Texas Department of Insurance

Agency Strategic Plan

For the
Fiscal Years 2005-2009 Period

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Commissioner of Insurance

July 2, 2004

Document 2 of 2

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Appendix A

Strategic Planning Process

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Agency Planning Process

Strategic Planning Process

The Texas Department of Insurance (TDI) developed its Strategic Plan for fiscal years 2005-2009 with participation from staff representing all of the agency's programs. The Strategic Planning staff in TDI's Administrative Services Program coordinates the strategic planning activities and develops the Strategic Plan document.

In past years, TDI worked extensively with analysts from the Legislative Budget Board (LBB) and the Governor's Office of Budget and Planning (GOBP) to evaluate and improve the agency's goals, objectives, strategies and performance measures. This year TDI staff members continue to build on these past efforts by expanding current line-item strategies into additional functions. Two strategies were divided creating four new strategies in order to clarify the functions conducted within the affected strategy. In addition, several changes were requested as a result of recent legislation or to fine-tune existing language. And finally, measures were revised to provide text that is more concise and easily understood. The strategic planning process results in two documents: TDI's Requested Changes to Agency Budget Structure Elements and TDI's FY 2005-2009 Strategic Plan.

Planning Work Group and Planning Liaisons

TDI's strategic planning process is guided by the Planning Work Group (PWG). Decision makers representing all of TDI's functional areas work together on information technology resourcing issues, strategic and business planning, and other efforts that require collaboration.

Internal/External Assessment

To develop the internal/external assessment, the PWG members met to brainstorm a list of topics that the assessment should cover. Strategic planning staff worked with programs to obtain the information needed to complete the assessment and to identify the key factors that influence TDI's success in achieving its mission and goals.

Proposed Strategic Plan and Budget Structure

In April, TDI proposed the agency's budget structure elements for the 2006-2007 biennium consisting of goals, objectives, and strategies, and their related outcome, output, efficiency, and explanatory measures, derived from the agency strategic plan. TDI has worked for many years to develop a budget structure that is supported by the Legislative Budget Board and Governor's Office and that works well for the agency.

To develop the structure proposal, strategic planning staff provided a process and tools for evaluating performance measures and proposing changes. Program staff reviewed their performance measures and proposed needed changes including measures to be added or deleted. Program staff developed draft definitions for new measures and modified definitions needing changes. Strategic planning staff developed the proposed structure, obtained comments on the document, finalized, and delivered the document by the deadline.

Performance Measure Definitions

TDI submitted performance measure definitions for all measures contained in the strategic plan. The definitions explain the purpose of the measure, identify the source of information and collection method, describe how the measure is calculated, specify any limitations of the measurement data, and identify whether the data is cumulative or non-cumulative. TDI prepared definitions for all performance measures before meeting with the Legislative Budget Board and Governor's Office to discuss the proposed structure.

To develop the definitions, strategic planning staff set up templates on the agency's shared drive. Program staff made changes to definitions and managed the Program-level definition change process. Strategic planning staff reviewed the changes and commented on the definitions. Then the Programs finalized the definitions.

Performance Measure Targets

TDI must submit performance measure targets for outcome measures in the Strategic Plan, and for output, efficiency, and explanatory measures in the Legislative Appropriations Request. During the appropriations process, legislators review agencies' performance against the targets and past performance.

To develop the targets, strategic planning staff set up a database on the agency's shared drive. Program staff evaluated their targets and proposed targets for FY 2005-09. Strategic planning staff reviewed the proposed targets and made comments on them. Then the Programs finalized the targets.

Finalize and Print Strategic Plan Document

TDI strategic planning staff were the primary writers of the document with extensive participation from all the programs at TDI. The program staff provided information and comments. Programs and executive staff reviewed the document and signed off on the final product before TDI delivered it to the LBB, Governor's Office, and others. Strategic planning staff coordinated the layout, design and printing of the document.

Appendix B

Organizational Chart

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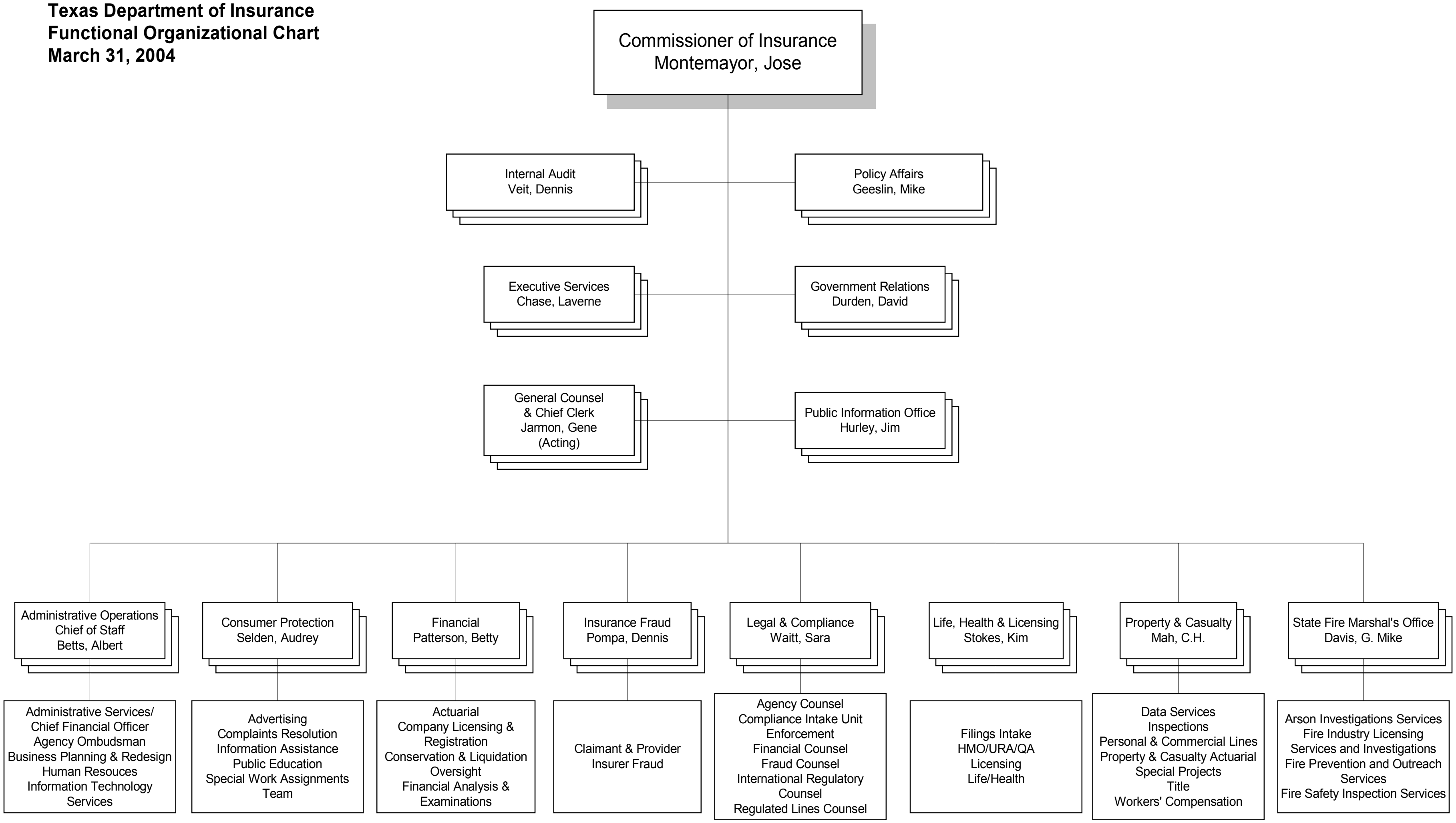
Texas Department of Insurance
Functional Organizational Chart
March 31, 2004



APPENDIX C
PROJECTED OUTCOMES

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Projected Outcomes - Fiscal Year 2005 – 2009

Measure Code	Measure Description	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
1.1.2 oc 1	Percent of company, 3rd party administrator, and premium finance licenses completed within 60 days	98%	98%	98%	98%	98%
1.1.2 oc 2	Percent of agent license filings completed within 15 days	95%	95%	95%	95%	95%
1.1.2 oc 3	Percent of statutory rate and form filings completed within 90 days	85%	85%	85%	85%	85%
1.1.2 oc 4	Number of automobiles covered by voluntary policies as a percent of total private passenger automobiles in underserved markets	69%	69%	69%	69%	69%
1.1.3 oc 5	Percent of Market Assistance Program (MAP) applications eligible for referral resulting in the issuance of a residential property insurance policy	40%	40%	40%	40%	40%
1.1.3 oc 6	Percent of personal auto and residential property form filings completed within 60 days	95%	95%	95%	95%	95%
1.2.2 oc 1	Percent of insurer fraud cases referred to Attorney General, District Attorney, or other appropriate authorities resulting in legal action	55%	55%	55%	55%	55%
2.1.1 oc 1	Percent of statutorily mandated on-site examinations conducted	100%	100%	100%	100%	100%
2.1.1 oc 2	Percent of identified companies reviewed	99%	99%	99%	99%	99%
2.1.1 oc 3	Special Deputy receivership asset recovery expenses as a percent of the total dollars collected by Special Deputy Receivers	30%	20%	20%	20%	20%
2.1.1 oc 4	Average number of days from company “at risk” identification to the date of solvency-related regulatory action	31	31	31	31	31
2.1.1 oc 5	Percent of insurers meeting statutory or risk-based capital and surplus requirements	97%	97%	97%	97%	97%
2.1.1 oc 6	Percent of companies rehabilitated after TDI solvency-related intervention	18%	18%	18%	18%	18%
3.1.1 oc 1	Percent of insurers providing adequate loss control programs	88%	88%	88%	88%	88%
3.1.1 oc 2	Percent of commercial property inspections that meet filed rating schedule requirements	85%	85%	85%	85%	85%
3.1.1 oc 3	Percent of windstorm inspections that result in an “approved” status code	35%	35%	35%	35%	35%
3.1.2 oc 4	Percent of consumer and provider fraud cases referred to Attorney General, District Attorney or other appropriate law enforcement authority resulting in legal action	55%	55%	55%	55%	55%
4.1.1 oc 1	Percent of referred SFMO criminal investigations resulting in enforcement/legal action	86%	86%	86%	86%	86%
4.1.1 oc 2	Percent of registrations, licenses, and permits issued, after receipt of a completed applications, within 20 days to fire alarm, fire extinguisher, fire sprinkler, and fireworks firms individuals and other regulated entities.	99%	99%	99%	99%	99%

Appendix D

Measures Definitions

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Performance Measures Definitions

1.1.1. OP 1	**Number of Inquiries Answered**
Short Definition:	The number of inquiries through telephone calls or written requests that are answered by Consumer Protection, and Internet hits that occur on TDI's practice and complaints company inquiry (PCCI) "Search for a Company Profile" (pcci.search) web page. An inquiry is a request for insurance information received from an external customer during business hours. Customers include individual consumers, business consumers, regulated entities, state agencies, and legislators.
Purpose/Importance:	To measure the number of inquiries answered, including telephone calls, written requests and PCCI Internet hits.
Source/Collection of Data:	Telephone inquiries are taken by Consumer Protection staff who are in an Automatic Call Distribution group (ACD). Automatic Call Distribution is a method to manage resources associated with answering large volumes of incoming calls. An ACD group contains a number of operators who support the same pilot number. A pilot number is the directory number used to channel incoming calls to idle lines in an ACD pilot group. The ACD group in Consumer Protection is the 1-800 Helpline ACD pilot number 46471. Written inquiries are entered by Consumer Protection staff on the automated Complaint Inquiry System (CIS) and coded as "F40" (inquiry only). A written inquiry is closed on CIS when staff have determined that they have provided in writing the information deemed appropriate.
Method of Calculation:	Sum the number of telephone inquiries for the reporting period. The number of telephone inquiries are from the "#ACD" column on the ACD reports provided by the General Services Commission (GSC). The source of written inquiry data is the number of inquiries closed by the Complaints Resolution section (which has section code MDC) in the CIS Summary Work Measures Report for the reporting period.
Data Limitations:	If a day's ACD report is not available from GSC, that day's ACD number will be estimated by averaging the previous and succeeding day's ACD reports.
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Higher than target

1.1.1. OP 2	Number of Rate Guides Distributed
Short Definition:	Number of Rate Guides Distributed.
Purpose/Importance:	To measure the number of rate guides distributed including rate guides distributed through TDI's website.
Source/Collection of Data:	A rate guide is distributed when it is: a) shipped from the TDI mail room and recorded as such in the Publications Tracking System; or b) counted as a "hit" on the TDI Internet site. The sources of the data are the monthly "Shipped" report from the Publications Tracking System and the TDI Webmaster's summary file.
Method of Calculation:	Sum the number of rate guides shipped from the TDI mail room and counted as a "hit" on the TDI Internet site.
Data Limitations:	N/A
Calculation Type:	Cumulative
New Measure:	No
Desired Performance:	Higher than target

1.1.1. OP 3	Number of Consumer Information Publications Distributed
Short Definition:	The number of consumer information publications (brochures, rate guides and consumer bulletins) distributed to consumers.
Purpose/Importance:	To measure the number of publications (brochures, rate guides and consumer bulletins) distributed to consumers, including publications distributed through TDI's website.
Source/Collection of Data:	A publication is distributed when it is: a) shipped from the TDI mailroom and recorded as such in the Publications Tracking System; or b) counted as a "hit" on the TDI Internet site. The sources of the data are the monthly "Shipped" report from the Publications Tracking System and the TDI Webmaster's summary file.
Method of Calculation:	Sum the number of publications shipped from the TDI mail room and counted as a "hit" on the TDI Internet site.
Data Limitations:	N/A
Calculation Type:	Cumulative
New Measure:	No
Desired Performance:	Higher than target

1.1.1. OP 4	Number of Consumer Information Presentations Made
Short Definition:	The sum of all presentations coordinated by the TDI Speakers Bureau that TDI staff makes to external consumer groups.
Purpose /Importance:	To measure the sum of all presentations coordinated by the TDI Speakers Bureau that TDI staff makes to external consumer groups.
Source /Collection of Data:	The source of the data is the file for each presentation and the monthly Speakers Bureau report. A presentation is any event where TDI staff educates agency customers on insurance matters using one or more of the following methods of communication: speeches, training, exhibits, seminars, teleconferences, and/or TV, radio and print interviews. External customers include individual consumers, business consumers, regulated entities, state agencies, and legislators. A presentation counts as "one" though it may include more than one of the methods of communication listed above. For example, a staff member who gives a workshop and staffs an exhibit at a two-day seminar will count the result of this work as one presentation. A presentation counts as one regardless of the number of staff involved.
Method of Calculation:	The sum of all presentations coordinated by the TDI Speakers Bureau that TDI staff makes to external consumer groups.
Data Limitations:	N/A
Calculation Type:	Cumulative
New Measure:	No
Desired Performance:	Higher than target

1.1.1 OP 5	Number of Texas Department of Insurance Calls to Insurance Industry for Data
Short Definition:	The number of statistical calls asking insurers or other entities for specific data used for setting rates or to monitor the marketplace. A statistical call is defined as a request for data from multiple insurance entities and disseminated as a Commissioner's Bulletin.
Purpose/Importance:	To report the number of statistical calls asking insurers or other entities for specific data used for setting rates or to monitor the marketplace.
Source/Collection of Data:	The Commissioner's authority to issue such bulletin requests is specified in various sections of the Insurance Code, by line of insurance. The cite for the specific authority for a particular bulletin request is given in each such bulletin.
Method of Calculation:	The number of statistical calls asking insurers or other entities for specific data used for setting rates or to monitor the marketplace.
Data Limitations:	N/A
Calculation Type:	Cumulative
New Measure:	No
Desired Performance:	Lower than target

1.1.1. EF 1	Average Cost per Rate Guide Distributed
Short Definition:	A rate guide is defined as a TDI publication that lists companies and comparative rates for a specific type of insurance, such as auto, homeowners, workers' compensation or Medicare supplement. A rate guide is distributed when it is: a) shipped from the TDI mailroom and recorded as such in the Publications Tracking System; or b) counted as a "hit" on the TDI Internet site.
Purpose/Importance:	To measure the average cost per rate guide distributed including costs to produce the rate guides in an electronic format for TDI's website.
Source/Collection of Data:	The sources of the data are the monthly "Shipped" report from the Publications Tracking System and the TDI Webmaster's summary file. A rate guide is defined as a TDI publication that lists companies and comparative rates for a specific type of insurance, such as auto, homeowners, workers' compensation or Medicare supplement. A rate guide is distributed when it is: a) shipped from the TDI mailroom and recorded as such in the Publications Tracking System; or b) counted as a "hit" on the TDI Internet site.
Method of Calculation:	The sum of salaries and associated costs for staff who produce rate guides divided by the number of rate guides distributed (1.1.1 OP measure 2).
Data Limitations:	N/A
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Lower than target

1.1.1 EX 1	**Aggregate Overhead Costs as a Percent of Premiums Paid by Consumers for All Lines of Insurance**
Short Definition:	Aggregate Overhead Costs as a Percent of Premiums Paid by Consumers for All Lines of Insurance..
Purpose/Importance:	To measure the percentage of premiums that are attributable to overhead costs.
Source/Collection of Data:	Aggregate overhead costs are defined as the sum of general expenses plus the expenses set forth in the Property and Casualty Insurance Experience by Coverage and Carriers as "Commissions and Brokerage Expenses" and "Taxes, Licenses, and Fees." Premiums paid are defined as calendar year direct premiums written. All data elements, with the exception of general expenses, will come directly from the Summary of Texas Experience from the Annual Statement Texas Page 14, part of the annual Property and Casualty Insurance Experience by Coverage and Carriers prepared by TDI from NAIC data.
Method of Calculation:	Aggregate overhead costs of the insurance industry divided by premiums paid to the insurance industry. General expenses for Texas will be calculated as the percentage of direct premiums written calculated in the Country- wide Totals for All Property and Casualty Lines Combined, Insurance Expense Exhibit (IEE), Part III - Direct Business multiplied by Texas direct premiums written from the Annual Statement Texas Page 14.
Data Limitations:	Data is for Stock, Mutual, Reciprocal and Lloyds Insurance carriers licensed to write coverages in the State of Texas that developed Texas business for the previous calendar year.
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Lower than target

1.1.1 EX 2	**Number of Insured Private and Commercial Passenger Automobiles as a Percentage of Total Registered Passenger Vehicles**
Short Definition:	Number of Insured Automobiles as a Percentage of Total Registered Vehicles.
Purpose/Importance:	To measure the percentage of total registered passenger vehicles, which are insured by private or commercial passenger automobile insurance.
Source/Collection of Data:	The source of private passenger vehicles covered by bodily injury liability insurance is the Texas Private Passenger Automobile Statistical Plan data. The source of commercial passenger type vehicles covered by bodily injury liability insurance is the Texas Commercial Lines Statistical Plan. The source of registered passenger vehicles is the Texas Department of Transportation.
Method of Calculation:	Total private and commercial passenger vehicles covered by bodily injury liability insurance divided by total registered passenger vehicles.
Data Limitations:	N/A
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Higher than target

1.1.2 OC 1	Percent of Company, Third Party Administrator, and Premium Finance Licenses Completed Within 60 Days
Short Definition:	The number of company, Third Party Administrator, and Premium Finance applications completed in 60 days or less. Applications include documents such as new, amended or cancelled licenses and miscellaneous amendments to charters.
Purpose/Importance:	To ensure the timely processing of company, Third Party Administrator, and Premium Finance applications.
Source/Collection of Data:	The data source is maintained on Excel spreadsheet tracking systems. Entities refers to companies, Third Party Administrators and Premium Finance companies. The processing time begins on the date that all documentation and required fees have been received. The processing time is completed for company applications on the date of the letter to the applicant sending the Certificate of Authority and/or Commissioner's Order, or the date on the Memo to File if no Certificate of Authority or Commissioner's Order is issued. The processing time is completed for Third Party Administrator applications on the date of the Commissioner's Order. The processing time is completed for Premium Finance applications on the effective date as indicated on the license.
Method of Calculation:	The number of company, Third Party Administrator, and Premium Finance applications completed in 60 days or less, divided by the total number of applications completed for these entities.
Data Limitations:	Health Maintenance Organization entities are not included in this measure. Health Maintenance Organizations are reported in Strategy 1.1.2 OC measure 3, "Percent of statutory rate and form filings completed within 90 days."
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Higher than target

1.1.2 OC 2	Percent of Agent License Filings Completed Within 15 Days
Short Definition:	The percent of agent license filings completed within fifteen days of receipt.
Purpose /Importance:	To ensure the timely processing of agent license filings. An agent license filing is submitted for the issuance of a new license, renewal of an existing license, issuance or cancellation of an appointment, certification of a license or of records, issuance of a clearance letter, authorization of an address or name change of an agent or agency, Licensing Division Trade name Location (LDTL) processed, license cancellations by agents (due to, death, retirement, move to another state or other non-disciplinary cancellation), and continuing education provider applications, course submissions, exemptions, and extension requests.
Source/Collection of Data:	The starting date is the date a complete and correct filing is received by TDI. The "completed" date for each of these filings is as follows: New License, License Renewals, Appointment Issued, Appointment Cancellation, Name/Address Change LDTLs, License Cancellation by Agent, and Clearance Letters/License Certifications—Process date assigned in the agent tracking system; Certified Records—Date action pertaining to the record request is completed; Continuing Education Filings—Date on notification letter of approval or denial; (except title agents' address changes, which are on a PC database).
Method of Calculation:	The number of agent license filings completed within fifteen days of receipt divided by the total number of agent license filings completed.
Data Limitations:	N/A
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Higher than target

1.1.2 OC 3	**Percent of Statutory Rate and Form Filings Completed Within 90 Days**
Short Definition:	This measure monitors the number of form and rate filings that are processed by TDI and completed within 90 days of receipt of the filing.
Purpose/Importance:	To ensure the timely processing of rate and form filings. A "filing" is a submission of rates or rating factors, forms or other documents required by TDI for use by insurance carriers, viatical and life settlement entities and HMOs to define the terms of coverage, develop rates or to transact the business of insurance or maintain a certificate of authority.
Source/Collection of Data:	Filings completed are tracked in an agency electronic database. Processing of a rate or form filing is completed on the date final agency action is taken on the filing. Final action is defined as approval, disapproval, rejection, withdrawal, acceptance, deemed approved date and verification that a form is exempt from review or filed for information only. A form filed as a substitution for a prior approval is counted as a separate filing. The completion period to be used in determining a completed filing begins on the date the filing is received by TDI and ends on the date of final agency action related to the filing.
Method of Calculation:	The number of form and rate filings that are processed by TDI and completed within 90 days of receipt of the filing divided by the total number of form and rate filings completed. The total number of rate and form filings completed is the sum of three output measures: "number of life/health filings completed" (1.12 op 1), "number of HMO form filings completed" (1.1.2 op 2), and "number of property and casualty rate and form filings completed"(1.1.2 op 3).
Data Limitations:	N/A
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Higher than target

1.1.2 OP 1	Number of Life/Health Insurance Filings Completed
Short Definition:	The number of insurance policy-related rate and form filings submitted by insurance carriers and/or viatical and life settlement entities pursuant to their business needs or in response to statutory or rule provisions by the Life/Health Division, and completed.
Purpose/Importance:	To measure the volume of completed rate and form filings. A "filing" is a submission of rates, forms, or other documents required by TDI for use by insurance carriers and/or viatical and life settlement entities to define the terms of coverage or to transact the business of insurance or maintain a certificate of insurance.
Source/Collection of Data:	Filings completed are tracked on a mainframe application. Processing of a rate or form filing is "completed" on the date final agency action is taken on the filing. Final action is defined as approval, disapproval, rejection, withdrawal and verification that a form is exempt from review or filed for information only. A form filed as a substitution for a prior approval is counted as a separate filing.
Method of Calculation:	Sum the number of insurance policy-related rate and form filings submitted by insurance carriers and/or viatical and life settlement entities pursuant to their business needs or in response to statutory or rule provisions by the Life/Health Division, and completed.
Data Limitations:	N/A
Calculation Type:	Cumulative
New Measure:	No
Desired Performance:	Higher than target

1.1.2 OP 2	Number of HMO Form Filings Completed
Short Definition:	The number of completed health maintenance organization (HMO) and non-profit health corporation (ANHC) rate and form filings submitted by HMOs and ANHCs based upon statutory and rule requirements.
Purpose/Importance:	To measure the number of completed HMO and ANHC related rate and form filings. A “filing” is a submission of rates or forms required by TDI for use by HMOs and ANHCs regarding health insurance coverage.
Source/Collection of Data:	Processing of a filing is completed when final agency action is taken on the filing, including approval, disapproval, return, withdrawal, rejection, or verification of an informational filing. Filings completed are tracked on a mainframe application. Filings are evidence of coverage, contracts, applications, amendments and related documents submitted by entities that must be licensed.
Method of Calculation:	Sum the number of rate and form health maintenance organization (HMO), and non-profit health corporation (ANHC) filings completed.
Data Limitations:	N/A
Calculation Type:	Cumulative
New Measure:	No
Desired Performance:	Higher than target

1.1.2 OP 3	**Number of Property and Casualty Rate and Form Filings Completed**
Short Definition:	The number of insurance policy-related rates and forms filed by insurance carriers pursuant to statutory or rule provisions for review for all property and casualty lines except workers' compensation.
Purpose/Importance:	To measure the number of insurance policy-related rates and forms filed by insurance carriers pursuant to statutory or rule provisions for review of all property and casualty lines except workers' compensation.
Source/Collection of Data:	A form filing consists of policy forms, endorsements and rules used by insurance carriers to define the terms and conditions for insurance coverage. A rate filing consists of rates, rating plans and rating manuals used by insurance carriers to determine the premium charged for insurance coverage. Processing of a form filing is completed on the date of final agency action related to the filing, including approval, disapproval, rejection, withdrawal and verification that a form is filed for information only. Processing of a rate filing is completed on the date of final agency action related to the filing including approval, acceptance, disapproval, withdrawal, or deemed approved date. Form and rate filings are tracked in an agency electronic database.
Method of Calculation:	The number of insurance policy-related rates and forms filed by insurance carriers pursuant to statutory or rule provisions for review for all property and casualty lines except workers' compensation.
Data Limitations:	N/A
Calculation Type:	Cumulative
New Measure:	No
Desired Performance:	Higher than target

1.1.2 EX 1	Total Number of Licensed Agents
Short Definition:	The total number of individuals and entities licensed as agents as tracked in the agent tracking system.
Purpose/Importance:	To measure the total number of individuals and entities licensed as agents.
Source/Collection of Data:	Obtained by querying the agent tracking system at the end of the reporting period.
Method of Calculation:	Sum the total number of individuals and entities licensed as agents as tracked in the agent tracking system. An individual or entity who holds more than one license authority is counted only once.
Data Limitations:	This measure will not reflect the total number of agents license authorities issued by the agency, because many agents hold multiple license authorities.
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Higher than target

1.1.2 EX 2	Number of Texas-based Regulated Companies
Short Definition:	The number of Texas-based entities chartered in Texas holding a Certificate of Authority.
Purpose/Importance:	To measure the number of Texas-based entities chartered in Texas holding a Certificate of Authority.
Source/Collection of Data:	Tracked on the Company-License mainframe system and obtained by querying the system at the end of the reporting period.
Method of Calculation:	Sum the total number of Texas-based entities chartered in Texas holding a Certificate of Authority for the reporting period.
Data Limitations:	This measure is driven by the industry needs in Texas and is intended to provide information about the number of Texas-based entities chartered in Texas. It is not within the control of the Financial program.
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Higher than target

1.1.2 EX 3	Number of non-Texas-based Regulated Companies
Short Definition:	The number of non-Texas-based entities licensed in Texas holding a Certificate of Authority.
Purpose/Importance:	To measure the number of non-Texas-based entities chartered in other States or by a foreign government holding a Certificate of Authority in Texas.
Source/Collection of Data:	Tracked on the Company License mainframe system and obtained by querying the system at the end of the reporting period.
Method of Calculation:	Sum the total number of non-Texas-based entities licensed in Texas holding a Certificate of Authority for the reporting period.
Data Limitations:	This measure is driven by the industry needs in Texas and is intended to provide information about the number of non-Texas-based entities licensed in Texas. It is not within the control of the Financial program.
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Higher than target

1.1.2 EX 4	Number of licensed HMOs
Short Definition:	The total number of licensed HMOs that hold a Certificate of Authority to operate in the State of Texas.
Purpose/Importance:	To measure the total number of licensed HMOs that hold a Certificate of Authority to operate in Texas.
Source/Collection of Data:	Tracked on the Oracle system and obtained by querying the system at the end of the reporting period.
Method of Calculation:	Sum the total number of licensed HMOs that hold a Certificate of Authority to operate in the State of Texas for the reporting period.
Data Limitations:	This measure is driven by the industry needs in Texas such as mergers, acquisitions and market trends. The number of HMOs have declined, and this measure is not within the control of the Financial Program.
Calculation Type:	Non cumulative
New Measure:	No
Desired Performance:	Higher than target

1.1.3 OC 4	**Number of Automobiles Covered by Voluntary Policies as a Percent of Total Private Passenger Automobiles in Underserved Markets**
Short Definition:	Percent of Autos in Underserved Markets with Voluntary Coverage.
Purpose/Importance:	To measure the percentage of total registered passenger vehicles which are insured by private or commercial passenger automobiles insurance through the voluntary market.
Source/Collection of Data:	The source of data for total vehicles written on voluntary policies in underserved markets will be the data from the TDI Quarterly Market Report of the Texas Private Passenger Automobile Statistical Plan. The source of data for registered vehicles is the Texas Department of Transportation. Underserved markets are those ZIP codes designated by the Commissioner as underserved, as required by Article 21.81, Sec 3(e) of the Insurance Code, which provides that underserved geographic areas "shall be determined and designated by the Commissioner by rule." Under Title 28 of the Texas Administrative Code, Section 5.206, the Commissioner is to categorize each ZIP code in the state into Category 0 through Category 4, to indicate the number of Texas Automobile Insurance Plan Association credits awarded an insurer for writing a vehicle in a given ZIP code.
Method of Calculation:	The number of vehicles covered by voluntary private passenger automobile policies in underserved markets divided by the total number of registered vehicles in underserved markets.
Data Limitations:	The Commissioner may increase the category (and the attached credits) of a ZIP code at any time by rule, but may only decrease the category (and the attached credits) of a ZIP code three years after the initial designation, or at any time thereafter, with a minimum of one year's notice.
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Higher than target

1.1.3 OC 5	**Percent of Market Assistance Program Applications Eligible for Referral Resulting in the Issuance of a Residential Property Insurance Policy**
Short Definition:	Percent of MAP Applications Eligible for the Issuance of Insurance. The Market Assistance Program (MAP) is defined as the Residential Property Insurance Market Assistance Program, authorized and operated pursuant to Article 21.49-12 of the Insurance Code and 28 TAC Chapter 5, Subchapter N, to assist consumers in Texas in obtaining residential property insurance coverage in designated underserved areas as defined by Commissioner order.
Purpose/Importance:	To measure the percent of MAP applications eligible for referral which resulted in the issuance of a policy.
Source/Collection of Data:	Eligible applications for assistance are referred to participating insurers by Texas Department of Insurance staff. Participating insurers are those insurers that have voluntarily indicated their willingness to review MAP applications for the purposes of issuing a residential property insurance policy. "Issuance of a residential property insurance policy" is considered complete when a participating insurer notifies the Texas Department of Insurance with the policy number. Eligible applications will be tracked on a computer based system and the total number of applications for assistance eligible for referral that resulted in the issuance of a residential property insurance policy is obtained by querying the system at the end of the reporting period.
Method of Calculation:	The number of Market Assistance Program (MAP) applications received by the Texas Department of Insurance eligible for referral to participating insurers that resulted in the issuance of a residential property insurance policy, divided by the total number of MAP applications for assistance eligible for referral to participating insurers for residential property insurance.
Data Limitations:	An application for assistance is a form promulgated by the Texas Department of Insurance to be completed by the applicant and, if used, an originating agent. To be eligible for referral to a participating insurer the following requirements must be met: 1) The property to be insured is located in a designated underserved area as defined by Commissioner order; 2) The originating agent, if used, is duly licensed as a local recording agent or is a salaried representative; 3) Documentation of two attempts to obtain property insurance is attached to the application form as defined by section 5.10006 of the MAP Plan of Operation; 4) The property to be insured is "insurable" as defined in section 5.10006 of the MAP Plan of Operation; 5) Applicant has never been canceled or non-renewed for nonpayment of premium for coverage obtained through the MAP; 6) Applicant has never been canceled or non-renewed because of a fraudulent claim.
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Higher than target

1.1.3 OC 6	**Percent of Personal Auto and Residential property form filings completed in 60 days**
Short Definition:	The percent of personal auto and residential property form filings whose processing by TDI is completed within 60 days of receipt of the filing during the monthly reporting period.
Purpose/Importance:	To ensure the timely processing of personal auto and residential property form filings.
Source/Collection of Data:	Filings completed are tracked in an agency electronic database and form filings are defined as both policy forms (code PF) and endorsements (code EN). Processing of a form filing is completed on the date final action is taken on the filing. Final action is defined as receiving a final status code (includes approval, disapproval, rejection or withdrawal) as listed in the TRACK database status code table as PCFINAL. A form filed as a substitution for a prior approval is counted as a separate filing. The completion period to be used in determining a completed filing begins on the date the filing is received by TDI and ends on the date of final agency action related to the filing.
Method of Calculation:	The number of personal automobile and residential form filings whose processing by TDI is completed during the reporting period and within 60 days of receipt of the filing divided by the total number of personal automobile and residential form filings completed during the reporting period.
Data Limitations:	N/A
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Higher than target

1.1.3 OP 1	**Total Number of Market Assistance Program Applications Eligible for Referral Resulting in the Issuance of a residential Property Insurance Policy**
Short Definition:	Number of MAP Apps Eligible for Referral in Issuance of Property Ins. The Market Assistance Program (MAP) is defined as the Residential Property Insurance Market Assistance Program, authorized and operated pursuant to Article 21.49-12 of the Insurance Code and 28 TAC Chapter 5, Subchapter N, to assist consumers in Texas in obtaining residential property insurance coverage in designated underserved areas as defined by Commissioner order.
Purpose/Importance:	To measure the number of MAP applications eligible for referral resulting in the issuance of a property insurance policy.
Source/Collection of Data:	Participating insurers are those insurers that have voluntarily indicated their willingness to review MAP applications for the purposes of issuing a residential property insurance policy. "Issuance of a residential property insurance policy" is considered complete when a participating insurer notifies the Texas Department of Insurance with the policy number. Eligible applications will be tracked on a computer based system and the total number of applications eligible for referral that resulted in the issuance of a residential property insurance policy is obtained by querying the system at the end of the reporting period.
Method of Calculation:	The number of Market Assistance Program (MAP) applications received by the Texas Department of Insurance that meet eligibility requirements for referral to participating insurers and result in the issuance of a residential property insurance policy.
Data Limitations:	An application for assistance is a form promulgated by the Texas Department of Insurance to be completed by the applicant and, if used, an originating agent. To be eligible for referral to a participating insurer the following requirements must be met: 1) The property to be insured is located in a designated underserved area as defined by Commissioner order; 2) The originating agent, if used, is duly licensed as a local recording agent or is a salaried representative; 3) Documentation of two attempts to obtain property insurance is attached to the application form as defined by section 5.10006 of the MAP Plan of Operation; 4) The property to be insured is "insurable" as defined in section 5.10006 of the MAP Plan of Operation; 5) Applicant has never been canceled or nonrenewed for nonpayment of premium for coverage obtained through the MAP; 6) Applicant has never been canceled or nonrenewed because of a fraudulent claim. Eligible applications are referred to participating insurers by Texas Department of Insurance staff.
Calculation Type:	Cumulative
New Measure:	No
Desired Performance:	Higher than target

1.1.3 EX 1	**Total Number of Market Assistance Program Applications Received**
Short Definition:	The total number of Market Assistance Program (MAP) applications received by the Texas Department of Insurance for referral to participating insurers by Texas Department of Insurance staff for the purposes of obtaining residential property in a designated underserved area.
Purpose/Importance:	To measure the number of MAP applications received.
Source/Collection of Data:	The Market Assistance Program (MAP) is defined as the Residential Property Insurance Market Assistance Program, authorized and operated pursuant to Article 21.49-12 of the Insurance Code and 28 TAC Chapter 5, Subchapter N, to assist consumers in Texas in obtaining residential property insurance coverage in designated underserved areas as defined by Commissioner order. An application for assistance is a form promulgated by the Texas Department of Insurance to be completed by the applicant and, if used, an originating agent. Resubmission of applications are counted for purposes of this measure. Applications are tracked on a computer-based system and the total number of applications received is obtained by querying the system at the end of the reporting period.
Method of Calculation:	The total number of Market Assistance Program (MAP) applications received by the Texas Department of Insurance for referral to participating insurers by Texas Department of Insurance staff for the purposes of obtaining residential property in a designated underserved area.
Data Limitations:	N/A
Calculation Type:	Cumulative
New Measure:	No
Desired Performance:	Higher than target

1.1.3 EX 2	Total Number of Market Assistance Program Applications Eligible for Referral
Short Definition:	The total number of Market Assistance Program (MAP) applications received by the Texas Department of Insurance that meet the eligibility requirements, as specified in Section 5.10006 of the MAP Plan of Operation, for referral to participating insurers. The MAP is defined as the Residential Property Insurance Market Assistance Program, authorized and operated pursuant to Article 21.49-12 of the Insurance Code and 28 TAC Chapter 5, Subchapter N, to assist consumers in Texas in obtaining residential property insurance coverage in designated underserved areas as defined by Commissioner order.
Purpose/Importance:	To measure the total number of MAP applications eligible for referral.
Source/Collection of Data:	Eligible applications are referred to participating insurers by Texas Department of Insurance staff. Participating insurers are those insurers that have voluntarily indicated their willingness to review MAP applications for the purposes of issuing a residential property insurance policy. Eligible applications will be tracked on a computer-based system and the total number is obtained by querying the system at the end of the reporting period.
Method of Calculation:	The total number of Market Assistance Program (MAP) applications received by the Texas Department of Insurance that meet the eligibility requirements, as specified in Section 5.10006 of the MAP Plan of Operation, for referral to participating insurers.
Data Limitations:	An application for assistance is a form promulgated by the Texas Department of Insurance to be completed by the applicant and, if used, an originating agent. To be eligible for referral to a participating insurer the following requirements must be met: 1) The property to be insured is located in a designated underserved area as defined by Commissioner order; 2) The originating agent, if used, is duly licensed as a local recording agent or is a salaried representative; 3) Documentation of two attempts to obtain property insurance is attached to the application form as defined by section 5.10006 of the MAP Plan of Operation; 4) The property to be insured is “insurable” as defined in section 5.10006 of the MAP Plan of Operation; 5) Applicant has never been canceled or nonrenewed for nonpayment of premium for coverage obtained through the MAP; 6) Applicant has never been canceled or nonrenewed because of a fraudulent claim.
Calculation Type:	Cumulative
New Measure:	No
Desired Performance:	Higher than target

1.1.3 EX 3	**Number of Underserved Markets Identified for Residential Property Insurance**
Short Definition:	The number of underserved markets identified for homeowners insurance designated by the Commissioner of Insurance as listed in the Commissioner's order establishing the rule.
Purpose/Importance:	To measure the number of underserved markets identified for residential property insurance.
Source/Collection of Data:	Data will come from three sources: 1) TDI's residential statistical plan for theft rate and percentage of dwelling policies, 2) the U.S. Census Data for median income level; and 3) a special insurance data call for the percentage of surplus lines policies. A market is designated as underserved for a minimum of a three year-period and will be counted as underserved in each year according to the Market Assistance Program (MAP) Plan of Operation, for referral to participating insurers. The MAP is defined as the Residential Property Insurance Market Assistance Program, authorized and operated pursuant to Article 21.49-12 of the Insurance Code and 28 TAC Chapter 5, Subchapter N.
Method of Calculation:	Underserved market designations will be based on points assigned to each market with a significant difference from the statewide ratios for theft rate, median income, percentage of dwelling policies, and percentage of surplus lines policies. Specifically, points will be assigned to markets based on the following factors: 1) where the theft loss ratio is substantially greater than the state average, 2) where the percentage of dwelling policies to all homeowners and dwelling policies is significantly greater than the statewide average, 3) where the median income level is less than $16,000, and 4) where the percentage of surplus lines policies to all policies is significantly greater than the statewide average. Markets with the greatest number of points will be designated as underserved.
Data Limitations:	U. S. Census demographic data is used to calculate this measure. U.S. Census data, used for demographic data in this measure, is released for a variety of geographic areas (state, county, ZIP codes, etc.) at various times. Based on data availability, ZIP code level Census data will be used to identify underserved market areas. Since surplus lines policies are exempt from data reporting requirements, TDI cannot enforce compliance with data requests. Consequently, this data may not be comprehensive.
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Lower than target

1.1.3 EX 4	**Number of Underserved Markets Identified for Automobile Insurance**
Short Definition:	The number of underserved markets identified for automobile insurance designated by the Commissioner of Insurance as listed in the Commissioner's order establishing the rule.
Purpose/Importance:	To measure the number of underserved markets identified for automobile insurance.
Source/Collection of Data:	Data will come from the Quarterly Market Auto Report. A market is designated as underserved for a minimum of a three year-period and will be counted as underserved in each year.
Method of Calculation:	The measure will be calculated as follows: number of non-standard auto insurance policies plus the number of assigned risk policies divided by the total number of vehicles insured. The measure will be calculated for each market in the state. Markets whose ratio is significantly above the statewide average will be designated as underserved.
Data Limitations:	This measure is calculated using the same vehicle data from the Texas Department of Transportation (TxDoT) that is used to calculate measure 1.1.1 ex 10 - Number of Insured Private and Commercial Passenger Automobiles as a Percentage of Total Registered Passenger Vehicles. This data is currently available at the ZIP code level. Calculating this measure based on market areas designated at the ZIP code level is dependent on continued availability of data from TxDoT at this level.
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Lower than target

1.2.1. OP 1	**Number of Complaints Resolved**
Short Definition:	The number of written communications primarily expressing a grievance which have been resolved. (This definition of complaint comes from Texas Insurance Code Art. 21.21-2, Sec. 2 (b) (6).
Purpose/Importance:	To measure the number of written communications primarily expressing a grievance which have been resolved. This measure does not include complaints against HMOs.
Source/Collection of Data:	Complaints are tracked on the Complaint Inquiry System (CIS). The source of the data is the quarterly and annual CIS "Summary Work Measures Report". Complaints that are referred to other entities having primary responsibility for the subject are not included in this measure. This measure does not include complaints coded as HMO; these are reported in measure 1.2.1 OP 4, Number of complaints against HMOs resolved. The complaint is resolved when staff have closed the complaint on CIS. To close a complaint on CIS, staff must exhaust all actions deemed appropriate to resolve the complaint and have sent the complainant a letter explaining the final disposition of the complaint. Anonymous complaints will have a memo to file instead of a letter to the complainant.
Method of Calculation:	The sum of complaint records coded in CIS as either "F11" (justified complaint) or "F 20" (unjustified complaint) that at the time of closing are not linked to a legal or fraud case.
Data Limitations:	N/A
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Higher than target

1.2.1. OP 2	**Number of Insurance Advertising Filings Reviewed**
Short Definition:	The number of reviews of insurance company and agent advertising and marketing materials to identify violations of insurance regulations in the areas of advertising requirements, unfair trade practices, and proper licensing.
Purpose/Importance:	To measure the number of insurance advertising filings reviewed.
Source/Collection of Data:	The source of the data is the monthly "Not-Required Closed Files" and "Required Closed Files" reports from the Advertisement Management System in Oracle. Such reviews are initiated by insurance companies and agents, consumer complaints and inquiries, sources within TDI, and referrals from other governmental entities. Reviews result in a determination of compliance or non-compliance for each reviewed advertisement. Non-compliance results in notice of non-compliance, request for voluntary discontinuance of the advertisement, or request for disciplinary action by Legal and Compliance.
Method of Calculation:	The number of reviews of insurance company and agent advertising and marketing materials to identify violations of insurance regulations in the areas of advertising requirements, unfair trade practices, and proper licensing.
Data Limitations:	N/A
Calculation Type:	Cumulative
New Measure:	No
Desired Performance:	Higher than target

1.2.1. OP 3	Dollar Amount Returned to Consumers Through Complaint Resolution
Short Definition:	The total dollar amount of claim payments and premium refunds returned to the consumer through complaint resolution by TDI Consumer Protection.
Purpose/Importance:	To measure the dollar amount returned to consumers through complaint resolution.
Source/Collection of Data:	The claim payments and amounts of premium refund obtained through staff intervention are tracked in the Complaint Inquiry System (CIS). Claim payments amounts are the additional amount above what was originally offered to the consumer before TDI staff intervention. Premium refunds are amounts of premiums previously paid that are refunded as a result of TDI staff intervention.
Method of Calculation:	The total dollar amount of claim payments and premium refunds returned to the consumer through complaint resolution by TDI Consumer Protection.
Data Limitations:	N/A
Calculation Type:	Cumulative
New Measure:	No
Desired Performance:	Higher than target

1.2.1 OP 4	Number of Complaints Against HMOs Resolved
Short Definition:	This measure monitors the total number of complaints against HMOs pursuant to Texas Insurance Code, Title 6, §843.282, during the reporting period upon which action has been taken or a determination is made that a violation did not occur.,
Purpose/Importance:	To measure the number of resolved complaints against HMOs to ensure the agency's efforts on behalf of Texas consumers. The Texas Insurance Code requires the agency to "investigate a complaint against a health maintenance organization to determine compliance with this [HMO] Act within 60 days after the Texas Department of Insurance's receipt of the complaint and all information necessary for the department to determine compliance." The Article further specifies circumstances under which TDI may extend the time for completing an investigation.
Source/Collection of Data:	The source of the data is the quarterly and annual CIS report. All verbal and written complaints are tracked on the agency Complaint Inquiry System (CIS). A case is closed when all avenues to resolve the complaint are exhausted, the case is referred to Legal for adjudication or no violation of statute is found. The complainant is sent a letter notifying them of the disposition of the case.
Method of Calculation:	Sum the total number of complaints against HMOs, pursuant to Texas Insurance Code, Title 6, §843.282, during the reporting period upon which action has been taken or a determination is made that a violation did not occur.
Data Limitations:	N/A
Calculation Type:	Cumulative
New Measure:	No
Desired Performance:	Higher than target

1.2.1. EF 1	Average Response Time (in Days) to Complaints
Short Definition:	The number of days from the date a complaint is received in writing at TDI to the date complaint action is concluded summed for all written complaints, divided by the number of complaint actions concluded. A complaint is a written communication primarily expressing a grievance. (This definition of a complaint comes from TIC Art. 21.21-2, Sec. 2 (b) 6).
Purpose/Importance:	To measure the average response time to complaints.
Source/Collection of Data:	The source of the data is the quarterly and annual CIS "Summary Work Measures Report". A complaint is a written communication primarily expressing a grievance. The date a complaint is received is the earliest date stamped by TDI staff on the written complaint. The date action is concluded is the date staff closed the complaint on CIS. The closure on CIS will be after staff have determined that they have exhausted actions they deem appropriate to resolve the complaint and have sent the complainant a letter explaining the final disposition of the complaint.
Method of Calculation:	The number of days from the date a complaint is received in writing at TDI to the date complaint action is concluded summed for all written complaints, divided by the number of complaint actions concluded. The denominator of this measure is Strategy 1.2.1 OP measure 1, "Number of Complaints Resolved." This measure excludes complaints coded as HMO; the average time or HMO complaints is reported in measure 1.2.1 EF Measure 2, Average time (days) for HMO complaint resolution.
Data Limitations:	Anonymous complaints will have a memo to file instead of a letter to the complainant. If a complaint is re-opened, the lapsed time between a closure date and a reopen date is not included in the calculation. If there is no date stamp, the date on the complainant's letter will be the starting date.
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Lower than target

1.2.1 EF 2	Average response Time (in Days) for HMO Complaint Resolution
Short Definition:	The average number of calendar days from the time all complaint investigation information is received until the complaint is closed on the CIS system summed for all HMO complaints, divided by the number of complaints resolved during the reporting period.
Purpose/Importance:	The Texas Insurance Code, Article 20A.12B, requires the Department of Insurance to "investigate a complaint against a health maintenance organization to determine compliance with this [HMO] Act within 60 days after the Texas Department of Insurance's receipt of the complaint and all information necessary for the department to determine compliance." The Article further specifies circumstances under which TDI may extend the time for completing an investigation.
Source/Collection of Data:	All complaints are entered into the Complaint Inquiry System (CIS) by the HMO staff when received. The complaint processing time begins on the date that all documentation has been received, pursuant to Texas Insurance Code Article 20A.12B. The complaint processing time ends when all avenues to resolve the complaint are exhausted, the case is referred to Legal for adjudication or no violation of statute is found. The complainant is sent a letter notifying him/her of the disposition of the case.
Method of Calculation:	This measure is calculated by summing the number of days to resolve all complaints divided by the number of complaints resolved during the reporting period.
Data Limitations:	N/A
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Lower than target

1.2.2 OC 1	Percent of Insurer Fraud Referrals to State and Federal Prosecutors Resulting in Legal Action
Short Definition:	The percent of insurer fraud referrals to State and Federal Prosecutors such as district attorneys and United States attorneys resulting in legal action. "Insurer fraud" is defined as any act that is a violation of any criminal provision of the Texas Insurance Code, or any Texas penal law or any federal law and is committed or attempted to be committed while engaging in the business of insurance, or relating to an insurance transaction, excluding attempt to defraud an insurer (claim fraud).
Purpose/Importance:	To measure the percent of insurer fraud referrals resulting in legal action.
Source/Collection of Data:	The source of the data is the Fraud Program's case management system." Legal action" includes the filing of a charging document (e.g., indictment, criminal complaint or information) by a court of competent jurisdiction against one or more parties. A "case" is a legal matter, issue, investigation or work performed or reviewed by the Fraud Program of TDI. A case can be initiated from an external or internal report of fraud or request. "Referral" is defined as a Fraud Program investigation submitted to one or more prosecutors regarding one or more individuals or entities.
Method of Calculation:	The measure is calculated by dividing the number of "legal actions" taken against individuals or entities as a result of referrals submitted (numerator), by the total number of referrals submitted by the Fraud Program to prosecutors during the fiscal year (denominator). If a referral to a prosecutor results in multiple charging documents against one or more individuals or entities, each legal action taken by the prosecutor is counted in the numerator of this measure.
Data Limitations:	A single fraud case in which more than one individual or entity is investigated may result in more than one referral being made to one or more prosecuting agencies on each individual or entity. In many instances, legal action will not be filed or reported during the same fiscal year the case was referred. Variance in the number of referrals and/or legal actions may result in calculation of a percentage that reflects the agency's performance over multiple fiscal years.
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Higher than target

1.2.2 OP 1	Number of Enforcement Actions Concluded
Short Definition:	The number of enforcement actions that are concluded against agents, companies or licensees for violations of the statute. This measure includes enforcement actions such as contested orders resulting from hearings at the State Office of Administrative Hearings, uncontested orders which are settled without a hearing and voluntary agreements between subject parties and the Texas Department of Insurance (i.e., Assurance of Voluntary Compliance).
Purpose/Importance:	This measure monitors the number of enforcement actions concluded by the agency against certain entities in order to demonstrate the agency's efforts toward reducing unfair or illegal practices.
Source/Collection of Data:	The source of the data is TDI's Chief Clerk's database, the State Fire Marshal's database, and the Compliance Tracking System (CTS). The Chief Clerk's database contains the Commissioner's orders and the Fire Marshal's database contains the Fire Marshal's orders. Enforcement actions are coded as such in the CTS database.
Method of Calculation:	The sum of the number of TDI administrative oversight letters, Assurances of Voluntary Compliance received and affirmed by TDI, and Commissioner's Orders issued for agent license revocations or suspensions, agent/company license denials and approvals, cease and desist orders, suspensions of writing by a company, conservation, supervision, assessment of monetary forfeitures, cancellation/revocation of an engineer's appointment as a qualified inspector and regulatory oversight due to a hazardous financial condition (1.32 orders). Also included are State Fire Marshal orders issued for license suspension, revocation or denial, company registration suspension, revocation or denial, and the assessment of a monetary forfeiture. The enforcement action is considered "concluded" on the date an order is issued, an administrative letter is issued or an assurance of voluntary compliance is affirmed by TDI.
Data Limitations:	This measure includes factors the agency does not control such as the outcome and schedule of hearings at the State Office of Administrative Hearings, uncontested orders which are settled without a hearing, and voluntary agreements between subject parties and the Texas Department of Insurance (i.e., Assurances of Voluntary Compliance).
Calculation Type:	Cumulative
New Measure:	No
Desired Performance:	Higher than target

1.2.2 OP 2	Dollar Amount of Penalties Assessed for Unfair and Illegal Practices
Short Definition:	The total amount of monetary forfeitures, fines, penalties, and/or interest assessed for unfair and illegal practices against companies, groups, agents and licensees as a result of final judgments, orders, or agreements when TDI initiated the enforcement process or in which TDI has opened a case file. Unfair and illegal practices are violations of statute by agents, companies and licensees.
Purpose/Importance:	To measure the dollar amount of penalties assessed for unfair and illegal practices.
Source/Collection of Data:	The source of the data is TDI's Chief Clerk's and State Fire Marshal's databases, the Fraud Program's case management system and the automated Compliance Tracking System (CTS). This number will be obtained from the orders report received from the Chief Clerk's and State Fire Marshal's office and compared to CTS. It will be stressed to staff the importance of entering into CTS judgments received from the AG and DA and agreements such as assurances of voluntary compliance. The input entry of "assessed" as well as collected penalties should be stressed even though this is a measure of assessed penalties.
Method of Calculation:	The total amount of monetary forfeitures, fines, penalties, and/or interest assessed for unfair and illegal practices against companies, groups, agents and licensees as a result of final judgments, orders, or agreements when TDI initiated the enforcement process or in which TDI has opened a case file. Unfair and illegal practices are violations of statute by agents, companies and licensees.
Data Limitations:	N/A
Calculation Type:	Cumulative
New Measure:	No
Desired Performance:	Higher than target

1.2.2 OP 3	**Dollar Amount of Restitution Assessed for Unfair and Illegal Practices**
Short Definition:	The total amount assessed in restitution for customers who are harmed by unfair and illegal practices of companies, groups, agents, and licensees as a result of final judgments, orders or agreements for unfair and illegal practices when TDI initiated the enforcement process or in which TDI has opened a case file. Unfair and illegal practices are violations of statute by agents, companies and licensees.
Purpose/Importance:	To measure the dollar amount of restitution assessed for unfair and illegal practices.
Source/Collection of Data:	The source of the data is TDI's Chief Clerk's database, the Fraud Program's case management system, State Fire Marshal's database and the automated Compliance Tracking System (CTS). This number will be obtained from the orders report received from the Chief Clerk's and State Fire Marshal's office and compared to CTS. It will be stressed to staff the importance of entering into CTS judgments received from the AG and DA and agreements such as assurances of voluntary compliance. The entry of "assessed" as well as "collected" restitution should be stressed since this is a measure of assessed restitution.
Method of Calculation:	The total amount assessed in restitution for customers who are harmed by unfair and illegal practices of companies, groups, agents, and licensees as a result of final judgments, orders or agreements for unfair and illegal practices where TDI initiated the enforcement process or in which TDI has opened a case file. Unfair and illegal practices are violations of statute by agents, companies and licensees. The amount is assessed in the month it is reported to TDI.
Data Limitations:	N/A
Calculation Type:	Cumulative
New Measure:	No
Desired Performance:	Higher than target

1.2.2 OP 4	Number of Contested Cases Closed
Short Definition:	The number of closed cases in which a Notice of Hearing was formally issued.
Purpose/Importance:	To measure the number of contested cases closed. A "case" is a legal matter, issue, investigation or work performed or reviewed by the Legal or Fraud Division of the Texas Department of Insurance.
Source/Collection of Data:	The source of the data is the automated Compliance Tracking System. A case is closed when staff have determined that they have exhausted all actions deemed appropriate or have determined that no action should be taken. The closing date is the date of closure on the CTS system identified by status "C" (closed). A "case" is a legal matter, issue, investigation or work performed or reviewed by the Legal or Fraud Division of the Texas Department of Insurance. A case can be initiated from an external or internal complaint or request. When a violation is not initially resolved by voluntary agreement, a hearing is scheduled with the State Office of Administrative Hearings and a Notice of Hearing is issued.
Method of Calculation:	The number of closed cases in which a Notice of Hearing was formally issued.
Data Limitations:	A Commissioner's Order or Fire Marshal's Order may result from hearings at the State Office of Administrative Hearings or a voluntary agreement between subject parties and The Texas Department of Insurance (i.e., Assurances of Voluntary Compliance, Consent Order) may be obtained any time after issuance of a Notice of Hearing and would still be included in this measure. A single case can include multiple violations and/or have multiple complaints linked to the case. Multiple cases, because the Cases involve separate and distinct issues, may be initiated on the same person or entity. A SQL Plus query will be used to obtain the number of contested cases closed in which a Notice of Hearing was formally issued. The query will utilize a "case action" of "NOH" and status of "C" (closed).
Calculation Type:	Cumulative
New Measure:	No
Desired Performance:	Higher than target

1.2.2 OP 5	Number of HMO Quality Assurance Examinations Conducted
Short Definition:	This measure monitors all examinations conducted on HMOs and any affiliates to determine compliance with Health Maintenance Organization (HMO) and Utilization Review Agent (URA) statutes and regulations. These exams include but are not limited to triennial, service area expansion, complaint including restitution certificate of authority and utilization review exams as well as quality assurance exams of HMOs and affiliate entities and may include on-site reviews and reviews of materials required to be submitted to the agency.
Purpose/Importance:	To measure the number of examinations conducted by the HMO Quality Assurance (HMO/QA) Section to ensure compliance with HMO and URA statutes and regulations to protect the citizens of Texas.
Source/Collection of Data:	The measure is calculated using work papers and data captured in the HMO audit database. The frequency of examinations ranges from one to three years and is mandated by statute for certain examinations; others are conducted on an as-needed basis. Examinations may be conducted at the location of an HMO's or affiliate's office or may be completed through a review of materials which are required to be submitted to the agency. An examination is considered complete on the date the exam report is mailed to the HMO or affilliate and the completion date is entered in the HMO audit database. An "affiliate" entity is any business that has a contractual relationship with an HMO or its delegated entity.
Method of Calculation:	Sum the number of examinations conducted on HMOs and affiliate entities to determine compliance with HMO and URA statutes and regulations.
Data Limitations:	This measure does not include Quality Assurance examinations that are 100 percent outsourced. Some exams included in this measure may be conducted jointly with the Financial program. However, the two programs have different scopes because the Financial exams relate to solvency and market conduct while the HMO exams review health care services provided to enrollees to make sure they are consistent with reasonable standards of quality of care consistent with prevailing professionally recognized standards of medical practice. Therefore, each program will include these joint exams in calculating the number of exams conducted. The number of exams conducted is affected by market conditions and will increase or decrease depending on the ability of HMOs and their affiliates to meet the agency's regulatory requirements.
Calculation Type:	Cumulative
New Measure:	No
Desired Performance:	Higher than target

1.2.2 EF 1	**Average Cost Per HMO Quality Assurance Examination Conducted**
Short Definition:	This measure monitors the average cost of expenditures by the HMO Quality Assurance (HMO/QA) Section for the reporting period. These exams include but are not limited to, triennial, service area expansion, complaint, including restitution, certificate of authority and utilization reviews as well as quality assurance exams of HMOs and affiliate entities and may include on-site reviews and reviews of materials required to be submitted to the agency.
Purpose/Importance:	To measure the average state cost per examination.
Source/Collection of Data:	Costs are calculated using work papers and from data captured in the HMO audit database. An examination is considered complete on the date the exam is completed in the HMO audit database. The denominator of this measure is strategy 1.2.2 OP 5, "Number of HMO quality assurance examinations conducted." The frequency of some examinations is mandated by statute; others are conducted on an as-needed basis.
Method of Calculation:	All expenditures for HMO/QA examination activity for the reporting period divided by the number of examinations completed for the reporting period.
Data Limitations:	This measure does not include Quality Assurance examinations that are 100 percent outsourced. Some exams included in this measure may be conducted jointly with the Financial program. However, the two programs have different scopes because the Financial exams relate to solvency and market conduct while the HMO exams review health care services provided to enrollees to make sure they are consistent with reasonable standards of quality of care consistent with prevailing professionally recognized standards of medical practice. Therefore, each program will include these joint exams in calculating the number of exams conducted.
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Lower than target

1.2.2 EX 1	**Percent of Contested Cases Finalized Within 180 Days**
Short Definition:	The percent of Texas Department of Insurance or State Fire Marshal contested cases finalized within 180 days.
Purpose/Importance:	To measure the percent of contested cases finalized within 180 days.
Source/Collection of Data:	The source of the data is the automated Compliance Tracking System (CTS). Contested cases are those in which a notice of hearing is formally issued. Determination for finalizing a contested case will be the date the Texas Department of Insurance issues notification that enforcement action is being taken, (Notice of Hearing date) to the date the case is closed on the CTS- identified by status "C" (closed). A "case" is a legal matter, issue, investigation or work performed or reviewed by the Legal or Fraud Division of TDI. A case can be initiated from an external or internal complaint or request. When a violation is not initially resolved by voluntary agreement, a hearing is scheduled with the State Office of Administrative Hearings and a Notice of Hearing is issued.
Method of Calculation:	The number of contested cases finalized within 180 days divided by the total number of contested cases closed.
Data Limitations:	A Commissioner's or State Fire Marshal's Office Order may result from hearings at the State Office of Administrative Hearings or a voluntary agreement between subject parties and the Texas Department of Insurance (i.e., Assurances of Voluntary Compliance, Consent Order). It may be obtained at any time after issuance of a Notice of Hearing and would still be included in this measure. A single case can include multiple violations and/or have multiple complaints linked to the case. Multiple cases, because the cases involve separate and distinct issues, may be initiated on the same person or entity. This measure is dependent on the performance of the State Office of Administrative Hearings, which is not under the control of TDI.
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Higher than target

1.2.3 OP 1	Number of Referrals of Alleged Insurer Fraud to State and Federal Prosecutors
Short Definition:	Number of referrals of alleged insurer fraud to appropriate authorities. "Insurer Fraud" is defined as any act that is a violation of any criminal provision of the Texas Insurance Code, any Texas penal law or any federal law and is committed or attempted to be committed while engaging in the business of insurance or relating to any insurance transaction excluding attempts to defraud an insurer (claim fraud).
Purpose/Importance:	To measure the number of referrals of alleged insurer fraud to appropriate state and federal prosecutors.
Source/Collection of Data:	The source of the data is the Fraud Program's case management system. "Legal action" includes the filing of a charging document (e.g., indictment, criminal complaint or information) by a court of competent jurisdiction against one or more parties. A "case" is a legal matter, issue, investigation or work performed or reviewed by the Fraud Program of the Texas Department of Insurance. A case can be initiated from an external or internal report of fraud or request. "Referral" is defined as a Fraud Program investigation submitted to one or more prosecutors regarding one or more individuals or entities.
Method of Calculation:	The number of subjects and/or entities associated with fraud cases that are referred by the Texas Department of Insurance for legal action to the prosecutors which allege insurer fraud as defined in this measure.
Data Limitations:	A case that may identify more than one individual or entity will count each individual or entity referred as a separate referral. Referrals made to multiple prosecuting agencies from the same case will be counted independently as additional referrals. Separate cases that involve the same party will be counted as separate referrals.
Calculation Type:	Cumulative
New Measure:	No
Desired Performance:	Higher than target

1.2.3 EF 1	Average Number of Days per Insurer Fraud Enforcement Case Referred
Short Definition:	The average number of days from the date the insurer fraud enforcement case is opened (including the date opened) to its referral (including the referred date) to prosecutors such as district attorneys or United States attorneys. A "case" is a legal matter, issue, investigation or work performed or reviewed by the fraud program of TDI. "Referral" is defined as a fraud program investigation submitted to one or more prosecutors regarding one or more individuals or entities.
Purpose/Importance:	To measure the average number of days from the date the insurer fraud case is opened by the Texas Department of Insurance (TDI) to its referral.
Source/Collection of Data:	An insurer fraud enforcement case begins on the date on which the case is opened ("Date Opened" in the Fraud Program's case management system). The average number of days completed will be obtained from a query of the Fraud Program's case management system calculating the number of days from the date a case is opened to the date a case is first referred and concluded. "Insurer fraud" is defined as any act that is a violation of any criminal provision of the Texas Insurance Code, any Texas penal law or any federal law and that is committed or attempted to be committed while engaging in the business of insurance or relating to an insurance transaction, excluding attempts to defraud an insurer (claim fraud).
Method of Calculation:	This measure is calculated by dividing the total number of days for each insurer fraud case referred by the total number of insurer fraud cases referred during the reporting period. A case is concluded upon the date of the first referral to a prosecutor. Cases closed and not referred are not counted in this measure.
Data Limitations:	A single fraud case, in which more than one person or entity are investigated, may result in more than one referral being made to one or more prosecuting agencies on each individual or entity. If more than one referral is made from a single fraud case, each individual or entity will count as a separate referral. When multiple referrals are made, the query will only select the date the case is first referred and concluded.
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Lower than target

1.2.3 EX 1	**Estimated Dollar Amount (in Millions) of Insurer Fraud Referred**
Short Definition:	The dollar amount of fraud identified within the referral report, following submission to a prosecutor such as a district attorney or a United States attorney by TDI in connection with suspected insurer fraud.
Purpose/Importance:	To measure the estimated dollar amount of insurer fraud referred.
Source/Collection of Data:	The source of the data is obtained from a Fraud Program referral report to a prosecutor, generated from the Fraud Program case management system. "Insurer fraud" is defined as any act that is a violation of any criminal provision of the Texas Insurance Code, any Texas penal law, or any federal law, and is committed or attempted to be committed while engaging in the business of insurance, or relating to an insurance transaction, excluding attempts to defraud an insurer (claim fraud). A "case" is a legal matter, issue, investigation or work performed or reviewed by the Fraud Program of the Texas Department of Insurance. A case can be initiated from an external or internal report of fraud or request. "Referral" is defined as a Fraud Program investigation submitted to one or more a prosecutor, regarding one or more individuals or entities.
Method of Calculation:	The dollar amount of fraud referred will be calculated and recorded in the initial referral report to law enforcement and included in the Fraud Program case management system.
Data Limitations:	The dollar amount of fraud referred is limited to the total amount of fraud committed in conjunction with a scheme or continuing course of conduct for all parties involved in a case.
Calculation Type:	Cumulative
New Measure:	No
Desired Performance:	Higher than target

1.2.3 EX 2	**Number of Reports of Insurer Fraud Received**
Short Definition:	Number of reports of possible insurer fraud received.
Purpose/Importance:	To measure the number of reports of possible insurer fraud received.
Source/Collection of Data:	The source of the data is the Fraud Program's case management system. The number of written or electronic communications received by the Fraud Program of the Texas Department of Insurance alleging possible insurer fraud during the report period. All reports of insurer fraud from any source will be entered into the Fraud Program's case management system and the total will be calculated by a query on that system. "Insurer fraud" is defined as any act that is a violation of any criminal provision of the Texas Insurance Code, any Texas penal law, or any federal law, and is committed or attempted to be committed while engaging in the business of insurance, or relating to an insurance transaction, excluding attempts to defraud an insurer (claim fraud).
Method of Calculation:	The number of written or electronic communications received by the Fraud Program of the Texas Department of Insurance alleging possible insurer fraud during the report period.
Data Limitations:	N/A
Calculation Type:	Cumulative
New Measure:	No
Desired Performance:	Higher than target

2.1.1 OC 1	**Percent of Statutorily Mandated On-site Examinations Conducted During the Fiscal Year**
Short Definition:	The total of all entities subject to statutorily mandated on-site examinations at certain intervals, pursuant to the Insurance Code (Article 1.15, et. al.), that were examined in the current fiscal year, divided by the total number of statutorily mandatory on-site examinations scheduled to be completed during the fiscal year.
Purpose/Importance:	To indicate whether TDI is completing the statutorily mandated examinations required within the fiscal year.
Source/Collection of Data:	Receipt of the examination report in Austin signifies the completion of the on-site examination. The received reports are logged and tracked in a database. The total number of statutorily mandated on-site examinations scheduled for completion during the fiscal year is tracked in and determined from a database. On-site examinations are conducted at the location of a company's books and records.
Method of Calculation:	The number of the companies examined in a fiscal year will be calculated by determining the total of all on-site comprehensive examination reports of entities subject to statutorily mandated examinations that are received in Austin during the fiscal year. This measure is calculated manually.
Data Limitations:	The examination schedule is adjusted throughout the fiscal year to add newly incorporated companies; to remove or postpone companies that merged, dissolved, underwent significant restructuring or reorganization, or otherwise had alternative regulatory intervention strategies employed to address solvency concerns; and to reflect schedule changes necessitated by regulatory priorities and other unforeseen circumstances. A comprehensive examination reviews a company's overall financial condition as well as its conduct of business and its compliance with the laws of Texas, and is required to be conducted at intervals generally mandated by Article 1.15, Insurance Code. The frequency of on-site comprehensive examinations ranges from one to five years. The measure includes outsourced on-site comprehensive examinations.
Calculation Type:	Non-cumulative
New Measure:	Yes
Desired Performance:	Target

2.1.1 OC 2	Percent of Identified Companies Reviewed
Short Definition:	The number of financial reviews of annual statements filed by companies identified as Texas domestic companies, or foreign companies writing a certain level of Texas premium as defined below, with potential solvency concerns, divided by the total of such identified companies, calculated as of fiscal year-end.
Purpose/Importance:	To measure the number of financial reviews of annual statements filed by companies identified as Texas domestic companies, or foreign companies writing a certain level of Texas premium as defined below, with potential solvency concerns, divided by the total of such identified companies, calculated as of fiscal year-end. To ensure the identified companies have all been reviewed for financial regulatory problems.
Source/Collection of Data:	The number of identified companies are established by June 1 of each fiscal year, based on TDI's priority system. The number of identified companies is evidenced by a report of Texas and Foreign+ Priority Companies," with Foreign+ defined as foreign Life insurance companies writing more than $2 million in TX premium in the preceding calendar year and foreign Property/Casualty companies writing more than $2 million in TX premium in the preceding calendar year. The number of financial reviews are those conducted between March 1 and August 31. Financial reviews conducted are evidenced by a report entitled Annual Reviews Completed on Priority Companies generated as of fiscal year-end from Financial Tracking system. The date reviewed completed on that report is evidenced by the Date Review Completed indicated on a Statement Analysis Tracking Sheet which is filled out by the analyst at the close of each review and from which information is input into Financial Tracking system.
Method of Calculation:	The number of financial reviews of annual statements filed by companies identified as Texas domestic companies, or foreign companies writing a certain level of Texas premium as defined below, with potential solvency concerns, divided by the total of such identified companies, calculated as of fiscal year-end.
Data Limitations:	TDI company type numbers are currently being revised and these revisions may impact the definition during FY2001. Domestic insurance companies are Texas-based entities chartered in Texas holding a Certificate of Authority, as tracked on the Company License mainframe system. Foreign companies are non-Texas-based entities chartered in other States or by a foreign government holding a Certificate of Authority, as tracked on the Company License mainframe system. Company types (and TDI company type numbers) subject to this measure will be Life and/or Health (01 and 02), Stipulated Premium (20), Non-Profit Group Hospital (55), Fire and/or Casualty (03, 04, 05, 06, 07, 08, 09, and 10) Lloyds (12 and 13), Reciprocals (14 and 15), Domestic Risk Retention Groups (40), County Mutual (56), Fraternal (16 and 17), Title (18 and 19), and Health Maintenance Organization (28 and 29) companies.
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Higher than target

2.1.1 OC 3	**Special Deputy Receiver Receivership Asset Recovery Expenses, as a Percent of the Total Dollars Collected by Special Deputy Receivers**
Short Definition:	The percent of the total dollars collected by Special Deputy Receiver (SDRs) appointed by the Commissioner of the Texas Department of Insurance that are used in converting receivership assets.
Purpose/Importance:	This measure tracks the workload of the Special Duty Receivers as they covert receivership assets to cash. Monitoring receivership asset recovery is one of the most important components of receivership administration.
Source/Collection of Data:	The receivership asset recovery expenses are the expenses incurred to collect the funds as reported by the SDRs. The total dollars collected includes cash funds as reported by the SDRs. The total dollars collected includes cash received by SDRs from: (1) sales of receivership assets, e.g. stocks, bonds, real estate, and debt instruments; (2) collection of company receivables, e.g. agent's balances and reinsurance; (3) recovery of statutory deposits; (4) recovery resulting from officer and director liability litigation; and (5) recovery from other lawsuits; e.g. asset recovery and professional malpractice. The total dollars collected represent only those funds collected by SDRs and deposited by SDRs in approved receivership bank accounts or receivership depository accounts with the Texas Treasury. All data comes from the receivership business plans that SDRs file with the court monthly or quarterly and submit to the Receiver. This measure is tracked on a personal computer-based spreadsheet.
Method of Calculation:	The total dollar amount of receivership asset recovery expenses divided by the total dollars collected by Special Deputy Receiver (SDRs) appointed by the Commissioner of the Texas Department of Insurance as Receiver (Receiver) in converting receivership assets to cash.
Data Limitations:	Fluctuations from high to low in the asset recovery expenses as a percent of the total dollars collected is representative of the common cyclical trend of incurring the bulk of the asset recovery expenses prior to the collection of the assets. In addition, it is important to note that given the maturity of the assets that remain toward the end of a receivership, the collection effort becomes more difficult, and in some cases, more expensive.
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Lower than target

2.1.1 OC 4	Average Number of Days from Company "At risk" Identification to the Date of Solvency-related Regulatory Action
Short Definition:	The average number of days from the date a company is identified as "at risk" to the date the earliest solvency-related regulatory action is taken for the reporting period.
Purpose/Importance:	The purpose of this measure is to reflect the average number of days from the date a company is identified as "at risk" to the date the earliest solvency-related regulatory action is taken to minimize insolvencies.
Source/Collection of Data:	The data are tracked on the automated Compliance Tracking System. The "at risk" date is the date a referral is received in the Legal Program from the Financial Program. The solvency-related regulatory action date is the date an action is initiated administratively or a case is referred to the Attorney General. Solvency-related regulatory actions are defined as all orders based upon Article 1.32 of the Texas Insurance Code, administrative oversight letters from the Texas Department of Insurance, Commissioner orders for supervision or conservatorship and referrals to the Attorney General for receivership.
Method of Calculation:	The total number of days from the date a company is identified as "at risk" to the date the earliest solvency-related regulatory action is taken, summed for all such companies, divided by the number of solvency-related regulatory actions taken.
Data Limitations:	N/A
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Lower than target

2.1.1 OC 5	**Percent of Insurers Meeting Statutory or Risk-Based Capital and Surplus Requirements**
Short Definition:	The percent of companies that meet risk based capital and surplus (RBC) requirements as set by the Commissioner in accordance with certain provisions of the Texas Insurance Code (TIC) and the Texas Administrative Code (TAC).
Purpose/Importance:	To measure the percent of insurers meeting statutory or risk-based capital and surplus requirements and to ensure that the companies maintain minimum capital and surplus requirements relative to the risk the company assumes as mandated by the Texas Insurance Code.
Source/Collection of Data:	These requirements are calculated once a year based on available National Association of Insurance Commissioners (NAIC) data by applying the RBC formulas adopted in 28 TAC Section 7.401 and 7.410. An insurer is considered to have met the RBC requirement if its actual capital and surplus (including certain asset and interest reserves for life companies) is equal to or exceeds the required RBC as calculated applying the adopted formulas.
Method of Calculation:	The number of companies that meet risk based capital and surplus requirements as set by the Commissioner, divided by the total number of companies subject to these requirements.
Data Limitations:	The number of companies meeting RBC may vary from year to year because of reorganizations, changes in operations, changes in market conditions for business investments, social reform measures, etc.
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Higher than target

2.1.1 OC 6	**Percent of Companies Rehabilitated After Texas Department of Insurance Solvency-related Intervention**
Short Definition:	The percent of companies or agencies released from solvency-related intervention, including ancillary supervisions or conservatorships. TDI solvency-related intervention is any administrative order such as supervision, conservatorship, Article 1.32 order, administrative oversight letters or court-directed order. An entity is any licensed, or domestic or unauthorized insurance company or agency as defined in the Texas Insurance Code, Articles 1.10 and 21.28-A.
Purpose/Importance:	To measure the percent of companies rehabilitated after TDI solvency-related intervention. This measure represents the TDI philosophy of early intervention to attempt rehabilitation of companies as mandated by TIC Article 21.28-A.
Source/Collection of Data:	A release is defined as an official Commissioner's Order, an Administrative Oversight Letter from the Associate Commissioner of Financial, or a court order releasing the company or agency from solvency intervention under the following conditions: (1) released to company or agency management; (2) released for merger into another company or agency; (3) released as a result of sale to another entity; (4) released because the business was 100 percent assumptive reinsured by another company; or (5) the business is taken over by the underwriting insurance company or another agency. A referral is defined as the issuance of an official Commissioner's Order or letter for TDI solvency-related intervention, including ancillary supervision or conservatorship. This measure includes TDI solvency related interventions in effect at the beginning of the fiscal year plus companies or agencies referred during the fiscal year.
Method of Calculation:	The number of companies or agencies released from TDI solvency-related intervention, including ancillary supervisions or conservatorships, divided by the number of companies or agencies referred to TDI solvency-related intervention.
Data Limitations:	The number of troubled companies referred for regulatory intervention is influenced by many economic and environmental influences.
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Higher than target

2.1.1 OP 1	Number of Early Warning Referrals
Short Definition:	Number of "Early Warning Referrals," which are written reports produced by the Early Warning Division and directed to other divisions of TDI recommending that appropriate regulatory action be taken in connection with licensed insurers and other risk-bearing entities.
Purpose/Importance:	To measure the number of companies that are early-identified with any potential solvency issues. This measure reflects one of many solvency-monitoring tools that are used by the Financial Program.
Source/Collection of Data:	Early Warning Referrals are the product of a review of financial and non-financial indicators and actions reported through the Early Warning Information System (EWIS) and other sources. Examples of the appropriate regulatory actions include complaint analysis, market conduct examination, increased financial monitoring, financial examination, order to cease and desist writing new business in Texas, administrative oversight, supervision, conservation, and receivership.
Method of Calculation:	The sum of all referrals made by the Early Warning staff related to companies that have triggered Early Warning Information System indicators.
Data Limitations:	This measure generally bears an inverse relationship to the overall health of the insurance industry. As the health of the industry increases, referrals decline; as the health of the industry deteriorates, referrals increases.
Calculation Type:	Cumulative
New Measure:	No
Desired Performance:	Lower than target

2.1.1 OP 2	**Number of Entities Receiving Texas Department of Insurance Solvency-related Intervention**
Short Definition:	The number of licensed or unauthorized insurance companies or agencies whose operations are placed under TDI solvency-related intervention for financial rehabilitation. TDI solvency-related intervention is any administrative order such as supervision, conservatorship, Article 1.32 order, or administrative oversight letters, and any court-directed order. An entity is any licensed foreign or domestic or unauthorized insurance company or agency as defined in TEX. INS. CODE Ann. Articles 1.10 and 21.28-A.
Purpose/Importance:	To measure the number of entities receiving TDI solvency-related intervention. This measure represents the TDI philosophy of early intervention to attempt rehabilitation of companies as mandated by TIC Article 21.28-A.
Source/Collection of Data:	The number of licensed or unauthorized insurance companies or agencies is tracked on a personal computer-based system.
Method of Calculation:	The number is calculated by adding the number of new companies or agencies coming under TDI solvency-related intervention during the current fiscal year.
Data Limitations:	The number of troubled companies referred for regulatory intervention is influenced by many economic and environmental influences.
Calculation Type:	Cumulative
New Measure:	No
Desired Performance:	Lower than target

2.1.1 OP 3	**Dollar Amount (in Millions) of Net Asset Recoveries Collected from Receivership Estates**
Short Definition:	The dollar amount of net asset recoveries collected by Special Deputy Receivers (SDRs) appointed by the Commissioner of the Texas Department of Insurance as Receiver (Receiver) in converting receivership assets to cash.
Purpose/Importance:	This measure tracks the workload of the Special Deputy Receivers as they convert receivership assets to cash.
Source/Collection of Data:	The amount reported includes cash received from: (1) cash received from sale of receivership assets, e.g., stocks, bonds, real estate and debt instruments; (2) collection of company receivables, e.g., agents' balances and reinsurance; (3) recovery of statutory deposits; (4) recovery resulting from officer and director liability litigation; and (5) recovery from other lawsuits, e.g., asset recovery and professional malpractice suits. Reported recoveries represent only those funds collected and deposited in approved receivership bank accounts or receivership depository accounts with the Texas Treasury. The data comes from the receivership business plans that SDRs file with the court monthly or quarterly and submit to the Receiver.
Method of Calculation:	The total dollars collected by Special Deputy Receivers (SDRs) appointed by the Commissioner of the Texas Department of Insurance as Receiver (Receiver) in converting receivership assets to cash, less the expense incurred to collect the funds.
Data Limitations:	Fluctuations from high to low in the asset recovery expenses as a percent of the total dollars collected, is representative of the common cyclical trend of incurring the bulk of the asset recovery expenses prior to the collection of assets such as reinsurance and retrospective premium, as well as assets tied to litigation (e.g., directors and officers litigation). In addition, it is important to note that given the maturity of the assets that remain toward the end of a receivership, the collection effort becomes more difficult, and in some cases, more expensive.
Calculation Type:	Cumulative
New Measure:	No
Desired Performance:	Higher than target

2.1.1 OP 4	Number of Holding Company Transactions Reviewed
Short Definition:	The number of holding company transactions reviewed pursuant to Article 21.49-1 of the Texas Insurance Code. The number of transactions reviewed means the number of transactions closed or completed during a calendar month.
Purpose/Importance:	The number of holding company transactions reviewed pursuant to Article 21.49-1 of the Texas Insurance Code. To ensure that transactions with affiliates and acquisitions of control of an insurer do not adversely affect the interest of policyholders and the public.
Source/Collection of Data:	The "Date closed/completed" will be evidenced by: a) for transactions requiring Commissioner's Orders: the date stamped on the Commissioner's Order; b) for stockholder dividends: the "date completed" on the "Notice of Dividend or Distribution Pursuant to 28 Texas Administrative Code Section 7.203(n)" form; c) for all other holding company transactions: the "date closed" on the "transaction closing request" form prepared by Texas Department of Insurance staff. The appropriate "date closed/completed" is entered onto the Oracle HC system (FMHC) by unit support staff, ultimately closing the transaction. Then a report entitled "Holding Company System Closed Transactions Report" is generated for each month indicating the number of reviews completed.
Method of Calculation:	The number of transactions reviewed means the number of transactions closed or completed during a calendar month as evidenced by the total number of "rows selected" on the "Holding Company System Closed Transactions Report".
Data Limitations:	The number of reviews may vary with the number of transactions filed, which can be affected by changes in the economy.
Calculation Type:	Cumulative
New Measure:	No
Desired Performance:	Higher than target

2.1.1 OP 5	Number of Actuarial Examinations Completed
Short Definition:	The number of actuarial examinations of life and property and casualty companies completed by Financial Program actuaries which focus on the adequacy of reserves and other related actuarial items.
Purpose/Importance:	To measure the number of actuarial exams completed.
Source/Collection of Data:	These actuarial examinations are typically performed on domestic life and property and casualty companies every three to five years. The date of completed actuarial exam is the completion date entered by the examining actuary on the cover page of the actuarial examination report. Actuarial examinations are tracked on a computer application. Completed actuarial examinations are sent to the Austin office and entered in an ACCESS database. The original report is maintained in the Financial Program's company file and a copy is filed with the work papers.
Method of Calculation:	The sum of actuarial examinations of life and property and casualty companies that are completed during the reporting period.
Data Limitations:	N/A
Calculation Type:	Cumulative
New Measure:	No
Desired Performance:	Higher than target

2.1.1 OP 6	Number of On-Site Examinations Conducted
Short Definition:	The number of completed on-site financial and market conduct examinations of insurance entities regulated by TDI.
Purpose/Importance:	The purpose/importance of this measure is to reflect program efforts to monitor the financial health and business practices of insurance entities.
Source/Collection of Data:	On-site examinations are conducted at the location of a company's books and records. An examination is considered complete upon receipt of the examiner's report at TDI headquarters. The measure is tracked manually.
Method of Calculation:	The sum of the number of on-site financial and market conduct examinations that are conducted by the department during the reporting period.
Data Limitations:	The frequency of such examinations ranges from one to five years and is statute for certain of these entities; others are examined on as-needed basis. The measure does not include out-sourced examinations in which TDI staff did not directly participate.
Calculation Type:	Cumulative
New Measure:	No
Desired Performance:	Higher than target

2.1.1 OP 7	**Number of Reviews of Annual and Interim Financial Statements Conducted**
Short Definition:	The number of financial reviews, i.e. analyses, physically conducted in any month by Financial Analysis staff on annual, quarterly, and monthly statements filed by licensed insurers.
Purpose/Importance:	To determine the financial condition of insurance companies, health maintenance organizations (HMOs) and other licensed insurance entities and initiate recommendations for regulatory actions as mandated by the Texas Insurance Code relating to the financial condition.
Source/Collection of Data:	The number of reviews will be evidenced by a report entitled "Annual and Interim Reviews Completed" generated for each month. The date completed on the form will be evidenced by the "Date Review Completed" indicated on a "Statement Analysis Tracking Sheet" which is filled out by the analyst at the close of each review and from which information is input into the Financial Tracking system.
Method of Calculation:	The "Annual and Interim Reviews Completed" report includes a total number of "rows selected", i.e., the total number of reviews completed during the month.
Data Limitations:	These are desk reviews performed at TDI and do not include any on-site examinations For purposes of this measure, licensed insurers(and their TDI company type numbers) are defined as Life and/or Health (01 and 02), Stipulated Premium (20) Non-Profit Group Hospital (55), Fire and/or Casualty (03, 04, 05, 06, 07, 08, 09, and 10), Mexican Casualty (11), Lloyds (12 and 13), Reciprocal (14 and 15), Domestic Risk Retention Group (40), County Mutual (56), Fraternal (16 and 17), Title (18 and 19), Health Maintenance Organization (28 and 29), Statewide Mutual Assessment (51) Local Mutual Aid (52), Local Mutual Burial (53), Exempt Association (54), Farm Mutual (57), Continuing Care Retirement Community (26 and 27), and Accredited Reinsurance (82) companies.
Calculation Type:	Cumulative
New Measure:	No
Desired Performance:	Higher than target

2.1.1 EF 1	Average State Cost per Examination
Short Definition:	The average cost for on-site financial and market conduct examinations completed for the reporting period.
Purpose/Importance:	The purpose/importance of this measure is to measure the average state cost per examination.
Source/Collection of Data:	The numerator of this measure is all expenditures and encumbrances for the Examinations activity. The denominator of this measure is Strategy 2.1.1 OP measure 6, “Number of on-site examinations conducted. An examination is considered complete upon receipt of the examiner’s report at TDI headquarters. The examination reports are on-site financial and market conduct examinations of insurance entities regulated by the TDI. The frequency of such examinations ranges from one to five years and is mandated by statute for certain of these entities; others are examined on an as-needed basis.
Method of Calculation:	All expenditures and encumbrances for the Examinations activity for the reporting period divided by the number of examinations completed for the reporting period.
Data Limitations:	Outsourced costs and reports are not included.
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Lower than target

2.1.1 EX 1	**Dollar Amount (in Millions) of Insurance Company Insolvencies**
Short Definition:	The dollar value of each insurance company or entity placed in receivership.
Purpose/Importance:	This measure gauges the financial impact of receiverships.
Source/Collection of Data:	The dollar amount of insolvencies will be tracked on a personal computer.
Method of Calculation:	The dollar value of each insurance company or entity placed in receivership as reported on the balance sheet prepared and submitted to the court by Texas Department of Insurance financial staff at the time of the temporary restraining order or other order initially placing an entity into receivership. The dollar amount of insolvencies will be tracked on a personal computer.
Data Limitations:	Not specifically stated in the definition. There are various external changes, such as company marketing and new product development, mismanagement, improper financial reporting, and federal government action (i.e. enactment of financial modernization legislation) that significantly impact this measure.
Calculation Type:	Cumulative
New Measure:	No
Desired Performance:	Lower than target

2.1.1 EX 2	Number of Estates Placed in Receivership
Short Definition:	The number of estates placed in receivership by Texas District courts for liquidation during the fiscal year.
Purpose/Importance:	Allows the public to know how many companies/estates have been placed into receivership.
Source/Collection of Data:	An insolvent insurance company or entity placed into receivership is referred to as a receivership estate. The estate is all the property of the insolvent entity. The number is obtained from the docketing reports supplied by receivership court that indicate the date of court action placing a company in receivership. This measure is tracked on a personal computer-based system.
Method of Calculation:	The number of estates placed in receivership by Texas District courts for liquidation during the fiscal year.
Data Limitations:	There are various external changes; such as company marketing and new product development, mismanagement, improper financial reporting, and federal government action (i.e. enactment of financial modernization legislation) that significantly impact this measure.
Calculation Type:	Cumulative
New Measure:	No
Desired Performance:	Lower than target

2.1.1 EX 3	**Percent of Companies Subject to Statutorily Mandated Examinations During the Fiscal Year**
Short Definition:	The percent of entities subject to statutorily mandated examinations at certain intervals, pursuant to the Insurance Code (Article 1.15, et. Al.), that were examined in the current fiscal year.
Purpose/Importance:	To indicate the percent of companies scheduled for examination during the fiscal year.
Source/Collection of Data:	The total number of statutorily mandated on-site examinations scheduled for completion during the fiscal year is tracked in and determined from a database. An examination reviews a company's overall financial condition as well as its conduct of business and its compliance with the laws of Texas, and is required to be conducted at intervals generally mandated by Article 1.15, Insurance Code. The frequency of on-site examinations ranges from one to five years. The measure includes outsourced on-site examinations. Receipt of the examination report in Austin signifies the completion of the on-site examination. The received reports are logged and tracked in an Excel database. The total number of entities subject to mandatory on-site examination intervals is tracked in and determined from an Excel database.
Method of Calculation:	The total of all entities subject to statutorily mandated examinations at certain intervals, pursuant to the Insurance Code (Article 1.15, et. Al.), that were scheduled to be examined in the current fiscal year divided by the total number of entities subject to mandatory on-site examination intervals as of August 31.
Data Limitations:	The examination schedule is adjusted throughout the fiscal year to add newly incorporated companies; to remove or postpone companies that merged, dissolved, underwent significant restructuring or reorganization, or otherwise had alternative regulatory intervention strategies employed to address solvency concerns; and to reflect schedule changes necessitated by regulatory priorities and other unforeseen circumstances.
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Target

3.1.1 OC 1	**Percent of Insurers Providing Adequate Loss Control Programs**
Short Definition:	The percent of companies receiving "adequate" ratings for loss control programs by the Texas Department of Insurance during the reporting period.
Purpose/Importance:	To measure the percent of insurers providing adequate loss control programs.
Source/Collection of Data:	An evaluation is considered completed when the company is given an adequate or inadequate rating and notification of such. Evaluations may be conducted on-site by the Texas Department of Insurance (TDI) safety services inspectors or desk audits may be conducted TDI. Companies with low premium volume may be evaluated by a TDI desk-top review of materials submitted by mail. Evaluations are conducted in accordance with the Texas Administrative Code sections 5.301 - 5.303; 5.311; 5.1701-5.1703, 5.1711-5.1713; 5.1721-5.1723 and 5.1731, loss control programs. A review is made of records and procedures by which the appropriate loss control service for a policyholder is determined, worksheets completed on selected policyholders and other data. Evaluation results are tracked by a Loss Control Program computer database.
Method of Calculation:	The total number of companies receiving "adequate" ratings for loss control programs by the Texas Department of Insurance divided by the total number of company evaluations completed that received a rating.
Data Limitations:	N/A
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Higher than target

3.1.1 OC 2	Percent of Commercial Property Inspections That Meet Filed Rating Schedule Requirements
Short Definition:	The percent of commercial property oversight inspections conducted on commercial buildings that meet industry filed rating schedules during the reporting period.
Purpose/Importance:	To measure the percent of Commercial Property inspections that meet industry filed fire rating schedules.
Source/Collection of Data:	This measure is calculated manually using the monthly activity report. As per the Insurance Code, insurers must file a manual of rules and rating schedules for commercial property risks written in this state. Inspections are defined as re-inspections or oversight inspections performed by TDI to determine if the initial fire rating inspections performed by the private entities are accurate or contain errors. A commercial building does not meet the standards when TDI identifies an error in the loss costs analysis due to misapplication of filed rating schedules, inaccurate mathematical calculations, omission of pertinent rating information, or incorrect classification of occupancies. A commercial building meets the standards when the loss costs are properly developed and classified in accordance with company-filed commercial property rating schedules. TDI does not count an inspection as an error if it is within a tolerance of plus or minus five percent of the correct loss costs, due to the complexity and subjectivity of application of rating schedules.
Method of Calculation:	The number of commercial property oversight inspections conducted that meet industry filed fire rating schedules divided by the total number of Commercial Property oversight inspections completed.
Data Limitations:	N/A
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Higher than target

3.1.1 OC 3	**Percent of Windstorm Inspections that Result in an "Approved" Status Code**
Short Definition:	The percent of physical windstorm inspections performed receiving an "approved" status code. Each physical inspection is coded as A = Approved, D = Disapproved or I = Incomplete. Inspections requested but not performed are coded as SC = Site Cancel and C = Cancel. Site Cancel (SC) and Cancel © will not be used in the calculation of this measure.
Purpose/Importance:	To ensure compliance with the building code by measuring the percent of windstorm inspections that result in an "approved" status code.
Source/Collection of Data:	The total number of physical windstorm inspections conducted is the sum of the number approved, disapproved and incomplete. A windstorm inspection is documented by an inspection form, WPI-7 and is considered performed on the date the inspector completes the WPI-7 and enters the status on the inspection log, form IL-1. Pursuant to Article 21.49, Texas Insurance Code, windstorm inspections are performed in the Texas areas which are serviced by the Texas Windstorm Insurance Association (TWIA) for wind and hail insurance. The areas are designated by the Commissioner of Insurance. Inspections determine if the structural elements are in accordance with the Department of Insurance (TDI) windstorm construction guidelines as approved by administrative rule. The number of physical inspections performed is determined from a monthly report prepared by the windstorm activity from an automated system. The denominator for this measure is Strategy 3.1.1 OP measure 1, "Number of Windstorm Inspections Completed."
Method of Calculation:	The number of physical inspections performed receiving an "approved" ("A") status code divided by the total number of physical windstorm inspections performed. Each physical inspection is coded as A = Approved, D = Disapproved or I = Incomplete. Inspections requested but not performed are coded as SC = Site Cancel and C = Cancel. Site Cancel (SC) and Cancel © will not be used in the calculation of this measure. The denominator for this is Strategy 3.1.1 output measure 1, "Number of Windstorm Inspections Completed."
Data Limitations:	N/A
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Higher than target

3.1.1 OP 1	Number of Windstorm Inspections Completed
Short Definition:	The number of inspections conducted by TDI of property for windstorm code compliance. A windstorm inspection is a physical inspection by a TDI windstorm inspector of a structure for compliance with Article 21.49, Texas Insurance Code, to determine if the structural elements are in accordance with the TDI Windstorm Construction Guidelines as approved by Administrative Rule.
Purpose/Importance:	To measure the number of windstorm inspections completed.
Source/Collection of Data:	A windstorm inspection is considered completed when documented on a WPI-7 inspection form and the status is entered on the inspection log (Form IL-1). An inspection is conducted at either (1) a new commercial or residential structure which include requested inspections of foundation, rough framing, final framing, and mechanical, if applicable or (2) an existing commercial or residential structure that must have re-roofing or remodeling work inspected to maintain eligibility. Inspections are completed in accordance with Article 21.49, Texas Insurance Code, in the Texas areas which are serviced by the Texas Windstorm Insurance Association (TWIA) for wind and hail insurance. The areas are designated by the Commissioner of Insurance. A scheduled inspection that is canceled prior to the physical inspection is not counted as an inspection performed. The windstorm inspections are entered into a database and the number of inspections is calculated monthly.
Method of Calculation:	The number of inspections conducted by TDI of property for windstorm code compliance.
Data Limitations:	N/A
Calculation Type:	Cumulative
New Measure:	No
Desired Performance:	Higher than target

3.1.1 OP 2	Number of Inspections of Insurer Loss Control Programs Completed
Short Definition:	The number of evaluations conducted of the loss control programs required of insurance companies for their policyholders. Evaluations may be conducted on-site by the Texas Department of Insurance (TDI) safety services inspectors or may be conducted at TDI with appropriate company program documentation submitted by the insurance company representatives.
Purpose/Importance:	To measure the number of inspections of insurer loss control programs completed.
Source/Collection of Data:	Evaluations are conducted in accordance with the Texas Administrative Code sections 5.301-5.303; 5.311; 5.1701-5.1703; 5.1711-5.1713; 5.1721-5.1723 and 5.1731, which includes loss control programs. Evaluation results are tracked by a computer database which quantifies the total number of loss control programs evaluated, the number of evaluations with adequate ratings, and the number of evaluations with inadequate ratings. An evaluation is completed when TDI notifies the company in writing of an adequate or inadequate rating and the basis for that determination.
Method of Calculation:	The number of evaluations conducted of the loss control programs required of insurance companies for their policyholders.
Data Limitations:	N/A
Calculation Type:	Cumulative
New Measure:	No
Desired Performance:	Higher than target

3.1.1 OP 3	Number of Commercial Property Oversight Inspections Completed
Short Definition:	The number of Commercial Property oversight inspections conducted by TDI to determine the accuracy of Commercial Property rating inspections performed by private entities.
Purpose/Importance:	To measure the number of Commercial Property oversight inspections completed to assure that accurate loss costs are developed and that structures are properly classified in accordance with industry filed building rating schedules.
Source/Collection of Data:	A Commercial Property oversight inspection is conducted by TDI after independent inspections by private entities to assure that accurate loss costs are developed and that structures are properly classified in accordance with industry filed building rating schedules. An oversight inspection is an inspection by a TDI Oversight Inspector of a commercial or a public building. The number of Commercial Property oversight inspections is based on a manual count of oversight inspections recorded in the inspection log maintained by the oversight inspection staff. The number of Commercial Property oversight inspections is counted manually.
Method of Calculation:	The number of oversight inspections conducted by TDI of commercial property to assure that accurate loss costs are developed for fire rating.
Data Limitations:	N/A
Calculation Type:	Cumulative
New Measure:	No
Desired Performance:	Higher than target

3.1.1 EF 1	Average Cost Per Windstorm Inspection
Short Definition:	Total inspection-related funds expended for the Windstorm Activity divided by the number of windstorm physical inspections and requested inspections for the reporting period.
Purpose/Importance:	To measure the average cost per windstorm inspection.
Source/Collection of Data:	Expenditures are calculated by using the Financial Accounting System (General Ledger) Budget Status Detail Report and an excel spreadsheet for travel voucher expenses not yet processed. A physical inspection is considered performed on the date the inspector completes the WPI-7 form and enters A=Approved, D=Disapproved or I=Incomplete status code on the inspection log, form IL-1. A requested inspection is considered performed on the date the inspector completes the WPI-7 form and enters an SC=Site Cancel or C= Cancel status code on the inspection log, form IL-1. The Windstorm Activity queries an Oracle database at the end of the reporting period and calculates the total number of inspections performed and requested.
Method of Calculation:	Total inspection-related funds expended by the Windstorm Activity divided by the number of windstorm physical inspections and requested inspections for the reporting period.
Data Limitations:	N/A
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Lower than target

3.1.2 OC 4	Percent of Consumer and Provider Fraud Referrals to State or Federal Prosecutors Resulting in Legal Action
Short Definition:	Percent of consumer/provider fraud referrals to state or federal prosecutors such as district attorneys or United States attorneys resulting in legal action. “Referral” is defined as Fraud Program investigation submitted to one or more prosecutors regarding one or more individuals or entities. “Legal action” includes the filing of a charging document (e.g., indictment, criminal complaint or information) by a court of competent jurisdiction against one or more parties.
Purpose/Importance:	To measure the percent of consumer/provider referrals resulting in legal action.
Source/Collection of Data:	The source of data is the Fraud Program’s case management system. The percent of individuals or entities against which legal action is taken following referral by TDI in connection with consumer and provider fraud (claim fraud). A “consumer (claimant)” is an insured, beneficiary, third party, or representative such as an attorney or public adjuster who has filed a claim and has received or is expecting payment or reimbursement from a claim. A “provider” is a person or entity who charges for providing goods or performing services for which compensation is sought under a policy of insurance. Examples of providers are hospitals, physicians, pharmacies, and automobile repair shops. A consumer or provider fraudulent act means any act by a consumer or provider that is a violation of any penal law or federal law and that: a) is committed or attempted to be committed as a part of or in support of an insurance transaction; or b) is part of an attempt to defraud an insurer.
Method of Calculation:	The measure is calculated by dividing the number of “legal actions” taken against individuals or entities as a result of referrals submitted (numerator), by the total number of referrals submitted by the Fraud Program to prosecutors during the fiscal year (denominator). If a referral to a prosecutor results in multiple charging documents against one or more individuals or entities, each legal action taken by the prosecutor is counted in the numerator of this measure. A “case” is a legal matter, issue, investigation or work performed or reviewed by the Fraud Program of TDI.
Data Limitations:	A single fraud case, in which more than one individual or entity are investigated, may result in more than one referral being made to one or more prosecutors on each individual or entity. A case can be initiated from an external or internal report of fraud or request. In many instances Legal Action will not be filed during the same fiscal year the Case was referred. Variance in the number of Referrals and/or Legal Actions may result in calculation of a percentage that reflects the agency’s performance over multiple fiscal years.
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Higher than target

3.1.2 OP 1	Number of Referrals of Alleged Consumer and Provider Fraud to State and Federal Prosecutors
Short Definition:	The number of referrals of alleged consumer/provider fraud to appropriate authorities. A consumer or provider fraudulent act means any act by a consumer or provider that is a violation of any penal law, or federal law, and that: A) is committed or attempted to be committed as a part of or in support of an insurance transaction; or B) is part of an attempt to defraud an insurer.
Purpose/Importance:	To measure the number of referrals of alleged consumer and provider fraud to appropriate State and Federal Prosecutors.
Source/Collection of Data:	The source of the data is the Fraud Program's case management system. A "consumer" (claimant) is an insured, beneficiary, third party or representative such as an attorney or public adjuster who has filed a claim and has received or is expecting payment or reimbursement from a claim. A "provider" is a person or entity who charges for providing goods or performing services for which compensation is sought under a policy of insurance. Examples of providers are hospitals, physicians, pharmacies and automobile repair shops. A "case" is a legal matter, issue, investigation or work performed or reviewed by the Fraud Program of the Texas Department of Insurance. A case can be initiated from an external or internal report of fraud or request.
Method of Calculation:	The number of subjects and/or entities associated with fraud cases that are referred by the Texas Department of Insurance for legal action to prosecutors which allege consumer & provider fraud (claim fraud). "Legal action" includes the filing of a charging document (e.g. indictment, criminal complaint or information) by a court of competent jurisdiction against one or more parties. "Referral" is defined as a Fraud Program investigation submitted to one or more prosecutors regarding one or more individuals or entities.
Data Limitations:	A case that may identify more than one individual or entity will count each individual or entity referred as a separate referral. Referrals made to multiple prosecuting agencies from the same case will be counted independently as additional referrals. Separate cases that involve the same party will be counted as separate referrals.
Calculation Type:	Cumulative
New Measure:	No
Desired Performance:	Higher than target

3.1.2 EF 1	Average Number of Days per Consumer or Provider Fraud Enforcement Case Referred
Short Definition:	The average number of days from the date the consumer and provider fraud enforcement case is opened to its referral to prosecutors. A "provider" is a person or entity who charges for providing goods or performing services for which compensation is sought under a policy of insurance. A consumer or provider fraudulent act means any act by a consumer or provider that is a violation of any penal law or federal law and that is: a) committed or attempted to be committed as a part or in support of an insurance transaction; or b) is part of an attempt to defraud an insurer.
Purpose/Importance:	To measure the average number of days from the date the consumer or provider fraud case is opened at the Texas Department of Insurance (TDI) to its referral to prosecutors.
Source/Collection of Data:	A consumer and provider enforcement case, initiated from a complaint, begins on the date the case is opened ("date opened" in the Fraud Program's case management system). The average number of days to completion will be obtained from a query of the Fraud Program's case management system calculating the number of days from the date a case is opened to the date a case is first referred and concluded. A consumer (claimant) is an insured, beneficiary, third party or representative such as an attorney or public adjuster who has filed a claim and has received or is expecting payment or reimbursement from a claim. A "case" is a legal matter, issue, investigation or work performed or reviewed by the Fraud Program of the Texas Department of Insurance.
Method of Calculation:	Measure is calculated by dividing the total number of days for each consumer and provider fraud case referred by the total number of consumer and provider fraud cases referred during the reporting period. A case can be initiated from an external or internal report of fraud or request. A case is concluded for the purpose of this measure upon the date of the first referral, as evidenced by a letter from the case owner to a prosecutor, in which the case is described. "Referral" is defined as a Fraud Program investigation submitted to one or more prosecutors regarding one or more individuals or entities.
Data Limitations:	A single Fraud Program case, in which more than one person or entity is investigated may result in more than one referral being made to one or more prosecuting agencies on each individual or entity. If more than one referral is made from a single fraud case, each individual or entity will count as a separate referral. Cases closed and not referred are not counted in this measure.
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Lower than target

3.1.2 EX 1	**Number of Reports of Possible Consumer and Provider Fraud Received**
Short Definition:	The number of reports of possible consumer/provider fraud received at the Texas Department of Insurance (TDI). A consumer or provider fraudulent insurance act means any act by a consumer or provider that is a violation of any penal law or federal law and that: (a) is committed or attempted to be committed as a part of or in support of an insurance transaction; or (b) is part of an attempt to defraud an insurer.
Purpose/Importance:	To measure the number of reports of possible consumer and provider fraud received.
Source/Collection of Data:	The source of the data is the Fraud Program's case management system. The number of written or electronic communications received by the Fraud Program of TDI alleging possible consumer or provider fraud during the report period. All reports of consumer and provider fraud from any source will be entered into the Fraud Program's case management system and the total will be calculated by a query on that system. A "consumer" (claimant) is an insured, beneficiary, third party or representative such as an attorney or public adjuster who has filed a claim and has received or is expecting payment or reimbursement from a claim. A "provider" is a person/entity who charges for providing goods or services for which compensation is sought under a policy of insurance. Examples of providers include hospitals, physicians, pharmacies and automobile repair shops.
Method of Calculation:	The number of written or electronic communications received by the Fraud Program of the Texas Department of Insurance alleging possible consumer or provider fraud during the reporting period.
Data Limitations:	N/A
Calculation Type:	Cumulative
New Measure:	No
Desired Performance:	Higher than target

3.1.2 EX 2	Estimated Dollar Amount (in Millions) of Consumer and Provider Fraud Referred
Short Definition:	The dollar amount of fraud identified within the referral report, following submission to a prosecutor by TDI in connection with suspected consumer/provider fraud.
Purpose/Importance:	To measure the estimated dollar amount of consumer and provider fraud referred.
Source/Collection of Data:	The source of the data is obtained from a Fraud Program referral report to a prosecutor, generated from the Fraud Program case management system. A “consumer" (claimant) is an insured, beneficiary or third party who has filed a claim and has received or is expecting payment or reimbursement from a claim. A “provider” is a person or entity who charges for providing goods or services for which compensation is sought under a policy of insurance. Examples of providers include hospitals, physicians, pharmacies and automobile repair shops. A consumer and provider fraudulent insurance act means any act by a consumer or provider that is a violation of any penal law or federal law that: a) is committed or attempted to be committed as a part of or in support of an insurance transaction; or b) is part of an attempt to defraud an insurer. "Referral" is defined as a Fraud Program investigation submitted to one or more prosecuting agencies regarding one or more individuals or entities.
Method of Calculation:	The sum of the dollar amount of fraud referred will be calculated and recorded in the initial referral report to law enforcement and included in the Fraud Program case management system. A “case” is a legal matter, issue, investigation or work performed or reviewed by the Fraud Program of the Texas Department of Insurance. A case can be initiated from an external or internal report of fraud or request.
Data Limitations:	The dollar amount of fraud referred is limited to the total amount of fraud committed in conjunction with a scheme or continuing course of conduct for all parties involved in a case.
Calculation Type:	Cumulative
New Measure:	No
Desired Performance:	Higher than target

4.1.1 OC 1	Percent of State Fire Marshal's Office Criminal Referrals Resulting in Enforcement/Legal Action
Short Definition:	The percent of criminal referrals, which are submitted as a result of fire investigations that lead to an enforcement or a legal action.
Purpose/Importance:	To reflect agency efforts in criminal referrals for enforcement or legal action of fire-related investigations.
Source/Collection of Data:	The source of the data is collected in official fire investigation reports completed by field investigators. These reports are reviewed and verified through proper documentation by division supervisors, then entered and stored on the SFMO Fire/Arson Investigation Section (FAIS) Case Management System. A "referral" indicates a single suspect, no matter how many potential offenses are recommended to the prosecutor. "Enforcement/legal action" includes the filing of a charging instrument (e.g., indictment or information) or an adjudication rendered by the court system (federal, state, county, juvenile) during the criminal process. For this measure, a SFMO criminal investigation is initiated when, during a fire investigation (known as a "case"), evidence of criminal activity has been discovered.
Method of Calculation:	This measure represents the percentage of criminal referrals resulting from a fire investigation that lead to an enforcement or a legal action. This measure is calculated by dividing the total "Number of SFMO criminal referrals resulting in enforcement/legal action" during the current fiscal year (numerator), by the total "Number of criminal referrals for prosecution" reported in Strategy 4.1.1 output measure 4 and the number of referrals in effect at the beginning of the fiscal year (denominator). At the end of each fiscal year, those cases which have been referred, that have not resulted in legal action will be carried over to the next fiscal year, with the exception of those cases that have been closed due to lack of action by the prosecuting agency.
Data Limitations:	N/A
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Higher than target

4.1.1 OC 2	**Percent of Registrations, Licenses, and Permits Issued, After Receipt of a Completed Application, Within 20 Days to Fire Alarm, Fire Extinguisher, Fire Sprinkler, and Fireworks Firms, Individuals, and Other Regulated Entities**
Short Definition:	Percent of Registrations, Licenses, and Permits Issued, After Receipt of a Completed Application, to Fire Alarm, Fire Extinguisher, Fire Sprinkler, and Fireworks Firms, Individuals and Other Regulated Entities.
Purpose/Importance:	To track efficiencies in the issuance of registrations, licenses and permits.
Source/Collection of Data:	Both initial and renewal certificates of registration, licenses, and permits are issued to firms, individuals, and other entities, upon request, after the applicant provides all the requirements of Articles 5.43-1, 5.43-2, and 5.43-3; of the Texas Insurance Code and The Occupations Code, Title 13, Subtitle D, Chapter 2154. The dates from receipt of a completed application, as determined by the date of the Texas Department of Insurance Division Cash receipt Report for correspondence including fees or by the State Fire Marshal's office "received" date stamp on correspondence without fees, to the issuance of the registration, license or permit, as signified by the date printed on the registration, license or permit, or the date fireworks permit booklets are picked up or mailed, are entered into a database located on the agency's computer network.
Method of Calculation:	The percent is calculated as the number of registrations, licenses, and permits issued within 20 days or less divided by the total number of registrations, licenses, and permits issued within the reporting period.
Data Limitations:	N/A
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Higher than target

4.1.1 OP 1	Number of Fire Prevention and Fire Safety Presentations Conducted
Short Definition:	The sum of all presentations coordinated by the SFMO public education and information division that SFMO staff makes to external customer groups.
Purpose/Importance:	To track the number of presentations conducted by SFMO Fire Prevention and Outreach Services staff.
Source/Collection of Data:	The source of the data comes from the public presentation report forms, and the public education booth exhibition log. A presentation is any event where SFMO staff educates and/or informs external customers on ways to protect their lives and property from fire and fire-related hazards using one or more of the following methods of communication: speeches, training, exhibits, seminars, teleconferences, and/or TV, radio and print interviews. External customers include educational, business, religious and civic organizations; government agencies and legislators; fire service and law enforcement agencies; and individuals. The source of the data comes from the fire safety house weekly activity log. The sum of these presentations is calculated monthly in the SFMO monthly public education and information report.
Method of Calculation:	The sum of all presentations coordinated by the SFMO public education and information division that SFMO staff makes to external customer groups.
Data Limitations:	A presentation counts as "one" even though it may include more than one of the methods of communication listed above. A presentation also counts as "one" regardless of the number of staff involved; the number of days involved; or the number of times the presentation is given a the same event. However, if more than one SFMO staff appears at the same event, but makes presentations on different topics, each presentation is counted separately. The public presentation report forms are forwarded to the public education division upon completion by SFMO staff, and the Fire Prevention and Outreach Services Director maintains the public education booth exhibition log. The totals of all forms and all public education booth exhibitions with dates on or between the first and last day of the month are added. A fire safety house presentation is counted as one presentation for each group that goes through the fire safety house.
Calculation Type:	Cumulative
New Measure:	No
Desired Performance:	Higher than target

4.1.1 OP 2	Number of Fire Investigations Completed
Short Definition:	This number represents the total number of fire investigations completed.
Purpose/Importance:	To reflect the agency's efforts in investigating fires.
Source/Collection of Data:	The source of the data is collected in official fire investigation reports and stored on the SFMO (FAIS) Case Management System. A fire investigation includes all cases investigated whether the cause is incendiary, accidental or undetermined. A "Case" is initiated when a request for a fire investigation has been received and a "Case Number" has been assigned. An "accidental or undetermined" case is considered "completed" upon a supervisory approval of the report containing the cause and origin determination. An arson (incendiary) case, which is considered a criminal investigation, is considered completed when referred for prosecution. Field investigators refer cases for prosecution to prosecuting agencies (federal, state, county, juvenile, etc.) and document their activities in fire investigation reports. Assistance to other law enforcement entities in investigating fires are not included in this measure.
Method of Calculation:	Sum the number of fire investigations completed. The total number of completed investigations will be obtained by conducting a query of the database. The date the supervisor approves the fire investigation report is considered the "completed date." The completed date is entered into the case management system.
Data Limitations:	N/A
Calculation Type:	Cumulative
New Measure:	No
Desired Performance:	Higher than target

4.1.1 OP 3	**Number of Samples Analyzed in the Arson Lab**
Short Definition:	The total number of items (samples) analyzed as evidence by the Forensic Arson Laboratory.
Purpose/Importance:	To track the number of samples submitted to the Arson Lab to be analyzed for the presence of accelerants.
Source/Collection of Data:	The data is stored in the laboratory database on the agency's network. The "final report" is generated after the analysis is complete and the final results of a case submission are entered into the database. Each sample (item) from a submission is counted as a separate item. Evidence samples are received from the agency's fire and arson investigators, and from other fire service and law enforcement agencies throughout the state.
Method of Calculation:	Sum the total number of items (samples) analyzed as evidence by the Forensic Arson Laboratory in a month. Calculation of this sample total is based on the date of the final report.
Data Limitations:	N/A
Calculation Type:	Cumulative
New Measure:	No
Desired Performance:	Higher than target

4.1.1 OP 4	**Number of State Fire Marshal's Office Criminal Referrals to Prosecution**
Short Definition:	This number represents the total number of criminal referrals to a prosecuting agency (Federal, State or Local) for legal action resulting from an SFMO fire investigation.
Purpose/Importance:	To reflect agency efforts toward referring fire-related criminal activities to a prosecuting agency (Federal, State or Local) for legal action.
Source/Collection of Data:	The source of the data is collected in official fire investigation reports completed by field investigators. For this measure, a SFMO criminal investigation is initiated when, during a fire investigation (known as a "case"), evidence of criminal activity is discovered. A "case" is initiated when a request for a fire investigation has been received and a "case number" has been assigned. A single case can result in the referral of multiple suspects. The total number of referrals will be obtained by querying the database.
Method of Calculation:	Sum the total number of criminal referrals to a prosecuting agency (Federal, State or Local) for legal action.
Data Limitations:	N/A
Calculation Type:	Cumulative
New Measure:	No
Desired Performance:	Higher than target

4.1.1 OP 5	**Number of Registrations, Licenses, and Permits Issued to Fire Alarm, Fire Extinguisher, Fire Sprinkler and Fireworks Firms, Individuals and Other Regulated Entities**
Short Definition:	Number of Registrations, Licenses, and Permits Issued to Fire Alarm, Fire Extinguisher, Fire Sprinkler and Fireworks Firms, Individuals and Other Regulated Entities.
Purpose/Importance:	To track the number of licenses issued to firms and individuals in the alarm, extinguisher, sprinkler and fireworks industries.
Source/Collection of Data:	Both initial and renewal certificates of registration, licenses, and permits are issued to firms, individuals, and other entities in accordance with Articles 5.43-1, 5.43-2, and 5.43-3, of the Texas Insurance Code and The Occupations Code, Title 13, Subtitle D, Chapter 2154. The date of issuance or renewal, as signified by the date printed on the registration, license or permit or the date fireworks permit booklets are picked up or mailed, is recorded in a database located on the agency's computer network.
Method of Calculation:	The number of each type of registration, license, and permit, issued or renewed, is totaled from the information in the database for the reporting period.
Data Limitations:	N/A
Calculation Type:	Cumulative
New Measure:	No
Desired Performance:	Higher than target

4.1.1 OP 6	Number of Licensing Investigations or Inspections Conducted
Short Definition:	This is the number of licensing investigations or inspections conducted to determine possible violations by fire extinguisher, fire alarm, fire sprinkler, and fireworks firms and individuals regulated and licensed under Article 5.43-1, 5.43-2, and 5.43-3, of the Texas Insurance Code and The Occupations Code, Title 13, Subtitle D, Chapter 2154.
Purpose/Importance:	To track the number of investigations of complaints and inspections of licensed entities.
Source/Collection of Data:	The date on the completed report is entered into a database on the agency's computerized network. Investigations/inspections are individually quantified by location and type of industry and assigned a specific case number. After the investigation/inspection is conducted, the investigator files a report.
Method of Calculation:	This is the number of licensing investigations or inspections conducted to determine possible violations by fire extinguisher, fire alarm, fire sprinkler, and fireworks firms and individuals regulated and licensed under Article 5.43-1, 5.43-2, and 5.43-3; of the Texas Insurance Code and The Occupations Code, Title 13, Subtitle D, Chapter 2154. The number of licensing investigations and inspections is calculated from the sum of case numbers on the database for the reporting period.
Data Limitations:	N/A
Calculation Type:	Cumulative
New Measure:	No
Desired Performance:	Higher than target

4.1.1 OP 7	Number of Buildings Inspected or Reinspected for Fire Safety Hazards
Short Definition:	The number of buildings in which a physical survey of the structure is completed and recommendations for correction of hazardous conditions have been made, if noted, including all subsequent surveys for compliance with recommendations.
Purpose/Importance:	To track the number of buildings inspected, on an annual basis, for the protection of building occupants.
Source/Collection of Data:	The data is collected from reports submitted by the inspector and recorded in the agency database. A building is defined as an identifiable structure with fire or space separation containing its own exit facilities and includes inspections of retail service stations. An inspection is completed when the physical survey is conducted and documented on the inspection report. The date of inspection is recorded in the inspection report.
Method of Calculation:	The number of buildings in which a physical survey of the structure is completed and recommendations for correction of hazardous conditions have been made, if noted, including all subsequent surveys for compliance with recommendations.
Data Limitations:	N/A
Calculation Type:	Cumulative
New Measure:	No
Desired Performance:	Higher than target

4.1.1 EF 1	Average Cost per Fire Safety Inspection
Short Definition:	The average cost per fire safety inspection is calculated by dividing the total number of inspections conducted by the total associated costs.
Purpose/Importance:	To track efficiencies of agency staff in conducting fire safety inspections.
Source/Collection of Data:	These costs are salary, longevity, professional fees, consumable supplies, postage, rent, telephone, utilities, travel, fuel and lubricants and other operating expenses as reported on the monthly DFAS report. The number of inspections is derived from data stored in the database system on TDI's computerized network.
Method of Calculation:	The average cost per fire safety inspection is calculated by dividing the total number of inspections conducted by the total associated costs.
Data Limitations:	N/A
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Lower than target

4.1.1 EF 2	Average Time to Complete Fire Investigations
Short Definition:	This number represents the average number of days from the date a fire investigation is initiated until the date the fire investigation is completed.
Purpose/Importance:	To determine efficiencies of agency personnel in conducting fire investigations.
Source/Collection of Data:	A fire investigation includes all cases investigated whether the cause is "arson (incendiary)", "accidental" or "undetermined". The "average time to complete fire investigations" will be obtained by conducting a query giving the date of investigation and completion date of each investigation completed within the reporting period. Assistance to other law enforcement entities in investigating fires are not included in this measure.
Method of Calculation:	The date of investigation will be subtracted from the completion date; the number of days will then be totaled, then divided by the total investigations completed. This will reveal the average time to complete a fire investigation. A "Case" is considered initiated when a request for a fire investigation has been received and a "Case Number" has been issued. "Completed" refers to the approval of the report containing the cause and origin determination resulting from the fire investigation." The date the supervisor indicates approval of the report is the date the investigation is completed. An arson (incendiary) case, also a criminal investigation, is considered completed when referred for prosecution. Field investigators refer cases for prosecution to prosecuting agencies (federal, state, county, juvenile, etc.) and document their activities in fire investigation reports. The completion date is then entered into the FAIS in the case management system.
Data Limitations:	N/A
Calculation Type:	Non-cumulative
New Measure:	No
Desired	Lower than target

4.1.1 EX 1	**Percent of Fires Investigated by the Agency that Involve Insurance Claims**
Short Definition:	The number represents the percentage of fires investigated by the SFMO that involved insurance claims.
Purpose/Importance:	To determine the percentage of fires investigated by the SFMO that involve insurance claims.
Source/Collection of Data:	The data for this measure is collected from official agency reports on fires investigated by the agency and stored in the case management system on the agency's computerized network.
Method of Calculation:	The percentage is calculated by dividing the number of fires in which insurance claims are involved by the total number of fires investigated in a given year, times 100.
Data Limitations:	N/A
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Higher than target

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Appendix E

Workforce Plan

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Texas Department of Insurance
Fiscal Years 2005-2009 Workforce Plan

Introduction

Overview

As specified in the Governor's Office of Budget, Planning and Policy and the Legislative Budget Board *Instructions for Preparing and Submitting Agency Strategic Plans for Fiscal Years (FY) 2005-2009*, the Texas Department of Insurance (TDI) has conducted a strategic planning staffing analysis of its workforce. TDI's *FY 2005-2009 Workforce Plan* is the product of that analysis.

Workforce Planning at TDI

TDI recognizes the importance of workforce planning and uses analyses of its workforce to ensure the appropriateness of its staffing levels, workforce skills and workforce composition. In 2002, TDI prepared its first formal workforce plan as part of its strategic plan. TDI's workforce planning efforts include:

- analyzing program annual workforce data and reviewing staffing issues with Executive Management
- revising management training and establishing a mandatory manager training program, with all managers completing training by September 2005, and
- incorporating workforce and succession planning into programs' business planning process.

Methodology

To develop this workforce plan, TDI followed the planning guidelines issued by the State Auditor's Office and built on TDI's FY 2002 workforce plan development. This process started with an assessment of the workforce planning issues identified through TDI's business planning, strategic planning and budgeting processes. This assessment was conducted by a small team of human resource and planning professionals in consultation with executive staff representing TDI program areas.

The team identified its strategic direction and reviewed programs' internal assessments of needs; it then gathered information about TDI's workforce and identified discrepancies between TDI's current work profile and its projected staffing needs. This "gap analysis" considered current and future staffing levels, demographics, employee skills, employment trends and program workload changes. Finally, the team developed strategies to mitigate potential staffing shortages and surpluses.

Report Components

TDI's Workforce Plan contains the following five sections:

- Agency Overview
- Current Workforce Profile
- Future Workforce Profile
- Gap Analysis, and
- Strategy Development.

Agency Overview

Introduction

TDI is headed by the Commissioner of Insurance. The Governor appoints the Commissioner for a two-year term, subject to Senate confirmation. The Commissioner regulates the Texas insurance industry by administering and enforcing the Texas Insurance Code and other applicable laws. The Commissioner also represents the state as a member of the National Association of Insurance Commissioners, which operates as a means for interstate coordination of regulation activity. TDI's regulatory authority is fully described in the Texas Insurance Code and its regulatory rules are contained within the Texas Administrative Code. Generally, TDI is charged with regulating the Texas insurance industry by:

- reviewing and processing certificates of authority and other filings from insurance companies and other related entities
- calculating reserves for companies transacting business in Texas
- enforcing laws related to fraudulent insurance acts
- enforcing solvency standards among insurers
- protecting Texas consumers
- promoting competition among Texas insurers
- reviewing certain policies and rates, and
- assisting in the prevention of fires and education on fire safety issues.

TDI's Organizational Structure

The functional organization chart shown in Appendix B of TDI's *FY 2005-2009 Agency Strategic Plan* demonstrates how TDI is organized to fulfill its regulatory charge. As detailed in the FY 2004 Operating Budget dated September 1, 2003, TDI has 943 appropriated full-time equivalents (FTEs). The operating budget for TDI was approximately $52.1 million in FY 2003 and $51.0 million in FY 2004. The FY 2003 number reflects the budget prior to the mandated seven percent budget reduction. While the majority of TDI employees are located in Austin, there are 148 staff working in the field, including financial examiners, fire inspectors and investigators, title examiners, windstorm inspectors and support staff. This allows the agency to better meet the statewide needs of consumers and industry representatives.

Agency Vision

TDI envisions a financially stable and responsive insurance industry that provides insurance at a reasonable cost to all consumers who need it.

Agency Mission

TDI regulates the Texas insurance industry firmly, fairly, effectively and efficiently.

- TDI supports a fair, efficient and productive industry dedicated to the long-term concept of insurance and its contributions to society.
- TDI works for the availability of quality insurance products for all Texans at reasonable prices and under reasonable terms and strives to protect consumers' insurance assets.
- TDI enforces solvency standards and promotes competition in the industry while protecting consumers from fraud, misrepresentation and unfair practices.
- TDI educates the public about insurance so that Texans can make informed choices, and TDI insists that the industry be responsive to its customers.
- TDI works to make Texas a place where industry will want to do business.
- TDI works to protect the lives and property of the citizens of Texas from fire and fire-related hazards.

Strategic Goals

TDI has identified six strategic plan goals in the *2005-2009 Agency Strategic Plan*. The four funded goals are:

- Goal 1: Encourage fair competition in the insurance industry
- Goal 2: Encourage the financial health of the insurance industry through monitoring and regulation
- Goal 3: Decrease insurance industry loss costs, and
- Goal 4: Reduce loss of life and property due to fire.

The two unfunded goals that are listed in the strategic plan are:

- Goal 5: Purchase from Historically Underutilized Businesses, and
- Goal 6: Value the diversity of TDI's workforce and the contribution of each employee.

Strategic Goals and Objectives

Each of the above listed goals has objectives and strategies that help meet the larger agency goals. The objectives and strategies are described in detail in TDI's *FY 2005-2009 Agency Strategic Plan*. The table below presents each strategic plan goal, the objectives associated with that goal, and the staffing level (FTEs) TDI has been appropriated to support its goals.

Strategic Plan Goals		**Objectives**	**FTEs**
Goal 1	Encourage Fair Competition in the Insurance Industry	• Reduce impediments to competition and improve insurance availability • Reduce unfair and illegal practices	429.93
Goal 2	Encourage the Financial Health of the Insurance Industry through Monitoring and Regulation	Regulate insurance industry solvency by: • assuring mandated examinations are conducted • reviewing companies • overseeing Special Deputy Receivers	193.42
Goal 3	Decrease Insurance Industry Loss Costs	Reduce losses by assuring that: • insurance companies provide adequate loss control services • windstorm inspections result in "approved" status • consumer and provider fraud referrals to other entities result in legal action	72.05
Goal 4	Reduce Loss of Life and Property Due to Fire	Protect the public against loss of life and property resulting from fire and related hazards by: • increasing public awareness of fire safety and prevention • enforcing statutes and rules relating to fire investigations, fire safety inspections, fire protection and fireworks industries	75.80
Goal 5 *Unfunded*	Purchase from Historically Underutilized Businesses	To make a good faith effort to increase the utilization of historically underutilized businesses for: • professional services • commodities • other services	0
Goal 6 *Unfunded*	Value the Diversity of TDI's Workforce and the Contribution of Each Employee	• Ensure that appropriate training is available for all employees • Recruit and retain a diverse workforce of qualified individuals • Create and maintain a supportive work environment for all employees	0
LAR Goal 5	Support Agency Operations Through Indirect Administration	• Central Administration • Information Resources • Other Support Services	172.28
Total			943.48

TDI Business Functions

TDI's regulatory and administrative responsibilities can be categorized into the five broad functions described below.

Function	Explanation
Regulation	TDI is responsible for regulating the insurance industry. TDI's involvement begins at the moment of application for incorporation or licensure and continues throughout a company's entire life cycle. The regulatory function includes the following: • granting regulatory authority • reviewing rates and policy forms • monitoring for company solvency, and • taking action in those cases where an insurer is financially troubled or insolvent to mitigate the harm to the greatest extent possible.
Enforcement	The agency has authority to take administrative, civil and/or criminal action against companies, agents and other entities that violate the state's insurance laws. TDI has the authority to enact rules for clarification, administration and proper implementation of insurance laws. Enactment of administrative rules can be used to curb or correct industry-wide deficiencies or improper practices.
Fire Prevention and Industry Regulation	The State Fire Marshal's Office function of TDI provides assistance to local governments and other entities to improve fire suppression and fire prevention capabilities.
Consumer Services	TDI assists consumers in a variety of ways, such as aiding in the resolution of complaints, responding to information requests and providing consumer education.
Agency Support	As with any agency, TDI has administrative functions to support its regulatory duties. Support operations include human resources, budget, accounting, planning, purchasing, building maintenance, copying, mail service, and acquiring, operating, and maintaining automated information systems.

Anticipated Changes to Mission, Strategies and Goals

Through the strategic planning process, TDI has identified the environmental factors that are likely to impact the agency's mission, strategies and goals. Some of the key factors include:

- enhanced automation and access to the Internet
- federal and state legislative changes
- participation in National Association Insurance Commissioners (NAIC) initiatives
- industry trends
- changing economic conditions
- availability and affordability of insurance coverage, and
- demographic changes.

Further discussion on each factor follows.

Enhanced Automation and Access to the Internet

Customers expect faster turnaround time with the expansion of Internet and email services. These services have also increased customers access to information, making consumers more knowledgeable than ever. In response, TDI will continue to implement new automation and provide more efficient service. The agency will also continue to train staff so that they will be capable of answering more sophisticated questions.

TDI plans to implement automation technology that makes the agency more effective in responding to customers' needs, and that supports streamlining and standardizing the regulatory process to be more uniform. TDI envisions using the Internet site as the agency's largest field office to serve customers 24-hours a day, seven days a week. Initiatives to improve service to customers through automation will likely include:

- implementing and using Internet development tools to assist with rapid creation of interactive Internet applications
- using the Internet for electronic information collection and distribution (e.g. online customer satisfaction surveys, online complaints/submissions)
- expanding the use of electronic form filings electronically
- implementing new automated workflows/processes, and
- improving the content and management of information on TDI's Web site.

Federal and State Legislative Changes

While it is difficult to predict the scope of future legislative changes, TDI can anticipate that the following areas may be discussed in upcoming legislative sessions:

- federal regulation of insurance
- modernization and standardization of insurance among states
- windstorm oversight
- workers compensation networks, and
- privacy of health and financial information.

Legislative changes may require reallocation of staff resources and where appropriate, may require additional FTEs.

Participation in NAIC Initiatives

The NAIC continues to address the need to coordinate regulation of multi-state insurers. TDI is working with other states through the NAIC to create and implement more uniform standards for insurance regulation, when appropriate. TDI continues to monitor activities at both the state and national level and has a number of key staff involved in NAIC committees, projects and workgroups including:

- Property & Casualty Insurance Committee, Chair
- Examination Oversight Task Force of the Financial Condition Committee, Chair
- National Treatment & Coordination Working Group of the Executive Committee, Chair
- System for Electronic Rate and Form Filing (SERFF) Board of Directors, Chair
- NAFTA Subgroup of the International Insurance Relations Committee, Chair
- Race-Based-Premium Working Group of the Executive Committee, Chair
- Speed-to-Market Task Force of the Executive Committee, Active member, and
- Government Affairs Task Force of the Executive Committee, Active member.

Industry Trends

The continuing trend of insurance company mergers resulting in large, multi-state groups has required TDI and other insurance regulators to adapt to this changing environment. Additional acquisitions, consolidations and mergers among insurers are expected to continue during FY 2005-2009, requiring TDI to prepare to address future conditions.

Industry Trends, continued

Since insurance companies operating within groups often share risk, and frequently have pooling agreements or reinsurance agreements, a catastrophic loss occurring anywhere in the world may directly affect the financial condition of an insurer located in, or doing business in, Texas.

These factors necessitate a more comprehensive approach to insurance regulation. State regulators must be prepared to share more information with their peers and be more vigilant to events at the holding company level as the financial condition of parent or affiliated companies, even those not regulated by TDI, may affect regulated companies.

The recent difficulties in the reinsurance market, coupled with an increased use of non-conventional reinsurance contracts, will require increased scrutiny by TDI in order to assure that companies are financially protected and have set aside sufficient reserves. TDI will also continue to monitor the reinsurance situation to ensure that the solvency of the regulated insurance market is not adversely impacted.

Changing Economic Conditions

In 2003, as a result of a state budget shortfall, TDI reduced staff through a reduction in force. Staffing was restored in FY 2004-2005. The area and national economy were experiencing similar workforce reductions. In some areas at TDI, remaining staff experienced increased workloads. During periods of slow economic growth, turnover decreases. Conversely, turnover typically increases when the economy is strong.

Also, as a result of the state budget shortfall, the 78th Legislature passed House Bill (HB) 3208 providing a retirement incentive to eligible employees. As explained later in this plan, HB 3208 had significant impact on staffing and will continue to affect staffing through FY 2005.

Availability and Affordability of Insurance Coverage

During the past few years, the Texas insurance marketplace has weathered significant challenges. It is expected that the most severe effects from many of these issues may be nearing an end. Rates are expected to improve as is insurance availability. TDI is likely to continue to face the challenge of responding to the issues of availability and affordability of homeowners, workers' compensation, medical malpractice and health care insurance.

Availability and Affordability of Insurance Coverage, continued

If consumers continue to face difficulty in affording and finding insurance coverage, it will impact various areas of TDI's operations. Consumer dissatisfaction will mean increased inquiries and complaints. TDI will also have to enhance educational initiatives and perform more outreach efforts for consumers in order to keep them informed of changes to insurance products in the marketplace.

Demographic Changes

The Texas Comptroller of Public Accounts estimates that the population of Texas in 2004 is 22.5 million. Projections indicate that the 2006 population will rise to over 23 million and by 2009 will be close to 24.7 million.[1]

Employment in Texas is projected to increase from 9.7 million to 11.5 million over the 2000-2010 period. The growth is slower than that experienced during the previous decade of 22.5 percent. Texas, once again, is expected to outpace the projected national average of 1.4 percent, increasing by an average of 176,146 jobs per year for the projection period. While Texas is still adding jobs, the rate at which it is doing so has been declining since September 1997.[2]

Like the rest of the nation, the Texas population is aging. Between 2004 and 2009, the Texas population over 65 is expected to increase 14 percent to a total of almost 3.5 million.

Hispanic Americans are the nation's largest minority group and the fastest growing demographic group in the United States. Texas has the second largest number of Hispanics in the nation at approximately 6.7 million. Texas can only expect its Hispanic population to continue to increase as national projections predict that by 2050 one out of every four Americans will be Hispanic. The second most common language in the United States is Spanish. While TDI has addressed the need of Spanish-speaking consumers by printing publications in Spanish and employing Spanish-speaking customer representatives on phones banks, staffing for such changes will need to be planned.

Changes in the size and composition of the population will affect the insurance industry, Texans' insurance needs, and, consequently, TDI. The demand for state services will increase as the population grows. Additionally, an aging population will likely mean greater need for health care and increased healthcare costs associated with elder care.

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[1] Texas and the U.S. Economic and Population Forecast, FY 2000-2009, Spring 2003 Forecast, Texas Comptroller of Public Accounts.

[2] Jobs in the 21st Century, Employment Projections 2000-2010, December 2003, Texas Workforce Commission

Current Workforce Profile

Overview

To meet its strategic plan goals, TDI relies on competent and knowledgeable staff. This section of TDI's *FY 2005-2009 Workforce Plan* describes TDI's current workforce, including its:

- demographic profile
- retiree profile
- employee turnover
- hard-to-fill positions
- projected employee turnover, and
- critical workforce skills.

Demographic Profile

TDI is committed to equal employment opportunity and strives to maintain a workforce that reflects the diversity of Texas. As of March 2004, TDI's workforce is comprised of 39 percent minority employees and 57 percent of TDI's workforce is female. This is similar to the Texas workforce which was 42 percent minorities and 50 percent females in 2002.[3] Of particular significance, minorities and females are well represented in TDI's management positions. Fifty-seven percent of TDI's managers are minority or female. In reviewing the positions of executive staff, nine of these thirteen positions are minority and/or female. TDI has maintained its diverse workforce despite the FY 2003 reduction in force and a high number of retirements resulting from recent statutory retirement incentives.

The average age of TDI employees is 45, with an average of 10 years of TDI service and 12 years of state service. In 2002, the average age of a state employee was 42.

The Equal Opportunity Employment Commission has established categories for workforce groups, including:

- Officials and Administrators
- Professionals
- Technicians
- Para-professionals, and
- Administrative Support.

[3] A summary of the Texas State Workforce for Fiscal Year 2002, December 2002, Report 03-703, State Auditor's Office

Demographic Profile, continued

Approximately 78 percent of TDI's workforce is classified as either officials/administrators or professionals. TDI positions included in these categories are listed on the table below.

Official/Administrator	Professional	
• Senior actuaries • Senior financial examiners • Executive staff • Directors/managers	• Actuaries • Financial examiners • Auditors • Attorneys • Insurance specialist • Engineers • Investigators	• Inspectors • Nurses • Program specialists • Program administrators • System analysts

In FY 2002, the average annual salary of a TDI employee was $42,062, which was higher than the average state employee salary of $32,238. The FY 2003 average annual salary of a TDI was $42,187. The average state employee salary data was not available at the time of this report.

A demographic comparison of TDI's workforce and the state civilian workforce by classification is shown below.

	State Civilian Workforce*			Texas Department of Insurance			
	Percentage (%) of			Percentage (%) of			*Total # Positions*
EEO Classifications	African Americans	Hispanic Americans	Females	African Americans	Hispanic Americans	Females	
Officials, Administration	7%	12%	32%	14%	15%	44%	*109*
Professional	9%	11%	47%	11%	20%	55%	*589*
Technical	14%	19%	40%	11%	11%	34%	*62*
Para-Professional	18%	31%	56%	15%	36%	94%	*118*
Administrative Support	20%	26%	80%	18%	53%	65%	*17*
Skilled Crafts	10%	30%	10%	0%	100%	50%	*2*
Service & Maintenance	18%	44%	25%	0%	50%	0%	*2*

*2001 Texas Commission on Human Rights Data

Retiree Profile

According, to a report on the State Classification Office Web site, *Agency Prosperity or Failure Depends on Workforce Planning*, the Texas workforce is aging, as is the national workforce. According to Samuel M. Ehrenhalt, a senior fellow at the Rockefeller Institute of Government, “The aging workforce is one of the greatest problems the public sector faces today.”

TDI has experienced increased numbers of retirees over the past few fiscal years. HB 3208, 78th legislative session, created a retirement incentive for eligible state employees beginning on August 31, 2003 and continuing through the FY 2004-2005 biennium. The intent of the legislation was to reduce state agency staffing levels and payroll costs until the end of FY 2005. Eligible employee retirees receive a bonus equal to 25 percent of their salary for the prior 12 month period. Further, the agency’s appropriation is reduced by 35 percent of the retiring employee’s salary for the remainder of the biennium. In addition to appropriation reductions, TDI would also need to pay lump sums of annual leave and overtime to retiring employees upon separation. Approximately, 15 percent of TDI employees are eligible to retire during the current biennium and thus qualify for this incentive.

TDI faces the potential for numerous retirements within the next five years. Thirty percent (or 278 employees) of TDI’s total workforce and 35 percent of TDI managers will be eligible for retirement within the next five years. These numbers are up from 2002, in which 24 percent of all employees and 32 percent of managers were eligible within the next five years. This is also significantly higher than the 10 percent eligible to retire in the next five years in Texas state government workforce as a whole, according to the Employees Retirement System.

Although retirement incentives will entice certain eligible retirees to leave TDI, the impact of the incentives will be offset slightly by another legislative mandate limiting certain retirees access to health insurance. Senate Bill (SB) 1370, 78th Legislative Session, requires employees to be age 65 with at least 10 years of service before qualifying for health insurance.

Approximately 28 percent of eligible retirees since 1999 have chosen to return to TDI after retirement, as allowed by state law. Most retirees who returned to TDI have highly specialized skills. Of those employees eligible to retire in the next five years 22 positions were identified as specialized. If retirees were to choose not to return to TDI, the agency could face a severe loss of institutional knowledge and experience. Most importantly, TDI would lose valuable management experience in some key positions.

Employee Turnover

In FY 2002, TDI's turnover rate was 10.4 percent which is the lowest turnover rate for the agency since 1996. The turnover rate increased to 16.07 percent in FY 2003, which was the first year turnover increased at TDI since 1999. The increase in employee turnover in FY 2003 is attributed in part to the reduction in force that occurred in March 2003. Additionally, in FY 2003, 40 percent of TDI's eligible retirees took advantage of the retirement incentive offered by the passage of HB 3208. The reduction in force and retirement incentive attributed to half of TDI's turnover rate in FY 2003. Excluding those two factors, the turnover rate would have been 8.09 percent in 2003. The turnover rate is expected to drop again to approximately 10 percent in FY 2004, as the mid-year turnover rate as of March 2004 is 4.8 percent. As shown in the table below, TDI's turnover rates continue to be lower than those of other state agencies.

	FY 2001	FY 2002	FY 2003
TDI	14.49%	10.40%	16.07%
Texas State Agencies	17.60%	14.80%	17.40%

Turnover for attorneys, programmers and fraud investigators was particularly high in FY 2003 at 19 percent, 21 percent and 33 percent, respectively.

TDI attorneys on average make less than their counterparts in the private sector. The attorneys that separated from TDI in 2003 were direct transfers to other state agencies. TDI authorized additional attorney positions in 2004 to address new regulatory responsibilities from the 78th Legislative Session. At mid-year FY 2004, the attorney turnover rate was 3 percent.

Turnover for programmers has improved as well, with zero percent turnover for programmers at mid-year 2004. Although turnover in this area is not currently a concern for the agency, the market for technology positions may change, which could significantly affect turnover in this area. TDI will continue to monitor turnover rates for this classification to ensure retention of qualified staff.
Fraud investigator turnover continues to be an area of concern. As of March 2004, turnover was 40 percent. Fraud employs commissioned peace officers with white collar crime and financial crime investigation experience. These special staffing needs, along with financial incentives offered by the private sector, have affected recruitment and turnover for this classification.

Employee Turnover, continued

Human Resources (HR) plans to perform a salary comparison of state agencies employing investigators with similar qualifications and job duties as those of fraud investigators.

TDI has a number of initiatives in place to reduce turnover rates and retain qualified staff. Among these initiatives are:

- flex-time
- mandatory management training program
- employee and manager roundtables
- careful management of limited budget funds to equitably distribute salary increases
- cross-training opportunities
- an agency wellness program
- continued Reality Check meetings, and
- continued participation in the Employee Assistance Program.

Changes in the labor market also impact employee turnover. In the last year, the Austin/San Marcos area has seen a decrease in unemployment rates dropping from 6.0 percent in March 2003 to 4.7 percent in March 2004.[4] As confidence in the local job market increases turnover may also increase.

Another factor affecting turnover rates is employees' levels of satisfaction with their workplace. Each biennium, TDI participates in the University of Texas, School of Social Work*, Survey of Organizational Excellence*. TDI employees respond to questions about their satisfaction on twenty constructs grouped into five workplace dimensions. Likely due to the recent reduction in force and other budget restrictions in FY 2003, the November 2003 survey revealed slightly decreased levels of employee satisfaction compared to 2002. However, employees still rated 19 out of 20 constructs more positively than negatively.

According to the results of the *Survey of Organizational Excellence*, employees ratings on fair pay continued to decline in FY 2004 and fair pay was still the only service area where employees were more dissatisfied than satisfied. The largest decrease in score was in the benefits construct. This was most likely the result of mid-year increases in insurance premiums in FY 2003 along with other changes to health insurance benefits which resulted in greater out-of-pocket expenses for state employees.

[4] U.S. Department of Labor, Bureau of Labor Statistics Data, www.bls.gov

Hard-to-Fill Positions

Although turnover for most positions has improved, the agency must still be prepared to quickly fill positions once they become vacant. In particular, certain TDI positions are difficult to fill due to their specialized nature. TDI had previously reported difficulty filling the following job classifications.

- actuaries
- attorneys
- information technology staff
- financial examiners
- fraud investigators
- engineers, and
- budget analysts.

For employees with these specialized skills, salary and perceptions of fair pay directly impact turnover rates.

The recent local economy changes, such as law firm and information technology lay-offs, have helped to fill positions for attorneys and information technology staff. In the case of financial examiners, legislative targeted salary increases for this classification has improved retention for these employees. Finally, while attracting and retaining actuaries remains a priority, the number of credentialed actuaries in the agency has vastly improved in recent years.

Even though turnover rates, recruitment and retention for most positions have improved at TDI, retention and recruitment remains a cause for concern for actuary, engineer and fraud investigator positions given the specialized skills needed for each.

Actuaries
Actuaries, especially those with professional designations, are highly specialized employees who play an important role in TDI's regulatory functions. Management reported that it is very difficult to fill vacant actuarial positions due to the competitive salaries in the private sector. Historically, turnover for this group has also been an issue. As staff gain experience and earn professional designations, they are often recruited into better paying jobs in the private sector. Fortunately, turnover in this area has experienced a downward trend from a high 29 percent in 1999 to 5.6 percent as of March 2004. This is in part due to the 77th Legislature approving the creation of a new actuarial classification, Actuary VI, pay group B21. This new classification should assist in recruiting and retention for these positions.

Hard-to-Fill Positions, continued

As identified in the Property & Casualty Program Business Plan, non-monetary incentives are a successful tool in recruiting actuaries. In the case of junior actuaries, materials and office study time are provided for preparation for professional certifications. While study time has helped with recruitment, turnover for actuaries may continue to be an issue as junior actuaries acquire professional designations and are recruited for higher paying jobs in the private sector. In the case of senior actuaries, the agency has actively sought actuaries with ties to the Austin area who are willing to trade higher private sector salaries for the opportunity to work in the central Texas area.

Engineers
TDI has had difficulty recruiting engineers because they are paid significantly more in the private sector. TDI has recently identified candidates for engineering positions that have been posted for almost a year.

Engineers at TDI play a key role in the Inspections division of TDI's Property and Casualty program area. These engineers play an important role in performing oversight audits of private engineers, who are appointed by TDI to inspect structures along the coast and to certify their compliance with the applicable code for wind resistant construction. This certification is necessary for a structure to qualify for the wind and hail insurance coverage made available by the state through the Texas Windstorm Insurance Association (TWIA). Since, under certain circumstances, insurance company assessments related to TWIA catastrophic losses can be used to offset premium taxes, ensuring compliance with the building code protects the State's general revenue fund as well as coastal residents.

The agency also has an engineer position in the State Fire Marshal's Office. The employee in this key engineer and management position is a subject matter expert. Filling this position, should it be vacated, would prove to be difficult for the agency.

In order to address engineer recruitment and retention issues, TDI is considering implementing an Engineer Trainee Pilot program that would attract qualified candidates from universities and then train them in the technical aspects of the insurance industry.

Fraud Investigators
Fraud has staffing needs that affect recruitment and turnover. Competition among state agencies in employing skilled investigators has affected Fraud's recruitment. Additionally, the private sector has recruited staff by offering higher salaries, bonuses and company automobiles.

Hard-to-Fill Positions, continued

Recently separated staff indicated satisfaction with the work environment but identified commuting and travel time as reasons for leaving. HR worked with the Fraud Unit to develop topics that Fraud managers can use in job interviews to fully and accurately describe the duties of the position. Although this has helped to assist in hiring candidates whose skills are more appropriate for the duties of an insurance fraud investigator, the Fraud Unit reports that it continues to have difficulty filling vacant positions.

Projected Employee Turnover

Changes in TDI turnover follow changes in the area's economy. In a growing economy, agency turnover rates tend to increase as demand for qualified workers rises. With a slower economy, TDI experiences lower and more stable turnover.

In the next few years, the most significant staffing issues facing TDI are the retirement of key staff and fair pay. As stated previously, approximately one-third of TDI's workforce and managers will be eligible for retirement within the next five years. This exposes TDI to a significant loss of experience and institutional knowledge. So far, TDI has benefited from certain qualified retirees choosing to return to TDI's workforce.

If the local economy stays the same or improves slightly, the agency turnover rate may increase slightly. If economic conditions remain similar to current levels, TDI might expect turnover to be about 10 percent in FY 2004. Assuming there is normal attrition and that all eligible retirees choose to retire, turnover could reach approximately 15 percent in FY 2005. However, it seems unlikely that all eligible employees would choose to leave. According to the Employees Retirement System Member Services Department, 42 percent of the employees eligible to retire during the fiscal year had retired as of May 2004. At TDI, the FY 2004 figure is slightly higher, with more than 50 percent of eligible retirees choosing to retire to date this fiscal year. Based on these numbers, we can assume that about half of the future retirees will retire when they become eligible. Therefore, TDI projects turnover within the range of 10 to 15 percent, with 12 percent a likely outcome. TDI believes that the agency's turnover rate will continue to be below the average of other state agencies.

Most importantly, 87 percent of TDI employees responded through the UT survey stating they see themselves working for TDI in the next two years. This is higher than the benchmark for other state agencies.

Critical Workforce Skills

TDI relies on a skilled workforce of administrators, who set broad policies, direct individual departments and supervise the agency's operations. The agency also employs professionals with specialized and theoretical knowledge usually acquired through college training or work experience.

Through the Career Advancement Planning System (CAPS), developed by TDI's HR division, TDI identifies the following skill requirements for TDI employees working in administrative and professional positions. These competencies enable staff to effectively perform key business functions and are critical to TDI's mission.

- effective oral and written communication
- ability to explain complex technical material to consumers
- ability to analyze and solve problems
- time management
- leadership and coaching skills
- negotiation strategies and techniques
- conduct investigations
- interpreting and enforcing statutes and policies
- actuarial expertise, and
- computer literacy

Future Workforce Profile

Overview

This section of TDI's *FY 2005-2009 Workforce Plan* describes TDI's future workforce, including:

- critical functions
- future workforce skills needed
- anticipated increase/decrease in number of employees needed, and
- workforce changes.

Critical Functions

Agency programs have identified the critical functions that must be performed to achieve the strategic plan goals and objectives. A description of each function along with a brief assessment of future needs follows.

- *Regulation* – In the next few years, there may be an increased demand on TDI to enhance standardization and modernization efforts and monitor solvency. Implementing the significant rate and form regulatory changes passed by the 78th Legislature will require changes in both internal processes and TDI's interaction with the industry.

Critical Functions, continued

- *Enforcement* – TDI has the authority to take administrative, civil and/or criminal action against companies, agents and other entities that break the state's insurance laws. TDI's Fraud Unit indicated that it has seen a steady increase in the number of fraud reports by insurers. This increase is attributed in part to a statewide antifraud effort. Additionally, the Legal program has seen an increase in unauthorized insurance activity and has increased enforcement efforts against unauthorized insurers.

- *Fire Prevention and Industry Regulation* – TDI provides fire safety inspections, outreach and arson investigations to communities across the state. The State Fire Marshal's Office will expand its traditional mission of direct service delivery to include proactively helping community leaders identify and provide for fire safety and prevention needs.

- *Consumer Assistance* – Consumer complaints and inquiries are increasing and customer questions are more sophisticated, which makes this function ever more important to TDI customers. TDI's Consumer Protection program received 18 percent more complaints in FY 2003 than in FY 2002. Increased access to the Internet has allowed consumers to research a greater number of insurance-related questions online. It will be important to optimize our use of the internet as a resource for customers.

- *Agency Support* – As with any agency, TDI has administrative functions to support its regulatory duties. One critical component, among several within agency support, is a focus on an increased Web presence. Greater Web and automation efforts mean increased technical support and greater training needs. Due to recent legislative changes in ratio requirements, human resources staff will have to perform the same functions with fewer staff. It is possible that similar ratio requirements could be enacted for other support functions.

Future Workforce Skills Needed

TDI management reported that analytical/problem-solving skills are essential to perform TDI's critical functions and that they anticipate a need for higher skilled staff due to the complexity of the insurance issues. Other general competencies include effective oral and written communication, interpersonal skills, and time management. In general, TDI has found that it can train staff to be knowledgeable about technical insurance matters as long as they are receptive to learning and have good problem-solving skills.

Future Workforce Skills needed, continued

HR is responsible for providing training at TDI. TDI has one HR staff member devoted to technical insurance training. Since HR staffing is capped due to HB 3442, 78th Legislative Session, the trainer has recently taken on additional duties. HR will ensure training needs are carefully identified and delivered efficiently. This may cause training to be delivered differently in the future if demands exceed resources.

Staff at all levels must be proficient with computer usage and have knowledge of various software applications. With the passage of the Uniform Electronic Transactions Act and other laws that promote electronic government, computers and the Internet have transformed agency processes. Staff with Web design and database design skills will be critical to TDI, as more information is collected and maintained electronically. Additionally, customers are more computer literate and rely more on the Internet for information. This will make Web design and content management skills increasingly important.

Other skills that will be important to target in TDI's recruitment efforts and that are critical to its primary regulatory functions include engineering, actuarial science, and accounting. Staff with these skills are in high demand in the private sector. Moreover, these skills typically require formal training in a full-time university setting and cannot be adequately learned through on-the-job training.

Finally, management identified a need for more bilingual (English and Spanish-speaking) staff. Texas has seen an increase in its Hispanic population and as a result more consumers and industry professionals speak Spanish as their primary language.

TDI anticipates a continued need for staff in the following areas. In addition to the above-mentioned skills, the following competencies will be essential:

Professional Positions/Designations	**Competencies/Skills**
• Attorneys • Actuaries • Accountants • Examiners • Management • Investigators • Database administrators and Web development staff	• Change management • Process analysis • Collaboration • Negotiation and facilitation • Project management • Performance management • Strategic planning

Anticipated Increase/ Decrease in Number of Employees Needed

TDI's recent turnover experience has proven that from one year to the next agency staffing levels can quickly change. Population growth, customer demands and possible legislative changes may lead to increased or different workloads for TDI staff. To meet increased or different demands, without increasing the number of FTEs, TDI needs to continue to find efficiencies through automation and process improvement initiatives. In addition, TDI will continue to review its staffing allocation to make sure that staff resources are allocated efficiently.

TDI's strategic planning process allows the agency to assess current and future performance on key functions. Additionally, TDI monitors performance measures along with industry trends, legislative changes, and consumers needs to determine workload shifts and the need to reallocate staff to meet the demand for services.

Each biennium, TDI surveys customers about their satisfaction with TDI services. As part of this process, TDI analyzes survey results and identifies areas for improvement. Management reviews these findings as part of the business planning process to identify program initiatives to improve service. Depending on the nature of the problem, program business plan initiatives may include process improvements, training, workload analyses, or automation, and may result in the reallocation of staff resources to meet customers' service needs.

In February 2004, TDI Executive Management initiated an internal review of agency functions to assess the effectiveness of certain current operations. The goal of the review is to assess certain critical agency functions for efficiency, effectiveness, statutory authorization, responsiveness to consumer and industry interests, and furtherance of agency mission. The review will consider internal processes, technology, staffing responsibilities, and other factors that impact performance. Depending on the outcome of the review, the recommendations could affect agency staffing allocations.

HB 3442 passed during the 78th Legislative Session mandated a management-to-staff ratio of 1 to 8 by March 31, 2004 and requires state agencies to achieve a ratio of 1:11 FTEs by the end of fiscal year 2007. As of February 29, 2004, TDI reported a management-to-staff ratio of 1:8.72. TDI has reviewed management positions and technical managers have been removed from a management role. The agency will continue to review management positions as they become vacant and a greater use of team leaders will be used where appropriate.

Workforce Changes

Currently the TDI turnover rate for information technology staff is not a concern but it is important to note the projections for these occupations. The demand for computer-related occupations will continue to increase as a result of advances in computer technology as well as consumer demand for new applications and improved performance. As businesses embrace new technologies, they will be employing more computer specialists. Computer Software Engineering positions are expected to grow by nearly 75 percent, adding over 40,000 new jobs nationwide by 2010. Computer Support Specialists are among the fastest and largest growing occupations with an 85 percent growth rate during the same projection period. [5]

Also, according to the Bureau of Labor Statistics, professional and technical occupations such as engineers, architects, and science technicians are expected to grow faster and open more new positions than other occupations. Staff in these higher skilled professions will require more education and must have good communication, math, and reasoning skills.[6]

The State Auditor's Office Workforce Planning Guide notes that within the next decade the State of Texas can expect to see the following workforce changes:

- an older and more diverse workforce
- an increasing number of employees retiring
- a shift toward higher-skilled jobs
- increased competition for talent
- workers changing values and expectations, and
- an increasing demand for government services due to population growth.

Additionally, TDI surveyed the Senior/Associate Commissioners to identify key issues and environmental factors impacting program staffing. The factors identified by executive staff will be discussed in further detail in the *Gap Analysis* section.

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[5] Jobs in the 21st Century, Employment Projections 2000-2010, December 2003, Texas Workforce Commission

[6] www.hr.state.tx.us/workforce/whitepaper.html

Gap Analysis

Overview

After analyzing the workforce information, TDI has determined that there are four main gaps between the agency's current workforce and the demand for future workforce skills. They are:

- large number of retirees
- employee turnover
- difficult to fill positions, and
- staffing/skill shortages and surpluses.

Each of these gaps is explained in further detail below.

Large Number of Retirees

HR has closely monitored positions eligible for retirement and provided information on eligibility to program areas. HR tracks the number of TDI employees nearing retirement eligibility. Approximately 30 percent of the agency's current employees will be eligible for retirement within the next five years. Thirty-five percent of the agency's managers will be eligible for retirement. Retirement of key staff creates the potential for loss of experience and institutional knowledge and is the most significant staffing issue facing TDI, along with fair pay.

Of the staff eligible for retirement in the next five years, many are managers or individuals with highly specialized skills in the following positions:

- Senior Associate Commissioner of Financial
- Chief Actuary
- Chief Financial Officer
- Staff Services Director, and
- several other key positions in the Life Health and Licensing, Financial, Legal and Compliance and Property and Casualty programs.

A few recent retirees with key expertise have returned to TDI to continue working in their respective programs. This has mitigated the potential loss of their significant experience. However, TDI cannot rely on this as a solution. HR has worked with programs to begin developing succession plans in order to ensure minimal disruption to program operations in the event of separation by managers or other key staff. Other workforce projects are also under development and completion is anticipated by the end of FY 2004.

Large Number of Retirees, continued

Staff retirement has created an opportunity to assess resource allocation. The 35 percent appropriation reduction due to the retirement incentive has caused programs to reallocate resources and make staffing choices based upon available positions. Some vacancies must still be filled at a salary level greater than the 65 percent of available funding. In these instances, programs must redistribute funding from other vacant positions. In each case, the program determines an appropriate salary given the duties required of the position and classification. TDI recognizes the value of reviewing staffing and workloads, and programs will consider opportunities to improve resource allocations as they develop their succession plans. The newly mandated management-to-staff ratio will also require that such a review take place.

The information provided to programs concerning possible retirements along with the recent retirements helped to identify the need for succession planning across the agency. To assist with succession planning, HR is working with programs to:

- identify key positions
- identify strategies for replacing these positions in the event of a vacancy
- identify training opportunities for staff
- ensure that necessary skills are being developed in other staff, and
- document procedures and knowledge needed for key positions.

TDI's current management training program is a critical piece of succession planning and is preparing team leaders and first line managers to be effective leaders in the future. One portion of the management training program focuses on workforce planning. Programs have developed internal procedure manuals as a resource and training tool to help retain institutional knowledge.

Employee Turnover

The effects of employee turnover:

- the loss of experienced staff
- instability of program areas
- morale issues among remaining staff
- costs of hiring replacements
- costs of training replacements
- reduction in productivity while the new staff members are on the "learning curve," and
- reduction in productivity by departing employees during their "lame duck" periods.

Employee Turnover, continued

TDI's plan to lessen the effects of turnover is outlined in the *Strategy Development* section.

Salary levels remain a concern to TDI employees, and salary increases through merit raises and promotions to eligible qualified employees should remain an important retention strategy. Due to budget limits, however, the agency will also continue to seek creative ways to retain staff and manage employee turnover.

Difficult to Fill Positions

In conjunction with finding solutions for employee turnover, TDI must seek creative ways to recruit employees for hard-to-fill positions. Recruitment efforts should address the entire pool of potential applicants from the private sector, the insurance industry, information technology companies, law firms, law enforcement organizations, staff in other state agencies, and universities. State employment has many advantages to offer to potential applicants, and TDI must find ways to communicate these advantages to potential hires. Positions that are difficult to fill are typically those requiring specialized skills. Most recently, TDI has had difficulty filling vacancies in the actuarial, engineering and fraud investigator classifications.

Staffing/Skill Shortages and Surpluses

In 2003, TDI implemented a reduction in force that eliminated certain positions not key to critical/core functions. In FY 2004, we restored staffing levels to original FY 2003 levels and positions were reallocated to address new regulation and core functions. At this time, TDI is operating at an efficient staffing level and does not have any immediate staffing/skill surpluses or shortages.

To assess future needs, TDI surveyed the Senior/Associate Commissioners about key issues impacting program staffing. Programs addressed how environmental factors, customer demands and automation may affect staffing and operations. Additionally, they identified the skills and competencies that will be needed to perform critical functions. Future needs were compared to the current workforce to identify possible staffing surpluses and shortages.

Staffing/Skill Shortages and Surpluses, continued

- Enhanced *Automation and Access to the Internet*
  Automation and technology has and will continue to change the way TDI does business. Increased access to Internet has allowed consumers to research a greater number of insurance-related questions online. Similarly, the use of the Internet has fueled customer demand for information to be delivered virtually around the clock. Greater consumer use of the Internet will likely lead to a decrease in the number of staff required to answer the Consumer Help Line. It should also lessen the workload for staff responding to requests for public information. These staffing surpluses could be offset by the need to maintain additional staff to provide accurate and timely information on the agency's Web site.

  In March 2004, TDI's Windstorm Section implemented an initiative to make Windstorm certificates available to the public via the Internet. Previously, customers had to call the Windstorm Section to obtain these certificates. It appears that posting this information online will reduce incoming call volume by 20-30 percent. Moreover, customers will benefit from improved document processing times. Online certificates assure same-day turnaround; whereas the processing time previously was 3-5 days, and more during peak periods.

- *Industry and Customer Expectations*
  A customer expectation for faster processing of filings has an impact on staff performing regulatory functions. The Filings Intake and Operations Division, Agents Licensing Division and State Fire Marshal's Office all indicated that the volume of filings is increasing, but customers expect TDI to reduce processing times. Automation and use of the Internet improves efficiencies; allows staff to absorb the increases in the filing volume and allows for a greater ability to meet and exceed performance measures and provide improved service to the public. Implementing automated processes to eliminate manual processes should improve efficiency, but it is not contemplated that automation or the Internet will lead to surplus of staffing based upon increasing volume of filings received. Additionally, the automation will require staff to perform certain administrative and scanning functions that were not done previously. The preparation to implement automation projects will also require staff with specialized skill sets that are different than the skills required for reviewing paper-based filings.

Staffing/Skill Shortages and Surpluses, continued

- *Federal and State Legislative Changes*
  TDI anticipates a shift in regulatory functions for Life Health and HMO staff. The number of HMOs in Texas and HMO-related complaints is decreasing and TDI expects this trend to continue. We anticipate increased regulatory oversight of Preferred Provider Organization networks. The agency also may be involved in the oversight and regulations of Workers Compensation Networks, a new managed care entity being considered by the Legislature. These new responsibilities could offset any decreases in workload.

  SB 14, which brought previously unregulated county mutuals and Lloyds auto and homeowners rates under TDI rate regulation, expanded TDI's regulatory responsibilities. Since companies are no longer limited to promulgated policy forms, staff will have to a have a more comprehensive knowledge of insurance issues to continue providing high-quality customer service. Technicians reviewing form filings and actuaries reviewing rate filings face both an increase in the number of filings to review and an increase in the complexity of those filings. The Legal program also added staff to address increased enforcement responsibilities resulting from this legislation.

- *Availability and Affordability of Insurance Coverage*
  Likewise, adoption of SB 541, the Consumer Choice of Health Benefits law changed the health insurance landscape in Texas. Consumer Choice Plans should increase the availability and affordability of health plans in Texas, thus complaints in this area should decline. Still, these regulatory changes will require staff to deal with different and more complex issues and consumer questions.

- *Demographic Changes*
  Changes to the demographic profile of the Texas population will also impact staffing. As the population gets older, TDI can assume that health care needs will increase. As their needs change, so will the insurance marketplace. As a regulatory body, TDI must be prepared to review and approve new products and provide consumers with information regarding these products. Similarly, Texas has seen growth in its Hispanic population, and with that more consumers and industry professionals speak Spanish. To serve these Spanish-speaking customers, TDI will continue to recruit and hire bi-lingual (English/Spanish-speaking) staff.

Staffing/Skill Shortages and Surpluses, continued

- *Changing Economic Conditions*
  Changing economic conditions also affect staffing surpluses and shortages. As the economy continues to improve, we anticipate that turnover will increase and specialized positions will become difficult to fill. Alternatively, turnover could remain steady or decrease.

- *Staffing Shortages for Specific Positions*
  Programs also identified future potential staffing shortages for specialized positions. Approximately one-third of TDI managers are eligible for retirement within the next five years. Additionally, programs have identified key positions that may require special recruiting, training and staff development programs. Key positions include staff with technical knowledge in the fire protection and insurance industries, as well as budget analysts, and staff with knowledge about TDI computer applications. To reduce the likelihood of a staff or skill shortage, programs will address these positions in their succession plans.

- *Skill Shortages*
  Based on input from the Senior/Associate Commissioners about key issues impacting program staffing, we identified the following skill shortages.
  - ability to analyze and solve problems
  - effective oral and written communication and interpersonal skills
  - technical knowledge about insurance products, laws and regulation
  - ability to explain complex technical material to our customers
  - knowledge of the systems used to track filings and complaints
  - facility with using electronic processes
  - actuarial expertise
  - knowledge of Web design and content management techniques
  - knowledge of database design techniques
  - computer literacy
  - time management, and
  - bilingual communication skills.

TDI's business planning process creates a formal ongoing process for programs to examine opportunities for performing business operations more efficiently. Program business plan projects assess program strengths and weaknesses, identify opportunities for improvement and suggest technology and process improvements that result in program improvements. As efficiencies in operations are gained, programs will review workload and staffing for opportunities to reallocate staffing surpluses, if any, to a more efficient organizational structure.

Strategy Development

Overview

In order to address the deficits between the current workforce and future demands, TDI has developed several goals for the current workforce plan. These are based on a range of factors identified through analyzing the agency and its workforce. TDI's future workforce requirements can be grouped according to following key goals intended to address workforce needs:

- Continue Succession Planning
- Maintain an Effective Agency Retention Program
- Use Recruitment Plans, and
- Respond to Changing Workloads, Processes and Organization.

TDI's business planning process was used to develop and track progress on program level workforce plans. This year TDI has incorporated program level workforce plans into the goals and strategies described below.

Strategy I. Continue Succession Planning

Gap	Large number of retirees
Goal	Implement succession planning to assure that vital knowledge is not lost when key employees retire.
Rationale	A large number of retirees could result in loss of institutional knowledge. An organization should plan for the retirement of personnel, and knowledge should be shared among remaining employees. Succession planning ensures that knowledge of policies and procedures is not lost with the separation of key employees. The gap analysis in this workforce plan identified areas in TDI where attrition will have the greatest impact, which is in management and upper level technical positions. Succession plans that document policies and procedures and plan for training of the less experienced staff will help assure a smooth transition as retirees leave the workforce.
Actions Taken	• TDI has developed internal procedure manuals in some programs for documentation of standard operational procedures to be used in cross-training and succession planning. • TDI has implemented a comprehensive training program to educate current and future managers to prepare them to be more effective leaders.
Ongoing/ Future Activities	TDI values succession planning strategies to minimize the impact on the agency when tenured staff retire. Ongoing/future succession planning activities are described below. HR will work with executive management to support effective succession planning at TDI: • Identify eligible retirees. HR will closely monitor positions nearing retirement. • Review job functions and identify staff for cross-training. • Continuously assess training needs for identified positions. • Identify training needs for less experienced staff. • HR's Professional Development section will provide guidance to program areas on succession planning and assist in establishing specific training for developing needed skills. • Survey programs as to whether they have documented policies and internal operating procedures. • Continue developing internal operating procedures as needed.

Strategy II. Maintain an Effective Agency Retention Program

Gap	Employee turnover
Goal	Establish an effective agency program to retain competent employees.
Rationale	While TDI employees report high levels of satisfaction with their work environment employee retention is an on-going concern.
Actions Taken	TDI programs have worked with the HR division to retain qualified employees. Successful strategies include: • Conduct employee and manager roundtables to facilitate discussions of workplace issues. • Participate in the Employee Assistance Program. • Deliver year-round Wellness Program events. • Research opportunities for flexible work arrangements including allowing staff to telecommute from their homes. • Create career development programs. • Reduce employee burnout by expanding the Consumer Protection's 35/5 workplace strategy which allows employees to spend five hours a week cross-training. • Hold annual recognition ceremonies to present awards for state service. • Provide tuition reimbursement for eligible employees as well as education leave when appropriate. • Deliver training, including new employee orientation, and segments on communication, customer service, defensive driving and management training. • Continue delivery of management training in two tracks – one for new managers/team leaders and the other for tenured managers based on results of the 2001 Training Needs Assessment.
Ongoing/ Future Activities	HR in conjunction with executive management will do the following to retain competent employees: • Continue to assess employee satisfaction and address areas where satisfaction is lowest. Tools to use include the Survey of Organizational Excellence and Employee Exit Interviews. • Ensure that appropriate training is available for all employees. • Recruit and retain a diverse workforce of qualified individuals. • Create and maintain a supportive work environment for all employees. • Continue to use effective retention strategies. • Maintain high work standards through Motivation and Accountability training. • Plan potential merit salary actions as part of the budget planning process and to periodically review merit and promotion actions to ensure that deserving employees are being rewarded when possible.

Strategy III. Use Recruitment Plans

Gap	Difficult to fill positions
Goal	Develop and use recruitment plans to assure that vacancies for critical functions are filled in a timely fashion.
Rationale	TDI programs have had difficulty hiring for certain positions. Filling these positions can be difficult because qualified staff can do similar work in the private sector at a higher salary level. Developing recruitment plans helps programs identify strategies for attracting qualified applicants for hard-to-fill positions. By planning for recruitment before a vacancy occurs, the agency is ready to fill a position as soon as it becomes vacant.
Actions Taken	• TDI's HR division has drafted an agency Recruitment Plan to recruit and hire qualified employees from all diverse backgrounds of the Texas labor market and to attain a workforce, which meets the needs of the agency. The plan assists the agency in complying with the Labor Code Section 21.502. The plan includes recruitment efforts to date, which are: – General recruitment (e.g. news ads, job fairs, TWC Job Bank) – Targeted recruitment (i.e., use business contacts to target applicants with desired skill sets) – Public relations recruitment (i.e., use organizational partnerships to publicize employment opportunities), and – Recruiting from a resume database (i.e., maintain database of resumes gathered). • Programs developed business plan projects to address workforce issues. Certain projects specifically target recruitment needs. • Another effective strategy has been to recruit individuals who have retired from the private sector or other state agencies. TDI has found applicants who are starting their second career as a viable recruitment source in order to save training time and dollars. • TDI has begun to review the feasibility of an engineering training pilot that would attract qualified candidates and train them in the technical aspects of the insurance industry.

Strategy III, continued

Ongoing/ Future Activities	• As part of the recruitment plan TDI identified internal and external strategies. The following are the internal strategies: – *Internet Recruiting* – Use internet to promote employment opportunities at TDI especially for hard to fill positions. – *Internship Program* – Provide college students the opportunity to gain knowledge and work experience to train for employment at TDI. – *Applicant Tracking* – Track TDI applicants, their degrees, licenses, certifications and designations. – *Program Support* – Assist the divisions in recruiting for qualified applicants in areas that are deficient. – *Event Reports* – Report the outcomes of recruitment activities and analyze for cost effectiveness. – *Recruitment Source Database* – Track program recruitment resources for targeted hiring. – *Postings in TDI publications* – Include employment information in agency publications and highlight commitment to hiring excellence and to equal opportunity employment. – *Employee Participation* – Encourage employees to refer qualified applicants. • The following are external strategies: – *Texas Recruiter's Association* – Participate in association to network and obtain information on successful recruiting efforts. – *External Organizations and Recruitment Events* – Participate in professional and community organizations, and University or other job fairs to recruit a well-qualified and diverse workforce. – *Minority publications and Web sites* – Advertise in local, statewide, national, minority publications and Web sites to promote diversity. – *Information Technology Academy* – If re-activated, participate in statewide initiative headed by the Office of the Comptroller of Public Accounts to train and recruit state IT staff. • HR will collect, monitor and evaluate data relating to agency recruitment efforts. • HR will work with programs to develop recruitment plans, including identifying: – critical positions – sources for recruitment – features of state employment and the TDI workplace that attract candidates, and – budget opportunities to attract senior level employees.

Strategy IV. Respond to Changing Workloads, Processes, and Organization

Gap	Staffing/Skill Surpluses and Shortages
Goal	Review allocation of agency resources for opportunities to improve efficiencies and align the organizational structure more efficiently.
Rationale	Changes in the regulatory responsibilities, greater usage of automation, and workforce attrition create an opportunity to realign organizational structure to improve efficiencies and meet changing skill requirements. Because of the large number of eligible retirees, combined with recent retirement incentives, TDI anticipates changes to its workforce. Moreover, the agency's appropriation will be reduced by 35 percent of each retiring employee's salary for the remainder of the biennium, which will necessitate the identification of operational efficiencies. HB 3442 mandated that the ratio of agency managers to agency staff be at 1 to 8 by March 31, 2004 and 1 to 11 by the end of FY 2007. With 30 percent of TDI's total workforce and 35 percent of TDI managers eligible for retirement within the next five years, TDI has an opportunity to realign programs to improve the programs' management-to-staff ratios. TDI has also identified potential staffing shortages and surpluses that could result from implementing automated processes. These include efficiencies gained by automating filing submissions, using online forms and automating workflow processes.
Actions Taken	• TDI has used normal attrition to realign staff to reach a management-to-staff ratio of 1:8.72. Where appropriate, TDI will continue to move managers to other positions to achieve the target ratio. • In 2003, TDI reduced spending to meet the 7 percent budget reduction ordered by state leaders. A reduction in force was one of many efforts reduce spending. In implementing this staffing reduction, the agency targeted certain positions that were not key to critical/core functions. • In FY 2004, TDI added new positions to address new regulatory responsibilities mandated by the 78th Legislative Session. • HR provided instruction and guidance to management through staffing memos on how to determine whether to fill vacancies. • TDI Executive Management initiated an internal review of agency functions to assess the effectiveness of certain current operations. • The FY 2004-2005 Program Business Plans included projects to assess program workforce planning issues and process improvement projects. • As required by HB 3442 of 78th Legislative Session, HR reorganized and reduced staffing to meet the ratio of one human resources staff person for every 85 staff members.

Strategy IV, continued

Ongoing/ Future Activities	• TDI uses its strategic planning and business planning processes to formally assess opportunities for improved efficiencies. This review helps ensure that our staffing and activities are aligned with the agency's vision and strategic goals. • HR and Senior Associates will identify eligible retirees in management and evaluate necessity of position prior to reposting position. • Programs will review job function of business areas and identify critical skills necessary to perform those functions. • Programs will involve potential retirees as well as affected staff in workload and organizational assessments. TDI will work toward a more horizontal organizational structure, as it can allow an organization to improve productivity as well as workplace communication. A flattened organization requires fewer managers, is less bureaucratic, can produce more cross-functional employees and improves service to both internal and external customers. • HR, Executive Management and the division of Business, Planning and Redesign will work with programs to review staffing and workloads for opportunities to improve resource allocations as they develop their succession plans. This review will include an evaluation of agency's performance measures. • TDI has planned a number of automation projects to provide more efficient customer service, including: automating the HMO complaint handling process, expanding our capacity for accepting electronic filings, and better utilizing the Web for providing information to the public. • HR will identify and address any skill deficiencies to ensure agency staff can effectively perform their functions. • HR will continue to improve its professional development program in creative ways to compensate for reduced HR staffing levels.

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Appendix F

Survey of Organizational Excellence

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Survey of Organizational Excellence

TDI recognizes that high employee satisfaction is critical to retaining and recruiting quality staff. Since 1994, TDI has participated in the Survey of Organizational Excellence conducted by the University of Texas School of Social Work. This survey measures five dimensions of the workplace including organizational features, accommodations, exchange of information, work group and personal aspects. The constructs are scored on a 500-point system. A score at or below 300 in an area indicates an opportunity for growth. A score above 300 means the construct is viewed more positively by employees. Some areas of strength for TDI include quality, strategic orientation, external communication and job satisfaction. The most recent survey was conducted in November 2003. Sixty-nine percent of TDI employees participated in the survey and the results showed a continued increase in employee satisfaction.

The survey results are used as an assessment tool in the agency strategic plan and business planning process, both at the organizational level and the program area level. Program heads receive a complete analysis of the agency-wide survey results and results for their program area. They are encouraged to share the results with their managers and staff in their program areas to discuss ideas for continually improving employee satisfaction, agency processes, and customer service. Agency-wide results are also shared with all employees.

The results of the survey reviewed with program heads include a detailed analysis of how their program areas compare over time, with the rest of the agency and with the state benchmarks. TDI also collected data on field staff in order to measure employee satisfaction among field staff. Human Resources continually works with areas to offer information and suggestions for maintaining high employee satisfaction levels and for improvement in surveyed dimensions where an opportunity for growth was indicated.

The TDI employee survey response was the highest of agencies in the same size category. The overall response rate for TDI was 69 percent, slightly below that of the 71 percent response rate of the 2000-2002 survey.

Comparison of Survey Results

Comparing the results of the 1994-2004 Surveys of Organizational Excellence, the positive trend seen through 2002 shifted slightly downwardly in most constructs in the most recent survey of 2004. This downward trend may be attributed to a number of budget cuts in FY03, including a hiring freeze, reduction in force, a freeze on salary actions, and travel and training restrictions. Despite the potential influence on the survey results from these factors, all constructs, with the exception of fair pay, indicated high levels of satisfaction among employees.

CONSTRUCT	TDI 1994	TDI 1996	TDI 1998	TDI 2000	TDI 2002	TDI 2004
Supervisor Effectiveness	**256**	**281**	**290**	**298**	**349**	**341**
Fairness	**291**	**300**	**306**	**318**	**371**	**362**
Team Effectiveness	**278**	**301**	**321**	**327**	**351**	**343**
Job Satisfaction	**301**	**331**	**340**	**350**	**374**	**375**
Diversity	**298**	**312**	**319**	**325**	**364**	**355**
Fair Pay	**294**	**301**	**301**	**286**	**258**	**243**
Adequacy of Physical Environment	**324**	**333**	**353**	**360**	**380**	**377**
Benefits	**363**	**367**	**373**	**366**	**374**	**350**
Employment Development	**304**	**331**	**335**	**343**	**371**	**365**
Change Oriented	**308**	**331**	**335**	**334**	**354**	**346**
Goal Oriented	**307**	**334**	**348**	**349**	**371**	**364**
Consistency (Holographic)	**277**	**303**	**319**	**323**	**358**	**350**
Strategic Orientation	**360**	**384**	**399**	**404**	**389**	**388**
Quality	**337**	**359**	**373**	**375**	**393**	**389**
Internal Communication	**na**	**302**	**320**	**330**	**341**	**335**
Availability of Information	**270**	**308**	**321**	**333**	**373**	**366**
External Communication	**326**	**347**	**365**	**375**	**380**	**375**
Time and Stress Management	**330**	**361**	**363**	**371**	**372**	**373**
Burnout	**290**	**310**	**328**	**331**	**373**	**367**
Empowerment	**255**	**285**	**299**	**309**	**364**	**357**

SUMMARY OF SURVEY BY CATEGORY
TDI 2004

Work Group		Organizational Features	
Supervisor Effectiveness	341	Change Oriented	346
Fairness	362	Goal Oriented	364
Team Effectiveness	343	Holographic	350
Diversity	355	Strategic	388
		Quality	389

Personal		Information	
Job Satisfaction	375	Internal Communication	335
Time and Stress Management	373	Availability of Information	366
Burnout	367	External Communication	375
Empowerment	357		

Accommodations	
Fair Pay	243
Physical Environment	377
Benefits	350
Employment Development	365