

OFFICE OF PUBLIC INSURANCE COUNSEL

SELF-EVALUATION REPORT

**SUBMITTED TO THE
SUNSET ADVISORY COMMISSION**



August 24, 2007

Table of Contents

<i>I. Agency Contact Information</i>	<i>1</i>
<i>II. Key Functions and Performance</i>	<i>1</i>
<i>III. History and Major Events</i>	<i>8</i>
<i>IV. Policymaking Structure.....</i>	<i>11</i>
<i>V. Funding.....</i>	<i>12</i>
<i>VI. Organization.....</i>	<i>15</i>
<i>VII. Guide to Agency Programs.....</i>	<i>17</i>
<i>VIII. Statutory Authority and Recent Legislation.....</i>	<i>32</i>
<i>IX. Policy Issues</i>	<i>39</i>
<i>X. Other Contacts</i>	<i>42</i>
<i>XI. Additional Information.....</i>	<i>45</i>
<i>XII. Agency Comments</i>	<i>49</i>

OFFICE OF PUBLIC INSURANCE COUNSEL SELF-EVALUATION REPORT

I. Agency Contact Information

A. Please fill in the following chart.

Office of Public Insurance Counsel Exhibit 1: Agency Contacts				
	Name	Address	Telephone & Fax Numbers	E-mail Address
Agency Head	Rod Bordelon	333 Guadalupe, Suite. 3-120, Austin, TX 78701	322-4143 (Ph) 322-4148 (Fax)	rbordelon@opic. state.tx.us
Agency's Sunset Liaison	Teresa Hankins	333 Guadalupe, Suite. 3-120, Austin, TX 78701	322-4107 (Ph) 322-4148 (Fax)	thankins@opic. state.tx.us

II. Key Functions and Performance

Provide the following information about the overall operations of your agency. More detailed information about individual programs will be requested in a later section.

A. Provide an overview of your agency's mission, objectives, and key functions.
--

MISSION

The mission of the Office of Public Insurance Counsel (OPIC) is to represent the interests of consumers in insurance matters. This means advocating fairness and stability in insurance rates and coverage; promoting public understanding of insurance matters; working to make the overall insurance market more responsive to consumers; and ensuring consumers receive the services they have purchased.

OPIC is authorized by statute to assess the impact of insurance rates, rules, and forms on insurance consumers and directed to act as an advocate of positions that are advantageous to a substantial number of consumers.

The agency intervenes as a party and presents actuarial and economic evidence in industry-wide rate hearings and individual rate filings before the Commissioner of Insurance and the State Office of Administrative Hearings. OPIC provides proposals and analysis to the Commissioner of Insurance on rules and forms regulated by the Texas Department of Insurance.

OBJECTIVES

Ensure fair rates and adequate rules and policy forms to protect Texas insurance consumers

Each year OPIC represents consumers in all industry-wide rate hearings and in at least fifty percent of rate filings and rule hearings that have a significant impact on Texas insurance consumers to ensure that insurance rates in Texas are fair and that rules are adequate to protect Texas insurance consumers.

Provide information to insurance consumers regarding insurance coverage and markets

The agency uses efficient means to provide information to insurance consumers about insurance coverage and the insurance marketplace and participates in public forums to obtain information in order to formulate positions advantageous to insurance consumers.

KEY FUNCTIONS

Represent insurance consumers in rate, rule and policy form hearings

OPIC represents consumers as a class on matters involving rates, rules, and forms affecting various personal lines such as property and casualty, title, and credit insurance, and on matters involving rules and forms for life, accident, and health insurance. OPIC is authorized by statute to assess the impact of insurance rates, rules and forms on insurance consumers and directed to act as an advocate of positions that are advantageous to a substantial number of consumers.

Provide consumers with information to make informed choices

OPIC issues annual consumer report cards on Health Maintenance Organizations. Mandated by the 75th Legislature, the consumer report card provides information to consumers about the various HMO products available in the state. After the legislature restructured the Health and Human Services Commission in 2003, OPIC also began publishing the "Guide to Texas HMO Quality", a technical report geared toward employers and statisticians previously published by the Texas Health Care Information Council.

OPIC has produced consumer bills of rights for personal automobile, homeowners, and credit insurance. Mandated by the 72nd Legislature, the bills of rights are designed to inform consumers of their specific rights in various lines of personal insurance.

Beginning in September 2008, the agency will partner with the Department of Insurance to produce a website combining consumer information produced by the agencies as well as adding new information as required by SB 611 passed by the 80th Legislature.

The agency is also required by statute to recommend to the Commissioner of Insurance public members to sit on various boards and committees such as the Texas Automobile Insurance Plan Association Governing Board and the Board of Directors for the Texas Windstorm Insurance Association.

B. Do each of your key functions continue to serve a clear and ongoing objective? Explain why each of these functions is still needed. What harm would come from no longer performing these functions?

Represent insurance consumers in rate, rule and policy form hearings

Having OPIC represent insurance consumers in rate, rule, and policy form hearings continues to be a necessary and vital part of insurance regulation. The Department of Insurance (TDI) is charged with regulating the insurance industry and marketplace as a whole and cannot focus solely on the needs of policyholders. Instead TDI must balance the needs of insurance companies against the needs of insurance consumers as well as others who benefit from insurance payments. The department receives a great deal of input from the insurance industry, including the testimony of expert witnesses and representation by experienced attorneys. In order for the Commissioner of Insurance to have all the evidence necessary to make informed and fair decisions, it is necessary for consumers' interests to be similarly represented. OPIC provides that representation by hiring staff attorneys, statisticians, and researchers, as well as contracting with expert witnesses in contested evidentiary hearings

Provide consumers with information to make informed choices

OPIC's role in exchanging information with consumers continues to be necessary both from the agency perspective and to ensure that consumers have accurate information in specific areas. The information the agency provides to consumers is targeted to issues where informational gaps exist and consumers are particularly vulnerable. The bills of rights provide practical information that consumers can use to deal with issues that are often areas of dispute with an insurance company. The HMO report card is especially valuable to consumers who are enrolling, or considering a change, in their health care plan. Included in the report card is information on the services provided by each HMO, the quality of care provided, the results of a consumer satisfaction survey, costs, complaints, and other helpful information. Additional information provided on the agency's website, such as the interactive comparison chart for homeowners policies, helps consumers make the transition from a very limited number of state-promulgated policy forms to a multitude of policy forms filed by insurance companies.

C. What evidence can your agency provide to show your overall effectiveness and efficiency in meeting your objectives?

OPIC annually reviews hundreds of rate filings and has worked successfully against rate increases proposed by the insurance industry. During the period from 2004-2007, OPIC intervened in 75 cases resulting in lower rates for consumers and/or other policyholder benefits. These cases involved homeowners insurance, personal automobile insurance and workers compensation insurance resulting in estimated savings to consumers of \$654,404,258. In addition, OPIC participated in statewide rate cases involving the Texas Windstorm Insurance Association (TWIA), the Texas Automobile Insurance Plan Association (TAIPA), as well as title insurance and credit insurance. OPIC's participation in these cases resulted in rate decreases or reductions in proposed levels of rate increase estimated at \$196,496,863.

The agency has also worked to prevent or limit the reduction of coverage available to insurance consumers. During the period from 2004-2007, OPIC participated in 144 rulemaking proceedings, including policy form approvals, resulting in preservation of coverage or other benefits for consumers. With the approval of national forms and other optional forms for homeowners and automobile insurance, OPIC negotiated additional coverage that was not offered in initial company filings. Additionally, the agency obtained improved disclosure associated with these forms and rules prohibiting unfair discrimination. OPIC was instrumental in negotiating protections for consumers when water damage coverage was curtailed to reverse an availability and affordability crisis in the homeowners market. When hurricane damage forced homeowners out of their homes and some consumers were not reimbursed for additional living expenses, OPIC requested a market conduct investigation, resulting in additional payments to consumers and a temporary restraining order against one of the top homeowners insurance companies in the State. OPIC worked directly with insurance companies and with TDI staff to revise or remove overly restrictive language in automobile policies regarding arbitration, avoidance of coverage, and selection of a repair shop. To protect health insurance consumers from payment delays that could lead to treatment delays, OPIC successfully argued to shorten the time insurance companies could take to respond to requests for verification of coverage from the initially proposed 15 days to 72 hours. In conjunction with the establishment of high deductible health plans, OPIC successfully argued for language that protected benefits and services that fall within the federal safe harbor provisions of the IRS code. OPIC was also responsible for reducing a proposed surcharge for certain policyholders living along the coast and for reducing proposed fees for a homeowners inspection program.

D. Does your agency's enabling law continue to correctly reflect your mission, objectives, and approach to performing your functions? Have you recommended changes to the Legislature in the past to improve your agency's operations? If so, explain. Were the changes adopted?

The agency's enabling law continues to reflect the agency's mission, objectives and approach to performing its functions. The agency has broad authority to advocate for insurance consumers in the areas that are regulated by the Department of Insurance.

E. Do any of your agency's functions overlap or duplicate those of another state or federal agency? Explain if, and why, each of your key functions is most appropriately placed within your agency. How do you ensure against duplication with other related agencies?

Both OPIC and TDI staff make rate recommendations to the Commissioner of Insurance. The recommendations made by TDI staff generally provide evidence that supports previous decisions made by the commissioner. OPIC's recommendations are necessary to bring into evidence new rating issues that should be considered by the commissioner. OPIC's analysis provides a specific rate recommendation that represents the lowest rate that meets rating standards in order to fully represent consumers interests. TDI staff often presents only a range of rates that may be considered reasonable. Additionally, OPIC's analysis is more critical, and is necessary to counter the professional testimony, of insurance industry experts.

Both OPIC and the Department of Insurance provide information to insurance consumers. Any duplication has been eliminated by OPIC providing input to the department on its consumer brochures instead of producing its own consumer brochures. The consumer publications produced by OPIC are generally limited to those specified in statute, i.e. the HMO reports, consumer bills of rights, and reports on insurance companies' underwriting guidelines. In each instance OPIC is best suited to provide the information because of the agency's duty to directly represent insurance consumers. Occasionally, OPIC produces a specific publication to fill a gap in consumer knowledge such as the homeowners insurance policy form comparison chart. In this instance, consumers were in need of a tool to help them make the transition from a market in which all homeowners insurance policy forms were promulgated by the Department of Insurance to one in which insurers filed numerous forms with varying provisions. In accordance with SB 611 passed by the 80th Legislature this tool, as well as other consumer information produced by OPIC and TDI, will be included in a website produced jointly by the two agencies. TDI's approach tends to be more neutral with regard to the marketplace in general and is less directed to the specific informational needs of consumers.

Both OPIC and the Health and Human Services Commission (HHSC) have statutory authority regarding providing information on HMOs. OPIC is charged with reporting on the performance of HMOs in the state. HHSC is authorized to make available HMO quality data. Since the initial passage of the laws requiring this reporting, in accordance with its specific mandate, OPIC has issued annual consumer report cards on Health Maintenance Organizations. After the legislature restructured the Health and Human Services Commission in 2003, OPIC entered into an agreement with HHSC and began publishing the "Guide to Texas HMO Quality", a technical report geared toward employers and statisticians previously published by the Texas Health Care Information Council. Since these publications directly report on consumer satisfaction with HMOs and the services consumers are receiving from HMOs, it is appropriate that the agency that directly represents insurance consumers determine the content and produce these reports. HHSC's approach tends to be more neutral with regard to the marketplace in general and is less directed to the specific informational needs of insurance consumers.

F. In general, how do other states carry out similar functions?

The regulation of insurance rates, rules and policy forms varies by state as does the existence or form of consumer representation. Other states generally do not have an agency similar to OPIC. States with an independent insurance advocate include Florida which has an insurance consumer advocate appointed separately from the Insurance Commissioner and South Carolina which has an independent Department of Consumer Affairs that represents insurance policyholders in rate cases as an intervener. Bills have been filed recently to establish similar offices in Illinois, Iowa, Pennsylvania and New York. States such as South Carolina, Massachusetts, Rhode Island, and Virginia have insurance consumer representation within the Attorney General's office. California has a system whereby intervening consumer advocates are reimbursed by the insurance company whose filing is at issue in the hearing. Expenses are approved by the Insurance Commissioner for expert witnesses if the intervening party makes a substantial contribution to the case, irrespective of any quantified savings.

G. What key obstacles impair your agency's ability to achieve its objectives?

OPIC's right to a contested case hearing on rate filings that are deemed excessive by the Public Counsel needs to be strengthened. When the legislature changed the rating structure in the 78th Legislative session (SB 14), the new procedure omitted OPIC's absolute right to require a hearing on a filing if an agreement with the company could not be reached. In addition, an OPIC rate hearing petition, if granted, requires a hearing to be held within 30 days of the petition filing date. Since this deadline does not allow enough time to prepare a contested case, OPIC must rely on the Commissioner to disapprove a filing or set a hearing.

H. Discuss any changes that could impact your agency's key functions in the future (e.g., changes in federal law or outstanding court cases).

Unlike many consumer products, insurance is primarily regulated by the states. In 1944, the United States Supreme Court ruled that the insurance industry should be subject to federal jurisdiction because the industry takes part in interstate commerce. In response to that ruling, in 1945 Congress passed the McCarran-Ferguson Act that exempts insurance from federal antitrust laws with some exceptions. With the passage of the McCarran-Ferguson Act, regulation of insurance was placed in the hands of the states. However, in spite of McCarran-Ferguson, federal actions have and will continue to affect the insurance industry and require state action. Currently, Congress is considering legislation that would remove significant insurance regulatory authority from the states and substitute federal oversight.

At the state level, the most significant factor affecting the future role of OPIC is the implementation of recent legislation that has increased the level of rate regulation for residential property and automobile insurance. Insurance companies previously exempt from rate regulation are now subject to filing requirements and OPIC is reviewing many more filings than before. In addition, the recent passage of legislation requiring OPIC and TDI to produce a joint consumer website will require OPIC to invest more time and resources in developing informational resources for consumers.

Numerous insurance bills which passed in the 80th Legislative session must be implemented in the near future. Examples include bills relating to workers compensation, the addition of non-insurance benefits to certain insurance products, certain mandated coverages, reporting of claim information, advertising, refunds of excessive or unfairly discriminatory premium, suitability in annuity transactions, replacement of certain life insurance policies, title insurance, and prior approval of property and casualty insurance rates under certain circumstances. OPIC participates in the implementation process by analyzing proposed rules and recommending any needed changes to the Commissioner of Insurance.

I. What are your agency’s biggest opportunities for improvement in the future?

New requirements due to the passage of SB 611 in the 80th Legislative session will provide an enhanced role for OPIC in developing consumer information.

With the passage of time since the Legislature introduced additional flexibility into the regulatory system, both the plusses and minuses of the new system are more apparent. This provides an opportunity to improve the procedures for both rate and rule filings. The procedure to send rate filings to hearing based on OPIC’s objection needs to be strengthened either through legislation or by agreement with TDI. For form filings, the procedure to review filings in effect and withdraw approval if problems exist needs improvement. One ongoing initiative will move toward reviewing rate filings in an electronic format, thereby reducing the time needed to process and copy voluminous filings.

The passage of SB 1731 by the 80th Legislature, while it does not specifically include OPIC, may provide an opportunity for expansion of the HMO report cards currently produced by the agency. This legislation requires TDI to collect from preferred provider organizations (PPOs) data which has not been available previously. OPIC is currently working with TDI to implement the data collection. Including PPO data in the report cards could enhance their value to consumers.

J. In the following chart, provide information regarding your agency’s key performance measures included in your appropriations bill pattern, including outcome, input, efficiency, and explanatory measures.

Office of Public Insurance Counsel			
Exhibit 2: Key Performance Measures, Fiscal Year 2006			
Key Performance Measures	FY 2006 Target	FY 2006 Actual Performance	FY 2006 % of Annual Target
Number of Industry-wide Rate Hearings in Which OPIC Participated ⁽¹⁾	3	2	66.67%
Number of Analyzed Rate Filings in Which OPIC Participated	32	32	100%
Number of Rulemaking Proceedings in Which OPIC Participated	40	37	92.50%
Number of Report Cards and Publications Produced and Distributed	175,000	870,454	497.40%
Number of Press Releases Produced and Interviews Given and Newspaper Op-ed Columns Produced ⁽²⁾	38	22	57.89%

⁽¹⁾ The words “industry-wide” were removed from this measure for the FY 2008-2009 biennium.

⁽²⁾ This measure was combined with another non-key measure for the FY 2008-2009 biennium and reads as follows: Total Number of Public Presentations or Communications by OPIC.

III. History and Major Events

Provide a timeline of your agency's history, and key events, including:

- C the date your agency was established;
- C the original purpose and responsibilities of your agency;
- C major changes in responsibilities or statutory authority;
- C changes to your policymaking body's name or composition;
- C significant changes in state/federal legislation, mandates, or funding;
- C significant state/federal litigation that specifically affects your agency's operations; and
- C key changes in your agency's organization (e.g., a major reorganization of the agency's divisions or program areas).

History and Major Events

1987 The 70th Legislature creates the Office of Public Insurance Counsel's (OPIC's) predecessor, the Office of Consumer Protection (OCP). The OCP is set up as a division within the State Board of Insurance (SBI) to represent the interests of property and casualty insurance consumers as a class in matters affecting rates, rules and forms. The director of the OCP, or Public Insurance Counsel, is appointed by the Governor and confirmed by the Senate.

1991 The 72nd Legislature passes an omnibus insurance regulation bill.

- This legislation creates the Office of Public Insurance Counsel (OPIC) to replace the OCP. Designated as an independent state agency, OPIC is charged with representing Texas consumers as a class regarding insurance related issues. OPIC's purview is expanded to include all lines of insurance.
- OPIC's duties are expanded to include matters involving rules for life, health and accident insurance and matters involving rates, rules and forms for all other lines of insurance. OPIC is required to produce consumer bills of rights for personal lines including personal automobile, homeowners and credit insurance.
- A new flex band rating system is established. Under this system, the SBI sets a "benchmark" rate and individual companies are allowed to "flex" within a band set by the SBI without prior approval. OPIC is a statutory party to the annual benchmark hearings.
- SBI is required to continue promulgating policy forms for use in Texas for both residential property and personal automobile insurance, and is authorized for the first time to adopt policy forms filed by a national organization of insurance companies or similar organization. The coverage in these filed policies must provide coverage equivalent to the coverage provided by the forms promulgated by the

SBI, and OPIC is charged with reviewing and advocating for changes to these forms to maintain equivalency.

- The Public Insurance Counsel is also statutorily required to serve on the board of directors for the Texas Certified Self-Insurer Guaranty Association. Prior to this, the Public Counsel for the OCP served on the board.
- OPIC is authorized to nominate the public members to serve on the board of directors for Texas Windstorm Insurance Association (TWIA).

1993 Following Sunset Review in 1991, the 73rd Legislature passes another omnibus insurance bill.

- The SBI is restructured as the Texas Department of Insurance (TDI) and the authority of the Commissioner of Insurance is increased. The flex band system is continued but the annual rate hearings are moved to the State Office of Administrative Hearing (SOAH) with the Insurance Commissioner being the final arbiter. OPIC continues to act as the legal advocate for insurance consumers before SOAH.
- OPIC is given the authority to request underwriting guidelines directly from insurance companies. While OPIC is statutorily prohibited from releasing these guidelines because of their confidentiality, OPIC is authorized to disclose a summary that does not directly identify an individual company's underwriting practices.
- Title insurance rate hearing is changed from an annual hearing to a biennial hearing.
- The Texas Automobile Insurance Plan (TAIP) is restructured as the Texas Automobile Insurance Plan Association (TAIPA). OPIC is authorized to nominate the public members to serve on the TAIPA Governing Committee.

1995 The 74th Legislature passes legislation that statutorily sets the percentage by which a company can “flex” above or below the benchmark rate set by TDI to 30 percent. OPIC remains a party to the annual benchmark hearings by statute.

Public Counsel Rod Bordelon begins a two year term on the board of directors for the Texas Surplus Lines Stamping Office and on the board of directors for the Texas Workers Compensation Insurance Facility.

1997 The 75th Legislature mandates OPIC to develop a report card on health maintenance organizations (HMOs) that provides comparative information to consumers about the various HMO products available in Texas.

1998 OPIC publishes the first HMO Report Card.

2001 An unexpected rise in the number of water damage claims involving mold causes many companies to stop writing new business in Texas.

- TDI holds stakeholder hearings across the state to gain a better understanding of the reasons for the rise in claims. Public Counsel Rod Bordelon testifies and addresses the stakeholders at every hearing.

- OPIC helps draft best practices for the insurance industry, adjusters, remediators, and consumers to help mitigate water damage claims.
- OPIC participates in several meetings at the Texas Department of Health (TDH) in which the Indoor Air Quality Program of TDH was working on updating their consumer guide.

2002 Under the policy form statutory provisions enacted by the 72nd Legislature, Insurance Commissioner Jose Montemayor approves the first residential property policy form not promulgated by TDI for use in Texas. Companies begin to file their own national forms for approval.

- OPIC negotiates changes to several policy forms benefiting consumers, specifically concerning coverage for damage caused by water.
- OPIC places a comparison chart on its website to help consumers understand the differences between these policies.
- OPIC petitions TDI and successfully negotiates rules restricting insurers' use of water damage claim history as an underwriting guideline.

2003 The 78th Legislature passes a comprehensive insurance bill that significantly changes the insurance regulatory environment regarding residential property and personal automobile insurance.

- Insurance rates are to be filed under a file and use system and the flex band system is abolished. Under file and use, a company is authorized to use a rate as soon as it is filed with TDI without having to wait for the rate to be approved by the Commissioner. Many previously unregulated companies are now subject to regulation, and OPIC begins to review many additional filings and object to those deemed excessive.
- Insurance companies are allowed to file their own policy forms for approval by the Insurance Commissioner. Previously, companies had to use either a promulgated form or a form approved under the provisions passed by the 72nd Legislature. Many companies that were not previously authorized to file their own policy forms begin to do so, and OPIC begins to review many additional filings and object and negotiate changes to terms deemed overly restrictive or misleading. OPIC's website is expanded to include an interactive comparison chart in which the consumer can choose both company and coverages to compare.
- As part of this legislation, the Property and Casualty Oversight Committee is created to monitor the progress of this legislation. The Committee is composed of 6 legislators and the Public Insurance Counsel.

The 78th Legislature also creates Texas Group Self-Insurance Guaranty Association Advisory Committee of which the Public Insurance Counsel is a member. The purpose of the Committee is to make recommendations about the establishment of a guaranty association to provide for the payment of workers' compensation benefits for injured employees if a self-insured group becomes insolvent. The Public Counsel helps develop a framework for the guaranty association.

The 78th Legislature passes several bills regarding coverage for water damage claims. As a result, OPIC petitions TDI to adopt and successfully negotiates a stronger rule based on these new laws.

The 78th Legislature passes a comprehensive public adjusters licensing bill. As part of this legislation, TDI is authorized to appoint a public insurance adjusters examination advisory committee. The Public Counsel is a statutory member of the committee and helps develops the examination.

2005 The 79th Legislature creates the Texas Self-Insurance Group Guaranty Fund. The Fund is to be managed by a Board, of which the Public Insurance Counsel is a member.

The 79th Legislature also creates the Health Coverage Awareness and Education Program. OPIC is statutorily required to be a member of the task force charged with developing the program.

2007 The 80th Legislature passes a bill that requires OPIC and TDI to provide information on a joint website. The website is to have information regarding automobile and homeowners policies, including: rate and coverage comparisons, information on how companies use credit in determining rates, a company's financial rating, complaint ratios and any regulatory actions.

The 80th Legislature sets up an advisory committee to study the feasibility of requiring health benefit plans to use ID cards and establish the standards by which health plans and providers will expand their use of up-to-date electronic data systems to accurately determine the eligibility and coverage levels of enrollees. OPIC is a statutory member of the technical advisory committee on electronic data exchange.

IV. Policymaking Structure

A. Complete the following chart providing information on your policymaking body members.

N/A, OPIC does not have a policymaking body. All policymaking decisions are made by the Public Counsel who serves as Executive Director of the agency.

V. Funding

A. Provide a brief description of your agency's funding.

The assessment authority for the Office of Public Insurance Counsel is in the Texas Insurance Code, Title 5, Subtitle A, Chapter 501, §§501.201-501.205. Agency funds are specifically assessed “(t)o defray the costs of operating the office...”. The annual assessments are 5.7 cents for each: property and casualty policy in force at the end of the year; owner and mortgage policy of title insurance written during the year for which the full basic premium is charged; and individual policy and certificate issued under a group health, accident or life policy issued during the year for which the initial premium is paid in full.

In FY 2006-2007 the agency also received additional funding in the amount of \$48,000 through an interagency contract with the Texas Department of Insurance (TDI). This interagency contract will continue in the same amount for FY 2008-2009.

The collection of the agency's assessment is handled by the Comptroller of Public Accounts. Since the agency's inception, its assessment has exceeded the funds appropriated to the agency, and those excess funds have remained in general revenue. Below is a chart comparing the total assessment funds collected on behalf of the agency with the total funds appropriated to the agency for the past few fiscal years:

Fiscal Year	Statutory Assessment Collected	Appropriation from General Revenue	TDI Interagency Contract
2004	1,789,326	1,013,533	N/A
2005	1,790,657	1,013,533	N/A
2006	1,955,480	988,096	48,000
2007	2,140,598 (to date)	1,010,465	48,000
2008	2,200,000 (estimate)	996,726	48,000
2009	2,200,000 (estimate)	996,726	48,000

B. List all riders that significantly impact your agency's budget.

N/A

C. Show your agency's expenditures by strategy.

Office of Public Insurance Counsel		
Exhibit 5: Expenditures by Strategy, Fiscal Year 2006 (Actual)		
Goal/Strategy	Total Amount	Contract Expenditures Included in Total Amount
Goal A.1.1 Participate in Rate / Rule Hearings	\$ 917,379.50	\$ 94,409.10
Goal B.1.1 Insurance Information	\$ 118,717.00	\$ 0
GRAND TOTAL:	\$ 1,036,096.50	\$ 94,409.10

D. Show your agency's objects of expense for each category of expense listed for your agency in the General Appropriations Act FY 2007-2008.

Office of Public Insurance Counsel		
Exhibit 6: Objects of Expense by Program or Function, Fiscal Year 2007 (Actual)		
Object of Expense	Rate and Rule Hearings	Insurance Information
Salaries and Wages	\$ 732,622	\$ 98,665
Other Personnel Costs	\$ 22,546	\$ 0
Professional Fees and Services	\$ 105,993	\$ 10,118
Consumable Supplies	\$ 7,874	\$ 487
Utilities	\$ 3,985	\$ 0
Travel	\$ 3,488	\$ 3,500
Rent – Building	\$ 157	\$ 0
Rent – Machine and Other	\$ 8,912	\$ 0
Other Operating Expense	\$ 52,171	\$ 4,072
Capital Expenditures	\$ 2,000	\$ 1,875
TOTAL:	\$ 939,748	\$ 118,717

E. Show your agency's sources of revenue. Include all local, state, and federal appropriations, all professional and operating fees, and all other sources of revenue collected by the agency, including taxes and fines.

Office of Public Insurance Counsel Exhibit 7: Sources of Revenue, Fiscal Year 2006 (Actual)	
Source	Amount
General Revenue Fund	\$ 988,096
Interagency Contract - Texas Department of Insurance (TDI)	\$ 48,000
TOTAL:	\$ 1,036,096

F. If you receive funds from multiple federal programs, show the types of federal funding sources.

N/A

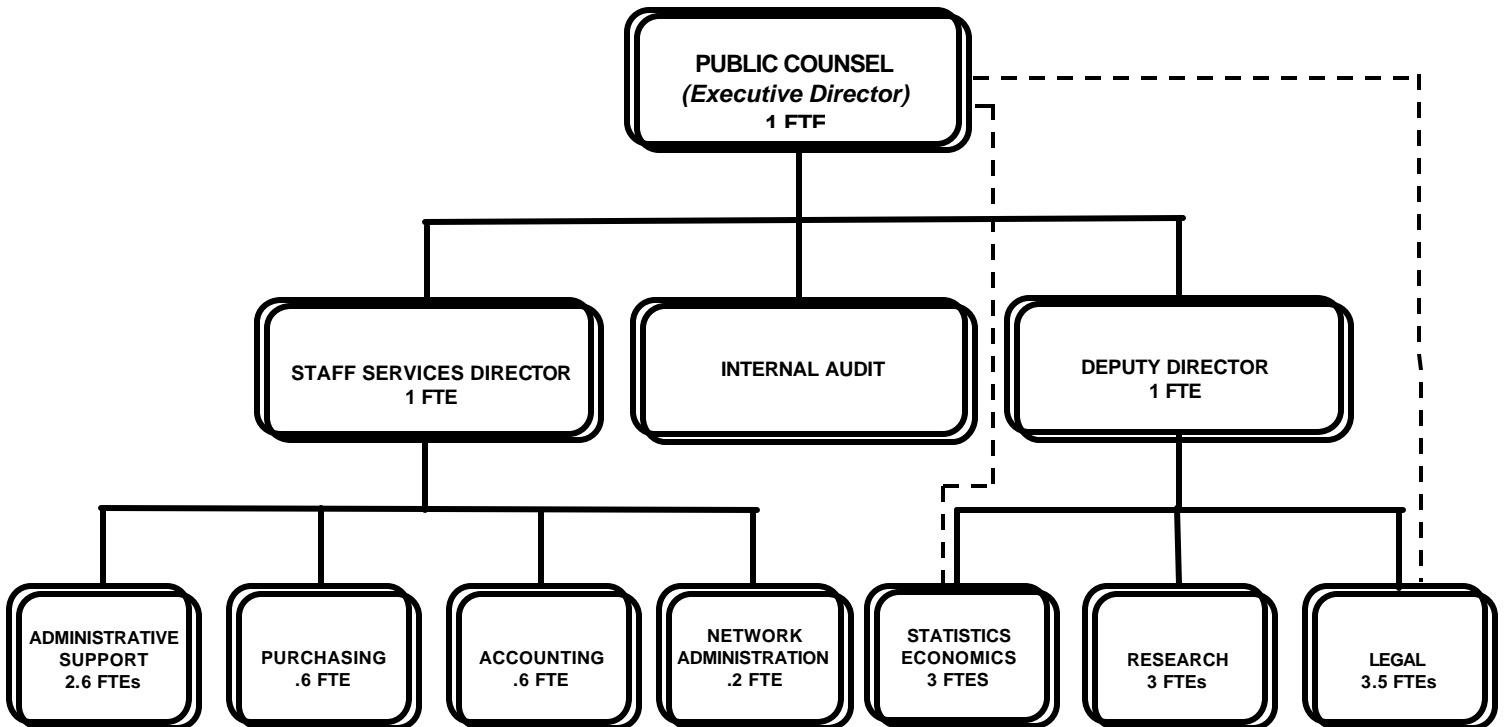
G. If applicable, provide detailed information on fees collected by your agency.

N/A

VI. Organization

A. Provide an organizational chart that includes major programs and divisions, and shows the number of FTEs in each program or division.

Office of Public Insurance Counsel Organization Chart



B. If applicable, fill in the chart below listing field or regional offices.

N/A

C. What are your agency's FTE caps for fiscal years 2006 - 2009?

Fiscal Year	FTE Cap
2006	16.5
2007	16.5
2008	16.5
2009	16.5

D. How many temporary or contract employees did your agency have as of August 31, 2006?

None

E. List each of your agency's key programs or functions, along with expenditures and FTEs by program.

Office of Public Insurance Counsel Exhibit 11: List of Program FTEs and Expenditures, Fiscal Year 2006		
Program	FTEs as of August 31, 2006	Actual Expenditures
Rate, Rule and Policy Form Hearings	12.5	\$ 917,379
Insurance Information	2.5	\$ 118,717
TOTAL:	15.0	\$ 1,036,096

VII. Guide to Agency Programs

A. Provide the following information at the beginning of each program description.

Name of Program or Function	Represent insurance consumers in rate, rule and policy form hearings
Location/Division	333 Guadalupe, Suite. 3-120, Austin, TX 78701
Contact Name	Rod Bordelon
Actual Expenditures, FY 2006	\$ 917,379
Number of FTEs as of August 31, 2006	12.5

B. What is the objective of this program or function? Describe the major activities performed under this program.

The objective of this program is to ensure fair rates and adequate rules and policy forms to protect Texas insurance consumers.

The major activities performed under this program include:

- Litigate rates before the Commissioner of Insurance and at the State Office of Administrative Hearings
- Handle appeals to district court and the court of appeals
- Review, analyze, and negotiate changes to rule proposals
- Review proposed statutory changes and make recommendations
- Review, analyze, and object to individual company rate filings and negotiate changes
- Review, analyze, and object to individual company homeowners and personal automobile policy form and endorsement filings and negotiate changes

C. What evidence can you provide that shows the effectiveness and efficiency of this program or function? Provide a summary of key statistics and performance measures that best convey the effectiveness and efficiency of this function or program.

OPIC annually reviews hundreds of rate filings and has worked successfully against rate increases proposed by the insurance industry. During the period from 2004-2007, OPIC intervened in 75 cases resulting in lower

rates for consumers and/or other policyholder benefits. These cases involved homeowners insurance, personal automobile insurance and workers compensation insurance resulting in estimated savings to consumers of \$654,404,258. In addition, OPIC participated in statewide rate cases involving the Texas Windstorm Insurance Association (TWIA), the Texas Automobile Insurance Plan Association (TAIPA), as well as title insurance and credit insurance. OPIC's participation in these cases resulted in rate decreases or reductions in proposed levels of rate increase estimated at \$196,496,863.

The agency has also worked to prevent or limit the reduction of coverage available to insurance consumers. During the period from 2004-2007, OPIC participated in 144 rulemaking proceedings, including policy form approvals, resulting in preservation of coverage or other benefits for consumers. With the approval of national forms and other optional forms for homeowners and automobile insurance, OPIC negotiated additional coverage that was not offered in initial company filings. Additionally, the agency obtained improved disclosure associated with these forms and rules prohibiting unfair discrimination. OPIC was instrumental in negotiating protections for consumers when water damage coverage was curtailed to reverse an availability and affordability crisis in the homeowners market. When hurricane damage forced homeowners out of their homes and some consumers were not reimbursed for additional living expenses, OPIC requested a market conduct investigation, resulting in additional payments to consumers and a temporary restraining order against one of the top homeowners insurance companies in the State. OPIC worked directly with insurance companies and with TDI staff to revise or remove overly restrictive language in automobile policies regarding arbitration, voidance of coverage, and selection of a repair shop. To protect health insurance consumers from payment delays that could lead to treatment delays, OPIC successfully argued to shorten the time insurance companies could take to respond to requests for verification of coverage from the initially proposed 15 days to 72 hours. In conjunction with the establishment of high deductible health plans, OPIC successfully argued for language that protected benefits and services that fall within the federal safe harbor provisions of the IRS code. OPIC was also responsible for reducing a proposed surcharge for certain policyholders living along the coast and for reducing proposed fees for a homeowners inspection program.

D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent.

Included in general agency history section.

E. Describe who or what this program or function affects. List any qualifications or eligibility requirements for persons or entities affected. Provide a statistical breakdown of persons or entities affected.

This program affects Texans who have purchased insurance and those who are shopping for insurance.

As of December 31, 2006, there were 10,241,431 personal automobile policies in the state while approximately 20% of Texas drivers remained uninsured. There were also 6,163,203 homeowners policies and 6,017,005 title insurance policies. In addition, as of March 2005, 25% of Texans or approximately 5,600,000 were without health insurance. Both current policyholders and uninsured Texans may be shopping for insurance at any point in time.

The program also affects insurance companies writing in Texas. Among the thousands of insurance company licenses in the state 1,124 are for health insurance, 911 for automobile insurance, 923 for fire/homeowners insurance, 33 for title insurance, 417 for credit insurance, and 56 for health maintenance organizations. Other Texas Department of Insurance licensees, such as insurance agents, adjusters, and third party administrators are indirectly affected.

F. Describe how your program or function is administered. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. List any field or regional services.

All aspects of the program are overseen by the Public Counsel who serves as Executive Director of the agency. Rate, rule and policy form filings are reviewed by agency personnel as assigned. The agency maintains a database to track all filings and utilizes written tracking procedures (see below) to ensure that filings are input, distributed and reviewed in a timely manner. Staff attorneys, researchers, economists, and statisticians analyze filings, research related issues and contact TDI staff and insurance company personnel as necessary. Both informal negotiations and formal comments or objections are utilized. The agency has no field or regional offices.

TRACKING PROCEDURES

1. **Front Desk:** Upon receipt, date stamp incoming Texas Department of Insurance (TDI) filings*** and Texas Registers.
2. Forward to **Legal Assistant.***
 - (a) **TDI Filings:**
 - (1) Stamp "**FILE COPY**" on each TDI Tracking System sheet.*
 - (2) Determine staff responsible and mark with initials according to the attached staff list.*
 - (b) **Texas Registers:**
 - (1) Highlight and tag information published by TDI and other relevant agencies according to attached list.
 - (2) Determine staff responsible; mark with initials according to attached staff list.
3. Return filings* and Texas Registers to **Front Desk** for copies and distribution.
 - (a) **TDI Filings:**
 - (1) Enter tracking information regarding the filing into the tracking database. For the deadline, enter the date that is 30 calendar days from the TDI received date. *
 - (2) Print the tracking sheet.*
 - (3) Make a copy of each filing*** (including the tracking sheet) for each staff member whose initials appear on the filing.*
 - (4) Distribute to appropriate staff person(s).***

(b) **Texas Registers:**

- (1) Copy tagged pages from Register, stamp "**FILE COPY**" on the front page of each item.
- (2) Enter tracking information regarding the item into the tracking database. For the deadline, enter the date that is published near the end of the item.

If a tagged item in the Texas Register is a follow up to a previously published item, **DO NOT** create a new tracked item. Instead, update the previously entered item. For example, a rule may be published for public comment and later be republished because a hearing is scheduled for the same rule or because the rule is withdrawn or adopted.

- (3) Print the tracking sheet.
- (4) Make a copy of each item (including the tracking sheet) for each staff member whose initials appear on the item.
- (5) Distribute to appropriate staff person(s) as soon as possible.

4. Forward **Texas Registers** to **Deputy Administrator**.

5. Forward **FILE COPIES** to **Administrative Assistant**.

- (a) Make labels and attach to file folders.
- (b) Place materials in appropriate file folders.
- (c) File in designated central file location.
- (d) Retrieve files as requested.
- (e) Recycle and/or relocate files as necessary and according to the Records Retention Schedule.

* Should be done on the first day the filing is received in the office

*** **MUST** be done on the first day the filing is received in the office

LIST OF AGENCIES

Texas Department of Insurance (TDI)
Division of Workers' Compensation (DWC)
Office of Injured Employee Counsel (OIEC)
Health & Human Services / Texas Health Care Information Council (THIC)
Texas Windstorm Insurance Association (TWIA)
Texas Fair Plan Association (Fair Plan)

STAFF LIST

Individual Rate Filings – KL

Industry Rate Filings – KL/DJ

Credit Scoring Filings – KL

Endorsement & Policy Form Filings – Auto (BJB,) Homeowners (TS), Health/Life (AKA), Workers Compensation (AKA, TS)

Underwriting Guideline Filings – Auto (BJB), Homeowners (TS), Health/Life (AKA), Workers Compensation (AKA, TS)

Manual Rule Filings – Auto (BJB), Homeowners (TS), Health/Life (AKA), Workers Compensation (AKA, TS)

Rule Filings – Auto (BJB), Homeowners (TS), Health/Life (AKA), Workers Compensation (AKA, TS)

TDI Rules/Texas Register – Auto (BJB), Homeowners (TS), Health/Life (AKA), Workers Compensation (AKA, TS)

Amicus Briefs – DJ

TDI Brochures – Auto (BJB), Homeowners (TS), Health/Life (AKA), Workers Compensation (AKA, TS)

G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).

The sole funding source for this program is general revenue.

The total amount appropriated for the FY 2006-2007 biennium was \$1,857,127.

H. Identify any programs, internal or external to your agency, that provide identical or similar services or functions. Describe the similarities and differences.

OPIC makes rate recommendations to the Commissioner of Insurance advocating the best interests of insurance consumers. TDI staff makes rate recommendations generally supporting decisions and positions of the Commissioner and the department.

I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.

The recommendations made by TDI staff generally provide evidence that supports previous decisions or positions of the Commissioner. OPIC's recommendations are necessary to bring into evidence new rating issues that should be considered by the commissioner. OPIC's analysis provides a specific rate recommendation that represents the lowest rate that meets rating standards in order to fully represent consumers interests. TDI staff often presents a range of rates that may be considered reasonable. Additionally, OPIC's analysis is more critical, and is necessary to counter the professional testimony, of insurance industry experts.

J. If the program or function works with local, regional, or federal units of government include a brief description of these entities and their relationship to the agency.

The Interstate Insurance Product Regulation Commission (IIPRC) is a public entity treated as an instrumentality of the Compacting Member States. The Interstate Insurance Product Regulation Compact which to date has been adopted by 30 Member States representing half of the premium volume nationwide, created the IIPRC. The Commission provides the States with a vehicle to: (1) develop uniform national product standards for life insurance, annuities, disability income and long-term care insurance products; (2) establish a central point of filing for these insurance products; and (3) review product filings and make regulatory decisions according to the uniform product standards.

The Public Insurance Counsel serves as an advisory member to the IIPRC, making recommendations on the entity's operational rules and the products that insurance companies file for IIPRC approval.

The National Association of Insurance Commissioners (NAIC) is an organization of insurance regulators from the 50 states, the District of Columbia and the five U.S. territories. The NAIC develops model laws and regulations in order to provide uniformity among states in insurance regulation. OPIC reviews, analyzes, and recommends changes to the NAIC and to state legislators and regulators regarding these models.

The Insurance Services Office (ISO) is a national insurance data clearinghouse. OPIC utilizes data from ISO for analysis of insurance issues.

K. If contracted expenditures are made through this program please provide:

- ? the amount of those expenditures in fiscal year 2006;
- ? the number of contracts accounting for those expenditures;
- ? a short summary of the general purpose of those contracts overall;
- ? the methods used to ensure accountability for funding and performance; and
- ? a short description of any current contracting problems.

Contracted expenditures made through this program in FY 2006 totaled \$94,409.10.

These expenditures were for one contract for expert witness participation in ratemaking proceedings.

Bills received for contracted work are reviewed by agency legal staff and the Public Counsel for verification of performance. Payment is made only after such verification and approval.

L. What statutory changes could be made to assist this program in performing its functions? Explain.

OPIC's right to a contested case hearing on rate filings that are deemed excessive by the Public Counsel needs to be strengthened. When the legislature changed the rating structure in the 78th Legislative session (SB 14), the new procedure omitted OPIC's absolute right to require a hearing on a filing if an agreement with the company could not be reached. In addition, an OPIC rate hearing petition, if granted, requires a hearing to be held within 30 days of the petition filing date. Since this deadline does not allow enough time to prepare a contested case, OPIC must rely on the Commissioner to disapprove a filing or set a hearing.

M. Provide any additional information needed to gain a preliminary understanding of the program or function.

None

A. Provide the following information at the beginning of each program description.

Name of Program or Function	Provide consumers with information to make informed choices
Location/Division	333 Guadalupe, Suite 3-120, Austin, TX 78701
Contact Name	Rod Bordelon
Actual Expenditures, FY 2006	118,717
Number of FTEs as of August 31, 2006	2.5

B. What is the objective of this program or function? Describe the major activities performed under this program.

The objective of this program is to provide information to insurance consumers regarding insurance coverage and markets.

The agency uses efficient means to provide information to insurance consumers about insurance coverage and the insurance marketplace and participates in public forums to obtain information in order to formulate positions advantageous to insurance consumers.

The major activities included in this program are:

- Produce and distribute annual Health Maintenance Organization (HMO) report cards
- Produce and distribute annual Guide to Texas HMO Quality
- Develop and revise consumer bills of rights
- Review and report on insurance company underwriting guidelines
- Develop comparative materials for insurance consumers
- Participate on task forces, working groups, advisory groups and other public forums
- Recommend public members to governing boards for Texas Automobile Insurance Plan Association (TAIPA) and Texas Windstorm Insurance Association (TWIA)

C. What evidence can you provide that shows the effectiveness and efficiency of this program or function? Provide a summary of key statistics and performance measures that best convey the effectiveness and efficiency of this function or program.

During the period from 2004-2007, OPIC produced HMO report cards annually comparing commercial HMOs in Texas as well as the Guide to Texas HMO Quality. OPIC also revised the homeowners and personal automobile consumer bills of rights and petitioned for adoption by TDI in 2004 and 2005. In 2007 the agency reevaluated insurance company underwriting guidelines and published the results. The agency's website which contains reports produced by the agency as well as an interactive homeowners insurance policy form comparison chart received approximately 2.8 million hits during this period. Agency personnel also represented consumer interests on various task forces, working groups, and advisory groups such as the Workers Compensation Network Informal Working Group, the Non-insurance Benefits Working Group, the Health Coverage Awareness and Education Task Force, the Disaster Planning for Consumer Groups Task Force, the Disaster Planning for Industry Groups Task Force, and the Technical Advisory Committee on Claims Processing. In addition, the Public Counsel nominated public members who were confirmed to the governing boards for both TAIPA and TWIA.

D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent.

Included in general agency history.

E. Describe who or what this program or function affects. List any qualifications or eligibility requirements for persons or entities affected. Provide a statistical breakdown of persons or entities affected.

This program affects Texans who have purchased insurance and those who are shopping for insurance.

As of December 31, 2006, there were 10,241,431 personal automobile policies in the state while approximately 20% of Texas drivers remained uninsured. There were also 6,163,203 homeowners policies and 6,017,005 title insurance policies. In addition, as of March 2005, 25% of Texans or approximately 5,600,000 were without health insurance. Both current policyholders and uninsured Texans may be shopping for insurance at any point in time.

The program also affects insurance companies writing in Texas. Among the thousands of insurance company licenses in the state 1,124 are for health insurance, 911 for automobile insurance, 923 for fire/homeowners insurance, 33 for title insurance, 417 for credit insurance, and 56 for health maintenance organizations. Other Texas Department of Insurance licensees, such as insurance agents, adjusters, and third party administrators are indirectly affected.

F. Describe how your program or function is administered. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. List any field or regional services.

All aspects of the program are overseen by the Public Counsel who serves as Executive Director of the agency.

The HMO report card and the Guide to Texas HMO Quality are produced in accordance with written procedures (see below).

DATA SOURCES/PROCESSES

TDI IRO Data (MS Excel)

Open records request to TDI IRO division for IRO Database through June 30th
Clean for CHIP, limited service, behavioral, gone HMOs, withdrawals
Analyze data, run trends etc. for review (behavioral decisions, etc.)
Update IRO language in report if changes in process have occurred.

TDI HMO Enrollment (MS Excel)

Download HMO financial data for prior year ending enrollment for use with Complaint data.
Download HMO financial data for first quarter enrollment for use in Market Share section.

TDI Complaint Data (MS Excel, SPSS)

Download last 4 quarters of data from http://www.tdi.state.tx.us/apps/perlroot/u_cp_cpicias/icis2.html

Filter each quarter by the following:

Owner = HMO

Subject of Complaints does not = ERISA

Line of Coverage = Group A&H

Advanced filter to unique complaint id and reason for complaint.

Combine for quarter files into one Excel file and SPSS file.

Calculate patient complaints and provider complaints (provider, doctors, hospitals)

Separate results to companies with enrollment above 50,000 and below.

Average complaint ratio for plans with enrollment greater than 50,000 are calculated excluding high and low values in each column.

Overall complaint ratio for plans with enrollment below 50,000 is calculated on the median.

Calculate percentages of reasons for complaints

Analyze trends for review...

Import values into template for report using Excel and Publisher.

HEDIS CAHPS survey results (SPSS, MS Excel, MS Publisher)

Receive the Texas Adult Commercial CAHPS (summary and member level files) from THCIC

From CAHPS file obtain the composite results and calculate the rating questions.

Take each member level file, import to SPSS. Use SPSS files to determine reasonability of CAHPS results and to obtain response rates (pg 2 of report).

Check reasonability of values and reasons for NA responses.

Analyze trends for review.

Calculate state averages for each question.

Import values into the template using Excel and Publisher.

Update websites, address, phone numbers

Revamp Language throughout as is necessary.

HEDIS technical measures and National Benchmarks (MS Excel, MS Publisher)

Receive the Texas Adult Commercial HEDIS and National Benchmarks from THCIC. (Excel files)

Color coat pertinent columns of data for ease of calculations.

Calculate Summary Table values by use of confidence intervals.

Calculate State Averages.

Check reasonability of values and reasons for NA responses.

Compile usable work files for creation of bar

Create bar charts (alpha and rank order)

Compile multi year state and national averages table for review.

Import charts into the template for the report using Excel and Publisher.

Manually update state and national averages in report.

Update websites, address, phone numbers

Revamp Language throughout as is necessary.

Spanish Translation: CAHPS report only

Contract with Translator to Translate portions of English report language that changed from prior year
Edit prior year's report with new data and newly translated portions
Press Release
Post on Web

Web Site

Convert reports and press releases to PDF format.
Create/update html code for posting of reports.
Post onto website.

Printing and Distribution

Letter of Notice to Legislators
Request updated Legislator list
Mail merge/print letter text onto letterhead
Mail merge/print address labels
5 copies of report to Legislative Reference Library
Fold letters, label/stuff/seal/mail letterhead envelopes
Letter of Notice to TSAE list
Purchase Request
Purchase TSAE mailing list (MS Excel) or labels
Print and photo copy letter (MS Word)
Mail merge/print labels
Fold letters, label/stuff/seal/mail letterhead envelopes
Email to TABCC Health Partners Task Force
PDF and/or links to report for internal distribution
Letter of notice to TX Public Libraries
Download Pub. Lib. Directory from TX Public Lib. Comm (MS Excel)
Combine Main and branches to one list, clean for mobile libraries, long addresses
Print and photo copy letter (MS Word)
Mail merge/print labels
Label/stuff/seal/mail flats
State Archives:
Print/bind/ship 5 reports and letters of notice
Supplies:
Letter Head Letter Envelops
Flat Envelops
Avery Labels
Laser printer paper (body)
Laser printer bond paper (covers)
Lexmark CYMK toner(s)
Lexmark CYMK photo developer(s)
Lexmark Coating roll(s)
Lexmark Transfer Belt(s)
½ inch binding spines

Agency researchers review newly enacted legislation after each legislative session to determine whether revisions to the bills of rights are necessary. If so, revised language is drafted. The agency petitions the Commissioner of Insurance for adoption of the changes and advocates for the changes on behalf of insurance consumers in a rulemaking proceeding under Department of Insurance procedures. At the direction of the Public Counsel, agency staff occasionally reviews insurance company underwriting guidelines and produces a report summarizing the guidelines. In addition, agency staff produces comparative materials necessary for consumers as determined by the Public Counsel. Agency personnel represent consumer interests on various advisory and technical groups at the direction of the Public Counsel. These activities are tracked utilizing the tracking database that is used for rate, rule, and policy form filings. However, since they originate within the agency, they are entered into the database as necessary at the direction of the Deputy Administrator.

G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).

This program is funded through two sources, general revenue and an interagency contract with TDI. General revenue funds appropriated for this program in the FY 2006-2007 biennium totaled \$141,434. Funds from the interagency contract with TDI for the same period totaled \$96,000.

H. Identify any programs, internal or external to your agency, that provide identical or similar services or functions. Describe the similarities and differences.

OPIC and the Department of Insurance provide information to insurance consumers. Any duplication has been eliminated by OPIC providing input to the department on its consumer brochures instead of producing its own consumer brochures. The consumer publications produced by OPIC are generally limited to those specified in statute, i.e. the HMO reports, consumer bills of rights, and reports on insurance companies' underwriting guidelines. In each instance OPIC is best suited to provide the information because of the agency's duty to directly represent insurance consumers. Occasionally, OPIC produces a specific publication to fill a gap in consumer knowledge such as the homeowners insurance policy form comparison chart. In this instance, consumers were in need of a tool to help them make the transition from a market in which all homeowners insurance policy forms were promulgated by the Department of Insurance to one in which insurers filed numerous forms with varying provisions. In accordance with SB 611 passed by the 80th Legislature this tool, as well as other consumer information produced by OPIC and TDI, will be included in a website produced jointly by the two agencies. TDI's approach tends to be more neutral with regard to the marketplace in general and is less directed to the specific informational needs of consumers.

OPIC and the Health and Human Services Commission have statutory authority regarding the performance of HMOs in the state. Since the initial passage of the laws requiring this reporting, in accordance with its specific mandate, OPIC has issued annual consumer report cards on Health Maintenance Organizations. After the legislature restructured the Health and Human Services Commission in 2003, OPIC entered into an agreement

with HHSC and began publishing the “Guide to Texas HMO Quality”, a technical report geared toward employers and statisticians previously published by the Texas Health Care Information Council. Since these publications directly report on consumer satisfaction with HMOs and the services consumers are receiving from HMOs, it is appropriate that the agency that directly represents insurance consumers determine the content and produce these reports. HHSC’s approach tends to be more neutral with regard to the marketplace in general and is less directed to the specific informational needs of insurance consumers.

I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency’s customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.

Any duplication with regard to consumer brochures has been eliminated by OPIC providing input to the department on its publications instead of producing its own consumer brochures. Occasionally, OPIC produces a specific publication to fill a gap in consumer knowledge such as the homeowners insurance policy form comparison chart. In this instance, consumers were in need of a tool to help them make the transition from a market in which all homeowners insurance policy forms were promulgated by the Department of Insurance to one in which insurers filed numerous forms with varying provisions. In accordance with SB 611 passed by the 80th Legislature this tool, as well as other consumer information produced by OPIC and TDI, will be included in a website produced jointly by the two agencies.

By agreement between OPIC and the Texas Health and Human Services Commission (HHSC) formerly the Texas Department of Health (TDH), OPIC issues reports on HMO quality and on consumer satisfaction with their HMOs and HHSC collects the data necessary for these reports. OPIC’s initial agreement in 1998 was with the Texas Health Care Information Council. In order to avoid duplication, OPIC agreed to produce the consumer satisfaction report while THCIC produced the more technical report on HMO quality measures. After THCIC was restructured as part of HHSC, OPIC entered into a Memorandum of Understanding with HHSC in 2004 in which the agencies agreed that OPIC would issue both reports.

J. If the program or function works with local, regional, or federal units of government include a brief description of these entities and their relationship to the agency.

The National Committee for Quality Assurance (NCQA) is a national organization that develops quality standards and performance measures for health plans and collects data on the plans’ performance with regard to those standards and measures. OPIC utilizes data from NCQA but receives the data through the Texas Department of State Health Services (DSHS) and seldom contacts NCQA directly.

The Interstate Insurance Product Regulation Commission (IIPRC) is a public entity treated as an instrumentality of the Compacting Member States. The Interstate Insurance Product Regulation Compact which to date has been adopted by 30 Member States representing half of the premium volume nationwide, created the IIPRC. The Commission provides the States with a vehicle to: (1) develop uniform national product standards for life insurance, annuities, disability income and long-term care insurance products; (2) establish a central point of filing for these insurance products; and (3) review product filings and make regulatory decisions according to the uniform product standards.

The Public Insurance Counsel serves as an advisory member to the IIPRC, making recommendations on the entity's operational rules and the products that insurance companies file for IIPRC approval.

The National Association of Insurance Commissioners (NAIC) is an organization of insurance regulators from the 50 states, the District of Columbia and the five U.S. territories. The NAIC develops model laws and regulations in order to provide uniformity among states in insurance regulation. OPIC reviews, analyzes and recommends changes to the NAIC and to state legislators and regulators regarding these models.

The Insurance Services Office (ISO) is a national insurance data clearinghouse. OPIC utilizes data from ISO for analysis of insurance issues.

K. If contracted expenditures are made through this program please provide:

- ? the amount of those expenditures in fiscal year 2006;
- ? the number of contracts accounting for those expenditures;
- ? a short summary of the general purpose of those contracts overall;
- ? the methods used to ensure accountability for funding and performance; and
- ? a short description of any current contracting problems.

There were no contracted expenditures made from this program in FY 2006.

L. What statutory changes could be made to assist this program in performing its functions? Explain.

No statutory changes are needed.

M. Provide any additional information needed to gain a preliminary understanding of the program or function.

None

N. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe:

- ? why the regulation is needed;
- ? the scope of, and procedures for, inspections or audits of regulated entities;
- ? follow-up activities conducted when non-compliance is identified;
- ? sanctions available to the agency to ensure compliance; and
- ? procedures for handling consumer/public complaints against regulated entities.

N/A

O. For each regulatory program, if applicable, provide the following complaint information. The chart headings may be changed if needed to better reflect your agency=s practices.

N/A

VIII. Statutory Authority and Recent Legislation

A. Fill in the following chart, listing citations for all state and federal statutes that grant authority to or otherwise significantly impact your agency. Do not include general state statutes that apply to all agencies, such as the Public Information Act, the Open Meetings Act, or the Administrative Procedure Act. Provide information on Attorney General opinions from FY 2003 - 2007, or earlier significant Attorney General opinions, that affect your agency's operations.

Office of Public Insurance Counsel Exhibit 13: Statutes/Attorney General Opinions	
Statutes	
Citation/Title	Authority/Impact on Agency (e.g., Provides authority to license and regulate nursing home administrators@)
Texas Insurance Code, Chapter 501	<p>Provides authority to assess the impact of insurance rates, rules, and forms on insurance consumers and to advocate positions advantageous to a substantial number of insurance consumers. Specifically, provides OPIC the authority to represent insurance consumers as a class in matters affecting rates, rules and policy forms for any line of insurance for which the commissioner or department promulgates, sets, adopts, or approves rates, rules, or forms. This includes personal automobile, residential property, title, and credit insurance. Also provides authority on rules and withdrawal of policy forms for life, health, or accident insurance.</p> <p>Provides authority for the agency to intervene in administrative or judicial matters in which consumers need representation as determined by the Public Insurance Counsel.</p> <p>Grants certain access to information and discovery rights to the Public Counsel.</p> <p>Requires the agency to produce consumer bills of rights and HMO report cards.</p> <p>Provides for an assessment on property and casualty insurers, health insurers, and title insurers to fund the operations of the agency.</p>

Texas Insurance Code, Section 38.002	Provides authority to receive underwriting guidelines for personal automobile and residential property insurance. Allows OPIC to report on the guidelines without identifying specific companies. Makes the guidelines subject to the open records law.
Texas Insurance Code, Section 38.003	Provides authority to receive underwriting guidelines for lines other than personal automobile and residential property insurance. Allows OPIC to report on the guidelines without identifying specific companies. Makes the guidelines confidential.
Texas Insurance Code, Section 524.004	Requires OPIC to serve on the task force to advise the commissioner of insurance on the health coverage public awareness and education program.
Texas Insurance Code, Section 1660.051	Requires the Public Insurance Counsel to serve on the technical advisory committee on electronic data exchange.
Texas Insurance Code, Section 2151.053	Requires OPIC to nominate 5 public members to serve on the governing board of the Texas Automobile Insurance Plan Association
Texas Insurance Code, Section 2210.102	Requires OPIC to nominate 2 public members to serve on the Texas Windstorm Insurance Association board of directors.
Texas Labor Code, Section 407.122	Requires the Public Insurance Counsel to serve on the board of directors of the Texas Certified Self-Insurer Guaranty Association.
Texas Labor Code, Section 407A.453	Requires the Public Insurance Counsel to serve on the board of directors of the Texas self-insurance group guaranty fund
Attorney General Opinions	
Attorney General Opinion No.	Impact on Agency
N/A	

B. Provide a summary of recent legislation regarding your agency by filling in the chart below or attaching information already available in an agency-developed format. Briefly summarize the key provisions. For bills that did not pass, briefly explain the key provisions and issues that resulted in failure of the bill to pass (e.g., opposition to a new fee, or high cost of implementation).

**Office of Public Insurance Counsel
Exhibit 14: 80th Legislative Session Chart**

Legislation Enacted - 80th Legislative Session

Bill Number	Author	Summary of Key Provisions
HB 472	Solomons	Updates the Third Party Administrator (TPA) statute and brings workers' compensation third party administrators (including those dealing with workers' compensation self-insurers) under department licensing. OPIC will be involved in the rulemaking process.
HB 473	Solomons	Closes a loophole which permitted insurance carriers and employers to use "voluntary networks" in which they would direct employees to specific health care providers for treatment of a workers' compensation injury. OPIC will be involved in the rulemaking process.
HB 522	Woolley	Requires the Commissioner of Insurance to appoint a technical advisory committee and adopt rules as necessary to implement a health benefit plan identification card pilot program. OPIC is statutorily required to be a member of the advisory committee.
HB 886	Giddings	Enhances the return to work pilot program for small employers instituted last session. If the Division of Workers Compensation at TDI (DWC) approves an employer's proposal for workplace modifications, DWC guarantees payment for those costs. OPIC will be involved in the rulemaking process.
HB 1847	Hancock	Defines and authorizes non-insurance benefits to be approved as part of a life, health, accident, or long-term care policies. OPIC has been involved in the issue in the past (including serving on a non-insurance benefits working group) and will be involved in the rulemaking process.
HB 1919	Todd Smith	Adds treatment of an acquired brain injury to the list of treatments health plans must cover. Requires parity with other coverage regarding various policy terms, including deductibles, co-payments, and coinsurance factors. OPIC will be involved in the rulemaking process
HB 2251	Taylor	Requires mandatory disclosure language for advertisements related to Medicare coverage and guaranteed renewable accident and health insurance coverage. Exempts certain advertisements from TDI approval. OPIC has been involved in the issue in the past (including participating in TDI Advertising Working Groups on this issue) and will be involved in the rulemaking process.
HB 2252 Companion SB 808 by Williams	Taylor	Authorizes health plans to disclose health and wellness benefits to the public. Authorizes individual health plans to offer financial incentives to encourage or reward behavior under health promotion programs. OPIC has been involved in the issue in the past and will be involved in the rulemaking process.
HB 2467	Solomons	Authorizes modifications to small and large employer plans. Modification can only occur at time of renewal and must be uniformly effective among all small and large employers covered by the health plan. OPIC may object to proposed modifications.

HB 2551	Todd Smith	Unifies two differing statutes relating to the refund of rates deemed by the Commissioner to be excessive or unfairly discriminatory. Requires the period for the refund and interest to begin on the date TDI first provides the company with formal written notice that the rate is excessive or unfairly discriminatory, and interest continues to accrue until the refund is paid. The interest is the lesser of 18 percent or the prime rate plus 6 percent. Stipulates that a company is not required to pay any interest penalty if they prevail in an appeal of the order. Prohibits a company from claiming a premium tax credit unless they comply with the refund and interest provisions of this bill.
HB 2761	Eiland	Based on the NAIC Suitability in Annuity Transactions Model Regulation, this bill establishes standards and procedures regarding the recommendation of annuity products by an agent to a consumer. OPIC will be involved in the rulemaking process.
HB 2762	Eiland	Based on the NAIC Life Insurance and Annuities Replacement Model Regulation, this bill regulates the activities of insurers and agents and establishes minimum standards of conduct with respect to the replacement of existing life insurance and annuities. Imposes notice requirements and duties upon agents and insurers where an insured has an existing life policy. OPIC has been involved in the issue in the past and will be involved in the rulemaking process.
HB 3358	Smithee	If a company files a petition for a judicial review of an order disapproving a rate, this bill requires that company to use their rates in effect and prohibits that company from charging higher rates without prior approval from the Commissioner until the matter subject to review is resolved.
SB 382 Companion HB 1246 by Taylor	Carona	This bill amends the current statute regarding refunded unearned premium for credit insurance. The bill requires a notice to be sent to the insurer by the lender no later than 60 days after the termination date of the insurance. Upon receipt of the notice, the insurer is required to promptly refund any amount of unearned premium no later than 30 days after receipt of the notice. OPIC will be involved in any rulemaking regarding the notice requirements
SB 471 Companion HB 1914 by Eiland	Brimer	Deletes current reporting requirement regarding workers compensation claims and gives the Commissioner of Insurance the authority to prescribe what information is required to be reported on each claim. OPIC will be involved in the rulemaking process.
SB 611 Companion HB 3312 by Martinez	Lucio	Requires OPIC and TDI to work together to create an informational website (separate from either entity) that would provide information for consumers on homeowners and personal automobile policies for the top 25 insurance groups, such as: comparing policy coverages, credit scoring models, rates, discounts offered by the insurer, insurer's AM best rating, insurer's complaint ratio, market share, profits and losses, average loss ratio and other information. If feasible, a side by side comparison of credit scoring models should also be included. OPIC will produce comparative information for the website and will ensure the information is adequate and useful for consumers.

SB 1153 Companion HB 2996 by Deshotel	Carona	Provides for the issuance of title insurance for personal property. Requires the Commissioner of Insurance to adopt policy forms and hold a rate hearing. OPIC will be a party to the rate hearing and will negotiate consumer protections in rates and policy forms.
SB 1253 Companion HB 1848 by Hancock	Averitt	Gives TDI more flexibility to conduct market conduct examinations as necessary. OPIC will be involved in the rulemaking process.
SB 1255	Averitt	Authorizes both large and small employers to participate within the same health cooperative. The bill also clarifies that membership in such a cooperative may be restricted to employers within a single industry. OPIC will be involved in any rules resulting from this legislation.
SB 1263 Companion HB 2771 by Eiland	Brimer	Creates a license for a “personal lines property and casualty agent” and a license for a life only agent. OPIC will be involved in the rulemaking process.

Legislation Not Passed - 80th Legislative Session		
Bill Number	Author	Summary of Key Provisions/Reason the Bill Did Not Pass
HB 115	Farrar	Revises the way insurers set rates for non-wind and hail coverage in coastal counties. Would have affected OPIC’s review of these rate filings. This bill was heard in the House Insurance Committee but was not voted out.
HB 635	Eiland	Restructures the TWIA funding mechanism by allowing TWIA to issue bonds in additions to using the Catastrophe Reserve Trust Fund (CRTF) to pay for claims in the event of a hurricane. OPIC would have been involved in negotiating rate filings and participating in any hearings set by the Commissioner. Any hearing would be at the Commissioner’s discretion. This bill was never heard in committee because HB 2690 by Smithee was going to be the House’s vehicle for restructuring TWIA.
HB 756	Dutton	Requires the Governor to appoint a Commission for Affordable and Accessible Health Benefit Plan Coverage. OPIC would have served on this commission. This bill died in the House Government Reform Committee.
HB 1600 Companion SB 730 by Carona	Thompson	Requires TDI to conduct a study on providing increased or unlimited maximum lifetime benefit limits for hemophilia-related services, supplies, pharmaceuticals, and biologics and report the findings to the Governor, the Lieutenant Governor and Legislature no later than September 2008. Requires TDI to consult health plans, providers and OPIC. This bill was voted out of the House Insurance Committee but was never placed on a House Calendar.

HB 1777	Thompson	Limits the Commissioner's authority to allow for a differential greater than the statutory 15% between homeowners and auto rating territories within a county to instances where the differential is justified by a weather-related factor and supported actuarially. OPIC would have been involved in any rulemaking and review of actuarial support. This bill was heard in the House Insurance Committee but was not voted out.
HB 1865	Eiland	Restructures the Board of Directors for Texas Windstorm Insurance Association (TWIA) but maintains OPIC's authority to nominate public members to the board. Restructures the funding mechanism by allowing TWIA to issue bonds in addition to using the Catastrophe Reserve Trust Fund (CRTF) to pay for claims in the event of a hurricane. Requires catastrophe models to be used in setting rates. Currently authorized credits against premium taxes would have been replaced by a statewide premium surcharge. Could have affected OPIC's rate recommendations for TWIA. This bill was never heard in committee because HB 2690 by Smithee was going to be the House's vehicle for restructuring TWIA.
HB 2065	Geren	<p>This bill requires each personal lines property and casualty (P&C) company currently subject to rate regulation to file their rates every two years. If the rate is excessive, the TDI is required to issue an order prior to holding a hearing and requires the insurer to refund the difference in overcharged premium plus interest (prime rate for the calendar year in which the refund is issued, plus 6%) to each policyholder.</p> <p>Requires an insurer who writes personal lines P&C to notify its policyholders of their rights under the Fair Credit Reporting Act twice a year, including how to request a consumer report. This bill was heard in the House Insurance Committee but was not voted out.</p>
HB 2329 Companion SB 1355 by Carona	Todd Smith	<p>Requires TDI to develop annual PPO and HMO report cards containing specific scores set out in the statute: Premium to Direct Patient Care Score, Network Adequacy Score, Claims Paid Score, Allowable Cap Score, Expected Profit Score, Number of covered persons, Total dollar premiums earned, Number of justified complaints. Requires the report cards to be available to public on website, provided to members of health and insurance committees of the legislature, and provided to public libraries. Requires HMO report card to permit direct comparison of HMO plans and direct comparison of PPO Plans.</p> <p>Requires the HMO report card to be developed and disseminated in consultation with OPIC and with OPIC current report card. Entitles OPIC to information reported by HMOs under this subchapter.</p> <p>This bill was set on the House calendar but never brought up. The companion, SB 1355 by Carona, was never voted out of committee. As written, the bill did not provide TDI the authority to collect PPO data needed to develop the PPO report card.</p>

HB 2570	Thompson	This bill authorizes a company to use a conviction for misdemeanor traffic violations for surcharging or rating auto policies and prohibits a company from applying a surcharge or otherwise raising the premiums for insureds that do not have a conviction for misdemeanor traffic violations. Could have affected OPIC's review of rate filings. This bill was heard in the House Insurance Committee but was not voted out.
HB 2960	Smithee	Restructures the Board of Directors for Texas Windstorm Insurance Association (TWIA) and removes OPIC's authority to nominate public members to the board. Restructures the funding mechanism by allowing TWIA to issue bonds in addition to using the Catastrophe Reserve Trust Fund (CRTF) to pay for claims in the event of a hurricane. Changes TWIA rates to a file and use system. Requires catastrophe models to be used in setting rates. Requires TDI to develop an incentive plan. This bill was voted out of the House and the Senate voted it out with changes (including removing the requirement that catastrophe models be used in rate making). OPIC would have been involved in negotiating rate filings and as a party to any hearing set by the Commissioner. Any hearings would be at the discretion of the Commissioner. Could have affected OPIC's rate recommendations for TWIA. The bill died in Conference Committee because of disagreement about the use of catastrophe models.
HB 3175	Vo	Requires each personal lines property and casualty (P&C) company currently subject to rate regulation to file their rates every two years. If the rate is excessive, TDI is required to issue an order prior to holding a hearing and requires the insurer to refund the difference in overcharged premium plus interest (prime rate for the calendar year in which the refund is issued, plus 6%) to each policyholder. This bill placed on the agenda for the House Insurance Committee but was removed prior to the meeting.
SB 23	Nelson	Modifies the Health Coverage Awareness Task Force that was created during the 79th Legislative Session and renames it the TexLINK Health Coverage Program. The program is responsible for promoting public awareness about health coverage issues through various means. OPIC is a statutory member of this task force. Amends small employer health benefit plans with regard to coverage and marketing. OPIC would have been involved in rulemaking. House refused to confer with the Conference Committee report because all of the House's amendments were removed in the Senate.

SB 1155	Fraser	Restructures the Board of Directors for Texas Windstorm Insurance Association (TWIA) and removes OPIC's authority to nominate public members to the board. This bill also restructures the funding mechanism by allowing TWIA to issue bonds in addition to using the Catastrophe Reserve Trust Fund (CRTF) to pay for claims in the event of a hurricane. Establishes modified file and use system for TWIA rates. Authorizes catastrophe models to be used in setting rates if their use does increase rates more than 5% per calendar year. Includes an incentive plan requiring companies to write the same percentage of business on the coast as they write statewide or pay a penalty. OPIC would have been involved in negotiating rate filings and as a party to any hearing set by the Commissioner. Any hearings would be at the discretion of the Commissioner. Could have affected OPIC's rate recommendations for TWIA. This bill was never heard in committee because the Senate was deferring to the House bill - HB 2690 by Smithee.
SB 1473	Jackson	Restructures the Board of Directors for Texas Windstorm Insurance Association (TWIA) and removes OPIC's authority to nominate public members to the board. This bill also restructures the funding mechanism by allowing TWIA to issue bonds in addition to using the Catastrophe Reserve Trust Fund (CRTF) to pay for claims in the event of a hurricane. Includes an incentive plan requiring companies to write the same percentage of business on the coast as they write statewide or pay a penalty. OPIC would have been involved in rulemaking. This bill was never heard in committee because the Senate was deferring to the House bill - HB 2690 by Smithee.

IX. Policy Issues

A. Brief Description of Issue

OPIC's right to a contested case hearing on rate filings that are deemed excessive by the Public Counsel needs to be strengthened.

B. Discussion

When the legislature changed the rating structure in the 78th Legislative session (SB 14), the new procedure omitted OPIC's absolute right to require a hearing on a filing if an agreement with the company could not be reached. In addition, an OPIC rate hearing petition, if granted, requires a hearing to be held within 30 days of the petition filing date. Since this deadline does not allow enough time to prepare a contested case, OPIC must simply rely on the Commissioner to disapprove a filing or set a hearing.

C. Possible Solutions and Impact

Remove the 30-day deadline to hold a hearing after OPIC objects to a filing and requests a hearing. This will improve OPIC's negotiating position with the insurance companies, especially if combined with removing TDI staff from contested case hearings (see below).

A. Brief Description of Issue

TDI staff is statutorily a party to contested rate cases. The staff recommendations tend to be somewhat neutral in nature and therefore undermine the process of litigation between opposing parties. In addition, the resources needed to present a case before State Office of Administrative Hearings (SOAH) serves as a disincentive for TDI to grant a request from OPIC to hold a hearing on a filing.

B. Discussion

Prior to 1997 TDI staff was excluded from contested rate cases at SOAH. The commissioner urged the 1997 changes to authorize staff to appear as a party to provide evidence the commissioner found necessary and not offered by other parties. The statute, however, provides no such limitation. Staff's participation is generally limited to providing evidence of a range of reasonable rates and defending prior decisions of the commissioner. As the representatives of the commissioner their participation undermines the more consumer oriented evidence presented by OPIC. SOAH judges defer to the regulator over other parties.

C. Possible Solutions and Impact

Eliminate TDI staff as a party in contested rate cases at SOAH. If TDI staff had no party status, SOAH judges would freely judge between all competing evidence and TDI staff would be better able to advise the commissioner.

A. Brief Description of Issue

OPIC is not consistently updated on communications between TDI and the company after the initial filing of a rate or a policy form.

B. Discussion

Because the law addresses OPIC's authority to review and object to insurance company rate and form filings, TDI generally makes a copy of each filing available to OPIC. OPIC successfully negotiated a process to be included by the intake unit at TDI as a recipient of such filings. However, once the filing is assigned to the reviewer at TDI, there is less certainty about OPIC's ability to follow the filing's progress. In spite of cooperative efforts between the two agencies, individual reviewers may or may not inform OPIC if the department and the company exchange communications regarding proposed changes to the filing.

C. Possible Solutions and Impact

Require TDI to notify OPIC if substantive changes to a filing are proposed. The requirement should include a reasonable period, such as 10 days, for OPIC to review and respond to the proposed changes.

A. Brief Description of Issue

Title insurance rates are set uniformly for all companies selling this line of insurance in the state.

B. Discussion

Because there is only one uniform rate for all title policies in Texas consumers have no ability to impact the rates charged by choosing between competing title companies. Title companies compete for business by marketing to real estate producers, including realtors, developers, and mortgage companies. This marketing adds to the cost of insurance with no off-setting price competition--a concept referred to as reverse competition.

C. Possible Solutions and Impact

Establish a competitive rating system with OPIC and TDI oversight similar to the file and use system currently in effect for automobile and homeowners insurance.

X. Other Contacts

A. Fill in the following chart with updated information on people with an interest in your agency, and be sure to include the most recent e-mail address.

Office of Public Insurance Counsel Exhibit 15: Contacts			
INTEREST GROUPS (groups affected by agency actions or that represent others served by or affected by agency actions)			
Group or Association Name/ Contact Person	Address	Telephone	E-mail Address
Texas Watch Alex Winslow	1300 Guadalupe, Suite 108 Austin, Texas 78701	(512) 381-1111	nawinslow@texaswatch.org
American Association of Retired Persons	98 San Jacinto Blvd., Suite 750 Austin, Texas 787801	(512) 480-9797	txaarp@aarp.org
Texas Windstorm Insurance Association Jim Oliver	5700 S. Mopac Expressway Bldg. E, Suite 530 Austin, Texas 78749	(512) 899-4900	joliver@twia.org
Texas Fair Plan Association Jim Oliver	5700 S. Mopac Expressway Bldg. E, Suite 530 Austin, Texas 78749	(512) 899-4900	joliver@twia.org
Texas Automobile Insurance Plan Association Cathleen Beavers Margaret Alsobrook	4301 Westbank Drive, Suite 200 Austin, Texas 78746	(512) 444-4441 Ext. 7250 Ext. 7252	custsvc@taipa.org
American Insurance Association Ron Cobb	500 West 13 th Street Austin, Texas 78701	(512) 791-3022	Unknown
Texas Association of Health Plans Jared Wolfe	720 Brazos, Suite 1004 Austin, Texas 78701	(512) 476-2091	jwolfe@tahp.org
Texas Hospital Association Starr West	6225 East Hwy. 290 Austin, Texas 78723	(512) 465-1042	swest@tha.org
Texas Medical Association Teresa Devine	401 West 15 th Street Austin, Texas 78701	(512) 370-1300	teresa.devine@texmed.org
Association of Fire and Casualty Companies in Texas Jay Thompson	P.O. Box 9728 Austin, Texas 78766	(512) 703-5060	jthompson@thompsoncoe.com
Independent Insurance Agents of Texas Lee Loftus	P.O. Box 684487 Austin, Texas 78768	(512) 476-6281	info@iat.org
Insurance Council of Texas Rick Gentry	2801 S. IH-35 Austin, Texas 78741	(512) 326-7600	rgentry@insurancecouncil.org

Texas Association of Life and Health Insurers Mike Pollard	720 Brazos, Suite 1006 Austin, Texas 78701	(512) 472-6886	info@talhi.com
Texas Association of Business Cathy DeWitt	1209 Nueces Street Austin, Texas 78701	(512) 477-6721 Ext. 118	cdewitt@txbiz.org
Texas Coalition for Affordable Insurance Solutions Beaman Floyd	500 West 13 th Street Austin, Texas 78701	(512) 477-7382	bfloyd@tcais.org
Property Casualty Insurers Association of America Joe Woods	701 Brazos Street, Suite 500 Austin, Texas 78701	(512) 334-6638	joe.woods@pciaa.net
Southwestern Insurance Information Service Jerry F. Johns	8303 N. Mopac, Suite B-231	(512) 795-8214	siisjfj@aol.com
Surplus Lines Stamping Office of Texas Philip R. Ballinger	805 Las Cimas Parkway, Suite 150 Austin, Texas 78759	(512) 795-8214	pballinger@slosot.org
Texas Land Title Association No specific contact	1717 West 6 th Street, Suite 120 Austin, Texas 78703	(512) 472-6593	tlta@tlta.com
Texas Mutual Insurance Company Jo Betsy Norton	6210 East Hwy. 290 Austin, Texas 78723	(512) 224-3800	information@texasmutual.com

INTERAGENCY, STATE, OR NATIONAL ASSOCIATIONS
(that serve as an information clearinghouse or regularly interact with your agency)

Group or Association Name/ Contact Person	Address	Telephone	Email Address
Interstate Insurance Product Regulation Commission Francis Arricale	444 North Capitol Street Hall of States, Suite 701 Washington, DC 20001	(202) 471-3962	farricale@insurancecompact.org
National Association of Insurance Commissioners (no specific contact)	2301 McGee Street, Suite 800 Kansas City, Missouri 64108	(816) 842-3600	unknown
Insurance Services Office Ken Hill	2828 Trinity Mills Road, Suite 150 Carrollton, Texas 75006	(214) 390-1975	khill@iso.com
Texas Insurance Checking Office Terry Porter	2801 S. IH-35 Austin, Texas 78741	(512) 444-9662	tporter@ticostat.com
Texas Surplus Lines Association Jean Patterson	P.O. Box 10288 Austin, Texas 78766	(512) 343-9058	jptsla@tsla.org
Texas Windstorm Insurance Association Jim Oliver	5700 S. Mopac Expressway Bldg. E, Suite 530 Austin, Texas 78749	(512) 899-4900	joliver@twia.org
Texas Fair Plan Association Jim Oliver	5700 S. Mopac Expressway Bldg. E, Suite 530 Austin, Texas 78749	(512) 899-4900	joliver@twia.org
Texas Automobile Insurance Plan Association Cathleen Beavers Margaret Alsobrook	4301 Westbank Drive, Suite 200 Austin, Texas 78746	(512) 444-4441 Ext. 7250 Ext. 7252	custsvc@taipa.org

Texas Medical Liability Insurance Underwriting Association Will Davis	Centennial Tower, Suite 160 505 East Huntland Drive Austin, Texas 78752	(512) 478-5671	wddavis@sbcglobal.com
National Council on Compensation Insurance No specific contact	901 Peninsula Corporate Circle Boca Raton, Florida 33487	(561) 893-1000	modmail@ncci.com
LIAISONS AT OTHER STATE AGENCIES (with which your agency maintains an ongoing relationship, e.g., the agency's assigned analyst at the Legislative Budget Board, or attorney at the Attorney General's office)			
Agency Name/Relationship/ Contact Person	Address	Telephone	E-mail Address
Legislative Budget Board Sarah Keyton, Analyst (Budget) Thomas Galvan, Analyst (Measures)	1501 N. Congress Avenue, 5 th Floor Robert E. Johnson Bldg. Austin, Texas 78701	(512) 463-1200	sarah.davidson@lbb.state.tx.us thomas.galvan@lbb.state.tx.us
Governor's Office of Budget, Planning and Policy Cassie Brown, Governor's Advisor	P.O. Box 12428 Austin, Texas 78711	(512) 936-7571	cassie.brown@governor.state.tx.us
Comptroller of Public Accounts Laurie Lutz, Appropriations Control Officer (ACO)	111 E. 17 th Street, 9 th Floor Austin, Texas 78701	(512) 475-4751	laurie.lutz@cpa.state.tx.us
Texas Health Care Information Collection (division of Texas Health and Human Services Commission) Sylvia Cook	1100 West 49 th Street, M-660 Austin, Texas 78756	(512) 458-7111 Ext. 6438	sylvia.cook@dshs.state.tx.us
Texas Department of Insurance Mike Geeslin, Commissioner of Insurance	P.O. Box 149104 Austin, Texas 78714	(512) 463-6468	mike.geeslin@tdi.state.tx.us
Texas Department of Insurance C.H. Mah, Senior Associate Commissioner, Property & Casualty	P.O. Box 149104 Austin, Texas 78714	(512) 322-3587	c.h.mah@tdi.state.tx.us
Texas Department of Insurance Marilyn Hamilton, Associate Commissioner, Property & Casualty	P.O. Box 149104 Austin, Texas 78714	(512) 322-2265	marilyn.hamilton@tdi.state.tx.us
Texas Department of Insurance Amy Lee, Director, Worker's Comp Research and Evaluation Group	P.O. Box 149104 Austin, Texas 78714	(512) 322-3461	amy.lee@tdi.state.tx.us
Texas Department of Insurance Jennifer Ahrens, Senior Associate Commissioner, Life Health and Licensing	P.O. Box 149104 Austin, Texas 78714	(512) 305-7342	Jennifer.ahrens@tdi.state.tx.us

XI. Additional Information

A. Fill in the following chart detailing information on complaints regarding your agency. Do not include complaints received against people or entities you regulate. The chart headings may be changed if needed to better reflect your agency's practices.

N/A

B. Fill in the following chart detailing your agency's Historically Underutilized Business (HUB) purchases.

Office of Public Insurance Counsel Exhibit 17: Purchases from HUB's				
FISCAL YEAR 2004				
Category	Total \$ Spent	Total HUB \$ Spent	Percent	Statewide Goal
Heavy Construction	\$ 0	\$ 0	0.0%	11.9%
Building Construction	\$ 0	\$ 0	0.0%	26.1%
Special Trade	\$ 0	\$ 0	0.0%	57.2%
Professional Services	\$ 468	\$ 468	100%	20.0%
Other Services	\$ 38,384	\$ 21,177	55.1%	33.0%
Commodities	\$ 27,867	\$ 17,004	61.0%	12.6%
TOTAL	\$ 66,719	\$ 38,650	57.9%	

FISCAL YEAR 2005				
Category	Total \$ Spent	Total HUB \$ Spent	Percent	Statewide Goal
Heavy Construction	\$ 0	\$ 0	0.0%	11.9%
Building Construction	\$ 0	\$ 0	0.0%	26.1%
Special Trade	\$ 0	\$ 0	0.0%	57.2%
Professional Services	\$ 0	\$ 0	0.0%	20.0%
Other Services	\$ 35,120	\$ 10,443	29.7%	33.0%
Commodities	\$ 24,202	\$ 10,411	43.0%	12.6%
TOTAL	\$ 59,323	\$ 20,854	35.1%	

FISCAL YEAR 2006				
Category	Total \$ Spent	Total HUB \$ Spent	Percent	Statewide Goal
Heavy Construction	\$ 0	\$ 0	0.0%	11.9%
Building Construction	\$ 0	\$ 0	0.0%	26.1%
Special Trade	\$ 0	\$ 0	0.0%	57.2%
Professional Services	\$ 0	\$ 0	0.0%	20.0%
Other Services	\$ 22,963	\$ 7,866	34.2%	33.0%
Commodities	\$ 16,770	\$ 2,555	15.2%	12.6%
TOTAL	\$ 39,733	\$ 10,422	26.2%	

C. Does your agency have a HUB policy? How does your agency address performance shortfalls related to the policy?

The Office of Public Insurance Counsel's HUB policy is incorporated into its purchasing policies and procedures. The agency is committed to minority business enterprise participation in all acquisitions. However, not all expenditures are available for competitive bidding. Many required purchases are for books and on-line services that can only be purchased directly from a sole proprietor (such as West Publishing) thereby eliminating competition. OPIC makes every effort to award non-proprietary purchasing contracts, such as printing and miscellaneous computer supply orders, to price-competitive minority vendors whenever appropriate. The agency consistently meets, or exceeds, the statewide goals for HUB purchases in both the Other Services and Commodities categories.

HUB vendors are used for Professional Services whenever possible. However, the need for these services is mostly limited to professional actuaries and economists hired as expert witnesses for ratemaking and rulemaking proceedings. Because of the nature of many of these insurance issues, specialized knowledge and expertise is required as well as the experience and background necessary to be recognized as a qualified expert within the meaning of the Rules of Evidence and recent court decisions. There are a limited number of people that meet these criteria.

The Heavy Construction, Building Construction, and Special Trade categories are not applicable to the agency's operations.

D. For agencies with contracts valued at \$100,000 or more: Does your agency follow a HUB subcontracting plan to solicit bids, proposals, offers, or other applicable expressions of interest for subcontracting opportunities available for contracts of \$100,000 or more? (Tex. Government Code, Sec. 2161.252; TAC 111.14)

N/A

E. For agencies with biennial appropriations exceeding \$10 million, answer the following HUB questions.

N/A

F. Fill in the chart below detailing your agency's Equal Employment Opportunity (EEO) statistics.

Office of Public Insurance Counsel Exhibit 18: Equal Employment Opportunity Statistics							
FISCAL YEAR 2004							
Job Category	Total Positions	Minority Workforce Percentages					
		Black		Hispanic		Female	
		Agency	Civilian Labor Force %	Agency	Civilian Labor Force %	Agency	Civilian Labor Force %
Officials/Administration	1	0%	7%	100%	11%	0%	31%
Professional	6	0%	9%	16.66%	10%	66.66%	47%
Technical	-	-	14%	-	18%	-	39%
Protective Services	-	-	18%	-	21%	-	21%
Para-Professionals	7	0%	18%	28.57%	31%	85.71%	56%
Administrative Support	2	0%	19%	100.00%	27%	100%	80%
Skilled Craft	-	-	10%	-	28%	-	10%
Service/Maintenance	-	-	18%	-	44%	-	26%

FISCAL YEAR 2005							
Job Category	Total Positions	Minority Workforce Percentages					
		Black		Hispanic		Female	
		Agency	Civilian Labor Force %	Agency	Civilian Labor Force %	Agency	Civilian Labor Force %
Officials/Administration	1	0%	7%	100%	11%	0%	31%
Professional	5	0%	9%	20.00%	10%	60.00%	47%
Technical	-	-	14%	-	18%	-	39%
Protective Services	-	-	18%	-	21%	-	21%
Para-Professionals	7	0%	18%	28.57%	31%	85.71%	56%
Administrative Support	2	0%	19%	100%	27%	100%	80%
Skilled Craft	-	-	10%	-	28%	-	10%
Service/Maintenance	-	-	18%	-	44%	-	26%

FISCAL YEAR 2006							
Job Category	Total Positions	Minority Workforce Percentages					
		Black		Hispanic		Female	
		Agency	Civilian Labor Force %	Agency	Civilian Labor Force %	Agency	Civilian Labor Force %
Officials/Administration	1	0%	7%	100%	11%	0%	31%
Professional	7	0%	9%	14.28%	10%	57.14%	47%
Technical	-	-	14%	-	18%	-	39%
Protective Services	-	-	18%	-	21%	-	21%
Para-Professionals	7	0%	18%	28.57%	31%	85.71%	56%
Administrative Support	2	0%	19%	100%	27%	100%	80%
Skilled Craft	-	-	10%	-	28%	-	10%
Service/Maintenance	-	-	18%	-	44%	-	26%

G. Does your agency have an equal employment opportunity policy? How does your agency address performance shortfalls related to the policy?

OPIC fully recognizes the importance of maintaining a staff with diverse ethnic backgrounds and adheres to an Equal Employment Opportunity (EEO) policy requiring full compliance with non-discrimination guidelines as set out by state and federal laws and regulations. In 2006, agency EEO related personnel policies and procedural systems were reviewed by the Texas Workforce Commission, Human Rights Division and certified as being in compliance.

Currently, the agency's staff is comprised of two-thirds female and one-third male, with 47% of the staff being minorities. Any shortfalls in performance related to the agency's EEO policy are mostly due to the small size of the agency, limiting the available number of positions in each job category, and the agency's very low turnover rate.

XII. Agency Comments

Provide any additional information needed to gain a preliminary understanding of your agency.

None