

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

RIDER REVISIONS AND ADDITIONS REQUEST

Agency Code:	Agency Name:	Prepared By:	Date:	Request Level:																																																																												
454	Texas Department of Insurance	Jacqueline Canady	8/25/2006	Base																																																																												
Current Rider Number	Page Number in 2006-07 GAA	Proposed Rider Language																																																																														
2	VIII-28 & 29	<p>Capital Budget. None of the funds appropriated above may be expended for capital budget items except as listed below. The amounts shown below shall be expended only for purposes shown and are not available for expenditure for other purposes. Amounts appropriated above and identified in this provision as appropriations either for "Lease payments to the Master Lease Purchase Program" or for items with a "(MLPP)" notation shall be expended only for the purpose of making lease-purchase payments to the Texas Public Finance Authority pursuant to the provisions of Government Code § 1232.103. Upon approval from the Legislative Budget Board, capital budgeted funds listed below under "Acquisition of Information Resource Technologies" may be used to lease information resources hardware and/or software, if determined by agency management to be in the best interest of the state of Texas.</p> <table style="width: 100%; margin-left: 40px;"> <thead> <tr> <th style="width: 60%;"></th> <th style="text-align: right; width: 15%;"><u>2008</u></th> <th style="text-align: right; width: 15%;"><u>2006</u></th> <th style="width: 10%;"></th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;"><u>2009</u></td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;"><u>2007</u></td> </tr> <tr> <td>a. Acquisition of Information Resource Technologies</td> <td style="text-align: right;">\$680,604</td> <td></td> <td style="text-align: right;">\$680,604</td> </tr> <tr> <td> (1) Acquisition of Information Resource Technologies</td> <td></td> <td></td> <td></td> </tr> <tr> <td> (2) Art IX, Section 14.02 contingency — Business Process Improvement</td> <td style="text-align: right;">\$2,808,500</td> <td></td> <td style="text-align: right;">\$751,500</td> </tr> <tr> <td>Total, Acquisition of Information Resource Technologies</td> <td style="text-align: right;">\$3,489,104</td> <td></td> <td style="text-align: right;">\$1,432,104</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>\$680,604</u></td> <td></td> <td style="text-align: right;"><u>\$680,604</u></td> </tr> <tr> <td>b. Transportation Items</td> <td></td> <td></td> <td></td> </tr> <tr> <td> (1) Acquisition of Transportation Items</td> <td style="text-align: right;">\$198,000</td> <td></td> <td style="text-align: right;">\$198,000</td> </tr> <tr> <td>Total, Capital Budget</td> <td style="text-align: right;">\$3,687,104</td> <td></td> <td style="text-align: right;">\$1,630,104</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>\$ 878,604</u></td> <td></td> <td style="text-align: right;"><u>\$ 878,604</u></td> </tr> <tr> <td colspan="4">Method of Financing (Capital Budget):</td> </tr> <tr> <td>GR Dedicated – Texas Department of Insurance</td> <td style="text-align: right;">\$495,179</td> <td></td> <td style="text-align: right;">\$495,179</td> </tr> <tr> <td> Operating Fund Account No. 036</td> <td style="text-align: right;">\$3,103,975</td> <td></td> <td style="text-align: right;">\$1,046,975</td> </tr> <tr> <td>General Revenue – Insurance Companies</td> <td></td> <td></td> <td></td> </tr> <tr> <td> Maintenance Tax and Insurance Department Fees</td> <td style="text-align: right;"><u>\$383,425</u></td> <td></td> <td style="text-align: right;"><u>\$383,425</u></td> </tr> <tr> <td>Total Method of Financing</td> <td style="text-align: right;">\$3,687,104</td> <td></td> <td style="text-align: right;">\$1,630,104</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>\$ 878,604</u></td> <td></td> <td style="text-align: right;"><u>\$ 878,604</u></td> </tr> </tbody> </table> <p style="margin-left: 40px;"><i>Section a. (2) of the capital budget is deleted because the BPI project is no longer funded.</i></p>				<u>2008</u>	<u>2006</u>					<u>2009</u>				<u>2007</u>	a. Acquisition of Information Resource Technologies	\$680,604		\$680,604	(1) Acquisition of Information Resource Technologies				(2) Art IX, Section 14.02 contingency — Business Process Improvement	\$2,808,500		\$751,500	Total, Acquisition of Information Resource Technologies	\$3,489,104		\$1,432,104		<u>\$680,604</u>		<u>\$680,604</u>	b. Transportation Items				(1) Acquisition of Transportation Items	\$198,000		\$198,000	Total, Capital Budget	\$3,687,104		\$1,630,104		<u>\$ 878,604</u>		<u>\$ 878,604</u>	Method of Financing (Capital Budget):				GR Dedicated – Texas Department of Insurance	\$495,179		\$495,179	Operating Fund Account No. 036	\$3,103,975		\$1,046,975	General Revenue – Insurance Companies				Maintenance Tax and Insurance Department Fees	<u>\$383,425</u>		<u>\$383,425</u>	Total Method of Financing	\$3,687,104		\$1,630,104		<u>\$ 878,604</u>		<u>\$ 878,604</u>
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RIDER REVISIONS AND ADDITIONS REQUEST (CONTINUED)

Current Rider Number	Page Number in 2006-07 GAA	Proposed Rider Language
3	VIII-29	<p>Appropriation Source, Rehabilitation of Insurance Companies. Of the amounts appropriated above, \$125,000 each year of the biennium is from fees that the Department of Insurance shall collect from companies that are successfully rehabilitated by the department. Fees collected and appropriated above shall be in amounts sufficient to cover, yet not exceed, costs of rehabilitating those companies. Any such fees collected in excess of \$125,000 each year of the biennium are also hereby appropriated for the biennium beginning September 1, 2005 <u>2007</u> for the sole purpose of the rehabilitation of other insurance companies pursuant to § 17(a) of Article 21.28A of the Texas Insurance Code (estimated to be \$0).</p> <p><i>The date has been changed to correspond with the beginning date of the new biennium.</i></p>
4	VIII-29	<p>State Support for NAIC Activities. The agency is prohibited from using resources in support of the National Association of Insurance Commissioners in the absence of NAIC accreditation of the Texas Department of Insurance for compliance with NAIC Financial Regulation Standards. The prohibition would be effective immediately upon loss of accreditation. The only exceptions to this prohibition shall be limited to expenditures necessary for (1) continued departmental use of the NAIC database for monitoring financial solvency of companies doing business in Texas; (2) solvency-related training; and (3) efforts to regain accreditation. The prohibition on using resources does not apply in the event that the Commissioner voluntarily determines not to participate in the state insurance department accreditation program.</p> <p><i>No Change.</i></p>
5	VIII-29	<p>Liquidation Oversight and Title Examiner Full-Time Equivalent Positions. In addition to the full-time equivalent positions authorized above, an additional 32.5 full-time equivalent positions are authorized for each year of the 2006-07 <u>2008-09</u> biennium to support liquidation oversight and title examiner activities. These positions are excluded from the FTE cap.</p> <p><i>The date has been changed to reflect the 2008/2009 biennium.</i></p>
6	VIII-29	<p>Appropriations Limited to Revenue Collections. The application of special provisions limiting appropriations to revenue collections elsewhere in this Article shall be consistent with relevant statutory provisions governing the agency's assessment of tax rates and fees. As provided by the Texas Insurance Code <u>and the Texas Labor Code</u>, the Commissioner shall take into account unexpended funds in the preceding year when adjusting rates of assessment necessary to pay all expenses of regulating insurance and conducting the operations of the State Fire Marshal during the succeeding year.</p> <p><i>This change reflects the combination of riders 6 and 15 to avoid duplication.</i></p>

RIDER REVISIONS AND ADDITIONS REQUEST (CONTINUED)

Current Rider Number	Page Number in 2006-07 GAA	Proposed Rider Language
7	VIII-29	<p>Travel Cap. Out of the funds appropriated above, expenditures for out-of-state travel by the Texas Department of Insurance are limited to \$554,529 \$600,554 in fiscal year 2008 2006 and \$554,529 \$600,554 in fiscal year 2009 2007. Of these amounts, \$386,320 \$483,488 in fiscal year 2008 2006 and \$386,320 \$483,488 in fiscal year 2009 2007 shall be utilized solely for out-of-state travel for the purpose of financial examinations. Notwithstanding any other provisions in this act, travel associated with federal programs and paid out of federal funds is exempt from this limitation.</p> <p><i>Rider 7 and Rider 20 have been combined to avoid duplication. The cap amount has been reduced due to the baseline reduction. The amount of the cap should be revisited if the agency receives restoration of the baseline reduction.</i></p>
8	VIII-29	<p>Limit on Estimated Appropriations. Excluding appropriations for the TexasOnline Authority <u>and the Subsequent Injury Fund (5101)</u>, the combined appropriation authority from the General Revenue Fund, which includes Insurance Companies Maintenance Tax (Object Code 3203), Insurance Department Fees (Object Code 3215), and General Revenue Fund-Dedicated-Texas Department of Insurance Operating Fund Account No. Fund 36 shall not exceed \$87,391,847 \$48,252,512 for fiscal year 2008 2006 and \$ 87,391,846 \$48,222,616 for fiscal year 2009 2007.</p> <p><i>The dates have been changed to reflect the 2008/2009 biennium. The amounts have been changed to reflect General Revenue and General Revenue Fund – Dedicated for fiscal years 2008 and 2009.</i></p>
9	VIII-30	<p>State Support for NCOIL Activities. Funds appropriated above include funds from the General Revenue – Insurance Companies Maintenance Tax, Insurance Department Fees and General Revenue Fund-Dedicated for payment of state dues for the National Conference of Insurance Legislators.</p> <p><i>No change.</i></p>
10	VIII-30	<p>Crash Records Information System. Included in Strategy B.1.4, Crash Records Information System, at the Department of Public Safety is \$675,000 \$750,000 for fiscal year 2008 2006 and \$675,000 \$750,000 for fiscal year 2009 2007 from the Department of Insurance Operating Fund, No. 36 for on-going maintenance of the Crash Records Information System.</p> <p><i>The dates have been changed to reflect the 2008/2009 biennium and the funding has been changed to reflect the baseline reduction.</i></p>
11	VIII-30	<p>Increase Consumer Choice. Out of amounts appropriated above, the Texas Department of Insurance shall contract with the Office of Public Insurance Council in the amount of \$48,000 each fiscal year from the GR Dedicated-Texas Department of Insurance Operating Fund Account No. 036 to provide consumers with insurance information to make informed decisions.</p> <p><i>No change.</i></p>

RIDER REVISIONS AND ADDITIONS REQUEST (CONTINUED)

Current Rider Number	Page Number in 2006-07 GAA	Proposed Rider Language
12	VIII-30	<p>Consumer Information. It is the intent of the legislature that the Texas Department of Insurance, out of the funds appropriated above, make expenditures necessary to create or maintain a website and publish printed promotional materials that encourage insurance consumers to comparison shop by providing those consumers the information they need to be informed consumers.</p> <p><i>No change.</i></p>
13	VIII-30	<p>Appropriation of Certain Fees. Revenues collected by the commission <u>Division of Workers' Compensation</u> as reproduction fees, third party reimbursements, seminar fees, publication fees, and fees collected for audits, inspections, and consultations are estimated to be \$1,264,106 for fiscal year 2008 2006 and \$1,271,270 for fiscal year 2009 2007 are included in the above method of financing as Appropriated Receipts.</p> <p><i>The date has been changed to reflect the 2008/2009 biennium and replacement of commission with Division of Workers' Compensation to provide clarity to the rider.</i></p>
14	VIII-30	<p>Administrative Penalties. The amounts appropriated above in the Division of Workers' Compensation appropriation include \$100,000 each year from revenues collected by the commission as administrative penalties provided that expenditure of such funds appropriated above shall be limited to such expenses as may be necessary to prosecute administrative violations under the Texas Workers' Compensation Act, including costs of conducting Administrative Procedure Act hearings.</p> <p><i>No change.</i></p>
15	VIII-30	<p>Appropriations Limited to Revenue Collections. It is the intent of the Legislature that revenues as authorized and generated by the commission cover, at a minimum, the cost of general revenue appropriations made above, as well as covering "other direct and indirect costs" associated with such general revenue appropriations. "Other direct and indirect costs" associated with such general revenue appropriations are estimated to be \$12,360,015 for fiscal year 2008 2006 and \$12,724,257 for fiscal year 2009 2007. In the event that actual and/or projected revenue collections are insufficient to offset the costs identified by this provision, the Legislative Budget Board may direct that the Comptroller of Public Accounts reduce the appropriation authority provided above to be within the amount of revenue expected to be available. The application of this provision shall be consistent with applicable statutory provisions governing the commission's assessment of tax rates and fees. When the commission sets the rate of assessment for the maintenance tax, it shall take into account a surplus or deficit produced by the tax in the preceding year and other factors as provided by §403.003, Labor Code, Rate of Assessment.</p> <p><i>Delete. Rider 15 has been combined with Rider 6 to avoid duplication.</i></p>
16	VIII-30	<p>Appropriation of Unexpended Balances. Any unexpended balances as of August 31, 2008 2006, not to exceed 5 percent for any item of appropriation, are hereby appropriated to the Division of Workers' Compensation for the same purposes for the fiscal year beginning September 1, 2008 2006.</p> <p><i>The date has been changed to reflect the 2008/2009 biennium.</i></p>

RIDER REVISIONS AND ADDITIONS REQUEST (CONTINUED)

Current Rider Number	Page Number in 2006-07 GAA	Proposed Rider Language
17	VIII-30 & 31	<p>Business Process Improvement. Of the amounts appropriated above to the Division of Workers' Compensation, an amount not to exceed \$3,560,000 for the biennium shall be used for the Business Process Improvement Project expenditures. As an exception to Rider 16: Appropriation of Unexpended Balances, the unexpended balances for the Business Process Improvement Project for the Fiscal year ending August 31, 2008-2006, not to exceed \$2,808,500, are hereby appropriated to the agency for the same purposes for the fiscal year ending August 31, 2009-2007. If the amounts for the Business Process Improvement in Rider 2, Capital Budget are reduced by other provisions in this Act, this rider shall not take effect.</p> <p><i>Delete. Rider 17 is no longer needed. The BPI project charter references completion by August 31, 2007.</i></p>
18	VIII-31	<p>Subsequent Injury Fund. The amounts appropriated above in the Division of Workers' Compensation include an estimated \$3,670,140 in fiscal year 2008 2006 and \$3,670,140 in fiscal year 2009 2007 out of the GR Dedicated – Subsequent Injury Account No. 5101 for payment of liabilities pursuant to Labor Code, chapter 403. In the event that actual liabilities exceed the estimated amounts, the Division of Workers' Compensation shall furnish information supporting the estimated additional liabilities to the Comptroller of Public Accounts. If the Comptroller finds that there are sufficient balances in the GR Dedicated – Subsequent Injury Account No. 5101 to support the payment of projected liabilities, a finding of fact to that effect shall be issued and a contingent appropriation shall be made available for the intended purposes.</p> <p><i>The date has been changed to reflect the 2008/2009 biennium.</i></p>
19	VIII-31	<p>Sunset Contingency. Funds appropriated above for fiscal year 2007 for the Division of Workers' Compensation are made contingent upon the continuation of the Division of Workers' Compensation by the Seventy-ninth Legislature. In the event that the agency is not continued, the funds appropriate for fiscal year 2006 or as much thereof as may be necessary are to be used to provide for the phase-out of agency operations.</p> <p><i>Delete. TWCC was Sunset pursuant to HB 7 and the newly DWC was created.</i></p>
20	VIII-31	<p>Out-of-State Travel Cap Exemption. Out of the funds appropriated above, expenditures for out-of-state travel by the Division of Workers' Compensation are limited to \$51,146 in fiscal year 2008-2006 and \$51,146 in fiscal year 2009-2007. Notwithstanding any other provisions in this act, travel associated with federal programs and paid out of federal funds is exempt from this limitation.</p> <p><i>Delete. Rider 20 has been added to Rider 7 to avoid duplication.</i></p>

RIDER REVISIONS AND ADDITIONS REQUEST (CONTINUED)

Current Rider Number	Page Number in 2006-07 GAA	Proposed Rider Language
701		<p><u>Contingency Appropriation - Restore DWC Accident Prevention Services.</u> In the absence of legislation eliminating the statutory responsibility for the Texas Department of Insurance – Division of Workers Compensation (DWC) to conduct inspections of insurance companies' accident prevention services, in addition to funds appropriated above, the Department is hereby appropriated \$190,565 in FY 2008 and \$190,565 in FY 2009 from the Texas Department of Insurance Operating Account No. 36 and is authorized 5.0 full-time equivalent positions in each fiscal year of the 2008-09 biennium.</p> <p><i>This rider provides funding for TDI to continue statutorily required functions reduced or eliminated at the 90% level, in the event the necessary statutory changes are not passed by the legislature.</i></p>
702		<p><u>Contingency Appropriation - Restore Solvency Regulation of the Insurance Industry.</u> In the absence of legislation amending from a 3-year cycle to a 5-year cycle the statutory responsibility for the Texas Department of Insurance to conduct on-site financial and actuarial examinations of insurers and other entities, in addition to funds appropriated above, the Department is hereby appropriated \$2,231,625 in FY 2008 and \$2,231,625 in FY 2009 from the Texas Department of Insurance Operating Account No. 36, and is authorized 40.6 full-time equivalent positions in each fiscal year of the 2008-09 biennium.</p> <p><i>This rider provides funding for TDI to continue statutorily required functions reduced or eliminated at the 90% level, in the event the necessary statutory changes are not passed by the legislature.</i></p>
703		<p><u>Contingency Appropriation - Restore the Review of Life/Health and Property & Casualty Rate and Form Filings.</u> In the absence of legislation eliminating the statutory responsibility for the Texas Department of Insurance to conduct prior approval reviews of certain life/health and property & casualty rate and form filings, in addition to funds appropriated above, the Department is hereby appropriated \$1,049,002 in FY 2008 and \$1,049,002 in FY 2009 from the Texas Department of Insurance Operating Account No. 36, and is authorized 26.9 full-time equivalent positions in each fiscal year of the 2008-09 biennium.</p> <p><i>This rider provides funding for TDI to continue statutorily required functions reduced or eliminated at the 90% level, in the event the necessary statutory changes are not passed by the legislature.</i></p>
704		<p><u>Contingency Appropriation - Restore Regulation of Continuing Education of Agents and Adjusters.</u> In the absence of legislation eliminating the statutory responsibility for the Texas Department of Insurance to regulate continuing education for insurance agents and adjusters, in addition to funds appropriated above, the Department is hereby appropriated \$250,607 in FY 2008 and \$250,607 in FY 2009 from the Texas Department of Insurance Operating Account No. 36, and is authorized 7.3 full-time equivalent positions in each fiscal year of the 2008-09 biennium.</p> <p><i>This rider provides funding for TDI to continue statutorily required functions reduced or eliminated at the 90% level, in the event the necessary statutory changes are not passed by the legislature.</i></p>

RIDER REVISIONS AND ADDITIONS REQUEST (CONTINUED)

Current Rider Number	Page Number in 2006-07 GAA	Proposed Rider Language
705		<p><u>Contingency Appropriation - Restore Property & Casualty Data Collection for Title Rates and Quarterly Market Reports.</u> In the absence of legislation eliminating the statutory responsibility for the Texas Department of Insurance to collect title insurance rate data and promulgate premium rates, and to collect quarterly market premium and loss data and prepare a report on the data, in addition to funds appropriated above, the Department is hereby appropriated \$105,166 in FY 2008 and \$105,166 in FY 2009 from the Texas Department of Insurance Operating Account No. 36, and is authorized 2.5 full-time equivalent positions in each fiscal year of the 2008-09 biennium.</p> <p><i>This rider provides funding for TDI to continue statutorily required functions reduced or eliminated at the 90% level, in the event the necessary statutory changes are not passed by the legislature.</i></p>
706		<p><u>Contingency Appropriation - Restore Windstorm Inspections and Loss Control Services.</u> In the absence of legislation transferring windstorm inspection and certification responsibilities from the Texas Department of Insurance to the Texas Windstorm Insurance Association (TWIA) and eliminating the statutory responsibility for the Texas Department of Insurance to review insurers' loss control services, in addition to funds appropriated above, the Department is hereby appropriated \$1,139,536 in FY 2008 and \$1,139,536 in FY 2009 from the Texas Department of Insurance Operating Account No. 36, and is authorized 24.6 full-time equivalent positions in each fiscal year of the 2008-09 biennium.</p> <p><i>This rider provides funding for TDI to continue statutorily required functions reduced or eliminated at the 90% level, in the event the necessary statutory changes are not passed by the legislature.</i></p>

4. EXCEPTIONAL ITEM REQUEST

4.A. EXCEPTIONAL ITEM REQUEST SCHEDULE
 80th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas(ABEST)

DATE: 8/24/2006
 TIME: 5:16:25PM

Agency code: 454

Agency name: Department of Insurance

<u>CODE</u>	<u>DESCRIPTION</u>	<u>Excp 2008</u>	<u>Excp 2009</u>
	Item Name: Restore DWC Accident Prevention Services (E.1.1)		
	Item Priority: 1		
	Includes Funding for the Following Strategy or Strategies: 05-01-01 Provide Health and Safety Services in Texas Workplaces		
OBJECTS OF EXPENSE:			
1001	SALARIES AND WAGES	190,565	190,565
	TOTAL, OBJECT OF EXPENSE	\$190,565	\$190,565
METHOD OF FINANCING:			
36	DEPT INS OPERATING ACCT	190,565	190,565
	TOTAL, METHOD OF FINANCING	\$190,565	\$190,565
	FULL-TIME EQUIVALENT POSITIONS (FTE):	5.00	5.00

DESCRIPTION / JUSTIFICATION:

Funding for this exceptional item will restore positions and support costs for monitoring the provision of accident prevention services by workers' compensation insurance companies to their policyholders. Restoration of funding will allow DWC to continue to conduct inspections of carriers and their accident prevention services

At the reduced funding level, DWC would eliminate the accident prevention services inspector positions. These positions conduct inspections to determine the adequacy of insurance companies' accident prevention services, which must include: surveys, recommendations, training programs, consultations, analyses of accident causes, industrial hygiene, and industrial health services relative to the nature of the policyholders' operations. In order to promote safety and prevent injuries in the workplace, it is critical that these programs include all statutory elements. The reduced funding would impact inspections of approximately 60 insurance groups, representing approximately 140 insurance companies, and 275 employers per year.

Inspections by qualified DWC staff provide incentive to insurance companies to actively communicate their accident prevention services to their policyholders and comply with statutory requirements. While insurance companies are required to provide accident prevention services to their policyholders, DWC involvement helps increase policyholders' awareness of the accident prevention services available to them from their insurance carriers. Additionally, elimination of the positions would require a statutory change which requires DWC to employ at least ten safety inspectors to enforce the statutory requirements relating to accident prevention services.

EXTERNAL/INTERNAL FACTORS:

Funding the safety inspector positions protects employees in the workplace. Continued oversight can help to ensure that insurance companies offer effective accident prevention services for their policyholders. As part of TDI's implementation of HB 7 workers' compensation reforms, TDI has designated one operational unit to focus on coordinating the services provided to employers, including safety and return-to-work services, with the goal of improving overall system performance. Legislation, market conditions, and other economic conditions may impact the provision of accident prevention services provided by insurance companies.

4.A. EXCEPTIONAL ITEM REQUEST SCHEDULE
 80th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas(ABEST)

DATE: 8/24/2006
 TIME: 5:16:29PM

Agency code: 454

Agency name:

Department of Insurance

CODE	DESCRIPTION	Excp 2008	Excp 2009
	Item Name: Replace DWC obsolete infrastructure technology (Capital Budget)		
	Item Priority: 2		
	Includes Funding for the Following Strategy or Strategies: 07-01-02 Information Resources		
 OBJECTS OF EXPENSE:			
5000	CAPITAL EXPENDITURES	238,211	238,211
	TOTAL, OBJECT OF EXPENSE	\$238,211	\$238,211
 METHOD OF FINANCING:			
36	DEPT INS OPERATING ACCT	238,211	238,211
	TOTAL, METHOD OF FINANCING	\$238,211	\$238,211

DESCRIPTION / JUSTIFICATION:

Funding for this exceptional item will increase TDI's capital budget for acquisition of Information Resource Technologies by \$238,211. The increase is necessary to support the additional automation needs as a result of HB 7, 79th Legislature. This bill transferred workers' compensation regulatory functions to TDI and established a new agency the Office of Injured Employee Counsel (OIEC). TDI provides all technology support including equipment for OIEC. TDI's information resource technologies doubled as a result of this legislation adding 26 offices and 900 FTEs.

TDI will use the increased funds to align technology equipment with TDI's obsolescence plan. TDI's obsolescence plan encompasses the replacement of deteriorated or functionally obsolete hardware for all aspects of the agency's technical infrastructure including specialty servers, network printers, portable printers, scanners, monitors, desktop and laptop computers. TDI's plan also includes updating software to keep pace with current software technology remaining compatible with outside entities and ensuring the use of versions of software for which support is available.

The agency's need for computing power continues to grow and change as the environment is being augmented by web-based functionality. In order to accommodate this change, it is more cost effective to replace older hardware on a regular basis with newer, more powerful and less expensive equipment than it is to upgrade or expand existing systems.

EXTERNAL/INTERNAL FACTORS:

4.A. EXCEPTIONAL ITEM REQUEST SCHEDULE
80th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas(ABEST)

DATE: 8/24/2006
TIME: 5:16:29PM

Agency code: 454

Agency name:

Department of Insurance

CODE DESCRIPTION

Excp 2008

Excp 2009

Most of the technology equipment used by DWC and OIEC is aging Network printers will be over eight years old in September2006. Because of the age of the existing printers, their reliability is steadily decreasing while maintenance costs are increasing DWC and OIEC personal desktop and laptop computers and monitors were five years old in March 2006. The Department of Information Resources' (DIR) recommends agencies replace personal desktop computers every four to five years and laptop computers every two to three years. A replacement of the current equipment is required to maintain software compatibility and hardware supportability Software compatibility has presented problems for staff when DWC is working with other program areas

Keeping current, supported software in the hands of agency staff that directly or indirectly perform regulatory functions contributes to meeting the performance measures of the agency. TDI must continually be in a position to modify software in automated systems in response to changes in legislation governing insurance regulation, changes in the marketplace, or changes in public demand. Increasing the funding for technology will allow TDI to implement new technology that enables staff to improve efficiency and effectiveness in carrying out regulatory functions

4.A. EXCEPTIONAL ITEM REQUEST SCHEDULE
 80th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas(ABEST)

DATE: 8/24/2006
 TIME: 5:16:29PM

Agency code: 454

Agency name:

Department of Insurance

CODE	DESCRIPTION	Excp 2008	Excp 2009
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	Item Name:	Restore solvency regulation of the insurance industry(B.1.1)	
	Item Priority:	3	
Includes Funding for the Following Strategy or Strategies:	02-01-01	Analyze the Financial Condition of Insurers and Take Solvency Action	
	07-01-01	Central Administration	
	07-01-02	Information Resources	
	07-01-03	Other Support Services	

OBJECTS OF EXPENSE:

1001	SALARIES AND WAGES	1,830,672	1,830,672
2003	CONSUMABLE SUPPLIES	4,586	4,586
2004	UTILITIES	14,324	14,324
2005	TRAVEL	246,832	246,832
2009	OTHER OPERATING EXPENSE	135,211	135,211
TOTAL, OBJECT OF EXPENSE		\$2,231,625	\$2,231,625

METHOD OF FINANCING:

36	DEPT INS OPERATING ACCT	784,153	784,153
8042	INSURANCE MAINT TAX FEES	1,447,472	1,447,472
TOTAL, METHOD OF FINANCING		\$2,231,625	\$2,231,625

FULL-TIME EQUIVALENT POSITIONS (FTE):

		40.60	40.60
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DESCRIPTION / JUSTIFICATION:

Funding for this exceptional item will restore positions and related support costs for solvency regulation of the insurance industry. Restoration of funding will allow TDI to maintain its current level of protection against insurer insolvencies and related unpaid insurance claims including legal support services which are critical in determining which insolvent insurers should be placed in receivership.

At the reduced funding level, TDI would conduct fewer on-site financial and actuarial examinations to verify financial condition of insurers and other entities. The reduction would require changing the statutory examination period from every three to every five years. TDI's ability to perform rehabilitative efforts would also be impacted. TDI would implement a new process whereby Special Deputy Conservators would perform onsite rehabilitative functions on behalf of TDI staff. The reduced funding would result in approximately 120 fewer on-site and 40 fewer actuarial examinations for the biennium.

Reduced funding would impede TDI's ability to timely detect troubled insurers, would challenge efforts to rehabilitate troubled companies, and would ultimately increase the risk of more and larger insurer insolvencies, resulting in unpaid claims. The burden and costs of unpaid claims are borne by consumers as well as the state's general revenue fund. When a guaranty association pays claims of insolvent insurers, the payments are assessed against other insurers, who then receive a credit against premium taxes, which consequently reduces general revenue.

4.A. EXCEPTIONAL ITEM REQUEST SCHEDULE
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Agency code: 454

Agency name:

Department of Insurance

CODE DESCRIPTION

Excp 2008

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EXTERNAL/INTERNAL FACTORS:

The state-based system of insurance regulation is being questioned by certain segments of the insurance industry and is currently receiving federal legislative attention. State insurance regulators recognize a need to modernize and streamline their functions in order to respond to these external challenges and to avoid federal preemption. The restoration of the solvency regulation budget is vital to the agency in order to ensure an appropriate response to the national regulatory modernization initiatives. Moreover, the need for continued vigilance in guarding against a potentially large insurer insolvency is particularly important given the current level of federal legislative attention.

As the insurance industry has been consolidating through merger and acquisition activity resulting in fewer but typically larger and more complex insurers, a more comprehensive approach to insurance regulation is needed and TDI's reliance on technically proficient staff has become more critical. Furthermore, TDI has committed to developing staff to meet these regulatory challenges, by requiring employees to work towards specific professional designations which meet National Association of Insurance Commissioners accreditation standards. It takes two to three years to train most financial examiners, making retention of qualified staff particularly important.

4.A. EXCEPTIONAL ITEM REQUEST SCHEDULE
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DATE: 8/24/2006
 TIME: 5:16:29PM

Agency code: 454

Agency name:

Department of Insurance

CODE	DESCRIPTION	Excp 2008	Excp 2009
	Item Name: Restore the review of form and rate filings(A.1.2)		
	Item Priority: 4		
	Includes Funding for the Following Strategy or Strategies:		
	01-01-02 Process Rates, Forms and Licenses		
	07-01-01 Central Administration		
	07-01-02 Information Resources		
	07-01-03 Other Support Services		

OBJECTS OF EXPENSE:

1001	SALARIES AND WAGES	950,698	950,698
2003	CONSUMABLE SUPPLIES	22,183	22,183
2004	UTILITIES	8,000	8,000
2009	OTHER OPERATING EXPENSE	68,121	68,121
TOTAL, OBJECT OF EXPENSE		\$1,049,002	\$1,049,002

METHOD OF FINANCING:

36	DEPT INS OPERATING ACCT	370,259	370,259
8042	INSURANCE MAINT TAX FEES	678,743	678,743
TOTAL, METHOD OF FINANCING		\$1,049,002	\$1,049,002

FULL-TIME EQUIVALENT POSITIONS (FTE):

26.90	26.90
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DESCRIPTION / JUSTIFICATION:

Funding for this exceptional item will restore positions and support costs for life/health (LH) and property/casualty (P&C) rate and form reviews, and P&C discount premiums and workers' compensation experience modifier reviews Restoration of funding will allow TDI to continue to review filings within statutory timeframes regulate rates, audit exempt filings, and prepare completed filings for timely response to open records requests

LH positions review form and rate filings to ensure compliance with statute prepare filings for permanent storage, and answer general information phone lines At the reduced funding level, LH would review 12,200 fewer filings within the statutory review timeframes The estimated percentage of forms reviewed in 90 days would decrease from 87% to 54% and phone lines would decrease from three to one Longer review times could slow the introduction of innovative products Consumers could be harmed if non-compliant products entered the marketplace. To mitigate the budget reduction impact, TDI would consider expanding its exempt filings rule and recommend statutory changes to designate most filings as file and use and eliminate review timeframes for LH form and rate filings

P&C positions review all filings for compliance with statute and rate filings for fairness and actuarial justification The proposed budget would require statutory change for some commercial lines from prior approval to file and use, less regulation of rates for those lines, eliminating public hearings for statutorily created entities that serve harder-to-insure markets (TWIA, FAIR etc.) and eliminating workers' compensation experience modifier review. The reduced budget would impede TDI's ability to ensure that rates are not excessive or unfairly discriminatory and that forms comply with statutory requirements Elimination of review of the workers' compensation experience modifier calculations

4.A. EXCEPTIONAL ITEM REQUEST SCHEDULE
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Department of Insurance

CODE DESCRIPTION

Excp 2008

Excp 2009

may result in some policyholders paying incorrect premiums

EXTERNAL/INTERNAL FACTORS:

State and federal legislation, market conditions, and economic factors impact the insurance industry. Currently, insurance companies are developing new and innovative products. State legislation has responded by permitting additional flexibility, which has also resulted in various new insurance products. Federal modernization efforts are placing additional pressure on states to add efficiencies and approve new industry innovations. As a result, TDI continues to streamline systems for timely processing of industry filings.

Experienced and well-trained staff are necessary to achieve consistency in policy approval and prevent an unequal "playing field" or reduced competition among companies. If the reduction results in the loss of experienced staff, the timeframes for filing review would be extended as new staff are trained.

Changes in market conditions also affect the types of coverage offered and the rates charged. Economic factors, including the costs of medical services, building materials, repair services and other factors associated with claims also affect rates. TDI review of rates and forms protects the public by ensuring the coverage provided corresponds to the premium charged.

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Agency code: 454

Agency name:

Department of Insurance

CODE	DESCRIPTION	Excp 2008	Excp 2009
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	Item Name:	Restore regulation of continuing education of agencies and adjusters(A.1.2)	
	Item Priority:	5	
Includes Funding for the Following Strategy or Strategies:	01-01-02	Process Rates, Forms and Licenses	
	07-01-01	Central Administration	
	07-01-02	Information Resources	
	07-01-03	Other Support Services	

OBJECTS OF EXPENSE:

1001	SALARIES AND WAGES	226,528	226,528
2003	CONSUMABLE SUPPLIES	7,117	7,117
2009	OTHER OPERATING EXPENSE	16,962	16,962
TOTAL, OBJECT OF EXPENSE		\$250,607	\$250,607

METHOD OF FINANCING:

36	DEPT INS OPERATING ACCT	84,280	84,280
8042	INSURANCE MAINT TAX FEES	166,327	166,327
TOTAL, METHOD OF FINANCING		\$250,607	\$250,607

FULL-TIME EQUIVALENT POSITIONS(FTE):

	7.30	7.30
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DESCRIPTION / JUSTIFICATION:

Restoration of funding will enable TDI to continue to regulate the statutorily mandated continuing education requirement for licensed insurance agents and adjusters

These positions register continuing education providers and evaluate courses developed by those providers to determine if they can be certified for use in Texas. In addition, these positions are used to audit licensees' compliance with statutorily required continuing education requirements. The proposed budget reduction would eliminate registration, certification and consistent evaluation of courses for continuing education providers and would require statutory change. To mitigate this impact of the budget reduction, TDI could retain limited oversight authority.

EXTERNAL/INTERNAL FACTORS:

4.A. EXCEPTIONAL ITEM REQUEST SCHEDULE
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Agency code: 454

Agency name:

Department of Insurance

CODE DESCRIPTION

Excp 2008

Excp 2009

Eliminating continuing education positions would mean that TDI could not verify compliance with required continuing education training. Insurance agents and adjusters would have less incentive to meet continuing education requirements, which could result in a less informed and educated sales force advising and consulting the Texas public.

Continuing education providers pay registration and renewal fees every two years and pay fees for TDIs certification of courses. The elimination of the continuing education positions and amendment of registration and certification requirements could result in an estimated loss of revenue to the state of \$306,876 annually, based on estimated provider fees and penalties.

Removing continuing education certification requirements and modifying oversight of Texas resident agents and adjusters' continuing education could mean that Texas would not be uniform with the rest of the states and territories of the United States. Texas agents would not be afforded reciprocity in licensing by other states and would have to comply with the continuing education requirements of other states if they chose to be licensed in those states. Federal legislation, the Gramm-Leach-Bliley Act of 1999, requires a majority of states to meet its uniformity standards. Texas currently is considered to be meeting the Gramm-Leach-Bliley Act's uniformity requirements.

4.A. EXCEPTIONAL ITEM REQUEST SCHEDULE
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Agency code: 454

Agency name:

Department of Insurance

CODE	DESCRIPTION	Excp 2008	Excp 2009
	Item Name: Restore review of insurance related advertisements(A.2.1)		
	Item Priority: 6		
	Includes Funding for the Following Strategy or Strategies:		
	01-02-01 Respond Promptly and Act on Complaints		
	01-02-03 Investigate Potential Insurer Fraud and Initiate Legal Action		
	03-01-02 Investigate Provider/Consumer Fraud & Refer Violations for Prosecution		
	07-01-01 Central Administration		
	07-01-02 Information Resources		
	07-01-03 Other Support Services		
 OBJECTS OF EXPENSE:			
1001	SALARIES AND WAGES	273,571	273,571
2003	CONSUMABLE SUPPLIES	1,693	1,693
2009	OTHER OPERATING EXPENSE	18,667	18,667
TOTAL, OBJECT OF EXPENSE		\$293,931	\$293,931
 METHOD OF FINANCING:			
36	DEPT INS OPERATING ACCT	103,886	103,886
8042	INSURANCE MAINT TAX FEES	190,045	190,045
TOTAL, METHOD OF FINANCING		\$293,931	\$293,931
 FULL-TIME EQUIVALENT POSITIONS (FTE):		6.60	6.60

DESCRIPTION / JUSTIFICATION:

Funding for this exceptional item will restore positions and support costs for reviewing insurance carrier and agent advertisements. Restoration of funding for the function will allow TDI to continue to protect the public and promote truth in advertising by ensuring the ads comply with applicable statutes and rules and by detecting possible fraudulent and unauthorized activities.

Companies are required by statute or rule to submit ads for Medicare supplements, long-term care insurance, and viatical and life settlement contracts to TDI for review because these products typically are marketed to vulnerable populations including senior and chronically ill Texans. Additionally, agents and companies submit ads for TDI review. TDI staff review ads and website advertisements for compliance with statutes and rules, unfair trade practices, and proper licensing.

Advertising reviews are an effective means of monitoring market trends, identifying potential "scams," and promoting fair competition. Elimination of this function could leave the public, particularly vulnerable populations, without protection against untruthful and misleading insurance information. The elimination of advertising review would require a statutory change to eliminate submission and prior approval of Medicare supplement ads.

EXTERNAL/INTERNAL FACTORS:

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Department of Insurance

CODE DESCRIPTION

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External factors that affect advertising reviews include federal and state legislation applicable to certain insurance products and market trends in developing and promoting insurance-related products. Since insurance-related products are becoming increasingly sophisticated and complex, review of advertisements contributes to ensuring the information is clearly and accurately presented to consumers, allowing them to make informed decisions about the insurance products that they are considering for purchase.

4.A. EXCEPTIONAL ITEM REQUEST SCHEDULE
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Agency code: 454

Agency name:

Department of Insurance

CODE	DESCRIPTION	Excp 2008	Excp 2009
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	Item Name:	Replace DWC phone system (Capital Budget)	
	Item Priority:	7	
Includes Funding for the Following Strategy or Strategies:	06-03-01	Develop and Implement Processes	
	06-05-01	Minimize and Resolve Indemnity and Medical Disputes	

OBJECTS OF EXPENSE:

5000	CAPITAL EXPENDITURES	966,000	0
	TOTAL, OBJECT OF EXPENSE	\$966,000	\$0

METHOD OF FINANCING:

36	DEPT INS OPERATING ACCT	966,000	0
	TOTAL, METHOD OF FINANCING	\$966,000	\$0

DESCRIPTION / JUSTIFICATION:

Funding for this exceptional item will provide for the establishment of a Division of Workers Compensation (DWC) Customer Contact Center that was recommended by the Sunset Advisory Commission to ensure customer service calls are accurately and expeditiously routed. Funds would be used to implement more advanced phone routing systems allowing for the establishment of a call center, replace antiquated systems and integrate Interactive Voice Recognition (IVR) technologies to allow the option for injured employees to receive some assistance and services via the telephone. The antiquated systems lack many of the options and features available within most call center operations today.

Establishing a centralized call routing system in the central office would create a single toll-free number for all DWC and OIEC telephone calls. DWC's equipment would then determine to which field office the call should be directed. Telephone operating costs will be lowered through the DWC's routing of incoming calls instead of the current system which uses the telephone company to route calls for a fee.

The total cost to establish a DWC and OIEC call center is \$966,000.

EXTERNAL/INTERNAL FACTORS:

Automatic Call Distribution (ACD) was installed at the DWC central office and the major five field offices in 1998. In FY 2004, DWC upgraded telephone system software and some hardware in the central office, the five major field offices, and the seven medium sized offices to prepare for the networking phase of a virtual call center project. Funds requested for this exceptional item would be used for the acquisition of hardware and software to replace agency phone systems for which maintenance and support is no longer available. The call center would allow for more efficient routing of calls to appropriate offices throughout the state which will enhance customer service and improve distribution of work.

4.A. EXCEPTIONAL ITEM REQUEST SCHEDULE
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Agency name:

Department of Insurance

<u>CODE</u>	<u>DESCRIPTION</u>	<u>Excp 2008</u>	<u>Excp 2009</u>
	Item Name: Relocate DWC (G.1.3)		
	Item Priority: 8		
	Includes Funding for the Following Strategy or Strategies: 07-01-03 Other Support Services		
OBJECTS OF EXPENSE:			
2009	OTHER OPERATING EXPENSE	487,258	0
	TOTAL, OBJECT OF EXPENSE	\$487,258	\$0
METHOD OF FINANCING:			
36	DEPT INS OPERATING ACCT	487,258	0
	TOTAL, METHOD OF FINANCING	\$487,258	\$0

DESCRIPTION / JUSTIFICATION:

Funding for this exceptional item will enable TDI to relocate staff from its Division of Workers' Compensation (DWC) headquarter location to a facility in close proximity to TDI's Hobby Building. TDI will also provide necessary space for the Office of Injured Employee Counsel(OIEC) in the same facility.

The rationale for relocation is related to the most significant piece of state legislation affecting TDI from the past session, HB 7. HB 7 merged two formerly independent agencies of equal size, the Texas Workers' Compensation Commission(TWCC), now DWC, and TDI. HB 7 also created a separate agency known as OIEC that is administratively attached to TDI. To meet the goals set forth by HB 7, TDI is consolidating, streamlining, and reforming processes, which requires constant communication and coordination among staff and is complicated by the physical distance between the headquarters

Additionally, the Commissioner of Insurance and the Commissioner of Workers' Compensation have recognized the difficulty of creating a truly cohesive agency with two headquarter offices. Accordingly, they asked Texas Building and Procurement Commission to work with TDI to identify options for colocating DWC with the rest of TDI. TBPC has advised that co-location is not a viable option because it would displace state agencies currently located in the Hobby Building. Since co-location is not an option, TDI opts to pursue relocation for DWC staff. Funding for this request would assist with HB7 unification efforts.

Funding for this item will relocate 419 DWC and 22 OIEC staff near TDI's Hobby Building. Relocation would occur mid-FY 2008 and lease costs would be approximately the same or less as current costs. The estimated costs for relocating staff and equipment are \$487,258. However, economic conditions may impact actual moving and lease costs

EXTERNAL/INTERNAL FACTORS:

As TDI continues to implement HB 7 mandates, it is critical to find further operating efficiencies through consolidation and redesign, which is difficult given the physical separation of staff and functions. Relocation of DWC and OIEC staff to a more accessible location would lead to improved program coordination and enable greater efficiencies for meeting the HB 7 mandates. Funding for relocation would reduce the time and inefficiencies associated with staff traveling to and from the two existing locations to conduct necessary meetings and perform other coordination activities

4.A. EXCEPTIONAL ITEM REQUEST SCHEDULE
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Agency code: 454

Agency name:

Department of Insurance

CODE	DESCRIPTION	Excp 2008	Excp 2009
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	Item Name: Restore P&C data collection for title rates and quarterly market reports(A.1.1)		
	Item Priority: 9		
Includes Funding for the Following Strategy or Strategies:	01-01-01 Analyze Market Data and Provide Information		
	07-01-01 Central Administration		
	07-01-02 Information Resources		
	07-01-03 Other Support Services		

OBJECTS OF EXPENSE:

1001	SALARIES AND WAGES	97,597	97,597
2003	CONSUMABLE SUPPLIES	651	651
2009	OTHER OPERATING EXPENSE	6,918	6,918
TOTAL, OBJECT OF EXPENSE		\$105,166	\$105,166

METHOD OF FINANCING:

36	DEPT INS OPERATING ACCT	37,161	37,161
8042	INSURANCE MAINT TAX FEES	68,005	68,005
TOTAL, METHOD OF FINANCING		\$105,166	\$105,166

FULL-TIME EQUIVALENT POSITIONS (FTE):

	2.50	2.50
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DESCRIPTION / JUSTIFICATION:

Funding for this exceptional item will restore positions and support costs for collecting title insurance rate data and quarterly market premium and loss data Support costs include attorney positions as well as services for legal advice and policy development related to rate regulation

Elimination of the collection of title data would require a statutory change from promulgating premium rates to a file and use system of ratemakingA file and use system for title rates could cause smaller, independent agencies to have difficulty competing on price when many of their costs are fixed Additionally, the number of writers could decrease and industry losses could increase, if smaller agencies lower costs below the point of adequate profits

Elimination of the collection of quarterly market premium and loss data which includes most lines of property and casualty insurance including workers compensation deductible plan data, would limit the amount of timely data available to monitor market conditions and would increase the lag time between the period covered by the data and the availability of the data. Data from both the title call and quarterly report are used to monitor changes in the marketplace

The collection of both title and quarterly market report data affects TDI's ability to meet the strategic goal of monitoring the marketplace Restoration of funding would allow TDI to continue setting title rates and monitoring market competition at the current level

EXTERNAL/INTERNAL FACTORS:

4.A. EXCEPTIONAL ITEM REQUEST SCHEDULE
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Agency name:

Department of Insurance

CODE DESCRIPTION

Excp 2008

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Changes to statutory requirements can affect the marketplace and consequently the data collected and analyzed by TDI. The reduction in funding necessitates the revision and repeal of several statutes related to promulgating premium rates, mandatory submission of title data to TDI, and collecting and reporting of insurer premium and loss data.

Additionally, the state-based system of insurance regulation is being questioned by certain segments of the insurance industry and is currently receiving federal legislative attention. The United States Congress, General Accounting Office and a number of other states are currently scrutinizing Title industry expenses and market activity.

4.A. EXCEPTIONAL ITEM REQUEST SCHEDULE
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Agency code: 454

Agency name:

Department of Insurance

CODE	DESCRIPTION	Excp 2008	Excp 2009
	Item Name: Restore enforcement of laws related to losses due to fire(D.1.1)		
	Item Priority: 10		
	Includes Funding for the Following Strategy or Strategies:		
	04-01-01 Provide Fire Prevention through Education & Enforcement of Regulations		
	07-01-01 Central Administration		
	07-01-02 Information Resources		
	07-01-03 Other Support Services		

OBJECTS OF EXPENSE:

1001	SALARIES AND WAGES	276,573	276,573
1002	OTHER PERSONNEL COSTS	3,060	3,060
2009	OTHER OPERATING EXPENSE	15,916	15,916
TOTAL, OBJECT OF EXPENSE		\$295,549	\$295,549

METHOD OF FINANCING:

36	DEPT INS OPERATING ACCT	104,478	104,478
8042	INSURANCE MAINT TAX FEES	191,071	191,071
TOTAL, METHOD OF FINANCING		\$295,549	\$295,549

FULL-TIME EQUIVALENT POSITIONS (FTE):

	7.30	7.30
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DESCRIPTION / JUSTIFICATION:

Funding for this exceptional item will restore positions for the enforcement of laws relating to loss of life and property due to fire Restoration of these positions will allow the State Fire Marshal Office (SFMO) to continue providing the current level of services to the public

At the reduced funding level, the SFMO would eliminate positions that perform fire safety services and that are directly involved in enforcement of codes and standards impacting Texans. Services involve conducting inspections of state-owned and licensed facilities; investigating complaints against licensed fire alarm, fire extinguisher, fire sprinkler and fireworks firms and individuals; conducting fire and arson investigations; and promoting fire safety and prevention through outreach initiatives All of these services affect fire safety throughout the state

Without restoration of these positions, services to local communities and fire professionals would be negatively impacted In many instances, SFMO expert service is the only service of its type available to the rural and underserved communities Close regulation of the licensing investigation function helps ensure that industry professionals are in compliance with the rules and practices associated with proper installation and maintenance of fire suppression systems Failure to conduct inspections creates a missed opportunity to identify fire safety violations, which could result in increased loss of life and property. Additionally, a reduction in funding could reduce SFMO service levels to local officials for determining the cause and origin of fires

EXTERNAL/INTERNAL FACTORS:

4.A. EXCEPTIONAL ITEM REQUEST SCHEDULE
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Agency name:

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CODE DESCRIPTION

Excp 2008

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The SFMO strives to gain a greater understanding of the problems and trends associated with fires in Texas To do so, the SFMO conducts direct fire safety inspections and fire cause investigations. On-site field work is required to carry out fire safety inspections and investigations Local communities continue to increase in size, and the complexity of their fire safety needs is also increasing Eliminating SFMO positions may adversely impact the fire safety of affected communities

Recently, through strategic planning, the SFMO identified the need to redefine its service delivery model to be more proactive The strategy includes reprioritizing operations to enhance service quality, with the goal of reducing the loss of life and property on the broadest scale possible The delivery model encompasses all areas of the state, not just those communities that receive direct inspection or investigation services Reduced funding for SFMO positions would make successful implementation of this delivery model more difficult.

4.A. EXCEPTIONAL ITEM REQUEST SCHEDULE
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Agency code: 454

Agency name:

Department of Insurance

CODE	DESCRIPTION	Excp 2008	Excp 2009
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	Item Name:	Restore windstorm inspections and loss control services(C.1.1)	
	Item Priority:	11	
Includes Funding for the Following Strategy or Strategies:	03-01-01	Inspect Loss Control Programs and Assure Code and Schedule Compliance	
	07-01-01	Central Administration	
	07-01-02	Information Resources	
	07-01-03	Other Support Services	

OBJECTS OF EXPENSE:

1001	SALARIES AND WAGES	867,606	867,606
2004	UTILITIES	47,013	47,013
2005	TRAVEL	73,096	73,096
2006	RENT - BUILDING	82,194	82,194
2007	RENT - MACHINE AND OTHER	11,096	11,096
2009	OTHER OPERATING EXPENSE	58,531	58,531
TOTAL, OBJECT OF EXPENSE		\$1,139,536	\$1,139,536

METHOD OF FINANCING:

36	DEPT INS OPERATING ACCT	399,177	399,177
8042	INSURANCE MAINT TAX FEES	740,359	740,359
TOTAL, METHOD OF FINANCING		\$1,139,536	\$1,139,536

FULL-TIME EQUIVALENT POSITIONS(FTE):

	24.60	24.60
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DESCRIPTION / JUSTIFICATION:

Funding for this exceptional item will restore positions and related support costs to decrease potential insurance losses through the windstorm inspection program and inspections of loss control programs.

In order to meet the reduction, TDI would need to transfer windstorm inspection and certification responsibilities to the Texas Windstorm Insurance Association(TWIA). These functions are vital to mitigating potential wind and hail losses and transferring these functions to another entity would require statutory changes TWIA's assumption of the inspection and certification functions for the same structures on which TWIA issues windstorm policies however, could be viewed as a conflict of interest.

By law, insurance companies must provide loss control information/services based on the risk, exposure, loss experience, and other considerations of a business. TDI reviews insurers' actions to ensure adequate loss control services. Biennial evaluations are designed to reduce costs and property losses and can assist in reducing injuries and loss of life. At the reduced funding level, insurance companies would still be required to provide loss control and accident prevention services but without TDI evaluation. Evaluations by TDI staff provide incentive to insurance companies to actively communicate their loss control services to their policyholders and comply with statutory requirements. TDI involvement also helps increase policyholders awareness of the accident prevention services available to them from their insurance carriers.

4.A. EXCEPTIONAL ITEM REQUEST SCHEDULE
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Agency code: 454

Agency name:

Department of Insurance

CODE DESCRIPTION

Excp 2008

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EXTERNAL/INTERNAL FACTORS:

TWIA losses can have an adverse impact on the state's general revenue fund due to the excess loss(claim) funding mechanism. In addition to premiums, TWIA can assess the industry to cover losses by using funds from the state's catastrophe reserve trust fund. Assessments exceeding a certain level can be offset by reductions in insurers' premium taxes, reducing the general fund receipts. Statute requires TDI to perform inspections and issue certificate approval for coastal property structures meeting TWIA wind resistant building code requirements. The dramatic increase in development in coastal areas, coupled with a decline in the number of insurers willing to provide coverage for wind and hail coverage in coastal areas, has increased both the demand for TWIA coverage and potential exposure to the state's revenue fund.

Market conditions have led to company mergers and acquisitions. The trend toward consolidation is that larger insurers tend to have more sophisticated loss control programs. However, consolidation may adversely affect small businesses since insurers may find it more profitable to target their products to larger businesses.

4.A. EXCEPTIONAL ITEM REQUEST SCHEDULE
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Agency code: **454**

Agency name:

Department of Insurance

CODE	DESCRIPTION	Excp 2008	Excp 2009
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Item Name: Maintain and enhance security services at Hobby Building(G.1.3)

Item Priority: 12

Includes Funding for the Following Strategy or Strategies: 07-01-03 Other Support Services

OBJECTS OF EXPENSE:

2009	OTHER OPERATING EXPENSE	415,122	415,122
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TOTAL, OBJECT OF EXPENSE	415,122	415,122
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METHOD OF FINANCING:

36	DEPT INS OPERATING ACCT	139,606	139,606
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8042	INSURANCE MAINT TAX FEES	275,516	275,516
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DESCRIPTION / JUSTIFICATION:

Funding for this exceptional item will maintain and enhance the current level of security for the Hobby Building

Security for the Hobby Building is currently provided by an interagency contract through a private security vendor and the Department of Public Safety Effective September 1, 2006 the Texas Building and Procurement Commission will begin administering the security services contract on behalf of the Department of Public Safety Funding for these services expires on August 31, 2007. To continue operations, the Texas Building and Procurement Commission proposes to recover the security services costs from the tenant agencies in the building. The cost to TDI is estimated at \$222,622 annually.

Securing the Hobby Building is challenging due to the unusual architectural configuration of the three towers and a common lobby Security staff find it difficult to monitor access to the elevators from the existing security and reception areas Access to all floors of the three towers is available both from the lobby level and the second floors Consequently, anyone gaining access to the second floor can gain entrance to all three towers To enhance security, TDI proposes stationing a security guard at the elevator lobby of each tower to control unauthorized entrance through the towers Based on security service costs from other agencies, this enhancement will cost approximately \$192,500 annually.

The total cost of maintaining the current level of security plus the requested enhancements amount to \$415,122 annually, or \$830,244 for the biennium.

EXTERNAL/INTERNAL FACTORS:

There are 21 tenant agencies in the Hobby Building whose responsibilities are predominately regulatory TDI conducted a threat assessment as part of its Homeland Security Strategic Planning and identified disgruntled customers as a primary threat to TDI and Hobby building tenants Agencies have walk-in visitors, which can include dissatisfied members of the regulated community. Agency policies or practices may be perceived as negatively affecting a certain person or group and a customer could blame the agency for the real or perceived role it plays in the regulatory process. Agencies have received threats in the past, which has raised concerns about the need for enhanced security. Additionally, the building is located in the entertainment district of the city and may be accessible to walk-in visitors. Hobby tenants have reported problems with unauthorized visitors gaining entry from the other towers The additional funding will enhance security by restricting access to the elevators

4.A. EXCEPTIONAL ITEM REQUEST SCHEDULE
80th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas(ABEST)

DATE: **8/24/2006**
TIME: **5:16:29PM**

Agency code: **454**

Agency name:
Department of Insurance

CODE DESCRIPTION

Excp 2008

Excp 2009

4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE

80th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/24/2006

TIME: 5:16:48PM

		Excp 2008	Excp 2009
Agency code:	454		
Agency name:	Department of Insurance		
Item Name:	Restore DWC Accident Prevention Services(E.1.1)		
Allocation to Strategy:	5-1-1 Provide Health and Safety Services in Texas Workplaces		
OBJECTS OF EXPENSE:			
1001 SALARIES AND WAGES		190,565	190,565
TOTAL, OBJECT OF EXPENSE		\$190,565	\$190,565
METHOD OF FINANCING:			
36 DEPT INS OPERATING ACCT		190,565	190,565
TOTAL, METHOD OF FINANCING		\$190,565	\$190,565
FULL-TIME EQUIVALENT POSITIONS (FTE):		5.0	5.0

4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE

80th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/24/2006
 TIME: 5:16:52PM

Agency code: 454 Agency name: Department of Insurance

	Excp 2008	Excp 2009
Item Name:	Replace DWC obsolete infrastructure technology (Capital Budget)	
Allocation to Strategy:	7-1-2	Information Resources
OBJECTS OF EXPENSE:		
5000 CAPITAL EXPENDITURES	238,211	238,211
TOTAL, OBJECT OF EXPENSE	\$238,211	\$238,211
METHOD OF FINANCING:		
36 DEPT INS OPERATING ACCT	238,211	238,211
TOTAL, METHOD OF FINANCING	\$238,211	\$238,211

4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE

80th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/24/2006

TIME: 5:16:52PM

Agency code: 454

Agency name: Department of Insurance

		Excp 2008	Excp 2009
Item Name:	Restore solvency regulation of the insurance industry(B.1.1)		
Allocation to Strategy:	2-1-1	Analyze the Financial Condition of Insurers and Take Solvency Action	
OBJECTS OF EXPENSE:			
1001	SALARIES AND WAGES	1,753,672	1,753,672
2003	CONSUMABLE SUPPLIES	4,586	4,586
2004	UTILITIES	14,324	14,324
2005	TRAVEL	246,832	246,832
2009	OTHER OPERATING EXPENSE	29,858	29,858
TOTAL, OBJECT OF EXPENSE		\$2,049,272	\$2,049,272
METHOD OF FINANCING:			
36	DEPT INS OPERATING ACCT	689,170	689,170
8042	INSURANCE MAINT TAX FEES	1,360,102	1,360,102
TOTAL, METHOD OF FINANCING		\$2,049,272	\$2,049,272
FULL-TIME EQUIVALENT POSITIONS (FTE):		38.2	38.2

4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE

80th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/24/2006

TIME: 5:16:52PM

Agency code: 454 Agency name: Department of Insurance

	Excp 2008	Excp 2009
Item Name:	Restore solvency regulation of the insurance industry(B.1.1)	
Allocation to Strategy:	7-1-1 Central Administration	
OBJECTS OF EXPENSE:		
1001 SALARIES AND WAGES	26,115	26,115
TOTAL, OBJECT OF EXPENSE	\$26,115	\$26,115
METHOD OF FINANCING:		
36 DEPT INS OPERATING ACCT	8,782	8,782
8042 INSURANCE MAINT TAX FEES	17,333	17,333
TOTAL, METHOD OF FINANCING	\$26,115	\$26,115
FULL-TIME EQUIVALENT POSITIONS (FTE):	0.8	0.8

4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE

80th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/24/2006

TIME: 5:16:52PM

Agency code: 454

Agency name: Department of Insurance

	Excp 2008	Excp 2009
Item Name:	Restore solvency regulation of the insurance industry(B.1.1)	
Allocation to Strategy:	7-1-2 Information Resources	
OBJECTS OF EXPENSE:		
1001 SALARIES AND WAGES	30,650	30,650
2009 OTHER OPERATING EXPENSE	96,456	96,456
TOTAL, OBJECT OF EXPENSE	\$127,106	\$127,106
METHOD OF FINANCING:		
36 DEPT INS OPERATING ACCT	76,404	76,404
8042 INSURANCE MAINT TAX FEES	50,702	50,702
TOTAL, METHOD OF FINANCING	\$127,106	\$127,106
FULL-TIME EQUIVALENT POSITIONS (FTE):	0.8	0.8

4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE

80th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/24/2006

TIME: 5:16:52PM

Agency code: 454 Agency name: Department of Insurance

	Excp 2008	Excp 2009
Item Name:	Restore solvency regulation of the insurance industry(B.1.1)	
Allocation to Strategy:	7-1-3 Other Support Services	
OBJECTS OF EXPENSE:		
1001 SALARIES AND WAGES	20,235	20,235
2009 OTHER OPERATING EXPENSE	8,897	8,897
TOTAL, OBJECT OF EXPENSE	\$29,132	\$29,132
METHOD OF FINANCING:		
36 DEPT INS OPERATING ACCT	9,797	9,797
8042 INSURANCE MAINT TAX FEES	19,335	19,335
TOTAL, METHOD OF FINANCING	\$29,132	\$29,132
FULL-TIME EQUIVALENT POSITIONS (FTE):	0.8	0.8

4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE

80th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/24/2006

TIME: 5:16:52PM

Agency code: 454

Agency name: Department of Insurance

	Excp 2008	Excp 2009
Item Name:	Restore the review of form and rate filings(A.1.2)	
Allocation to Strategy:	1-1-2 Process Rates, Forms and Licenses	
OBJECTS OF EXPENSE:		
1001 SALARIES AND WAGES	910,711	910,711
2003 CONSUMABLE SUPPLIES	22,183	22,183
2004 UTILITIES	8,000	8,000
2009 OTHER OPERATING EXPENSE	13,410	13,410
TOTAL, OBJECT OF EXPENSE	\$954,304	\$954,304
METHOD OF FINANCING:		
36 DEPT INS OPERATING ACCT	320,932	320,932
8042 INSURANCE MAINT TAX FEES	633,372	633,372
TOTAL, METHOD OF FINANCING	\$954,304	\$954,304
FULL-TIME EQUIVALENT POSITIONS(FTE):	25.7	25.7

4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE

80th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/24/2006

TIME: 5:16:52PM

Agency code: 454

Agency name: Department of Insurance

	Excp 2008	Excp 2009
Item Name:	Restore the review of form and rate filings(A.1.2)	
Allocation to Strategy:	7-1-1	Central Administration
OBJECTS OF EXPENSE:		
1001 SALARIES AND WAGES	13,562	13,562
TOTAL, OBJECT OF EXPENSE	\$13,562	\$13,562
METHOD OF FINANCING:		
36 DEPT INS OPERATING ACCT	4,561	4,561
8042 INSURANCE MAINT TAX FEES	9,001	9,001
TOTAL, METHOD OF FINANCING	\$13,562	\$13,562
FULL-TIME EQUIVALENT POSITIONS(FTE):	0.4	0.4

4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE

80th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/24/2006

TIME: 5:16:52PM

Agency code: 454

Agency name: Department of Insurance

	Excp 2008	Excp 2009
Item Name: Restore the review of form and rate filings(A.1.2)		
Allocation to Strategy: 7-1-2 Information Resources		
OBJECTS OF EXPENSE:		
1001 SALARIES AND WAGES	15,917	15,917
2009 OTHER OPERATING EXPENSE	50,091	50,091
TOTAL, OBJECT OF EXPENSE	\$66,008	\$66,008
METHOD OF FINANCING:		
36 DEPT INS OPERATING ACCT	39,678	39,678
8042 INSURANCE MAINT TAX FEES	26,330	26,330
TOTAL, METHOD OF FINANCING	\$66,008	\$66,008
FULL-TIME EQUIVALENT POSITIONS (FTE):	0.4	0.4

4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE

80th Regular Session, Agency Submission, Version I
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/24/2006

TIME: 5:16:52PM

Agency code: 454

Agency name: Department of Insurance

	Excp 2008	Excp 2009
Item Name:	Restore the review of form and rate filings(A.1.2)	
Allocation to Strategy:	7-1-3 Other Support Services	
OBJECTS OF EXPENSE:		
1001 SALARIES AND WAGES	10,508	10,508
2009 OTHER OPERATING EXPENSE	4,620	4,620
TOTAL, OBJECT OF EXPENSE	\$15,128	\$15,128
METHOD OF FINANCING:		
36 DEPT INS OPERATING ACCT	5,088	5,088
8042 INSURANCE MAINT TAX FEES	10,040	10,040
TOTAL, METHOD OF FINANCING	\$15,128	\$15,128
FULL-TIME EQUIVALENT POSITIONS (FTE):	0.4	0.4

4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE

80th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/24/2006

TIME: 5:16:52PM

Agency code: 454

Agency name: Department of Insurance

	Excp 2008	Excp 2009
Item Name:	Restore regulation of continuing education of agencies and adjusters(A.1.2)	
Allocation to Strategy:	1-1-2	Process Rates, Forms and Licenses
OBJECTS OF EXPENSE:		
1001 SALARIES AND WAGES	217,000	217,000
2003 CONSUMABLE SUPPLIES	7,117	7,117
2009 OTHER OPERATING EXPENSE	3,926	3,926
TOTAL, OBJECT OF EXPENSE	\$228,043	\$228,043
METHOD OF FINANCING:		
36 DEPT INS OPERATING ACCT	76,691	76,691
8042 INSURANCE MAINT TAX FEES	151,352	151,352
TOTAL, METHOD OF FINANCING	\$228,043	\$228,043
FULL-TIME EQUIVALENT POSITIONS (FTE):	7.0	7.0

4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE

80th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/24/2006

TIME: 5:16:52PM

Agency code: 454 Agency name: Department of Insurance

	Excp 2008	Excp 2009
Item Name:	Restore regulation of continuing education of agencies and adjusters(A.1.2)	
Allocation to Strategy:	7-1-1 Central Administration	
OBJECTS OF EXPENSE:		
1001 SALARIES AND WAGES	3,231	3,231
TOTAL, OBJECT OF EXPENSE	\$3,231	\$3,231
METHOD OF FINANCING:		
36 DEPT INS OPERATING ACCT	1,087	1,087
8042 INSURANCE MAINT TAX FEES	2,144	2,144
TOTAL, METHOD OF FINANCING	\$3,231	\$3,231
FULL-TIME EQUIVALENT POSITIONS (FTE):	0.1	0.1

4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE

80th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/24/2006

TIME: 5:16:52PM

Agency code: 454 Agency name: Department of Insurance

	Excp 2008	Excp 2009
Item Name:	Restore regulation of continuing education of agencies and adjusters(A.1.2)	
Allocation to Strategy:	7-1-2	Information Resources
OBJECTS OF EXPENSE:		
1001 SALARIES AND WAGES	3,793	3,793
2009 OTHER OPERATING EXPENSE	11,935	11,935
TOTAL, OBJECT OF EXPENSE	\$15,728	\$15,728
METHOD OF FINANCING:		
36 DEPT INS OPERATING ACCT	5,289	5,289
8042 INSURANCE MAINT TAX FEES	10,439	10,439
TOTAL, METHOD OF FINANCING	\$15,728	\$15,728
FULL-TIME EQUIVALENT POSITIONS (FTE):	0.1	0.1

4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE

80th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/24/2006
 TIME: 5:16:52PM

Agency code: 454 Agency name: Department of Insurance

	Excp 2008	Excp 2009
Item Name:	Restore regulation of continuing education of agencies and adjusters(A.1.2)	
Allocation to Strategy:	7-1-3	Other Support Services
OBJECTS OF EXPENSE:		
1001 SALARIES AND WAGES	2,504	2,504
2009 OTHER OPERATING EXPENSE	1,101	1,101
TOTAL, OBJECT OF EXPENSE	\$3,605	\$3,605
METHOD OF FINANCING:		
36 DEPT INS OPERATING ACCT	1,213	1,213
8042 INSURANCE MAINT TAX FEES	2,392	2,392
TOTAL, METHOD OF FINANCING	\$3,605	\$3,605
FULL-TIME EQUIVALENT POSITIONS (FTE):	0.1	0.1

4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE

80th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/24/2006
 TIME: 5:16:52PM

Agency code: 454 Agency name: Department of Insurance

		Excp 2008	Excp 2009
Item Name:	Restore review of insurance related advertisements(A.2.1)		
Allocation to Strategy:	1-2-1	Respond Promptly and Act on Complaints	
OBJECTS OF EXPENSE:			
1001	SALARIES AND WAGES	237,340	237,340
2003	CONSUMABLE SUPPLIES	1,693	1,693
2009	OTHER OPERATING EXPENSE	2,619	2,619
TOTAL, OBJECT OF EXPENSE		\$241,652	\$241,652
METHOD OF FINANCING:			
36	DEPT INS OPERATING ACCT	81,268	81,268
8042	INSURANCE MAINT TAX FEES	160,384	160,384
TOTAL, METHOD OF FINANCING		\$241,652	\$241,652
FULL-TIME EQUIVALENT POSITIONS (FTE):		5.7	5.7

4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE

80th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/24/2006

TIME: 5:16:52PM

Agency code: 454

Agency name: Department of Insurance

	Excp 2008	Excp 2009
Item Name:	Restore review of insurance related advertisements(A.2.1)	
Allocation to Strategy:	1-2-3 Investigate Potential Insurer Fraud and Initiate Legal Action	
OBJECTS OF EXPENSE:		
1001 SALARIES AND WAGES	12,500	12,500
TOTAL, OBJECT OF EXPENSE	\$12,500	\$12,500
METHOD OF FINANCING:		
36 DEPT INS OPERATING ACCT	4,204	4,204
8042 INSURANCE MAINT TAX FEES	8,296	8,296
TOTAL, METHOD OF FINANCING	\$12,500	\$12,500
FULL-TIME EQUIVALENT POSITIONS (FTE):	0.3	0.3

4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE

80th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/24/2006

TIME: 5:16:52PM

Agency code: 454

Agency name: Department of Insurance

	Excp 2008	Excp 2009
Item Name:	Restore review of insurance related advertisements(A.2.1)	
Allocation to Strategy:	3-1-2 Investigate Provider/Consumer Fraud & Refer Violations for Prosecution	
OBJECTS OF EXPENSE:		
1001 SALARIES AND WAGES	12,500	12,500
TOTAL, OBJECT OF EXPENSE	\$12,500	\$12,500
METHOD OF FINANCING:		
36 DEPT INS OPERATING ACCT	4,204	4,204
8042 INSURANCE MAINT TAX FEES	8,296	8,296
TOTAL, METHOD OF FINANCING	\$12,500	\$12,500
FULL-TIME EQUIVALENT POSITIONS(FTE):	0.3	0.3

4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE

80th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/24/2006

TIME: 5:16:52PM

Agency code: 454 Agency name: Department of Insurance

	Excp 2008	Excp 2009
Item Name:	Restore review of insurance related advertisements(A.2.1)	
Allocation to Strategy:	7-1-1	Central Administration
OBJECTS OF EXPENSE:		
1001 SALARIES AND WAGES	3,907	3,907
TOTAL, OBJECT OF EXPENSE	\$3,907	\$3,907
METHOD OF FINANCING:		
36 DEPT INS OPERATING ACCT	1,314	1,314
8042 INSURANCE MAINT TAX FEES	2,593	2,593
TOTAL, METHOD OF FINANCING	\$3,907	\$3,907
FULL-TIME EQUIVALENT POSITIONS(FTE):	0.1	0.1

4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE

80th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/24/2006
TIME: 5:16:52PM

Agency code: 454 Agency name: Department of Insurance

Excp 2008

Excp 2009

Item Name: Restore review of insurance related advertisements(A.2.1)

Allocation to Strategy: 7-1-2 Information Resources

OBJECTS OF EXPENSE:

1001 SALARIES AND WAGES	4,585	4,585
2009 OTHER OPERATING EXPENSE	14,429	14,429

TOTAL, OBJECT OF EXPENSE	\$19,014	\$19,014
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METHOD OF FINANCING:

36 DEPT INS OPERATING ACCT	11,430	11,430
8042 INSURANCE MAINT TAX FEES	7,584	7,584

TOTAL, METHOD OF FINANCING	\$19,014	\$19,014
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FULL-TIME EQUIVALENT POSITIONS(FTE):	0.1	0.1
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4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE

80th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/24/2006
 TIME: 5:16:52PM

Agency code: 454 Agency name: Department of Insurance

	Excp 2008	Excp 2009
Item Name:	Restore review of insurance related advertisements(A.2.1)	
Allocation to Strategy:	7-1-3	Other Support Services
OBJECTS OF EXPENSE:		
1001 SALARIES AND WAGES	2,739	2,739
2009 OTHER OPERATING EXPENSE	1,619	1,619
TOTAL, OBJECT OF EXPENSE	\$4,358	\$4,358
METHOD OF FINANCING:		
36 DEPT INS OPERATING ACCT	1,466	1,466
8042 INSURANCE MAINT TAX FEES	2,892	2,892
TOTAL, METHOD OF FINANCING	\$4,358	\$4,358
FULL-TIME EQUIVALENT POSITIONS (FTE):	0.1	0.1

4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE

80th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/24/2006

TIME: 5:16:52PM

Agency code: 454

Agency name: Department of Insurance

		Excp 2008	Excp 2009
Item Name:	Replace DWC phone system (Capital Budget)		
Allocation to Strategy:	6-3-1 Develop and Implement Processes		
OBJECTS OF EXPENSE:			
5000 CAPITAL EXPENDITURES		415,380	0
TOTAL, OBJECT OF EXPENSE		\$415,380	\$0
METHOD OF FINANCING:			
36 DEPT INS OPERATING ACCT		415,380	0
TOTAL, METHOD OF FINANCING		\$415,380	\$0

4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE

80th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/24/2006
 TIME: 5:16:52PM

Agency code: 454 Agency name: Department of Insurance

	Excp 2008	Excp 2009
Item Name:	Replace DWC phone system (Capital Budget)	
Allocation to Strategy:	6-5-1 Minimize and Resolve Indemnity and Medical Disputes	
OBJECTS OF EXPENSE:		
5000 CAPITAL EXPENDITURES	550,620	0
TOTAL, OBJECT OF EXPENSE	\$550,620	\$0
METHOD OF FINANCING:		
36 DEPT INS OPERATING ACCT	550,620	0
TOTAL, METHOD OF FINANCING	\$550,620	\$0

4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE

80th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/24/2006

TIME: 5:16:52PM

Agency code: 454 Agency name: Department of Insurance

	Excp 2008	Excp 2009
Item Name: Relocate DWC (G.1.3)		
Allocation to Strategy: 7-1-3 Other Support Services		
OBJECTS OF EXPENSE:		
2009 OTHER OPERATING EXPENSE	487,258	0
TOTAL, OBJECT OF EXPENSE	\$487,258	\$0
METHOD OF FINANCING:		
36 DEPT INS OPERATING ACCT	487,258	0
TOTAL, METHOD OF FINANCING	\$487,258	\$0

4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE

80th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/24/2006

TIME: 5:16:52PM

Agency code: 454

Agency name: Department of Insurance

	Excp 2008	Excp 2009
Item Name:	Restore P&C data collection for title rates and quarterly market reports(A.1.1)	
Allocation to Strategy:	1-1-1 Analyze Market Data and Provide Information	
OBJECTS OF EXPENSE:		
1001 SALARIES AND WAGES	93,492	93,492
2003 CONSUMABLE SUPPLIES	651	651
2009 OTHER OPERATING EXPENSE	1,302	1,302
TOTAL, OBJECT OF EXPENSE	\$95,445	\$95,445
METHOD OF FINANCING:		
36 DEPT INS OPERATING ACCT	32,098	32,098
8042 INSURANCE MAINT TAX FEES	63,347	63,347
TOTAL, METHOD OF FINANCING	\$95,445	\$95,445
FULL-TIME EQUIVALENT POSITIONS (FTE):	2.5	2.5

4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE

80th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/24/2006

TIME: 5:16:52PM

Agency code: 454

Agency name: Department of Insurance

	Excp 2008	Excp 2009
Item Name:	Restore P&C data collection for title rates and quarterly market reports (A.1.1)	
Allocation to Strategy:	7-1-1 Central Administration	
OBJECTS OF EXPENSE:		
1001 SALARIES AND WAGES	1,392	1,392
TOTAL, OBJECT OF EXPENSE	\$1,392	\$1,392
METHOD OF FINANCING:		
36 DEPT INS OPERATING ACCT	468	468
8042 INSURANCE MAINT TAX FEES	924	924
TOTAL, METHOD OF FINANCING	\$1,392	\$1,392

4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE

80th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/24/2006

TIME: 5:16:52PM

Agency code: 454

Agency name: Department of Insurance

	Excp 2008	Excp 2009
Item Name:	Restore P&C data collection for title rates and quarterly market reports(A.1.1)	
Allocation to Strategy:	7-1-2	Information Resources
OBJECTS OF EXPENSE:		
1001 SALARIES AND WAGES	1,634	1,634
2009 OTHER OPERATING EXPENSE	5,142	5,142
TOTAL, OBJECT OF EXPENSE	\$6,776	\$6,776
METHOD OF FINANCING:		
36 DEPT INS OPERATING ACCT	4,073	4,073
8042 INSURANCE MAINT TAX FEES	2,703	2,703
TOTAL, METHOD OF FINANCING	\$6,776	\$6,776
FULL-TIME EQUIVALENT POSITIONS (FTE):	0.0	0.0

4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE

80th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/24/2006

TIME: 5:16:52PM

Agency code: 454

Agency name: Department of Insurance

	Excp 2008	Excp 2009
Item Name:	Restore P&C data collection for title rates and quarterly market reports (A.1.1)	
Allocation to Strategy:	7-1-3 Other Support Services	
OBJECTS OF EXPENSE:		
1001 SALARIES AND WAGES	1,079	1,079
2009 OTHER OPERATING EXPENSE	474	474
TOTAL, OBJECT OF EXPENSE	\$1,553	\$1,553
METHOD OF FINANCING:		
36 DEPT INS OPERATING ACCT	522	522
8042 INSURANCE MAINT TAX FEES	1,031	1,031
TOTAL, METHOD OF FINANCING	\$1,553	\$1,553

4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE

80th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/24/2006

TIME: 5:16:52PM

Agency code: 454

Agency name: Department of Insurance

	Excp 2008	Excp 2009
Item Name:	Restore enforcement of laws related to losses due to fire(D.1.1)	
Allocation to Strategy:	4-1-1 Provide Fire Prevention through Education & Enforcement of Regulations	
OBJECTS OF EXPENSE:		
1001 SALARIES AND WAGES	264,940	264,940
1002 OTHER PERSONNEL COSTS	3,060	3,060
TOTAL, OBJECT OF EXPENSE	\$268,000	\$268,000
METHOD OF FINANCING:		
36 DEPT INS OPERATING ACCT	90,128	90,128
8042 INSURANCE MAINT TAX FEES	177,872	177,872
TOTAL, METHOD OF FINANCING	\$268,000	\$268,000
FULL-TIME EQUIVALENT POSITIONS (FTE):	7.0	7.0

4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE

80th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/24/2006

TIME: 5:16:52PM

Agency code: 454

Agency name: Department of Insurance

	Excp 2008	Excp 2009
Item Name:	Restore enforcement of laws related to losses due to fire(D.1.1)	
Allocation to Strategy:	7-1-1 Central Administration	
OBJECTS OF EXPENSE:		
1001 SALARIES AND WAGES	3,945	3,945
TOTAL, OBJECT OF EXPENSE	\$3,945	\$3,945
METHOD OF FINANCING:		
36 DEPT INS OPERATING ACCT	1,327	1,327
8042 INSURANCE MAINT TAX FEES	2,618	2,618
TOTAL, METHOD OF FINANCING	\$3,945	\$3,945
FULL-TIME EQUIVALENT POSITIONS (FTE):	0.1	0.1

4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE

80th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/24/2006

TIME: 5:16:52PM

Agency code: 454

Agency name: Department of Insurance

	Excp 2008	Excp 2009
Item Name:	Restore enforcement of laws related to losses due to fire(D.1.1)	
Allocation to Strategy:	7-1-2 Information Resources	
OBJECTS OF EXPENSE:		
1001 SALARIES AND WAGES	4,631	4,631
2009 OTHER OPERATING EXPENSE	14,572	14,572
TOTAL, OBJECT OF EXPENSE	\$19,203	\$19,203
METHOD OF FINANCING:		
36 DEPT INS OPERATING ACCT	11,543	11,543
8042 INSURANCE MAINT TAX FEES	7,660	7,660
TOTAL, METHOD OF FINANCING	\$19,203	\$19,203
FULL-TIME EQUIVALENT POSITIONS (FTE):	0.1	0.1

4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE

80th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/24/2006

TIME: 5:16:52PM

Agency code: 454

Agency name: Department of Insurance

	Excp 2008	Excp 2009
Item Name:	Restore enforcement of laws related to losses due to fire(D.1.1)	
Allocation to Strategy:	7-1-3 Other Support Services	
OBJECTS OF EXPENSE:		
1001 SALARIES AND WAGES	3,057	3,057
2009 OTHER OPERATING EXPENSE	1,344	1,344
TOTAL, OBJECT OF EXPENSE	\$4,401	\$4,401
METHOD OF FINANCING:		
36 DEPT INS OPERATING ACCT	1,480	1,480
8042 INSURANCE MAINT TAX FEES	2,921	2,921
TOTAL, METHOD OF FINANCING	\$4,401	\$4,401
FULL-TIME EQUIVALENT POSITIONS (FTE):	0.1	0.1

4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE

80th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/24/2006

TIME: 5:16:52PM

Agency code: 454

Agency name: Department of Insurance

		Excp 2008	Excp 2009
Item Name:	Restore windstorm inspections and loss control services(C.1.1)		
Allocation to Strategy:	3-1-1	Inspect Loss Control Programs and Assure Code and Schedule Compliance	
OBJECTS OF EXPENSE:			
1001	SALARIES AND WAGES	831,114	831,114
2004	UTILITIES	47,013	47,013
2005	TRAVEL	73,096	73,096
2006	RENT - BUILDING	82,194	82,194
2007	RENT - MACHINE AND OTHER	11,096	11,096
2009	OTHER OPERATING EXPENSE	8,602	8,602
TOTAL, OBJECT OF EXPENSE		\$1,053,115	\$1,053,115
METHOD OF FINANCING:			
36	DEPT INS OPERATING ACCT	354,162	354,162
8042	INSURANCE MAINT TAX FEES	698,953	698,953
TOTAL, METHOD OF FINANCING		\$1,053,115	\$1,053,115
FULL-TIME EQUIVALENT POSITIONS (FTE):		23.4	23.4

4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE

80th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/24/2006

TIME: 5:16:52PM

Agency code: 454

Agency name: Department of Insurance

	Excp 2008	Excp 2009
Item Name:	Restore windstorm inspections and loss control services(C.1.1)	
Allocation to Strategy:	7-1-1	Central Administration
OBJECTS OF EXPENSE:		
1001 SALARIES AND WAGES	12,376	12,376
TOTAL, OBJECT OF EXPENSE	\$12,376	\$12,376
METHOD OF FINANCING:		
36 DEPT INS OPERATING ACCT	4,162	4,162
8042 INSURANCE MAINT TAX FEES	8,214	8,214
TOTAL, METHOD OF FINANCING	\$12,376	\$12,376
FULL-TIME EQUIVALENT POSITIONS (FTE):	0.4	0.4

4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE

80th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/24/2006

TIME: 5:16:52PM

Agency code: 454

Agency name: Department of Insurance

	Excp 2008	Excp 2009
Item Name:	Restore windstorm inspections and loss control services(C.1.1)	
Allocation to Strategy:	7-1-2 Information Resources	
OBJECTS OF EXPENSE:		
1001 SALARIES AND WAGES	14,526	14,526
2009 OTHER OPERATING EXPENSE	45,713	45,713
TOTAL, OBJECT OF EXPENSE	\$60,239	\$60,239
METHOD OF FINANCING:		
36 DEPT INS OPERATING ACCT	36,210	36,210
8042 INSURANCE MAINT TAX FEES	24,029	24,029
TOTAL, METHOD OF FINANCING	\$60,239	\$60,239
FULL-TIME EQUIVALENT POSITIONS (FTE):	0.4	0.4

4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE

80th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/24/2006
 TIME: 5:16:52PM

Agency code: 454 Agency name: Department of Insurance

	Excp 2008	Excp 2009
Item Name:	Restore windstorm inspections and loss control services(C.1.1)	
Allocation to Strategy:	7-1-3	Other Support Services
OBJECTS OF EXPENSE:		
1001 SALARIES AND WAGES	9,590	9,590
2009 OTHER OPERATING EXPENSE	4,216	4,216
TOTAL, OBJECT OF EXPENSE	\$13,806	\$13,806
METHOD OF FINANCING:		
36 DEPT INS OPERATING ACCT	4,643	4,643
8042 INSURANCE MAINT TAX FEES	9,163	9,163
TOTAL, METHOD OF FINANCING	\$13,806	\$13,806
FULL-TIME EQUIVALENT POSITIONS (FTE):	0.4	0.4

4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE

80th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/24/2006
 TIME: 5:16:52PM

Agency code: 454 Agency name: Department of Insurance

	Excp 2008	Excp 2009
Item Name:	Maintain and enhance security services at Hobby Building(G.1.3)	
Allocation to Strategy:	7-1-3 Other Support Services	
OBJECTS OF EXPENSE:		
2009 OTHER OPERATING EXPENSE	415,122	415,122
TOTAL, OBJECT OF EXPENSE	\$415,122	\$415,122
METHOD OF FINANCING:		
36 DEPT INS OPERATING ACCT	139,606	139,606
8042 INSURANCE MAINT TAX FEES	275,516	275,516
TOTAL, METHOD OF FINANCING	\$415,122	\$415,122

4.C. EXCEPTIONAL ITEMS STRATEGY REQUEST
 80th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas(ABEST)

DATE: 8/24/2006
TIME: 5:17:08PM

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

GOAL: 1 Encourage Fair Competition in the Insurance Industry Statewide Goal/Benchmark: 7 - 1
 OBJECTIVE: 1 Reduce Impediments to Competition and Improve Insurance Availability Service Categories:
 STRATEGY: 1 Analyze Market Data and Provide Information Service: 17 Income: A.2 Age: B.3

CODE DESCRIPTION	Excp 2008	Excp 2009
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OUTPUT MEASURES:

5 Number of TDI Calls to Insurance Industry for Data	2.00	2.00
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OBJECTS OF EXPENSE:

1001 SALARIES AND WAGES	93,492	93,492
2003 CONSUMABLE SUPPLIES	651	651
2009 OTHER OPERATING EXPENSE	1,302	1,302
Total, Objects of Expense	\$95,445	\$95,445

METHOD OF FINANCING:

36 DEPT INS OPERATING ACCT	32,098	32,098
8042 INSURANCE MAINT TAX FEES	63,347	63,347
Total, Method of Finance	\$95,445	\$95,445

FULL-TIME EQUIVALENT POSITIONS (FTE):

	2.5	2.5
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EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:

Restore P&C data collection for title rates and quarterly market reports (A.1.1)

4.C. EXCEPTIONAL ITEMS STRATEGY REQUEST
 80th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas(ABEST)

DATE: 8/24/2006
TIME: 5:17:13PM

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

GOAL: 1 Encourage Fair Competition in the Insurance Industry Statewide Goal/Benchmark: 7 - 1
 OBJECTIVE: 1 Reduce Impediments to Competition and Improve Insurance Availability Service Categories:
 STRATEGY: 2 Process Rates, Forms and Licenses Service: 17 Income: A.2 Age: B.3

CODE DESCRIPTION	Excp 2008	Excp 2009
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STRATEGY IMPACT ON OUTCOME MEASURES:

3 Percent of Statutory Rate and Form Filings Completed within90 Days	87.00 %	87.00 %
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OUTPUT MEASURES:

3 Number of Property and Casualty Rate and Form Filings Completed	340.00	340.00
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OBJECTS OF EXPENSE:

1001 SALARIES AND WAGES	1,127,711	1,127,711
2003 CONSUMABLE SUPPLIES	29,300	29,300
2005 TRAVEL	8,000	8,000
2009 OTHER OPERATING EXPENSE	17,336	17,336
Total, Objects of Expense	\$1,182,347	\$1,182,347

METHOD OF FINANCING:

36 DEPT INS OPERATING ACCT	397,623	397,623
8042 INSURANCE MAINT TAX FEES	784,724	784,724
Total, Method of Finance	\$1,182,347	\$1,182,347

FULL-TIME EQUIVALENT POSITIONS (FTE):

	32.7	32.7
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EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:

Restore the review of form and rate filings(A.1.2)

Restore regulation of continuing education of agencies and adjusters(A.1.2)

4.C. EXCEPTIONAL ITEMS STRATEGY REQUEST
 80th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas(ABEST)

DATE: 8/24/2006
TIME: 5:17:13PM

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

GOAL: 1 Encourage Fair Competition in the Insurance Industry
 OBJECTIVE: 2 Reduce Unfair and Illegal Insurer Practices
 STRATEGY: 1 Respond Promptly and Act on Complaints

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

CODE DESCRIPTION	Excp 2008	Excp 2009
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OUTPUT MEASURES:

2 Number of Insurance Advertising Filings Reviewed	6,100.00	6,100.00
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OBJECTS OF EXPENSE:

1001 SALARIES AND WAGES	237,340	237,340
2003 CONSUMABLE SUPPLIES	1,693	1,693
2009 OTHER OPERATING EXPENSE	2,619	2,619
Total, Objects of Expense	\$241,652	\$241,652

METHOD OF FINANCING:

36 DEPT INS OPERATING ACCT	81,268	81,268
8042 INSURANCE MAINT TAX FEES	160,384	160,384
Total, Method of Finance	\$241,652	\$241,652

FULL-TIME EQUIVALENT POSITIONS (FTE):

	5.7	5.7
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EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:

Restore review of insurance related advertisements(A.2.1)

4.C. EXCEPTIONAL ITEMS STRATEGY REQUEST
 80th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas(ABEST)

DATE: 8/24/2006
TIME: 5:17:13PM

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

GOAL: 1 Encourage Fair Competition in the Insurance Industry Statewide Goal/Benchmark: 7 - 1
 OBJECTIVE: 2 Reduce Unfair and Illegal Insurer Practices Service Categories:
 STRATEGY: 3 Investigate Potential Insurer Fraud and Initiate Legal Action Service: 34 Income: A.2 Age: B.3

CODE DESCRIPTION	Excp 2008	Excp 2009
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OBJECTS OF EXPENSE:

1001 SALARIES AND WAGES	12,500	12,500
Total, Objects of Expense	\$12,500	\$12,500

METHOD OF FINANCING:

36 DEPT INS OPERATING ACCT	4,204	4,204
8042 INSURANCE MAINT TAX FEES	8,296	8,296
Total, Method of Finance	\$12,500	\$12,500

FULL-TIME EQUIVALENT POSITIONS (FTE):

0.3	0.3
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EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:

Restore review of insurance related advertisements(A.2.1)

4.C. EXCEPTIONAL ITEMS STRATEGY REQUEST
 80th Regular Session, Agency Submission, Version I
 Automated Budget and Evaluation System of Texas(ABEST)

DATE: 8/24/2006
TIME: 5:17:13PM

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

GOAL: 2 Encourage the Financial Health of the Insurance Industry Statewide Goal/Benchmark: 7 - 1
 OBJECTIVE: 1 Regulate Insurance Industry Solvency Service Categories:
 STRATEGY: 1 Analyze the Financial Condition of Insurers and Take Solvency Action Service: 17 Income: A.2 Age: B.3

CODE DESCRIPTION	Excp 2008	Excp 2009
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STRATEGY IMPACT ON OUTCOME MEASURES:

<u>5</u> % of Insurers Meeting Capital and Surplus Requirements	97.00 %	97.00 %
<u>6</u> Percent of Companies Rehabilitated after TDI Intervention	18.00 %	18.00 %

OUTPUT MEASURES:

<u>1</u> Number of Entities Receiving TDI Solvency-related Intervention	4.00	4.00
<u>4</u> Number of Actuarial Examinations Completed	20.00	20.00
<u>5</u> Number of On-site Examinations Conducted	60.00	60.00

EFFICIENCY MEASURES:

<u>1</u> Average State Cost Per Examination	29,482.00	29,482.00
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EXPLANATORY/INPUT MEASURES:

<u>1</u> Dollar Amount (in Millions) of Insurance Company Insolvencies	20.00	20.00
<u>2</u> Number of Estates Placed in Receivership	4.00	4.00

OBJECTS OF EXPENSE:

1001 SALARIES AND WAGES	1,753,672	1,753,672
2003 CONSUMABLE SUPPLIES	4,586	4,586
2004 UTILITIES	14,324	14,324
2005 TRAVEL	246,832	246,832
2009 OTHER OPERATING EXPENSE	29,858	29,858
Total, Objects of Expense	\$2,049,272	\$2,049,272

METHOD OF FINANCING:

36 DEPT INS OPERATING ACCT	689,170	689,170
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4.C. EXCEPTIONAL ITEMS STRATEGY REQUEST
 80th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas(ABEST)

DATE: 8/24/2006
TIME: 5:17:13PM

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

GOAL: 2 Encourage the Financial Health of the Insurance Industry Statewide Goal/Benchmark: 7 - 1
 OBJECTIVE: 1 Regulate Insurance Industry Solvency Service Categories:
 STRATEGY: 1 Analyze the Financial Condition of Insurers and Take Solvency Action Service: 17 Income: A.2 Age: B.3

CODE DESCRIPTION	Excp 2008	Excp 2009
8042 INSURANCE MAINT TAX FEES	1,360,102	1,360,102
Total, Method of Finance	\$2,049,272	\$2,049,272
FULL-TIME EQUIVALENT POSITIONS (FTE):	38.2	38.2

EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:

Restore solvency regulation of the insurance industry(B.1.1)

4.C. EXCEPTIONAL ITEMS STRATEGY REQUEST
 80th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas(ABEST)

DATE: 8/24/2006
TIME: 5:17:13PM

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

GOAL: 3 Decrease Insurance Industry Loss Costs Statewide Goal/Benchmark: 7 - 1

OBJECTIVE: 1 Assure Loss Control Services, Windstorm Inspections, C/P Fraud Info Service Categories:

STRATEGY: 1 Inspect Loss Control Programs and Assure Code and Schedule Compliance Service: 17 Income: A.2 Age: B.3

CODE DESCRIPTION	Excp 2008	Excp 2009
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STRATEGY IMPACT ON OUTCOME MEASURES:

<u>1</u> Percent of Insurers Providing Adequate Loss Control Programs	93.00 %	93.00 %
<u>3</u> Percent of Windstorm Inspections That Result in an "Approved" Status	35.00 %	35.00 %

OUTPUT MEASURES:

<u>1</u> Number of Windstorm Inspections Completed	11,500.00	11,500.00
<u>2</u> Number of Inspections of Insurer Loss Control Programs Completed	200.00	200.00

EFFICIENCY MEASURES:

<u>1</u> Average Cost Per Windstorm Inspection	50.00	50.00
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OBJECTS OF EXPENSE:

1001 SALARIES AND WAGES	831,114	831,114
2004 UTILITIES	47,013	47,013
2005 TRAVEL	73,096	73,096
2006 RENT - BUILDING	82,194	82,194
2007 RENT - MACHINE AND OTHER	11,096	11,096
2009 OTHER OPERATING EXPENSE	8,602	8,602
Total, Objects of Expense	\$1,053,115	\$1,053,115

METHOD OF FINANCING:

36 DEPT INS OPERATING ACCT	354,162	354,162
8042 INSURANCE MAINT TAX FEES	698,953	698,953
Total, Method of Finance	\$1,053,115	\$1,053,115

FULL-TIME EQUIVALENT POSITIONS (FTE):	23.4	23.4
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4.C. EXCEPTIONAL ITEMS STRATEGY REQUEST
80th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas(ABEST)

DATE: 8/24/2006
TIME: 5:17:13PM

Agency Code: 454

Agency name: Department of Insurance

GOAL: 3 Decrease Insurance Industry Loss Costs

Statewide Goal/Benchmark: 7 - 1

OBJECTIVE: 1 Assure Loss Control Services, Windstorm Inspections, C/P Fraud Info

Service Categories:

STRATEGY: 1 Inspect Loss Control Programs and Assure Code and Schedule Compliance

Service: 17 Income: A.2 Age: B.3

CODE DESCRIPTION

Excp 2008

Excp 2009

EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:

Restore windstorm inspections and loss control services(C.1.1)

4.C. EXCEPTIONAL ITEMS STRATEGY REQUEST
 80th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas(ABEST)

DATE: 8/24/2006
TIME: 5:17:13PM

Agency Code: **454**

Agency name: **Department of Insurance**

GOAL: 3 Decrease Insurance Industry Loss Costs
 OBJECTIVE: 1 Assure Loss Control Services, Windstorm Inspections, C/P Fraud Info
 STRATEGY: 2 Investigate Provider/Consumer Fraud & Refer Violations for Prosecution

Statewide Goal/Benchmark: 7 - 1
 Service Categories:
 Service: 34 Income: A.2 Age: B.3

CODE DESCRIPTION	Excp 2008	Excp 2009
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OBJECTS OF EXPENSE:

1001 SALARIES AND WAGES	12,500	12,500
Total, Objects of Expense	<u>\$12,500</u>	<u>\$12,500</u>

METHOD OF FINANCING:

36 DEPT INS OPERATING ACCT	4,204	4,204
8042 INSURANCE MAINT TAX FEES	8,296	8,296
Total, Method of Finance	<u>\$12,500</u>	<u>\$12,500</u>

FULL-TIME EQUIVALENT POSITIONS (FTE):

	0.3	0.3
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EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:

Restore review of insurance related advertisements(A.2.1)

4.C. EXCEPTIONAL ITEMS STRATEGY REQUEST
 80th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas(ABEST)

DATE: 8/24/2006
TIME: 5:17:13PM

Agency Code:	454	Agency name:	Department of Insurance
GOAL:	4 Reduce Loss of Life and Property Due to Fire	Statewide Goal/Benchmark:	7 - 1
OBJECTIVE:	1 Protect the Public against Loss of Life & Property Resulting from Fire	Service Categories:	
STRATEGY:	1 Provide Fire Prevention through Education & Enforcement of Regulations	Service: 17	Income: A.2 Age: B.3

CODE DESCRIPTION	Excp 2008	Excp 2009
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STRATEGY IMPACT ON OUTCOME MEASURES:

<u>2</u> Percent of Registrations, Licenses, and Permits Issued	99.00 %	99.00 %
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OUTPUT MEASURES:

<u>1</u> # of Individuals Attending SFMO Fire Prevention/Safety Presentations	1,575.00	1,575.00
<u>2</u> Number of Fire Investigations Completed	35.00	35.00
<u>4</u> Number of SFMO Criminal Referrals for Prosecution	8.00	8.00
<u>5</u> # Alarm, Extinguisher, Sprinkler & Works Cos & Personnel Licensed	787.00	787.00
<u>6</u> Number of Licensing Investigations or Inspections Conducted	77.00	77.00
<u>7</u> Number of Buildings Inspected or Reinspected for Fire Safety Hazards	350.00	350.00

OBJECTS OF EXPENSE:

1001 SALARIES AND WAGES	264,940	264,940
1002 OTHER PERSONNEL COSTS	3,060	3,060
Total, Objects of Expense	\$268,000	\$268,000

METHOD OF FINANCING:

36 DEPT INS OPERATING ACCT	90,128	90,128
8042 INSURANCE MAINT TAX FEES	177,872	177,872
Total, Method of Finance	\$268,000	\$268,000

FULL-TIME EQUIVALENT POSITIONS (FTE):

	7.0	7.0
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EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:

Restore enforcement of laws related to losses due to fire(D.1.1)

4.C. EXCEPTIONAL ITEMS STRATEGY REQUEST
 80th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas(ABEST)

DATE: 8/24/2006
TIME: 5:17:13PM

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

GOAL: 5 To Promote Safe and Healthy Workplaces Statewide Goal/Benchmark: 7 - 6

OBJECTIVE: 1 Promote Safe/Healthy Workplaces through Incentives and Education Service Categories:

STRATEGY: 1 Provide Health and Safety Services in Texas Workplaces Service: 17 Income: A.2 Age: B.3

CODE DESCRIPTION	Excp 2008	Excp 2009
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OUTPUT MEASURES:

1 Number of Consultations and Inspections Provided to Employers	275.00	275.00
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OBJECTS OF EXPENSE:

1001 SALARIES AND WAGES	190,565	190,565
Total, Objects of Expense	190,565	190,565

METHOD OF FINANCING:

36 DEPT INS OPERATING ACCT	190,565	190,565
Total, Method of Finance	190,565	190,565

FULL-TIME EQUIVALENT POSITIONS (FTE):

5.0	5.0
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EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:

Restore DWC Accident Prevention Services(E.1.1)

4.C. EXCEPTIONAL ITEMS STRATEGY REQUEST
 80th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas(ABEST)

DATE: 8/24/2006
TIME: 5:17:13PM

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

GOAL: 6 Ensure the Appropriate Delivery of Workers Compensation Benefits Statewide Goal/Benchmark: 7 - 6
 OBJECTIVE: 3 Inform System Participants and Provide Service through Technology Service Categories:
 STRATEGY: 1 Develop and Implement Processes Service: 17 Income: A.2 Age: B.3

CODE DESCRIPTION	Excp 2008	Excp 2009
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OBJECTS OF EXPENSE:

5000 CAPITAL EXPENDITURES	415,380	0
Total, Objects of Expense	<u>\$415,380</u>	<u>\$0</u>

METHOD OF FINANCING:

36 DEPT INS OPERATING ACCT	415,380	0
Total, Method of Finance	<u>\$415,380</u>	<u>\$0</u>

EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:

Replace DWC phone system (Capital Budget)

4.C. EXCEPTIONAL ITEMS STRATEGY REQUEST
 80th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas(ABEST)

DATE: 8/24/2006
TIME: 5:17:13PM

Agency Code: 454

Agency name: Department of Insurance

GOAL: 6 Ensure the Appropriate Delivery of Workers Compensation Benefits
 OBJECTIVE: 5 Minimize and Resolve Disputes
 STRATEGY: 1 Minimize and Resolve Indemnity and Medical Disputes

Statewide Goal/Benchmark: 7 - 6
 Service Categories:
 Service: 17 Income: A.2 Age: B.3

CODE DESCRIPTION	Excp 2008	Excp 2009
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OBJECTS OF EXPENSE:

5000 CAPITAL EXPENDITURES	550,620	0
Total, Objects of Expense	\$550,620	\$0

METHOD OF FINANCING:

36 DEPT INS OPERATING ACCT	550,620	0
Total, Method of Finance	\$550,620	\$0

EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:

Replace DWC phone system (Capital Budget)

4.C. EXCEPTIONAL ITEMS STRATEGY REQUEST
 80th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas(ABEST)

DATE: 8/24/2006
TIME: 5:17:13PM

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

GOAL: 7 Indirect Administration
 OBJECTIVE: 1 Indirect Administration
 STRATEGY: 1 Central Administration

Statewide Goal/Benchmark: 7 - 1
 Service Categories:
 Service: 09 Income: A.2 Age: B.3

CODE DESCRIPTION	Excp 2008	Excp 2009
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OBJECTS OF EXPENSE:

1001 SALARIES AND WAGES	64,528	64,528
Total, Objects of Expense	\$64,528	\$64,528

METHOD OF FINANCING:

36 DEPT INS OPERATING ACCT	21,701	21,701
8042 INSURANCE MAINT TAX FEES	42,827	42,827
Total, Method of Finance	\$64,528	\$64,528

FULL-TIME EQUIVALENT POSITIONS (FTE):

1.9	1.9
-----	-----

EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:

- Restore solvency regulation of the insurance industry(B.1.1)
- Restore the review of form and rate filings(A.1.2)
- Restore regulation of continuing education of agencies and adjusters(A.1.2)
- Restore review of insurance related advertisements(A.2.1)
- Restore P&C data collection for title rates and quarterly market reports(A.1.1)
- Restore enforcement of laws related to losses due to fire(D.1.1)
- Restore windstorm inspections and loss control services(C.1.1)

4.C. EXCEPTIONAL ITEMS STRATEGY REQUEST
 80th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas(ABEST)

DATE: 8/24/2006
TIME: 5:17:13PM

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

GOAL: 7 Indirect Administration
 OBJECTIVE: 1 Indirect Administration
 STRATEGY: 2 Information Resources

Statewide Goal/Benchmark: 7 - 1
 Service Categories:
 Service: 09 Income: A.2 Age: B.3

CODE DESCRIPTION	Excp 2008	Excp 2009
OBJECTS OF EXPENSE:		
1001 SALARIES AND WAGES	75,737	75,737
2009 OTHER OPERATING EXPENSE	238,337	238,337
5000 CAPITAL EXPENDITURES	238,211	238,211
Total, Objects of Expense	\$552,285	\$552,285
METHOD OF FINANCING:		
36 DEPT INS OPERATING ACCT	422,838	422,838
8042 INSURANCE MAINT TAX FEES	129,447	129,447
Total, Method of Finance	\$552,285	\$552,285
FULL-TIME EQUIVALENT POSITIONS (FTE):	1.9	1.9

EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:

- Replace DWC obsolete infrastructure technology (Capital Budget)
- Restore solvency regulation of the insurance industry(B.1.1)
- Restore the review of form and rate filings(A.1.2)
- Restore regulation of continuing education of agencies and adjusters(A.1.2)
- Restore review of insurance related advertisements(A.2.1)
- Restore P&C data collection for title rates and quarterly market reports (A.1.1)
- Restore enforcement of laws related to losses due to fire(D.1.1)
- Restore windstorm inspections and loss control services(C.1.1)

4.C. EXCEPTIONAL ITEMS STRATEGY REQUEST
 80th Regular Session, Agency Submission, Version I
 Automated Budget and Evaluation System of Texas(ABEST)

DATE: 8/24/2006
TIME: 5:17:13PM

Agency Code: **454**

Agency name: **Department of Insurance**

GOAL: 7 Indirect Administration
 OBJECTIVE: 1 Indirect Administration
 STRATEGY: 3 Other Support Services

Statewide Goal/Benchmark: 7 - 1
 Service Categories:
 Service: 09 Income: A.2 Age: B.3

CODE DESCRIPTION	Excp 2008	Excp 2009
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OBJECTS OF EXPENSE:

1001 SALARIES AND WAGES	49,712	49,712
2009 OTHER OPERATING EXPENSE	924,651	437,393
Total, Objects of Expense	\$974,363	\$487,105

METHOD OF FINANCING:

36 DEPT INS OPERATING ACCT	651,073	163,815
8042 INSURANCE MAINT TAX FEES	323,290	323,290
Total, Method of Finance	\$974,363	\$487,105

FULL-TIME EQUIVALENT POSITIONS (FTE):

1.9	1.9
-----	-----

EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:

- Restore solvency regulation of the insurance industry(B.1.1)
- Restore the review of form and rate filings(A.1.2)
- Restore regulation of continuing education of agencies and adjusters(A.1.2)
- Restore review of insurance related advertisements(A.2.1)
- Relocate DWC (G.1.3)
- Restore P&C data collection for title rates and quarterly market reports(A.1.1)
- Restore enforcement of laws related to losses due to fire(D.1.1)
- Restore windstorm inspections and loss control services(C.1.1)
- Maintain and enhance security services at Hobby Building(G.1.3)

5. CAPITAL BUDGET

Agency code **454**

Agency name: **Department of Insurance**

Category Code / Category Name

Project Sequence / Project Id / Name

OOE / TOF / MOF CODE

Est 2006

Bud 2007

BL 2008

BL 2009

5005 Acquisition of Information Resource Technologies

*1/1 Acquisition of Information Resource
 Technologies*

OBJECTS OF EXPENSE

Capital

2001 PROFESSIONAL FEES AND SERVICES		\$93,200	\$0	\$0	\$0
2009 OTHER OPERATING EXPENSE		\$500,216	\$453,001	\$585,000	\$555,000
5000 CAPITAL EXPENDITURES		\$257,339	\$227,603	\$95,604	\$125,604
Capital Subtotal OOE, Project	1	\$850,755	\$680,604	\$680,604	\$680,604
Subtotal OOE, Project	1	\$850,755	\$680,604	\$680,604	\$680,604

TYPE OF FINANCING

Capital

CA 36 DEPT INS OPERATING ACCT		\$286,109	\$228,887	\$428,592	\$428,592
CA 8042 INSURANCE MAINT TAX FEES		\$564,646	\$451,717	\$252,012	\$252,012
Capital Subtotal TOF, Project	1	\$850,755	\$680,604	\$680,604	\$680,604
Subtotal TOF, Project	1	\$850,755	\$680,604	\$680,604	\$680,604

*3/3 Art. IX, Section 14.02 Contingency - Business
 Process Improvement*

OBJECTS OF EXPENSE

Capital

2001 PROFESSIONAL FEES AND SERVICES		\$1,078,321	\$2,086,111	\$0	\$0
2009 OTHER OPERATING EXPENSE		\$395,568	\$0	\$0	\$0
Capital Subtotal OOE, Project	3	\$1,473,889	\$2,086,111	\$0	\$0
Subtotal OOE, Project	3	\$1,473,889	\$2,086,111	\$0	\$0

TYPE OF FINANCING

Capital

CA 36 DEPT INS OPERATING ACCT		\$1,473,889	\$2,086,111	\$0	\$0
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5.A. CAPITAL BUDGET PROJECT SCHEDULE
80th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/24/2006
TIME: 5:18:19PM

Agency code 454

Agency name: Department of Insurance

Category Code / Category Name

Project Sequence / Project Id / Name

OOE / TOF / MOF CODE

Est 2006

Bud 2007

BL 2008

BL 2009

Capital Subtotal TOF, Project	3	\$1,473,889	\$2,086,111	\$0	\$0
Subtotal TOF, Project	3	\$1,473,889	\$2,086,111	\$0	\$0

4/4 Replace DWC Phone System

OBJECTS OF EXPENSE

Capital

5000 CAPITAL EXPENDITURES

Capital Subtotal OOE, Project	4	\$0	\$0	\$0	\$0
Subtotal OOE, Project	4	\$0	\$0	\$0	\$0

TYPE OF FINANCING

Capital

CA 36 DEPT INS OPERATING ACCT		\$0	\$0	\$0	\$0
Capital Subtotal TOF, Project	4	\$0	\$0	\$0	\$0
Subtotal TOF, Project	4	\$0	\$0	\$0	\$0

5/5 Replace DWC Obsolete Infrastructure
Technology

OBJECTS OF EXPENSE

Capital

5000 CAPITAL EXPENDITURES

Capital Subtotal OOE, Project	5	\$0	\$0	\$0	\$0
Subtotal OOE, Project	5	\$0	\$0	\$0	\$0

TYPE OF FINANCING

Capital

CA 36 DEPT INS OPERATING ACCT		\$0	\$0	\$0	\$0
Capital Subtotal TOF, Project	5	\$0	\$0	\$0	\$0
Subtotal TOF, Project	5	\$0	\$0	\$0	\$0

Agency code 454

Agency name: Department of Insurance

Category Code / Category Name

Project Sequence / Project Id / Name

OOE / TOF / MOF CODE	Est 2006	Bud 2007	BL 2008	BL 2009
Capital Subtotal, Category 5005	\$2,324,644	\$2,766,715	\$680,604	\$680,604
Informational Subtotal, Category 5005				
Total, Category 5005	\$2,324,644	\$2,766,715	\$680,604	\$680,604
5006 Transportation Items				
<i>2/2 Acquisition of Transportation Items</i>				
OBJECTS OF EXPENSE				
<u>Capital</u>				
5000 CAPITAL EXPENDITURES	\$198,000	\$198,000	\$198,000	\$198,000
Capital Subtotal OOE, Project 2	\$198,000	\$198,000	\$198,000	\$198,000
Subtotal OOE, Project 2	\$198,000	\$198,000	\$198,000	\$198,000
TYPE OF FINANCING				
<u>Capital</u>				
CA 36 DEPT INS OPERATING ACCT	\$66,587	\$66,587	\$66,587	\$66,587
CA 8042 INSURANCE MAINT TAX FEES	\$131,413	\$131,413	\$131,413	\$131,413
Capital Subtotal TOF, Project 2	\$198,000	\$198,000	\$198,000	\$198,000
Subtotal TOF, Project 2	\$198,000	\$198,000	\$198,000	\$198,000
Capital Subtotal, Category 5006	\$198,000	\$198,000	\$198,000	\$198,000
Informational Subtotal, Category 5006				
Total, Category 5006	\$198,000	\$198,000	\$198,000	\$198,000
AGENCY TOTAL -CAPITAL	\$2,522,644	\$2,964,715	\$878,604	\$878,604
AGENCY TOTAL -INFORMATIONAL				
AGENCY TOTAL	\$2,522,644	\$2,964,715	\$878,604	\$878,604

Agency code 454

Agency name: Department of Insurance

Category Code/ Category Name

Project Sequence/Project Id/ Name

OOE / TOF / MOF CODE	Est 2006	Bud 2007	BL 2008	BL 2009
METHOD OF FINANCING				
<u>Capital</u>				
36 DEPT INS OPERATING ACCT	\$1,826,585	\$2,381,585	\$495,179	\$495,179
8042 INSURANCE MAINT TAX FEES	\$696,059	\$583,130	\$383,425	\$383,425
Total, Method of Financing-Capital	\$2,522,644	\$2,964,715	\$878,604	\$878,604
Total, Method of Financing	\$2,522,644	\$2,964,715	\$878,604	\$878,604
TYPE OF FINANCING				
<u>Capital</u>				
CA CURRENT APPROPRIATIONS	\$2,522,644	\$2,964,715	\$878,604	\$878,604
Total, Type of Financing-Capital	\$2,522,644	\$2,964,715	\$878,604	\$878,604
Total, Type of Financing	\$2,522,644	\$2,964,715	\$878,604	\$878,604

Agency Code:	454	Agency name:	Department of Insurance
Category Number:	5005	Category Name:	ACQUISITN INFO RES TECH
Project number:	1	Project Name:	IR Planned Procurements

PROJECT DESCRIPTION

General Information

The proposed IR Planned Procurement Project includes all currently planned IR-related capital budget items that will enable TDI to implement planned projects as detailed in the agency's Information Technology Detail (ITD). The ITD is designed to assist the agency in achieving its IR goals and objectives as laid out in TDIs IR Strategic Plan for FY 05-09. IR planning continues to reflect TDI's emphasis on partnering technology and business processes in order to achieve quality customer service.

Approval of this IR Planned Procurements Project will allow the agency to reach established IR goals to

1. Web-enable TDI's internal processes to provide automated services to clients via the Internet, and fully participate in e-government initiatives.
2. Implement technological solutions to anticipated changes in state laws governing the regulation of the insurance industry
3. Increase use of electronic document/records management technology and increase responsiveness of TDIs customer service; and
4. Maintain and upgrade TDI's computing environment to ensure compatibility with e-government, and to provide continued efficiency of staff and quality of customer service for the agency's clients.

Postponing requested funding for these items will prohibit the agency from implementing and upgrading the infrastructure necessary to sustain a more responsive customer service by:

- + Preventing TDI from implementing major portions of its plan required by SB801 (76th Legislature), to use the Internet to provide direct automated services to clients of the agency.
- + Preventing the implementation of changes to the automated systems that support the regulation of insurance
- + Preventing improvement of paper-based document and records management systems and therefore hindering the improvement of related customer service

Number of Units / Average Unit Cost	N/A		
Estimated Completion Date	N/A		
Additional Capital Expenditure Amounts Required		2010	2011
		0	0
Type of Financing	CA	CURRENT APPROPRIATIONS	
Projected Useful Life	N/A		
Estimated/Actual Project Cost	\$ 0		
Length of Financing/ Lease Period	N/A		

5.B. CAPITAL BUDGET PROJECT INFORMATION
 80th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas(ABEST)

DATE: 8/24/2006
 TIME: 5:18:33PM

ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS

2008	2009	2010	2011	Total over project life
0	0	0	0	0

REVENUE GENERATION/ COST SAVINGS

<u>REVENUE COST FLAG</u>	<u>MOF CODE</u>	<u>AVERAGE AMOUNT</u>
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Explanation:

Project Location: Information Resources planned procurements will support staff and technological operations at TDI headquarters in Austin Texas and staff stationed throughout the state.

Beneficiaries: TDI employees, OIEC employees, and the agency's client base of customers, representing both the insurance industry and the general public

Frequency of Use and External Factors Affecting Use:

Information technologies purchased through the Information Resources Planned Procurements Project will be utilized on a frequent basis. It is anticipated that this project will be influenced by legislation passed by the 80th Legislature convening in January, 2006.

5.B. CAPITAL BUDGET PROJECT INFORMATION
 80th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas(ABEST)

DATE: 8/24/2006
 TIME: 5:18:33PM

Agency Code:	454	Agency name:	Department of Insurance
Category Number:	5006	Category Name:	TRANSPORTATION ITEMS
Project number:	2	Project Name:	SFMO Vehicle Replacement

PROJECT DESCRIPTION

General Information

General Information: The State Fire Marshal's Office (SFMO) is required by legislation to inspect buildings statewide that receive licenses from the state, to include firework stands, day care centers and foster homes. The SFMO is also required to inspect state colleges, universities, and state-owned buildings for fire safety. In addition, the SFMO responds to requests for fire investigations from local law enforcement entities and conducts investigations derived from complaints received about entities licensed in the fireworks and fire safety industry. The SFMO must replace vehicles for field staff on a regular basis to ensure the safety of travelers and its ability to perform mission critical activities

"The SFMO is striving to discontinue the use of fleet vehicles in excess of 100,000 miles. It is SFMO's belief that this milestone represents the most cost-effective use of the asset, diminishing the amount of vehicle repairs and is the most prudent approach as a retirement indicator for vehicle safety reasons. Twenty-five percent of the SFMO's fleet will have exceeded the 100,000 mile threshold by the time new FY08 vehicles become available for deployment

"
 The SFMO proposes to replace 11 SFMO vehicles each year of the FY08/FY09 biennium with new pick-up trucks, or other suitable vehicles, purchased via state contract. Pick-up trucks are the least costly and most functionally appropriate transportation option for general field staff activities

Number of Units / Average Unit Cost	\$18,000		
Estimated Completion Date	August, 2009		
Additional Capital Expenditure Amounts Required		2010	2011
		0	0
Type of Financing	CA	CURRENT APPROPRIATIONS	
Projected Useful Life	4 years		
Estimated/Actual Project Cost	\$ 0		

Length of Financing/ Lease Period

ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS

	2008	2009	2010	2011	Total over project life
	0	0	0	0	0

REVENUE GENERATION/ COST SAVINGS

<u>REVENUE COST FLAG</u>	<u>MOF CODE</u>	<u>AVERAGE AMOUNT</u>

Explanation:

Project Location: Vehicles are used by SFMO staff statewide

Beneficiaries: SFMO employees benefit from safe, reliable vehicles. The general public benefits from ability of SFMO to meet strategy 4.1.1 Protect Texans from fire and fire-related hazards.

Frequency of Use and External Factors Affecting Use:

Vehicles are used daily by field staff to perform work Unexpected damage or costly repairs to vehicles increases the need for adequate and timely replacement

5.B. CAPITAL BUDGET PROJECT INFORMATION
 80th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas(ABEST)

DATE: 8/24/2006
 TIME: 5:18:33PM

Agency Code:	454	Agency name:	Department of Insurance
Category Number:	5005	Category Name:	ACQUISITN INFO RES TECH
Project number:	4	Project Name:	Replace DWC Phone System

PROJECT DESCRIPTION

General Information

Funding for this exceptional item will provide for the establishment of a Division of Workers Compensation (DWC) Customer Contact Center that was recommended by the Sunset Advisory Commission to ensure customer service calls are accurately and expeditiously routed. Funds would be used to implement more advanced phone routing systems allowing for the establishment of a call center, replace antiquated systems and integrate Interactive Voice Recognition(IVR) technologies to allow the option for injured employees to receive some assistance and services via the telephone. The antiquated systems lack many of the options and features available within most call center operations today.

Establishing a centralized call routing system in the central office would create a single toll-free number for all DWC and OIEC telephone calls. DWC's equipment would then determine to which field office the call should be directed. Telephone operating costs will be lowered through the DWC's routing of incoming calls instead of the current system which uses the telephone company to route calls for a fee.

The total cost to establish a DWC and OIEC call center is \$966,000.

Number of Units / Average Unit Cost	N/A				
Estimated Completion Date	August 31, 2008				
Additional Capital Expenditure Amounts Required	<table border="0"> <tr> <td>2010</td> <td>2011</td> </tr> <tr> <td align="right">0</td> <td align="right">0</td> </tr> </table>	2010	2011	0	0
2010	2011				
0	0				
Type of Financing	CA CURRENT APPROPRIATIONS				
Projected Useful Life	N/A				
Estimated/Actual Project Cost	\$ 0				
Length of Financing/ Lease Period	N/A				

<u>ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS</u>					Total over project life
2008	2009	2010	2011		
0	0	0	0		0

<u>REVENUE GENERATION/ COST SAVINGS</u>		
<u>REVENUE COST FLAG</u>	<u>MOF CODE</u>	<u>AVERAGE AMOUNT</u>

Explanation:

Project Location: Division of Workers' Compensation (DWC) field offices throughout Texas.

Beneficiaries: Customers of the DWC including injured workers and the staff that support them.

Frequency of Use and External Factors Affecting Use:

Daily use.

5.B. CAPITAL BUDGET PROJECT INFORMATION
 80th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas(ABEST)

DATE: 8/24/2006
 TIME: 5:18:33PM

Agency Code:	454	Agency name:	Department of Insurance
Category Number:	5005	Category Name:	ACQUISITN INFO RES TECH
Project number:	5	Project Name:	Replace DWC Obsolete Infrastructure

PROJECT DESCRIPTION

General Information

Funding for this exceptional item will increase TDI's capital budget for acquisition of Information Resource Technologies by \$238,211. The increase is necessary to support the additional automation needs as a result of HB7, 79th Legislature. This bill transferred workers' compensation regulatory functions to TDI and established a new agency the Office of Injured Employee Counsel (OIEC). TDI provides all technology support including equipment for OIEC TDI's information resource technologies doubled as a result of this legislation adding 26 offices and 900 FTEs.

TDI will use the increased funds to align technology equipment with TDI's obsolescence plan. TDI's obsolescence plan encompasses the replacement of deteriorated or functionally obsolete hardware for all aspects of the agency's technical infrastructure including specialty servers, network printers, portable printers, scanners, monitors, desktop and laptop computers. TDI's plan also includes updating software to keep pace with current software technology remain compatible with outside entities, and ensure the use of versions of software for which support is available

The agency's need for computing power continues to grow and change as the environment is being augmented by webbased functionality. In order to accommodate this change, it is more cost effective to replace older hardware on a regular basis with newer, more powerful and less expensive equipment than it is to upgrade or expand existing systems

Number of Units / Average Unit Cost	0		
Estimated Completion Date	August 31, 2009		
Additional Capital Expenditure Amounts Required		2010	2011
		0	0
Type of Financing	CA	CURRENT APPROPRIATIONS	
Projected Useful Life	4 to 5 years		
Estimated/Actual Project Cost	\$ 0		
Length of Financing/ Lease Period	N/A		

<u>ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS</u>					Total over project life
	2008	2009	2010	2011	
	0	0	0	0	0

<u>REVENUE GENERATION / COST SAVINGS</u>		
<u>REVENUE COST FLAG</u>	<u>MOF CODE</u>	<u>AVERAGE AMOUNT</u>

Explanation:

Project Location: Division of Workers' Compensation (DWC) central and field offices as well as scheduled obsolescence at Austin offices

Beneficiaries: Agency staff in need of technology to perform their assigned duties

Frequency of Use and External Factors Affecting Use:

Daily use by staff.

Agency code: 454 Agency name: Department of Insurance

Category Code/Name					
Project Sequence/Project Id/Name					
Goal/Obj/Str	Strategy Name	Est 2006	Bud 2007	BL 2008	BL 2009
5005 Acquisition of Information Resource Technologies					
1/1	IR Planned Procurements				
Capital	1-1-3 PROMOTE UNDERSERVED COVERAGE	6,563	6,806	\$1,838	\$1,838
Capital	1-1-1 CONSUMER ED. AND MKT. ANALYSES	64,470	41,653	19,601	19,601
Capital	1-1-2 RATES, FORMS AND LICENSES	228,724	189,753	109,164	109,164
Capital	1-2-3 INSURER FRAUD	27,205	20,418	10,686	10,686
Capital	1-2-1 RESOLVE COMPLAINTS	66,293	52,271	36,208	36,208
Capital	1-2-2 INVESTIGATION AND ENFORCEMENT	72,317	56,626	31,240	31,240
Capital	2-1-1 INSURERS FINANCIAL CONDITION	142,396	197,375	105,974	105,974
Capital	3-1-1 LOSS CONTROL PROGRAMS	145,341	34,030	16,948	16,948
Capital	3-1-2 PROVIDER AND CONSUMER FRAUD	41,872	20,418	13,884	13,884
Capital	3-1-3 WORKERS' COMPENSATION FRAUD	0	0	2,450	2,450
Capital	4-1-1 FIRE PROTECTION	55,574	61,254	34,166	34,166
Capital	6-1-1 MEDICAL COST CONTAINMENT	0	0	17,832	17,832
Capital	6-2-1 MONITORING AND ENFORCEMENT	0	0	26,952	26,952
Capital	6-3-1 DEVELOP AND IMPLEMENT PROCESSES	0	0	61,390	61,390
Capital	6-4-1 CERTIFY SELF-INSURANCE	0	0	6,875	6,875
Capital	6-5-1 DISPUTE RESOLUTION	0	0	147,895	147,895
Capital	6-6-1 SUBSEQUENT INJURY FUND ADMIN	0	0	749	749
Capital	5-1-1 HEALTH AND SAFETY SERVICES	0	0	34,166	34,166
Capital	5-2-1 RETURN-TO-WORK EDUCATION	0	0	2,586	2,586
TOTAL, PROJECT		\$850,755	\$680,604	\$680,604	\$680,604

5.C. CAPITAL BUDGET ALLOCATION TO STRATEGIES (BASELINE)
 80th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/24/2006**
 TIME: **5:18:51PM**

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

Category Code/Name

Project Sequence/Project Id/Name

	Goal/Obj/Str	Strategy Name	Est 2006	Bud 2007	BL 2008	BL 2009
	3/3	<i>Business Process Improvement</i>				
Capital	7-1-2	INFORMATION RESOURCES	1,473,889	2,086,111	\$0	\$0
		TOTAL, PROJECT	\$1,473,889	\$2,086,111	\$0	\$0
	4/4	<i>Replace DWC Phone System</i>				
Capital	6-3-1	DEVELOP AND IMPLEMENT PROCESSES	0	0	0	0
Capital	6-5-1	DISPUTE RESOLUTION	0	0	0	0
		TOTAL, PROJECT	\$0	\$0	\$0	\$0
	5/5	<i>Replace DWC Obsolete Infrastructure</i>				
Capital	7-1-2	INFORMATION RESOURCES	0	0	0	0
		TOTAL, PROJECT	\$0	\$0	\$0	\$0
5006 Transportation Items						
	2/2	<i>SFMO Vehicle Replacement</i>				
Capital	4-1-1	FIRE PROTECTION	198,000	198,000	198,000	198,000
		TOTAL, PROJECT	\$198,000	\$198,000	\$198,000	\$198,000
		TOTAL CAPITAL, ALL PROJECTS	\$2,522,644	\$2,964,715	\$878,604	\$878,604
		TOTAL INFORMATIONAL, ALL PROJECTS				
		TOTAL, ALL PROJECTS	\$2,522,644	\$2,964,715	\$878,604	\$878,604

5.E. Capital Budget MOF by Strategy

Agency Code: 454	Agency Name: Texas Department of Insurance	Prepared By: Jacqueline Canady	Date August 25, 2006		
PROJECT CODE/NAME: 001 Information Resources Planned Procurements					
CATEGORY CODE/NAME: 5005 Acquisition of Information Resource Technology					
ALLOCATION TO STRATEGY: 01-01-01 Consumer Education and Market Analysis					
Code	Strategy Allocation	Estimated 2006	Budgeted 2007	Requested 2008	Requested 2009
	Objects of Expense:				
2001	Professional Fees	\$8,607			
2009	Other Operating Expense	\$37,417	\$27,724	\$16,848	15,984
5000	Capital Expenditures	\$18,446	\$13,929	\$2,753	3,617
	Total, Objects of Expense	\$64,470	\$41,653	\$19,601	\$19,601
	Method of Financing:				
036	Department of Insurance Operating Account	\$21,681	\$14,008	\$6,592	\$6,592
8042	Insurance Maintenance Tax Fees	\$42,789	\$27,645	\$13,009	\$13,009
	Total, Method of Financing	\$64,470	\$41,653	\$19,601	\$19,601

5.E. Capital Budget MOF by Strategy

Agency Code: 454	Agency Name: Texas Department of Insurance	Prepared By: Jacqueline Canady	Date August 25, 2006		
PROJECT CODE/NAME: 001 Information Resources Planned Procurements					
CATEGORY CODE/NAME: 5005 Acquisition of Information Resource Technology					
ALLOCATION TO STRATEGY: 01-01-02 Rates, Forms and Licenses					
Code	Strategy Allocation	Estimated 2006	Budgeted 2007	Requested 2008	Requested 2009
	Objects of Expense:				
2001	Professional Fees	\$23,965			
2009	Other Operating Expense	\$134,828	\$126,297	\$93,830	89,018
5000	Capital Expenditures	\$69,931	\$63,456	\$15,334	20,146
	Total, Objects of Expense	\$228,724	\$189,753	\$109,164	\$109,164
	Method of Financing:				
036	Department of Insurance Operating Account	\$76,920	\$63,814	\$36,712	\$36,712
8042	Insurance Maintenance Tax Fees	\$151,804	\$125,939	\$72,452	\$72,452
	Total, Method of Financing	\$228,724	\$189,753	\$109,164	\$109,164

5.E. Capital Budget MOF by Strategy

Agency Code: 454	Agency Name: Texas Department of Insurance	Prepared By: Jacqueline Canady	Date: August 25, 2006		
PROJECT CODE/NAME: 001 Information Resources Planned Procurements					
CATEGORY CODE/NAME: 5005 Acquisition of Information Resource Technology					
ALLOCATION TO STRATEGY: 01-01-03 Promote Underserved Coverage					
Code	Strategy Allocation	Estimated 2006	Budgeted 2007	Requested 2008	Requested 2009
	Objects of Expense:				
2001	Professional Fees	\$495			
2009	Other Operating Expense	\$3,930	\$4,530	\$1,580	\$1,499
5000	Capital Expenditures	\$2,138	\$2,276	\$258	\$339
	Total, Objects of Expense	\$6,563	\$6,806	\$1,838	\$1,838
	Method of Financing:				
036	Department of Insurance Operating Account	\$2,207	\$2,289	\$618	\$618
8042	Insurance Maintenance Tax Fees	\$4,356	\$4,517	\$1,220	\$1,220
	Total, Method of Financing	\$6,563	\$6,806	\$1,838	\$1,838

5.E. Capital Budget MOF by Strategy

Agency Code: 454	Agency Name: Texas Department of Insurance	Prepared By: Jacqueline Canady	Date August 25, 2006		
PROJECT CODE/NAME: 001 Information Resources Planned Procurements					
CATEGORY CODE/NAME: 5005 Acquisition of Information Resource Technology					
ALLOCATION TO STRATEGY: 01-02-01 Resolve Complaints					
Code	Strategy Allocation	Estimated 2006	Budgeted 2007	Requested 2008	Requested 2009
	Objects of Expense:				
2001	Professional Fees	\$7,059			
2009	Other Operating Expense	\$39,043	\$34,791	\$31,122	29,526
5000	Capital Expenditures	\$20,191	\$17,480	\$5,086	6,682
	Total, Objects of Expense	\$66,293	\$52,271	\$36,208	\$36,208
	Method of Financing:				
036	Department of Insurance Operating Account	\$22,294	\$17,579	\$12,177	\$12,177
8042	Insurance Maintenance Tax Fees	\$43,999	\$34,692	\$24,031	\$24,031
	Total, Method of Financing	\$66,293	\$52,271	\$36,208	\$36,208

5.E. Capital Budget MOF by Strategy

Agency Code: 454	Agency Name: Texas Department of Insurance	Prepared By: Jacqueline Canady	Date August 25, 2006		
PROJECT CODE/NAME: 001 Information Resources Planned Procurements					
CATEGORY CODE/NAME: 5005 Acquisition of Information Resource Technology					
ALLOCATION TO STRATEGY: 01-02-02 Investigate/Enforcement					
Code	Strategy Allocation	Estimated 2006	Budgeted 2007	Requested 2008	Requested 2009
	Objects of Expense:				
2001	Professional Fees	\$8,412			
2009	Other Operating Expense	\$42,365	\$37,689	\$26,852	25,475
5000	Capital Expenditures	\$21,540	\$18,937	\$4,388	5,765
	Total, Objects of Expense	\$72,317	\$56,626	\$31,240	\$31,240
	Method of Financing:				
036	Department of Insurance Operating Account	\$24,320	\$19,043	\$10,506	\$10,506
8042	Insurance Maintenance Tax Fees	\$47,997	\$37,583	\$20,734	\$20,734
	Total, Method of Financing	\$72,317	\$56,626	\$31,240	\$31,240

5.E. Capital Budget MOF by Strategy

Agency Code: 454	Agency Name: Texas Department of Insurance	Prepared By: Jacqueline Canady	Date: August 25, 2006		
PROJECT CODE/NAME: 001 Information Resources Planned Procurements					
CATEGORY CODE/NAME: 5005 Acquisition of Information Resource Technology					
ALLOCATION TO STRATEGY: 01-02-03 Insurer Fraud					
Code	Strategy Allocation	Estimated 2006	Budgeted 2007	Requested 2008	Requested 2009
	Objects of Expense:				
2001	Professional Fees	\$3,174			
2009	Other Operating Expense	\$15,934	\$13,590	\$9,185	8,714
5000	Capital Expenditures	\$8,097	\$6,828	\$1,501	1,972
	Total, Objects of Expense	\$27,205	\$20,418	\$10,686	\$10,686
	Method of Financing:				
036	Department of Insurance Operating Account	\$9,149	\$6,866	\$3,594	\$3,594
8042	Insurance Maintenance Tax Fees	\$18,056	\$13,552	\$7,092	\$7,092
	Total, Method of Financing	\$27,205	\$20,418	\$10,686	\$10,686

5.E. Capital Budget MOF by Strategy

Agency Code: 454	Agency Name: Texas Department of Insurance	Prepared By: Jacqueline Canady	Date August 25, 2006		
PROJECT CODE/NAME: 001 Information Resources Planned Procurements					
CATEGORY CODE/NAME: 5005 Acquisition of Information Resource Technology					
ALLOCATION TO STRATEGY: 02-01-01 Insurers Financial Condition					
Code	Strategy Allocation	Estimated 2006	Budgeted 2007	Requested 2008	Requested 2009
	Objects of Expense:				
2001	Professional Fees	\$3,599			
2009	Other Operating Expense	\$87,528	\$131,370	91,085	86,414
5000	Capital Expenditures	\$51,269	\$66,005	14,889	19,560
	Total, Objects of Expense	\$142,396	\$197,375	\$105,974	\$105,974
	Method of Financing:				
036	Department of Insurance Operating Account	\$47,888	\$66,377	\$35,639	\$35,639
8042	Insurance Maintenance Tax Fees	\$94,508	\$130,998	\$70,335	\$70,335
	Total, Method of Financing	\$142,396	\$197,375	\$105,974	\$105,974

5.E. Capital Budget MOF by Strategy

Agency Code: 454	Agency Name: Texas Department of Insurance	Prepared By: Jacqueline Canady	Date: August 25, 2006		
PROJECT CODE/NAME: 001 Information Resources Planned Procurements					
CATEGORY CODE/NAME: 5005 Acquisition of Information Resource Technology					
ALLOCATION TO STRATEGY: 03-01-01 Loss Control Programs					
Code	Strategy Allocation	Estimated 2006	Budgeted 2007	Requested 2008	Requested 2009
	Objects of Expense:				
2001	Professional Fees	\$27,748			
2009	Other Operating Expense	\$81,707	\$22,650	14,567	13,820
5000	Capital Expenditures	\$35,886	\$11,380	2,381	3,128
	Total, Objects of Expense	\$145,341	\$34,030	\$16,948	\$16,948
	Method of Financing:				
036	Department of Insurance Operating Account	\$48,878	\$11,444	\$5,700	\$5,700
8042	Insurance Maintenance Tax Fees	\$96,463	\$22,586	\$11,248	\$11,248
	Total, Method of Financing	\$145,341	\$34,030	\$16,948	\$16,948

5.E. Capital Budget MOF by Strategy

Agency Code: 454	Agency Name: Texas Department of Insurance	Prepared By: Jacqueline Canady	Date August 25, 2006		
PROJECT CODE/NAME: 001 Information Resources Planned Procurements					
CATEGORY CODE/NAME: 5005 Acquisition of Information Resource Technology					
ALLOCATION TO STRATEGY: 03-01-02 Provider/Consumer Fraud					
Code	Strategy Allocation	Estimated 2006	Budgeted 2007	Requested 2008	Requested 2009
	Objects of Expense:				
2001	Professional Fees	\$6,468			
2009	Other Operating Expense	\$24,023	\$13,590	\$11,934	\$11,322
5000	Capital Expenditures	\$11,381	\$6,828	\$1,950	\$2,562
	Total, Objects of Expense	\$41,872	\$20,418	\$13,884	\$13,884
	Method of Financing:				
036	Department of Insurance Operating Account	\$14,082	\$6,867	\$4,669	\$4,669
8042	Insurance Maintenance Tax Fees	\$27,790	\$13,551	\$9,215	\$9,215
	Total, Method of Financing	\$41,872	\$20,418	\$13,884	\$13,884

5.E. Capital Budget MOF by Strategy

Agency Code: 454	Agency Name: Texas Department of Insurance	Prepared By: Jacqueline Canady	Date: August 25, 2006		
PROJECT CODE/NAME: 001 Information Resources Planned Procurements					
CATEGORY CODE/NAME: 5005 Acquisition of Information Resource Technology					
ALLOCATION TO STRATEGY: 03-01-03 Workers Compensation Fraud					
Code	Strategy Allocation	Estimated 2006	Budgeted 2007	Requested 2008	Requested 2009
	Objects of Expense:				
2001	Professional Fees				
2009	Other Operating Expense			\$2,106	\$1,998
5000	Capital Expenditures			\$344	\$452
Total, Objects of Expense		\$0	\$0	\$2,450	\$2,450
	Method of Financing:				
036	Department of Insurance Operating Account			\$2,450	\$2,450
8042	Insurance Maintenance Tax Fees				
Total, Method of Financing		\$0	\$0	\$2,450	\$2,450

5.E. Capital Budget MOF by Strategy

Agency Code: 454	Agency Name: Texas Department of Insurance	Prepared By: Jacqueline Canady	Date: August 25, 2006		
PROJECT CODE/NAME: 001 Information Resources Planned Procurements					
CATEGORY CODE/NAME: 5005 Acquisition of Information Resource Technology					
ALLOCATION TO STRATEGY: 04-01-01 Fire Protection					
Code	Strategy Allocation	Estimated 2006	Budgeted 2007	Requested 2008	Requested 2009
	Objects of Expense:				
2001	Professional Fees	\$3,673			
2009	Other Operating Expense	\$33,441	\$40,770	29,367	27,861
5000	Capital Expenditures	\$18,460	\$20,484	4,799	6,305
	Total, Objects of Expense	\$55,574	\$61,254	\$34,166	\$34,166
	Method of Financing:				
036	Department of Insurance Operating Account	\$18,690	\$20,600	\$11,490	\$11,490
8042	Insurance Maintenance Tax Fees	\$36,884	\$40,654	\$22,676	\$22,676
555	Federal Funds				
	Total, Method of Financing	\$55,574	\$61,254	\$34,166	\$34,166

5.E. Capital Budget MOF by Strategy

Agency Code: 454	Agency Name: Texas Department of Insurance	Prepared By: Jacqueline Canady	Date August 25, 2006		
PROJECT CODE/NAME: 001 Information Resources Planned Procurements					
CATEGORY CODE/NAME: 5005 Acquisition of Information Resource Technology					
ALLOCATION TO STRATEGY: 05-01-01 Health and Safety Services					
Code	Strategy Allocation	Estimated 2006	Budgeted 2007	Requested 2008	Requested 2009
	Objects of Expense:				
2001	Professional Fees				
2009	Other Operating Expense			\$29,367	\$27,861
5000	Capital Expenditures			\$4,799	\$6,305
	Total, Objects of Expense	\$0	\$0	\$34,166	\$34,166
	Method of Financing:				
036	Department of Insurance Operating Account			\$34,166	\$34,166
8042	Insurance Maintenance Tax Fees				
555	Federal Funds				
	Total, Method of Financing	\$0	\$0	\$34,166	\$34,166

5.E. Capital Budget MOF by Strategy

Agency Code: 454	Agency Name: Texas Department of Insurance	Prepared By: Jacqueline Canady	Date August 25, 2006		
PROJECT CODE/NAME: 001 Information Resources Planned Procurements					
CATEGORY CODE/NAME: 5005 Acquisition of Information Resource Technology					
ALLOCATION TO STRATEGY: 05-02-01 Return to Work Education					
Code	Strategy Allocation	Estimated 2006	Budgeted 2007	Requested 2008	Requested 2009
	Objects of Expense:				
2001	Professional Fees				
2009	Other Operating Expense			\$2,223	\$2,109
5000	Capital Expenditures			\$363	\$477
Total, Objects of Expense		\$0	\$0	\$2,586	\$2,586
	Method of Financing:				
036	Department of Insurance Operating Account			\$2,586	\$2,586
8042	Insurance Maintenance Tax Fees				
555	Federal Funds				
Total, Method of Financing		\$0	\$0	\$2,586	\$2,586

5.E. Capital Budget MOF by Strategy

Agency Code: 454	Agency Name: Texas Department of Insurance	Prepared By: Jacqueline Canady	Date: August 25, 2006		
PROJECT CODE/NAME: 001 Information Resources Planned Procurements					
CATEGORY CODE/NAME: 5005 Acquisition of Information Resource Technology					
ALLOCATION TO STRATEGY: 06-01-01 Medical Cost Containment					
Code	Strategy Allocation	Estimated 2006	Budgeted 2007	Requested 2008	Requested 2009
	Objects of Expense:				
2001	Professional Fees				
2009	Other Operating Expense			\$15,327	14,541
5000	Capital Expenditures			\$2,505	3,291
Total, Objects of Expense		\$0	\$0	\$17,832	\$17,832
	Method of Financing:				
036	Department of Insurance Operating Account			\$17,832	\$17,832
8042	Insurance Maintenance Tax Fees				
555	Federal Funds				
Total, Method of Financing		\$0	\$0	\$17,832	\$17,832

5.E. Capital Budget MOF by Strategy

Agency Code: 454	Agency Name: Texas Department of Insurance	Prepared By: Jacqueline Canady	Date: August 25, 2006		
PROJECT CODE/NAME: 001 Information Resources Planned Procurements					
CATEGORY CODE/NAME: 5005 Acquisition of Information Resource Technology					
ALLOCATION TO STRATEGY: 06-02-01 Monitoring and Enforcement					
Code	Strategy Allocation	Estimated 2006	Budgeted 2007	Requested 2008	Requested 2009
	Objects of Expense:				
2001	Professional Fees				
2009	Other Operating Expense			\$23,166	21,978
5000	Capital Expenditures			\$3,786	4,974
	Total, Objects of Expense	\$0	\$0	\$26,952	\$26,952
	Method of Financing:				
036	Department of Insurance Operating Account			\$26,952	\$26,952
8042	Insurance Maintenance Tax Fees				
555	Federal Funds				
	Total, Method of Financing	\$0	\$0	\$26,952	\$26,952

5.E. Capital Budget MOF by Strategy

Agency Code: 454	Agency Name: Texas Department of Insurance	Prepared By: Jacqueline Canady	Date August 25, 2006		
PROJECT CODE/NAME: 001 Information Resources Planned Procurements					
CATEGORY CODE/NAME: 5005 Acquisition of Information Resource Technology					
ALLOCATION TO STRATEGY: 06-03-01 Develop and Implement Processes					
Code	Strategy Allocation	Estimated 2006	Budgeted 2007	Requested 2008	Requested 2009
	Objects of Expense:				
2001	Professional Fees				
2009	Other Operating Expense			\$52,767	50,061
5000	Capital Expenditures			\$8,623	11,329
Total, Objects of Expense		\$0	\$0	\$61,390	\$61,390
	Method of Financing:				
036	Department of Insurance Operating Account			\$61,390	\$61,390
8042	Insurance Maintenance Tax Fees				
555	Federal Funds				
Total, Method of Financing		\$0	\$0	\$61,390	\$61,390

5.E. Capital Budget MOF by Strategy

Agency Code: 454	Agency Name: Texas Department of Insurance	Prepared By: Jacqueline Canady	Date August 25, 2006		
PROJECT CODE/NAME: 001 Information Resources Planned Procurements					
CATEGORY CODE/NAME: 5005 Acquisition of Information Resource Technology					
ALLOCATION TO STRATEGY: 06-04-01 Regulate Self Insurance					
Code	Strategy Allocation	Estimated 2006	Budgeted 2007	Requested 2008	Requested 2009
	Objects of Expense:				
2001	Professional Fees				
2009	Other Operating Expense			5,909	5,606
5000	Capital Expenditures			966	1,269
	Total, Objects of Expense	\$0	\$0	\$6,875	\$6,875
	Method of Financing:				
036	Department of Insurance Operating Account			\$6,875	\$6,875
8042	Insurance Maintenance Tax Fees				
555	Federal Funds				
	Total, Method of Financing	\$0	\$0	\$6,875	\$6,875

5.E. Capital Budget MOF by Strategy

Agency Code: 454	Agency Name: Texas Department of Insurance	Prepared By: Jacqueline Canady	Date August 25, 2006		
PROJECT CODE/NAME: 001 Information Resources Planned Procurements					
CATEGORY CODE/NAME: 5005 Acquisition of Information Resource Technology					
ALLOCATION TO STRATEGY: 06-05-01 Dispute Resolution					
Code	Strategy Allocation	Estimated 2006	Budgeted 2007	Requested 2008	Requested 2009
	Objects of Expense:				
2001	Professional Fees				
2009	Other Operating Expense			\$127,121	\$120,602
5000	Capital Expenditures			\$20,774	\$27,293
Total, Objects of Expense		\$0	\$0	\$147,895	\$147,895
	Method of Financing:				
036	Department of Insurance Operating Account			\$147,895	\$147,895
8042	Insurance Maintenance Tax Fees				
555	Federal Funds				
Total, Method of Financing		\$0	\$0	\$147,895	\$147,895

5.E. Capital Budget MOF by Strategy

Agency Code: 454	Agency Name: Texas Department of Insurance	Prepared By: Jacqueline Canady	Date August 25, 2006		
PROJECT CODE/NAME: 001 Information Resources Planned Procurements					
CATEGORY CODE/NAME: 5005 Acquisition of Information Resource Technology					
ALLOCATION TO STRATEGY: 06-06-01 Subsequent Injury Fund Administration					
Code	Strategy Allocation	Estimated 2006	Budgeted 2007	Requested 2008	Requested 2009
	Objects of Expense:				
2001	Professional Fees				
2009	Other Operating Expense			\$644	\$611
5000	Capital Expenditures			\$105	\$138
	Total, Objects of Expense	\$0	\$0	\$749	\$749
	Method of Financing:				
036	Department of Insurance Operating Account			\$749	\$749
8042	Insurance Maintenance Tax Fees				
555	Federal Funds				
	Total, Method of Financing	\$0	\$0	\$749	\$749

5.E. Capital Budget MOF by Strategy

Agency Code: 454	Agency Name: Texas Department of Insurance	Prepared By: Jacqueline Canady	Date: August 25, 2006		
PROJECT CODE/NAME: 002 SFMO Vehicle Replacement					
CATEGORY CODE/NAME: 5005 Acquisition of Information Resource Technology					
ALLOCATION TO STRATEGY: 04-01-01 Fire Protection					
Code	Strategy Allocation	Estimated 2006	Budgeted 2007	Requested 2008	Requested 2009
5000	Objects of Expense: Capital Expenditures	\$198,000	\$198,000	\$198,000	\$198,000
	Total, Objects of Expense	\$198,000	\$198,000	\$198,000	\$198,000
036 8042	Method of Financing: Department of Insurance Operating Account	\$66,587	\$66,587	\$66,587	\$66,587
	Insurance Maintenance Tax Fees	\$131,413	\$131,413	\$131,413	\$131,413
	Total, Method of Financing	\$198,000	\$198,000	\$198,000	\$198,000

5.E. Capital Budget MOF by Strategy

Agency Code: 454	Agency Name: Texas Department of Insurance	Prepared By: Jacqueline Canady	Date: August 25, 2006		
PROJECT CODE/NAME: Business Process Improvement					
CATEGORY CODE/NAME: 5005 Acquisition of Information Resource Technology					
ALLOCATION TO STRATEGY: 07-01-02 Business Process Improvement					
Code	Strategy Allocation	Estimated 2006	Budgeted 2007	Requested 2008	Requested 2009
	Objects of Expense:				
2001	Professional Fees	\$1,078,321	\$2,086,111	0	0
2009	Other Operating	\$395,568			
	Total, Objects of Expense	\$1,473,889	\$2,086,111	\$0	\$0
	Method of Financing:				
036	Department of Insurance Operating Account	\$1,473,889	\$2,086,111	\$0	\$0
	Total, Method of Financing	\$1,473,889	\$2,086,111	\$0	\$0

CAPITAL BUDGET PROJECT SCHEDULE - EXCEPTIONAL

80th Regular Session, Agency Submission, Version I
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/24/2006
TIME: 5:19:08PM
PAGE: 1 of 1

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

Category Code/ Category Name

Project Number/ Name

OOE / TOF / MOF CODE

Excp 2008

Excp 2009

5005 Acquisition of Information Resource Technologies

4 Replace DWC Phone System

Objects of Expense

5000 CAPITAL EXPENDITURES

Subtotal OOE, Project 4

966,000

0

966,000

0

Type of Financing

CA 36 DEPT INS OPERATING ACCT

Subtotal TOF, Project 4

966,000

0

966,000

0

5 Replace DWC Obsolete Infrastructure

Objects of Expense

5000 CAPITAL EXPENDITURES

Subtotal OOE, Project 5

238,211

238,211

238,211

238,211

Type of Financing

CA 36 DEPT INS OPERATING ACCT

Subtotal TOF, Project 5

238,211

238,211

238,211

238,211

Subtotal Category 5005

1,204,211

238,211

AGENCY TOTAL

1,204,211

238,211

METHOD OF FINANCING

36 DEPT INS OPERATING ACCT

Total, Method of Financing

1,204,211

238,211

1,204,211

238,211

TYPE OF FINANCING

CA CURRENT APPROPRIATIONS

Total, Type of Financing

1,204,211

238,211

1,204,211

238,211

CAPITAL BUDGET ALLOCATION TO STRATEGIES BY PROJECT - EXCEPTIONAL
 80th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/24/2006**
 TIME: **5:19:18PM**
 PAGE: **1 of 1**

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

Category Code/Name

Project Number/Name					
Goal/Obj/Str	Strategy Name			Excp 2008	Excp 2009
5005 Acquisition of Information Resource Technologies					
4	Replace DWC Phone System				
6	3	1	DEVELOP AND IMPLEMENT PROCESSES		
				415,380	0
6	5	1	DISPUTE RESOLUTION		
				550,620	0
			TOTAL, PROJECT	966,000	0
5	Replace DWC Obsolete Infrastructure				
7	1	2	INFORMATION RESOURCES		
				238,211	238,211
			TOTAL, PROJECT	238,211	238,211
			TOTAL, ALL PROJECTS	1,204,211	238,211