b>	<b>\$1,258</b>	<b>\$629</b>	<b>\$629</b>	<b>\$1,258</b>	
Strategy: 1-2-3 Investigate Insurer Fraud and Refer Violations for Prosecution							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$334	\$334	\$668	\$334	\$334	\$668	
<b>General Revenue Funds Total</b>	<b>\$334</b>	<b>\$334</b>	<b>\$668</b>	<b>\$334</b>	<b>\$334</b>	<b>\$668</b>	
Strategy: 1-3-1 Process Rates, Forms & Licenses Promptly							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$179,618	\$179,618	\$359,236	\$179,618	\$179,618	\$359,236	
<b>General Revenue Funds Total</b>	<b>\$179,618</b>	<b>\$179,618</b>	<b>\$359,236</b>	<b>\$179,618</b>	<b>\$179,618</b>	<b>\$359,236</b>	
Strategy: 1-3-2 Promote Coverage in Underserved Markets							

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Agency code: **454** Agency name: **Department of Insurance**

<u>Item Priority and Name/ Method of Financing</u>	<b>REVENUE LOSS</b>			<b>REDUCTION AMOUNT</b>			<b>TARGET</b>
	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$15,604	\$15,604	\$31,208	\$15,604	\$15,604	\$31,208	
<b>General Revenue Funds Total</b>	<b>\$15,604</b>	<b>\$15,604</b>	<b>\$31,208</b>	<b>\$15,604</b>	<b>\$15,604</b>	<b>\$31,208</b>	
Strategy: 2-1-1 Analyze the Financial Condition of Insurers and Take Solvency Action							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$6,901	\$6,901	\$13,802	\$6,901	\$6,901	\$13,802	
<b>General Revenue Funds Total</b>	<b>\$6,901</b>	<b>\$6,901</b>	<b>\$13,802</b>	<b>\$6,901</b>	<b>\$6,901</b>	<b>\$13,802</b>	
Strategy: 2-2-1 Inspect Loss Control Programs and Assure Code and Schedule Compliance							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$132,922	\$132,922	\$265,844	\$132,922	\$132,922	\$265,844	
<b>General Revenue Funds Total</b>	<b>\$132,922</b>	<b>\$132,922</b>	<b>\$265,844</b>	<b>\$132,922</b>	<b>\$132,922</b>	<b>\$265,844</b>	
Strategy: 2-2-2 Investigate Provider/Consumer Fraud & Refer Violations for Prosecution							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$310	\$310	\$620	\$310	\$310	\$620	
<b>General Revenue Funds Total</b>	<b>\$310</b>	<b>\$310</b>	<b>\$620</b>	<b>\$310</b>	<b>\$310</b>	<b>\$620</b>	
Strategy: 3-1-1 Provide Fire Protection through Education, Enforcement and Engineering							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$898	\$898	\$1,796	\$898	\$898	\$1,796	
<b>General Revenue Funds Total</b>	<b>\$898</b>	<b>\$898</b>	<b>\$1,796</b>	<b>\$898</b>	<b>\$898</b>	<b>\$1,796</b>	
Strategy: 5-1-1 Central Administration							
<u>General Revenue Funds</u>							

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Agency code: **454** Agency name: **Department of Insurance**

<u>Item Priority and Name/ Method of Financing</u>	<b>REVENUE LOSS</b>			<b>REDUCTION AMOUNT</b>			<b>TARGET</b>
	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	
8042 Insurance Maint Tax Fees	\$39,388	\$39,388	\$78,776	\$39,388	\$39,388	\$78,776	
<b>General Revenue Funds Total</b>	<b>\$39,388</b>	<b>\$39,388</b>	<b>\$78,776</b>	<b>\$39,388</b>	<b>\$39,388</b>	<b>\$78,776</b>	
Strategy: 5-1-2 Information Resources							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$50,883	\$50,883	\$101,766	\$50,883	\$50,883	\$101,766	
<b>General Revenue Funds Total</b>	<b>\$50,883</b>	<b>\$50,883</b>	<b>\$101,766</b>	<b>\$50,883</b>	<b>\$50,883</b>	<b>\$101,766</b>	
Strategy: 5-1-3 Other Support Services							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$15,160	\$15,160	\$30,320	\$15,160	\$15,160	\$30,320	
<b>General Revenue Funds Total</b>	<b>\$15,160</b>	<b>\$15,160</b>	<b>\$30,320</b>	<b>\$15,160</b>	<b>\$15,160</b>	<b>\$30,320</b>	
<b>Item Total</b>	<b>\$465,396</b>	<b>\$465,396</b>	<b>\$930,792</b>	<b>\$465,396</b>	<b>\$465,396</b>	<b>\$930,792</b>	
<b>FTE Reductions (From FY 2012 and FY 2013 Base Request)</b>				<b>8.8</b>	<b>8.8</b>		

**13 Fire Safety Activities (10 Percent)**

**Category:** Programs - Service Reductions (FTEs-Layoffs)

**Item Comment:** The reduction eliminates 3.6 FTEs in the State Fire Marshal's Office, decreasing the agency budget by \$578,246. A 10 percent reduction would critically impair fire safety activities, vehicle repair, service levels for fire safety inspections, outreach, investigations, and enforcement. It would also reduce administrative, executive, and legal support. The elimination of fire safety activities would have adverse impact on rural communities in particular. The reduced funding would result in approximately 38 fewer communities and 20,000 fewer school children each year receiving fire safety training, which has proven to save lives. It reduces building inspection capabilities by approximately 10 percent, resulting in approximately 400 fewer building inspections per year. Sunset Advisory Commission recommended that SFMO inspect state leased buildings, which would double current workload. The reduction will have further adverse impact if the Legislature implements this Sunset recommendation.

Strategy: 1-1-1 Educate Consumers and Industry by Providing Outreach and Information

General Revenue Funds

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Agency code: **454** Agency name: **Department of Insurance**

<u>Item Priority and Name/ Method of Financing</u>	<b>REVENUE LOSS</b>			<b>REDUCTION AMOUNT</b>			<b>TARGET</b>
	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	
8042 Insurance Maint Tax Fees	\$13,394	\$13,394	\$26,788	\$13,394	\$13,394	\$26,788	
<b>General Revenue Funds Total</b>	<b>\$13,394</b>	<b>\$13,394</b>	<b>\$26,788</b>	<b>\$13,394</b>	<b>\$13,394</b>	<b>\$26,788</b>	
Strategy: 1-2-1 Respond Promptly and Act on Complaints							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$403	\$403	\$806	\$403	\$403	\$806	
<b>General Revenue Funds Total</b>	<b>\$403</b>	<b>\$403</b>	<b>\$806</b>	<b>\$403</b>	<b>\$403</b>	<b>\$806</b>	
Strategy: 1-2-2 Investigate Trade Practices and Bring Enforcement Actions as Needed							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$392	\$392	\$784	\$392	\$392	\$784	
<b>General Revenue Funds Total</b>	<b>\$392</b>	<b>\$392</b>	<b>\$784</b>	<b>\$392</b>	<b>\$392</b>	<b>\$784</b>	
Strategy: 1-3-1 Process Rates, Forms & Licenses Promptly							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$8,103	\$8,103	\$16,206	\$8,103	\$8,103	\$16,206	
<b>General Revenue Funds Total</b>	<b>\$8,103</b>	<b>\$8,103</b>	<b>\$16,206</b>	<b>\$8,103</b>	<b>\$8,103</b>	<b>\$16,206</b>	
Strategy: 2-1-1 Analyze the Financial Condition of Insurers and Take Solvency Action							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$4,289	\$4,289	\$8,578	\$4,289	\$4,289	\$8,578	
<b>General Revenue Funds Total</b>	<b>\$4,289</b>	<b>\$4,289</b>	<b>\$8,578</b>	<b>\$4,289</b>	<b>\$4,289</b>	<b>\$8,578</b>	
Strategy: 2-2-1 Inspect Loss Control Programs and Assure Code and Schedule Compliance							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$521	\$521	\$1,042	\$521	\$521	\$1,042	

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Agency code: **454** Agency name: **Department of Insurance**

<u>Item Priority and Name/ Method of Financing</u>	<b>REVENUE LOSS</b>			<b>REDUCTION AMOUNT</b>			<b>TARGET</b>
	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	
<b>General Revenue Funds Total</b>	<b>\$521</b>	<b>\$521</b>	<b>\$1,042</b>	<b>\$521</b>	<b>\$521</b>	<b>\$1,042</b>	
Strategy: 3-1-1 Provide Fire Protection through Education, Enforcement and Engineering							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$196,103	\$196,103	\$392,206	\$196,103	\$196,103	\$392,206	
<b>General Revenue Funds Total</b>	<b>\$196,103</b>	<b>\$196,103</b>	<b>\$392,206</b>	<b>\$196,103</b>	<b>\$196,103</b>	<b>\$392,206</b>	
Strategy: 5-1-1 Central Administration							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$24,887	\$24,887	\$49,774	\$24,887	\$24,887	\$49,774	
<b>General Revenue Funds Total</b>	<b>\$24,887</b>	<b>\$24,887</b>	<b>\$49,774</b>	<b>\$24,887</b>	<b>\$24,887</b>	<b>\$49,774</b>	
Strategy: 5-1-2 Information Resources							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$31,612	\$31,612	\$63,224	\$31,612	\$31,612	\$63,224	
<b>General Revenue Funds Total</b>	<b>\$31,612</b>	<b>\$31,612</b>	<b>\$63,224</b>	<b>\$31,612</b>	<b>\$31,612</b>	<b>\$63,224</b>	
Strategy: 5-1-3 Other Support Services							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$9,419	\$9,419	\$18,838	\$9,419	\$9,419	\$18,838	
<b>General Revenue Funds Total</b>	<b>\$9,419</b>	<b>\$9,419</b>	<b>\$18,838</b>	<b>\$9,419</b>	<b>\$9,419</b>	<b>\$18,838</b>	
<b>Item Total</b>	<b>\$289,123</b>	<b>\$289,123</b>	<b>\$578,246</b>	<b>\$289,123</b>	<b>\$289,123</b>	<b>\$578,246</b>	
<b>FTE Reductions (From FY 2012 and FY 2013 Base Request)</b>				<b>3.6</b>	<b>3.6</b>		

**14 Quality of Care Reviews (10 Percent)**

**Category:** Programs - Service Reductions (FTEs-Layoffs)

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Agency code: **454** Agency name: **Department of Insurance**

<u>Item Priority and Name/ Method of Financing</u>	REVENUE LOSS			REDUCTION AMOUNT			TARGET
	2012	2013	Biennial Total	2012	2013	Biennial Total	

**Item Comment:** This reduction would eliminate 6.1 FTEs and reduce the agency budget by \$591,862. It further impacts DWC Health Care Policy and Implementation (HCPI), Information Management Services (IMS), System Monitoring and Oversight (SMO), Health Care Quality Review (HCQR) areas, and administrative, executive, and legal support. The reductions would impact appropriations for several key measures for strategies 4.1.1 Oversight and Enforcement, 4.1.2 Dispute Resolution, and 4.2.1 Health and Safety Services. The reduction would adversely impact IMS by further slowing the time frames associated with processing reports and open records requests. It would reduce one-on-one communication and problem solving with program areas and put a greater burden on program areas that need assistance with data requests.

A 10 percent reduction would severely limit training opportunities for staff and system participants. The reduction would further limit travel for training staff on current health care and workers' compensation laws, and educating system participants regarding rule implementation. The reduced funding for SMO would further limit audits completed and lessen DWC's ability to timely identify and resolve complaints, which could delay payment of critical benefits to system participants.

The reduced funding for HCQR would result in a decreased ability to perform statutorily required Medical Quality Review Panel activities and negatively impact DWC's ability to monitor the quality of health care delivered in the workers' compensation system. It would result in fewer medical quality reviews, including complaint-driven quality of care reviews, and increase the time necessary to conduct quality of care reviews of health care providers, insurance carriers, IROs, and URAs. The reduction could adversely impact the DWC's ability to monitor patterns and trends of system participants regarding the utilization of medical services provided to injured employees.

Strategy: 4-1-1 Oversee Activities of System Participants and Take Enforcement Action

Gr Dedicated

36 Dept Ins Operating Acct	\$182,319	\$182,319	\$364,638	\$182,319	\$182,319	\$364,638
<b>Gr Dedicated Total</b>	<b>\$182,319</b>	<b>\$182,319</b>	<b>\$364,638</b>	<b>\$182,319</b>	<b>\$182,319</b>	<b>\$364,638</b>

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

Gr Dedicated

36 Dept Ins Operating Acct	\$1,797	\$1,797	\$3,594	\$1,797	\$1,797	\$3,594
<b>Gr Dedicated Total</b>	<b>\$1,797</b>	<b>\$1,797</b>	<b>\$3,594</b>	<b>\$1,797</b>	<b>\$1,797</b>	<b>\$3,594</b>

Strategy: 4-1-3 Administer Subsequent Injury Fund

Gr Dedicated

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Agency code: **454** Agency name: **Department of Insurance**

<u>Item Priority and Name/ Method of Financing</u>	<b>REVENUE LOSS</b>			<b>REDUCTION AMOUNT</b>			<b>TARGET</b>
	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	
36 Dept Ins Operating Acct	\$12,716	\$12,716	\$25,432	\$12,716	\$12,716	\$25,432	
<b>Gr Dedicated Total</b>	<b>\$12,716</b>	<b>\$12,716</b>	<b>\$25,432</b>	<b>\$12,716</b>	<b>\$12,716</b>	<b>\$25,432</b>	
Strategy: 4-2-1 Provide Educational Services/WPS Consultations to System Participants							
<u>Gr Dedicated</u>							
36 Dept Ins Operating Acct	\$719	\$719	\$1,438	\$719	\$719	\$1,438	
<b>Gr Dedicated Total</b>	<b>\$719</b>	<b>\$719</b>	<b>\$1,438</b>	<b>\$719</b>	<b>\$719</b>	<b>\$1,438</b>	
Strategy: 4-2-2 Provide Customer Assistance & Records Admin for System Participants							
<u>Gr Dedicated</u>							
36 Dept Ins Operating Acct	\$12,658	\$12,658	\$25,316	\$12,658	\$12,658	\$25,316	
<b>Gr Dedicated Total</b>	<b>\$12,658</b>	<b>\$12,658</b>	<b>\$25,316</b>	<b>\$12,658</b>	<b>\$12,658</b>	<b>\$25,316</b>	
Strategy: 5-1-1 Central Administration							
<u>Gr Dedicated</u>							
36 Dept Ins Operating Acct	\$44,467	\$44,467	\$88,934	\$44,467	\$44,467	\$88,934	
<b>Gr Dedicated Total</b>	<b>\$44,467</b>	<b>\$44,467</b>	<b>\$88,934</b>	<b>\$44,467</b>	<b>\$44,467</b>	<b>\$88,934</b>	
Strategy: 5-1-2 Information Resources							
<u>Gr Dedicated</u>							
36 Dept Ins Operating Acct	\$32,021	\$32,021	\$64,042	\$32,021	\$32,021	\$64,042	
<b>Gr Dedicated Total</b>	<b>\$32,021</b>	<b>\$32,021</b>	<b>\$64,042</b>	<b>\$32,021</b>	<b>\$32,021</b>	<b>\$64,042</b>	
Strategy: 5-1-3 Other Support Services							
<u>Gr Dedicated</u>							
36 Dept Ins Operating Acct	\$9,234	\$9,234	\$18,468	\$9,234	\$9,234	\$18,468	

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Agency code: **454** Agency name: **Department of Insurance**

Item Priority and Name/ Method of Financing	REVENUE LOSS			REDUCTION AMOUNT			TARGET
	2012	2013	Biennial Total	2012	2013	Biennial Total	
<b>Gr Dedicated Total</b>	\$9,234	\$9,234	\$18,468	\$9,234	\$9,234	\$18,468	
<b>Item Total</b>	\$295,931	\$295,931	\$591,862	\$295,931	\$295,931	\$591,862	
<b>FTE Reductions (From FY 2012 and FY 2013 Base Request)</b>				<b>6.1</b>	<b>6.1</b>		

**15 Advertising Function (10 Percent)**

**Category:** Programs - Service Reductions (FTEs-Layoffs)

**Item Comment:** This reduction option would eliminate 4.8 FTEs, result in 3,050 fewer advertising reviews completed during the year, and decrease the agency budget by \$489,422. A 10 percent reduction would eliminate the agency's advertising review function, and further reduce administrative, executive, and legal support.

The advertising unit promotes truth in advertising by ensuring the ads comply with applicable statutes and rules and by detecting possible fraudulent and unauthorized activities. The elimination of this function would result in a net reduction of 6,100 fewer advertising reviews each year and could result in increased noncompliance with statutes and rules.

Texas Insurance Code §1652.156 requires prior approval of Medicare supplement advertisements. Texas Administrative Code, Chapters 3 and 11 provide additional requirements for Medicare supplements, long-term care insurance and viatical and life settlement advertising filings. With the proposed reductions, TDI would not have resources for conducting required advertising reviews, however, TDI could use the complaint and market conduct examination processes to identify and address noncompliant issues.

Strategy: 1-1-1 Educate Consumers and Industry by Providing Outreach and Information

General Revenue Funds

8042 Insurance Maint Tax Fees	\$13,281	\$13,281	\$26,562	\$13,281	\$13,281	\$26,562
<b>General Revenue Funds Total</b>	<b>\$13,281</b>	<b>\$13,281</b>	<b>\$26,562</b>	<b>\$13,281</b>	<b>\$13,281</b>	<b>\$26,562</b>

Strategy: 1-2-1 Respond Promptly and Act on Complaints

General Revenue Funds

8042 Insurance Maint Tax Fees	\$147,955	\$147,955	\$295,910	\$147,955	\$147,955	\$295,910
<b>General Revenue Funds Total</b>	<b>\$147,955</b>	<b>\$147,955</b>	<b>\$295,910</b>	<b>\$147,955</b>	<b>\$147,955</b>	<b>\$295,910</b>

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

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<u>Item Priority and Name/ Method of Financing</u>	<b>REVENUE LOSS</b>			<b>REDUCTION AMOUNT</b>			<b>TARGET</b>
	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$330	\$330	\$660	\$330	\$330	\$660	
<b>General Revenue Funds Total</b>	<b>\$330</b>	<b>\$330</b>	<b>\$660</b>	<b>\$330</b>	<b>\$330</b>	<b>\$660</b>	
Strategy: 1-2-3 Investigate Insurer Fraud and Refer Violations for Prosecution							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$8,150	\$8,150	\$16,300	\$8,150	\$8,150	\$16,300	
<b>General Revenue Funds Total</b>	<b>\$8,150</b>	<b>\$8,150</b>	<b>\$16,300</b>	<b>\$8,150</b>	<b>\$8,150</b>	<b>\$16,300</b>	
Strategy: 1-3-1 Process Rates, Forms & Licenses Promptly							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$6,857	\$6,857	\$13,714	\$6,857	\$6,857	\$13,714	
<b>General Revenue Funds Total</b>	<b>\$6,857</b>	<b>\$6,857</b>	<b>\$13,714</b>	<b>\$6,857</b>	<b>\$6,857</b>	<b>\$13,714</b>	
Strategy: 2-1-1 Analyze the Financial Condition of Insurers and Take Solvency Action							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$3,629	\$3,629	\$7,258	\$3,629	\$3,629	\$7,258	
<b>General Revenue Funds Total</b>	<b>\$3,629</b>	<b>\$3,629</b>	<b>\$7,258</b>	<b>\$3,629</b>	<b>\$3,629</b>	<b>\$7,258</b>	
Strategy: 2-2-1 Inspect Loss Control Programs and Assure Code and Schedule Compliance							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$441	\$441	\$882	\$441	\$441	\$882	
<b>General Revenue Funds Total</b>	<b>\$441</b>	<b>\$441</b>	<b>\$882</b>	<b>\$441</b>	<b>\$441</b>	<b>\$882</b>	
Strategy: 2-2-2 Investigate Provider/Consumer Fraud & Refer Violations for Prosecution							
<u>General Revenue Funds</u>							

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<u>Item Priority and Name/ Method of Financing</u>	<b>REVENUE LOSS</b>			<b>REDUCTION AMOUNT</b>			<b>TARGET</b>
	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	
8042 Insurance Maint Tax Fees	\$8,139	\$8,139	\$16,278	\$8,139	\$8,139	\$16,278	
<b>General Revenue Funds Total</b>	<b>\$8,139</b>	<b>\$8,139</b>	<b>\$16,278</b>	<b>\$8,139</b>	<b>\$8,139</b>	<b>\$16,278</b>	
Strategy: 3-1-1 Provide Fire Protection through Education, Enforcement and Engineering							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$473	\$473	\$946	\$473	\$473	\$946	
<b>General Revenue Funds Total</b>	<b>\$473</b>	<b>\$473</b>	<b>\$946</b>	<b>\$473</b>	<b>\$473</b>	<b>\$946</b>	
Strategy: 5-1-1 Central Administration							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$20,729	\$20,729	\$41,458	\$20,729	\$20,729	\$41,458	
<b>General Revenue Funds Total</b>	<b>\$20,729</b>	<b>\$20,729</b>	<b>\$41,458</b>	<b>\$20,729</b>	<b>\$20,729</b>	<b>\$41,458</b>	
Strategy: 5-1-2 Information Resources							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$26,756	\$26,756	\$53,512	\$26,756	\$26,756	\$53,512	
<b>General Revenue Funds Total</b>	<b>\$26,756</b>	<b>\$26,756</b>	<b>\$53,512</b>	<b>\$26,756</b>	<b>\$26,756</b>	<b>\$53,512</b>	
Strategy: 5-1-3 Other Support Services							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$7,971	\$7,971	\$15,942	\$7,971	\$7,971	\$15,942	
<b>General Revenue Funds Total</b>	<b>\$7,971</b>	<b>\$7,971</b>	<b>\$15,942</b>	<b>\$7,971</b>	<b>\$7,971</b>	<b>\$15,942</b>	
<b>Item Total</b>	<b>\$244,711</b>	<b>\$244,711</b>	<b>\$489,422</b>	<b>\$244,711</b>	<b>\$244,711</b>	<b>\$489,422</b>	
<b>FTE Reductions (From FY 2012 and FY 2013 Base Request)</b>				<b>4.8</b>	<b>4.8</b>		
<b>16 Injured Employee Customer Services (10 Percent)</b>							

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Agency code: **454** Agency name: **Department of Insurance**

<u>Item Priority and Name/ Method of Financing</u>	<b>REVENUE LOSS</b>			<b>REDUCTION AMOUNT</b>			<b>TARGET</b>
	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	

**Category:** Programs - Service Reductions (FTEs-Layoffs)

**Item Comment:** The reduction would eliminate 27.7 FTEs and reduce the agency budget by \$2,046,108. It would impact DWC's Field Operations (FO) and Records Management and Support (RMS) and Self-Insurance (SI), as well as administrative, executive, and legal support. The FO reductions would cancel the annual field operations managers' meeting, which promotes communication and consistent application of rules and procedures throughout a geographically dispersed workforce. This reduction increases the magnitude of the impacts identified in the first 5 percent reduction and could severely impact injured employees.

A 10 percent reduction would increase the time to process inquiries and complaints, official actions and requests for dispute proceedings, impact monitoring of system participants, and delay scheduling of designated doctor exams. Reductions would result in conversion of multiple field offices to hearings-only sites, customer service delays, and availability of current claim and system information.

The RMS reduction would further impact processing of claim records and official actions and may result in non-compliance with the Public Information Act. It would inhibit DWC's ability to provide records and reports to stakeholders and internal customers, and further jeopardize efficiency initiatives.

Further reduction to SI activities would adversely impact timely processing of applications, impact support for the Texas Certified Self-Insurer Guaranty Association, and affect self-insurer security deposits amounts.

Tex. Labor Code, Ch. 408 requires DWC to perform certain administrative functions for individual claims, such as processing injured employee requests to change treating doctors. This reduction would impact these administrative functions. If funding is reduced, the Legislature could consider shifting specific claims administration functions from DWC to the carriers.

Strategy: 1-3-4 Regulate Private Employers that Qualify to Self-Ins w/in the WC System

Gr Dedicated

36 Dept Ins Operating Acct	\$54,003	\$54,003	\$108,006	\$54,003	\$54,003	\$108,006
<b>Gr Dedicated Total</b>	<b>\$54,003</b>	<b>\$54,003</b>	<b>\$108,006</b>	<b>\$54,003</b>	<b>\$54,003</b>	<b>\$108,006</b>

Strategy: 4-1-1 Oversee Activities of System Participants and Take Enforcement Action

Gr Dedicated

36 Dept Ins Operating Acct	\$3,018	\$3,018	\$6,036	\$3,018	\$3,018	\$6,036
<b>Gr Dedicated Total</b>	<b>\$3,018</b>	<b>\$3,018</b>	<b>\$6,036</b>	<b>\$3,018</b>	<b>\$3,018</b>	<b>\$6,036</b>

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Agency code: **454** Agency name: **Department of Insurance**

<u>Item Priority and Name/ Method of Financing</u>	<b>REVENUE LOSS</b>			<b>REDUCTION AMOUNT</b>			<b>TARGET</b>
	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	
Strategy: 4-1-2 Resolve Indemnity, Medical Fee and Medical Necessity Disputes							
<u>Gr Dedicated</u>							
36 Dept Ins Operating Acct	\$539,888	\$539,888	\$1,079,776	\$539,888	\$539,888	\$1,079,776	
<b>Gr Dedicated Total</b>	<b>\$539,888</b>	<b>\$539,888</b>	<b>\$1,079,776</b>	<b>\$539,888</b>	<b>\$539,888</b>	<b>\$1,079,776</b>	
Strategy: 4-2-1 Provide Educational Services/WPS Consultations to System Participants							
<u>Gr Dedicated</u>							
36 Dept Ins Operating Acct	\$2,488	\$2,488	\$4,976	\$2,488	\$2,488	\$4,976	
<b>Gr Dedicated Total</b>	<b>\$2,488</b>	<b>\$2,488</b>	<b>\$4,976</b>	<b>\$2,488</b>	<b>\$2,488</b>	<b>\$4,976</b>	
Strategy: 4-2-2 Provide Customer Assistance & Records Admin for System Participants							
<u>Gr Dedicated</u>							
36 Dept Ins Operating Acct	\$173,347	\$173,347	\$346,694	\$173,347	\$173,347	\$346,694	
<b>Gr Dedicated Total</b>	<b>\$173,347</b>	<b>\$173,347</b>	<b>\$346,694</b>	<b>\$173,347</b>	<b>\$173,347</b>	<b>\$346,694</b>	
Strategy: 5-1-1 Central Administration							
<u>Gr Dedicated</u>							
36 Dept Ins Operating Acct	\$107,687	\$107,687	\$215,374	\$107,687	\$107,687	\$215,374	
<b>Gr Dedicated Total</b>	<b>\$107,687</b>	<b>\$107,687</b>	<b>\$215,374</b>	<b>\$107,687</b>	<b>\$107,687</b>	<b>\$215,374</b>	
Strategy: 5-1-2 Information Resources							
<u>Gr Dedicated</u>							
36 Dept Ins Operating Acct	\$110,701	\$110,701	\$221,402	\$110,701	\$110,701	\$221,402	
<b>Gr Dedicated Total</b>	<b>\$110,701</b>	<b>\$110,701</b>	<b>\$221,402</b>	<b>\$110,701</b>	<b>\$110,701</b>	<b>\$221,402</b>	
Strategy: 5-1-3 Other Support Services							

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Agency code: **454** Agency name: **Department of Insurance**

<u>Item Priority and Name/ Method of Financing</u>	<b>REVENUE LOSS</b>			<b>REDUCTION AMOUNT</b>			<b>TARGET</b>
	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	
<u>Gr Dedicated</u>							
36 Dept Ins Operating Acct	\$31,922	\$31,922	\$63,844	\$31,922	\$31,922	\$63,844	
<b>Gr Dedicated Total</b>	<b>\$31,922</b>	<b>\$31,922</b>	<b>\$63,844</b>	<b>\$31,922</b>	<b>\$31,922</b>	<b>\$63,844</b>	
<b>Item Total</b>	<b>\$1,023,054</b>	<b>\$1,023,054</b>	<b>\$2,046,108</b>	<b>\$1,023,054</b>	<b>\$1,023,054</b>	<b>\$2,046,108</b>	
<b>FTE Reductions (From FY 2012 and FY 2013 Base Request)</b>				<b>27.7</b>	<b>27.7</b>		

**17 Life, Health & Licensing Activities (10 Percent)**

**Category:** Programs - Service Reductions (FTEs-Layoffs)

**Item Comment:** This reduction eliminates an additional 10 FTEs and decreases the agency budget by an additional \$1,041,942. The reduction further impacts operations, Life/Health, Health and Workers' Compensation Networks (HWCN), the Texas Three-Share program, and administrative, executive, and legal support. This reduction would result in 1,740 fewer Life/Health form filings completed and would impact related measures for strategy 1.3.1, Process Rates, Forms and Licenses.

The reduction would further reduce HWCN's ability to timely enter requests for independent review organization (IRO) assignments, as well as audit IRO decisions for quality standards, and limit HWCN's ability to approve or deny utilization review agent (URA) and IRO applications within the required time frames.

A 10 percent reduction would critically delay response times for investigation and resolution of Provider Ombudsman inquiries and complaints. It would reduce the support for the Provider Ombudsman program and other stakeholder groups such as Technical Advisory Committee on Claims Processing, Pharmacy Outreach and Pharmacy Outreach and Genetics and Traumatic Brain Injury.

Staff from LHL's operations and HWCN activities lead or participate in federal health care reform implementation. A reduction of this magnitude will impact resources available for federal health care reform implementation and other critical regulatory activities.

Tex. Ins. Code §1701 provides for the Commissioner to disapprove forms filed within 60 days or the form is deemed approved. The reduced funding would impact review timeframes, which could permit noncompliant filings into the market without prior agency review. If funding is reduced, the Legislature may want to consider amending the statutory review time frame.

Strategy: 1-1-1 Educate Consumers and Industry by Providing Outreach and Information

General Revenue Funds

8042 Insurance Maint Tax Fees	\$28,421	\$28,421	\$56,842	\$28,421	\$28,421	\$56,842	
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Agency code: **454** Agency name: **Department of Insurance**

Item Priority and Name/ Method of Financing	REVENUE LOSS			REDUCTION AMOUNT			TARGET
	2012	2013	Biennial Total	2012	2013	Biennial Total	
<b>General Revenue Funds Total</b>	<b>\$28,421</b>	<b>\$28,421</b>	<b>\$56,842</b>	<b>\$28,421</b>	<b>\$28,421</b>	<b>\$56,842</b>	
Strategy: 1-2-1 Respond Promptly and Act on Complaints							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$46,737	\$46,737	\$93,474	\$46,737	\$46,737	\$93,474	
<b>General Revenue Funds Total</b>	<b>\$46,737</b>	<b>\$46,737</b>	<b>\$93,474</b>	<b>\$46,737</b>	<b>\$46,737</b>	<b>\$93,474</b>	
Strategy: 1-2-2 Investigate Trade Practices and Bring Enforcement Actions as Needed							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$693	\$693	\$1,386	\$693	\$693	\$1,386	
<b>General Revenue Funds Total</b>	<b>\$693</b>	<b>\$693</b>	<b>\$1,386</b>	<b>\$693</b>	<b>\$693</b>	<b>\$1,386</b>	
Strategy: 1-2-3 Investigate Insurer Fraud and Refer Violations for Prosecution							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$366	\$366	\$732	\$366	\$366	\$732	
<b>General Revenue Funds Total</b>	<b>\$366</b>	<b>\$366</b>	<b>\$732</b>	<b>\$366</b>	<b>\$366</b>	<b>\$732</b>	
Strategy: 1-3-1 Process Rates, Forms & Licenses Promptly							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$297,472	\$297,472	\$594,944	\$297,472	\$297,472	\$594,944	
<b>General Revenue Funds Total</b>	<b>\$297,472</b>	<b>\$297,472</b>	<b>\$594,944</b>	<b>\$297,472</b>	<b>\$297,472</b>	<b>\$594,944</b>	
Strategy: 1-4-1 Support the State's Long-term Care Partnership Initiatives							
<u>Gr Dedicated</u>							
36 Dept Ins Operating Acct	\$6,944	\$6,944	\$13,888	\$6,944	\$6,944	\$13,888	
<b>Gr Dedicated Total</b>	<b>\$6,944</b>	<b>\$6,944</b>	<b>\$13,888</b>	<b>\$6,944</b>	<b>\$6,944</b>	<b>\$13,888</b>	

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Agency code: **454** Agency name: **Department of Insurance**

<u>Item Priority and Name/ Method of Financing</u>	<b>REVENUE LOSS</b>			<b>REDUCTION AMOUNT</b>			<b>TARGET</b>
	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	
Strategy: 1-4-2 Administer Three-Share Grant Program							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$2,873	\$2,873	\$5,746	\$2,873	\$2,873	\$5,746	
<b>General Revenue Funds Total</b>	<b>\$2,873</b>	<b>\$2,873</b>	<b>\$5,746</b>	<b>\$2,873</b>	<b>\$2,873</b>	<b>\$5,746</b>	
Strategy: 2-1-1 Analyze the Financial Condition of Insurers and Take Solvency Action							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$11,033	\$11,033	\$22,066	\$11,033	\$11,033	\$22,066	
<b>General Revenue Funds Total</b>	<b>\$11,033</b>	<b>\$11,033</b>	<b>\$22,066</b>	<b>\$11,033</b>	<b>\$11,033</b>	<b>\$22,066</b>	
Strategy: 2-2-1 Inspect Loss Control Programs and Assure Code and Schedule Compliance							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$925	\$925	\$1,850	\$925	\$925	\$1,850	
<b>General Revenue Funds Total</b>	<b>\$925</b>	<b>\$925</b>	<b>\$1,850</b>	<b>\$925</b>	<b>\$925</b>	<b>\$1,850</b>	
Strategy: 2-2-2 Investigate Provider/Consumer Fraud & Refer Violations for Prosecution							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$342	\$342	\$684	\$342	\$342	\$684	
<b>General Revenue Funds Total</b>	<b>\$342</b>	<b>\$342</b>	<b>\$684</b>	<b>\$342</b>	<b>\$342</b>	<b>\$684</b>	
Strategy: 3-1-1 Provide Fire Protection through Education, Enforcement and Engineering							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$990	\$990	\$1,980	\$990	\$990	\$1,980	
<b>General Revenue Funds Total</b>	<b>\$990</b>	<b>\$990</b>	<b>\$1,980</b>	<b>\$990</b>	<b>\$990</b>	<b>\$1,980</b>	
Strategy: 4-1-1 Oversee Activities of System Participants and Take Enforcement Action							

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<u>Item Priority and Name/ Method of Financing</u>	<b>REVENUE LOSS</b>			<b>REDUCTION AMOUNT</b>			<b>TARGET</b>
	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	
<u>Gr Dedicated</u>							
36 Dept Ins Operating Acct	\$0	\$0	\$0				
<b>Gr Dedicated Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>				
Strategy: 4-1-2 Resolve Indemnity, Medical Fee and Medical Necessity Disputes							
<u>Gr Dedicated</u>							
36 Dept Ins Operating Acct	\$6,051	\$6,051	\$12,102	\$6,051	\$6,051	\$12,102	
<b>Gr Dedicated Total</b>	<b>\$6,051</b>	<b>\$6,051</b>	<b>\$12,102</b>	<b>\$6,051</b>	<b>\$6,051</b>	<b>\$12,102</b>	
Strategy: 4-2-2 Provide Customer Assistance & Records Admin for System Participants							
<u>Gr Dedicated</u>							
36 Dept Ins Operating Acct	\$339	\$339	\$678	\$339	\$339	\$678	
<b>Gr Dedicated Total</b>	<b>\$339</b>	<b>\$339</b>	<b>\$678</b>	<b>\$339</b>	<b>\$339</b>	<b>\$678</b>	
Strategy: 5-1-1 Central Administration							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$43,461	\$43,461	\$86,922	\$43,461	\$43,461	\$86,922	
<b>General Revenue Funds Total</b>	<b>\$43,461</b>	<b>\$43,461</b>	<b>\$86,922</b>	<b>\$43,461</b>	<b>\$43,461</b>	<b>\$86,922</b>	
<u>Gr Dedicated</u>							
36 Dept Ins Operating Acct	\$414	\$414	\$828	\$414	\$414	\$828	
<b>Gr Dedicated Total</b>	<b>\$414</b>	<b>\$414</b>	<b>\$828</b>	<b>\$414</b>	<b>\$414</b>	<b>\$828</b>	
Strategy: 5-1-2 Information Resources							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$56,096	\$56,096	\$112,192	\$56,096	\$56,096	\$112,192	
<b>General Revenue Funds Total</b>	<b>\$56,096</b>	<b>\$56,096</b>	<b>\$112,192</b>	<b>\$56,096</b>	<b>\$56,096</b>	<b>\$112,192</b>	

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Agency code: **454** Agency name: **Department of Insurance**

<u>Item Priority and Name/ Method of Financing</u>	<b>REVENUE LOSS</b>			<b>REDUCTION AMOUNT</b>			<b>TARGET</b>
	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	
<u>Gr Dedicated</u>							
36 Dept Ins Operating Acct	\$855	\$855	\$1,710	\$855	\$855	\$1,710	
<b>Gr Dedicated Total</b>	<b>\$855</b>	<b>\$855</b>	<b>\$1,710</b>	<b>\$855</b>	<b>\$855</b>	<b>\$1,710</b>	
Strategy: 5-1-3 Other Support Services							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$16,712	\$16,712	\$33,424	\$16,712	\$16,712	\$33,424	
<b>General Revenue Funds Total</b>	<b>\$16,712</b>	<b>\$16,712</b>	<b>\$33,424</b>	<b>\$16,712</b>	<b>\$16,712</b>	<b>\$33,424</b>	
<u>Gr Dedicated</u>							
36 Dept Ins Operating Acct	\$247	\$247	\$494	\$247	\$247	\$494	
<b>Gr Dedicated Total</b>	<b>\$247</b>	<b>\$247</b>	<b>\$494</b>	<b>\$247</b>	<b>\$247</b>	<b>\$494</b>	
<b>Item Total</b>	<b>\$520,971</b>	<b>\$520,971</b>	<b>\$1,041,942</b>	<b>\$520,971</b>	<b>\$520,971</b>	<b>\$1,041,942</b>	
<b>FTE Reductions (From FY 2012 and FY 2013 Base Request)</b>				<b>10.0</b>	<b>10.0</b>		

**18 Workplace Safety (10 Percent)**

**Category:** Programs - Service Reductions (FTEs-Layoffs)

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<u>Item Priority and Name/ Method of Financing</u>	<b>REVENUE LOSS</b>			<b>REDUCTION AMOUNT</b>			<b>TARGET</b>
	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	
<b>Item Comment:</b> This reduction would eliminate 3.4 FTEs, reduce the agency budget by an additional \$281,944, reduce administrative, executive, and legal support, and impact performance measures for strategy 4.2.1 Health and Safety Services. It could negatively impact safety and health conditions in Texas workplaces and impact the ability to provide health care education to system participants. The reduction would decrease the number of workplace safety outreach initiatives and resources devoted to instructor-led training. A 10 percent reduction would severely affect TDI’s ability to perform the workplace education and safety functions and could potentially increase work-related injuries and illnesses in Texas.							
The reduction further limits training and outreach provided to system participants and would prevent filling requests for speakers on workers’ compensation matters. Training reductions would further limit the ability to educate providers on workers’ compensation treatment, coding and billing guidelines, which could affect patient care and provider billing. It would also further impact provider recruitment, which could affect injured employee access to health care.							
The reduction would further limit educational seminars, which are used to assist system participants who require formal training or who cannot access information electronically. As a result, providers, insurance carriers, employers and employees would be less informed regarding their rights and responsibilities in the workers’ compensation system.							
Strategy: 4-1-1 Oversee Activities of System Participants and Take Enforcement Action							
<u>Gr Dedicated</u>							
36 Dept Ins Operating Acct	\$414	\$414	\$828	\$414	\$414	\$828	
<b>Gr Dedicated Total</b>	<b>\$414</b>	<b>\$414</b>	<b>\$828</b>	<b>\$414</b>	<b>\$414</b>	<b>\$828</b>	
Strategy: 4-1-2 Resolve Indemnity, Medical Fee and Medical Necessity Disputes							
<u>Gr Dedicated</u>							
36 Dept Ins Operating Acct	\$856	\$856	\$1,712	\$856	\$856	\$1,712	
<b>Gr Dedicated Total</b>	<b>\$856</b>	<b>\$856</b>	<b>\$1,712</b>	<b>\$856</b>	<b>\$856</b>	<b>\$1,712</b>	
Strategy: 4-2-1 Provide Educational Services/WPS Consultations to System Participants							
<u>Gr Dedicated</u>							
36 Dept Ins Operating Acct	\$73,775	\$73,775	\$147,550	\$73,775	\$73,775	\$147,550	
<b>Gr Dedicated Total</b>	<b>\$73,775</b>	<b>\$73,775</b>	<b>\$147,550</b>	<b>\$73,775</b>	<b>\$73,775</b>	<b>\$147,550</b>	

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Agency code: **454** Agency name: **Department of Insurance**

Item Priority and Name/ Method of Financing	REVENUE LOSS			REDUCTION AMOUNT			TARGET
	2012	2013	Biennial Total	2012	2013	Biennial Total	
Strategy: 4-2-2 Provide Customer Assistance & Records Admin for System Participants							
<u>Gr Dedicated</u>							
36 Dept Ins Operating Acct	\$6,030	\$6,030	\$12,060	\$6,030	\$6,030	\$12,060	
<b>Gr Dedicated Total</b>	<b>\$6,030</b>	<b>\$6,030</b>	<b>\$12,060</b>	<b>\$6,030</b>	<b>\$6,030</b>	<b>\$12,060</b>	
Strategy: 5-1-1 Central Administration							
<u>Gr Dedicated</u>							
36 Dept Ins Operating Acct	\$40,244	\$40,244	\$80,488	\$40,244	\$40,244	\$80,488	
<b>Gr Dedicated Total</b>	<b>\$40,244</b>	<b>\$40,244</b>	<b>\$80,488</b>	<b>\$40,244</b>	<b>\$40,244</b>	<b>\$80,488</b>	
Strategy: 5-1-2 Information Resources							
<u>Gr Dedicated</u>							
36 Dept Ins Operating Acct	\$15,255	\$15,255	\$30,510	\$15,255	\$15,255	\$30,510	
<b>Gr Dedicated Total</b>	<b>\$15,255</b>	<b>\$15,255</b>	<b>\$30,510</b>	<b>\$15,255</b>	<b>\$15,255</b>	<b>\$30,510</b>	
Strategy: 5-1-3 Other Support Services							
<u>Gr Dedicated</u>							
36 Dept Ins Operating Acct	\$4,398	\$4,398	\$8,796	\$4,398	\$4,398	\$8,796	
<b>Gr Dedicated Total</b>	<b>\$4,398</b>	<b>\$4,398</b>	<b>\$8,796</b>	<b>\$4,398</b>	<b>\$4,398</b>	<b>\$8,796</b>	
<b>Item Total</b>	<b>\$140,972</b>	<b>\$140,972</b>	<b>\$281,944</b>	<b>\$140,972</b>	<b>\$140,972</b>	<b>\$281,944</b>	
<b>FTE Reductions (From FY 2012 and FY 2013 Base Request)</b>				<b>3.4</b>	<b>3.4</b>		

**19 Fraud Investigation (10 Percent)**

**Category:** Programs - Service Reductions (FTEs-Layoffs)

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Agency code: **454** Agency name: **Department of Insurance**

<u>Item Priority and Name/ Method of Financing</u>	<b>REVENUE LOSS</b>			<b>REDUCTION AMOUNT</b>			<b>TARGET</b>
	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	
<b>Item Comment:</b> The reduction would eliminate 3.2 FTEs and decrease the agency's budget by \$352,258, which would impact Fraud Unit's ability to investigate and initiate legal action regarding allegations of insurance fraud. A 10 percent reduction would further delay enforcement case referral timeframes. It would also further delay processing of incoming reports from public, law enforcement and the insurance industry, delay review of outgoing investigative reports to prosecutors; impact staff's ability to timely assist prosecutors; increase time to process routine services (inquiries, complaints, official actions); create workflow delays by requiring staff to handle more duties; reduce travel funds for conducting investigative field work; limit ability to meet legislatively mandated training requirements for peace officers; limit opportunities to provide staff training to keep pace with current fraud schemes; and diminish ability to provide anti-fraud outreach and liaison initiatives to external stakeholders. The reduction would impact several key performance measures and further reduce administrative, executive, and legal support.							
Strategy: 1-1-1 Educate Consumers and Industry by Providing Outreach and Information							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$7,353	\$7,353	\$14,706	\$7,353	\$7,353	\$14,706	
<b>General Revenue Funds Total</b>	<b>\$7,353</b>	<b>\$7,353</b>	<b>\$14,706</b>	<b>\$7,353</b>	<b>\$7,353</b>	<b>\$14,706</b>	
Strategy: 1-2-3 Investigate Insurer Fraud and Refer Violations for Prosecution							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$53,775	\$53,775	\$107,550	\$53,775	\$53,775	\$107,550	
<b>General Revenue Funds Total</b>	<b>\$53,775</b>	<b>\$53,775</b>	<b>\$107,550</b>	<b>\$53,775</b>	<b>\$53,775</b>	<b>\$107,550</b>	
Strategy: 1-3-1 Process Rates, Forms & Licenses Promptly							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$4,447	\$4,447	\$8,894	\$4,447	\$4,447	\$8,894	
<b>General Revenue Funds Total</b>	<b>\$4,447</b>	<b>\$4,447</b>	<b>\$8,894</b>	<b>\$4,447</b>	<b>\$4,447</b>	<b>\$8,894</b>	
Strategy: 2-1-1 Analyze the Financial Condition of Insurers and Take Solvency Action							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$2,354	\$2,354	\$4,708	\$2,354	\$2,354	\$4,708	
<b>General Revenue Funds Total</b>	<b>\$2,354</b>	<b>\$2,354</b>	<b>\$4,708</b>	<b>\$2,354</b>	<b>\$2,354</b>	<b>\$4,708</b>	

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Agency code: **454** Agency name: **Department of Insurance**

<u>Item Priority and Name/ Method of Financing</u>	<b>REVENUE LOSS</b>			<b>REDUCTION AMOUNT</b>			<b>TARGET</b>
	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	
Strategy: 2-2-1 Inspect Loss Control Programs and Assure Code and Schedule Compliance							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$285	\$285	\$570	\$285	\$285	\$570	
<b>General Revenue Funds Total</b>	<b>\$285</b>	<b>\$285</b>	<b>\$570</b>	<b>\$285</b>	<b>\$285</b>	<b>\$570</b>	
Strategy: 2-2-2 Investigate Provider/Consumer Fraud & Refer Violations for Prosecution							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$53,768	\$53,768	\$107,536	\$53,768	\$53,768	\$107,536	
<b>General Revenue Funds Total</b>	<b>\$53,768</b>	<b>\$53,768</b>	<b>\$107,536</b>	<b>\$53,768</b>	<b>\$53,768</b>	<b>\$107,536</b>	
Strategy: 2-2-3 Investigate Workers' Comp Fraud & Refer Violations for Prosecution							
<u>Gr Dedicated</u>							
36 Dept Ins Operating Acct	\$13,249	\$13,249	\$26,498	\$13,249	\$13,249	\$26,498	
<b>Gr Dedicated Total</b>	<b>\$13,249</b>	<b>\$13,249</b>	<b>\$26,498</b>	<b>\$13,249</b>	<b>\$13,249</b>	<b>\$26,498</b>	
Strategy: 3-1-1 Provide Fire Protection through Education, Enforcement and Engineering							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$306	\$306	\$612	\$306	\$306	\$612	
<b>General Revenue Funds Total</b>	<b>\$306</b>	<b>\$306</b>	<b>\$612</b>	<b>\$306</b>	<b>\$306</b>	<b>\$612</b>	
Strategy: 4-2-2 Provide Customer Assistance & Records Admin for System Participants							
<u>Gr Dedicated</u>							
36 Dept Ins Operating Acct	\$746	\$746	\$1,492	\$746	\$746	\$1,492	
<b>Gr Dedicated Total</b>	<b>\$746</b>	<b>\$746</b>	<b>\$1,492</b>	<b>\$746</b>	<b>\$746</b>	<b>\$1,492</b>	
Strategy: 5-1-1 Central Administration							

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Agency code: **454** Agency name: **Department of Insurance**

<u>Item Priority and Name/ Method of Financing</u>	<b>REVENUE LOSS</b>			<b>REDUCTION AMOUNT</b>			<b>TARGET</b>
	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$13,880	\$13,880	\$27,760	\$13,880	\$13,880	\$27,760	
<b>General Revenue Funds Total</b>	<b>\$13,880</b>	<b>\$13,880</b>	<b>\$27,760</b>	<b>\$13,880</b>	<b>\$13,880</b>	<b>\$27,760</b>	
<u>Gr Dedicated</u>							
36 Dept Ins Operating Acct	\$1,018	\$1,018	\$2,036	\$1,018	\$1,018	\$2,036	
<b>Gr Dedicated Total</b>	<b>\$1,018</b>	<b>\$1,018</b>	<b>\$2,036</b>	<b>\$1,018</b>	<b>\$1,018</b>	<b>\$2,036</b>	
Strategy: 5-1-2 Information Resources							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$17,349	\$17,349	\$34,698	\$17,349	\$17,349	\$34,698	
<b>General Revenue Funds Total</b>	<b>\$17,349</b>	<b>\$17,349</b>	<b>\$34,698</b>	<b>\$17,349</b>	<b>\$17,349</b>	<b>\$34,698</b>	
<u>Gr Dedicated</u>							
36 Dept Ins Operating Acct	\$1,887	\$1,887	\$3,774	\$1,887	\$1,887	\$3,774	
<b>Gr Dedicated Total</b>	<b>\$1,887</b>	<b>\$1,887</b>	<b>\$3,774</b>	<b>\$1,887</b>	<b>\$1,887</b>	<b>\$3,774</b>	
Strategy: 5-1-3 Other Support Services							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$5,168	\$5,168	\$10,336	\$5,168	\$5,168	\$10,336	
<b>General Revenue Funds Total</b>	<b>\$5,168</b>	<b>\$5,168</b>	<b>\$10,336</b>	<b>\$5,168</b>	<b>\$5,168</b>	<b>\$10,336</b>	
<u>Gr Dedicated</u>							
36 Dept Ins Operating Acct	\$544	\$544	\$1,088	\$544	\$544	\$1,088	
<b>Gr Dedicated Total</b>	<b>\$544</b>	<b>\$544</b>	<b>\$1,088</b>	<b>\$544</b>	<b>\$544</b>	<b>\$1,088</b>	
<b>Item Total</b>	<b>\$176,129</b>	<b>\$176,129</b>	<b>\$352,258</b>	<b>\$176,129</b>	<b>\$176,129</b>	<b>\$352,258</b>	
<b>FTE Reductions (From FY 2012 and FY 2013 Base Request)</b>				<b>3.2</b>	<b>3.2</b>		

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Agency code: **454** Agency name: **Department of Insurance**

<u>Item Priority and Name/ Method of Financing</u>	<b>REVENUE LOSS</b>			<b>REDUCTION AMOUNT</b>			<b>TARGET</b>
	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	

**20 Workers' Compensation Dispute Resolution Activities (10 Percent)**

**Category:** Programs - Service Reductions (FTEs-Layoffs)

**Item Comment:** This reduction would eliminate an additional 9.4 FTEs and reduce the agency budget by an additional \$1,083,528. It would impact DWC's Medical Fee Dispute Resolution and Hearing programs, and further reduce administrative, executive, and legal support. The reduction would significantly impact key measures for strategies 4.1.2 Dispute Resolution and 4.2.2 Customer Service and Records Administration. This reduction would more significantly impact system participants by delaying medical dispute resolutions by an additional 30 days.

Further reductions to the Hearings program would severely impact income and medical benefits to injured employees. Reducing the number of proceeding officers would cause benefit review conferences and contested case hearings to be scheduled on dates beyond the statutory required time limits and increase backlogs of dispute resolution proceedings. These reductions would further impact case hearings for retrospective medical care, attorney fee, and medical fee disputes, as indemnity benefits and prospective medical care would take precedence.

Strategy: 4-1-1 Oversee Activities of System Participants and Take Enforcement Action

Gr Dedicated

36 Dept Ins Operating Acct	\$1,597	\$1,597	\$3,194	\$1,597	\$1,597	\$3,194
<b>Gr Dedicated Total</b>	<b>\$1,597</b>	<b>\$1,597</b>	<b>\$3,194</b>	<b>\$1,597</b>	<b>\$1,597</b>	<b>\$3,194</b>

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

Gr Dedicated

36 Dept Ins Operating Acct	\$414,623	\$414,623	\$829,246	\$414,623	\$414,623	\$829,246
<b>Gr Dedicated Total</b>	<b>\$414,623</b>	<b>\$414,623</b>	<b>\$829,246</b>	<b>\$414,623</b>	<b>\$414,623</b>	<b>\$829,246</b>

Strategy: 4-2-1 Provide Educational Services/WPS Consultations to System Participants

Gr Dedicated

36 Dept Ins Operating Acct	\$1,318	\$1,318	\$2,636	\$1,318	\$1,318	\$2,636
<b>Gr Dedicated Total</b>	<b>\$1,318</b>	<b>\$1,318</b>	<b>\$2,636</b>	<b>\$1,318</b>	<b>\$1,318</b>	<b>\$2,636</b>

Strategy: 4-2-2 Provide Customer Assistance & Records Admin for System Participants

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Agency code: **454** Agency name: **Department of Insurance**

<u>Item Priority and Name/ Method of Financing</u>	REVENUE LOSS			REDUCTION AMOUNT			TARGET
	2012	2013	Biennial Total	2012	2013	Biennial Total	
<u>Gr Dedicated</u>							
36 Dept Ins Operating Acct	\$23,172	\$23,172	\$46,344	\$23,172	\$23,172	\$46,344	
<b>Gr Dedicated Total</b>	<b>\$23,172</b>	<b>\$23,172</b>	<b>\$46,344</b>	<b>\$23,172</b>	<b>\$23,172</b>	<b>\$46,344</b>	
Strategy: 5-1-1 Central Administration							
<u>Gr Dedicated</u>							
36 Dept Ins Operating Acct	\$25,527	\$25,527	\$51,054	\$25,527	\$25,527	\$51,054	
<b>Gr Dedicated Total</b>	<b>\$25,527</b>	<b>\$25,527</b>	<b>\$51,054</b>	<b>\$25,527</b>	<b>\$25,527</b>	<b>\$51,054</b>	
Strategy: 5-1-2 Information Resources							
<u>Gr Dedicated</u>							
36 Dept Ins Operating Acct	\$58,622	\$58,622	\$117,244	\$58,622	\$58,622	\$117,244	
<b>Gr Dedicated Total</b>	<b>\$58,622</b>	<b>\$58,622</b>	<b>\$117,244</b>	<b>\$58,622</b>	<b>\$58,622</b>	<b>\$117,244</b>	
Strategy: 5-1-3 Other Support Services							
<u>Gr Dedicated</u>							
36 Dept Ins Operating Acct	\$16,905	\$16,905	\$33,810	\$16,905	\$16,905	\$33,810	
<b>Gr Dedicated Total</b>	<b>\$16,905</b>	<b>\$16,905</b>	<b>\$33,810</b>	<b>\$16,905</b>	<b>\$16,905</b>	<b>\$33,810</b>	
<b>Item Total</b>	<b>\$541,764</b>	<b>\$541,764</b>	<b>\$1,083,528</b>	<b>\$541,764</b>	<b>\$541,764</b>	<b>\$1,083,528</b>	
<b>FTE Reductions (From FY 2012 and FY 2013 Base Request)</b>				<b>9.4</b>	<b>9.4</b>		

**21 Enforcement Activities (10 Percent)**

**Category:** Programs - Service Reductions (FTEs-Layoffs)

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Agency code: **454** Agency name: **Department of Insurance**

<u>Item Priority and Name/ Method of Financing</u>	<b>REVENUE LOSS</b>			<b>REDUCTION AMOUNT</b>			<b>TARGET</b>
	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	

**Item Comment:** This reduction would eliminate 5.9 FTEs and decrease the agency budget by \$532,168. A 10 percent reduction would severely limit Enforcement’s ability to timely resolve cases, adversely impact state revenue, and further reduce administrative, executive, and legal support.

This reduction would reduce the number of insurance enforcement cases concluded by 30 additional cases annually, and by extension, reduce the amount of penalties assessed by an additional \$170,850 and non-rate case restitution by additional \$49,446. When combined with the first 5 percent reduction, which includes the elimination of actuarial contract services, this reduction could severely diminish state revenue for the 2012-13 biennium.

This reduction would decrease the number of workers’ compensation enforcement cases concluded by 20 cases annually, and reduce the amount penalties assessed by \$57,600.

At this reduction level, Enforcement would eliminate critical management and attorney positions which would severely impact the investigation and litigation of administrative enforcement actions, legal research and special projects, as well as oversight of workers’ compensation system participants.

It would further impact resolution of indemnity, medical fee and medical necessity disputes. It would impact legal support to attorneys/investigators, and administrative assistance to the Compliance Intake Section of Enforcement. A 10 percent reduction would severely compromise TDI’s enforcement ability, allowing illegal practices to continue without prosecution or penalty, significantly reduce state revenue, and harm consumers.

Strategy: 1-1-1 Educate Consumers and Industry by Providing Outreach and Information

General Revenue Funds

8042 Insurance Maint Tax Fees	\$9,363	\$9,363	\$18,726	\$9,363	\$9,363	\$18,726
<b>General Revenue Funds Total</b>	<b>\$9,363</b>	<b>\$9,363</b>	<b>\$18,726</b>	<b>\$9,363</b>	<b>\$9,363</b>	<b>\$18,726</b>

Strategy: 1-2-1 Respond Promptly and Act on Complaints

General Revenue Funds

8042 Insurance Maint Tax Fees	\$280	\$280	\$560	\$280	\$280	\$560
<b>General Revenue Funds Total</b>	<b>\$280</b>	<b>\$280</b>	<b>\$560</b>	<b>\$280</b>	<b>\$280</b>	<b>\$560</b>

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

General Revenue Funds

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Item Priority and Name/ Method of Financing	REVENUE LOSS			REDUCTION AMOUNT			TARGET
	2012	2013	Biennial Total	2012	2013	Biennial Total	
8042 Insurance Maint Tax Fees	\$136,889	\$136,889	\$273,778	\$136,889	\$136,889	\$273,778	
<b>General Revenue Funds Total</b>	<b>\$136,889</b>	<b>\$136,889</b>	<b>\$273,778</b>	<b>\$136,889</b>	<b>\$136,889</b>	<b>\$273,778</b>	
Strategy: 1-3-1 Process Rates, Forms & Licenses Promptly							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$5,659	\$5,659	\$11,318	\$5,659	\$5,659	\$11,318	
<b>General Revenue Funds Total</b>	<b>\$5,659</b>	<b>\$5,659</b>	<b>\$11,318</b>	<b>\$5,659</b>	<b>\$5,659</b>	<b>\$11,318</b>	
Strategy: 2-1-1 Analyze the Financial Condition of Insurers and Take Solvency Action							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$2,995	\$2,995	\$5,990	\$2,995	\$2,995	\$5,990	
<b>General Revenue Funds Total</b>	<b>\$2,995</b>	<b>\$2,995</b>	<b>\$5,990</b>	<b>\$2,995</b>	<b>\$2,995</b>	<b>\$5,990</b>	
Strategy: 2-2-1 Inspect Loss Control Programs and Assure Code and Schedule Compliance							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$364	\$364	\$728	\$364	\$364	\$728	
<b>General Revenue Funds Total</b>	<b>\$364</b>	<b>\$364</b>	<b>\$728</b>	<b>\$364</b>	<b>\$364</b>	<b>\$728</b>	
Strategy: 3-1-1 Provide Fire Protection through Education, Enforcement and Engineering							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$391	\$391	\$782	\$391	\$391	\$782	
<b>General Revenue Funds Total</b>	<b>\$391</b>	<b>\$391</b>	<b>\$782</b>	<b>\$391</b>	<b>\$391</b>	<b>\$782</b>	
Strategy: 4-1-1 Oversee Activities of System Participants and Take Enforcement Action							
<u>Gr Dedicated</u>							
36 Dept Ins Operating Acct	\$23,545	\$23,545	\$47,090	\$23,545	\$23,545	\$47,090	

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Agency code: **454** Agency name: **Department of Insurance**

<u>Item Priority and Name/ Method of Financing</u>	<b>REVENUE LOSS</b>			<b>REDUCTION AMOUNT</b>			<b>TARGET</b>
	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	
<b>Gr Dedicated Total</b>	<b>\$23,545</b>	<b>\$23,545</b>	<b>\$47,090</b>	<b>\$23,545</b>	<b>\$23,545</b>	<b>\$47,090</b>	
Strategy: 4-1-2 Resolve Indemnity, Medical Fee and Medical Necessity Disputes							
<u>Gr Dedicated</u>							
36 Dept Ins Operating Acct	\$16,934	\$16,934	\$33,868	\$16,934	\$16,934	\$33,868	
<b>Gr Dedicated Total</b>	<b>\$16,934</b>	<b>\$16,934</b>	<b>\$33,868</b>	<b>\$16,934</b>	<b>\$16,934</b>	<b>\$33,868</b>	
Strategy: 4-2-2 Provide Customer Assistance & Records Admin for System Participants							
<u>Gr Dedicated</u>							
36 Dept Ins Operating Acct	\$2,741	\$2,741	\$5,482	\$2,741	\$2,741	\$5,482	
<b>Gr Dedicated Total</b>	<b>\$2,741</b>	<b>\$2,741</b>	<b>\$5,482</b>	<b>\$2,741</b>	<b>\$2,741</b>	<b>\$5,482</b>	
Strategy: 5-1-1 Central Administration							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$17,392	\$17,392	\$34,784	\$17,392	\$17,392	\$34,784	
<b>General Revenue Funds Total</b>	<b>\$17,392</b>	<b>\$17,392</b>	<b>\$34,784</b>	<b>\$17,392</b>	<b>\$17,392</b>	<b>\$34,784</b>	
<u>Gr Dedicated</u>							
36 Dept Ins Operating Acct	\$11,934	\$11,934	\$23,868	\$11,934	\$11,934	\$23,868	
<b>Gr Dedicated Total</b>	<b>\$11,934</b>	<b>\$11,934</b>	<b>\$23,868</b>	<b>\$11,934</b>	<b>\$11,934</b>	<b>\$23,868</b>	
Strategy: 5-1-2 Information Resources							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$22,085	\$22,085	\$44,170	\$22,085	\$22,085	\$44,170	
<b>General Revenue Funds Total</b>	<b>\$22,085</b>	<b>\$22,085</b>	<b>\$44,170</b>	<b>\$22,085</b>	<b>\$22,085</b>	<b>\$44,170</b>	
<u>Gr Dedicated</u>							
36 Dept Ins Operating Acct	\$6,934	\$6,934	\$13,868	\$6,934	\$6,934	\$13,868	

**6.I 10 PERCENT BIENNIAL BASE REDUCTION OPTIONS**  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

Date: 8/27/2010  
 Time: 12:58:57PM

Agency code: **454** Agency name: **Department of Insurance**

<u>Item Priority and Name/ Method of Financing</u>	REVENUE LOSS			REDUCTION AMOUNT			TARGET
	2012	2013	Biennial Total	2012	2013	Biennial Total	
<b>Gr Dedicated Total</b>	<b>\$6,934</b>	<b>\$6,934</b>	<b>\$13,868</b>	<b>\$6,934</b>	<b>\$6,934</b>	<b>\$13,868</b>	
Strategy: 5-1-3 Other Support Services							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$6,579	\$6,579	\$13,158	\$6,579	\$6,579	\$13,158	
<b>General Revenue Funds Total</b>	<b>\$6,579</b>	<b>\$6,579</b>	<b>\$13,158</b>	<b>\$6,579</b>	<b>\$6,579</b>	<b>\$13,158</b>	
<u>Gr Dedicated</u>							
36 Dept Ins Operating Acct	\$1,999	\$1,999	\$3,998	\$1,999	\$1,999	\$3,998	
<b>Gr Dedicated Total</b>	<b>\$1,999</b>	<b>\$1,999</b>	<b>\$3,998</b>	<b>\$1,999</b>	<b>\$1,999</b>	<b>\$3,998</b>	
<b>Item Total</b>	<b>\$266,084</b>	<b>\$266,084</b>	<b>\$532,168</b>	<b>\$266,084</b>	<b>\$266,084</b>	<b>\$532,168</b>	
<b>FTE Reductions (From FY 2012 and FY 2013 Base Request)</b>				<b>5.9</b>	<b>5.9</b>		

**22 Solvency Monitoring Activities (10 Percent)**

**Category:** Programs - Service Reductions (FTEs-Layoffs)

**6.I 10 PERCENT BIENNIAL BASE REDUCTION OPTIONS**  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

Date: 8/27/2010  
 Time: 12:58:57PM

Agency code: **454** Agency name: **Department of Insurance**

Item Priority and Name/ Method of Financing	REVENUE LOSS			REDUCTION AMOUNT			TARGET
	2012	2013	Biennial Total	2012	2013	Biennial Total	

**Item Comment:** This reduction would eliminate 14.6 additional FTEs, decrease the agency’s budget by an additional \$1,581,351, further impact functions related to solvency monitoring, and reduce administrative, executive, and legal support. It would result in 200 fewer financial analysis reviews, 20 fewer financial examinations, and 20 fewer actuarial examinations in addition to those identified in the first 5 percent reduction. These functions are essential in determining insurers’ solvency and ability to pay claims. The reduction would further decrease TDI’s ability to effectively rehabilitate financially troubled insurers; and could create even more delays in processing insurance company license application, merger, and acquisition filings. A 10 percent reduction means that TDI would complete approximately 400 fewer financial analysis reviews, 24 fewer financial examinations, and 60 fewer actuarial examinations each biennium.

It could further impede TDI’s ability to timely detect troubled insurers which would increase the risk of larger and/or more insurer insolvencies thus exposing consumers to financial hardship and market disruptions.

The reduction would negatively impact state revenue both directly and indirectly. Revenue collected by TDI for maintenance taxes, examination fees, and overhead assessments would further diminish in direct correlation to the increased amount of budget reductions. State revenue would also decrease due to premium tax credits for assessments paid to guaranty associations for insolvent insurers’ unpaid claims.

Because of the cumulative effect of these direct and indirect impacts, the potential risk to the State’s general revenue may be significantly larger than this 10 percent reduction. The negative impact to General Revenue from one \$50M insolvency may be many times larger than the 10 percent reduction.

Strategy: 1-1-1 Educate Consumers and Industry by Providing Outreach and Information

General Revenue Funds

8042 Insurance Maint Tax Fees	\$36,632	\$36,633	\$73,265	\$36,632	\$36,633	\$73,265
<b>General Revenue Funds Total</b>	<b>\$36,632</b>	<b>\$36,633</b>	<b>\$73,265</b>	<b>\$36,632</b>	<b>\$36,633</b>	<b>\$73,265</b>

Strategy: 1-2-1 Respond Promptly and Act on Complaints

General Revenue Funds

8042 Insurance Maint Tax Fees	\$1,103	\$1,103	\$2,206	\$1,103	\$1,103	\$2,206
<b>General Revenue Funds Total</b>	<b>\$1,103</b>	<b>\$1,103</b>	<b>\$2,206</b>	<b>\$1,103</b>	<b>\$1,103</b>	<b>\$2,206</b>

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

General Revenue Funds

**6.I 10 PERCENT BIENNIAL BASE REDUCTION OPTIONS**  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

Date: 8/27/2010  
 Time: 12:58:57PM

Agency code: **454** Agency name: **Department of Insurance**

Item Priority and Name/ Method of Financing	REVENUE LOSS			REDUCTION AMOUNT			TARGET
	2012	2013	Biennial Total	2012	2013	Biennial Total	
8042 Insurance Maint Tax Fees	\$1,068	\$1,068	\$2,136	\$1,068	\$1,068	\$2,136	
<b>General Revenue Funds Total</b>	<b>\$1,068</b>	<b>\$1,068</b>	<b>\$2,136</b>	<b>\$1,068</b>	<b>\$1,068</b>	<b>\$2,136</b>	
Strategy: 1-2-3 Investigate Insurer Fraud and Refer Violations for Prosecution							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$567	\$567	\$1,134	\$567	\$567	\$1,134	
<b>General Revenue Funds Total</b>	<b>\$567</b>	<b>\$567</b>	<b>\$1,134</b>	<b>\$567</b>	<b>\$567</b>	<b>\$1,134</b>	
Strategy: 1-3-1 Process Rates, Forms & Licenses Promptly							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$49,939	\$49,939	\$99,878	\$49,939	\$49,939	\$99,878	
<b>General Revenue Funds Total</b>	<b>\$49,939</b>	<b>\$49,939</b>	<b>\$99,878</b>	<b>\$49,939</b>	<b>\$49,939</b>	<b>\$99,878</b>	
Strategy: 2-1-1 Analyze the Financial Condition of Insurers and Take Solvency Action							
<u>Gr Dedicated</u>							
36 Dept Ins Operating Acct	\$518,708	\$518,708	\$1,037,416	\$518,708	\$518,708	\$1,037,416	
<b>Gr Dedicated Total</b>	<b>\$518,708</b>	<b>\$518,708</b>	<b>\$1,037,416</b>	<b>\$518,708</b>	<b>\$518,708</b>	<b>\$1,037,416</b>	
Strategy: 2-2-1 Inspect Loss Control Programs and Assure Code and Schedule Compliance							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$1,426	\$1,426	\$2,852	\$1,426	\$1,426	\$2,852	
<b>General Revenue Funds Total</b>	<b>\$1,426</b>	<b>\$1,426</b>	<b>\$2,852</b>	<b>\$1,426</b>	<b>\$1,426</b>	<b>\$2,852</b>	
Strategy: 2-2-2 Investigate Provider/Consumer Fraud & Refer Violations for Prosecution							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$527	\$527	\$1,054	\$527	\$527	\$1,054	

**6.I 10 PERCENT BIENNIAL BASE REDUCTION OPTIONS**  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

Date: 8/27/2010  
 Time: 12:58:57PM

Agency code: **454** Agency name: **Department of Insurance**

<u>Item Priority and Name/ Method of Financing</u>	<b>REVENUE LOSS</b>			<b>REDUCTION AMOUNT</b>			<b>TARGET</b>
	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	
<b>General Revenue Funds Total</b>	<b>\$527</b>	<b>\$527</b>	<b>\$1,054</b>	<b>\$527</b>	<b>\$527</b>	<b>\$1,054</b>	
Strategy: 3-1-1 Provide Fire Protection through Education, Enforcement and Engineering							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$1,525	\$1,525	\$3,050	\$1,525	\$1,525	\$3,050	
<b>General Revenue Funds Total</b>	<b>\$1,525</b>	<b>\$1,525</b>	<b>\$3,050</b>	<b>\$1,525</b>	<b>\$1,525</b>	<b>\$3,050</b>	
Strategy: 5-1-1 Central Administration							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$66,978	\$66,978	\$133,956	\$66,978	\$66,978	\$133,956	
<b>General Revenue Funds Total</b>	<b>\$66,978</b>	<b>\$66,978</b>	<b>\$133,956</b>	<b>\$66,978</b>	<b>\$66,978</b>	<b>\$133,956</b>	
Strategy: 5-1-2 Information Resources							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$86,447	\$86,447	\$172,894	\$86,447	\$86,447	\$172,894	
<b>General Revenue Funds Total</b>	<b>\$86,447</b>	<b>\$86,447</b>	<b>\$172,894</b>	<b>\$86,447</b>	<b>\$86,447</b>	<b>\$172,894</b>	
Strategy: 5-1-3 Other Support Services							
<u>General Revenue Funds</u>							
8042 Insurance Maint Tax Fees	\$25,755	\$25,755	\$51,510	\$25,755	\$25,755	\$51,510	
<b>General Revenue Funds Total</b>	<b>\$25,755</b>	<b>\$25,755</b>	<b>\$51,510</b>	<b>\$25,755</b>	<b>\$25,755</b>	<b>\$51,510</b>	
<b>Item Total</b>	<b>\$790,675</b>	<b>\$790,676</b>	<b>\$1,581,351</b>	<b>\$790,675</b>	<b>\$790,676</b>	<b>\$1,581,351</b>	
<b>FTE Reductions (From FY 2012 and FY 2013 Base Request)</b>				<b>14.6</b>	<b>14.6</b>		
<b>AGENCY TOTALS</b>							
<b>General Revenue Total</b>	<b>\$4,391,663</b>	<b>\$4,391,664</b>	<b>\$8,783,327</b>	<b>\$4,391,663</b>	<b>\$4,391,664</b>	<b>\$8,783,327</b>	<b>\$6,900,324</b>

**6.I 10 PERCENT BIENNIAL BASE REDUCTION OPTIONS**  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

Date: 8/27/2010  
 Time: 12:58:57PM

Agency code: **454** Agency name: **Department of Insurance**

<u>Item Priority and Name/ Method of Financing</u>	<b>REVENUE LOSS</b>			<b>REDUCTION AMOUNT</b>			<b>TARGET</b>
	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	<b>2012</b>	<b>2013</b>	<b>Biennial Total</b>	
<b>GR Dedicated Total</b>	<b>\$5,117,958</b>	<b>\$5,117,958</b>	<b>\$10,235,916</b>	<b>\$5,117,958</b>	<b>\$5,117,958</b>	<b>\$10,235,916</b>	<b>\$12,118,919</b>
<b>Agency Grand Total</b>	<b>\$9,509,621</b>	<b>\$9,509,622</b>	<b>\$19,019,243</b>	<b>\$9,509,621</b>	<b>\$9,509,622</b>	<b>\$19,019,243</b>	
<b>Difference, Options Total Less Target</b>							
<b>Agency FTE Reductions (From FY 2012 and FY 2013 Base Request)</b>				<b>184.9</b>	<b>184.9</b>		

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**6.J PART A BUDGETARY IMPACTS RELATED TO FEDERAL HEALTH CARE REFORM SCHEDULE**

82nd Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/27/2010**  
TIME: **1:04:05PM**

Agency code: **454**      Agency name: **Department of Insurance**

CODE	DESCRIPTION	Est 2010	Bud 2011	BL 2012	BL 2013	Excp 2012	Excp 2013
<b>Item Number: 1    Item Name: Communications</b>							
<b>Includes Funding for the following Strategy or Strategies:</b>							
0001-0001-0001 Educate Consumers and Industry by Providing Outreach and Information							
<b>OBJECTS OF EXPENSE</b>							
2009	OTHER OPERATING EXPENSE	\$0	\$0	\$0	\$0	\$800,000	\$800,000
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$800,000</b>	<b>\$800,000</b>

**METHOD OF FINANCING**

8042	Insurance Maint Tax Fees	\$0	\$0	\$0	\$0	\$800,000	\$800,000
<b>SUBTOTAL, GENERAL REVENUE FUNDS</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$800,000</b>	<b>\$800,000</b>

**LEGAL AUTHORITY/STATUTORY REFERENCE FOR ITEM:**

HR 3590 Patient Protection and Affordable Care Act

**DESCRIPTION/KEY ASSUMPTIONS:**

To implement federal health care reform (FHR), TDI's Communications Team is charged with: developing a strategic communications plan, including government liaison, public education, planned and responsive media, and public awareness programs; coordinating multi-audience messaging, formats, sequencing, etc.; coordinating outreach efforts to seek input on implementation; developing a web presence with HHSC; and considering the appropriate role of social networking/media.

To inform Texans about FHR, TDI anticipates initiating an outreach and media campaign that will use extensive advertising in the major media markets. This approach is similar to the one used for the TexasSure campaign, which involved hiring publicity and media firms to develop advertising, make media buys, and engage a public relations campaign. The targeted markets were Austin, Dallas, El Paso, Houston and San Antonio. The campaign used bill board and radio ads in two flights. For the TexasSure media campaign, the advertising contractor cost almost \$800,000.

**CONCERNS:**

TDI is concerned with FY2011 funding needs, as some provisions of federal health care reform are effective as early as September 23, 2010.



**6.J PART A BUDGETARY IMPACTS RELATED TO FEDERAL HEALTH CARE REFORM SCHEDULE**

82nd Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/27/2010**  
TIME: **1:04:10PM**

Agency code: **454** Agency name: **Department of Insurance**

<b>CODE</b>	<b>DESCRIPTION</b>	<b>Est 2010</b>	<b>Bud 2011</b>	<b>BL 2012</b>	<b>BL 2013</b>	<b>Excp 2012</b>	<b>Excp 2013</b>
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To implement federal health care reform (FHR), TDI's Statutory/Rule Team is charged with: proposing rule analysis and evaluating the effects of FHR on current rules in the pipeline to determine the need to modify or place these rules on hold; revising existing rules and identifying the need for new rules with emphasis on rules that will be needed before the next legislative session; developing proposed statutory changes for the 82nd Legislature; and considering FHR impact on ERISA plans.

To implement FHR, the minimum number of chapters of the Texas Insurance Code that must be changed due to specific requirements of the PPACA is 136. One hundred twelve of these chapter revisions need to be completed by 2011, which will require drafting of new legislation for presentation to the 82nd Legislature. In order to provide the draft legislation in time for the session, TDI needs to complete the proposal in the fall of 2010. An additional 14 chapter revisions need to be effective by 2013 or 2014, which will require drafting of new legislation for presentation to the 83rd Legislature. In order to provide the draft legislation in time for the 83rd session, TDI needs to complete the proposal in the fall of 2012. TDI also anticipates that staff will prepare a minimum of 49 draft rules to implement FHR.

For 2011-2013, TDI estimates it will need 12 FTEs to prepare draft legislation, revise Texas Insurance Code statutes in accordance with legislation, revise existing Texas Administrative Code rules, draft new Texas Administrative Code Rules, conduct hearings and gather stakeholder input, analyze HHS regulations, and adopt orders. For 2014-2016, as statutes and rules are adopted for the earliest required provisions of FHR, the number of staff needed to implement remaining FHR provisions will decrease to 9.25 FTEs.

**CONCERNS:**

TDI is concerned with FY2011 funding needs, as some provisions of federal health care reform are effective as early as September 23, 2010.



Agency code: **454**      Agency name: **Department of Insurance**

<b>CODE</b>	<b>DESCRIPTION</b>	<b>Est 2010</b>	<b>Bud 2011</b>	<b>BL 2012</b>	<b>BL 2013</b>	<b>Excp 2012</b>	<b>Excp 2013</b>
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To implement federal health care reform (FHR), TDI's Rates Team is charged with: determining the impact rate review requirements on the agency and Texas market; evaluating the need to hire additional staff; examining the need to contract with an actuarial firm to assist in impact analysis as well as rate review; working with NAIC and HHS to provide recommendations regarding loss ratio requirements and developing a process to comply with guidance/rules issued by HHS; and identifying/monitoring solvency issues.

Beginning January 1, 2011, FHR will require annual review of insurers' medical loss ratio information, which will be used to issue an annual rebate to enrollees on a pro rata basis if the ratio of premium revenue expended to the total premium revenue is less than established market percentages. Additionally, the law establishes an annual process for the review of unreasonable increases in health care coverage premiums. TDI estimates that implementation of these two FHR provisions will generate approximately 4,500 rate and 173 rebate calculation filings annually, for which the agency will need 28 FTEs to perform reviews and other related activities. It should be noted that TDI performs only limited reviews of health insurance rates and the scope of review required by FHR significantly expands TDI's health insurance rate review activities. Of the 28 FTEs that TDI has determined it will need to implement FHR rate provisions, 9 are actuaries, and historically, TDI actuaries review approximately 300 rate filings per year. The remaining 19 FTEs will perform preliminary rate filing reviews, investigate complaints on rebate calculations, provide legal support services, and pursue enforcement activities for unreasonable rates and other rate violations.

**CONCERNS:**

The number of rate filings could be higher or lower in any given year depending upon filing volume and company support for rate increases. HHS regulations have not been issued yet and have the potential to greatly affect the scope of agency responsibilities.

TDI is also concerned with FY2011 funding needs, as some provisions of federal health care reform are effective as early as September 23, 2010.



**6.J PART A BUDGETARY IMPACTS RELATED TO FEDERAL HEALTH CARE REFORM SCHEDULE**82nd Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)DATE: **8/27/2010**  
TIME: **1:04:10PM**Agency code: **454** Agency name: **Department of Insurance**

<b>CODE</b>	<b>DESCRIPTION</b>	<b>Est 2010</b>	<b>Bud 2011</b>	<b>BL 2012</b>	<b>BL 2013</b>	<b>Excp 2012</b>	<b>Excp 2013</b>
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To implement federal health care reform (FHR), TDI's Market Reform Team is charged with: focusing on initial market reforms effective in the first six months of enactment; working with external stakeholders to determine the most efficient means of implementation; determining agency needs to achieve implementation; and focusing on market reforms effective at later dates.

Certain FHR provisions, such as elimination of lifetime policy limits, co-pays/deductibles for preventive health care services and creation of standardized summary of benefits/coverage documents, are effective by September 23, 2010 and March 23, 2011, respectively. NAIC developed a template for the September 2010 policy changes, which TDI is strongly encouraging carriers to use as a means of expediting agency review of the riders, amendments, policies, certificates, and evidence of coverage to soon be filed. HHS in conjunction with NAIC will develop the format for the standardized documents. To implement these provisions, TDI will need 17 FTEs to review the additional form filings and insurer/HMO standardized documents. TDI estimates an additional 10,770 form filings in response to the first wave of federal health care reforms effective September 23, 2010. For the March 23, 2011 FHR provisions, TDI anticipates an additional 8,722 form filings. Typically, an insurance specialist, depending on the type of filing, reviews approximately 400-600 form filings annually. TDI speculates that insurers and HMOs will use the forms TDI approves by 2012 in 2013 and thereafter.

**CONCERNS:**

TDI is concerned with FY2011 funding needs, as some provisions of federal health care reform are effective as early as September 23, 2010.

**6.J PART A BUDGETARY IMPACTS RELATED TO FEDERAL HEALTH CARE REFORM SCHEDULE**

82nd Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/27/2010**  
TIME: **1:04:10PM**

Agency code: **454**      Agency name: **Department of Insurance**

CODE	DESCRIPTION	Est 2010	Bud 2011	BL 2012	BL 2013	Excp 2012	Excp 2013
<b>Item Number: 6    Item Name: Exchange Program</b>							
<b>Includes Funding for the following Strategy or Strategies:</b>							
0001-0003-0001 Process Rates, Forms & Licenses Promptly							
<b>OBJECTS OF EXPENSE</b>							
1001	SALARIES AND WAGES	\$0	\$0	\$0	\$0	\$0	\$0
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**METHOD OF FINANCING**

8042	Insurance Maint Tax Fees	\$0	\$0	\$0	\$0	\$0	\$0
<b>SUBTOTAL, GENERAL REVENUE FUNDS</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**LEGAL AUTHORITY/STATUTORY REFERENCE FOR ITEM:**

Authority: HR 3590 Subtitle D – Available Coverage Choices for All Americans

**DESCRIPTION/KEY ASSUMPTIONS:**

**6.J PART A BUDGETARY IMPACTS RELATED TO FEDERAL HEALTH CARE REFORM SCHEDULE**

82nd Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/27/2010**  
TIME: **1:04:10PM**

Agency code: **454** Agency name: **Department of Insurance**

<b>CODE</b>	<b>DESCRIPTION</b>	<b>Est 2010</b>	<b>Bud 2011</b>	<b>BL 2012</b>	<b>BL 2013</b>	<b>Excp 2012</b>	<b>Excp 2013</b>
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To implement federal health care reform (FHR), TDI's Exchange Team is charged with designing the insurance component of the exchange program; ensuring a seamless eligibility process; and establishing a process for mandate and appeal verification. The health insurance exchange will offer commercial health insurance products for individuals and small employers to purchase beginning January 1, 2014. Consumers will need to be informed in order to shop for health plans through the new health insurance exchange.

The Texas Legislature will determine which agency will be responsible for oversight and administration of the exchange. The Legislature could delegate the function to an existing agency or may create a new entity to operate the exchange. Regardless of which entity is responsible for oversight, TDI and the Health and Human Services Commission (HHSC) will both play critical roles and will work together to establish and develop oversight functions.

Key functions that will affect a forthcoming cost analysis include:

- health plan certification
- American Health Benefit Exchange establishment
- customer assistance/navigator program implementation, and
- individual market reinsurance requirements.

Additionally, TDI and HHSC anticipate several variables that will impact costs, including information technology system development and enrollee and insurer participation.

**IMPLEMENTING AND OPERATING THE EXCHANGE IN TEXAS WILL REQUIRE FUNDING; HOWEVER, COSTS ARE NOT KNOWN AT THIS TIME.**

**CONCERNS:**

**IMPLEMENTING AND OPERATING THE EXCHANGE IN TEXAS WILL REQUIRE FUNDING; HOWEVER, COSTS ARE NOT KNOWN AT THIS TIME.**

TDI is also concerned with FY2011 funding needs, as some provisions of federal health care reform are effective as early as September 23, 2010.

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Agency code: **454** Agency name: **Department of Insurance**

ITEM ITEM NAME	Est 2010	Bud 2011	BL 2012	BL 2013	Excp 2012	Excp 2013	Total Request 2012	Total Request 2013
1 Communications	\$0	\$0	\$0	\$0	\$800,000	\$800,000	\$800,000	\$800,000
3 Statute and Rule Development	\$0	\$0	\$0	\$0	\$1,113,726	\$1,113,726	\$1,113,726	\$1,113,726
4 Rate Filings Review	\$0	\$0	\$0	\$0	\$3,295,273	\$3,295,274	\$3,295,273	\$3,295,274
5 Form Filings Review	\$0	\$0	\$0	\$0	\$956,287	\$0	\$956,287	\$0
6 Exchange Program	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total, Cost Related to Health Care Reform</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$6,165,286</b>	<b>\$5,209,000</b>	<b>\$6,165,286</b>	<b>\$5,209,000</b>
<b>METHOD OF FINANCING</b>								
GENERAL REVENUE FUNDS	\$0	\$0	\$0	\$0	\$6,165,286	\$5,209,000	\$6,165,286	\$5,209,000
<b>TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$6,165,286</b>	<b>\$5,209,000</b>	<b>\$6,165,286</b>	<b>\$5,209,000</b>
<b>FULL-TIME-EQUIVALENT POSITIONS(FTE):</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>57.0</b>	<b>40.0</b>	<b>57.0</b>	<b>40.0</b>

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## **7. ADMINISTRATIVE AND SUPPORT COSTS**

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**7.A. INDIRECT ADMINISTRATIVE AND SUPPORT COSTS**  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2010  
 TIME : 1:03:17PM

Agency code: 454

Agency name: Department of Insurance

Strategy	Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
<b>1-1-1</b>	<b>Educate Consumers and Industry by Providing Outreach and Information</b>				
<b>OBJECTS OF EXPENSE:</b>					
1001 SALARIES AND WAGES	\$ 522,304	\$ 532,116	\$ 573,137	\$ 533,386	\$ 533,386
1002 OTHER PERSONNEL COSTS	25,458	16,157	17,055	17,056	17,056
2001 PROFESSIONAL FEES AND SERVICES	70,822	176,151	151,521	155,220	155,220
2002 FUELS AND LUBRICANTS	110	98	99	99	99
2003 CONSUMABLE SUPPLIES	3,960	4,373	4,462	3,482	3,482
2004 UTILITIES	3,519	6,710	6,489	6,440	6,440
2005 TRAVEL	1,429	1,344	2,585	1,626	1,626
2006 RENT - BUILDING	3,451	4,949	5,008	4,314	4,314
2007 RENT - MACHINE AND OTHER	7,455	3,893	3,572	3,421	3,421
2009 OTHER OPERATING EXPENSE	96,970	104,684	108,634	97,741	97,741
<b>Total, Objects of Expense</b>	<b>\$ 735,478</b>	<b>\$ 850,475</b>	<b>\$ 872,562</b>	<b>\$ 822,785</b>	<b>\$ 822,785</b>

**METHOD OF FINANCING:**

36 Dept Ins Operating Acct	247,341	300,290	309,192	291,553	291,553
8042 Insurance Maint Tax Fees	488,137	550,185	563,370	531,232	531,232
<b>Total, Method of Financing</b>	<b>\$ 735,478</b>	<b>\$ 850,475</b>	<b>\$ 872,562</b>	<b>\$ 822,785</b>	<b>\$ 822,785</b>

**FULL TIME EQUIVALENT POSITIONS**

**9.3                      9.2                      10.1                      9.2                      9.2**

**Method of Allocation**

The proportionate share of the direct strategies was calculated using the salaries for each direct strategy divided by the total direct salary. This prorata share was applied to the indirect administration and support costs to calculate the indirect costs for each direct strategy.

**7.A. INDIRECT ADMINISTRATIVE AND SUPPORT COSTS**  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2010  
 TIME : 1:03:21PM

Agency code: 454

Agency name: Department of Insurance

Strategy	Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
<b>1-2-1 Respond Promptly and Act on Complaints</b>					
<b>OBJECTS OF EXPENSE:</b>					
1001 SALARIES AND WAGES	\$ 593,620	\$ 586,813	\$ 622,118	\$ 589,024	\$ 589,024
1002 OTHER PERSONNEL COSTS	28,934	17,818	18,513	18,835	18,835
2001 PROFESSIONAL FEES AND SERVICES	80,492	194,258	164,470	171,411	171,411
2002 FUELS AND LUBRICANTS	125	108	108	110	110
2003 CONSUMABLE SUPPLIES	4,501	4,823	4,843	3,845	3,845
2004 UTILITIES	3,999	7,400	7,044	7,111	7,111
2005 TRAVEL	1,624	1,482	2,806	1,796	1,796
2006 RENT - BUILDING	3,922	5,457	5,435	4,763	4,763
2007 RENT - MACHINE AND OTHER	8,473	4,293	3,877	3,778	3,778
2009 OTHER OPERATING EXPENSE	110,211	115,445	117,918	107,936	107,936
<b>Total, Objects of Expense</b>	<b>\$ 835,901</b>	<b>\$ 937,897</b>	<b>\$ 947,132</b>	<b>\$ 908,609</b>	<b>\$ 908,609</b>

**METHOD OF FINANCING:**

36 Dept Ins Operating Acct	281,114	332,343	335,615	321,965	321,965
8042 Insurance Maint Tax Fees	554,787	605,554	611,517	586,644	586,644
<b>Total, Method of Financing</b>	<b>\$ 835,901</b>	<b>\$ 937,897</b>	<b>\$ 947,132</b>	<b>\$ 908,609</b>	<b>\$ 908,609</b>

**FULL TIME EQUIVALENT POSITIONS**

**10.3                      10.3                      10.9                      10.4                      10.4**

**Method of Allocation**

The proportionate share of the direct strategies was calculated using the salaries for each direct strategy divided by the total direct salary. This prorata share was applied to the indirect administration and support costs to calculate the indirect costs for each direct strategy.

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Agency name: Department of Insurance

Strategy	Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
<b>1-2-2</b>	<b>Investigate Trade Practices and Bring Enforcement Actions as Needed</b>				
<b>OBJECTS OF EXPENSE:</b>					
1001 SALARIES AND WAGES	\$ 588,989	\$ 602,292	\$ 624,461	\$ 581,581	\$ 581,581
1002 OTHER PERSONNEL COSTS	28,709	18,288	18,583	18,597	18,597
2001 PROFESSIONAL FEES AND SERVICES	79,864	199,382	165,089	169,245	169,245
2002 FUELS AND LUBRICANTS	124	111	108	108	108
2003 CONSUMABLE SUPPLIES	4,466	4,950	4,862	3,796	3,796
2004 UTILITIES	3,968	7,595	7,070	7,022	7,022
2005 TRAVEL	1,612	1,522	2,817	1,773	1,773
2006 RENT - BUILDING	3,891	5,601	5,456	4,703	4,703
2007 RENT - MACHINE AND OTHER	8,407	4,406	3,892	3,730	3,730
2009 OTHER OPERATING EXPENSE	109,351	118,490	118,362	106,572	106,572
<b>Total, Objects of Expense</b>	<b>\$ 829,381</b>	<b>\$ 962,637</b>	<b>\$ 950,700</b>	<b>\$ 897,127</b>	<b>\$ 897,127</b>

**METHOD OF FINANCING:**

36 Dept Ins Operating Acct	278,921	341,110	336,880	317,896	317,896
8042 Insurance Maint Tax Fees	550,460	621,527	613,820	579,231	579,231
<b>Total, Method of Financing</b>	<b>\$ 829,381</b>	<b>\$ 962,637</b>	<b>\$ 950,700</b>	<b>\$ 897,127</b>	<b>\$ 897,127</b>

**FULL TIME EQUIVALENT POSITIONS**

**10.2                      10.6                      10.9                      10.3                      10.3**

**Method of Allocation**

The proportionate share of the direct strategies was calculated using the salaries for each direct strategy divided by the total direct salary. This prorata share was applied to the indirect administration and support costs to calculate the indirect costs for each direct strategy.

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Agency name: **Department of Insurance**

Strategy	Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
<b>1-2-3</b>	<b>Investigate Insurer Fraud and Refer Violations for Prosecution</b>				
<b>OBJECTS OF EXPENSE:</b>					
1001 SALARIES AND WAGES	\$ 266,574	\$ 270,922	\$ 302,315	\$ 271,622	\$ 271,622
1002 OTHER PERSONNEL COSTS	12,993	8,226	8,996	8,685	8,685
2001 PROFESSIONAL FEES AND SERVICES	36,146	89,686	79,923	79,044	79,044
2003 CONSUMABLE SUPPLIES	2,021	2,227	2,354	1,773	1,773
2004 UTILITIES	1,796	3,416	3,423	3,279	3,279
2005 TRAVEL	729	685	1,363	829	829
2006 RENT - BUILDING	1,761	2,520	2,641	2,197	2,197
2007 RENT - MACHINE AND OTHER	3,805	1,982	1,884	1,742	1,742
2009 OTHER OPERATING EXPENSE	49,548	53,349	57,354	49,824	49,824
<b>Total, Objects of Expense</b>	<b>\$ 375,373</b>	<b>\$ 433,013</b>	<b>\$ 460,253</b>	<b>\$ 418,995</b>	<b>\$ 418,995</b>
<b>METHOD OF FINANCING:</b>					
36 Dept Ins Operating Acct	126,238	153,438	163,090	148,471	148,471
8042 Insurance Maint Tax Fees	249,135	279,575	297,163	270,524	270,524
<b>Total, Method of Financing</b>	<b>\$ 375,373</b>	<b>\$ 433,013</b>	<b>\$ 460,253</b>	<b>\$ 418,995</b>	<b>\$ 418,995</b>
<b>FULL TIME EQUIVALENT POSITIONS</b>	<b>4.6</b>	<b>4.8</b>	<b>5.3</b>	<b>4.8</b>	<b>4.8</b>
<b>Method of Allocation</b>					

The proportionate share of the direct strategies was calculated using the salaries for each direct strategy divided by the total direct salary. This prorata share was applied to the indirect administration and support costs to calculate the indirect costs for each direct strategy.

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Agency name: Department of Insurance

Strategy	Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
<b>1-3-1 Process Rates, Forms &amp; Licenses Promptly</b>					
<b>OBJECTS OF EXPENSE:</b>					
1001 SALARIES AND WAGES	\$ 2,221,268	\$ 2,231,304	\$ 2,415,588	\$ 2,200,610	\$ 2,200,610
1002 OTHER PERSONNEL COSTS	108,270	67,751	71,883	70,367	70,367
2001 PROFESSIONAL FEES AND SERVICES	301,195	738,649	638,611	640,395	640,395
2002 FUELS AND LUBRICANTS	601	541	554	545	546
2003 CONSUMABLE SUPPLIES	16,842	18,338	18,806	14,365	14,365
2004 UTILITIES	14,965	28,137	27,350	26,568	26,568
2005 TRAVEL	6,079	5,637	10,895	6,711	6,711
2006 RENT - BUILDING	14,675	20,751	21,105	17,796	17,796
2007 RENT - MACHINE AND OTHER	31,705	16,323	15,054	14,115	14,115
2009 OTHER OPERATING EXPENSE	412,264	438,838	457,721	403,117	403,116
<b>Total, Objects of Expense</b>	<b>\$ 3,127,864</b>	<b>\$ 3,566,269</b>	<b>\$ 3,677,567</b>	<b>\$ 3,394,589</b>	<b>\$ 3,394,589</b>

**METHOD OF FINANCING:**

36 Dept Ins Operating Acct	1,051,901	1,263,705	1,303,143	1,202,870	1,202,870
8042 Insurance Maint Tax Fees	2,075,963	2,302,564	2,374,424	2,191,719	2,191,719
<b>Total, Method of Financing</b>	<b>\$ 3,127,864</b>	<b>\$ 3,566,269</b>	<b>\$ 3,677,567</b>	<b>\$ 3,394,589</b>	<b>\$ 3,394,589</b>

**FULL TIME EQUIVALENT POSITIONS**

	<b>38.6</b>	<b>39.2</b>	<b>42.3</b>	<b>38.8</b>	<b>38.8</b>
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**Method of Allocation**

The proportionate share of the direct strategies was calculated using the salaries for each direct strategy divided by the total direct salary. This prorata share was applied to the indirect administration and support costs to calculate the indirect costs for each direct strategy.

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Strategy	Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
<b>1-3-2 Promote Coverage in Underserved Markets</b>					
<b>OBJECTS OF EXPENSE:</b>					
1001 SALARIES AND WAGES	\$ 35,867	\$ 39,233	\$ 48,224	\$ 43,852	\$ 43,852
1002 OTHER PERSONNEL COSTS	1,748	1,191	1,435	1,402	1,402
2001 PROFESSIONAL FEES AND SERVICES	4,863	12,988	12,749	12,761	12,761
2003 CONSUMABLE SUPPLIES	272	322	375	286	286
2004 UTILITIES	242	495	546	529	529
2005 TRAVEL	99	99	218	134	134
2006 RENT - BUILDING	237	365	421	355	355
2007 RENT - MACHINE AND OTHER	512	287	301	281	281
2009 OTHER OPERATING EXPENSE	6,667	7,725	9,149	8,044	8,044
<b>Total, Objects of Expense</b>	<b>\$ 50,507</b>	<b>\$ 62,705</b>	<b>\$ 73,418</b>	<b>\$ 67,644</b>	<b>\$ 67,644</b>
<b>METHOD OF FINANCING:</b>					
36 Dept Ins Operating Acct	16,986	22,219	26,016	23,970	23,970
8042 Insurance Maint Tax Fees	33,521	40,486	47,402	43,674	43,674
<b>Total, Method of Financing</b>	<b>\$ 50,507</b>	<b>\$ 62,705</b>	<b>\$ 73,418</b>	<b>\$ 67,644</b>	<b>\$ 67,644</b>
<b>FULL TIME EQUIVALENT POSITIONS</b>	<b>0.6</b>	<b>0.7</b>	<b>0.8</b>	<b>0.8</b>	<b>0.8</b>
<b>Method of Allocation</b>					

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Strategy	Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
<b>1-3-4</b>	<b>Regulate Private Employers that Qualify to Self-Ins w/in the WC System</b>				
<b>OBJECTS OF EXPENSE:</b>					
1001 SALARIES AND WAGES	\$ 137,576	\$ 164,917	\$ 147,255	\$ 135,548	\$ 135,548
1002 OTHER PERSONNEL COSTS	6,475	4,351	3,973	3,951	3,951
2001 PROFESSIONAL FEES AND SERVICES	55,909	49,814	37,301	38,398	38,398
2002 FUELS AND LUBRICANTS	206	356	316	314	314
2003 CONSUMABLE SUPPLIES	879	2,689	1,514	1,451	1,451
2004 UTILITIES	13,104	15,206	12,829	12,756	12,756
2005 TRAVEL	1,235	2,464	1,991	1,946	1,946
2006 RENT - BUILDING	10,839	24,756	21,249	21,116	21,116
2007 RENT - MACHINE AND OTHER	6,865	3,464	2,906	2,666	2,666
2009 OTHER OPERATING EXPENSE	28,863	29,786	24,967	22,558	22,558
5000 CAPITAL EXPENDITURES	667	5,483	3,892	0	0
<b>Total, Objects of Expense</b>	<b>\$ 262,618</b>	<b>\$ 303,286</b>	<b>\$ 258,193</b>	<b>\$ 240,704</b>	<b>\$ 240,704</b>

**METHOD OF FINANCING:**

36 Dept Ins Operating Acct	262,618	303,286	258,193	240,704	240,704
<b>Total, Method of Financing</b>	<b>\$ 262,618</b>	<b>\$ 303,286</b>	<b>\$ 258,193</b>	<b>\$ 240,704</b>	<b>\$ 240,704</b>

**FULL TIME EQUIVALENT POSITIONS**

**2.7                      3.2                      3.0                      2.8                      2.8**

**Method of Allocation**

The proportionate share of the direct strategies was calculated using the salaries for each direct strategy divided by the total direct salary. This prorata share was applied to the indirect administration and support costs to calculate the indirect costs for each direct strategy.

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Strategy	Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
<b>1-4-1 Support the State's Long-term Care Partnership Initiatives</b>					
<b>OBJECTS OF EXPENSE:</b>					
1001 SALARIES AND WAGES	\$ 28,218	\$ 32,225	\$ 33,640	\$ 33,552	\$ 33,552
1002 OTHER PERSONNEL COSTS	1,375	978	1,001	1,073	1,073
2001 PROFESSIONAL FEES AND SERVICES	3,826	10,668	8,893	9,764	9,764
2003 CONSUMABLE SUPPLIES	214	265	262	219	219
2004 UTILITIES	190	406	381	405	405
2005 TRAVEL	77	82	152	102	102
2006 RENT - BUILDING	186	300	294	271	271
2007 RENT - MACHINE AND OTHER	403	236	210	215	215
2009 OTHER OPERATING EXPENSE	5,245	6,346	6,382	6,154	6,154
<b>Total, Objects of Expense</b>	<b>\$ 39,734</b>	<b>\$ 51,506</b>	<b>\$ 51,215</b>	<b>\$ 51,755</b>	<b>\$ 51,755</b>
<b>METHOD OF FINANCING:</b>					
36 Dept Ins Operating Acct	13,363	18,251	18,148	18,339	18,339
8042 Insurance Maint Tax Fees	26,371	33,255	33,067	33,416	33,416
<b>Total, Method of Financing</b>	<b>\$ 39,734</b>	<b>\$ 51,506</b>	<b>\$ 51,215</b>	<b>\$ 51,755</b>	<b>\$ 51,755</b>
<b>FULL TIME EQUIVALENT POSITIONS</b>	<b>0.5</b>	<b>0.6</b>	<b>0.6</b>	<b>0.6</b>	<b>0.6</b>
<b>Method of Allocation</b>					

The proportionate share of the direct strategies was calculated using the salaries for each direct strategy divided by the total direct salary. This prorata share was applied to the indirect administration and support costs to calculate the indirect costs for each direct strategy.

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Agency name: Department of Insurance

Strategy	Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
<b>1-4-2 Administer Three-Share Grant Program</b>					
<b>OBJECTS OF EXPENSE:</b>					
1001 SALARIES AND WAGES	\$ 10,204	\$ 10,696	\$ 11,816	\$ 10,666	10,666
1002 OTHER PERSONNEL COSTS	497	325	352	341	341
2001 PROFESSIONAL FEES AND SERVICES	1,384	3,541	3,124	3,104	3,104
2003 CONSUMABLE SUPPLIES	77	88	92	70	70
2004 UTILITIES	69	135	134	129	129
2005 TRAVEL	28	27	53	32	32
2006 RENT - BUILDING	67	99	103	86	86
2007 RENT - MACHINE AND OTHER	146	78	74	68	68
2009 OTHER OPERATING EXPENSE	1,896	2,106	2,242	1,957	1,957
<b>Total, Objects of Expense</b>	<b>\$ 14,368</b>	<b>\$ 17,095</b>	<b>\$ 17,990</b>	<b>\$ 16,453</b>	<b>16,453</b>
<b>METHOD OF FINANCING:</b>					
36 Dept Ins Operating Acct	4,832	6,058	6,375	5,830	5,830
8042 Insurance Maint Tax Fees	9,536	11,037	11,615	10,623	10,623
<b>Total, Method of Financing</b>	<b>\$ 14,368</b>	<b>\$ 17,095</b>	<b>\$ 17,990</b>	<b>\$ 16,453</b>	<b>16,453</b>
<b>FULL TIME EQUIVALENT POSITIONS</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>
<b>Method of Allocation</b>					

The proportionate share of the direct strategies was calculated using the salaries for each direct strategy divided by the total direct salary. This prorata share was applied to the indirect administration and support costs to calculate the indirect costs for each direct strategy.

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Strategy	Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
<b>1-4-3 Promote the Healthy Texas program</b>					
<b>OBJECTS OF EXPENSE:</b>					
1001 SALARIES AND WAGES	\$ 0	\$ 48,775	\$ 68,415	\$ 68,236	\$ 68,236
1002 OTHER PERSONNEL COSTS	0	1,481	2,036	2,182	2,182
2001 PROFESSIONAL FEES AND SERVICES	0	16,146	18,087	19,857	19,857
2003 CONSUMABLE SUPPLIES	0	401	533	445	445
2004 UTILITIES	0	615	775	824	824
2005 TRAVEL	0	123	308	208	208
2006 RENT - BUILDING	0	454	598	552	552
2007 RENT - MACHINE AND OTHER	0	357	426	438	438
2009 OTHER OPERATING EXPENSE	0	9,605	12,980	12,517	12,517
<b>Total, Objects of Expense</b>	<b>\$ 0</b>	<b>\$ 77,957</b>	<b>\$ 104,158</b>	<b>\$ 105,259</b>	<b>\$ 105,259</b>
<b>METHOD OF FINANCING:</b>					
36 Dept Ins Operating Acct	0	27,624	36,908	37,298	37,298
8042 Insurance Maint Tax Fees	0	50,333	67,250	67,961	67,961
<b>Total, Method of Financing</b>	<b>\$ 0</b>	<b>\$ 77,957</b>	<b>\$ 104,158</b>	<b>\$ 105,259</b>	<b>\$ 105,259</b>
<b>FULL TIME EQUIVALENT POSITIONS</b>	<b>0.0</b>	<b>0.9</b>	<b>1.2</b>	<b>1.2</b>	<b>1.2</b>
<b>Method of Allocation</b>					

The proportionate share of the direct strategies was calculated using the salaries for each direct strategy divided by the total direct salary. This prorata share was applied to the indirect administration and support costs to calculate the indirect costs for each direct strategy.

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Agency name: Department of Insurance

Strategy	Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
<b>2-1-1 Analyze the Financial Condition of Insurers and Take Solvency Action</b>					
<b>OBJECTS OF EXPENSE:</b>					
1001 SALARIES AND WAGES	\$ 2,235,103	\$ 2,289,203	\$ 2,424,217	\$ 2,248,458	\$ 2,248,458
1002 OTHER PERSONNEL COSTS	108,946	69,509	72,138	71,897	71,897
2001 PROFESSIONAL FEES AND SERVICES	303,072	757,817	640,894	654,321	654,321
2002 FUELS AND LUBRICANTS	468	422	419	418	418
2003 CONSUMABLE SUPPLIES	16,948	18,812	18,872	14,678	14,678
2004 UTILITIES	15,057	28,866	27,446	27,146	27,146
2005 TRAVEL	6,117	5,784	10,934	6,858	6,858
2006 RENT - BUILDING	14,768	21,290	21,181	18,183	18,183
2007 RENT - MACHINE AND OTHER	31,903	16,745	15,107	14,423	14,423
2009 OTHER OPERATING EXPENSE	414,966	450,358	459,491	412,019	412,019
<b>Total, Objects of Expense</b>	<b>\$ 3,147,348</b>	<b>\$ 3,658,806</b>	<b>\$ 3,690,699</b>	<b>\$ 3,468,401</b>	<b>\$ 3,468,401</b>

**METHOD OF FINANCING:**

36 Dept Ins Operating Acct	1,058,453	1,296,495	1,307,796	1,229,025	1,229,025
8042 Insurance Maint Tax Fees	2,088,895	2,362,311	2,382,903	2,239,376	2,239,376
<b>Total, Method of Financing</b>	<b>\$ 3,147,348</b>	<b>\$ 3,658,806</b>	<b>\$ 3,690,699</b>	<b>\$ 3,468,401</b>	<b>\$ 3,468,401</b>

**FULL TIME EQUIVALENT POSITIONS**

**38.8                      38.8                      42.5                      39.7                      39.7**

**Method of Allocation**

The proportionate share of the direct strategies was calculated using the salaries for each direct strategy divided by the total direct salary. This prorata share was applied to the indirect administration and support costs to calculate the indirect costs for each direct strategy.

**7.A. INDIRECT ADMINISTRATIVE AND SUPPORT COSTS**  
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Agency name: Department of Insurance

Strategy	Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
<b>2-2-1</b>	<b>Inspect Loss Control Programs and Assure Code and Schedule Compliance</b>				
<b>OBJECTS OF EXPENSE:</b>					
1001 SALARIES AND WAGES	\$ 576,680	\$ 508,750	\$ 516,706	\$ 498,929	\$ 498,929
1002 OTHER PERSONNEL COSTS	28,109	15,448	15,376	15,954	15,954
2001 PROFESSIONAL FEES AND SERVICES	78,195	168,416	136,602	145,192	145,192
2002 FUELS AND LUBRICANTS	121	94	89	93	93
2003 CONSUMABLE SUPPLIES	4,372	4,181	4,023	3,257	3,257
2004 UTILITIES	3,885	6,415	5,850	6,024	6,024
2005 TRAVEL	1,578	1,285	2,331	1,522	1,522
2006 RENT - BUILDING	3,810	4,731	4,514	4,035	4,035
2007 RENT - MACHINE AND OTHER	8,231	3,722	3,220	3,200	3,200
2009 OTHER OPERATING EXPENSE	107,066	100,087	97,938	91,427	91,427
<b>Total, Objects of Expense</b>	<b>\$ 812,047</b>	<b>\$ 813,129</b>	<b>\$ 786,649</b>	<b>\$ 769,633</b>	<b>\$ 769,633</b>

**METHOD OF FINANCING:**

36 Dept Ins Operating Acct	273,091	288,132	278,748	272,719	272,719
8042 Insurance Maint Tax Fees	538,956	524,997	507,901	496,914	496,914
<b>Total, Method of Financing</b>	<b>\$ 812,047</b>	<b>\$ 813,129</b>	<b>\$ 786,649</b>	<b>\$ 769,633</b>	<b>\$ 769,633</b>

**FULL TIME EQUIVALENT POSITIONS**

**10.0                      8.9                      9.1                      8.8                      8.8**

**Method of Allocation**

The proportionate share of the direct strategies was calculated using the salaries for each direct strategy divided by the total direct salary. This prorata share was applied to the indirect administration and support costs to calculate the indirect costs for each direct strategy.

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Agency name: Department of Insurance

Strategy	Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
<b>2-2-2</b>	<b>Investigate Provider/Consumer Fraud &amp; Refer Violations for Prosecution</b>				
<b>OBJECTS OF EXPENSE:</b>					
1001 SALARIES AND WAGES	\$ 250,279	\$ 252,321	\$ 257,630	\$ 242,204	\$ 242,204
1002 OTHER PERSONNEL COSTS	12,199	7,661	7,667	7,745	7,745
2001 PROFESSIONAL FEES AND SERVICES	33,937	83,528	68,110	70,483	70,483
2003 CONSUMABLE SUPPLIES	1,898	2,074	2,006	1,581	1,581
2004 UTILITIES	1,686	3,182	2,917	2,924	2,924
2005 TRAVEL	685	637	1,162	738	738
2006 RENT - BUILDING	1,654	2,347	2,251	1,959	1,959
2007 RENT - MACHINE AND OTHER	3,572	1,846	1,606	1,554	1,554
2009 OTHER OPERATING EXPENSE	46,520	49,686	48,877	44,428	44,428
<b>Total, Objects of Expense</b>	<b>\$ 352,430</b>	<b>\$ 403,282</b>	<b>\$ 392,226</b>	<b>\$ 373,616</b>	<b>\$ 373,616</b>
<b>METHOD OF FINANCING:</b>					
36 Dept Ins Operating Acct	118,522	142,903	138,985	132,391	132,391
8042 Insurance Maint Tax Fees	233,908	260,379	253,241	241,225	241,225
<b>Total, Method of Financing</b>	<b>\$ 352,430</b>	<b>\$ 403,282</b>	<b>\$ 392,226</b>	<b>\$ 373,616</b>	<b>\$ 373,616</b>
<b>FULL TIME EQUIVALENT POSITIONS</b>	<b>4.3</b>	<b>4.4</b>	<b>4.5</b>	<b>4.3</b>	<b>4.3</b>
<b>Method of Allocation</b>					

The proportionate share of the direct strategies was calculated using the salaries for each direct strategy divided by the total direct salary. This prorata share was applied to the indirect administration and support costs to calculate the indirect costs for each direct strategy.

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Agency name: Department of Insurance

Strategy	Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
<b>2-2-3</b>	<b>Investigate Workers' Comp Fraud &amp; Refer Violations for Prosecution</b>				
<b>OBJECTS OF EXPENSE:</b>					
1001 SALARIES AND WAGES	\$ 56,088	\$ 68,342	\$ 62,088	\$ 59,388	\$ 59,388
1002 OTHER PERSONNEL COSTS	2,640	1,803	1,675	1,731	1,731
2001 PROFESSIONAL FEES AND SERVICES	22,793	20,643	15,727	16,824	16,824
2002 FUELS AND LUBRICANTS	84	148	133	138	138
2003 CONSUMABLE SUPPLIES	358	1,114	638	636	636
2004 UTILITIES	5,342	6,301	5,409	5,589	5,589
2005 TRAVEL	503	1,021	839	853	853
2006 RENT - BUILDING	4,419	10,259	8,959	9,252	9,252
2007 RENT - MACHINE AND OTHER	2,799	1,435	1,225	1,168	1,168
2009 OTHER OPERATING EXPENSE	11,767	12,344	10,527	9,884	9,884
5000 CAPITAL EXPENDITURES	272	2,272	1,641	0	0
<b>Total, Objects of Expense</b>	<b>\$ 107,065</b>	<b>\$ 125,682</b>	<b>\$ 108,861</b>	<b>\$ 105,463</b>	<b>\$ 105,463</b>

**METHOD OF FINANCING:**

36 Dept Ins Operating Acct	107,065	125,682	108,861	105,463	105,463
<b>Total, Method of Financing</b>	<b>\$ 107,065</b>	<b>\$ 125,682</b>	<b>\$ 108,861</b>	<b>\$ 105,463</b>	<b>\$ 105,463</b>

**FULL TIME EQUIVALENT POSITIONS**

<b>1.1</b>	<b>1.3</b>	<b>1.3</b>	<b>1.2</b>	<b>1.2</b>
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**Method of Allocation**

The proportionate share of the direct strategies was calculated using the salaries for each direct strategy divided by the total direct salary. This prorata share was applied to the indirect administration and support costs to calculate the indirect costs for each direct strategy.

**7.A. INDIRECT ADMINISTRATIVE AND SUPPORT COSTS**  
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Agency name: Department of Insurance

Strategy	Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
<b>3-1-1</b>	<b>Provide Fire Protection through Education, Enforcement and Engineering</b>				
<b>OBJECTS OF EXPENSE:</b>					
1001 SALARIES AND WAGES	\$ 705,506	\$ 740,372	\$ 771,720	\$ 746,355	\$ 746,355
1002 OTHER PERSONNEL COSTS	34,388	22,481	22,965	23,866	23,866
2001 PROFESSIONAL FEES AND SERVICES	95,664	245,092	204,020	217,195	217,195
2002 FUELS AND LUBRICANTS	148	136	134	139	139
2003 CONSUMABLE SUPPLIES	5,349	6,085	6,008	4,872	4,872
2004 UTILITIES	4,753	9,336	8,738	9,011	9,011
2005 TRAVEL	1,931	1,870	3,481	2,276	2,276
2006 RENT - BUILDING	4,661	6,886	6,743	6,036	6,036
2007 RENT - MACHINE AND OTHER	10,070	5,416	4,809	4,787	4,787
2009 OTHER OPERATING EXPENSE	130,983	145,655	146,274	136,767	136,767
<b>Total, Objects of Expense</b>	<b>\$ 993,453</b>	<b>\$ 1,183,329</b>	<b>\$ 1,174,892</b>	<b>\$ 1,151,304</b>	<b>\$ 1,151,304</b>

**METHOD OF FINANCING:**

36 Dept Ins Operating Acct	334,098	419,312	416,322	407,964	407,964
8042 Insurance Maint Tax Fees	659,355	764,017	758,570	743,340	743,340
<b>Total, Method of Financing</b>	<b>\$ 993,453</b>	<b>\$ 1,183,329</b>	<b>\$ 1,174,892</b>	<b>\$ 1,151,304</b>	<b>\$ 1,151,304</b>

**FULL TIME EQUIVALENT POSITIONS**

**12.3                      13.0                      13.5                      13.2                      13.2**

**Method of Allocation**

The proportionate share of the direct strategies was calculated using the salaries for each direct strategy divided by the total direct salary. This prorata share was applied to the indirect administration and support costs to calculate the indirect costs for each direct strategy.

**7.A. INDIRECT ADMINISTRATIVE AND SUPPORT COSTS**  
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Agency name: Department of Insurance

Strategy	Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
<b>4-1-1</b>	<b>Oversee Activities of System Participants and Take Enforcement Action</b>				
<b>OBJECTS OF EXPENSE:</b>					
1001 SALARIES AND WAGES	\$ 950,460	\$ 1,032,434	\$ 1,227,668	\$ 1,088,235	\$ 1,088,235
1002 OTHER PERSONNEL COSTS	44,736	27,240	33,125	31,718	31,718
2001 PROFESSIONAL FEES AND SERVICES	386,249	311,855	310,976	308,277	308,277
2002 FUELS AND LUBRICANTS	1,425	2,230	2,633	2,520	2,520
2003 CONSUMABLE SUPPLIES	6,075	16,834	12,625	11,646	11,645
2004 UTILITIES	90,529	95,194	106,954	102,412	102,412
2005 TRAVEL	8,530	15,420	16,602	15,620	15,620
2006 RENT - BUILDING	74,885	154,983	177,152	169,529	169,529
2007 RENT - MACHINE AND OTHER	47,425	21,687	24,227	21,404	21,404
2009 OTHER OPERATING EXPENSE	199,402	186,473	208,151	181,106	181,106
5000 CAPITAL EXPENDITURES	4,605	34,326	32,449	0	0
<b>Total, Objects of Expense</b>	<b>\$ 1,814,321</b>	<b>\$ 1,898,676</b>	<b>\$ 2,152,562</b>	<b>\$ 1,932,467</b>	<b>\$ 1,932,466</b>

**METHOD OF FINANCING:**

36 Dept Ins Operating Acct	1,814,321	1,898,676	2,152,562	1,932,467	1,932,466
<b>Total, Method of Financing</b>	<b>\$ 1,814,321</b>	<b>\$ 1,898,676</b>	<b>\$ 2,152,562</b>	<b>\$ 1,932,467</b>	<b>\$ 1,932,466</b>

**FULL TIME EQUIVALENT POSITIONS**

**18.9                      19.7                      24.9                      22.3                      22.3**

**Method of Allocation**

The proportionate share of the direct strategies was calculated using the salaries for each direct strategy divided by the total direct salary. This prorata share was applied to the indirect administration and support costs to calculate the indirect costs for each direct strategy.

**7.A. INDIRECT ADMINISTRATIVE AND SUPPORT COSTS**  
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Strategy	Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
<b>4-1-2</b>	<b>Resolve Indemnity, Medical Fee and Medical Necessity Disputes</b>				
<b>OBJECTS OF EXPENSE:</b>					
1001 SALARIES AND WAGES	\$ 3,118,115	\$ 3,379,910	\$ 3,294,756	\$ 3,080,136	\$ 3,080,136
1002 OTHER PERSONNEL COSTS	146,763	89,175	88,896	89,772	89,772
2001 PROFESSIONAL FEES AND SERVICES	1,267,148	1,020,927	834,583	872,549	872,549
2002 FUELS AND LUBRICANTS	4,675	7,299	7,066	7,136	7,136
2003 CONSUMABLE SUPPLIES	19,928	55,106	33,879	32,964	32,964
2004 UTILITIES	296,994	311,638	287,039	289,867	289,867
2005 TRAVEL	27,981	50,485	44,553	44,215	44,215
2006 RENT - BUILDING	245,670	507,372	475,433	479,832	479,832
2007 RENT - MACHINE AND OTHER	155,586	70,993	65,023	60,580	60,580
2009 OTHER OPERATING EXPENSE	654,168	610,463	558,624	512,601	512,601
5000 CAPITAL EXPENDITURES	15,109	112,370	87,084	0	0
<b>Total, Objects of Expense</b>	<b>\$ 5,952,137</b>	<b>\$ 6,215,738</b>	<b>\$ 5,776,936</b>	<b>\$ 5,469,652</b>	<b>\$ 5,469,652</b>

**METHOD OF FINANCING:**

36 Dept Ins Operating Acct	5,952,137	6,215,738	5,776,936	5,469,652	5,469,652
<b>Total, Method of Financing</b>	<b>\$ 5,952,137</b>	<b>\$ 6,215,738</b>	<b>\$ 5,776,936</b>	<b>\$ 5,469,652</b>	<b>\$ 5,469,652</b>

**FULL TIME EQUIVALENT POSITIONS**

<b>62.0</b>	<b>64.6</b>	<b>66.7</b>	<b>63.1</b>	<b>63.1</b>
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**Method of Allocation**

The proportionate share of the direct strategies was calculated using the salaries for each direct strategy divided by the total direct salary. This prorata share was applied to the indirect administration and support costs to calculate the indirect costs for each direct strategy.

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Strategy	Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
<b>4-1-3 Administer Subsequent Injury Fund</b>					
<b>OBJECTS OF EXPENSE:</b>					
1001 SALARIES AND WAGES	\$ 17,295	\$ 15,592	\$ 14,116	\$ 12,601	\$ 12,601
1002 OTHER PERSONNEL COSTS	814	411	381	367	367
2001 PROFESSIONAL FEES AND SERVICES	7,029	4,710	3,576	3,570	3,570
2003 CONSUMABLE SUPPLIES	111	254	145	135	135
2004 UTILITIES	1,647	1,438	1,230	1,186	1,186
2005 TRAVEL	155	233	191	181	181
2006 RENT - BUILDING	1,363	2,341	2,037	1,963	1,963
2007 RENT - MACHINE AND OTHER	863	327	279	248	248
2009 OTHER OPERATING EXPENSE	3,655	2,850	2,423	2,126	2,126
5000 CAPITAL EXPENDITURES	84	518	373	0	0
<b>Total, Objects of Expense</b>	<b>\$ 33,016</b>	<b>\$ 28,674</b>	<b>\$ 24,751</b>	<b>\$ 22,377</b>	<b>\$ 22,377</b>

**METHOD OF FINANCING:**

36 Dept Ins Operating Acct	33,016	28,674	24,751	22,377	22,377
<b>Total, Method of Financing</b>	<b>\$ 33,016</b>	<b>\$ 28,674</b>	<b>\$ 24,751</b>	<b>\$ 22,377</b>	<b>\$ 22,377</b>

**FULL TIME EQUIVALENT POSITIONS**

	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>
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**Method of Allocation**

The proportionate share of the direct strategies was calculated using the salaries for each direct strategy divided by the total direct salary. This prorata share was applied to the indirect administration and support costs to calculate the indirect costs for each direct strategy.

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Strategy	Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
<b>4-2-1</b>	<b>Provide Educational Services/WPS Consultations to System Participants</b>				
<b>OBJECTS OF EXPENSE:</b>					
1001 SALARIES AND WAGES	\$ 699,876	\$ 804,404	\$ 841,215	\$ 802,709	\$ 802,709
1002 OTHER PERSONNEL COSTS	32,942	21,223	22,697	23,395	23,395
2001 PROFESSIONAL FEES AND SERVICES	284,417	242,976	213,085	227,394	227,394
2002 FUELS AND LUBRICANTS	1,075	1,771	1,834	1,889	1,889
2003 CONSUMABLE SUPPLIES	4,473	13,115	8,650	8,591	8,591
2004 UTILITIES	66,662	74,169	73,287	75,542	75,542
2005 TRAVEL	6,280	12,015	11,376	11,523	11,523
2006 RENT - BUILDING	55,142	120,752	121,387	125,048	125,048
2007 RENT - MACHINE AND OTHER	34,922	16,896	16,602	15,788	15,788
2009 OTHER OPERATING EXPENSE	146,805	145,253	142,598	133,559	133,559
5000 CAPITAL EXPENDITURES	3,391	26,744	22,234	0	0
<b>Total, Objects of Expense</b>	<b>\$ 1,335,985</b>	<b>\$ 1,479,318</b>	<b>\$ 1,474,965</b>	<b>\$ 1,425,438</b>	<b>\$ 1,425,438</b>

**METHOD OF FINANCING:**

36 Dept Ins Operating Acct	1,335,985	1,479,318	1,474,965	1,425,438	1,425,438
<b>Total, Method of Financing</b>	<b>\$ 1,335,985</b>	<b>\$ 1,479,318</b>	<b>\$ 1,474,965</b>	<b>\$ 1,425,438</b>	<b>\$ 1,425,438</b>

**FULL TIME EQUIVALENT POSITIONS**

**13.9                      15.4                      17.0                      16.4                      16.4**

**Method of Allocation**

The proportionate share of the direct strategies was calculated using the salaries for each direct strategy divided by the total direct salary. This prorata share was applied to the indirect administration and support costs to calculate the indirect costs for each direct strategy.

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Agency name: Department of Insurance

Strategy	Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
<b>4-2-2</b>	<b>Provide Customer Assistance &amp; Records Admin for System Participants</b>				
<b>OBJECTS OF EXPENSE:</b>					
1001 SALARIES AND WAGES	\$ 1,119,014	\$ 1,230,070	\$ 1,155,373	\$ 1,063,161	\$ 1,063,161
1002 OTHER PERSONNEL COSTS	52,670	32,454	31,173	30,986	30,986
2001 PROFESSIONAL FEES AND SERVICES	454,748	371,552	292,663	301,175	301,175
2002 FUELS AND LUBRICANTS	1,678	2,656	2,478	2,463	2,463
2003 CONSUMABLE SUPPLIES	7,152	20,055	11,880	11,378	11,378
2004 UTILITIES	106,584	113,416	100,656	100,053	100,053
2005 TRAVEL	10,041	18,373	15,623	15,262	15,262
2006 RENT - BUILDING	88,165	184,651	166,720	165,622	165,622
2007 RENT - MACHINE AND OTHER	55,836	25,837	22,802	20,910	20,910
2009 OTHER OPERATING EXPENSE	234,764	222,169	195,893	176,933	176,933
5000 CAPITAL EXPENDITURES	5,422	40,895	30,538	0	0
<b>Total, Objects of Expense</b>	<b>\$ 2,136,074</b>	<b>\$ 2,262,128</b>	<b>\$ 2,025,799</b>	<b>\$ 1,887,943</b>	<b>\$ 1,887,943</b>

**METHOD OF FINANCING:**

36 Dept Ins Operating Acct	2,136,074	2,262,128	2,025,799	1,887,943	1,887,943
<b>Total, Method of Financing</b>	<b>\$ 2,136,074</b>	<b>\$ 2,262,128</b>	<b>\$ 2,025,799</b>	<b>\$ 1,887,943</b>	<b>\$ 1,887,943</b>

<b>FULL TIME EQUIVALENT POSITIONS</b>	<b>22.3</b>	<b>23.5</b>	<b>23.4</b>	<b>21.8</b>	<b>21.8</b>
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**Method of Allocation**

The proportionate share of the direct strategies was calculated using the salaries for each direct strategy divided by the total direct salary. This prorata share was applied to the indirect administration and support costs to calculate the indirect costs for each direct strategy.

**7.A. INDIRECT ADMINISTRATIVE AND SUPPORT COSTS**  
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	Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
<b>GRAND TOTALS</b>					
<b>Objects of Expense</b>					
1001 SALARIES AND WAGES	\$14,133,036	\$14,840,691	\$15,412,458	\$14,310,253	\$14,310,253
1002 OTHER PERSONNEL COSTS	\$678,666	\$423,971	\$439,920	\$439,920	\$439,920
2001 PROFESSIONAL FEES AND SERVICES	\$3,567,753	\$4,718,799	\$4,000,004	\$4,116,179	\$4,116,179
2002 FUELS AND LUBRICANTS	\$10,840	\$15,970	\$15,971	\$15,972	\$15,973
2003 CONSUMABLE SUPPLIES	\$99,896	\$176,106	\$136,829	\$119,470	\$119,469
2004 UTILITIES	\$634,991	\$720,070	\$685,567	\$684,817	\$684,817
2005 TRAVEL	\$76,713	\$120,588	\$130,280	\$114,205	\$114,205
2006 RENT - BUILDING	\$533,566	\$1,080,864	\$1,048,687	\$1,037,612	\$1,037,612
2007 RENT - MACHINE AND OTHER	\$418,978	\$200,223	\$187,096	\$174,516	\$174,516
2009 OTHER OPERATING EXPENSE	\$2,771,111	\$2,811,712	\$2,786,505	\$2,517,270	\$2,517,269
5000 CAPITAL EXPENDITURES	\$29,550	\$222,608	\$178,211	\$0	\$0
<b>Total, Objects of Expense</b>	<b>\$22,955,100</b>	<b>\$25,331,602</b>	<b>\$25,021,528</b>	<b>\$23,530,214</b>	<b>\$23,530,213</b>
<b>Method of Financing</b>					
36 Dept Ins Operating Acct	\$15,446,076	\$16,925,382	\$16,499,285	\$15,494,335	\$15,494,334
8042 Insurance Maint Tax Fees	\$7,509,024	\$8,406,220	\$8,522,243	\$8,035,879	\$8,035,879
<b>Total, Method of Financing</b>	<b>\$22,955,100</b>	<b>\$25,331,602</b>	<b>\$25,021,528</b>	<b>\$23,530,214</b>	<b>\$23,530,213</b>
<b>Full-Time-Equivalent Positions (FTE)</b>	<b>260.9</b>	<b>269.6</b>	<b>288.5</b>	<b>270.2</b>	<b>270.2</b>

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**7.B. DIRECT ADMINISTRATIVE AND SUPPORT COSTS**

82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2010

TIME : 1:03:41PM

Agency code: **454**

Agency name: **Department of Insurance**

Strategy	Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
<b>1-1-1</b>	<b>Educate Consumers and Industry by Providing Outreach and Information</b>				
<b>OBJECTS OF EXPENSE:</b>					
1001 SALARIES AND WAGES	\$ 249,981	\$ 249,981	\$ 249,981	\$ 249,981	\$ 249,981
1002 OTHER PERSONNEL COSTS	8,880	9,120	9,120	9,120	9,120
2001 PROFESSIONAL FEES AND SERVICES	7,167	15,319	15,625	13,900	13,900
2003 CONSUMABLE SUPPLIES	1,193	768	723	733	733
2004 UTILITIES	1,192	817	692	702	702
2005 TRAVEL	11,185	1,971	2,070	2,101	2,101
2006 RENT - BUILDING	278	568	516	523	523
2007 RENT - MACHINE AND OTHER	603	1,346	1,267	1,286	1,286
2009 OTHER OPERATING EXPENSE	23,453	23,932	30,068	21,148	21,148
5000 CAPITAL EXPENDITURES	245	709	296	1,615	1,615
<b>Total, Objects of Expense</b>	<b>\$ 304,177</b>	<b>\$ 304,531</b>	<b>\$ 310,358</b>	<b>\$ 301,109</b>	<b>\$ 301,109</b>
<b>METHOD OF FINANCING:</b>					
36 Dept Ins Operating Acct	102,295	107,910	109,975	106,698	106,698
8042 Insurance Maint Tax Fees	201,882	196,621	200,383	194,411	194,411
<b>Total, Method of Financing</b>	<b>\$ 304,177</b>	<b>\$ 304,531</b>	<b>\$ 310,358</b>	<b>\$ 301,109</b>	<b>\$ 301,109</b>
<b>FULL-TIME-EQUIVALENT POSITIONS (FTE):</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>
<b>DESCRIPTION</b>					

The direct administration and support costs were developed by identifying staff applicable to those functions and strategies. The salaries reflected are the actual costs for those staff within each direct strategy. The non-salary amounts reflect the proportionate share of costs based on the FTEs within each direct strategy.

**7.B. DIRECT ADMINISTRATIVE AND SUPPORT COSTS**

82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2010

TIME : 1:03:45PM

Agency code: **454**

Agency name: **Department of Insurance**

Strategy	Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
<b>1-2-1 Respond Promptly and Act on Complaints</b>					

**OBJECTS OF EXPENSE:**

1001 SALARIES AND WAGES	\$ 190,082	\$ 190,082	\$ 190,082	\$ 190,082	\$ 190,082
1002 OTHER PERSONNEL COSTS	5,040	5,280	5,280	5,280	5,280
2001 PROFESSIONAL FEES AND SERVICES	590	615	1,143	293	293
2003 CONSUMABLE SUPPLIES	1,007	551	524	535	535
2004 UTILITIES	635	312	242	247	247
2005 TRAVEL	7,239	698	811	828	828
2007 RENT - MACHINE AND OTHER	500	860	816	833	833
2009 OTHER OPERATING EXPENSE	5,519	5,387	4,527	3,607	3,607
5000 CAPITAL EXPENDITURES	319	550	231	1,249	1,249
<b>Total, Objects of Expense</b>	<b>\$ 210,931</b>	<b>\$ 204,335</b>	<b>\$ 203,656</b>	<b>\$ 202,954</b>	<b>\$ 202,954</b>

**METHOD OF FINANCING:**

36 Dept Ins Operating Acct	70,936	72,405	72,165	71,917	71,917
8042 Insurance Maint Tax Fees	139,995	131,930	131,491	131,037	131,037
<b>Total, Method of Financing</b>	<b>\$ 210,931</b>	<b>\$ 204,335</b>	<b>\$ 203,656</b>	<b>\$ 202,954</b>	<b>\$ 202,954</b>

**FULL-TIME-EQUIVALENT POSITIONS (FTE):**

<b>2.6</b>	<b>2.6</b>	<b>2.6</b>	<b>2.6</b>	<b>2.6</b>
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**DESCRIPTION**

The direct administration and support costs were developed by identifying staff applicable to those functions and strategies. The salaries reflected are the actual costs for those staff within each direct strategy. The non-salary amounts reflect the proportionate share of costs based on the FTEs within each direct strategy.

**7.B. DIRECT ADMINISTRATIVE AND SUPPORT COSTS**

82nd Regular Session, Agency Submission, Version 1  
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DATE: 8/27/2010

TIME : 1:03:45PM

Agency code: **454**

Agency name: **Department of Insurance**

Strategy	Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
<b>1-2-2 Investigate Trade Practices and Bring Enforcement Actions as Needed</b>					
<b>OBJECTS OF EXPENSE:</b>					
1001 SALARIES AND WAGES	\$ 280,967	\$ 280,967	\$ 280,967	\$ 280,967	\$ 280,967
1002 OTHER PERSONNEL COSTS	6,720	7,200	7,200	7,200	7,200
2001 PROFESSIONAL FEES AND SERVICES	11,762	7,609	6,462	6,859	6,859
2003 CONSUMABLE SUPPLIES	1,237	1,608	1,508	1,601	1,601
2005 TRAVEL	293	1,604	1,284	1,362	1,362
2007 RENT - MACHINE AND OTHER	942	1,301	1,218	1,293	1,293
2009 OTHER OPERATING EXPENSE	7,042	6,939	7,109	5,203	5,203
5000 CAPITAL EXPENDITURES	469	970	403	2,191	2,191
<b>Total, Objects of Expense</b>	<b>\$ 309,432</b>	<b>\$ 308,198</b>	<b>\$ 306,151</b>	<b>\$ 306,676</b>	<b>\$ 306,676</b>
<b>METHOD OF FINANCING:</b>					
36 Dept Ins Operating Acct	104,062	109,210	108,484	108,670	108,670
8042 Insurance Maint Tax Fees	205,370	198,988	197,667	198,006	198,006
<b>Total, Method of Financing</b>	<b>\$ 309,432</b>	<b>\$ 308,198</b>	<b>\$ 306,151</b>	<b>\$ 306,676</b>	<b>\$ 306,676</b>
<b>FULL-TIME-EQUIVALENT POSITIONS (FTE):</b>	<b>3.9</b>	<b>3.9</b>	<b>3.9</b>	<b>3.9</b>	<b>3.9</b>

**DESCRIPTION**

The direct administration and support costs were developed by identifying staff applicable to those functions and strategies. The salaries reflected are the actual costs for those staff within each direct strategy. The non-salary amounts reflect the proportionate share of costs based on the FTEs within each direct strategy.

**7.B. DIRECT ADMINISTRATIVE AND SUPPORT COSTS**

82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2010

TIME : 1:03:45PM

Agency code: **454**

Agency name: **Department of Insurance**

Strategy	Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
<b>1-2-3</b>	<b>Investigate Insurer Fraud and Refer Violations for Prosecution</b>				
<b>OBJECTS OF EXPENSE:</b>					
1001 SALARIES AND WAGES	\$ 136,647	\$ 136,647	\$ 136,647	\$ 136,647	\$ 136,647
2001 PROFESSIONAL FEES AND SERVICES	1,462	2,106	1,719	1,382	1,382
2003 CONSUMABLE SUPPLIES	712	539	491	514	514
2004 UTILITIES	957	710	534	569	569
2005 TRAVEL	4,959	5,813	5,309	5,385	5,385
2007 RENT - MACHINE AND OTHER	213	743	677	708	708
2009 OTHER OPERATING EXPENSE	3,949	5,009	4,840	3,500	3,500
5000 CAPITAL EXPENDITURES	622	537	217	1,118	1,118
<b>Total, Objects of Expense</b>	<b>\$ 149,521</b>	<b>\$ 152,104</b>	<b>\$ 150,434</b>	<b>\$ 149,823</b>	<b>\$ 149,823</b>
<b>METHOD OF FINANCING:</b>					
36 Dept Ins Operating Acct	50,284	53,898	53,306	53,090	53,090
8042 Insurance Maint Tax Fees	99,237	98,206	97,128	96,733	96,733
<b>Total, Method of Financing</b>	<b>\$ 149,521</b>	<b>\$ 152,104</b>	<b>\$ 150,434</b>	<b>\$ 149,823</b>	<b>\$ 149,823</b>
<b>FULL-TIME-EQUIVALENT POSITIONS (FTE):</b>	<b>2.1</b>	<b>2.1</b>	<b>2.1</b>	<b>2.1</b>	<b>2.1</b>
<b>DESCRIPTION</b>					

The direct administration and support costs were developed by identifying staff applicable to those functions and strategies. The salaries reflected are the actual costs for those staff within each direct strategy. The non-salary amounts reflect the proportionate share of costs based on the FTEs within each direct strategy.

**7.B. DIRECT ADMINISTRATIVE AND SUPPORT COSTS**

82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2010

TIME : 1:03:45PM

Agency code: **454**

Agency name: **Department of Insurance**

Strategy	Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
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**1-3-1 Process Rates, Forms & Licenses Promptly**

**OBJECTS OF EXPENSE:**

1001 SALARIES AND WAGES	\$ 759,767	\$ 759,767	\$ 759,767	\$ 759,767	\$ 759,767
1002 OTHER PERSONNEL COSTS	22,560	23,520	23,520	23,520	23,520
2001 PROFESSIONAL FEES AND SERVICES	3,784	5,196	2,614	2,132	2,132
2003 CONSUMABLE SUPPLIES	3,499	4,017	3,613	3,828	3,828
2004 UTILITIES	303	346	311	332	332
2005 TRAVEL	1,436	1,839	2,292	2,442	2,442
2007 RENT - MACHINE AND OTHER	2,090	4,126	3,733	3,978	3,978
2009 OTHER OPERATING EXPENSE	18,797	21,096	19,752	15,911	15,911
5000 CAPITAL EXPENDITURES	1,204	2,800	1,123	6,252	6,252
<b>Total, Objects of Expense</b>	<b>\$ 813,440</b>	<b>\$ 822,707</b>	<b>\$ 816,725</b>	<b>\$ 818,162</b>	<b>\$ 818,162</b>

**METHOD OF FINANCING:**

36 Dept Ins Operating Acct	273,560	291,526	289,406	289,915	289,915
8042 Insurance Maint Tax Fees	539,880	531,181	527,319	528,247	528,247
<b>Total, Method of Financing</b>	<b>\$ 813,440</b>	<b>\$ 822,707</b>	<b>\$ 816,725</b>	<b>\$ 818,162</b>	<b>\$ 818,162</b>

<b>FULL-TIME-EQUIVALENT POSITIONS (FTE):</b>	<b>12.0</b>	<b>12.0</b>	<b>12.0</b>	<b>12.0</b>	<b>12.0</b>
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**DESCRIPTION**

The direct administration and support costs were developed by identifying staff applicable to those functions and strategies. The salaries reflected are the actual costs for those staff within each direct strategy. The non-salary amounts reflect the proportionate share of costs based on the FTEs within each direct strategy.

**7.B. DIRECT ADMINISTRATIVE AND SUPPORT COSTS**

82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

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Agency code: **454**

Agency name: **Department of Insurance**

Strategy	Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
<b>1-3-2 Promote Coverage in Underserved Markets</b>					

**OBJECTS OF EXPENSE:**

1001 SALARIES AND WAGES	\$ 140,272	\$ 140,272	\$ 140,272	\$ 140,272	\$ 140,272
1002 OTHER PERSONNEL COSTS	8,640	10,560	10,560	10,560	10,560
2001 PROFESSIONAL FEES AND SERVICES	0	558	0	0	0
2003 CONSUMABLE SUPPLIES	675	832	502	806	806
2004 UTILITIES	271	398	37	37	37
2005 TRAVEL	0	370	335	335	335
2007 RENT - MACHINE AND OTHER	754	782	756	756	756
2009 OTHER OPERATING EXPENSE	2,932	3,164	3,608	2,344	2,344
5000 CAPITAL EXPENDITURES	317	687	294	1,683	1,683
<b>Total, Objects of Expense</b>	<b>\$ 153,861</b>	<b>\$ 157,623</b>	<b>\$ 156,364</b>	<b>\$ 156,793</b>	<b>\$ 156,793</b>

**METHOD OF FINANCING:**

36 Dept Ins Operating Acct	51,743	55,854	55,407	55,559	55,559
8042 Insurance Maint Tax Fees	102,118	101,769	100,957	101,234	101,234
<b>Total, Method of Financing</b>	<b>\$ 153,861</b>	<b>\$ 157,623</b>	<b>\$ 156,364</b>	<b>\$ 156,793</b>	<b>\$ 156,793</b>

**FULL-TIME-EQUIVALENT POSITIONS (FTE):**

<b>2.6</b>	<b>2.6</b>	<b>2.6</b>	<b>2.6</b>	<b>2.6</b>	<b>2.6</b>
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**DESCRIPTION**

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**7.B. DIRECT ADMINISTRATIVE AND SUPPORT COSTS**

82nd Regular Session, Agency Submission, Version 1  
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DATE: 8/27/2010

TIME : 1:03:45PM

Agency code: **454**

Agency name: **Department of Insurance**

Strategy	Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
<b>1-3-4</b>	<b>Regulate Private Employers that Qualify to Self-Ins w/in the WC System</b>				
<b>OBJECTS OF EXPENSE:</b>					
1001 SALARIES AND WAGES	\$ 162,805	\$ 162,805	\$ 162,805	\$ 162,805	\$ 162,805
1002 OTHER PERSONNEL COSTS	4,800	4,800	4,800	4,800	4,800
2001 PROFESSIONAL FEES AND SERVICES	381	0	0	0	0
2003 CONSUMABLE SUPPLIES	410	1,868	1,818	1,893	1,893
2004 UTILITIES	729	746	686	753	753
2005 TRAVEL	2,855	2,941	2,863	3,141	3,141
2006 RENT - BUILDING	11,992	11,022	10,730	11,771	11,771
2007 RENT - MACHINE AND OTHER	0	3,148	2,881	3,161	3,161
2009 OTHER OPERATING EXPENSE	11,929	12,213	11,285	10,891	10,891
5000 CAPITAL EXPENDITURES	284	780	336	3,401	3,401
<b>Total, Objects of Expense</b>	<b>\$ 196,185</b>	<b>\$ 200,323</b>	<b>\$ 198,204</b>	<b>\$ 202,616</b>	<b>\$ 202,616</b>
<b>METHOD OF FINANCING:</b>					
36 Dept Ins Operating Acct	196,185	200,323	198,204	202,616	202,616
<b>Total, Method of Financing</b>	<b>\$ 196,185</b>	<b>\$ 200,323</b>	<b>\$ 198,204</b>	<b>\$ 202,616</b>	<b>\$ 202,616</b>
<b>FULL-TIME-EQUIVALENT POSITIONS (FTE):</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>

**DESCRIPTION**

The direct administration and support costs were developed by identifying staff applicable to those functions and strategies. The salaries reflected are the actual costs for those staff within each direct strategy. The non-salary amounts reflect the proportionate share of costs based on the FTEs within each direct strategy.



**7.B. DIRECT ADMINISTRATIVE AND SUPPORT COSTS**

82nd Regular Session, Agency Submission, Version 1  
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DATE: 8/27/2010

TIME : 1:03:45PM

Agency code: **454**

Agency name: **Department of Insurance**

Strategy	Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
<b>2-2-1</b>	<b>Inspect Loss Control Programs and Assure Code and Schedule Compliance</b>				
<b>OBJECTS OF EXPENSE:</b>					
1001 SALARIES AND WAGES	\$ 135,613	\$ 135,613	\$ 135,613	\$ 135,613	135,613
2001 PROFESSIONAL FEES AND SERVICES	0	425	0	0	0
2003 CONSUMABLE SUPPLIES	665	645	630	646	646
2004 UTILITIES	2,148	2,361	2,050	2,103	2,103
2005 TRAVEL	10,377	7,674	7,018	5,479	5,479
2006 RENT - BUILDING	3,876	4,279	3,913	4,014	4,014
2007 RENT - MACHINE AND OTHER	842	871	795	815	815
2009 OTHER OPERATING EXPENSE	4,312	3,632	3,669	2,832	2,832
5000 CAPITAL EXPENDITURES	149	523	212	1,127	1,127
<b>Total, Objects of Expense</b>	<b>\$ 157,982</b>	<b>\$ 156,023</b>	<b>\$ 153,900</b>	<b>\$ 152,629</b>	<b>\$ 152,629</b>
<b>METHOD OF FINANCING:</b>					
36 Dept Ins Operating Acct	53,129	55,287	54,534	54,084	54,084
8042 Insurance Maint Tax Fees	104,853	100,736	99,366	98,545	98,545
<b>Total, Method of Financing</b>	<b>\$ 157,982</b>	<b>\$ 156,023</b>	<b>\$ 153,900</b>	<b>\$ 152,629</b>	<b>\$ 152,629</b>
<b>FULL-TIME-EQUIVALENT POSITIONS (FTE):</b>	<b>2.4</b>	<b>2.4</b>	<b>2.4</b>	<b>2.4</b>	<b>2.4</b>
<b>DESCRIPTION</b>					

The direct administration and support costs were developed by identifying staff applicable to those functions and strategies. The salaries reflected are the actual costs for those staff within each direct strategy. The non-salary amounts reflect the proportionate share of costs based on the FTEs within each direct strategy.

**7.B. DIRECT ADMINISTRATIVE AND SUPPORT COSTS**

82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2010  
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Agency code: **454**

Agency name: **Department of Insurance**

Strategy	Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
<b>2-2-2 Investigate Provider/Consumer Fraud &amp; Refer Violations for Prosecution</b>					

**OBJECTS OF EXPENSE:**

1001 SALARIES AND WAGES	\$ 136,647	\$ 136,647	\$ 136,647	\$ 136,647	\$ 136,647
1002 OTHER PERSONNEL COSTS	7,680	8,160	8,160	8,160	8,160
2001 PROFESSIONAL FEES AND SERVICES	1,555	1,996	1,667	1,542	1,542
2003 CONSUMABLE SUPPLIES	732	544	495	521	521
2004 UTILITIES	1,012	681	501	544	544
2005 TRAVEL	4,860	5,097	4,651	4,704	4,704
2006 RENT - BUILDING	441	633	54	56	56
2007 RENT - MACHINE AND OTHER	481	914	669	703	703
2009 OTHER OPERATING EXPENSE	6,618	12,032	9,748	8,443	8,443
5000 CAPITAL EXPENDITURES	760	516	208	1,112	1,112
<b>Total, Objects of Expense</b>	<b>\$ 160,786</b>	<b>\$ 167,220</b>	<b>\$ 162,800</b>	<b>\$ 162,432</b>	<b>\$ 162,432</b>

**METHOD OF FINANCING:**

36 Dept Ins Operating Acct	54,072	59,254	57,688	57,558	57,558
8042 Insurance Maint Tax Fees	106,714	107,966	105,112	104,874	104,874
<b>Total, Method of Financing</b>	<b>\$ 160,786</b>	<b>\$ 167,220</b>	<b>\$ 162,800</b>	<b>\$ 162,432</b>	<b>\$ 162,432</b>

**FULL-TIME-EQUIVALENT POSITIONS (FTE):**

<b>2.1</b>	<b>2.1</b>	<b>2.1</b>	<b>2.1</b>	<b>2.1</b>
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**DESCRIPTION**

The direct administration and support costs were developed by identifying staff applicable to those functions and strategies. The salaries reflected are the actual costs for those staff within each direct strategy. The non-salary amounts reflect the proportionate share of costs based on the FTEs within each direct strategy.

**7.B. DIRECT ADMINISTRATIVE AND SUPPORT COSTS**

82nd Regular Session, Agency Submission, Version 1  
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DATE: 8/27/2010

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Agency code: 454

Agency name: Department of Insurance

Strategy	Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
<b>3-1-1 Provide Fire Protection through Education, Enforcement and Engineering</b>					
<b>OBJECTS OF EXPENSE:</b>					
1001 SALARIES AND WAGES	\$ 461,813	\$ 461,813	\$ 461,813	\$ 461,813	\$ 461,813
1002 OTHER PERSONNEL COSTS	12,960	12,480	12,480	12,480	12,480
2001 PROFESSIONAL FEES AND SERVICES	849	3,938	356	360	360
2002 FUELS AND LUBRICANTS	10,713	11,683	10,318	9,112	9,112
2003 CONSUMABLE SUPPLIES	5,341	4,955	4,375	4,431	4,431
2004 UTILITIES	6,364	8,382	7,397	7,492	7,492
2005 TRAVEL	16,036	16,643	17,277	14,543	14,543
2006 RENT - BUILDING	924	886	782	538	538
2007 RENT - MACHINE AND OTHER	541	2,676	2,358	2,344	2,344
2009 OTHER OPERATING EXPENSE	23,567	90,086	26,139	22,044	22,044
5000 CAPITAL EXPENDITURES	22,444	25,314	20,826	12,193	12,193
<b>Total, Objects of Expense</b>	<b>\$ 561,552</b>	<b>\$ 638,856</b>	<b>\$ 564,121</b>	<b>\$ 547,350</b>	<b>\$ 547,350</b>
<b>METHOD OF FINANCING:</b>					
36 Dept Ins Operating Acct	188,850	226,378	199,896	193,953	193,953
8042 Insurance Maint Tax Fees	372,702	412,478	364,225	353,397	353,397
<b>Total, Method of Financing</b>	<b>\$ 561,552</b>	<b>\$ 638,856</b>	<b>\$ 564,121</b>	<b>\$ 547,350</b>	<b>\$ 547,350</b>
<b>FULL-TIME-EQUIVALENT POSITIONS (FTE):</b>	<b>8.0</b>	<b>8.0</b>	<b>8.0</b>	<b>8.0</b>	<b>8.0</b>
<b>DESCRIPTION</b>					

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**7.B. DIRECT ADMINISTRATIVE AND SUPPORT COSTS**

82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2010

TIME : 1:03:45PM

Agency code: **454**

Agency name: **Department of Insurance**

Strategy	Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
<b>4-1-1</b>	<b>Oversee Activities of System Participants and Take Enforcement Action</b>				
<b>OBJECTS OF EXPENSE:</b>					
1001 SALARIES AND WAGES	\$ 361,359	\$ 361,359	\$ 361,359	\$ 361,359	\$ 361,359
1002 OTHER PERSONNEL COSTS	9,840	10,560	10,560	10,560	10,560
2001 PROFESSIONAL FEES AND SERVICES	31,261	46,583	37,443	9,586	9,586
2003 CONSUMABLE SUPPLIES	895	2,898	2,324	2,404	2,404
2004 UTILITIES	1,619	1,750	1,239	1,341	1,341
2005 TRAVEL	3,348	5,171	3,656	3,958	3,958
2006 RENT - BUILDING	24,727	24,280	19,384	20,987	20,987
2007 RENT - MACHINE AND OTHER	0	6,848	5,165	5,592	5,592
2009 OTHER OPERATING EXPENSE	11,253	18,339	8,375	5,985	5,985
5000 CAPITAL EXPENDITURES	562	1,901	674	7,048	7,048
<b>Total, Objects of Expense</b>	<b>\$ 444,864</b>	<b>\$ 479,689</b>	<b>\$ 450,179</b>	<b>\$ 428,820</b>	<b>\$ 428,820</b>

**METHOD OF FINANCING:**

36 Dept Ins Operating Acct	444,864	479,689	450,179	428,820	428,820
<b>Total, Method of Financing</b>	<b>\$ 444,864</b>	<b>\$ 479,689</b>	<b>\$ 450,179</b>	<b>\$ 428,820</b>	<b>\$ 428,820</b>

**FULL-TIME-EQUIVALENT POSITIONS (FTE):**

<b>6.0</b>	<b>6.0</b>	<b>6.0</b>	<b>6.0</b>	<b>6.0</b>
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**DESCRIPTION**

The direct administration and support costs were developed by identifying staff applicable to those functions and strategies. The salaries reflected are the actual costs for those staff within each direct strategy. The non-salary amounts reflect the proportionate share of costs based on the FTEs within each direct strategy.

**7.B. DIRECT ADMINISTRATIVE AND SUPPORT COSTS**

82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2010

TIME : 1:03:45PM

Agency code: **454**

Agency name: **Department of Insurance**

Strategy	Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
<b>4-1-2</b>	<b>Resolve Indemnity, Medical Fee and Medical Necessity Disputes</b>				
<b>OBJECTS OF EXPENSE:</b>					
1001 SALARIES AND WAGES	\$ 1,313,815	\$ 1,313,815	\$ 1,313,815	\$ 1,313,815	\$ 1,313,815
1002 OTHER PERSONNEL COSTS	32,640	35,520	35,520	35,520	35,520
2001 PROFESSIONAL FEES AND SERVICES	15,199	17,905	7,913	8,383	8,383
2003 CONSUMABLE SUPPLIES	11,831	9,575	7,995	7,549	7,549
2004 UTILITIES	7,842	6,359	5,242	5,553	5,553
2005 TRAVEL	21,753	22,658	19,062	20,194	20,194
2006 RENT - BUILDING	93,301	94,007	83,190	88,130	88,130
2007 RENT - MACHINE AND OTHER	2,112	5,727	4,901	5,192	5,192
2009 OTHER OPERATING EXPENSE	40,981	40,910	38,543	30,417	30,417
5000 CAPITAL EXPENDITURES	1,868	6,185	2,422	22,242	22,242
<b>Total, Objects of Expense</b>	<b>\$ 1,541,342</b>	<b>\$ 1,552,661</b>	<b>\$ 1,518,603</b>	<b>\$ 1,536,995</b>	<b>\$ 1,536,995</b>
<b>METHOD OF FINANCING:</b>					
36 Dept Ins Operating Acct	1,541,342	1,552,661	1,518,603	1,536,995	1,536,995
<b>Total, Method of Financing</b>	<b>\$ 1,541,342</b>	<b>\$ 1,552,661</b>	<b>\$ 1,518,603</b>	<b>\$ 1,536,995</b>	<b>\$ 1,536,995</b>
<b>FULL-TIME-EQUIVALENT POSITIONS (FTE):</b>	<b>24.0</b>	<b>24.0</b>	<b>24.0</b>	<b>24.0</b>	<b>24.0</b>

**DESCRIPTION**

The direct administration and support costs were developed by identifying staff applicable to those functions and strategies. The salaries reflected are the actual costs for those staff within each direct strategy. The non-salary amounts reflect the proportionate share of costs based on the FTEs within each direct strategy.

**7.B. DIRECT ADMINISTRATIVE AND SUPPORT COSTS**

82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2010

TIME : 1:03:45PM

Agency code: **454**

Agency name: **Department of Insurance**

Strategy	Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
<b>4-2-1</b>	<b>Provide Educational Services/WPS Consultations to System Participants</b>				
<b>OBJECTS OF EXPENSE:</b>					
1001 SALARIES AND WAGES	\$ 408,541	\$ 408,541	\$ 408,541	\$ 408,541	\$ 408,541
1002 OTHER PERSONNEL COSTS	22,560	19,680	19,680	19,680	19,680
2001 PROFESSIONAL FEES AND SERVICES	1,775	2,673	0	0	0
2003 CONSUMABLE SUPPLIES	3,519	4,700	3,929	3,897	3,897
2004 UTILITIES	4,583	6,305	5,130	5,235	5,235
2005 TRAVEL	42,249	63,394	52,867	53,947	53,947
2006 RENT - BUILDING	87,456	81,904	68,456	69,855	69,855
2007 RENT - MACHINE AND OTHER	493	15,789	13,108	13,376	13,376
2009 OTHER OPERATING EXPENSE	47,827	130,398	32,003	27,601	27,601
5000 CAPITAL EXPENDITURES	2,190	4,924	1,226	12,363	12,363
<b>Total, Objects of Expense</b>	<b>\$ 621,193</b>	<b>\$ 738,308</b>	<b>\$ 604,940</b>	<b>\$ 614,495</b>	<b>\$ 614,495</b>
<b>METHOD OF FINANCING:</b>					
36 Dept Ins Operating Acct	621,193	738,308	604,940	614,495	614,495
<b>Total, Method of Financing</b>	<b>\$ 621,193</b>	<b>\$ 738,308</b>	<b>\$ 604,940</b>	<b>\$ 614,495</b>	<b>\$ 614,495</b>
<b>FULL-TIME-EQUIVALENT POSITIONS (FTE):</b>	<b>14.0</b>	<b>14.0</b>	<b>14.0</b>	<b>14.0</b>	<b>14.0</b>

**DESCRIPTION**

The direct administration and support costs were developed by identifying staff applicable to those functions and strategies. The salaries reflected are the actual costs for those staff within each direct strategy. The non-salary amounts reflect the proportionate share of costs based on the FTEs within each direct strategy.

**7.B. DIRECT ADMINISTRATIVE AND SUPPORT COSTS**

82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2010

TIME : 1:03:45PM

Agency code: **454**

Agency name: **Department of Insurance**

Strategy	Exp 2009	Est 2010	Bud 2011	BL 2012	BL 2013
<b>4-2-2 Provide Customer Assistance &amp; Records Admin for System Participants</b>					
<b>OBJECTS OF EXPENSE:</b>					
1001 SALARIES AND WAGES	\$ 953,609	\$ 953,609	\$ 953,609	\$ 953,609	\$ 953,609
1002 OTHER PERSONNEL COSTS	24,720	23,280	23,280	23,280	23,280
2001 PROFESSIONAL FEES AND SERVICES	31,085	23,654	0	0	0
2003 CONSUMABLE SUPPLIES	10,557	9,807	8,302	9,089	9,089
2004 UTILITIES	6,005	5,028	4,204	4,712	4,712
2005 TRAVEL	4,324	4,403	3,186	3,571	3,571
2006 RENT - BUILDING	85,563	74,575	64,482	72,273	72,273
2007 RENT - MACHINE AND OTHER	1,233	10,029	8,317	9,321	9,321
2009 OTHER OPERATING EXPENSE	28,746	38,250	34,698	25,069	25,069
5000 CAPITAL EXPENDITURES	1,118	2,891	1,118	11,331	11,331
<b>Total, Objects of Expense</b>	<b>\$ 1,146,960</b>	<b>\$ 1,145,526</b>	<b>\$ 1,101,196</b>	<b>\$ 1,112,255</b>	<b>\$ 1,112,255</b>
<b>METHOD OF FINANCING:</b>					
36 Dept Ins Operating Acct	1,146,960	1,145,526	1,101,196	1,112,255	1,112,255
<b>Total, Method of Financing</b>	<b>\$ 1,146,960</b>	<b>\$ 1,145,526</b>	<b>\$ 1,101,196</b>	<b>\$ 1,112,255</b>	<b>\$ 1,112,255</b>
<b>FULL-TIME-EQUIVALENT POSITIONS (FTE):</b>	<b>17.0</b>	<b>17.0</b>	<b>17.0</b>	<b>17.0</b>	<b>17.0</b>

**DESCRIPTION**

The direct administration and support costs were developed by identifying staff applicable to those functions and strategies. The salaries reflected are the actual costs for those staff within each direct strategy. The non-salary amounts reflect the proportionate share of costs based on the FTEs within each direct strategy.

**7.B. DIRECT ADMINISTRATIVE AND SUPPORT COSTS**  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/27/2010**  
 TIME : **1:03:45PM**

Agency code: **454**

Agency name: **Department of Insurance**

	<b>Exp 2009</b>	<b>Est 2010</b>	<b>Bud 2011</b>	<b>BL 2012</b>	<b>BL 2013</b>
<b>GRAND TOTALS</b>					
<b>Objects of Expense</b>					
1001 SALARIES AND WAGES	\$6,190,012	\$6,190,012	\$6,190,012	\$6,190,012	\$6,190,012
1002 OTHER PERSONNEL COSTS	\$174,720	\$178,560	\$178,560	\$178,560	\$178,560
2001 PROFESSIONAL FEES AND SERVICES	\$106,948	\$130,423	\$74,995	\$44,463	\$44,463
2002 FUELS AND LUBRICANTS	\$10,713	\$11,683	\$10,318	\$9,112	\$9,112
2003 CONSUMABLE SUPPLIES	\$44,410	\$45,122	\$38,561	\$39,846	\$39,846
2004 UTILITIES	\$34,802	\$36,178	\$29,941	\$31,381	\$31,381
2005 TRAVEL	\$162,322	\$175,393	\$152,463	\$151,898	\$151,898
2006 RENT - BUILDING	\$310,422	\$294,119	\$253,174	\$269,898	\$269,898
2007 RENT - MACHINE AND OTHER	\$12,257	\$57,782	\$48,878	\$51,688	\$51,688
2009 OTHER OPERATING EXPENSE	\$253,782	\$428,582	\$249,922	\$197,377	\$197,377
5000 CAPITAL EXPENDITURES	\$33,259	\$51,259	\$30,325	\$88,558	\$88,558
<b>Total, Objects of Expense</b>	<b>\$7,333,647</b>	<b>\$7,599,113</b>	<b>\$7,257,149</b>	<b>\$7,252,793</b>	<b>\$7,252,793</b>
<b>Method of Financing</b>					
36 Dept Ins Operating Acct	\$5,088,281	\$5,350,566	\$5,072,248	\$5,084,924	\$5,084,924
8042 Insurance Maint Tax Fees	\$2,245,366	\$2,248,547	\$2,184,901	\$2,167,869	\$2,167,869
<b>Total, Method of Financing</b>	<b>\$7,333,647</b>	<b>\$7,599,113</b>	<b>\$7,257,149</b>	<b>\$7,252,793</b>	<b>\$7,252,793</b>
<b>Full-Time-Equivalent Positions (FTE)</b>	<b>109.0</b>	<b>109.0</b>	<b>109.0</b>	<b>109.0</b>	<b>109.0</b>