

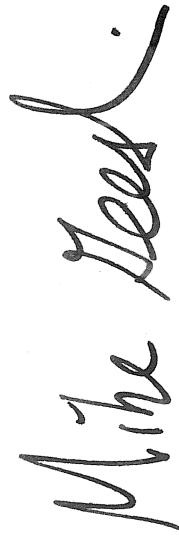
Request for

Legislative Appropriations

For Fiscal Years 2010 and 2011

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

Texas Department of Insurance



Mike Geeslin, Commissioner of Insurance

August 27, 2008

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TEXAS DEPARTMENT OF INSURANCE
 REQUEST FOR LEGISLATIVE APPROPRIATIONS
 FISCAL YEARS 2010 AND 2011

ADMINISTRATOR'S STATEMENT.....	1
ORGANIZATIONAL CHART.....	1.A.
SUMMARIES OF REQUEST.....	2
Summary of Base Request by Strategy.....	2.A.
Summary of Base Request by Method of Finance.....	2.B.
Summary of Base Request by Object of Expense.....	2.C.
Summary of Base Request by Objective Outcomes.....	2.D.
Summary of Exceptional Items Requests.....	2.E.
Summary of Total Request by Strategy.....	2.F.
Summary of Total Request Objective Outcomes.....	2.G.
STRATEGY REQUESTS.....	3
1-01-01 Analyze Market Data and Provide Information.....	3.A.
1-01-02 Process Rates, Forms, and Licenses.....	3.A.
1-01-03 Create Incentives and Requirements for Coverage in Underserved Markets.....	3.A.
1-02-01 Respond Promptly to and Act on Complaints.....	3.A.
1-02-02 Investigate Trade Practices and Enforcement as Needed.....	3.A.
1-02-03 Investigate Potential Insurer Fraud and Initiate Legal Action.....	3.A.
1-02-04 Texas Online, Estimate and Nontransferable.....	3.A.
2-01-01 Analyze the Financial Condition of Insurers and Take Solvency Action.....	3.A.
3-01-01 Inspect Loss Control and Assure Code and Schedule Compliance.....	3.A.

TEXAS DEPARTMENT OF INSURANCE
 REQUEST FOR LEGISLATIVE APPROPRIATIONS
 FISCAL YEARS 2010 AND 2011

STRATEGY REQUESTS (continued)

3-01-02	Investigate Provider/Consumer Fraud and Refer Violations for Prosecutions.....	3.A.
3-01-03	Investigate Workers' Compensation Insurance Fraud.....	3.A.
4-01-01	Provide Fire Prevention through Education and Enforcement of Regulations.....	3.A.
5-01-01	Provide Health and Safety Services in Texas Workplaces.....	3.A.
5-02-01	Provide Education on Disability Management and Return-to-Work Programs.....	3.A.
6-01-01	Ensure Appropriate Utilization of Medical Services.....	3.A.
6-02-01	Monitor Stakeholder Activity and Take Enforcement Action.....	3.A.
6-03-01	Develop and Implement Processes.....	3.A.
6-04-01	Certify and Regulate Private Employers that Qualify to Self-Insure.....	3.A.
6-05-01	Minimize and Resolve Indemnity and Medical Disputes.....	3.A.
6-06-01	Subsequent Injury Fund Administration.....	3.A.
7-01-01	Central Administration.....	3.A.
7-01-02	Information Resources.....	3.A.
7-01-03	Other Support Services.....	3.A.
8-01-01	Long Term Care Insurance Partnership.....	3.A.
9-01-01	Three-Share Premium Assistance Programs.....	3.A.

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

EXCEPTIONAL ITEM REQUEST..... 4

Exceptional Item Request Schedule.....	4.A.
Exceptional Items Strategy Allocation Schedule.....	4.B.
Exceptional Items Strategy Request.....	4.C.

TEXAS DEPARTMENT OF INSURANCE
 REQUEST FOR LEGISLATIVE APPROPRIATIONS
 FISCAL YEARS 2010 AND 2011

CAPITAL BUDGET.....	5
Capital Budget Project Schedule.....	5.A.
Capital Budget Project Information.....	5.B.
Capital Budget Allocation to Strategies (Baseline).....	5.C.
Capital Budget MOF by Strategy.....	5.E.
Capital Budget Project Schedule – Exceptional.....	5.F.
Capital Budget Allocation to Strategies by Project – Exceptional.....	5.G.
 SUPPORTING SCHEDULES.....	 6
Historically Underutilized Business Supporting Schedule.....	6.A.
Current Biennium One-time Expenditure Schedule.....	6.B.
Federal Funds Supporting Schedule.....	6.C.
Federal Funds Tracking Schedule.....	6.D.
Estimated Revenue Collections.....	6.E.
Estimated Total of All Funds Outside the GAA.....	6.H.
Allocation of the Biennial 10 Percent Reduction.....	6.I.
 ADMINISTRATIVE AND SUPPORT COSTS.....	 7
Indirect Administrative and Support Costs.....	7.A.
Direct Administrative and Support Costs.....	7.B.

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1. ADMINISTRATOR'S STATEMENT

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ADMINISTRATOR'S STATEMENT

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2008

TIME: 9:27:17PM

PAGE: 1 of 6

Agency code: 454

Agency name: Department of Insurance

The Commissioner of Insurance is the chief executive of the Texas Department of Insurance(TDI), and effective FY 2006, the Commissioner of Workers' Compensation serves as the chief executive for TDI's Division of Workers' Compensation (DWC). The Governor appoints both Commissioners subject to Senate confirmation. The Commissioner of Insurance and Commissioner of Workers' Compensation regulate the Texas insurance industry and workers' compensation system, respectively, by administering and enforcing the applicable laws TDI's regulatory authority is fully described in the Texas Insurance and Labor Codes and its regulatory rules are contained within the Texas Administrative Code

WORKERS' COMPENSATION

Since the last Legislative Appropriations Request (LAR), TDI has continued efforts to integrate DWC with the rest of the agency as well as advance the progress towards the goals established by HB 7 (2005, 79th Legislature).

DWC has made substantial progress in achieving the goals of HB7. DWC has:

- adopted treatment and medical fee guidelines to improve the delivery of health care for injured employees
- worked to improve services for injured employees by implementing a single point of contact program
- established a performance-based oversight system for providers and insurance carriers that was implemented in FY2007
- streamlined dispute resolution by identifying rule revisions to reduce indemnity dispute resolution timeframes implemented a low level dispute resolution process for certain medical fee disputes and resolved numerous medical fee dispute legacy claims and
- continued to collaborate with the Department of Assistance and Rehabilitative Services the Texas Workforce Commission, and the Office of Injured Employee Counsel to encourage timely and appropriate return to work

INSURANCE REGULATION AND THE TDI LEGISLATIVE APPROPRIATIONS REQUEST

Three key processes substantially influence the proposed LAR. First, participation in the Sunset review process afforded the agency the opportunity to assess the effectiveness of current practices as well as discuss the long-term direction for the agency with substantial input from stakeholders and members of the Legislature. Second, recent legislation has reflected increased expectations of TDI to provide resources and data that facilitate informed consumer decisionmaking. Third, TDI focused on establishing core values as the basis of TDI's FY 2009-2013 Strategic Plan.

SUNSET REVIEW

The Sunset review process is an opportunity for introspection and growth. The Commissioner appointed a steering committee comprised of senior staff to guide TDI's internal review and development of the agency Self-Evaluation Report (SER). Stakeholders and all levels of TDI staff were encouraged to provide their diverse perspectives and experiences. The process not only scrutinized current practices but also considered the future landscape of Texas and its impact on consumers and how TDI must change. Cross-agency subcommittees reviewed agency functions assessed performance, identified pertinent policy issues and compiled stakeholder and employee feedback. TDI management also discussed the direction for agency services over the next several decades with regard to changes in the insurance marketplace, environment, technology, and state demographics. Sunset limited its review of the agency to non-workers' compensation functions, as the Legislature postponed the Division of Workers' Compensation Sunset review until 2011.

Subsequent to the submission of TDI's SER, the Sunset Advisory Commission published staff recommendations and convened a hearing to collect public testimony. Sunset staff identified a continued need for insurance regulation and complemented the agency's performance overall, with recognition of TDI's financial regulation and complaint resolution activities. Sunset staff offered eight additional recommendations, which focused on rate regulation for homeowners insurance windstorm inspections

ADMINISTRATOR'S STATEMENT

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2008

TIME: 9:27:22PM

PAGE: 2 of 6

Agency code: 454

Agency name: Department of Insurance

and Texas Windstorm Insurance Association operations, regulation of preferred provider organizations, title insurance rates and examinations, maintenance tax equity, statutorily created advisory committees, fire-safety inspection resource allocation, and assessment of penalties for fire-safety violations. As TDI awaits the 81st Legislature's passage of a final Sunset bill, TDI will compile information to facilitate implementation of Sunset legislation which will include an assessment of rate and form filing processes.

CORE VALUES

energized by the self-evaluation process, TDI realigned its mission to reflect the changing role of the agency. A team of TDI employees worked with both commissioners to articulate the agency core values. The mission and core values emphasize a commitment to service in the public interest TDI utilized the core values as a structural basis for aligning strategic and budgetary planning activities with Sunset findings

RECENT LEGISLATION

Laws passed by the 80th Texas Legislature that impact TDI service provision reflect TDI's changing regulatory role. The most significant legislation includes laws facilitating access to information, promoting insurance availability, increasing market penetration rates, establishing consumer protections, leveraging partnerships for more efficient regulation, and optimizing the use of technology for improved service delivery

SB 611 requires the agency to collect information and establish a Web site to enable consumers to make informed decisions relating to the purchase of residential property and personal automobile insurance. SB 1731 promotes consumer access to health care information for greater cost transparency of services provided by or through health benefit plans and health care facilities. SB 502 requires TDI to inform persons about and encourage compliance with the financial responsibility requirements of the Texas Motor Vehicle Safety Responsibility Act. SB 10 and SB 22 seek solutions for reducing Texans' dependence on Medicaid assistance and expanding coverage for long-term care and health insurance. HB 1 directs TDI to award grants to local government entities to establish three-share premium assistance programs, which offer affordable health care coverage by combining employer, employee, and public funds to pay premiums

Other laws of note include: SB 1253, which increases the regulatory examination timeframe from three to five years but allows TDI the flexibility to examine a carrier more frequently as deemed appropriate; HB 716 sets up a Texas mortgage fraud task force comprised of multiple agencies including TDI; and HB 2935 establishes cigarette fire safety standards and authorizes the state fire marshal to adopt rules and inspect records and cigarette inventories to ensure compliance

OUTCOME: THE STRATEGIC PLAN

The strategic plan, which serves as the foundation for the legislative appropriations request discusses the changing role of the regulator and identifies challenges and strategic responses that address significant changes in service provisions and externalities Over the past several years, TDI has become more than a disseminator of information and a monitor of solvency and compliance TDI's statutory duties now include development of new and innovative insurance solutions and more direct consumer assistance. Additionally, the creation of DWC created opportunities to provide effective and responsive service in administering the Texas workers compensation system. Because the insurance market is constantly changing regulation must be flexible. TDI must continually assess the effectiveness of its regulatory approach and be open to the possibility of adopting alternate regulatory schemes TDI plans to cautiously explore a model known as "Principles-Based Regulation," which is a regulatory philosophy that focuses on outcomes and allows regulators to use more judgment in assessing the risks posed by an insurer and develop the bestmost effective response to protect consumers. TDI considered the regulator's emerging role in the development of its 2010-2011 LAR.

TDI's strategic plan identifies challenges that could significantly impact TDI service delivery and offers strategic solutions for meeting those challenges The agency grouped the challenges and strategic responses into general categories availability and affordability; outreach and education; information management; disaster response

ADMINISTRATOR'S STATEMENT

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2008
TIME: 9:27:22PM
PAGE: 3 of 6

Agency code: 454

Agency name: Department of Insurance

and readiness; and workers' compensation system administration. The strategies for addressing these challenges center around TDI's shifting role, which include providing information to help consumers make informed insurance choices promoting voluntary participation and compliance in the marketplace enhancing disaster readiness and response, consolidating computer databases, and optimizing Internet usage for improved communication with stakeholders. Additionally, TDI proposed strategies specific to the effective administration of the Texas workers' compensation system, including delivery of benefits, dispute resolution, access to care, return-to-work, and workplace safety.

TDI's LAR considers the agency current activities and future direction in the development of the biennial budget. In general, TDI determined that its baseline budget is sufficient to meet agency goals, with some exceptions. The exceptional items detailed below represent funding needs for new activities requiring additional resources unforeseen costs such as rising fuel prices, and participation in mandated statewide initiatives.

EXCEPTIONAL ITEMS

TDI's General Revenue base request for FY 2010-2011 totals \$194,408,734 and 1,698.5 FTEs which is \$3.5 million less than FY 2008-2009 General Revenue appropriations. In addition to the baseline, TDI proposes exceptional items to enhance service provision. The exceptional items request \$12,520,276 and 19 FTEs over the FY 2010-2011 biennium base amount to maintain current service levels, support infrastructure and enhance workers' compensation services. The total General Revenue request, including exceptional items, is \$206,929,010. Exceptional item requests are summarized below.

1. Restore Lapsed Appropriations. Request \$2,400,000 to sustain the agency's fiscal years 2008-2009 authorized staffing levels.
2. Migrate Internal Accounting System. Request \$48,034 to improve and maintain the agency accounting system.
3. Restructure Method of Finance. Request \$1,110,000 to change the method of finance from appropriated receipts to general revenue relating to 27.7 existing DWC FTEs.
4. Fund Analysis and Planning Positions. Request \$840,000 and 7 FTEs to fund DWC analysis and planning positions to coordinate business and strategic planning activities as well as technical process improvement analyses.
5. Rewrite Legacy Applications. Request \$2,995,200 to continue automation development projects that increase efficiency for the agency and workers' compensation system participants.
6. Expand Medical Quality Review. Request \$910,000 and 4 FTEs to replace the funding source for Medical Quality Review Panel activities and expand these activities.
7. Access National Health Care Market Data. Request \$460,000 to establish a contractual relationship with a vendor that can produce analyzed market data on a regular basis for fee guideline review.
8. Fund Increased Fuel Costs. Request \$273,598 to provide sufficient funds to cover fuel costs. By increasing the funds to accommodate rising gasoline prices, TDI would be able to meet current statutory obligations to provide inspections, investigations and fire-safety presentations.
9. Replace Arson Lab Equipment. Request \$190,000 to replace the State Fire Marshal's Office Arson Lab analysis equipment.

ADMINISTRATOR'S STATEMENT

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2008
TIME: 9:27:22PM
PAGE: 4 of 6

Agency code: 454

Agency name: Department of Insurance

10. Enhance Health Care Provider Assistance. Request \$974,000 and 8 FTEs to enhance education and the agency's outreach capacity to health care providers on disability management and return-to-work.

11. Support Data Center Services Contract. Request \$2,319,444 for the biennium to enhance and sustain the Data Center Services contract mandated by HB1516, 79th Legislature, Regular Session. TDI's share of enterprise expenses for the state data center contract will increase over the next biennium

SUPPLEMENTAL BUDGET REDUCTION

To meet the requested 10 percent supplemental biennium budget reduction of \$18,867,840 and 205.6 FTEs, TDI considered a variety of options. TDI considered across-the-board reductions but determined that this would not offer a means for effectively prioritizing agency functions TDI chose, instead, to review the budget reductions proposed last biennium and developed a modified list of reduction options

Commissioner Betts reviewed the DWC's FY 2008-2009 budget for opportunities to achieve cost reductions without compromising implementation of the HB7 reforms. For the 2010-2011 biennium, DWC identified potential budget reductions by reducing salary and non salary expenses across multiple program areas with the goal of minimizing service disruptions. However, to meet the reduced funding level, DWC would also need to eliminate the medical quality review and accident prevention services activities which would affect services and could reduce effectiveness of ongoing workers' compensation system reforms

In determining the other agency reductions, Commissioner Geeslin concluded that operating with fewer resources would require a shift toward an enforcement-based regulatory approach. Such an approach could allow TDI to provide consumer protections while minimizing labor-intensive front-end regulatory review processes. Based on the amount of allocated funds, agency priorities, and opportunities for improved regulatory practices, he identified areas in which significant reductions could occur if the agency changed its oversight approach

To minimize the impact of budget reductions on the public, Commissioner Geeslin expressly chose not to reduce funding for specific priority functions including enforcement, fraud investigations and market conduct examinations. Nor will budget reductions impact TDI's oversight of HMO and workers' compensation networks or consumer complaints. These functional areas will continue at current service levels to protect consumers and regulate the marketplace

The budget reductions in priority order, from the least consequential effects on agency goals to the most follow. However, if implemented, TDI's funding structure precludes any savings from being returned to the state general revenue (GR) fund because revenue to Account 36 would probably be reduced. Account 36 is the GR dedicated account from which TDI and other agencies are funded. The Texas Insurance Code requires that the insurance maintenance taxes be set with the intention of collecting the revenue needed to fund appropriations; if the Legislature appropriates fewer dollars, the revenue would be adjusted downward. Refer to the 10 percent supplemental budget reduction schedule for additional detail about specific reduction options

1. Phone System One-Time Funding. The reduced funding would eliminate \$1,204,000 from the agency budget as a result of a FY2008 one-time purchase to replace DWC's telephone system.

2. Windstorm Inspections Transfer. As recommended by TDI's Sunset review, TDI would transfer the windstorm inspection function to the Texas Windstorm Insurance Association (TWIA), eliminating 29.3 FTEs and reducing TDI's budget by \$2,716,198.

3. Workers' Compensation Communications and Outreach. The reduced funding would eliminate 4 FTEs performing communications and outreach activities and reduce the

ADMINISTRATOR'S STATEMENT

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2008

TIME: 9:27:22PM

PAGE: 5 of 6

Agency code: 454

Agency name: Department of Insurance

agency budget by \$411,120. The reduction could reduce return-to-work, disability management and web-based training.

4. Workers' Compensation Operations. The reduced funding would eliminate 4 FTEs and reduce the agency budget by \$591,418. Eliminating positions could reduce program oversight, impede coordination of DWC support activities, limit resources available for special projects and impede paper-reduction initiatives.

5. Workers' Compensation Records Management. The reduced funding would eliminate 10 FTEs in the Records Management and Support Section and reduce the agency budget by \$423,406. The reduction could increase timeframes for scanning data entry, records processing, and completing official actions and open records requests

6. Fire Inspections, Licensing, Investigations and Outreach. This reduction would eliminate 8 FTEs in the State Fire Marshal's Office and reduce TDI's budget by \$529,032. The reduction could reduce service levels to local fire professional and rural communities who rely on SFMO expertise for fire safety inspections, outreach, investigations and enforcement.

7. Advertisement Reviews. This reduction would eliminate the advertising review function for a net reduction of 5 FTEs and \$500,000. The reduced funding would result in 6,100 fewer advertising reviews each year and could result in increased insurer noncompliance with statutes and rules

8. Workers' Compensation Self-Insurance Certification. The reduction in salary funding would eliminate 1 FTE and reduce the agency budget by \$118,450. The staff reduction could impact application processing times and customer service

9. Workers' Compensation Healthcare Policy and Research. The reduced funding would eliminate 1 FTE and reduce the budget by \$112,000, which could impact the unit's capabilities for special projects and reports and reduce support for rule making efforts

10. Workers' Compensation Legal Services. The reduced funding would eliminate 2.5 FTEs in the DWC Legal Services Program and reduce the budget by \$236,130. The reductions could increase administrative responsibilities for attorneys and professional staff and result in delays for opinions on internal issues and rule making efforts

11. Agent and Adjuster Continuing Education. This reduction would eliminate administration and monitoring of continuing education requirements of agents and adjusters for a net reduction of 8 FTEs and \$588,164. The reduction would impact state revenue

12. Form and Rate Filing Reviews. This reduction would eliminate 20.7 FTEs and reduce TDI's budget by \$1,582,496. Biennially, the reduction may decrease the number of completed forms by 40 percent, documents prepared for permanent electronic storage by 472,000, and phone lines from three to one as well as decrease the percentage of forms completed in 90 days from 89 to 42 percent.

13. Workers' Compensation Field Operations. This reduction would eliminate 33 FTEs among the 24 DWC field offices and reduce the agency's budget by \$1,802,954. The reduction could increase processing times for inquiries and complaints, official actions and dispute proceedings.

14. Workers' Compensation Data Collection and Data Reporting. The reduction would eliminate 2 FTEs in DWC's Information Management Section and reduce the budget by \$166,428. Reduced staffing may compromise the timeliness and/or quality of data reports and Electronic Data Interchange information

15. Workers' Compensation System Monitoring and Oversight. The reduced funding would eliminate 2 FTEs in the DWC System Monitoring and Oversight Section and

ADMINISTRATOR'S STATEMENT

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2008

TIME: 9:27:22PM

PAGE: 6 of 6

Agency code: 454

Agency name: Department of Insurance

reduce the budget by \$151,792. The reduced funding could lessen DWC's ability to timely resolve complaints, conduct on-site audits and closely monitor data trends and information.

16. Workers' Compensation Medical Fee Dispute Resolution. This reduction would eliminate 4 FTEs in the DWC Medical Fee Dispute Resolution Section and reduce the agency budget by \$245,958. The reduction could delay processing open records requests and distribution of medical fee dispute decisions

17. Workers' Compensation Hearings. This reduction would eliminate 13 FTEs in the DWC Hearings Section and reduce TDI's budget by \$1,223,482. The reduction could delay workers' compensation indemnity and medical dispute resolution services

18. Workers' Compensation Accident Prevention Services. This reduction would eliminate the DWC Workplace Safety accident prevention services activity and result in a reduction of 14 FTEs for a savings of \$1,179,500. The reduced funding would impact inspections of approximately 83 insurance groups and would require statutory change

19. Workers' Compensation Medical Quality Review Activities. This reduction would eliminate 4.5 FTEs in the Office of the Medical Advisor, reducing the agency's budget by \$593,034. DWC would not be able to support medical quality review activities and would require statutory change

20. Insurer Insolvency Monitoring. This reduction would eliminate 39.6 FTEs in TDI's Financial Program and reduce TDI's budget by \$4,342,278. The agency could result in approximately 30 fewer financial examinations and 730 fewer reviews of financial statements. Special Deputy Conservators would conduct onsite rehabilitation functions on behalf of TDI.

21. Subsequent Injury Fund. This reduction would reduce the Subsequent Injury Fund (SIF) by \$150,000. TDI's baseline includes \$5,170,140 in dedicated subsequent injury funds, which increases TDI's supplemental reductions by \$517,014. TDI absorbed \$367,014 across multiple program areas but cannot absorb the remaining balance of \$150,000.

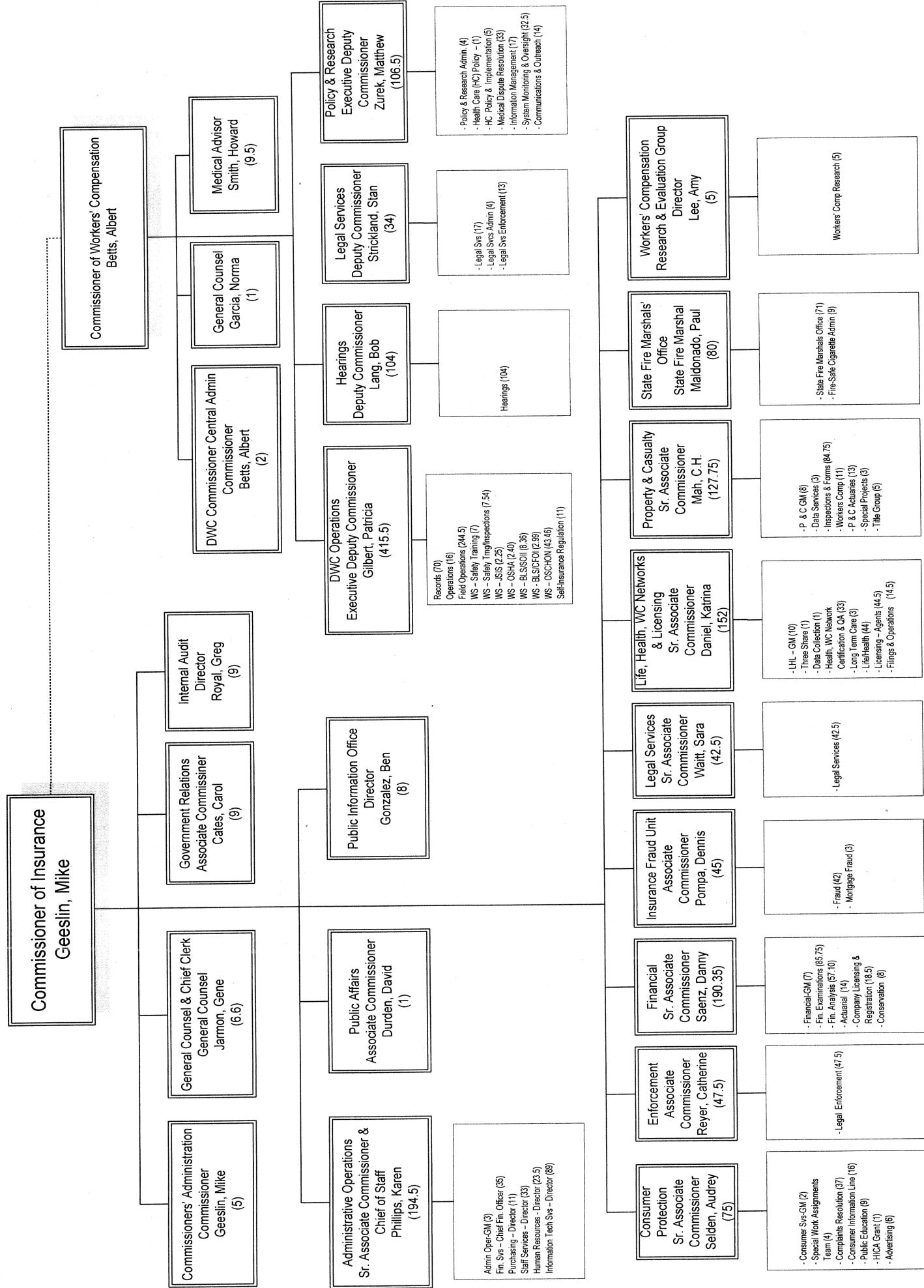
BACKGROUND CHECK AUTHORITY

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

1.A. ORGANIZATIONAL CHART

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Texas Department of Insurance Functional Organizational Chart



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2. SUMMARIES OF REQUEST

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2.A. SUMMARY OF BASE REQUEST BY STRATEGY
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2008
 TIME: 6:31:52PM

Agency code: 454	Agency name: Department of Insurance	Exp 2007	Est 2008	Bud 2009	Req 2010	Req 2011
Goal / Objective / STRATEGY						
1	Encourage Fair Competition in the Insurance Industry					
1	Reduce Impediments to Competition and Improve Insurance Availability					
1	CONSUMER ED. AND MKT. ANALYSES	3,664,890	3,557,730	3,475,015	3,472,710	3,412,672
2	RATES, FORMS AND LICENSES	9,348,044	10,390,657	10,988,466	10,697,094	10,721,896
3	PROMOTE UNDERSERVED COVERAGE	171,050	173,959	193,253	188,175	188,952
2	Reduce Insurance and Insurance-related Statute and Rule Violations					
1	RESOLVE COMPLAINTS	2,634,148	2,722,024	2,776,499	2,709,000	2,715,059
2	INVESTIGATION AND ENFORCEMENT	2,837,116	2,900,039	2,788,836	2,718,052	2,723,072
3	INSURER FRAUD	1,145,913	943,945	1,344,833	1,308,784	1,309,744
4	TEXASONLINE	322,856	380,000	380,000	380,000	380,000
TOTAL, GOAL 1		\$20,124,017	\$21,068,354	\$21,946,902	\$21,473,815	\$21,451,395
2	Encourage the Financial Health of the Insurance Industry					
1	Regulate Insurance Industry Solvency					
1	INSURERS FINANCIAL CONDITION	10,822,994	11,283,982	12,335,290	12,029,391	12,050,931
TOTAL, GOAL 2		\$10,822,994	\$11,283,982	\$12,335,290	\$12,029,391	\$12,050,931
3	Decrease Insurance Industry Loss Costs					
1	Assure Loss Control Services, Windstorm Inspections, C/P Fraud Info					
1	LOSS CONTROL PROGRAMS	2,417,570	2,478,398	2,701,880	2,635,629	2,640,848
2	PROVIDER AND CONSUMER FRAUD	1,225,353	1,316,875	1,324,269	1,293,043	1,296,263
3	WORKERS' COMPENSATION FRAUD	208,869	214,121	267,159	266,076	266,213

2.A. SUMMARY OF BASE REQUEST BY STRATEGY
 81st Regular Session, Agency Submission, Version I
 Automated Budget and Evaluation System of Texas (ABEST)

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 TIME: 6:31:52PM

Agency code: 454	Agency name: Department of Insurance	Exp 2007	Est 2008	Bud 2009	Req 2010	Req 2011
Goal / Objective / STRATEGY		Exp 2007	Est 2008	Bud 2009	Req 2010	Req 2011
TOTAL, GOAL 3		\$3,851,792	\$4,009,394	\$4,293,308	\$4,194,748	\$4,203,324
4 Reduce Loss of Life and Property Due to Fire						
1 <i>Protect the Public against Loss of Life & Property Resulting from Fire</i>						
1 FIRE PROTECTION		3,740,416	3,946,783	4,400,836	4,278,762	4,287,682
TOTAL, GOAL 4		\$3,740,416	\$3,946,783	\$4,400,836	\$4,278,762	\$4,287,682
5 To Promote Safe and Healthy Workplaces						
1 <i>Promote Safe/Healthy Workplaces through Incentives and Education</i>						
1 HEALTH AND SAFETY SERVICES		3,663,662	3,664,376	4,123,013	4,047,215	4,042,728
2 <i>Encourage Safe and Timely Return to Work</i>						
1 RETURN-TO-WORK EDUCATION		241,001	209,704	244,417	130,591	130,672
TOTAL, GOAL 5		\$3,904,663	\$3,874,080	\$4,367,430	\$4,177,806	\$4,173,400
6 Ensure the Appropriate Delivery of Workers Compensation Benefits						
1 <i>Ensure the Appropriate Payment of Health Care</i>						
1 MEDICAL COST CONTAINMENT		1,672,745	2,316,078	2,425,319	1,469,584	1,469,027
2 <i>Promote Compliance & Address Noncompliance w/ Workers' Comp Rules/Laws</i>						
1 MONITORING AND ENFORCEMENT		1,914,186	3,118,141	3,014,663	3,008,217	3,010,157
3 <i>Inform System Participants and Provide Service through Technology</i>						
1 DEVELOP AND IMPLEMENT PROCESSES		6,038,924	6,403,742	5,875,066	5,611,812	5,623,768

2.A. SUMMARY OF BASE REQUEST BY STRATEGY
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

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 TIME: 6:31:52PM

Agency code: 454	Agency name: Department of Insurance	Exp 2007	Est 2008	Bud 2009	Req 2010	Req 2011
4	<i>Certify & Regulate Private Employers that Qualify to Self-insure</i>					
1	CERTIFY SELF-INSURANCE	593,000	631,881	677,232	647,481	647,936
5	<i>Minimize and Resolve Disputes</i>					
1	DISPUTE RESOLUTION	14,488,501	14,936,831	15,971,018	15,287,969	15,295,360
6	<i>Manage the Subsequent Injury Fund</i>					
1	SUBSEQUENT INJURY FUND ADMIN	2,610,275	5,240,097	3,750,296	4,514,826	4,497,469
	TOTAL, GOAL 6	\$27,317,631	\$32,646,770	\$31,713,594	\$30,539,889	\$30,543,717
7	<i>Indirect Administration</i>					
1	<i>Indirect Administration</i>					
1	CENTRAL ADMINISTRATION	7,378,541	7,873,261	9,696,035	9,561,000	9,546,112
2	INFORMATION RESOURCES	12,263,761	10,005,904	9,890,597	9,786,964	9,794,804
3	OTHER SUPPORT SERVICES	3,081,062	3,217,890	3,575,249	3,549,286	3,551,866
	TOTAL, GOAL 7	\$22,723,364	\$21,097,055	\$23,161,881	\$22,897,250	\$22,892,782
8	<i>Contingency Appropriations</i>					
1	<i>Contingency Appropriations</i>					
1	CONTINGENCY LONG TERM CARE	0	29,889	156,048	156,328	156,528
	TOTAL, GOAL 8	\$0	\$29,889	\$156,048	\$156,328	\$156,528
9	<i>Three-Share Premium Assistance Programs</i>					

2.A. SUMMARY OF BASE REQUEST BY STRATEGY
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2008
 TIME: 6:31:52PM

Agency code: 454	Agency name: Department of Insurance	Exp 2007	Est 2008	Bud 2009	Req 2010	Req 2011
1	Three-Share Premium Assistance Programs	0	297,621	451,622	451,802	451,862
1	THREE-SHARE ASSISTANCE PROGRAMS	\$0	\$297,621	\$451,622	\$451,802	\$451,862
	TOTAL, GOAL	\$92,484,877	\$98,253,928	\$102,826,911	\$100,199,791	\$100,211,621
	TOTAL, AGENCY STRATEGY REQUEST	\$92,484,877	\$98,253,928	\$102,826,911	\$100,199,791	\$100,211,621
	TOTAL, AGENCY RIDER APPROPRIATIONS REQUEST*	\$0	\$0	\$0	\$0	\$0
	GRAND TOTAL, AGENCY REQUEST	\$92,484,877	\$98,253,928	\$102,826,911	\$100,199,791	\$100,211,621

2.A. SUMMARY OF BASE REQUEST BY STRATEGY
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2008
 TIME: 6:31:52PM

Agency code: 454	Agency name: Department of Insurance	Exp 2007	Est 2008	Bud 2009	Req 2010	Req 2011
Goal / Objective / STRATEGY						
<u>METHOD OF FINANCING:</u>						
General Revenue Funds:						
1 General Revenue Fund		3,435	105,092	230,926	230,926	230,926
888 Earned Federal Funds		201,011	0	0	0	0
8042 Insurance Maint Tax Fees		31,599,794	33,242,704	35,861,958	35,961,372	35,969,199
SUBTOTAL		\$31,804,240	\$33,347,796	\$36,092,884	\$36,192,298	\$36,200,125
General Revenue Dedicated Funds:						
36 Dept Ins Operating Acct		55,213,536	56,270,515	58,388,045	56,586,014	56,590,017
5101 Subsequent Injury Fund		2,549,229	5,170,140	3,670,140	4,420,140	4,420,140
SUBTOTAL		\$57,762,765	\$61,440,655	\$62,058,185	\$61,006,154	\$61,010,157
Federal Funds:						
555 Federal Funds		2,054,567	2,061,858	2,254,623	2,254,623	2,254,623
SUBTOTAL		\$2,054,567	\$2,061,858	\$2,254,623	\$2,254,623	\$2,254,623
Other Funds:						
666 Appropriated Receipts		775,705	1,310,544	2,363,619	689,116	689,116
777 Interagency Contracts		87,600	93,075	57,600	57,600	57,600
SUBTOTAL		\$863,305	\$1,403,619	\$2,421,219	\$746,716	\$746,716
TOTAL, METHOD OF FINANCING						
		\$92,484,877	\$98,253,928	\$102,826,911	\$100,199,791	\$100,211,621

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

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2.B. SUMMARY OF BASE REQUEST BY METHOD OF FINANCE
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2008
 TIME: 6:34:01PM

Agency code: 454 Agency name: Department of Insurance

METHOD OF FINANCING	Exp 2007	Est 2008	Bud 2009	Req 2010	Req 2011
<u>GENERAL REVENUE</u>					
1 General Revenue Fund					
REGULAR APPROPRIATIONS					
Regular Appropriations-Hobby	\$0	\$6,520	\$6,520	\$6,520	\$6,520
Regular Appropriations-Metro GR in lieu of EFF, Art IX, Sec 6.26	\$0	\$224,406	\$224,406	\$224,406	\$224,406
RIDER APPROPRIATION					
Art IX, Sec 13.12, Texas Online (06-07 GAA)-Hobby	\$3,435	\$0	\$0	\$0	\$0
Art IX, Sec 9.05, Texas Online (08-09 GAA)-Hobby	\$0	\$86	\$0	\$0	\$0
LAPSED APPROPRIATIONS					
Lapsed Appropriations-Metro	\$0	\$(125,920)	\$0	\$0	\$0
TOTAL, General Revenue Fund	\$3,435	\$105,092	\$230,926	\$230,926	\$230,926
888 Earned Federal Funds					
TRANSFERS					
Regular Appropriations-Metro	\$224,406	\$0	\$0	\$0	\$0

2.B. SUMMARY OF BASE REQUEST BY METHOD OF FINANCE
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2008
 TIME: 6:34:35PM

Agency code: 454 Agency name: Department of Insurance

METHOD OF FINANCING	Exp 2007	Est 2008	Bud 2009	Req 2010	Req 2011
<u>GENERAL REVENUE</u>					
<i>LAPSED APPROPRIATIONS</i>					
Lapsed Appropriations-Metro	\$(23,395)	\$0	\$0	\$0	\$0
TOTAL, Earned Federal Funds	\$201,011	\$0	\$0	\$0	\$0
8042 General Revenue - Insurance Companies Maintenance Tax and Insurance Department Fees					
<i>REGULAR APPROPRIATIONS</i>					
Regular Appropriations-Hobby	\$32,201,707	\$34,060,239	\$34,060,239	\$35,961,372	\$35,969,199
Regular Appropriations-Hobby Three Share	\$0	\$300,000	\$450,000	\$0	\$0
<i>TRANSFERS</i>					
Art IX, Sec 13.17(a), Salary Increase (06-07 GAA)-Hobby	\$1,774,081	\$0	\$0	\$0	\$0
Art IX, Sec 19.10, HB 716 Mortgage Fraud-Hobby	\$0	\$168,162	\$152,013	\$0	\$0
Art IX, Sec 19.44, SB 1731 Health Care-Hobby	\$0	\$1,456,731	\$549,150	\$0	\$0

2.B. SUMMARY OF BASE REQUEST BY METHOD OF FINANCE
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2008
 TIME: 6:34:35PM

Agency code: 454	Agency name: Department of Insurance	Exp 2007	Est 2008	Bud 2009	Req 2010	Req 2011
METHOD OF FINANCING						
<u>GENERAL REVENUE</u>						
Art IX, Sec 19.62(a), Salary Increase 08-Hobby		\$0	\$531,757	\$531,757	\$0	\$0
Art IX, Sec 19.62(a), Salary Increase 09-Hobby		\$0	\$0	\$575,104	\$0	\$0
HB 15 Sec 30 (h)(1-2), Data Ctr Consolidation-Metro		\$0	\$(43,180)	\$(43,180)	\$0	\$0
HB 15, Sec 30 (h)(1-2), Data Ctr Consolidation-Hobby		\$0	\$(413,125)	\$(413,125)	\$0	\$0
HB 15, Sec 30 (n)(5), Hardware-Hobby		\$0	\$217,369	\$0	\$0	\$0
LAPSED APPROPRIATIONS						
Lapsed Appropriations-Hobby		\$(2,375,994)	\$(3,035,249)	\$0	\$0	\$0
TOTAL, General Revenue - Insurance Companies Maintenance Tax and Insurance Department Fees		\$31,599,794	\$33,242,704	\$35,861,958	\$35,961,372	\$35,969,199
TOTAL, ALL GENERAL REVENUE		\$31,804,240	\$33,347,796	\$36,092,884	\$36,192,298	\$36,200,125
<u>GENERAL REVENUE FUND - DEDICATED</u>						

2.B. SUMMARY OF BASE REQUEST BY METHOD OF FINANCE
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2008
 TIME: 6:34:35PM

Agency code:	454	Agency name:	Department of Insurance	Exp 2007	Est 2008	Bud 2009	Req 2010	Req 2011
METHOD OF FINANCING								
<u>GENERAL REVENUE FUND - DEDICATED</u>								
<i>REGULAR APPROPRIATIONS</i>								
	Regular Appropriations-Hobby	\$16,317,009	\$17,316,011	\$17,316,011	\$18,140,697	\$18,144,700		
	Regular Appropriations-Hobby Cross Border	\$0	\$150,000	\$150,000	\$0	\$0		
	Regular Appropriations-Hobby Long Term Care	\$0	\$150,000	\$150,000	\$0	\$0		
	Regular Appropriations-Metro	\$0	\$39,668,503	\$38,215,245	\$38,445,317	\$38,445,317		
<i>RIDER APPROPRIATION</i>								
	Art IX, Sec 13.12, TX Online Occupational Licenses (06-07 GAA)-Hobby	\$23,321	\$0	\$0	\$0	\$0		
<i>TRANSFERS</i>								
	Art IX, Sec 13.17(a), Salary Increase (06-07 GAA)-Hobby	\$898,935	\$0	\$0	\$0	\$0		
	Art IX, Sec 13.17(a), Salary Increase (06-07 GAA)-Metro	\$1,729,902	\$0	\$0	\$0	\$0		
	Art IX, Sec 14.02 (a), Transfer to OIEC (06-07 GAA)-Metro	\$(3,096,687)	\$0	\$0	\$0	\$0		

2.B. SUMMARY OF BASE REQUEST BY METHOD OF FINANCE
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2008
 TIME: 6:34:35PM

Agency code: 454

Agency name: Department of Insurance

METHOD OF FINANCING	Exp 2007	Est 2008	Bud 2009	Req 2010	Req 2011
<u>GENERAL REVENUE FUND - DEDICATED</u>					
Art IX, Sec 19.62 (a), Salary Increase 08-Hobby	\$0	\$269,446	\$269,446	\$0	\$0
Art IX, Sec 19.62 (a), Salary Increase 08-Metro	\$0	\$594,751	\$594,751	\$0	\$0
Art IX, Sec 19.62 (a), Salary Increase 09-Hobby	\$0	\$0	\$291,408	\$0	\$0
Art IX, Sec 19.62 (a), Salary Increase 09-Metro	\$0	\$0	\$602,702	\$0	\$0
Art IX, Sec 19.94, HB 2935 Cigarettes-Hobby	\$0	\$98,390	\$380,557	\$0	\$0
HB 15, Sec 30 (h) (1-2), Data Ctr Consolidation-Metro	\$0	\$(576,510)	\$(576,513)	\$0	\$0
HB 15, Sec 30 (n)(5), Hardware-Hobby	\$0	\$28,631	\$0	\$0	\$0
HB 15, Sec 30 (n)(5), Hardware-Metro	\$0	\$246,000	\$0	\$0	\$0
Hobby-Cross Border-Bill Vetoed	\$0	\$(150,000)	\$(150,000)	\$0	\$0

2.B. SUMMARY OF BASE REQUEST BY METHOD OF FINANCE
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2008
 TIME: 6:34:35PM

Agency code:	454	Agency name:	Department of Insurance	Exp 2007	Est 2008	Bud 2009	Req 2010	Req 2011
METHOD OF FINANCING								

GENERAL REVENUE FUND - DEDICATED

Regular Appropriations-Metro	\$45,855,480	\$0	\$0	\$0	\$0	\$0
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SUPPLEMENTAL, SPECIAL OR EMERGENCY APPROPRIATIONS

Governor's Veto Proclamation deleted Metro Cen Adm 06-07/Support 07	\$(5,058,538)	\$0	\$0	\$0	\$0	\$0
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LAPSED APPROPRIATIONS

Lapsed Appropriations 07- Hobby	\$(908,076)	\$0	\$0	\$0	\$0	\$0
Lapsed Appropriations 07-Metro	\$(4,016,047)	\$0	\$0	\$0	\$0	\$0
Lapsed Appropriations 08-Hobby	\$0	\$(317,335)	\$0	\$0	\$0	\$0
Lapsed Appropriations-08 Metro	\$0	\$(62,934)	\$0	\$0	\$0	\$0

UNEXPENDED BALANCES AUTHORITY

Rider 14, Appropriation of Unexpended Balances (08-09 GAA)-Metro	\$0	\$(1,144,438)	\$1,144,438	\$0	\$0	\$0
Rider 6, Appropriation of Unexpended Balances (06-07 GAA)-Metro	\$1,975,764	\$0	\$0	\$0	\$0	\$0

2.B. SUMMARY OF BASE REQUEST BY METHOD OF FINANCE
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2008
 TIME: 6:34:35PM

Agency code:	454	Agency name:	Department of Insurance	Exp 2007	Est 2008	Bud 2009	Req 2010	Req 2011
METHOD OF FINANCING								
<u>GENERAL REVENUE FUND - DEDICATED</u>								
	Rider 7, Business Process Improvement, UB (06-07 GAA)-Metro	\$1,492,473	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL,	GR Dedicated - Texas Department of Insurance Operating Fund Account No. 036	\$55,213,536	\$56,270,515	\$58,388,045	\$56,586,014	\$56,590,017		
5101	GR Dedicated - Subsequent Injury Account No. 5101							
	<i>REGULAR APPROPRIATIONS</i>							
	Regular Appropriations-Metro	\$0	\$3,670,140	\$3,670,140	\$4,420,140	\$4,420,140		
	<i>RIDER APPROPRIATION</i>							
	Rider 15, Subsequent Injury Fund-adjustment to estimated liabilities	\$0	\$1,500,000	\$0	\$0	\$0		
	<i>TRANSFERS</i>							
	Regular Appropriations-Metro	\$3,670,140	\$0	\$0	\$0	\$0		
	<i>LAPSED APPROPRIATIONS</i>							
	Lapsed Appropriations-Metro	\$(1,120,911)	\$0	\$0	\$0	\$0		
TOTAL,	GR Dedicated - Subsequent Injury Account No. 5101	\$2,549,229	\$5,170,140	\$3,670,140	\$4,420,140	\$4,420,140		
TOTAL, ALL GENERAL REVENUE FUND - DEDICATED		\$57,762,765	\$61,440,655	\$62,058,185	\$61,006,154	\$61,010,157		

2.B. SUMMARY OF BASE REQUEST BY METHOD OF FINANCE
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2008
 TIME: 6:34:35PM

Agency code: 454	Agency name: Department of Insurance	Exp 2007	Est 2008	Bud 2009	Req 2010	Req 2011
METHOD OF FINANCING						
TOTAL, GR & GR-DEDICATED FUNDS		\$89,567,005	\$94,788,451	\$98,151,069	\$97,198,452	\$97,210,282
<u>FEDERAL FUNDS</u>						
555 Federal Funds						
REGULAR APPROPRIATIONS						
Regular Appropriations-Metro		\$0	\$2,254,623	\$2,254,623	\$2,254,623	\$2,254,623
RIDER APPROPRIATION						
Art IX, Sec 8.02, Federal Funds Appropriations (06-07 GAA)-Hobby		\$148,660	\$0	\$0	\$0	\$0
TRANSFERS						
Regular Appropriations-Metro		\$2,254,623	\$0	\$0	\$0	\$0
LAPSED APPROPRIATIONS						
Lapsed Appropriations-Metro		\$(348,716)	\$(192,765)	\$0	\$0	\$0
TOTAL, Federal Funds		\$2,054,567	\$2,061,858	\$2,254,623	\$2,254,623	\$2,254,623
TOTAL, ALL FEDERAL FUNDS		\$2,054,567	\$2,061,858	\$2,254,623	\$2,254,623	\$2,254,623
<u>OTHER FUNDS</u>						

2.B. SUMMARY OF BASE REQUEST BY METHOD OF FINANCE
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2008
 TIME: 6:34:35PM

Agency code: 454 Agency name: Department of Insurance

METHOD OF FINANCING	Exp 2007	Est 2008	Bud 2009	Req 2010	Req 2011
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OTHER FUNDS

<u>666</u> Appropriated Receipts					
REGULAR APPROPRIATIONS					
Regular Appropriations-Hobby	\$218,431	\$218,431	\$218,431	\$218,431	\$218,431
Regular Appropriations-Metro	\$0	\$1,271,269	\$1,271,269	\$470,685	\$470,685
TRANSFERS					
Art IX, Sec 8.03, Reimbursement and Payments (06-07 GAA)-Hobby	\$12,767	\$0	\$0	\$0	\$0
Art IX, Sec 8.03, Reimbursement and Payments (08-09 GAA)-Hobby	\$0	\$121,348	\$0	\$0	\$0
Regular Appropriations-Metro	\$1,271,270	\$0	\$0	\$0	\$0
LAPSED APPROPRIATIONS					
Lapsed Appropriations-Metro	\$(766,388)	\$(743,616)	\$0	\$0	\$0
UNEXPENDED BALANCES AUTHORITY					
Art IX, Sec 8.01, Acceptance of Gifts of Money (06-07 GAA)-Metro	\$1,356,656	\$0	\$0	\$0	\$0

2.B. SUMMARY OF BASE REQUEST BY METHOD OF FINANCE
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2008
 TIME: 6:34:35PM

Agency code:	454	Agency name:	Department of Insurance	Exp 2007	Est 2008	Bud 2009	Req 2010	Req 2011
METHOD OF FINANCING								
<u>OTHER FUNDS</u>								
Art IX, Sec 8.01, Acceptance of Gifts of Money (06-07 GAA)-Metro				\$0	\$1,317,031	\$0	\$0	\$0
				\$(1,317,031)				
Art IX, Sec 8.01, Acceptance of Gifts of Money (06-07 GAA)-Metro				\$0	\$(873,919)	\$873,919	\$0	\$0
TOTAL, Appropriated Receipts				\$775,705	\$1,310,544	\$2,363,619	\$689,116	\$689,116
777 Interagency Contracts								
REGULAR APPROPRIATIONS								
Regular Appropriations-Hobby				\$57,600	\$57,600	\$57,600	\$57,600	\$57,600
RIDER APPROPRIATION								
Art IX, Sec 14.01(d) Appropriation Transfers (08-09 GAA)- Hobby				\$0	\$35,475	\$0	\$0	\$0
Art IX, Sec 6.08(d), Appropriation Transfers (06-07 GAA)-Hobby				\$30,000	\$0	\$0	\$0	\$0
TOTAL, Interagency Contracts				\$87,600	\$93,075	\$57,600	\$57,600	\$57,600
TOTAL, ALL OTHER FUNDS				\$863,305	\$1,403,619	\$2,421,219	\$746,716	\$746,716
GRAND TOTAL				\$92,484,877	\$98,253,928	\$102,826,911	\$100,199,791	\$100,211,621

2.B. SUMMARY OF BASE REQUEST BY METHOD OF FINANCE
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2008
 TIME: 6:34:35PM

Agency code: 454 Agency name: Department of Insurance

METHOD OF FINANCING	Exp 2007	Est 2008	Bud 2009	Req 2010	Req 2011
<u>FULL-TIME-EQUIVALENT POSITIONS</u>					
REGULAR APPROPRIATIONS					
Regular Appropriations-Hobby Cross Border	0.0	2.0	2.0	0.0	0.0
Regular Appropriations-Hobby Long Term Care	0.0	3.0	3.0	0.0	0.0
Regular Appropriations-Metro	0.0	801.2	801.2	785.3	785.3
Regular Appropriations-Hobby Three Share	0.0	1.0	1.0	0.0	0.0
Regular Appropriations-Hobby	923.8	903.2	903.2	913.2	913.2
TRANSFERS					
Art IX, Sec 14.02 (a) Transfer to OIEC	(91.0)	0.0	0.0	0.0	0.0
06-07 GAA-Metro	(18.5)	0.0	0.0	0.0	0.0
Art IX, Sec 6.14 (a)(2) Limit of State Levels	1,012.0	0.0	0.0	0.0	0.0
06-07 GAA-Hobby	(20.2)	0.0	0.0	0.0	0.0
Regular Appropriations-Metro	0.0	0.0	0.0	0.0	0.0
Art IX, Sec 6.14 (a)(2) Limit of State Levels	0.0	(6.9)	(6.9)	0.0	0.0
06-07 GAA-Metro	0.0	(16.0)	(16.0)	0.0	0.0
Data Ctr Consolidation, HB 15, Sec 30 (h)	0.0	2.0	9.0	0.0	0.0
(1-2)-Hobby	0.0	1.0	1.0	0.0	0.0
Data Ctr Consolidation, HB 15, Sec 30 (h)	0.0	3.0	3.0	0.0	0.0
(1-2)-Metro	0.0	(2.0)	(2.0)	0.0	0.0
Art IX, Sec 19.94, HB 2935	0.0	0.0	0.0	0.0	0.0
Cigarettes-Hobby	0.0	0.0	0.0	0.0	0.0
Art IX, Sec 19.44, SB 1731 Health	0.0	0.0	0.0	0.0	0.0
Care-Hobby	0.0	0.0	0.0	0.0	0.0
Art IX, Sec 19.10, HB 716, Mortgage	0.0	0.0	0.0	0.0	0.0
Fraud-Hobby	0.0	0.0	0.0	0.0	0.0
Hobby-Cross Border-Bill Vetoes	0.0	(98.0)	(98.0)	0.0	0.0
UNAUTHORIZED NUMBER OVER (BELOW) CAP	(86.7)	0.0	0.0	0.0	0.0
Unauthorized Number Over (Below) Cap-Hobby					

2.B. SUMMARY OF BASE REQUEST BY METHOD OF FINANCE
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2008
 TIME: 6:34:35PM

Agency code: 454 Agency name: Department of Insurance

METHOD OF FINANCING	Exp 2007	Est 2008	Bud 2009	Req 2010	Req 2011
Unauthorized Number Over (Below) Cap-Metro	(165.9)	(106.8)	0.0	0.0	0.0
TOTAL, ADJUSTED FTEs	1,553.5	1,486.7	1,698.5	1,698.5	1,698.5
NUMBER OF 100% FEDERALLY FUNDED FTEs	0.0	0.0	0.0	0.0	0.0

2.C. SUMMARY OF BASE REQUEST BY OBJECT OF EXPENSE
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

8/27/2008
 8:01:54PM

DATE:
 TIME:

Agency code:	454	Agency name:	Department of Insurance			
OBJECT OF EXPENSE	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011	
1001 SALARIES AND WAGES	\$67,607,912	\$68,423,043	\$74,814,701	\$73,341,245	\$73,341,245	
1002 OTHER PERSONNEL COSTS	\$3,385,718	\$2,448,871	\$2,341,440	\$2,505,500	\$2,684,560	
2001 PROFESSIONAL FEES AND SERVICES	\$5,277,677	\$5,749,758	\$4,882,382	\$4,021,763	\$3,911,263	
2002 FUELS AND LUBRICANTS	\$113,519	\$149,561	\$124,460	\$117,460	\$117,460	
2003 CONSUMABLE SUPPLIES	\$596,824	\$683,359	\$730,385	\$731,393	\$730,893	
2004 UTILITIES	\$893,470	\$1,004,869	\$935,113	\$946,795	\$946,795	
2005 TRAVEL	\$1,714,507	\$2,017,588	\$2,382,403	\$2,384,203	\$2,384,203	
2006 RENT - BUILDING	\$3,070,988	\$3,173,775	\$3,318,267	\$3,313,267	\$3,318,267	
2007 RENT - MACHINE AND OTHER	\$422,502	\$432,927	\$477,346	\$474,675	\$474,675	
2009 OTHER OPERATING EXPENSE	\$9,182,680	\$11,993,901	\$11,873,599	\$11,416,675	\$11,355,445	
3001 CLIENT SERVICES	\$2,500	\$1,810	\$0	\$0	\$0	
4000 GRANTS	\$0	\$265,000	\$395,000	\$395,000	\$395,000	
5000 CAPITAL EXPENDITURES	\$216,580	\$1,909,466	\$551,815	\$551,815	\$551,815	
OOE Total (Excluding Riders)	\$92,484,877	\$98,253,928	\$102,826,911	\$100,199,791	\$100,211,621	
OOE Total (Riders)	\$92,484,877	\$98,253,928	\$102,826,911	\$100,199,791	\$100,211,621	
Grand Total						

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2.D. SUMMARY OF BASE REQUEST OBJECTIVE OUTCOMES

Date: 8/27/2008

Time: 6:32:17PM

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation system of Texas(ABEST)

Agency code: 454	Agency name: Department of Insurance				
Goal/ Objective / Outcome	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
1 Encourage Fair Competition in the Insurance Industry					
1 Reduce Impediments to Competition and Improve Insurance Availability					
1 Percent of Company Licenses Completed within 60 Days	97.00%	98.00%	98.00%	98.00%	98.00%
2 Percent of Agent License Filings Completed within 15 Days					
KEY					
3 Percent of Statutory Rate and Form Filings Completed within 90 Days	97.00%	96.00%	96.00%	96.00%	96.00%
4 Number of Autos in Underserved Markets with Auto Liability Coverage	91.00%	87.00%	87.00%	87.00%	87.00%
KEY					
5 % of Personal Auto & Res Prop Rate & Form Filings within 60 Days	79.00%	80.00%	80.00%	75.00%	75.00%
2 Reduce Insurance and Insurance-related Statute and Rule Violations					
1 Percent of Insurer Fraud Referrals to Appropriate Authorities	96.00%	95.00%	95.00%	95.00%	95.00%
KEY					
2 Percent of Licensees Who Renew Online	62.00%	90.00%	55.00%	55.00%	55.00%
3 Percent of Enforcement Cases Concluded within 365 Days	64.00%	68.00%	73.00%	78.00%	84.00%
	0.00	46.00	46.00	46.00	46.00

2.D. SUMMARY OF BASE REQUEST OBJECTIVE OUTCOMES

Date : 8/27/2008

Time: 6:32:22PM

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation system of Texas(ABEST)

Agency code: 454	Agency name: Department of Insurance				
Goal/ Objective / Outcome	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
2 Encourage the Financial Health of the Insurance Industry					
1 <i>Regulate Insurance Industry Solvency</i>					
KEY 1 Percent of Statutorily Mandated Examinations Complete within 18 Months	83.00%	84.00%	86.00%	88.00%	90.00%
2 Percent of Identified Companies Reviewed	100.00%	97.00%	97.00%	97.00%	97.00%
KEY 3 Special Deputy Receiver Asset Recovery Expenses As % of Collections	5.55%	15.00%	15.00%	15.00%	15.00%
KEY 4 Average # of Days from "At Risk" Identification to Solvency Action	9.00	10.00	21.00	21.00	21.00
KEY 5 Percent of Companies Rehabilitated after TDI Intervention	25.00%	18.00%	18.00%	18.00%	18.00%
3 Decrease Insurance Industry Loss Costs					
1 <i>Assure Loss Control Services, Windstorm Inspections, C/P Fraud Info</i>					
KEY 1 Percent of Insurers Providing Adequate Loss Control Programs	100.00%	97.00%	97.00%	97.00%	97.00%
KEY 2 % Commercial Property Inspections That Meet Filed Rating Schedule Reqs	87.00%	88.00%	88.00%	85.00%	85.00%
KEY 3 Percent of Windstorm Inspections That Result in an "Approved" Status	36.00	35.00	35.00	35.00	35.00
KEY 4 % of Consumer and Provider Fraud Referral Resulting in Legal Action	67.00%	70.00%	60.00%	60.00%	60.00%
KEY 5 % of WC Consumer/Provider Fraud Referral Resulting in Legal Action	19.00	96.00	55.00	55.00	55.00

2.D. SUMMARY OF BASE REQUEST OBJECTIVE OUTCOMES

Date : 8/27/2008
Time: 6:32:22PM

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation system of Texas(ABEST)

Agency code: 454	Agency name: Department of Insurance			
Goal/ Objective / Outcome	Exp 2007	Est 2008	Bud 2009	BL 2010 BL 2011
4 Reduce Loss of Life and Property Due to Fire 1 Protect the Public against Loss of Life & Property Resulting from Fire				
KEY 1 % of SFMO Criminal Referrals Resulting in Legal Action	56.00%	71.00%	60.00%	60.00%
KEY 2 Percent of Registrations, Licenses, and Permits Issued	100.00%	99.00%	99.00%	99.00%
5 To Promote Safe and Healthy Workplaces 1 Promote Safe/Healthy Workplaces through Incentives and Education				
KEY 1 % Change in Injury Rate for Employers after Inspection	-18.50	-20.00	-20.00	-20.00
2 Encourage Safe and Timely Return to Work				
KEY 1 Percent of TIBs Recipients Returning to Work Within 90 Days of Injury	51.00	52.00	53.00	54.00

2.D. SUMMARY OF BASE REQUEST OBJECTIVE OUTCOMES

Date : 8/27/2008

Time: 6:32:22PM

81st Regular Session, Agency Submission, Version 1

Automated Budget and Evaluation system of Texas(ABEST)

Agency code: 454	Agency name: Department of Insurance				
Goal/ Objective / Outcome	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
6 Ensure the Appropriate Delivery of Workers' Compensation Benefits					
1 Ensure the Appropriate Payment of Health Care					
KEY	1 Percentage of Medical Bills Processed Timely	97.00%	97.00%	95.00%	95.00%
	2 Promote Compliance & Address Noncompliance w/ Workers' Comp Rules/Laws				
KEY	1 Dollar Amount Assesed for Workers' Compensation Violations	0.00	1,000,000.00	1,000,000.00	1,000,000.00
	2 \$ Amount returned to System Participants through Complaint Resolution	1,058,985.00	1,000,000.00	1,100,000.00	1,100,000.00
	3 Average Days from Benefit Accrue Date to Initial Payment	9.41	9.75	9.75	9.75
	4 Percent of Violation Notices Issued within 60 Days	0.00	85.00	85.00	85.00
4 Certify & Regulate Private Employers that Qualify to Self-insure					
KEY	1 % Market Share of Self-insurance to Total WC Insurance Market	9.00	14.00	15.00	15.00
	5 Minimize and Resolve Disputes				
KEY	1 Percentage of Indemnity Disputes Resolved in Dispute Resolution	58.00	97.00	97.00	97.00
	2 Percentage of Medical Fee Disputes Resolved by Dispute Resolution	88.00%	85.00%	90.00%	90.00%
	6 Manage the Subsequent Injury Fund				
KEY	1 Total Payments Made out of the SIF for Benefits & Reimbursements	2,372,049.00	3,773,000.00	3,581,000.00	4,285,000.00
	2 Percent of Fatal Claims Reviewed for Payment of Death Benefits	33.00	33.00	98.00	98.00

2.E. SUMMARY OF EXCEPTIONAL ITEMS REQUEST
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2008
 TIME : 6:34:44PM

Agency code: 454

Agency name: Department of Insurance

Priority	Item	Biennium								
		2010			2011					
		GR and GR/Dedicated	All Funds	FTEs	GR and GR Dedicated	All Funds	FTEs			
1	Restore Lapsed Appropriations	\$1,200,000	\$1,200,000		\$1,200,000	\$1,200,000		\$2,400,000	\$2,400,000	
2	Migrate Internal Accounting System	\$48,034	\$48,034		\$0	\$0		\$48,034	\$48,034	
3	Restructure Method of Finance	\$555,000	\$555,000		\$555,000	\$555,000		\$1,110,000	\$1,110,000	
4	Fund Analysis & Planning Positions	\$420,000	\$420,000	7.0	\$420,000	\$420,000	7.0	\$840,000	\$840,000	
5	Rewrite Legacy Applications	\$1,497,600	\$1,497,600		\$1,497,600	\$1,497,600		\$2,995,200	\$2,995,200	
6	Expand Medical Quality Review	\$455,000	\$455,000	4.0	\$455,000	\$455,000	4.0	\$910,000	\$910,000	
7	Access Hlth Care Mkt Data	\$265,000	\$265,000		\$195,000	\$195,000		\$460,000	\$460,000	
8	Fund Increased Fuel Costs	\$124,678	\$124,678		\$148,920	\$148,920		\$273,598	\$273,598	
9	Replace Arson Lab Equipment	\$190,000	\$190,000		\$0	\$0		\$190,000	\$190,000	
10	Enhance Health Care Provider Asst	\$487,000	\$487,000	8.0	\$487,000	\$487,000	8.0	\$974,000	\$974,000	
11	Support Data Center Services	\$1,497,353	\$1,497,353		\$822,091	\$822,091		\$2,319,444	\$2,319,444	
Total, Exceptional Items Request		\$6,739,665	\$6,739,665	19.0	\$5,780,611	\$5,780,611	19.0	\$12,520,276	\$12,520,276	\$12,520,276

Method of Financing

General Revenue	\$1,593,695	\$1,200,825	\$1,200,825	\$2,794,520
General Revenue - Dedicated	5,145,970	4,579,786	4,579,786	9,725,756
Federal Funds				
Other Funds				
Total	\$6,739,665	\$6,739,665	\$5,780,611	\$12,520,276

Full Time Equivalent Positions

19.0

2.E. SUMMARY OF EXCEPTIONAL ITEMS REQUEST
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2008
 TIME : 6:34:54PM

Agency code: 454

Agency name: Department of Insurance

Priority	Item	Biennium					
		2010			2011		
		GR and GR/GR Dedicated	All Funds	FTEs	GR and GR Dedicated	All Funds	FTEs

Number of 100% Federally Funded FTEs

0.0

0.0

2.F. SUMMARY OF TOTAL REQUEST BY STRATEGY
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE : 8/27/2008
 TIME : 6:32:27PM

Agency code: 454	Agency name: Department of Insurance	Base 2010	Base 2011	Exceptional 2010	Exceptional 2011	Total Request 2010	Total Request 2011
Goal/Objective/STRATEGY							
1	Encourage Fair Competition in the Insurance Industry						
1	<i>Reduce Impediments to Competition and Improve Insurance Availability</i>						
1	CONSUMER ED. AND MKT. ANALYSES	\$3,472,710	\$3,412,672	\$0	\$0	\$3,472,710	\$3,412,672
2	RATES, FORMS AND LICENSES	10,697,094	10,721,896	153,903	153,903	10,850,997	10,875,799
3	PROMOTE UNDERSERVED COVERAGE	188,175	188,952	0	0	188,175	188,952
2	<i>Reduce Insurance and Insurance-related Statute and Rule Violations</i>						
1	RESOLVE COMPLAINTS	2,709,000	2,715,059	166,497	166,497	2,875,497	2,881,556
2	INVESTIGATION AND ENFORCEMENT	2,718,052	2,723,072	0	0	2,718,052	2,723,072
3	INSURER FRAUD	1,308,784	1,309,744	120,312	120,312	1,429,096	1,430,056
4	TEXASONLINE	380,000	380,000	0	0	380,000	380,000
	TOTAL, GOAL 1	\$21,473,815	\$21,451,395	\$440,712	\$440,712	\$21,914,527	\$21,892,107
2	Encourage the Financial Health of the Insurance Industry						
1	<i>Regulate Insurance Industry Solvency</i>						
1	INSURERS FINANCIAL CONDITION	12,029,391	12,050,931	759,288	759,288	12,788,679	12,810,219
	TOTAL, GOAL 2	\$12,029,391	\$12,050,931	\$759,288	\$759,288	\$12,788,679	\$12,810,219
3	Decrease Insurance Industry Loss Costs						
1	<i>Assure Loss Control Services, Windstorm Inspections, C/P Fraud Info</i>						
1	LOSS CONTROL PROGRAMS	2,635,629	2,640,848	0	0	2,635,629	2,640,848
2	PROVIDER AND CONSUMER FRAUD	1,293,043	1,296,263	0	0	1,293,043	1,296,263
3	WORKERS' COMPENSATION FRAUD	266,076	266,213	0	0	266,076	266,213
	TOTAL, GOAL 3	\$4,194,748	\$4,203,324	\$0	\$0	\$4,194,748	\$4,203,324

2.F. SUMMARY OF TOTAL REQUEST BY STRATEGY
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas(ABEST)

DATE : 8/27/2008
 TIME : 6:32:32PM

Agency code: 454	Agency name: Department of Insurance	Base 2010	Base 2011	Exceptional 2010	Exceptional 2011	Total Request 2010	Total Request 2011
Goal/Objective/STRATEGY							
4	Reduce Loss of Life and Property Due to Fire						
1	<i>Protect the Public against Loss of Life & Property Resulting from Fire</i>						
1	FIRE PROTECTION	\$4,278,762	\$4,287,682	\$314,678	\$148,920	\$4,593,440	\$4,436,602
	TOTAL, GOAL 4	\$4,278,762	\$4,287,682	\$314,678	\$148,920	\$4,593,440	\$4,436,602
5	To Promote Safe and Healthy Workplaces						
1	<i>Promote Safe/Healthy Workplaces through Incentives and Education</i>						
1	HEALTH AND SAFETY SERVICES	4,047,215	4,042,728	0	0	4,047,215	4,042,728
2	<i>Encourage Safe and Timely Return to Work</i>						
1	RETURN-TO-WORK EDUCATION	130,591	130,672	0	0	130,591	130,672
	TOTAL, GOAL 5	\$4,177,806	\$4,173,400	\$0	\$0	\$4,177,806	\$4,173,400
6	Ensure the Appropriate Delivery of Workers' Compensation Benefits						
1	<i>Ensure the Appropriate Payment of Health Care</i>						
1	MEDICAL COST CONTAINMENT	1,469,584	1,469,027	720,000	650,000	2,189,584	2,119,027
2	<i>Promote Compliance & Address Noncompliance w/ Workers' Comp Rules/La</i>						
1	MONITORING AND ENFORCEMENT	3,008,217	3,010,157	0	0	3,008,217	3,010,157
3	<i>Inform System Participants and Provide Service through Technology</i>						
1	DEVELOP AND IMPLEMENT PROCESSES	5,611,812	5,623,768	555,000	555,000	6,166,812	6,178,768
4	<i>Certify & Regulate Private Employers that Qualify to Self-insure</i>						
1	CERTIFY SELF-INSURANCE	647,481	647,936	0	0	647,481	647,936
5	<i>Minimize and Resolve Disputes</i>						
1	DISPUTE RESOLUTION	15,287,969	15,295,360	0	0	15,287,969	15,295,360
6	<i>Manage the Subsequent Injury Fund</i>						
1	SUBSEQUENT INJURY FUND ADMIN	4,514,826	4,497,469	0	0	4,514,826	4,497,469
	TOTAL, GOAL 6	\$30,539,889	\$30,543,717	\$1,275,000	\$1,205,000	\$31,814,889	\$31,748,717

2.F. SUMMARY OF TOTAL REQUEST BY STRATEGY
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas(ABEST)

DATE : 8/27/2008
 TIME : 6:32:32PM

Agency code: 454		Agency name: Department of Insurance		Base		Exceptional		Total Request	
Goal/Objective/STRATEGY		2010	2011	2010	2011	2010	2011	2010	2011
7 Indirect Administration									
1 Indirect Administration									
1 CENTRAL ADMINISTRATION		\$9,561,000	\$9,546,112	\$955,034	\$907,000	\$10,516,034	\$10,453,112		
2 INFORMATION RESOURCES		9,786,964	9,794,804	2,994,953	2,319,691	12,781,917	12,114,495		
3 OTHER SUPPORT SERVICES		3,549,286	3,551,866	0	0	3,549,286	3,551,866		
TOTAL, GOAL 7		\$22,897,250	\$22,892,782	\$3,949,987	\$3,226,691	\$26,847,237	\$26,119,473		
8 Contingency Appropriations									
1 Contingency Appropriations									
1 CONTINGENCY LONG TERM CARE		156,328	156,528	0	0	156,328	156,528		
TOTAL, GOAL 8		\$156,328	\$156,528	\$0	\$0	\$156,328	\$156,528		
9 Three-Share Premium Assistance Programs									
1 Three-Share Premium Assistance Programs									
1 THREE-SHARE ASSISTANCE PROGRAMS		451,802	451,862	0	0	451,802	451,862		
TOTAL, GOAL 9		\$451,802	\$451,862	\$0	\$0	\$451,802	\$451,862		
TOTAL, AGENCY STRATEGY REQUEST		\$100,199,791	\$100,211,621	\$6,739,665	\$5,780,611	\$106,939,456	\$105,992,232		
TOTAL, AGENCY RIDER APPROPRIATIONS REQUEST									
GRAND TOTAL, AGENCY REQUEST		\$100,199,791	\$100,211,621	\$6,739,665	\$5,780,611	\$106,939,456	\$105,992,232		

2.F. SUMMARY OF TOTAL REQUEST BY STRATEGY
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE : 8/27/2008
 TIME : 6:32:32PM

Agency code: 454 Agency name: Department of Insurance

Goal/Objective/STRATEGY	Base 2010	Base 2011	Exceptional 2010	Exceptional 2011	Total Request 2010	Total Request 2011
General Revenue Funds:						
1 General Revenue Fund	\$230,926	\$230,926	\$0	\$0	\$230,926	\$230,926
888 Earned Federal Funds	0	0	0	0	\$0	\$0
8042 Insurance Maint Tax Fees	35,961,372	35,969,199	1,593,695	1,200,825	\$37,555,067	\$37,170,024
	\$36,192,298	\$36,200,125	\$1,593,695	\$1,200,825	\$37,785,993	\$37,400,950
General Revenue Dedicated Funds:						
36 Dept Ins Operating Acct	56,586,014	56,590,017	5,145,970	4,579,786	\$61,731,984	\$61,169,803
5101 Subsequent Injury Fund	4,420,140	4,420,140	0	0	\$4,420,140	\$4,420,140
	\$61,006,154	\$61,010,157	\$5,145,970	\$4,579,786	\$66,152,124	\$65,589,943
Federal Funds:						
555 Federal Funds	2,254,623	2,254,623	0	0	\$2,254,623	\$2,254,623
	\$2,254,623	\$2,254,623	\$0	\$0	\$2,254,623	\$2,254,623
Other Funds:						
666 Appropriated Receipts	689,116	689,116	0	0	\$689,116	\$689,116
777 Interagency Contracts	57,600	57,600	0	0	\$57,600	\$57,600
	\$746,716	\$746,716	\$0	\$0	\$746,716	\$746,716
TOTAL, METHOD OF FINANCING	\$100,199,791	\$100,211,621	\$6,739,665	\$5,780,611	\$106,939,456	\$105,992,232
FULL TIME EQUIVALENT POSITIONS	1,698.5	1,698.5	19.0	19.0	1,717.5	1,717.5

2.G. SUMMARY OF TOTAL REQUEST OBJECTIVE OUTCOMES

Date : 8/27/2008
Time: 6:35:22PM

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation system of Texas (ABEST)

Agency code: 454 Agency name: Department of Insurance

Goal/ Objective / Outcome

	BL 2010	BL 2011	Excp 2010	Excp 2011	Total Request 2010	Total Request 2011
1						
	Encourage Fair Competition in the Insurance Industry					
	<i>Reduce Impediments to Competition and Improve Insurance Availability</i>					
	1 Percent of Company Licenses Completed within 60 Days					
	98.00%	98.00%			98.00%	98.00%
KEY	2 Percent of Agent License Filings Completed within 15 Days					
	96.00%	96.00%			96.00%	96.00%
KEY	3 Percent of Statutory Rate and Form Filings Completed within 90 Days					
	87.00%	87.00%			87.00%	87.00%
KEY	4 Number of Autos in Underserved Markets with Auto Liability Coverage					
	75.00%	75.00%			75.00%	75.00%
KEY	5 % of Personal Auto & Res Prop Rate & Form Filings within 60 Days					
	95.00%	95.00%			95.00%	95.00%
2						
	<i>Reduce Insurance and Insurance-related Statute and Rule Violations</i>					
	1 Percent of Insurer Fraud Referrals to Appropriate Authorities					
	55.00%	55.00%			55.00%	55.00%
KEY	2 Percent of Licensees Who Renew Online					
	78.00%	84.00%			78.00%	84.00%
	3 Percent of Enforcement Cases Concluded within 365 Days					
	46.00	46.00			46.00	46.00

2.G. SUMMARY OF TOTAL REQUEST OBJECTIVE OUTCOMES

Date : 8/27/2008
Time: 6:35:33PM

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation system of Texas (ABEST)

Agency code: 454	Agency name: Department of Insurance		BL 2010	Excp 2010	Excp 2011	Total Request 2010	Total Request 2011
Goal/ Objective / Outcome							
2	Encourage the Financial Health of the Insurance Industry						
1	<i>Regulate Insurance Industry Solvency</i>						
KEY	1 Percent of Statutorily Mandated Examinations Complete within 18 Months	88.00%	90.00%			88.00%	90.00%
KEY	2 Percent of Identified Companies Reviewed	97.00%	97.00%			97.00%	97.00%
KEY	3 Special Deputy Receiver Asset Recovery Expenses As % of Collections	15.00%	15.00%			15.00%	15.00%
KEY	4 Average # of Days from "At Risk" Identification to Solvency Action	21.00	21.00			21.00	21.00
KEY	5 Percent of Companies Rehabilitated after TDI Intervention	18.00%	18.00%			18.00%	18.00%
3	Decrease Insurance Industry Loss Costs						
1	<i>Assure Loss Control Services, Windstorm Inspections, C/P Fraud Info</i>						
KEY	1 Percent of Insurers Providing Adequate Loss Control Programs	97.00%	97.00%			97.00%	97.00%
KEY	2 % Commercial Property Inspections That Meet Filed Rating Schedule Reqs	85.00%	85.00%			85.00%	85.00%

2.G. SUMMARY OF TOTAL REQUEST OBJECTIVE OUTCOMES

Date : 8/27/2008
Time: 6:35:33PM

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation system of Texas (ABEST)

Agency code: 454 Agency name: Department of Insurance

Goal/ Objective / Outcome

	BL 2010	BL 2011	Excp 2010	Excp 2011	Total Request 2010	Total Request 2011
3 Percent of Windstorm Inspections That Result in an "Approved" Status	35.00	35.00			35.00	35.00
4 % of Consumer and Provider Fraud Referral Resulting in Legal Action	60.00%	60.00%			60.00%	60.00%
5 % of WC Consumer/Provider Fraud Referral Resulting in Legal Action	55.00	55.00			55.00	55.00
4 Reduce Loss of Life and Property Due to Fire 1 <i>Protect the Public against Loss of Life & Property Resulting from Fire</i>						
KEY 1 % of SFMO Criminal Referrals Resulting in Legal Action	60.00%	60.00%			60.00%	60.00%
KEY 2 Percent of Registrations, Licenses, and Permits Issued	99.00%	99.00%			99.00%	99.00%
5 To Promote Safe and Healthy Workplaces 1 <i>Promote Safe/Healthy Workplaces through Incentives and Education</i>						
1 % Change in Injury Rate for Employers after Inspection	-20.00	-20.00			-20.00	-20.00
2 <i>Encourage Safe and Timely Return to Work</i>						
KEY 1 Percent of TIBs Recipients Returning to Work Within 90 Days of Injury	54.00	54.00			54.00	54.00
6 Ensure the Appropriate Delivery of Workers' Compensation Benefits 1 <i>Ensure the Appropriate Payment of Health Care</i>						

2.G. SUMMARY OF TOTAL REQUEST OBJECTIVE OUTCOMES

Date : 8/27/2008
Time: 6:35:33PM

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation system of Texas (ABEST)

Agency code: 454 Agency name: Department of Insurance

Goal/ Objective / Outcome	BL 2010	BL 2011	Excp 2010	Excp 2011	Total Request 2010	Total Request 2011
KEY 1 Percentage of Medical Bills Processed Timely	95.00%	95.00%			95.00%	95.00%
2 <i>Promote Compliance & Address Noncompliance w/ Workers' Comp Rules/Laws</i>						
1 Dollar Amount Assessed for Workers' Compensation Violations	1,000,000.00	1,000,000.00			1,000,000.00	1,000,000.00
KEY 2 \$ Amount returned to System Participants through Complaint Resolution	1,100,000.00	1,100,000.00			1,100,000.00	1,100,000.00
3 Average Days from Benefit Accrue Date to Initial Payment	9.75	9.75			9.75	9.75
4 Percent of Violation Notices Issued within 60 Days	85.00	85.00			85.00	85.00
4 <i>Certify & Regulate Private Employers that Qualify to Self-insure</i>						
1 % Market Share of Self-insurance to Total WC Insurance Market	15.00	15.00			15.00	15.00
5 <i>Minimize and Resolve Disputes</i>						
1 Percentage of Indemnity Disputes Resolved in Dispute Resolution	97.00	97.00			97.00	97.00
KEY 2 Percentage of Medical Fee Disputes Resolved by Dispute Resolution	90.00%	90.00%			90.00%	90.00%

2.G. SUMMARY OF TOTAL REQUEST OBJECTIVE OUTCOMES

Date : 8/27/2008
Time: 6:35:33PM

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation system of Texas (ABEST)

Agency code: 454 Agency name: Department of Insurance

Goal/ Objective / Outcome

BL 2010	BL 2011	Excp 2010	Excp 2011	Total Request 2010	Total Request 2011
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6 *Manage the Subsequent Injury Fund*

KEY 1 Total Payments Made out of the SIF for Benefits & Reimbursements

3,960,000.00	4,285,000.00	3,960,000.00	4,285,000.00
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2 Percent of Fatal Claims Reviewed for Payment of Death Benefits

98.00	98.00	98.00	98.00
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3. STRATEGY REQUESTS

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3.A. STRATEGY REQUEST

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas(ABEST)

DATE: 8/27/2008
TIME: 8:01:33PM

Agency code: 454 Agency name: **Department of Insurance**
 GOAL: 1 Encourage Fair Competition in the Insurance Industry Statewide Goal/Benchmark: 7 1
 OBJECTIVE: 1 Reduce Impediments to Competition and Improve Insurance Availability Service Categories:
 STRATEGY: 1 Analyze Market Data and Provide Information Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
Output Measures:						
KEY 1	Number of Inquiries Answered	872,896.00	650,000.00	650,000.00	650,000.00	650,000.00
KEY 2	Number of Rate Guides Distributed	833,898.00	1,200,000.00	1,200,000.00	1,200,000.00	1,200,000.00
3	Number of Consumer Information Publications Distributed	3,278,384.00	3,800,000.00	3,800,000.00	3,800,000.00	3,800,000.00
4	Number of Consumer Information Presentations Made	704.00	800.00	870.00	650.00	650.00
5	Number of TDI Calls to Insurance Industry for Data	19.00	20.00	20.00	20.00	20.00
Explanatory/Input Measures:						
1	Aggregate Overhead Cost As a Percent of Premiums Paid by Consumers	19.00	21.00	21.00	21.00	21.00
2	# of Insured Automobiles as a Percentage of Total Registered Vehicles	86.00	85.00	85.00	79.00	79.00
Objects of Expense:						
1001	SALARIES AND WAGES	\$2,905,767	\$2,235,194	\$2,291,469	\$2,214,617	\$2,214,617
1002	OTHER PERSONNEL COSTS	\$137,308	\$80,739	\$77,392	\$82,788	\$87,928
2001	PROFESSIONAL FEES AND SERVICES	\$230,360	\$740,235	\$628,647	\$723,647	\$638,647
2002	FUELS AND LUBRICANTS	\$0	\$0	\$0	\$0	\$0
2003	CONSUMABLE SUPPLIES	\$19,095	\$26,342	\$21,901	\$21,901	\$21,901
2004	UTILITIES	\$8,156	\$9,683	\$10,953	\$10,953	\$10,953
2005	TRAVEL	\$34,930	\$20,981	\$33,900	\$33,900	\$33,900
2006	RENT - BUILDING	\$4,217	\$5,108	\$10,413	\$10,413	\$10,413
2007	RENT - MACHINE AND OTHER	\$5,472	\$7,309	\$8,070	\$8,070	\$8,070
2009	OTHER OPERATING EXPENSE	\$317,557	\$424,486	\$389,517	\$363,668	\$383,490
5000	CAPITAL EXPENDITURES	\$2,028	\$7,653	\$2,753	\$2,753	\$2,753
TOTAL, OBJECT OF EXPENSE		\$3,664,890	\$3,557,730	\$3,475,015	\$3,472,710	\$3,412,672

Method of Financing:

3.A. STRATEGY REQUEST

DATE: 8/27/2008
TIME: 8:01:38PM

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

Agency code:	454	Agency name:	Department of Insurance	Statewide Goal/Benchmark:	7	1	Income:	A.2	Age:	B.3
GOAL:	1	Encourage Fair Competition in the Insurance Industry		Service Categories:						
OBJECTIVE:	1	Reduce Impediments to Competition and Improve Insurance Availability		Service:	17					
STRATEGY:	1	Analyze Market Data and Provide Information								
CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011				
8042	Insurance Maint Tax Fees	\$2,242,250	\$2,246,484	\$2,379,378	\$2,208,826	\$2,168,984				
	SUBTOTAL, MOF (GENERAL REVENUE FUNDS)	\$2,242,250	\$2,246,484	\$2,379,378	\$2,208,826	\$2,168,984				
	Method of Financing:									
36	Dept Ins Operating Acct	\$1,136,160	\$1,134,720	\$951,038	\$1,119,286	\$1,099,090				
	SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)	\$1,136,160	\$1,134,720	\$951,038	\$1,119,286	\$1,099,090				
	Method of Financing:									
555	Federal Funds	\$148,660	\$0	\$0	\$0	\$0				
	93.256.000 Planning Hlth Care Access-Uninsured									
CFDA	Subtotal, Fund 555	\$148,660	\$0	\$0	\$0	\$0				
	SUBTOTAL, MOF (FEDERAL FUNDS)	\$148,660	\$0	\$0	\$0	\$0				
	Method of Financing:									
666	Appropriated Receipts	\$58,980	\$92,759	\$92,759	\$92,758	\$92,758				\$92,758
777	Interagency Contracts	\$78,840	\$83,767	\$51,840	\$51,840	\$51,840				\$51,840
	SUBTOTAL, MOF (OTHER FUNDS)	\$137,820	\$176,526	\$144,599	\$144,598	\$144,598				\$144,598
	TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)				\$3,472,710	\$3,412,672				
	TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)	\$3,664,890	\$3,557,730	\$3,475,015	\$3,472,710	\$3,412,672				
	FULL TIME EQUIVALENT POSITIONS:	53.9	44.5	47.5	47.5	47.5				47.5
	STRATEGY DESCRIPTION AND JUSTIFICATION									

3.A. STRATEGY REQUEST

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas(ABEST)

DATE: 8/27/2008
TIME: 8:01:38PM

Agency code: 454	Agency name: Department of Insurance	Statewide Goal/Benchmark: 7	1
GOAL: 1	Encourage Fair Competition in the Insurance Industry	Service Categories:	
OBJECTIVE: 1	Reduce Impediments to Competition and Improve Insurance Availability	Service: 17	Income: A.2
STRATEGY: 1	Analyze Market Data and Provide Information	Age:	B.3
CODE	DESCRIPTION	Exp 2007	Est 2008
		Bud 2009	BL 2010
			BL 2011

The agency is directed by statute (primarily Tex. Ins. Code, Chapter 38) to collect and analyze market data and provide information and reports to elected officials, consumers and industry; to collect data about consumer complaints and distribute information to the public (Sections 521.001-.002, 521.004, 521.052, 521.054-.055, 541.060 and 542.003); and to provide requested assistance to the legislature (Tex. Ins. Code, §301.028). Data for the statutorily mandated reports are collected through agency statistical plans or special data calls (e.g. Legislative Report on Market Conditions).

TDI supports competition by educating consumers through its toll free Consumer Help Line website, publications, and presentations (Tex. Ins. Code, § 521.051). Information includes company complaints and financial data and publications on insurance issues including auto and homeowner rate guides

This strategy coordinates with agency strategy 113, providing information and analyzing data to promote coverage of underserved areas 121, providing information to help resolve complaints; 122, analyzing data which may identify trends that assist in investigating questionable practices and enforcing statutes and rules and 312, educating consumers to help them identify and avoid fraudulent entities or activities

Strategy 111 contributes to statewide goal 07 and statewide benchmark 01 by assisting market competition by helping consumers with purchasing decisions and providing Legislators and agency leadership with information for decisionmaking.

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

Legislation, market trends, information needs of policymakers and consumers and population and demographic changes impact this strategy. Changes in state or federal laws may expand or decrease regulation. Legislation enacted in 2003 relating to form filings for residential property and automobile authorized the use of new policy forms which allows consumers a wider range of policy form choices with coverage and price more varied between companies

As product variety continues to increase and market conditions change both policymakers and consumers face greater challenges. Policymakers, whose decisions affect available products, need data and analysis for public policy decisions, and consumers need information to match their needs with available products. Consumers face challenges in selecting a policy that most cost-effectively meets their needs, increasing the agency's role in consumer education. As the population ages and becomes more diverse, TDI will ensure its information is available in appropriate languages and formats

Internal factors include the increased degree of automation and the need to use technology that is compatible with what is used by the industry, consumers, and other parties. Market conditions may also change rapidly, and the agency must balance the need to provide comprehensive data with providing it quickly. Changing market conditions also require the agency to manage resources to ensure that data collected, analyzed and distributed reflects the information needs of consumers, legislators and other interested parties.

3.A. STRATEGY REQUEST

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2008
TIME: 8:01:38PM

Agency code: 454 Agency name: Department of Insurance

GOAL: 1 Encourage Fair Competition in the Insurance Industry

Statewide Goal/Benchmark: 7 1

OBJECTIVE: 1 Reduce Impediments to Competition and Improve Insurance Availability

Service Categories:

STRATEGY: 2 Process Rates, Forms and Licenses

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

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
Output Measures:						
1	Number of Life/Health Insurance Filings Completed	24,919.00	29,800.00	29,800.00	29,800.00	29,800.00
2	Number of Health Maintenance Organization (HMO) Form Filings Completed	1,763.00	1,500.00	1,500.00	1,500.00	1,500.00
3	Number of Property and Casualty Rate and Form Filings Completed	13,538.00	13,500.00	13,500.00	13,500.00	13,500.00
Explanatory/Input Measures:						
1	Total Number of Licensed Agents	302,463.00	331,000.00	351,000.00	372,000.00	394,000.00
2	Number of Regulated Insurance Companies and Other Carriers	1,970.00	1,960.00	1,960.00	1,955.00	1,950.00
Objects of Expense:						
1001	SALARIES AND WAGES	\$8,215,410	\$9,481,183	\$10,021,182	\$9,685,089	\$9,685,089
1002	OTHER PERSONNEL COSTS	\$446,778	\$364,521	\$358,600	\$380,410	\$405,212
2001	PROFESSIONAL FEES AND SERVICES	\$12,711	\$1,582	\$47,743	\$47,743	\$47,743
2003	CONSUMABLE SUPPLIES	\$67,197	\$60,096	\$88,407	\$88,407	\$88,407
2004	UTILITIES	\$5,887	\$7,544	\$3,024	\$3,024	\$3,024
2005	TRAVEL	\$30,585	\$48,102	\$46,916	\$46,916	\$46,916
2006	RENT - BUILDING	\$875	\$2,192	\$774	\$774	\$774
2007	RENT - MACHINE AND OTHER	\$35,573	\$27,542	\$27,219	\$27,219	\$27,219
2009	OTHER OPERATING EXPENSE	\$523,564	\$355,268	\$379,267	\$402,178	\$402,178
5000	CAPITAL EXPENDITURES	\$9,464	\$42,627	\$15,334	\$15,334	\$15,334
TOTAL, OBJECT OF EXPENSE		\$9,348,044	\$10,390,657	\$10,988,466	\$10,697,094	\$10,721,896
Method of Financing:						
8042	Insurance Maint Tax Fees	\$6,179,613	\$6,532,128	\$7,389,569	\$7,353,180	\$7,369,722

3.A. STRATEGY REQUEST

81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2008
 TIME: 8:01:38PM

Agency code: 454	Agency name: Department of Insurance									
GOAL: 1	Encourage Fair Competition in the Insurance Industry							Statewide Goal/Benchmark: 7	1	
OBJECTIVE: 1	Reduce Impediments to Competition and Improve Insurance Availability							Service Categories:		
STRATEGY: 2	Process Rates, Forms and Licenses							Service: 17	Income: A.2	Age: B.3
CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011				
	SUBTOTAL, MOF (GENERAL REVENUE FUNDS)	\$6,179,613	\$6,532,128	\$7,389,569	\$7,353,180	\$7,369,722				
Method of Financing:										
36	Dept Ins Operating Acct	\$3,131,239	\$3,761,872	\$3,598,897	\$3,343,914	\$3,352,174				
	SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)	\$3,131,239	\$3,761,872	\$3,598,897	\$3,343,914	\$3,352,174				
Method of Financing:										
666	Appropriated Receipts	\$37,192	\$96,657	\$0	\$0	\$0				
	SUBTOTAL, MOF (OTHER FUNDS)	\$37,192	\$96,657	\$0	\$0	\$0				
	TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)				\$10,697,094	\$10,721,896				
	TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)	\$9,348,044	\$10,390,657	\$10,988,466	\$10,697,094	\$10,721,896				
	FULL TIME EQUIVALENT POSITIONS:	188.2	196.7	223.2	223.2	223.2				
STRATEGY DESCRIPTION AND JUSTIFICATION:										

3.A. STRATEGY REQUEST

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas(ABEST)

DATE: 8/27/2008
TIME: 8:01:38PM

Agency code: 454 Agency name: Department of Insurance

GOAL: 1 Encourage Fair Competition in the Insurance Industry

Statewide Goal/Benchmark: 7 1

OBJECTIVE: 1 Reduce Impediments to Competition and Improve Insurance Availability

Service Categories:

STRATEGY: 2 Process Rates, Forms and Licenses

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

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
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The agency is directed by statute to review rates, filings and policy forms for property, casualty, credit, life, accident and health, annuity, workers' compensation networks, and HMO coverages (Tex. Ins. Code, Chapters 5, 1701, 20A, 37, 843, 1271, 1272, 1305, 1111 and 1153). TDI also reviews and approves registration and certification applications for prospective agents, adjusters, insurers, third party administrators, utilization review agents, independent review organizations, workers' compensation health care networks and self-insured groups as well as other specialized risk-bearing entities (Tex. Ins. Code, Chapters 21.58A, 21.58C, 801, 822, 841, and 1111). After licensure, TDI reviews subsequent filings submitted in connection with moving books and records contracting with viatical and life settlement entities withdrawing from lines of business and expanding service areas.

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

Strategy 112 provides information to support strategies 113, 122, and 123. This strategy contributes to the statewide goal07 and the statewide benchmark 01 by assisting the agency in regulating the industry and in examining rates for appropriateness

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

State and federal legislation, changes in the economy and market trends impact this strategy. State legislation has increased the number of rate and form filings in the automobile and residential property markets and authorized new policy forms which have increased the number and complexity of these filings. State legislation has also provided carriers the opportunity to design new health coverages.

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

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

3.A. STRATEGY REQUEST

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas(ABEST)

DATE: 8/27/2008
TIME: 8:01:38PM

Agency code: 454 Agency name: Department of Insurance
 GOAL: 1 Encourage Fair Competition in the Insurance Industry Statewide Goal/Benchmark: 7 1
 OBJECTIVE: 1 Reduce Impediments to Competition and Improve Insurance Availability Service Categories:
 STRATEGY: 3 Create Incentives and Requirements for Coverage in Underserved Markets Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
Objects of Expense:						
1001	SALARIES AND WAGES	\$149,783	\$156,260	\$175,473	\$169,588	\$169,588
1002	OTHER PERSONNEL COSTS	\$7,940	\$9,387	\$10,020	\$10,440	\$11,220
2001	PROFESSIONAL FEES AND SERVICES	\$236	\$0	\$0	\$0	\$0
2003	CONSUMABLE SUPPLIES	\$607	\$1,003	\$948	\$948	\$948
2004	UTILITIES	\$588	\$805	\$46	\$46	\$46
2005	TRAVEL	\$0	\$337	\$412	\$412	\$412
2007	RENT - MACHINE AND OTHER	\$615	\$615	\$615	\$615	\$615
2009	OTHER OPERATING EXPENSE	\$10,943	\$4,834	\$5,481	\$5,868	\$5,865
5000	CAPITAL EXPENDITURES	\$338	\$718	\$258	\$258	\$258
	TOTAL, OBJECT OF EXPENSE	\$171,050	\$173,959	\$193,253	\$188,175	\$188,952
Method of Financing:						
8042	Insurance Maint Tax Fees	\$113,526	\$115,457	\$128,262	\$124,892	\$125,409
	SUBTOTAL, MOF (GENERAL REVENUE FUNDS)	\$113,526	\$115,457	\$128,262	\$124,892	\$125,409
Method of Financing:						
36	Dept Ins Operating Acct	\$57,524	\$58,502	\$64,991	\$63,283	\$63,543
	SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)	\$57,524	\$58,502	\$64,991	\$63,283	\$63,543
	TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)				\$188,175	\$188,952
	TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)	\$171,050	\$173,959	\$193,253	\$188,175	\$188,952
	FULL TIME EQUIVALENT POSITIONS:	2.6	2.9	3.2	3.2	3.2

3.A. STRATEGY REQUEST

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas(ABEST)

DATE: 8/27/2008
TIME: 8:01:38PM

Agency code: 454	Agency name: Department of Insurance				
GOAL: 1	Encourage Fair Competition in the Insurance Industry	Statewide Goal/Benchmark:	7	1	
OBJECTIVE: 1	Reduce Impediments to Competition and Improve Insurance Availability	Service Categories:			
STRATEGY: 3	Create Incentives and Requirements for Coverage in Underserved Markets	Service: 17	Income: A.2	Age: B.3	
CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010
					BL 2011

STRATEGY DESCRIPTION AND JUSTIFICATION

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

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

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

This strategy contributes to statewide goal07 and benchmark 01 in that incentive programs comply with statutes regulating the industry in underserved areas and help to reduce rates paid by those in underserved areas.

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

The primary external factors affecting this strategy are market conditions and legislation Texas Insurance Code Article 21.49A established the Fair Access to Insurance Requirements (FAIR) Plan to address availability problems in the homeowners market

Recent legislation relating to form filings for residential property and automobile authorizes the use of new policy forms TDI believes this flexibility in forms will increase the availability of insurance, in general, and also encourage companies to write in underserved areas

3.A. STRATEGY REQUEST

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas(ABEST)

DATE: 8/27/2008
TIME: 8:01:38PM

Agency code: 454 Agency name: **Department of Insurance**
 GOAL: 1 Encourage Fair Competition in the Insurance Industry Statewide Goal/Benchmark: 7 1
 OBJECTIVE: 2 Reduce Insurance and Insurance-related Statute and Rule Violations Service Categories:
 STRATEGY: 1 Respond Promptly and Act on Complaints Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
Output Measures:						
KEY 1	Number of Complaints Resolved	23,941.00	23,610.00	23,350.00	23,350.00	23,350.00
2	Number of Insurance Advertising Filings Reviewed	6,123.00	6,100.00	6,100.00	6,100.00	6,100.00
3	Dollar Amount Returned to Consumers through Complaint Resolution	33,485,415.00	30,000,000.00	30,000,000.00	30,000,000.00	30,000,000.00
4	Number of Complaints Against Health Maintenance Organizations Resolved	872.00	1,000.00	1,000.00	1,000.00	1,000.00
Efficiency Measures:						
KEY 1	Average Response Time (in Days) to Complaints	32.00	29.00	29.00	29.00	29.00
2	Average Time (in Days) for HMO Complaint Resolution	8.00	10.00	10.00	10.00	10.00
Objects of Expense:						
1001	SALARIES AND WAGES	\$2,363,198	\$2,440,487	\$2,487,217	\$2,403,800	\$2,403,800
1002	OTHER PERSONNEL COSTS	\$111,752	\$94,973	\$96,420	\$104,737	\$110,796
2001	PROFESSIONAL FEES AND SERVICES	\$4,065	\$328	\$1,237	\$1,237	\$1,237
2003	CONSUMABLE SUPPLIES	\$14,695	\$18,376	\$19,328	\$19,328	\$19,328
2004	UTILITIES	\$2,024	\$5,591	\$5,814	\$5,814	\$5,814
2005	TRAVEL	\$22,303	\$17,270	\$24,590	\$24,590	\$24,590
2006	RENT - BUILDING	\$540	\$1,916	\$5,876	\$5,876	\$5,876
2007	RENT - MACHINE AND OTHER	\$4,667	\$8,218	\$8,346	\$8,346	\$8,346
2009	OTHER OPERATING EXPENSE	\$108,200	\$120,726	\$122,585	\$130,186	\$130,186
5000	CAPITAL EXPENDITURES	\$2,704	\$14,139	\$5,086	\$5,086	\$5,086
TOTAL, OBJECT OF EXPENSE		\$2,634,148	\$2,722,024	\$2,776,499	\$2,709,000	\$2,715,059
Method of Financing:						
8042	Insurance Maint Tax Fees	\$1,748,283	\$1,806,607	\$1,842,762	\$1,797,963	\$1,801,985

3.A. STRATEGY REQUEST

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas(ABEST)

DATE: 8/27/2008
TIME: 8:01:38PM

Agency code: 454 Agency name: **Department of Insurance**
 GOAL: 1 Encourage Fair Competition in the Insurance Industry Statewide Goal/Benchmark: 7 1
 OBJECTIVE: 2 Reduce Insurance and Insurance-related Statute and Rule Violations Service Categories:
 STRATEGY: 1 Respond Promptly and Act on Complaints Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)						
		\$1,748,283	\$1,806,607	\$1,842,762	\$1,797,963	\$1,801,985
Method of Financing:						
36	Dept Ins Operating Acct	\$885,865	\$915,417	\$933,737	\$911,037	\$913,074
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)						
		\$885,865	\$915,417	\$933,737	\$911,037	\$913,074
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)						
		\$2,634,148	\$2,722,024	\$2,776,499	\$2,709,000	\$2,715,059
FULL TIME EQUIVALENT POSITIONS:						
		55.9	56.2	59.1	59.1	59.1

STRATEGY DESCRIPTION AND JUSTIFICATION

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

While assisting with complaints and questions TDI is able to detect possible deceptive or fraudulent practices by agents or other regulated entities as described in strategies 122, Investigation/Enforcement, and 123, Insurer Fraud. In addition, this strategy contributes to the statewide goal07 and statewide benchmark01 by encouraging fair competition in the insurance industry.

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

3.A. STRATEGY REQUEST

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2008
TIME: 8:01:38PM

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

GOAL: 1 Encourage Fair Competition in the Insurance Industry

OBJECTIVE: 2 Reduce Insurance and Insurance-related Statute and Rule Violations

STRATEGY: 1 Respond Promptly and Act on Complaints

Statewide Goal/Benchmark: 7 1

Service Categories:

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

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
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Changes in the economy, weather conditions such as natural disasters, catastrophes, market changes, industry compliance, and publicity about insurance issues may lead to increased consumer complaints.

Legislative changes also may affect complaints. In 2003, SB 14 deregulated insurance policies, and insurance companies were no longer required to provide mold coverage. As a result, mold complaints have dropped. Alternatively, following the enactment of prompt pay statutes and regulations in 2001, the department saw an increase in complaints received from doctors and other health care providers. However, in 2003, SB 418 provided additional prompt pay protections. TDI completed a comprehensive educational campaign and the number of complaints from physicians and providers has dropped. The total number of complaints received by TDI has continued to decline through FY2007 and FY 2008.

TDI implemented a scanning and imaging workflow or "paperless" complaints process for more than 90 percent of the complaints received. As a result of efficiencies gained, TDI can process complaints in less time.

3.A. STRATEGY REQUEST

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2008
TIME: 8:01:38PM

Agency code: 454 Agency name: Department of Insurance

GOAL: 1 Encourage Fair Competition in the Insurance Industry Statewide Goal/Benchmark: 7 1
OBJECTIVE: 2 Reduce Insurance and Insurance-related Statute and Rule Violations Service Categories:
STRATEGY: 2 Investigate Trade Practices and Enforcement as Needed Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
Output Measures:						
1	Number of Enforcement Cases Concluded with Action	0.00	550.00	550.00	550.00	550.00
2	Dollar Amount of Penalties Assessed for Statute and Rule Violations	7,054,109.00	8,533,500.00	8,450,000.00	8,450,000.00	8,450,000.00
3	Dollar Amount of Restitution Assessed for Statute and Rule Violations	99,007,932.00	43,520,000.00	20,050,000.00	20,500,000.00	20,500,000.00
4	Number of Quality Assurance Examinations Conducted	18.00	20.00	20.00	20.00	20.00
Efficiency Measures:						
1	Average Cost Per Quality Assurance Examination	1,677.00	4,200.00	4,200.00	4,800.00	4,800.00
Explanatory/Input Measures:						
1	Percent of Contested Cases Finalized within 180 Days	66.00	60.00	60.00	60.00	60.00
Objects of Expense:						
1001	SALARIES AND WAGES	\$2,405,038	\$2,519,372	\$2,476,590	\$2,393,529	\$2,393,529
1002	OTHER PERSONNEL COSTS	\$104,681	\$67,288	\$66,680	\$72,400	\$77,420
2001	PROFESSIONAL FEES AND SERVICES	\$102,885	\$116,904	\$86,000	\$86,000	\$86,000
2003	CONSUMABLE SUPPLIES	\$26,587	\$26,461	\$25,408	\$25,408	\$25,408
2004	UTILITIES	\$1,044	\$754	\$0	\$0	\$0
2005	TRAVEL	\$5,493	\$25,744	\$22,303	\$22,303	\$22,303
2006	RENT - BUILDING	\$68	\$141	\$0	\$0	\$0
2007	RENT - MACHINE AND OTHER	\$10,420	\$9,167	\$9,018	\$9,018	\$9,018
2009	OTHER OPERATING EXPENSE	\$178,196	\$122,010	\$98,449	\$105,006	\$105,006
5000	CAPITAL EXPENDITURES	\$2,704	\$12,198	\$4,388	\$4,388	\$4,388
TOTAL, OBJECT OF EXPENSE		\$2,837,116	\$2,900,039	\$2,788,836	\$2,718,052	\$2,723,072
Method of Financing:						
8042	Insurance Maint Tax Fees	\$1,882,994	\$1,924,756	\$1,894,514	\$1,803,971	\$1,807,303

3.A. STRATEGY REQUEST

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas(ABEST)

DATE: 8/27/2008
TIME: 8:01:38PM

Agency code: 454 Agency name: **Department of Insurance**
 GOAL: 1 Encourage Fair Competition in the Insurance Industry Statewide Goal/Benchmark: 7 1
 OBJECTIVE: 2 Reduce Insurance and Insurance-related Statute and Rule Violations Service Categories:
 STRATEGY: 2 Investigate Trade Practices and Enforcement as Needed Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)						
		\$1,882,994	\$1,924,756	\$1,894,514	\$1,803,971	\$1,807,303
Method of Financing:						
36	Dept Ins Operating Acct	\$954,122	\$975,283	\$894,322	\$914,081	\$915,769
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)						
		\$954,122	\$975,283	\$894,322	\$914,081	\$915,769
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)						
		\$2,837,116	\$2,900,039	\$2,788,836	\$2,718,052	\$2,723,072
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)						
		50.0	48.3	48.9	48.9	48.9

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

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

This strategy contributes to the statewide goal07 and benchmark 01 by investigating and enforcing Texas statutes which supports fair rates and practices by insurance companies and other regulated entities.

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

3.A. STRATEGY REQUEST

81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas(ABEST)

DATE: 8/27/2008
 TIME: 8:01:38PM

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

GOAL: 1 Encourage Fair Competition in the Insurance Industry

OBJECTIVE: 2 Reduce Insurance and Insurance-related Statute and Rule Violations

STRATEGY: 2 Investigate Trade Practices and Enforcement as Needed

Statewide Goal/Benchmark: 7 1

Service Categories:

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

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
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Legislation, economic changes, and market forces affect this strategy. Changes in economy or market forces may lead to increased enforcement activity. For example, high reinsurance rates and weather concerns may result in companies restricting their writing and TDI is required to monitor those practices to ensure compliance with Texas law. New legislation may create additional industry requirements which TDI will then monitor for compliance.

Internal factors affecting this strategy include agency practices. Opportunity for informal resolution of actions and concern for particular issues such as availability of insurance at reasonable rates, non-discrimination and health insurance affect TDI's enforcement efforts.

3.A. STRATEGY REQUEST

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas(ABEST)

DATE: 8/27/2008
TIME: 8:01:38PM

Agency code: 454 Agency name: Department of Insurance

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

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
Output Measures:						
KEY 1	Number of Referrals of Alleged Insurer Fraud to Approp Authorities	50.00	56.00	70.00	70.00	70.00
Efficiency Measures:						
1	Average Number of Days Per Insurer Fraud Enforcement Case Referred	283.00	300.00	300.00	300.00	300.00
Explanatory/Input Measures:						
1	Estimated Dollar Amount (in Millions) of Insurer Fraud Referred	4.68	3.90	7.00	7.00	7.00
2	Number of Reports of Insurer Fraud Received	805.00	850.00	867.00	884.00	902.00
Objects of Expense:						
1001	SALARIES AND WAGES	\$1,036,741	\$785,036	\$1,177,586	\$1,138,091	\$1,138,091
1002	OTHER PERSONNEL COSTS	\$13,278	\$5,804	\$6,134	\$7,336	\$8,306
2001	PROFESSIONAL FEES AND SERVICES	\$1,796	\$5,148	\$7,900	\$7,900	\$7,900
2003	CONSUMABLE SUPPLIES	\$7,073	\$9,667	\$6,631	\$6,631	\$6,631
2004	UTILITIES	\$6,240	\$7,492	\$6,946	\$6,946	\$6,946
2005	TRAVEL	\$26,738	\$52,122	\$66,128	\$66,128	\$66,128
2006	RENT - BUILDING	\$879	\$1,581	\$829	\$829	\$829
2007	RENT - MACHINE AND OTHER	\$1,663	\$1,911	\$1,885	\$1,885	\$1,885
2009	OTHER OPERATING EXPENSE	\$50,491	\$71,012	\$69,293	\$71,537	\$71,527
5000	CAPITAL EXPENDITURES	\$1,014	\$4,172	\$1,501	\$1,501	\$1,501
TOTAL, OBJECT OF EXPENSE		\$1,145,913	\$943,945	\$1,344,833	\$1,308,784	\$1,309,744
Method of Financing:						
8042	Insurance Maint Tax Fees	\$757,635	\$623,408	\$932,628	\$866,728	\$867,366

3.A. STRATEGY REQUEST

DATE: 8/27/2008
 TIME: 8:01:38PM

81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

Agency code: 454 Agency name: Department of Insurance
 GOAL: 1 Encourage Fair Competition in the Insurance Industry Statewide Goal/Benchmark: 7 1
 OBJECTIVE: 2 Reduce Insurance and Insurance-related Statute and Rule Violations Service Categories:
 STRATEGY: 3 Investigate Potential Insurer Fraud and Initiate Legal Action Service: 34 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)						
		\$757,635	\$623,408	\$932,628	\$866,728	\$867,366
Method of Financing:						
36	Dept Ins Operating Acct	\$383,898	\$315,883	\$409,325	\$439,176	\$439,498
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)						
		\$383,898	\$315,883	\$409,325	\$439,176	\$439,498
Method of Financing:						
777	Interagency Contracts	\$4,380	\$4,654	\$2,880	\$2,880	\$2,880
SUBTOTAL, MOF (OTHER FUNDS)						
		\$4,380	\$4,654	\$2,880	\$2,880	\$2,880
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)						
		\$1,145,913	\$943,945	\$1,344,833	\$1,308,784	\$1,309,744
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)						
		21.3	16.0	25.2	25.2	25.2

STRATEGY DESCRIPTION AND JUSTIFICATION

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

This strategy protects consumers and ensures that the insurance industry maintains integrity in its business practices. In order to reduce fraud, the Program works with strategy 111 to educate the public about fraudulent activities.

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

3.A. STRATEGY REQUEST

81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2008
 TIME: 8:01:38PM

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

GOAL: 1 Encourage Fair Competition in the Insurance Industry

OBJECTIVE: 2 Reduce Insurance and Insurance-related Statute and Rule Violations

STRATEGY: 3 Investigate Potential Insurer Fraud and Initiate Legal Action

Statewide Goal/Benchmark: 7 1

Service Categories:

Service: 34 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
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EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

Fraud victimizes insurance consumers when agents convert premiums unauthorized insurers sell fake coverage or company employees use company assets for personal gain causing a company to fail

State and federal legislation affects this strategy. The 80th Texas Legislature created the Texas Residential Mortgage Fraud Task Force to take a proactive stance towards tracking and prosecuting mortgage fraud statewide TDI participates in this task force. The TDI Fraud Unit also supports a Governor's Executive Order to prevent and eliminate fraud, waste and abuse. Insurance fraud committed by those within the industry is addressed by the National Association of Insurance Commissioners which maintains an antifraud task force that recommends model laws relating to insurance fraud As states enact tougher fraud laws insurance consumers and taxpayers will benefit

Economic trends affect the amount and type of fraudulent activities occurring in the state The regulatory climate may lead to voids in the marketplace which are filled by fraudulent operators.

Agency activities affect TDI's ability to combat fraud. TDI participated in the Texas Committee on Insurance Fraud to enhance fraud awareness A memorandum of understanding with the Dallas County District Attorney's Office allows TDI to support a special prosecutor to assist in insurance fraud investigations and prosecution Continued funding for access to national and statewide insurer databases as well as maintenance enhancement and expanded use of existing TDI databases and case management systems are essential

3.A. STRATEGY REQUEST

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas(ABEST)

DATE: 8/27/2008
TIME: 8:01:38PM

Agency code: 454 Agency name: **Department of Insurance**
 GOAL: 1 Encourage Fair Competition in the Insurance Industry Statewide Goal/Benchmark: 7 8
 OBJECTIVE: 2 Reduce Insurance and Insurance-related Statute and Rule Violations Service Categories:
 STRATEGY: 4 TexasOnline. Estimated and Nontransferable Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
Objects of Expense:						
2009	OTHER OPERATING EXPENSE	\$322,856	\$380,000	\$380,000	\$380,000	\$380,000
	TOTAL, OBJECT OF EXPENSE	\$322,856	\$380,000	\$380,000	\$380,000	\$380,000
Method of Financing:						
1	General Revenue Fund	\$3,435	\$6,606	\$6,520	\$6,520	\$6,520
	SUBTOTAL, MOF (GENERAL REVENUE FUNDS)	\$3,435	\$6,606	\$6,520	\$6,520	\$6,520
Method of Financing:						
36	Dept Ins Operating Acct	\$319,421	\$373,394	\$373,480	\$373,480	\$373,480
	SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)	\$319,421	\$373,394	\$373,480	\$373,480	\$373,480
	TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)			\$380,000	\$380,000	\$380,000
	TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)	\$322,856	\$380,000	\$380,000	\$380,000	\$380,000
	FULL TIME EQUIVALENT POSITIONS:	0.0	0.0	0.0	0.0	0.0
STRATEGY DESCRIPTION AND JUSTIFICATION						

3.A. STRATEGY REQUEST

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas(ABEST)

DATE: 8/27/2008
TIME: 8:01:38PM

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

GOAL: 1 Encourage Fair Competition in the Insurance Industry Statewide Goal/Benchmark: 7 8

OBJECTIVE: 2 Reduce Insurance and Insurance-related Statute and Rule Violations Service Categories:

STRATEGY: 4 TexasOnline. Estimated and Nontransferable Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
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In 2000, TDI began on-line agent license renewals as a pilot project of the Electronic Government Task Force authorized by the 76th Legislature. This Texas e-government initiative (Gov. Code, Sec. Chapter 2054, Subchapter 1) was established to provide the citizens of Texas access to Texas governmental services 24 hours a day, seven days a week, and 365 days a year.

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

Strategy 124 provides information to support strategy 112 in efforts to complete agent license filings within fifteen days This strategy contributes to statewide goal 07 and statewide benchmark 08.

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

Online services increase customer convenience, access to government services, and allows for automated error-checking.

The number of licensees renewing online is hard to predict due to many external factors. However, the continued growth in Texas' population, the number of agents remaining active in the insurance industry, the steady recruitment of new agents and the continued evolution of the online service industry will be contributing factors.

This development provides an infrastructure upon which subsequent programs and services can be added so that TDI can continue to progress in the online technology era and be a positive change in the way government does business in Texas.

3.A. STRATEGY REQUEST

DATE: 8/27/2008
TIME: 8:01:38PM

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas(ABEST)

Agency code: 454 Agency name: **Department of Insurance** Statewide Goal/Benchmark: 7 1
 GOAL: 2 Encourage the Financial Health of the Insurance Industry Service Categories:
 OBJECTIVE: 1 Regulate Insurance Industry Solvency Service: 17 Income: A.2 Age: B.3
 STRATEGY: 1 Analyze the Financial Condition of Insurers and Take Solvency Action

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
Output Measures:						
KEY 1	Number of Entities Receiving TDI Solvency-related Intervention	2.00	11.00	11.00	10.00	10.00
2	Dollar Amount (in Millions) of Net Asset Recoveries Collected	63.60	35.00	25.00	25.00	25.00
KEY 3	Number of On-site Examinations Conducted	146.00	147.00	145.00	145.00	145.00
4	Number of Reviews of Annual and Interim Financial Statements Conducted	1,900.00	1,950.00	1,950.00	1,750.00	1,750.00
Efficiency Measures:						
KEY 1	Average State Cost Per Examination	30,642.00	31,000.00	32,000.00	32,016.00	32,016.00
Explanatory/Input Measures:						
KEY 1	Dollar Amount (in Millions) of Insurance Company Insolvencies	0.00	210.00	50.00	50.00	50.00
KEY 2	Number of Estates Placed in Receivership	1.00	5.00	6.00	6.00	6.00
3	% Companies Subject to Statutorily Mandated Examinations during the FY	28.00 %	28.00 %	28.00 %	25.00 %	25.00 %
4	% of Insurers Meeting Capital and Surplus Requirements	100.00	97.00	97.00	97.00	97.00
Objects of Expense:						
1001	SALARIES AND WAGES	\$9,047,549	\$9,598,283	\$10,387,028	\$10,038,665	\$10,038,665
1002	OTHER PERSONNEL COSTS	\$383,804	\$264,667	\$244,200	\$264,420	\$285,960
2001	PROFESSIONAL FEES AND SERVICES	\$7,395	\$1,668	\$1,670	\$1,670	\$1,670
2003	CONSUMABLE SUPPLIES	\$61,915	\$53,445	\$64,435	\$65,526	\$65,526
2004	UTILITIES	\$36,356	\$50,314	\$52,506	\$51,416	\$51,416
2005	TRAVEL	\$657,618	\$735,599	\$975,229	\$975,229	\$975,229
2006	RENT - BUILDING	\$50,953	\$53,334	\$52,194	\$52,194	\$52,194
2007	RENT - MACHINE AND OTHER	\$25,149	\$30,412	\$29,664	\$26,995	\$26,995

3.A. STRATEGY REQUEST

81st Regular Session, Agency Submission, Version 1
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DATE: 8/27/2008
TIME: 8:01:38PM

Agency code: 454 Agency name: **Department of Insurance**
 GOAL: 2 Encourage the Financial Health of the Insurance Industry Statewide Goal/Benchmark: 7 1
 OBJECTIVE: 1 Regulate Insurance Industry Solvency Service Categories:
 STRATEGY: 1 Analyze the Financial Condition of Insurers and Take Solvency Action Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
2009	OTHER OPERATING EXPENSE	\$536,451	\$454,879	\$513,475	\$538,387	\$538,387
5000	CAPITAL EXPENDITURES	\$15,804	\$41,381	\$14,889	\$14,889	\$14,889
	TOTAL, OBJECT OF EXPENSE	\$10,822,994	\$11,283,982	\$12,335,290	\$12,029,391	\$12,050,931
Method of Financing:						
8042	Insurance Maint Tax Fees	\$7,100,259	\$7,406,216	\$8,185,321	\$7,900,944	\$7,915,240
	SUBTOTAL, MOF (GENERAL REVENUE FUNDS)	\$7,100,259	\$7,406,216	\$8,185,321	\$7,900,944	\$7,915,240
Method of Financing:						
36	Dept Ins Operating Acct	\$3,597,735	\$3,752,766	\$4,024,969	\$4,003,447	\$4,010,691
	SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)	\$3,597,735	\$3,752,766	\$4,024,969	\$4,003,447	\$4,010,691
Method of Financing:						
666	Appropriated Receipts	\$125,000	\$125,000	\$125,000	\$125,000	\$125,000
	SUBTOTAL, MOF (OTHER FUNDS)	\$125,000	\$125,000	\$125,000	\$125,000	\$125,000
	TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)				\$12,029,391	\$12,050,931
	TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)	\$10,822,994	\$11,283,982	\$12,335,290	\$12,029,391	\$12,050,931
	FULL TIME EQUIVALENT POSITIONS:	170.6	173.3	197.3	197.3	197.3
STRATEGY DESCRIPTION AND JUSTIFICATION						

3.A. STRATEGY REQUEST

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas(ABEST)

DATE: 8/27/2008
TIME: 8:01:38PM

Agency code: 454 Agency name: Department of Insurance
 GOAL: 2 Encourage the Financial Health of the Insurance Industry Statewide Goal/Benchmark: 7 1
 OBJECTIVE: 1 Regulate Insurance Industry Solvency Service Categories:
 STRATEGY: 1 Analyze the Financial Condition of Insurers and Take Solvency Action Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
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TDI is directed by statute to monitor the financial stability of insurers by analyzing their financial statement filings(Tex Insx Code, Art. 1.15, 1.15A, 1.32 and §802.001), performing on-site examinations (Art. 1.15), reviewing actuarial opinions and performing actuarial analysis(Articles 1.32, 3.28 and §802.002) and reviewing holding company transactions (Chapter 823) and risk sharing contracts (Arts. 3.10 and 5.75-1).

TDI uses various intervention strategies to address insurers with financial problems including holding informal insurer management conferences requiring insurers to file corrective business plans, placing insurers under administrative oversight and taking formal administrative action to rehabilitate troubled companies such as issuing orders that place companies in conservation (Tex. Ins. Code, Arts. 1.15, 1.32, 21A, and 21.28A). TDI also conducts additional follow-up monitoring of companies released from rehabilitation

When rehabilitation is not possible, the Commissioner appoints Special Deputy Receivers(SDRs) to liquidate insolvent companies. TDI analyzes the business plans, budgets, and expenses of all SDRs to assure that they appropriately manage the estates(Tex. Ins. Code, Art. 21A). TDI also monitors the Guaranty Associations to ascertain that claims are paid in a timely manner(Tex. Ins. Code, Arts. 9.48, 21.28-C and 21.28-D).

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

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

Changes in federal legislation may preempt state regulations and TDIs ability to regulate certain segments of the insurance industry. Many external factors affect insurers including the general health of the economy, changes in investment yields and the volatility of financial markets adverse trends in claims due to catastrophic or unexpected losses and an increasing number of acquisitions, mergers and reorganizations. These factors affect the complexity of TDI's analysis as well as the amount of time required to perform that analysis. The health of the economy also affects TDIs ability to carry out this strategy as recruitment/retention of qualified staff replacements can be difficult

Adequate computer resources are critical to the success of this strategy. The automation of data and the development of automated programs as well as access to the NAIC database, will continue to be important to the financial analysis process

3.A. STRATEGY REQUEST

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas(ABEST)

DATE: 8/27/2008
TIME: 8:01:38PM

Agency code: 454 Agency name: Department of Insurance
 GOAL: 3 Decrease Insurance Industry Loss Costs Statewide Goal/Benchmark: 7 1
 OBJECTIVE: 1 Assure Loss Control Services, Windstorm Inspections, C/P Fraud Info Service Categories:
 STRATEGY: 1 Inspect Loss Control Programs and Assure Code and Schedule Compliance Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
Output Measures:						
KEY 1	Number of Windstorm Inspections Completed	11,369.00	11,000.00	11,000.00	11,500.00	11,500.00
KEY 2	Number of Inspections of Insurer Loss Control Programs Completed	201.00	203.00	200.00	200.00	200.00
KEY 3	Number of Commercial Property Oversight Inspections Completed	1,199.00	1,190.00	1,160.00	1,160.00	1,160.00
Efficiency Measures:						
KEY 1	Average Cost Per Windstorm Inspection	63.00	60.00	50.00	50.00	50.00
Objects of Expense:						
1001	SALARIES AND WAGES	\$1,961,096	\$2,015,335	\$2,218,429	\$2,144,027	\$2,144,027
1002	OTHER PERSONNEL COSTS	\$86,803	\$64,988	\$75,700	\$80,293	\$85,512
2001	PROFESSIONAL FEES AND SERVICES	\$1,180	\$0	\$0	\$0	\$0
2003	CONSUMABLE SUPPLIES	\$17,000	\$18,590	\$13,313	\$13,313	\$13,313
2004	UTILITIES	\$37,464	\$41,055	\$47,013	\$47,013	\$47,013
2005	TRAVEL	\$140,571	\$139,517	\$150,596	\$150,596	\$150,596
2006	RENT - BUILDING	\$73,101	\$80,776	\$82,194	\$82,194	\$82,194
2007	RENT - MACHINE AND OTHER	\$9,638	\$13,001	\$13,769	\$13,769	\$13,769
2009	OTHER OPERATING EXPENSE	\$89,027	\$98,518	\$98,485	\$102,043	\$102,043
5000	CAPITAL EXPENDITURES	\$1,690	\$6,618	\$2,381	\$2,381	\$2,381
TOTAL, OBJECT OF EXPENSE		\$2,417,570	\$2,478,398	\$2,701,880	\$2,635,629	\$2,640,848
Method of Financing:						
8042	Insurance Maint Tax Fees	\$1,604,519	\$1,644,913	\$1,793,238	\$1,749,267	\$1,752,731
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		\$1,604,519	\$1,644,913	\$1,793,238	\$1,749,267	\$1,752,731
Method of Financing:						

3.A. STRATEGY REQUEST

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas(ABEST)

DATE: 8/27/2008
TIME: 8:01:38PM

Agency code: 454 Agency name: **Department of Insurance**
 GOAL: 3 Decrease Insurance Industry Loss Costs Statewide Goal/Benchmark: 7 1
 OBJECTIVE: 1 Assure Loss Control Services, Windstorm Inspections, C/P Fraud Info Service Categories:
 STRATEGY: 1 Inspect Loss Control Programs and Assure Code and Schedule Compliance Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
36	Dept Ins Operating Acct	\$813,019	\$833,485	\$908,642	\$886,362	\$888,117
	SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)	\$813,019	\$833,485	\$908,642	\$886,362	\$888,117
	Method of Financing:					
666	Appropriated Receipts	\$32	\$0	\$0	\$0	\$0
	SUBTOTAL, MOF (OTHER FUNDS)	\$32	\$0	\$0	\$0	\$0
	TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)			\$2,635,629		\$2,640,848
	TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)	\$2,417,570	\$2,478,398	\$2,701,880	\$2,635,629	\$2,640,848
	FULL TIME EQUIVALENT POSITIONS:	45.8	45.2	51.5	51.5	51.5

STRATEGY DESCRIPTION AND JUSTIFICATION

Statutes direct TDI to provide: windstorm inspection for coastal structures as required for coverage through the Windstorm Insurance Association and oversight of nonTDI inspectors who provide inspections, training and education on building code requirements(Tex. Ins. Code, Art. 2210); oversight inspections of loss costs for commercial structures (Art. 5.25); evaluation of loss control programs provided to commercial policyholders(Arts. 5.06-4, 5.12-2, 5-15-3); enforce amusement ride inspections(Tex. Occ. Code, §§2151.051, 2101.053); and certify inspectors for the state Voluntary Inspection Program for homeowners needing to provide proof of insurability(Tex. Ins. Code, Art. 5.33).

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

The strategy contributes to statewide goal 07 and statewide benchmark 01 by reducing costs that may increase rates and reducing financial exposure to the general revenue fund Strategy 311 supports strategy 111 in developing efforts to educate consumers about loss prevention and safety and 13 in regulating the industry in underserved areas by providing recourse for homeowners needing proof of insurability and benefiting businesses in underserved areas

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

3.A. STRATEGY REQUEST

81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2008
 TIME: 8:01:38PM

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

GOAL: 3 Decrease Insurance Industry Loss Costs

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

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

Statewide Goal/Benchmark: 7 1

Service Categories:

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

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
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Legislation, market conditions, population changes and weather patterns may impact this strategy. Since the adoption of the 2000 edition of the International Residential Code and International Building Code as the standard(s) for windstorm certification, TDI has provided training for engineers, builders, architects and homeowners to promote compliance with building code requirements. Prior to Hurricane Rita, market trends indicated decreasing requests for TDI inspections in favor of inspections by private sector entities. Although there was a significant increase in inspection requests as a result of Rita it is anticipated the previous trend of declining requests will resume barring another significant wind event. As a result, TDI has increased its emphasis on oversight of non-TDI inspections and expanded training related to building requirements for property owners and building trade professionals.

Population growth has increased the number of insured residences in windstorm prone areas and many meteorologists believe increased hurricane activity will continue in the near future.

Internal factors affecting this measure relate to budget constraints especially related to travel expenses staff resources, and expenses related to maintaining field offices for windstorm inspectors.

3.A. STRATEGY REQUEST

DATE: 8/27/2008
TIME: 8:01:38PM

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas(ABEST)

Agency code: 454 Agency name: Department of Insurance Statewide Goal/Benchmark: 7 1
 GOAL: 3 Decrease Insurance Industry Loss Costs Service Categories:
 OBJECTIVE: 1 Assure Loss Control Services, Windstorm Inspections, C/P Fraud Info Service: 34 Income: A.2 Age: B.3
 STRATEGY: 2 Investigate Provider/Consumer Fraud & Refer Violations for Prosecution

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
Output Measures:						
KEY 1	Number of Referrals of Consumer & Provider Fraud for Enforcement	110.00	110.00	110.00	110.00	110.00
Efficiency Measures:						
1	Avg # of Days Per Consumer or Provider Fraud Enforcement Case Referred	256.00	265.00	265.00	265.00	265.00
Explanatory/Input Measures:						
1	Number of Reports of Possible Consumer and Provider Fraud Received	7,160.00	7,500.00	7,650.00	7,803.00	7,959.00
2	Estimated Dollar Amount (in Millions) of Consumer and Provider Fraud	1.90	1.10	1.75	1.75	1.75
Objects of Expense:						
1001	SALARIES AND WAGES	\$1,054,440	\$1,131,293	\$1,100,927	\$1,064,004	\$1,064,004
1002	OTHER PERSONNEL COSTS	\$40,288	\$39,995	\$34,914	\$37,696	\$40,926
2001	PROFESSIONAL FEES AND SERVICES	\$1,879	\$5,230	\$6,150	\$6,150	\$6,150
2003	CONSUMABLE SUPPLIES	\$7,715	\$9,492	\$5,425	\$5,425	\$5,425
2004	UTILITIES	\$6,875	\$8,245	\$5,992	\$5,992	\$5,992
2005	TRAVEL	\$51,596	\$55,914	\$50,405	\$50,405	\$50,405
2006	RENT - BUILDING	\$1,962	\$1,721	\$829	\$829	\$829
2007	RENT - MACHINE AND OTHER	\$3,192	\$2,068	\$1,885	\$1,885	\$1,885
2009	OTHER OPERATING EXPENSE	\$56,392	\$57,495	\$115,792	\$118,707	\$118,697
5000	CAPITAL EXPENDITURES	\$1,014	\$5,422	\$1,950	\$1,950	\$1,950
TOTAL, OBJECT OF EXPENSE		\$1,225,353	\$1,316,875	\$1,324,269	\$1,293,043	\$1,296,263
Method of Financing:						
8042	Insurance Maint Tax Fees	\$805,847	\$855,407	\$876,037	\$856,281	\$858,418

3.A. STRATEGY REQUEST

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas(ABEST)

DATE: 8/27/2008
TIME: 8:01:38PM

Agency code: 454 Agency name: Department of Insurance
 GOAL: 3 Decrease Insurance Industry Loss Costs Statewide Goal/Benchmark: 7 1
 OBJECTIVE: 1 Assure Loss Control Services, Windstorm Inspections, C/P Fraud Info Service Categories:
 STRATEGY: 2 Investigate Provider/Consumer Fraud & Refer Violations for Prosecution Service: 34 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)						
		\$805,847	\$855,407	\$876,037	\$856,281	\$858,418
Method of Financing:						
36	Dept Ins Operating Acct	\$408,326	\$433,439	\$445,352	\$433,882	\$434,965
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)						
		\$408,326	\$433,439	\$445,352	\$433,882	\$434,965
Method of Financing:						
666	Appropriated Receipts	\$6,800	\$23,375	\$0	\$0	\$0
777	Interagency Contracts	\$4,380	\$4,654	\$2,880	\$2,880	\$2,880
SUBTOTAL, MOF (OTHER FUNDS)						
		\$11,180	\$28,029	\$2,880	\$2,880	\$2,880
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)						
		\$1,225,353	\$1,316,875	\$1,324,269	\$1,293,043	\$1,296,263
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)						
		\$1,225,353	\$1,316,875	\$1,324,269	\$1,293,043	\$1,296,263
FULL TIME EQUIVALENT POSITIONS:						
		21.3	22.2	22.7	22.7	22.7

STRATEGY DESCRIPTION AND JUSTIFICATION

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

Insurance fraud is an offense that proves costly to insurance companies and consumers alike. This strategy works to ensure that the insurance industry maintains effective anti-fraud business practices. In addition, the program works with strategy 111 to educate the public about fraudulent activities to both reduce the number of fraud cases committed, as well as increase detection. This strategy contributes to the statewide goal 07 and statewide benchmark 01. Eliminating or deterring fraud reduces unfair and illegal practices, which encourages competition in the industry and reduces insurance costs related to fraudulent claims.

3.A. STRATEGY REQUEST

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas(ABEST)

DATE: 8/27/2008
TIME: 8:01:38PM

Agency code: 454	Agency name: Department of Insurance				
GOAL: 3	Decrease Insurance Industry Loss Costs	Statewide Goal/Benchmark:	7	1	
OBJECTIVE: 1	Assure Loss Control Services, Windstorm Inspections, C/P Fraud Info	Service Categories:			
STRATEGY: 2	Investigate Provider/Consumer Fraud & Refer Violations for Prosecution	Service: 34	Income: A.2	Age: B.3	
CODE	DESCRIPTION	Est 2008	Bud 2009	BL 2010	BL 2011

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

State and federal legislation affects this strategy. Anti-fraud efforts are addressed at the national level. Claimant insurance fraud is addressed by the Coalition Against Insurance Fraud and the National Insurance Crime Bureau (NICB), and provider fraud is addressed by the National Health Care Anti-fraud Association. As fraud reduction efforts increase, all insurance consumers and taxpayers will benefit. On a statewide level, TDI continues to support the Governor's Executive Order, RP36, relating to preventing and eliminating fraud waste and abuse.

Changes in the economy have an effect on the volume of fraudulent activities since a downturn in the economy and a tight market creates an optimal climate for fraudulent operators. An increase in fraudulent activities usually causes an increase in fraud reports to TDI. Additionally, the Fraud Program's liaison initiative with insurance industry officials and statutory requirements increase the number of claimant fraud cases reported.

Agency activities also affect TDI's ability to combat fraud. TDI participated in the "Texas Committee on Insurance Fraud" to enhance fraud awareness. Through a memorandum of understanding with the Dallas County District Attorney's Office, TDI also continues to support a special prosecutor to assist in investigations and prosecution of insurance fraud. Continued funding for and access to national and statewide databases is essential to this strategy. The maintenance, enhancement and expanded use of existing TDI databases and case management systems are also essential.

3.A. STRATEGY REQUEST

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas(ABEST)

DATE: 8/27/2008
TIME: 8:01:38PM

Agency code: 454 Agency name: **Department of Insurance**
 GOAL: 3 Decrease Insurance Industry Loss Costs Statewide Goal/Benchmark: 7 1
 OBJECTIVE: 1 Assure Loss Control Services, Windstorm Inspections, C/P Fraud Info Service Categories:
 STRATEGY: 3 Investigate Workers' Compensation Insurance Fraud Service: 34 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
Output Measures:						
1	Number of Referrals of Workers' Comp Fraud for Enforcement	28.00	34.00	40.00	40.00	40.00
Efficiency Measures:						
1	Average # of Days Per Workers' Comp Fraud Enforcement Case Referred	217.00	200.00	200.00	200.00	200.00
Explanatory/Input Measures:						
1	Number of Reports of Possible Workers' Comp Insurance Fraud Received	2,025.00	2,000.00	1,530.00	1,561.00	1,592.00
2	Estimated Dollar Amount (in Millions) of Workers' Comp Insurance Fraud	1.83	0.23	0.20	0.20	0.20
Objects of Expense:						
1001	SALARIES AND WAGES	\$196,775	\$176,292	\$225,149	\$225,149	\$225,149
1002	OTHER PERSONNEL COSTS	\$1,950	\$1,320	\$4,780	\$5,200	\$5,740
2001	PROFESSIONAL FEES AND SERVICES	\$0	\$0	\$0	\$0	\$0
2003	CONSUMABLE SUPPLIES	\$1,526	\$2,500	\$1,300	\$1,300	\$1,300
2004	UTILITIES	\$0	\$1,300	\$2,234	\$2,234	\$2,234
2005	TRAVEL	\$8,384	\$10,000	\$10,000	\$10,000	\$10,000
2006	RENT - BUILDING	\$0	\$16,168	\$17,448	\$17,448	\$17,448
2007	RENT - MACHINE AND OTHER	\$0	\$0	\$0	\$0	\$0
2009	OTHER OPERATING EXPENSE	\$234	\$5,584	\$5,904	\$4,401	\$3,998
5000	CAPITAL EXPENDITURES	\$0	\$957	\$344	\$344	\$344
TOTAL, OBJECT OF EXPENSE		\$208,869	\$214,121	\$267,159	\$266,076	\$266,213
Method of Financing:						
36	Dept Ins Operating Acct	\$208,869	\$214,121	\$267,159	\$266,076	\$266,213

3.A. STRATEGY REQUEST

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas(ABEST)

DATE: 8/27/2008
TIME: 8:01:38PM

Agency code: 454 Agency name: Department of Insurance
 GOAL: 3 Decrease Insurance Industry Loss Costs Statewide Goal/Benchmark: 7 1
 OBJECTIVE: 1 Assure Loss Control Services, Windstorm Inspections, C/P Fraud Info Service Categories:
 STRATEGY: 3 Investigate Workers' Compensation Insurance Fraud Service: 34 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
	SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)	\$208,869	\$214,121	\$267,159	\$266,076	\$266,213
	TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)				\$266,076	\$266,213
	TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)	\$208,869	\$214,121	\$267,159	\$266,076	\$266,213
	FULL TIME EQUIVALENT POSITIONS:	5.0	4.0	5.0	5.0	5.0

STRATEGY DESCRIPTION AND JUSTIFICATION

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

Insurance fraud is an offense that proves costly to insurance companies and consumers alike. This strategy works to ensure that the insurance industry maintains effective anti-fraud business practices. In addition, the program works with strategy 111 to educate the public about fraudulent activities to reduce the number of fraud cases committed as well as increase detection. This strategy contributes to the statewide goal 07 and statewide benchmark 01. Eliminating or deterring fraud reduces unfair and illegal practices which encourages competition in the industry and reduces insurance costs related to fraudulent claims.

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

3.A. STRATEGY REQUEST

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas(ABEST)

DATE: 8/27/2008
TIME: 8:01:38PM

Agency code: 454	Agency name: Department of Insurance	Statewide Goal/Benchmark: 7 1
GOAL: 3	Decrease Insurance Industry Loss Costs	Service Categories:
OBJECTIVE: 1	Assure Loss Control Services, Windstorm Inspections, C/P Fraud Info	Service: 34
STRATEGY: 3	Investigate Workers' Compensation Insurance Fraud	Income: A.2
		Age: B.3
CODE	DESCRIPTION	Bud 2009 BL 2010 BL 2011

State and federal legislation affects this strategy. Anti-fraud efforts are addressed at the national level. Claimant insurance fraud is addressed by the Coalition Against Insurance Fraud and the National Insurance Crime Bureau (NICB), and provider fraud is addressed by the National Health Care Anti-fraud Association. As fraud reduction efforts increase, all insurance consumers and taxpayers will benefit. On a statewide level, TDI continues to support a Governor's Executive Order relating to preventing and eliminating fraud waste and abuse.

Changes in the economy have an effect on the volume of fraudulent activities since a downturn in the economy and a tight market creates an optimal climate for fraudulent operators. An increase in fraudulent activities usually causes an increase in fraud reports to TDI. Additionally, the Fraud Program's liaison initiative with insurance industry officials and statutory requirements increase the number of claimant fraud cases reported.

Agency activities also affect TDI's ability to combat fraud. TDI participated in the Texas Committee on Insurance Fraud to enhance fraud awareness. Through a memorandum of understanding with the Dallas County District Attorney's Office, TDI also continues to support a special prosecutor to assist in investigations and prosecution of insurance fraud. Continued funding for and access to national and statewide databases is essential to this strategy. The maintenance, enhancement and expanded use of existing TDI databases and case management systems are also essential.

3.A. STRATEGY REQUEST

DATE: 8/27/2008
 TIME: 8:01:38PM

81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas(ABEST)

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

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
Output Measures:						
1	# of Individuals Attending SFMO Fire Prevention/Safety Presentations	21,028.00	22,500.00	22,500.00	22,500.00	22,500.00
KEY 2	Number of Fire Investigations Completed	519.00	507.00	507.00	507.00	507.00
3	Number of Samples Analyzed in the Arson Lab	2,685.00	2,300.00	2,300.00	2,300.00	2,300.00
4	Number of SFMO Criminal Referrals for Prosecution	115.00	110.00	110.00	110.00	110.00
KEY 5	# Alarm, Extinguisher, Sprinkler & Works Cos & Personnel Licensed	11,658.00	11,700.00	11,700.00	11,700.00	11,700.00
6	Number of Licensing Investigations or Inspections Conducted	1,107.00	1,100.00	1,100.00	1,100.00	1,100.00
7	Number of Buildings Inspected or Reinspected for Fire Safety Hazards	4,778.00	4,650.00	4,650.00	4,650.00	4,650.00
8	# of Communities Accepting a SFMO Fire Prevention Program	69.00	40.00	40.00	40.00	40.00
Efficiency Measures:						
1	Average Cost Per Fire Safety Inspection	128.00	145.00	145.00	145.00	145.00
2	Average Time to Complete Fire Investigations	149.00	150.00	150.00	150.00	150.00
Objects of Expenditure:						
1001	SALARIES AND WAGES	\$2,827,854	\$2,991,133	\$3,359,910	\$3,247,224	\$3,247,224
1002	OTHER PERSONNEL COSTS	\$135,684	\$102,231	\$113,500	\$120,900	\$129,820
2001	PROFESSIONAL FEES AND SERVICES	\$3,816	\$1,575	\$3,500	\$3,500	\$3,500
2002	FUELS AND LUBRICANTS	\$103,468	\$133,500	\$108,500	\$101,500	\$101,500
2003	CONSUMABLE SUPPLIES	\$33,922	\$33,804	\$48,838	\$48,838	\$48,838
2004	UTILITIES	\$38,408	\$55,164	\$56,843	\$72,765	\$72,765
2005	TRAVEL	\$150,711	\$158,167	\$177,135	\$177,135	\$177,135
2006	RENT - BUILDING	\$8,992	\$8,137	\$7,693	\$7,693	\$7,693

3.A. STRATEGY REQUEST

DATE: 8/27/2008
 TIME: 8:01:38PM

81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

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

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
2007	RENT - MACHINE AND OTHER	\$7,516	\$4,954	\$3,125	\$3,125	\$3,125
2009	OTHER OPERATING EXPENSE	\$259,433	\$246,777	\$318,993	\$293,283	\$293,283
5000	CAPITAL EXPENDITURES	\$170,612	\$211,341	\$202,799	\$202,799	\$202,799
	TOTAL, OBJECT OF EXPENSE	\$3,740,416	\$3,946,783	\$4,400,836	\$4,278,762	\$4,287,682
Method of Financing:						
8042	Insurance Maint Tax Fees	\$2,480,651	\$2,618,160	\$2,712,216	\$2,839,368	\$2,845,289
	SUBTOTAL, MOF (GENERAL REVENUE FUNDS)	\$2,480,651	\$2,618,160	\$2,712,216	\$2,839,368	\$2,845,289
Method of Financing:						
36	Dept Ins Operating Acct	\$1,256,957	\$1,326,635	\$1,687,948	\$1,438,722	\$1,441,721
	SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)	\$1,256,957	\$1,326,635	\$1,687,948	\$1,438,722	\$1,441,721
Method of Financing:						
666	Appropriated Receipts	\$2,808	\$1,988	\$672	\$672	\$672
	SUBTOTAL, MOF (OTHER FUNDS)	\$2,808	\$1,988	\$672	\$672	\$672
	TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)				\$4,278,762	\$4,287,682
	TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)	\$3,740,416	\$3,946,783	\$4,400,836	\$4,278,762	\$4,287,682
	FULL TIME EQUIVALENT POSITIONS:	66.3	67.8	80.7	80.7	80.7

STRATEGY DESCRIPTION AND JUSTIFICATION

3.A. STRATEGY REQUEST

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas(ABEST)

DATE: 8/27/2008
TIME: 8:01:38PM

Agency code: 454	Agency name: Department of Insurance	Statewide Goal/Benchmark: 7	1
GOAL: 4	Reduce Loss of Life and Property Due to Fire	Service Categories:	
OBJECTIVE: 1	Protect the Public against Loss of Life & Property Resulting from Fire	Service: 17	Income: A.2
STRATEGY: 1	Provide Fire Prevention through Education & Enforcement of Regulations		Age: B.3
CODE	DESCRIPTION	Exp 2007	Est 2008
		Bud 2009	BL 2010
			BL 2011

The State Fire Marshal's Office (SFMO) is directed by statute (Tex. Ins. Code, Arts. 5.43-1, 5.43-2, 5.43-3 and Tex. Occ. Code, Chapter 2154) to license and enforce regulations pertaining to the sales, service and installation of fire alarms, extinguishers and sprinklers, and the sales, storage and public display of fireworks

The SFMO conducts fire safety inspections of buildings(Tex. Gov. Code, Sec. 417.008), inspections of fire escapes and smoke detectors(Tex. Health & Safety Code, Chapters 791-92) and inspections of retail service stations for potential violations of flammable liquid storage tanks(Tex. Health & Safety Code, Chapter 753). Upon request, the SFMO investigates fires and assists in the prosecution of suspected arsonists(Tex. Gov. Code, Chapters 417.006-07). Additionally, the statute (Tex. Gov. Code, Sec. 417.004) authorizes TDI to provide engineering assistance to local governments and investigate firefighter line-of-duty deaths (Tex. Gov. Code, Sec. 417.0075).

The statute (Tex. Gov. Code, Sec. 417.0051-52) authorizes SFMO to provide fire prevention education to Texas citizens and to maintain the Texas Fire Incident Reporting System The SFMO maintains the statewide Juvenile Firesetter Intervention Program, a home fire escape training program utilizing a fire safety house and the development and distribution of fire safety curriculum for schools

This strategy contributes to the statewide goal07 and statewide benchmark01 by helping to lower insurance premiums through the reduction of risks associated with fire

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

SFMO is impacted by external factors such as demographic changes and the capabilities of local jurisdictions The delivery of fire prevention, investigation, inspection, and education services continues to be impacted by increases in the state population and its demographic composition Increases in population and the growth of cities and local municipalities not only exposes more people to the risk of preventable fires but could redefine the types of services currently required of the SFMO The State Fire Marshal continually assesses its service delivery plan to ensure that it remains an effective fire prevention resource for Texas A key component of inspections and investigations is the need for reliable state-owned vehicles for transport of equipment and personnel to perform mission critical functions

In addition, SFMO has implemented a systematic method whereby its resources are leveraged in a manner designed to enhance local officials' ability to provide needed services in their communities. The SFMO continues to work with local communities to ensure that they have qualified trained personnel and that they are adequately able to enforce laws and regulations.

3.A. STRATEGY REQUEST

81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2008
 TIME: 8:01:38PM

Agency code: 454 Agency name: Department of Insurance
 GOAL: 5 To Promote Safe and Healthy Workplaces Statewide Goal/Benchmark: 7 6
 OBJECTIVE: 1 Promote Safe/Healthy Workplaces through Incentives and Education Service Categories:
 STRATEGY: 1 Provide Health and Safety Services in Texas Workplaces Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
Output Measures:						
KEY 1	Number of Consultations and Inspections Provided to Employers	3,362.00	2,990.00	3,360.00	3,058.00	3,058.00
2	Number of Texas Employers Receiving Safety Educational Products/Svcs	7,812.00	6,800.00	8,000.00	10,000.00	10,000.00
3	Number of Texas Employees Receiving Safety Educational Products/Svcs	123,616.00	116,000.00	133,400.00	154,000.00	154,000.00
4	Number of Division of Workers' Compensation Presentations Made	0.00	380.00	400.00	400.00	400.00
Efficiency Measures:						
1	Average Cost Per Consultation and Inspection	785.00	819.00	732.00	750.00	750.00
Explanatory/Input Measures:						
1	Incidence of Injuries and Illness per 100 Full-time Employees	3.60	3.70	3.90	3.90	3.90
Objects of Expense:						
1001	SALARIES AND WAGES	\$2,625,125	\$2,461,051	\$2,828,014	\$2,828,014	\$2,828,014
1002	OTHER PERSONNEL COSTS	\$142,525	\$83,259	\$81,120	\$86,980	\$94,560
2001	PROFESSIONAL FEES AND SERVICES	\$29,726	\$106,861	\$10,000	\$10,000	\$10,000
2003	CONSUMABLE SUPPLIES	\$14,979	\$52,140	\$67,000	\$66,801	\$66,801
2004	UTILITIES	\$28,939	\$41,010	\$41,713	\$41,713	\$41,713
2005	TRAVEL	\$250,264	\$226,652	\$328,378	\$329,178	\$329,178
2006	RENT - BUILDING	\$401,738	\$387,724	\$411,703	\$411,703	\$411,703
2007	RENT - MACHINE AND OTHER	\$2,056	\$15,349	\$11,877	\$11,877	\$11,877
2009	OTHER OPERATING EXPENSE	\$168,310	\$276,989	\$318,409	\$236,150	\$224,083
5000	CAPITAL EXPENDITURES	\$0	\$13,341	\$24,799	\$24,799	\$24,799
TOTAL, OBJECT OF EXPENSE		\$3,663,662	\$3,664,376	\$4,123,013	\$4,047,215	\$4,042,728

3.A. STRATEGY REQUEST

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2008
TIME: 8:01:38PM

Agency code: **454** Agency name: **Department of Insurance**
 GOAL: **5** To Promote Safe and Healthy Workplaces Statewide Goal/Benchmark: **7 6**
 OBJECTIVE: **1** Promote Safe/Healthy Workplaces through Incentives and Education Service Categories:
 STRATEGY: **1** Provide Health and Safety Services in Texas Workplaces Service: **17** Income: **A.2** Age: **B.3**

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
Method of Financing:						
1	General Revenue Fund	\$0	\$98,486	\$224,406	\$224,406	\$224,406
888	Earned Federal Funds	\$201,011	\$0	\$0	\$0	\$0
	SUBTOTAL, MOF (GENERAL REVENUE FUNDS)	\$201,011	\$98,486	\$224,406	\$224,406	\$224,406
Method of Financing:						
36	Dept Ins Operating Acct	\$1,383,173	\$1,266,322	\$1,403,984	\$1,408,656	\$1,404,169
	SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)	\$1,383,173	\$1,266,322	\$1,403,984	\$1,408,656	\$1,404,169
Method of Financing:						
555	Federal Funds					
17.005.001	OSHA BUREAU OF LABOR STATISTICS	\$175,485	\$195,355	\$217,956	\$217,956	\$217,956
17.504.001	OSHA Consultation Agreements	\$1,662,602	\$1,794,610	\$1,961,268	\$1,961,268	\$1,961,268
17.504.002	OSHA Consultation Agreements	\$67,820	\$71,893	\$75,399	\$75,399	\$75,399
	CFDA Subtotal, Fund 555	\$1,905,907	\$2,061,858	\$2,254,623	\$2,254,623	\$2,254,623
	SUBTOTAL, MOF (FEDERAL FUNDS)	\$1,905,907	\$2,061,858	\$2,254,623	\$2,254,623	\$2,254,623
Method of Financing:						
666	Appropriated Receipts	\$173,571	\$237,710	\$240,000	\$159,530	\$159,530
	SUBTOTAL, MOF (OTHER FUNDS)	\$173,571	\$237,710	\$240,000	\$159,530	\$159,530
	TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)			\$4,123,013	\$4,047,215	\$4,042,728
	TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)	\$3,663,662	\$3,664,376			
	FULL TIME EQUIVALENT POSITIONS:	69.1	62.4	76.8	76.8	76.8

3.A. STRATEGY REQUEST

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2008
TIME: 8:01:38PM

Agency code: 454	Agency name: Department of Insurance				
GOAL: 5	To Promote Safe and Healthy Workplaces	Statewide Goal/Benchmark:	7	6	
OBJECTIVE: 1	Promote Safe/Healthy Workplaces through Incentives and Education	Service Categories:			
STRATEGY: 1	Provide Health and Safety Services in Texas Workplaces	Service: 17	Income: A.2	Age: B.3	
CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010 BL 2011

STRATEGY DESCRIPTION AND JUSTIFICATION

The agency is directed by statute (Texas Labor Code, Sections 411.001-110 and Texas Insurance Code, Article 5.76-3, Section 8) to promote safe and health workplaces, and to develop and provide health and safety services to employers employees, academic institutions, and other entities in the Texas workforce. Detailed data is compiled, coded, and published on the frequency and number of occupational injuries illnesses, and fatalities by industry, case characteristics, and demographics.

The agency provides safety-related outreach, education, information and training to increase the effectiveness of health and safety programs in Texas workplaces. Inspections, consultations, and investigations of employers and insurance companies are conducted to assist in developing effective health and safety programs identifying and controlling hazards in the workplace, and understanding state and federal regulations. The agency maintains a bilingual English and Spanish language 24-hour toll free hotline for citizens to report suspected health and safety violations.

This strategy coordinates with agency strategy 521, promoting timely return to work through educational seminars and outreach efforts to employers and employees on the benefits and principles of returning injured employees to the workplace.

Strategy 511 contributes to statewide goal 07 and statewide benchmark 06 by assisting employers and employees in providing safe workplaces and reducing the number of workplace injuries.

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

The agency's ability to analyze injury data and to target its safety education and outreach efforts depends on the receipt of accurate injury and employment data. The use of changing technology, and the ability to deliver state-of-the-art educational programs and customer service.

Consultative and inspection activities are influenced by the number of insurance companies writing workers compensation insurance in Texas; the number of employers placed into the Rejected Risk program by Texas Mutual Insurance Company (the insurer of last resort) based on statutory identification criteria contained in the Insurance Code; the number of employers requesting Occupational Safety and Health Consultation (OSHCON) services; and employer postings of the toll-free hotline information.

Changes to state and federal laws, rules, policies, court rulings, and federal funding of grant programs may require program adjustments.

The ability to recruit and retain qualified personnel with experience and training on health and safety issues remains a workforce challenge.

3.A. STRATEGY REQUEST

81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2008
 TIME: 8:01:38PM

Agency code: 454 Agency name: Department of Insurance
 GOAL: 5 To Promote Safe and Healthy Workplaces Statewide Goal/Benchmark: 7 6
 OBJECTIVE: 2 Encourage Safe and Timely Return to Work Service Categories:
 STRATEGY: 1 Provide Education on Disability Management and Return-to-work Programs Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
Output Measures:						
KEY 1	Number of Persons Receiving Return-to-work Training	10,067.00	6,700.00	11,000.00	11,000.00	11,000.00
2	# of Workers' Compensation Income Benefit Recipients Referred to DARS	3,788.00	9,700.00	20,000.00	20,000.00	20,000.00
Efficiency Measures:						
1	Average Number of Participants per Return-to-Work Seminar	105.15	70.00	70.00	70.00	70.00
Objects of Expense:						
1001	SALARIES AND WAGES	\$224,424	\$128,291	\$88,484	\$88,484	\$88,484
1002	OTHER PERSONNEL COSTS	\$7,370	\$5,800	\$6,720	\$2,640	\$2,880
2001	PROFESSIONAL FEES AND SERVICES	\$0	\$0	\$100,000	\$0	\$0
2003	CONSUMABLE SUPPLIES	\$1,569	\$1,442	\$784	\$784	\$784
2004	UTILITIES	\$90	\$1,300	\$1,034	\$1,034	\$1,034
2005	TRAVEL	\$2,748	\$39,262	\$10,000	\$10,000	\$10,000
2006	RENT - BUILDING	\$0	\$16,168	\$17,448	\$17,448	\$17,448
2009	OTHER OPERATING EXPENSE	\$2,300	\$14,984	\$19,584	\$9,838	\$9,679
3001	CLIENT SERVICES	\$2,500	\$1,810	\$0	\$0	\$0
5000	CAPITAL EXPENDITURES	\$0	\$647	\$363	\$363	\$363
TOTAL, OBJECT OF EXPENSE		\$241,001	\$209,704	\$244,417	\$130,591	\$130,672
Method of Financing:						
36	Dept Ins Operating Acct	\$238,501	\$207,894	\$144,417	\$130,591	\$130,672
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$238,501	\$207,894	\$144,417	\$130,591	\$130,672
Method of Financing:						
666	Appropriated Receipts	\$2,500	\$1,810	\$100,000	\$0	\$0

3.A. STRATEGY REQUEST

81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2008
 TIME: 8:01:38PM

Agency code: 454 Agency name: Department of Insurance
 GOAL: 5 To Promote Safe and Healthy Workplaces Statewide Goal/Benchmark: 7 6
 OBJECTIVE: 2 Encourage Safe and Timely Return to Work Service Categories:
 STRATEGY: 1 Provide Education on Disability Management and Return-to-work Programs Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
	SUBTOTAL, MOF (OTHER FUNDS)	\$2,500	\$1,810	\$100,000	\$0	\$0
	TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)			\$130,591	\$130,591	\$130,672
	TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)	\$241,001	\$209,704	\$244,417	\$130,591	\$130,672
	FULL TIME EQUIVALENT POSITIONS:	4.8	2.1	2.1	2.1	2.1

STRATEGY DESCRIPTION AND JUSTIFICATION

The agency provides return-to-work (RTW) education and information to system participants. The training products and services include seminars, web-based training, publications and onsite visits to system participants to provide effective tools for managing lost time durations associated with workplace injuries (Tex. Labor Code, §§413.018, 413.021, 413.023-025).

The agency assists recipients of income benefits return to the workplace by providing RTW education through trained personnel who interact with injured employees at the DWC field and central offices (Tex. Labor Code, §413.025). The adoption of an RTW guideline (Tex. Labor Code, §413.011) provides a benchmark for expected lost time durations for various types of injuries and illnesses.

The Division of Workers' Compensation administers a RTW Pilot Program for employers with 50 or less employees that provides reimbursement for purchases to assist injured employees return to work as early as possible (Tex. Labor Code, Section 413.022). This program is publicized to employers and industry associations.

This strategy coordinates with agency strategy 611 to ensure medical policies and rules are consistent with the goal of returning injured employees to the workforce as soon as possible and with agency strategy 651 to ensure field staff are trained and able to assist injured employees with return to work questions and requests for assistance.

Strategy 521 contributes to statewide goal 07 and statewide benchmark 06 by establishing clear standards for expected lost time durations for workplace injuries.

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

3.A. STRATEGY REQUEST

81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2008
 TIME: 8:01:38PM

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

GOAL: 5 To Promote Safe and Healthy Workplaces

Statewide Goal/Benchmark: 7 6

OBJECTIVE: 2 Encourage Safe and Timely Return to Work

Service Categories:

STRATEGY: 1 Provide Education on Disability Management and Return-to-work Programs

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

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
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Changing demographics of employees and employers in Texas workplaces require that customized RTW education products and other services be developed and distributed throughout the state using varied delivery methods

Changes to the Labor Code, Insurance Code, and other state laws; court rulings; and rule and policy changes may affect the services provided to employers and employees related to return to work.

3.A. STRATEGY REQUEST

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2008
TIME: 8:01:38PM

Agency code: 454 Agency name: Department of Insurance
 GOAL: 6 Ensure the Appropriate Delivery of Workers Compensation Benefits Statewide Goal/Benchmark: 7 6
 OBJECTIVE: 1 Ensure the Appropriate Payment of Health Care Service Categories:
 STRATEGY: 1 Ensure Appropriate Utilization of Medical Services Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
Output Measures:						
KEY 1	Number of Quality of Care Reviews Completed	82.00	82.00	82.00	82.00	82.00
2	# System Participants Who Receive Medical Benefits Training	4,763.00	3,700.00	4,725.00	4,725.00	4,725.00
Efficiency Measures:						
KEY 1	Avg Days per Quality of Care HC Provider/Insurance Carrier/IRO Review	337.86	180.00	180.00	180.00	180.00
Objects of Expense:						
1001	SALARIES AND WAGES	\$1,254,297	\$1,141,582	\$1,192,577	\$1,192,577	\$1,192,577
1002	OTHER PERSONNEL COSTS	\$66,197	\$37,276	\$24,340	\$26,600	\$28,180
2001	PROFESSIONAL FEES AND SERVICES	\$220,600	\$724,520	\$900,544	\$26,625	\$26,625
2003	CONSUMABLE SUPPLIES	\$10,735	\$25,410	\$8,718	\$8,718	\$8,718
2004	UTILITIES	\$4,943	\$9,058	\$6,441	\$6,441	\$6,441
2005	TRAVEL	\$2,150	\$81,842	\$60,106	\$60,106	\$60,106
2006	RENT - BUILDING	\$70,988	\$119,806	\$107,598	\$107,598	\$107,598
2007	RENT - MACHINE AND OTHER	\$4,866	\$14,211	\$0	\$0	\$0
2009	OTHER OPERATING EXPENSE	\$37,969	\$155,047	\$122,490	\$38,414	\$36,277
5000	CAPITAL EXPENDITURES	\$0	\$7,326	\$2,505	\$2,505	\$2,505
TOTAL, OBJECT OF EXPENSE		\$1,672,745	\$2,316,078	\$2,425,319	\$1,469,584	\$1,469,027
Method of Financing:						
36	Dept Ins Operating Acct	\$1,633,119	\$1,874,776	\$1,449,148	\$1,469,584	\$1,469,027
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$1,633,119	\$1,874,776	\$1,449,148	\$1,469,584	\$1,469,027
Method of Financing:						
666	Appropriated Receipts	\$39,626	\$441,302	\$976,171	\$0	\$0

3.A. STRATEGY REQUEST

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas(ABEST)

DATE: 8/27/2008
TIME: 8:01:38PM

Agency code: 454 Agency name: Department of Insurance
 GOAL: 6 Ensure the Appropriate Delivery of Workers Compensation Benefits Statewide Goal/Benchmark: 7 6
 OBJECTIVE: 1 Ensure the Appropriate Payment of Health Care Service Categories:
 STRATEGY: 1 Ensure Appropriate Utilization of Medical Services Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
SUBTOTAL, MOF (OTHER FUNDS)						
		\$39,626	\$441,302	\$976,171	\$0	\$0
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)						
		\$1,672,745	\$2,316,078	\$2,425,319	\$1,469,584	\$1,469,027
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)						
		27.3	20.1	22.4	22.4	22.4

STRATEGY DESCRIPTION AND JUSTIFICATION

TDI monitors and regulates the delivery of medical care through the adoption of medical policies and rules relating to payment of medical services and to delivery of medical benefits to ensure timely and appropriate care and reimbursement(Tex. Labor Code, Chapter 413, Subchapter B). The Medical Advisor and medical quality review panel assist in the quality review process of health care providers, insurance carriers, peer review and designated doctors, and Independent Review Organizations (IROs) (Tex. Labor Code, Sections 413.0511, 413.0512). The agency processes applications for the approval of doctors who can provide Maximum Medical Improvement(MMI) and Impairment Rating(IR) services, the Designated Doctor List and provides education and outreach services to system participants on the established medical policies processes, and rules.

This strategy coordinates with agency strategy 112, establishing compatible and consistent policies for network and non-network health care; strategy 521, ensuring medical policies/rules promote the goal of early return to work; 621 and 651, identifying issues requiring clarification through rule/process changes or education to reduce complaints and disputes.

Strategy 611 contributes to statewide goal 07 and statewide benchmark 06 by establishing medical rules and policies that ensure access to timely and quality care

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

The implementation of networks and adoption of treatment guidelines and planning are expected to simplify the handling of workers compensation claims. These changes will require extensive training for internal and external system participants Litigation related to quality reviews and to fee/treatment guidelines rules could affect the activities performed in this strategy.

Medical quality reviews are heavily funded by a onetime grant. Additional funds may be needed in the future to pay for professional medical quality review functions
 Increased use of technology for data collection and analysis will continue to be important to the medical quality review process

3.A. STRATEGY REQUEST

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas(ABEST)

DATE: 8/27/2008
TIME: 8:01:38PM

Agency code: 454 Agency name: Department of Insurance
 GOAL: 6 Ensure the Appropriate Delivery of Workers' Compensation Benefits Statewide Goal/Benchmark: 7 6
 OBJECTIVE: 2 Promote Compliance & Address Noncompliance w/ Workers' Comp Rules/Laws Service Categories:
 STRATEGY: 1 Monitor Stakeholder Activity and Take Enforcement Action Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
Output Measures:						
KEY 1	# of Complaints Completed Involving Workers Comp System Participants	2,267.00	2,756.00	2,756.00	2,756.00	2,756.00
2	Number of Performance Reviews Completed	13.00	76.00	72.00	72.00	72.00
3	# of Workers' Compensation Enforcement Cases Concluded with Action	0.00	110.00	276.00	276.00	276.00
Efficiency Measures:						
KEY 1	Avg Days to Complete a Complaint Involving Workers Comp Participants	170.00	120.00	120.00	120.00	120.00
2	Average Number of Days to Complete a Performance Review	225.00	180.00	180.00	180.00	180.00
Explanatory/Input Measures:						
1	Total Number of Administrative Remedies Issued for Violations	166.00	657.00	657.00	657.00	657.00
2	% of First Income Benefit Payment Mode Timely	84.00	89.00	93.00	93.00	93.00
Objects of Expense:						
1001	SALARIES AND WAGES	\$1,591,337	\$2,630,051	\$2,500,321	\$2,500,321	\$2,500,321
1002	OTHER PERSONNEL COSTS	\$118,886	\$179,759	\$80,000	\$87,500	\$93,920
2001	PROFESSIONAL FEES AND SERVICES	\$0	\$12,375	\$4,875	\$4,875	\$4,875
2003	CONSUMABLE SUPPLIES	\$704	\$16,279	\$21,558	\$21,283	\$21,283
2004	UTILITIES	\$8,328	\$14,108	\$11,398	\$11,398	\$11,398
2005	TRAVEL	\$8,881	\$21,467	\$28,368	\$26,849	\$26,849
2006	RENT - BUILDING	\$114,818	\$179,814	\$189,023	\$189,023	\$189,023
2007	RENT - MACHINE AND OTHER	\$13,289	\$0	\$0	\$0	\$0
2009	OTHER OPERATING EXPENSE	\$57,943	\$53,764	\$175,334	\$163,182	\$158,702
5000	CAPITAL EXPENDITURES	\$0	\$10,524	\$3,786	\$3,786	\$3,786

3.A. STRATEGY REQUEST

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas(ABEST)

DATE: 8/27/2008
TIME: 8:01:38PM

Agency code: 454 Agency name: **Department of Insurance**
 GOAL: 6 Ensure the Appropriate Delivery of Workers' Compensation Benefits Statewide Goal/Benchmark: 7 6
 OBJECTIVE: 2 Promote Compliance & Address Noncompliance w/ Workers' Comp Rules/Laws Service Categories:
 STRATEGY: 1 Monitor Stakeholder Activity and Take Enforcement Action Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
TOTAL, OBJECT OF EXPENSE		\$1,914,186	\$3,118,141	\$3,014,663	\$3,008,217	\$3,010,157
Method of Financing:						
36	Dept Ins Operating Acct	\$1,791,230	\$3,118,141	\$2,921,756	\$2,803,793	\$2,805,733
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$1,791,230	\$3,118,141	\$2,921,756	\$2,803,793	\$2,805,733
Method of Financing:						
666	Appropriated Receipts	\$122,956	\$0	\$92,907	\$204,424	\$204,424
SUBTOTAL, MOF (OTHER FUNDS)		\$122,956	\$0	\$92,907	\$204,424	\$204,424
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$3,008,217	\$3,010,157
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$1,914,186	\$3,118,141	\$3,014,663	\$3,008,217	\$3,010,157
FULL TIME EQUIVALENT POSITIONS:		36.8	60.7	55.0	55.0	55.0

STRATEGY DESCRIPTION AND JUSTIFICATION

The Texas Labor Code, Chapter 414, directs the Division of Workers' Compensation to monitor the conduct of all persons subject to the Texas Workers' Compensation Act for compliance through complaints, investigations and performance reviews. The Division's complaint intake and handling process resolves complaints, collects and reports complaint data, and refers matters for further investigation and appropriate enforcement action (Tex. Labor Code, §402.021 and §402.023). Data analysis supports the conducting of performance reviews and investigations, identifies where education and outreach is needed, and is used to place insurance carriers and health care providers into performance tiers (Tex. Labor Code, §402.075). The Division investigates allegations of system participant noncompliance, makes referrals to other authorities, initiates administrative actions (Tex. Labor Code, § 414.005 and §414.006), and assesses appropriate penalties and sanctions (Tex. Labor Code, §415.021).

This strategy coordinates with strategies 121, 511, 521, 611, 631, 641, and 651 in providing analysis of performance by system participants in the workers' compensation system that serves as a resource in the development of rule and process changes, enforcement initiatives, and educational outreach initiatives.

Strategy 621 contributes to goal 07 and benchmark 06 by ensuring Texans are effectively and efficiently served by high-quality medical providers, employers and insurance carriers and by establishing clear standards for compliance and monitoring performance against those standards.

3.A. STRATEGY REQUEST

81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2008
 TIME: 8:01:38PM

Agency code: 454	Agency name: Department of Insurance				
GOAL: 6	Ensure the Appropriate Delivery of Workers' Compensation Benefits	Statewide Goal/Benchmark:	7	6	
OBJECTIVE: 2	Promote Compliance & Address Noncompliance w/ Workers' Comp Rules/Laws	Service Categories:			
STRATEGY: 1	Monitor Stakeholder Activity and Take Enforcement Action	Service: 17	Income: A.2	Age: B.3	
CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010
					BL 2011

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

The availability of useful data and changes in legislation may affect the monitoring activities of the Division The implementation of a performance based oversight model may change the nature of enforcement functions performed by the agency

Internal factors impacting this strategy include the use of automation to collect and analyze and disseminate performance information and to conduct investigations

3.A. STRATEGY REQUEST

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas(ABEST)

DATE: 8/27/2008
TIME: 8:01:38PM

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

GOAL: 6 Ensure the Appropriate Delivery of Workers' Compensation Benefits
OBJECTIVE: 3 Inform System Participants and Provide Service through Technology
STRATEGY: 1 Develop and Implement Processes

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

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
Output Measures:						
1	Number of Documents Received Electronically by the DWC	1,144,419.00	1,232,886.00	1,239,239.00	1,239,239.00	1,239,239.00
2	Number of Reportable Injury Records Created	117,313.00	117,500.00	117,500.00	117,500.00	117,500.00
3	Number of Injury Records in Which Indemnity Benefits are Initiated	69,247.00	65,800.00	65,800.00	65,800.00	65,800.00
4	# Workers' Comp Educational Publications Provided in Electronic Format	1,279,092.00	3,381,000.00	3,400,000.00	3,500,000.00	3,500,000.00

Efficiency Measures:

1	Average Number of Days to Create Reportable Injury Records	4.02	2.00	2.00	2.00	2.00
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Objects of Expense:

1001	SALARIES AND WAGES	\$4,611,396	\$4,139,585	\$4,221,310	\$4,221,310	\$4,221,310
1002	OTHER PERSONNEL COSTS	\$336,212	\$246,279	\$237,300	\$249,620	\$269,140
2001	PROFESSIONAL FEES AND SERVICES	\$64,056	\$144,791	\$0	\$0	\$0
2002	FUELS AND LUBRICANTS	\$0	\$0	\$0	\$0	\$0
2003	CONSUMABLE SUPPLIES	\$80,327	\$79,763	\$84,740	\$84,861	\$84,861
2004	UTILITIES	\$49,413	\$48,184	\$38,087	\$38,087	\$38,087
2005	TRAVEL	\$39,387	\$46,452	\$28,600	\$30,300	\$30,300
2006	RENT - BUILDING	\$598,472	\$672,342	\$703,019	\$703,019	\$703,019
2007	RENT - MACHINE AND OTHER	\$6,059	\$18,415	\$2,815	\$3,000	\$3,000
2009	OTHER OPERATING EXPENSE	\$253,602	\$464,735	\$550,572	\$272,992	\$265,428
5000	CAPITAL EXPENDITURES	\$0	\$543,196	\$8,623	\$8,623	\$8,623
TOTAL, OBJECT OF EXPENSE		\$6,038,924	\$6,403,742	\$5,875,066	\$5,611,812	\$5,623,768

Method of Financing:

36	Dept Ins Operating Acct	\$5,865,158	\$6,204,392	\$5,243,817	\$5,611,812	\$5,623,768
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3.A. STRATEGY REQUEST
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2008
 TIME: 8:01:38PM

Agency code: 454 Agency name: Department of Insurance
 GOAL: 6 Ensure the Appropriate Delivery of Workers' Compensation Benefits Statewide Goal/Benchmark: 7 6
 OBJECTIVE: 3 Inform System Participants and Provide Service through Technology Service Categories:
 STRATEGY: 1 Develop and Implement Processes Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)						
		\$5,865,158	\$6,204,392	\$5,243,817	\$5,611,812	\$5,623,768
Method of Financing:						
666	Appropriated Receipts	\$173,766	\$199,350	\$631,249	\$0	\$0
SUBTOTAL, MOF (OTHER FUNDS)						
		\$173,766	\$199,350	\$631,249	\$0	\$0
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)						
				\$5,611,812	\$5,623,768	
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)						
		\$6,038,924	\$6,403,742	\$5,875,066	\$5,611,812	\$5,623,768
FULL TIME EQUIVALENT POSITIONS:						
		162.6	140.7	154.0	154.0	154.0

STRATEGY DESCRIPTION AND JUSTIFICATION

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

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

This strategy supports agency strategies 511, 521, 611, 621, and 651 through the collection and maintenance of workers' compensation claim information.

Strategy 631 contributes to statewide goal 07 and statewide benchmark 06 by supplying agency staff with current claim administration and proof of coverage information which is used to inform system participants about their rights and responsibilities within the workers' compensation system.

3.A. STRATEGY REQUEST

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2008
TIME: 8:01:38PM

Agency code: 454 Agency name: Department of Insurance
GOAL: 6 Ensure the Appropriate Delivery of Workers' Compensation Benefits Statewide Goal/Benchmark: 7 6
OBJECTIVE: 3 Inform System Participants and Provide Service through Technology Service Categories:
STRATEGY: 1 Develop and Implement Processes Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
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EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

Legislative changes and information needs of policyholders and consumers impact this strategy. Changes in state law and agency rules may expand or decrease the functions performed under this strategy, based on the information required to be received and maintained by the Division and based on the effect that rule and policy changes have on system participants.

The use of technology can have a major impact on this strategy. Increasing the ability to process and store information electronically is a key goal for the agency. Identifying and implementing alternate methods of providing educational materials and training to system participants using technology can also augment the agency's ability to inform the public.

3.A. STRATEGY REQUEST

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas(ABEST)

DATE: 8/27/2008
TIME: 8:01:38PM

Agency code: 454 Agency name: Department of Insurance
 GOAL: 6 Ensure the Appropriate Delivery of Workers' Compensation Benefits Statewide Goal/Benchmark: 7 6
 OBJECTIVE: 4 Certify & Regulate Private Employers that Qualify to Selfinsure Service Categories:
 STRATEGY: 1 Certify and Regulate Private Employers that Qualify to Selfinsure Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
Output Measures:						
1	Number of Active Self-Insured Employers	217.00	216.00	217.00	218.00	219.00
Efficiency Measures:						
1	Average Cost per Certified Self-Insured Employer	16,501.00	17,982.00	17,292.00	17,041.00	16,800.00
Objects of Expense:						
1001	SALARIES AND WAGES	\$498,495	\$512,566	\$527,595	\$527,595	\$527,595
1002	OTHER PERSONNEL COSTS	\$19,330	\$15,160	\$16,400	\$17,400	\$18,800
2003	CONSUMABLE SUPPLIES	\$236	\$2,180	\$2,180	\$2,180	\$2,180
2004	UTILITIES	\$1,737	\$3,249	\$2,585	\$2,585	\$2,585
2005	TRAVEL	\$7,640	\$10,785	\$10,785	\$10,785	\$10,785
2006	RENT - BUILDING	\$27,159	\$40,971	\$43,621	\$43,621	\$43,621
2007	RENT - MACHINE AND OTHER	\$0	\$993	\$0	\$0	\$0
2009	OTHER OPERATING EXPENSE	\$38,403	\$43,293	\$73,100	\$42,349	\$41,404
5000	CAPITAL EXPENDITURES	\$0	\$2,684	\$966	\$966	\$966
TOTAL, OBJECT OF EXPENSE		\$593,000	\$631,881	\$677,232	\$647,481	\$647,936
Method of Financing:						
36	Dept Ins Operating Acct	\$593,000	\$631,881	\$677,232	\$647,481	\$647,936
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$593,000	\$631,881	\$677,232	\$647,481	\$647,936
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$647,481	\$647,936
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$593,000	\$631,881	\$677,232	\$647,481	\$647,936
FULL TIME EQUIVALENT POSITIONS:		10.8	11.1	11.3	11.3	11.3

3.A. STRATEGY REQUEST

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas(ABEST)

DATE: 8/27/2008
TIME: 8:01:38PM

Agency code: 454 Agency name: **Department of Insurance**
 GOAL: 6 Ensure the Appropriate Delivery of Workers' Compensation Benefits Statewide Goal/Benchmark: 7 6
 OBJECTIVE: 4 Certify & Regulate Private Employers that Qualify to Selfinsure Service Categories:
 STRATEGY: 1 Certify and Regulate Private Employers that Qualify to Selfinsure Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
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STRATEGY DESCRIPTION AND JUSTIFICATION

The agency is directed by statute to ensure certified selfinsuring employers meet statutory financial claims administration, and safety requirements through an ongoing process of qualifying, renewing, and revoking certification (Tex. Labor Code, § 407.001 – 407.133). The Division of Workers' Compensation administers a regulatory program for private sector employers who qualify to selfinsure. The program serves as an alternative to commercial workers' compensation and, as a result, helps to moderate general insurance rates charged by insurance companies in Texas.

The costs of regulation are directly paid by the active certified selfinsurers in the form of a regulatory fee

This strategy coordinates with agency strategy 112 to ensure the processes and mechanisms for certification of group selfinsurers and private employer selfinsurers are consistent, as appropriate.

Strategy 641 contributes to statewide goal 07 and statewide benchmark 06 by making the process for employers to be certified to selfinsure their workers' compensation liabilities clear and by monitoring certified employers to ensure that they are able to cover their liabilities

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

The availability of "large deductible" workers' compensation insurance policies, that enable employers to directly self-fund claims below the deductible, affects participation in the program. In addition, the availability and cost of commercial workers' compensation insurance affect the selfinsurance program. The risk of assessment by the TCSIGA to cover the liabilities of an impaired certified self-insurer may also limit participation in the program

The effectiveness of the program is contingent on the public awareness of the program including presentation of the program on the agency's web site.

3.A. STRATEGY REQUEST

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas(ABEST)

DATE: 8/27/2008
TIME: 8:01:38PM

Agency code: 454 Agency name: Department of Insurance
 GOAL: 6 Ensure the Appropriate Delivery of Workers' Compensation Benefits Statewide Goal/Benchmark: 7 6
 OBJECTIVE: 5 Minimize and Resolve Disputes Service Categories:
 STRATEGY: 1 Minimize and Resolve Indemnity and Medical Disputes Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
Output Measures:						
1	Number of Indemnity Disputes Concluded in Benefit Review Conference	12,127.00	10,400.00	9,020.00	8,528.00	8,149.00
2	Number of Indemnity Disputes Concluded in Contested Case Hearings	5,814.00	5,366.00	4,355.00	4,118.00	3,935.00
3	Number of Medical Fee Disputes Resolved Prior to a Decision	4,045.00	6,000.00	2,400.00	1,600.00	1,300.00
4	Number of Medical Fee Dispute Decisions Issued	5,272.00	6,083.00	6,300.00	7,584.00	7,584.00
Efficiency Measures:						
KEY 1	Average Number of Days from Request for BRC to Conclusion of BRC	63.00	68.00	67.00	67.00	67.00
KEY 2	Average # Days from Request for Contested Hearing to Conclusion	83.00	85.00	85.00	84.00	83.00
3	Average Days from Receipt of Med Fee Dispute to Date Decision Issued	339.00	370.00	300.00	300.00	90.00
4	Average Days to Resolve Indemnity Disputes through Dispute Resolution	113.00	113.00	116.00	115.00	115.00
Explanatory/Input Measures:						
1	Number of Indemnity Disputes Received by Division	29,678.00	24,692.00	23,800.00	22,500.00	21,500.00
2	Number of Medical Fee Disputes Received by the Division	12,674.00	6,789.00	6,500.00	5,800.00	5,800.00
Objects of Expense:						
1001	SALARIES AND WAGES	\$11,839,822	\$11,347,418	\$12,762,833	\$12,762,833	\$12,762,833
1002	OTHER PERSONNEL COSTS	\$627,558	\$366,369	\$377,500	\$408,520	\$438,780
2001	PROFESSIONAL FEES AND SERVICES	\$30,029	\$248,236	\$100,000	\$100,000	\$100,000
2002	FUELS AND LUBRICANTS	\$0	\$11	\$0	\$0	\$0
2003	CONSUMABLE SUPPLIES	\$84,969	\$99,373	\$103,881	\$104,351	\$104,351

3.A. STRATEGY REQUEST

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2008
TIME: 8:01:38PM

Agency code: 454 Agency name: Department of Insurance

GOAL: 6 Ensure the Appropriate Delivery of Workers' Compensation Benefits

OBJECTIVE: 5 Minimize and Resolve Disputes

STRATEGY: 1 Minimize and Resolve Indemnity and Medical Disputes

Statewide Goal/Benchmark: 7 6

Service Categories:

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

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
2004	UTILITIES	\$92,516	\$85,063	\$69,390	\$66,240	\$66,240
2005	TRAVEL	\$217,640	\$232,888	\$245,252	\$245,451	\$245,451
2006	RENT - BUILDING	\$1,203,061	\$1,060,116	\$1,112,872	\$1,112,872	\$1,112,872
2007	RENT - MACHINE AND OTHER	\$20,947	\$141,009	\$9,685	\$9,500	\$9,500
2009	OTHER OPERATING EXPENSE	\$371,959	\$610,329	\$1,168,831	\$457,428	\$434,559
5000	CAPITAL EXPENDITURES	\$0	\$746,019	\$20,774	\$20,774	\$20,774
	TOTAL, OBJECT OF EXPENSE	\$14,488,501	\$14,936,831	\$15,971,018	\$15,287,969	\$15,295,360

Method of Financing:

36 Dept Ins Operating Acct

		\$14,456,412	\$14,846,238	\$15,866,157	\$15,181,237	\$15,188,628
	SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)	\$14,456,412	\$14,846,238	\$15,866,157	\$15,181,237	\$15,188,628

Method of Financing:

666 Appropriated Receipts

		\$32,089	\$90,593	\$104,861	\$106,732	\$106,732
	SUBTOTAL, MOF (OTHER FUNDS)	\$32,089	\$90,593	\$104,861	\$106,732	\$106,732

TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)

			\$90,593	\$104,861	\$106,732	\$106,732
	TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)	\$14,488,501	\$14,936,831	\$15,971,018	\$15,287,969	\$15,295,360

FULL TIME EQUIVALENT POSITIONS:

		301.7	272.9	325.8	325.8	325.8
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STRATEGY DESCRIPTION AND JUSTIFICATION

3.A. STRATEGY REQUEST

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas(ABEST)

DATE: 8/27/2008
TIME: 8:01:38PM

Agency code: 454	Agency name: Department of Insurance						
GOAL: 6	Ensure the Appropriate Delivery of Workers' Compensation Benefits	Statewide Goal/Benchmark:	7	6			
OBJECTIVE: 5	Minimize and Resolve Disputes	Service Categories:					
STRATEGY: 1	Minimize and Resolve Indemnity and Medical Disputes	Service: 17	Income: A.2	Age: B.3			
CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011	

The agency attempts to minimize and resolve disputes at the lowest level(Tex. Labor Code, §402.00114 and §402.021).

For disputes on injuries that occurred prior to 1/1/1991, the agency holds Pre-Hearing Conferences (PHCs), issues Award Recommendations, and approves Compromise Settlement Agreements regarding benefits for injured workers [Vernon's Tex. Civil Statutes Arts. 8306, 8307, 8309; SB1 (1989 Act) Art. 17, §17.18]

For disputes relating to injuries that occur on or after 1/1/1991, in the event disputes regarding income benefits and spinal surgery necessity remain unresolved after the parties attempt to resolve the issues, there is mediation, followed by a hearing officer decision or arbitration deciding the parties' disputes. Parties may appeal a hearing officer decision to the Appeals Panel for Appeals Panel decisions appealed to court; the agency provides a certified copy of the administrative record on request(Tex. Labor Code, Chapter 410).

For disputes regarding medical fees for services provided and the necessity for medical services provided or requested that remain unresolved after the parties attempt to resolve the issues, there is a medical dispute resolution process (Tex. Labor Code, Chapter 413 Subchapter C). For disputes regarding medical fees, TDI-DWC personnel make a decision on the amount to be paid. For disputes regarding the necessity for the medical services TDI personnel assign the dispute to an IRO.

Strategy 651 contributes to goal 07 and benchmark 06 by attempting to resolve disputes effectively and efficiently

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

The need for the agency's dispute resolution services may increase and decrease if there is a rise and fall on the numbers of claims filed by injured workers

The establishment of networks to provide medical care to injured workers rules on medical fee guidelines and rules on medical treatment guidelines may all have an affect on the volume and complexity of disputes With changes from HB 7 (TX Legislature, 2005), if networks penetrate the market heavily, the amount of incoming disputes to DWC may be reduced.

Changes in agency rules and statutory changes as well as issues that are in litigation may affect the processing of medical disputes and income disputes and require training for agency staff.

3.A. STRATEGY REQUEST

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas(ABEST)

DATE: 8/27/2008
TIME: 8:01:38PM

Agency code: 454 Agency name: Department of Insurance

GOAL: 6 Ensure the Appropriate Delivery of Workers' Compensation Benefits

Statewide Goal/Benchmark: 7 6

OBJECTIVE: 6 Manage the Subsequent Injury Fund

Service Categories:

STRATEGY: 1 Subsequent Injury Fund Administration

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

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
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Output Measures:

KEY 1	Number of Injured Workers Receiving LIB Payments through the SIF	36.00	35.00	37.00	39.00	41.00
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Efficiency Measures:

1	Avg Days from SIF Receipt of Reimbursement Request to Payment	60.00	62.00	62.00	62.00	62.00
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Explanatory/Input Measures:

1	# of Requests for Reimbursement for Overpayment of Benefits Processed	127.00	100.00	105.00	110.00	116.00
2	# Requests Filed for Reimbursement of Multiple Employ. Benefits Paid	48.00	101.00	202.00	303.00	379.00

Objects of Expense:

1001	SALARIES AND WAGES	\$57,870	\$57,870	\$65,563	\$65,563	\$65,563
1002	OTHER PERSONNEL COSTS	\$860	\$960	\$2,540	\$2,760	\$3,020
2001	PROFESSIONAL FEES AND SERVICES	\$812	\$1,410	\$0	\$17,500	\$0
2003	CONSUMABLE SUPPLIES	\$473	\$389	\$429	\$429	\$429
2004	UTILITIES	\$18	\$433	\$345	\$345	\$345
2005	TRAVEL	\$55	\$76	\$104	\$104	\$104
2006	RENT - BUILDING	\$0	\$5,481	\$5,816	\$5,816	\$5,816
2007	RENT - MACHINE AND OTHER	\$0	\$626	\$0	\$0	\$0
2009	OTHER OPERATING EXPENSE	\$2,550,802	\$5,172,560	\$3,675,394	\$4,422,204	\$4,422,087
5000	CAPITAL EXPENDITURES	\$0	\$292	\$105	\$105	\$105
	TOTAL, OBJECT OF EXPENSE	\$2,610,275	\$5,240,097	\$3,750,296	\$4,514,826	\$4,497,469

Method of Financing:

36	Dept Ins Operating Acct	\$61,046	\$69,957	\$80,156	\$94,686	\$77,329
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3.A. STRATEGY REQUEST

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas(ABEST)

DATE: 8/27/2008
TIME: 8:01:38PM

Agency code: 454 Agency name: **Department of Insurance**
 GOAL: 6 Ensure the Appropriate Delivery of Workers' Compensation Benefits Statewide Goal/Benchmark: 7 6
 OBJECTIVE: 6 Manage the Subsequent Injury Fund Service Categories:
 STRATEGY: 1 Subsequent Injury Fund Administration Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
5101	Subsequent Injury Fund	\$2,549,229	\$5,170,140	\$3,670,140	\$4,420,140	\$4,420,140
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$2,610,275	\$5,240,097	\$3,750,296	\$4,514,826	\$4,497,469
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$4,514,826	\$4,497,469
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$2,610,275	\$5,240,097	\$3,750,296	\$4,514,826	\$4,497,469
FULL TIME EQUIVALENT POSITIONS:		1.6	1.6	2.3	2.3	2.3
STRATEGY DESCRIPTION AND JUSTIFICATION						

Section 403.007, Texas Labor Code provides that the Division of Workers' Compensation is to maintain the Subsequent Injury Fund(SIF), a general revenue dedicated account. SIF is liable for the timely payment of authorized lifetime income benefits to eligible injured employees who meet the statutory criteria due to a second work-related injury (Tex. Labor Code, §408.162). SIF is also liable for reimbursement of eligible insurance carrier overpayments made pursuant to a Division interlocutory order or decision that is later reversed or modified, and for the reimbursement of eligible insurance carrier multiple employment claims(Tex. Labor Code, §408.042) and certain pharmaceutical claims (Tex. Labor Code, §413.0141). SIF staff monitor proper financial administration of the payment of lifetime income benefits in coordination with TDIs accounting staff. Insurance carrier requests for reimbursements to the SIF are reviewed, processed and paid on a quarterly basis.

This strategy coordinates with agency strategy 651 to ensure payments from the SIF are based on final adjudication of any questions about lifetime income benefit eligibility and other disputed issues.

Strategy 661 contributes to statewide goal 07 and statewide benchmark 06 by ensuring eligible injured employees receive lifetime income benefits in accordance with the Texas Labor Code and by effectively distributing reimbursements to eligible insurance carrier for overpayment of benefits

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

The number of claims and disputes filed by injured employees and insurance carriers may affect the amount of payment from the SIF. Also, the number of insurance carrier requests for reimbursement may affect the amount of SIF payments

The financial condition of the SIF may be impacted by changes in statute and/or rules regarding the types of payments that may be made from the SIF

3.A. STRATEGY REQUEST

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2008
TIME: 8:01:38PM

Agency code: 454 Agency name: Department of Insurance

GOAL: 7 Indirect Administration

Statewide Goal/Benchmark: 7 0

OBJECTIVE: 1 Indirect Administration

Service Categories:

STRATEGY: 1 Central Administration

Service: 09 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
Objects of Expense:						
1001	SALARIES AND WAGES	\$6,394,128	\$6,607,519	\$8,150,272	\$8,007,624	\$8,007,624
1002	OTHER PERSONNEL COSTS	\$261,602	\$196,724	\$216,960	\$232,820	\$247,480
2001	PROFESSIONAL FEES AND SERVICES	\$160,376	\$201,411	\$199,717	\$200,517	\$192,517
2003	CONSUMABLE SUPPLIES	\$39,925	\$40,067	\$50,856	\$50,656	\$50,156
2004	UTILITIES	\$7,155	\$18,590	\$15,795	\$15,795	\$15,795
2005	TRAVEL	\$30,231	\$58,336	\$80,178	\$80,798	\$80,798
2006	RENT - BUILDING	\$90,305	\$176,968	\$190,457	\$185,457	\$190,457
2007	RENT - MACHINE AND OTHER	\$32,167	\$16,265	\$17,874	\$17,872	\$17,872
2009	OTHER OPERATING EXPENSE	\$362,652	\$557,381	\$773,926	\$769,461	\$743,413
	TOTAL, OBJECT OF EXPENSE	\$7,378,541	\$7,873,261	\$9,696,035	\$9,561,000	\$9,546,112
Method of Financing:						
8042	Insurance Maint Tax Fees	\$3,045,846	\$3,108,709	\$3,390,220	\$3,271,187	\$3,262,313
	SUBTOTAL, MOF (GENERAL REVENUE FUNDS)	\$3,045,846	\$3,108,709	\$3,390,220	\$3,271,187	\$3,262,313
Method of Financing:						
36	Dept Ins Operating Acct	\$4,332,695	\$4,764,552	\$6,305,815	\$6,289,813	\$6,283,799
	SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)	\$4,332,695	\$4,764,552	\$6,305,815	\$6,289,813	\$6,283,799
	TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)				\$9,561,000	\$9,546,112
	TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)	\$7,378,541	\$7,873,261	\$9,696,035	\$9,561,000	\$9,546,112
	FULL TIME EQUIVALENT POSITIONS:	119.5	116.6	145.3	145.3	145.3

3.A. STRATEGY REQUEST

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas(ABEST)

DATE: 8/27/2008
TIME: 8:01:38PM

Agency code: 454 Agency name: Department of Insurance

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

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

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
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STRATEGY DESCRIPTION AND JUSTIFICATION

Central Administration is comprised of the two Commissioners administrative support activities, Financial Services, and Human Resources and provides leadership direction, oversight and support for TDI programs. The Commissioners' areas ensure TDI and DWC activities are compliant with all statutory and regulatory requirements as well as consistent with TDI goals, objectives, purpose, and policies. In addition, the Commissioners' areas ensure agency accountability and integrity, provide assistance and information to the Legislature, the public and the media on insurance-related and workers' compensation matters and issues. Financial Services manages agency-wide budget and planning functions, including the Legislative Appropriations Request, the strategic plan, the annual operating budget, performance measure reports, and business planning. Financial Services also monitors the agency's compliance with certain Article IX provisions of the General Appropriations Act and provides administrative support to the Office of Injured Employee Counsel. Human Resources ensures compliance with employment laws implements professional development training maintains payroll records, and manages other personnel activities. Additionally, Human Resources leads the agency's recruitment and succession planning activities as well as promotes a positive working environment TDI strives to maintain a highly serviceable Central Administration to better allow agency programs time to focus on the effective and efficient regulation of the Texas insurance market and workers' compensation system.

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

This past biennium, the Sunset Advisory Commission reviewed TDI's mission and operations. Consequently, TDI anticipates legislation as a result of the Sunset Advisory Commission's findings and recommendations to the 81st Legislature. As TDI services expand to meet the insurance and workers' compensation needs of Texans, administrative resources are critical for communicating direction and policy, establishing new programs, recruiting and hiring additional employees, and managing budgetary and planning activities.

3.A. STRATEGY REQUEST

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas(ABEST)

DATE: 8/27/2008
TIME: 8:01:38PM

Agency code: 454 Agency name: Department of Insurance

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

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

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
Objects of Expense:						
1001	SALARIES AND WAGES	\$4,928,977	\$4,338,991	\$4,802,758	\$4,696,688	\$4,696,688
1002	OTHER PERSONNEL COSTS	\$258,000	\$157,400	\$144,520	\$153,180	\$163,960
2001	PROFESSIONAL FEES AND SERVICES	\$4,393,593	\$3,421,165	\$2,782,899	\$2,782,899	\$2,782,899
2002	FUELS AND LUBRICANTS	\$53	\$0	\$0	\$0	\$0
2003	CONSUMABLE SUPPLIES	\$34,209	\$34,868	\$44,327	\$44,327	\$44,327
2004	UTILITIES	\$521,418	\$558,538	\$526,078	\$526,078	\$526,078
2005	TRAVEL	\$16,811	\$22,731	\$20,510	\$20,510	\$20,510
2006	RENT - BUILDING	\$206,630	\$213,361	\$223,919	\$223,919	\$223,919
2007	RENT - MACHINE AND OTHER	\$1,999	\$5,803	\$1,999	\$1,999	\$1,999
2009	OTHER OPERATING EXPENSE	\$1,892,863	\$1,014,836	\$1,105,376	\$1,099,153	\$1,096,213
5000	CAPITAL EXPENDITURES	\$9,208	\$238,211	\$238,211	\$238,211	\$238,211
	TOTAL, OBJECT OF EXPENSE	\$12,263,761	\$10,005,904	\$9,890,597	\$9,786,964	\$9,794,804
Method of Financing:						
8042	Insurance Maint Tax Fees	\$2,665,460	\$2,830,354	\$2,631,030	\$3,522,902	\$3,526,963
	SUBTOTAL, MOF (GENERAL REVENUE FUNDS)	\$2,665,460	\$2,830,354	\$2,631,030	\$3,522,902	\$3,526,963
Method of Financing:						
36	Dept Ins Operating Acct	\$9,598,301	\$7,175,550	\$7,259,567	\$6,264,062	\$6,267,841
	SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)	\$9,598,301	\$7,175,550	\$7,259,567	\$6,264,062	\$6,267,841
	TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)				\$9,786,964	\$9,794,804
	TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)	\$12,263,761	\$10,005,904	\$9,890,597	\$9,786,964	\$9,794,804
	FULL TIME EQUIVALENT POSITIONS:	97.1	79.5	90.4	90.4	90.4

3.A. STRATEGY REQUEST

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2008
TIME: 8:01:38PM

Agency code: 454 Agency name: Department of Insurance

GOAL: 7 Indirect Administration

OBJECTIVE: 1 Indirect Administration

STRATEGY: 2 Information Resources

Statewide Goal/Benchmark: 7 0

Service Categories:

Service: 09 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
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STRATEGY DESCRIPTION AND JUSTIFICATION

Information Technology Services (ITS) provides automation and computer support for all TDI agency programs as well as for the Office of Injured Employee Counsel(OIEC) and ensures the agency's infrastructure and networked computer systems are fully operational ITS responsibilities include application development, quality assurance, direct customer support, project management, systems analysis, planning and monitoring of the capital and operational budget desk side software support, office automation support, and telephone systems support. These responsibilities are performed for all Austin locations as well as 24 field office locations across the state.

Justification for ITS is reflected in performance of the program by a 99.75 percent server "uptime" provided for the past five years, 100 percent of reporting deadlines being met for fiscal years 2006 and 2007, and the division's continued service to other TDI program areas

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

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

3.A. STRATEGY REQUEST

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas(ABEST)

DATE: 8/27/2008
TIME: 8:01:38PM

Agency code: 454 Agency name: Department of Insurance

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

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

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
Objects of Expense:						
1001	SALARIES AND WAGES	\$1,419,005	\$1,468,349	\$1,547,304	\$1,519,743	\$1,519,743
1002	OTHER PERSONNEL COSTS	\$76,912	\$63,652	\$64,740	\$69,440	\$73,320
2001	PROFESSIONAL FEES AND SERVICES	\$12,162	\$16,319	\$1,500	\$1,500	\$1,500
2002	FUELS AND LUBRICANTS	\$9,998	\$16,050	\$15,960	\$15,960	\$15,960
2003	CONSUMABLE SUPPLIES	\$71,366	\$70,985	\$48,978	\$48,978	\$48,978
2004	UTILITIES	\$35,871	\$37,389	\$30,876	\$30,876	\$30,876
2005	TRAVEL	\$9,771	\$13,344	\$12,508	\$12,508	\$12,508
2006	RENT - BUILDING	\$216,230	\$129,950	\$134,541	\$134,541	\$134,541
2007	RENT - MACHINE AND OTHER	\$237,214	\$115,059	\$329,500	\$329,500	\$329,500
2009	OTHER OPERATING EXPENSE	\$992,533	\$1,286,793	\$1,389,342	\$1,386,240	\$1,384,940
	TOTAL, OBJECT OF EXPENSE	\$3,081,062	\$3,217,890	\$3,575,249	\$3,549,286	\$3,551,866

Method of Financing:

8042	Insurance Maint Tax Fees	\$972,911	\$1,232,484	\$1,255,161	\$1,214,061	\$1,215,614
	SUBTOTAL, MOF (GENERAL REVENUE FUNDS)	\$972,911	\$1,232,484	\$1,255,161	\$1,214,061	\$1,215,614

Method of Financing:

36	Dept Ins Operating Acct	\$2,107,766	\$1,985,406	\$2,320,088	\$2,335,225	\$2,336,252
	SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)	\$2,107,766	\$1,985,406	\$2,320,088	\$2,335,225	\$2,336,252

Method of Financing:

666	Appropriated Receipts	\$385	\$0	\$0	\$0	\$0
	SUBTOTAL, MOF (OTHER FUNDS)	\$385	\$0	\$0	\$0	\$0

3.A. STRATEGY REQUEST

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas(ABEST)

DATE: 8/27/2008
TIME: 8:01:38PM

Agency code: 454 Agency name: Department of Insurance

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

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

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)						
		\$3,081,062	\$3,217,890	\$3,575,249	\$3,549,286	\$3,551,866
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)						
		41.3	40.4	44.8	44.8	44.8
FULL TIME EQUIVALENT POSITIONS:						
STRATEGY DESCRIPTION AND JUSTIFICATION						

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

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

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

3.A. STRATEGY REQUEST

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas(ABEST)

DATE: 8/27/2008
TIME: 8:01:38PM

Agency code: 454 Agency name: Department of Insurance
 GOAL: 8 Contingency Appropriations Statewide Goal/Benchmark: 7 0
 OBJECTIVE: 1 Contingency Appropriations Service Categories:
 STRATEGY: 1 Long Term Care Insurance Partnerships Service: NA Income: NA Age: NA

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
Objects of Expense:						
1001	SALARIES AND WAGES	\$0	\$27,881	\$155,088	\$155,088	\$155,088
1002	OTHER PERSONNEL COSTS	\$0	\$320	\$960	\$1,240	\$1,440
2003	CONSUMABLE SUPPLIES	\$0	\$437	\$0	\$0	\$0
2009	OTHER OPERATING EXPENSE	\$0	\$1,251	\$0	\$0	\$0
	TOTAL, OBJECT OF EXPENSE	\$0	\$29,889	\$156,048	\$156,328	\$156,528
Method of Financing:						
36	Dept Ins Operating Acct	\$0	\$29,889	\$156,048	\$156,328	\$156,528
	SUBTOTAL, MOF (GENERAL REVENUE FUNDS- DEDICATED)	\$0	\$29,889	\$156,048	\$156,328	\$156,528
	TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)			\$156,328	\$156,328	\$156,528
	TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)	\$0	\$29,889	\$156,048	\$156,328	\$156,528
	FULL TIME EQUIVALENT POSITIONS:	0.0	0.6	3.0	3.0	3.0

STRATEGY DESCRIPTION AND JUSTIFICATION

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

This strategy supports agency strategies 111, 112 and 113 to reduce impediments to competition and improve insurance availability in the long term care market by reviewing the actuarial memorandum and rates to ensure assumptions used are reasonable and appropriate and that the rates comply with Texas law educating consumers, and licensing agents.

3.A. STRATEGY REQUEST

81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas(ABEST)

DATE: 8/27/2008
 TIME: 8:01:38PM

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

GOAL: 8 Contingency Appropriations

OBJECTIVE: 1 Contingency Appropriations

STRATEGY: 1 Long Term Care Insurance Partnerships

Statewide Goal/Benchmark: 7 0

Service Categories:

Service: NA Income: NA Age: NA

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
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EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

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

Based on data collected by NAIC, as of 2006, 388,774 citizens have purchased long term care insurance with approximately \$4,236,226,541 in cumulative premiums since 1991 by approximately 35 insurers who market the product

3.A. STRATEGY REQUEST

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2008
TIME: 8:01:38PM

Agency code: 454	Agency name: Department of Insurance	Statewide Goal/Benchmark: 7 0
GOAL: 9	Three-Share Premium Assistance Programs	Service Categories:
OBJECTIVE: 1	Three-Share Premium Assistance Programs	Service: NA Income: NA Age: NA
STRATEGY: 1	Three-Share Premium Assistance Programs	

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
Objects of Expense:						
1001	SALARIES AND WAGES	\$0	\$32,021	\$51,622	\$51,622	\$51,622
1002	OTHER PERSONNEL COSTS	\$0	\$0	\$0	\$180	\$240
2003	CONSUMABLE SUPPLIES	\$0	\$250	\$1,000	\$1,000	\$1,000
2009	OTHER OPERATING EXPENSE	\$0	\$350	\$4,000	\$4,000	\$4,000
4000	GRANTS	\$0	\$265,000	\$395,000	\$395,000	\$395,000
	TOTAL, OBJECT OF EXPENSE	\$0	\$297,621	\$451,622	\$451,802	\$451,862
Method of Financing:						
8042	Insurance Maint Tax Fees	\$0	\$297,621	\$451,622	\$451,802	\$451,862
	SUBTOTAL, MOF (GENERAL REVENUE FUNDS)	\$0	\$297,621	\$451,622	\$451,802	\$451,862
	TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)			\$451,802		\$451,862
	TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)	\$0	\$297,621	\$451,622	\$451,802	\$451,862
	FULL TIME EQUIVALENT POSITIONS:	0.0	0.9	1.0	1.0	1.0

STRATEGY DESCRIPTION AND JUSTIFICATION

The agency is directed by statute (HB 1, Art. 8, Rider 18) to award through a competitive application process, grants to local government entities for the research, planning and development of three-share premium assistance programs. TDI provides technical assistance and project oversight to grantees, with the long-term goal of increasing access to private healthcare coverage for the uninsured through the provisions of affordable benefit plans. The three-share programs use a combination of employee, employee, and public funds with each participant contributing one-third of the premium.

TDI supports agency strategy 111 by issuing a competitive Request for Proposal and awarding the three-share premium assistance grant funds to a consortium of local government entities. TDI provides on-going technical assistance to grantees and oversees project activities to ensure the grantees comply with the contractual requirements Strategy 113 is supported by encouraging fair competition in the health coverage market and identifying underserved markets and implementing legislative incentives for insurers to write business in those same underserved markets.

3.A. STRATEGY REQUEST

81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas(ABEST)

DATE: 8/27/2008
 TIME: 8:01:38PM

Agency code: 454	Agency name: Department of Insurance				
GOAL: 9	Three-Share Premium Assistance Programs	Statewide Goal/Benchmark:	7	0	
OBJECTIVE: 1	Three-Share Premium Assistance Programs	Service Categories:			
STRATEGY: 1	Three-Share Premium Assistance Programs	Service: NA	Income: NA	Age: NA	NA
CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010
					BL 2011

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

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

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

3.A. STRATEGY REQUEST

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2008
TIME: 8:01:38PM

SUMMARY TOTALS:

OBJECTS OF EXPENSE:	\$92,484,877	\$98,253,928	\$102,826,911	\$100,199,791	\$100,211,621
METHODS OF FINANCE (INCLUDING RIDERS):				\$100,199,791	\$100,211,621
METHODS OF FINANCE (EXCLUDING RIDERS):	\$92,484,877	\$98,253,928	\$102,826,911	\$100,199,791	\$100,211,621
FULL TIME EQUIVALENT POSITIONS:	1,553.5	1,486.7	1,698.5	1,698.5	1,698.5

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

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RIDER REVISIONS AND ADDITIONS REQUEST

Agency Code: 454	Agency Name: Texas Department of Insurance	Prepared By: Jacqueline Canady	Date: 8/27/2008	Request Level: Base																																																																											
2	VIII-30 Page Number in 2008-09 GAA	Proposed Rider Language																																																																													
<p>Capital Budget. None of the funds appropriated above may be expended for capital budget items except as listed below. The amounts shown below shall be expended only for purposes shown and are not available for expenditure for other purposes. Amounts appropriated above and identified in this provision as appropriations either for "Lease payments to the Master Lease Purchase Program" or for items with a "(MLPP)" notation shall be expended only for the purpose of making lease-purchase payments to the Texas Public Finance Authority pursuant to the provisions of Government Code § 1232.103. Upon approval from the Legislative Budget Board, capital budgeted funds listed below under "Acquisition of Information Resource Technologies" may be used to lease information resources hardware and/or software, if determined by agency management to be in the best interest of the state of Texas.</p>																																																																															
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;"></td> <td style="width: 10%; text-align: center;">2008- 2010</td> <td style="width: 10%; text-align: center;">2009-2011</td> <td colspan="2"></td> </tr> <tr> <td>a. Acquisition of Information Resource Technologies</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td> (1) Purchase of Information Resource Technologies -- Scheduled Replacement of Items</td> <td style="text-align: right;">\$680,604</td> <td style="text-align: right;">\$680,604</td> <td></td> <td></td> </tr> <tr> <td> (2) Replace-DWC-Phone-Systems</td> <td style="text-align: right;">\$966,000</td> <td></td> <td></td> <td></td> </tr> <tr> <td> (2) Replace DWC Obsolete Infrastructure Technology</td> <td style="text-align: right;">\$238,211</td> <td style="text-align: right;">\$238,211</td> <td></td> <td></td> </tr> <tr> <td> (3) Data Center Consolidation</td> <td style="text-align: right;">\$2,776,909</td> <td style="text-align: right;">\$2,776,909</td> <td></td> <td></td> </tr> <tr> <td>Total, Acquisition of Information Resource Technologies</td> <td style="text-align: right;"><u>\$4,730,462</u></td> <td style="text-align: right;"><u>\$3,695,724</u></td> <td></td> <td style="text-align: right;"><u>\$3,695,724</u></td> </tr> <tr> <td>b. Transportation Items</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td> (1) Purchase of Transportation Items</td> <td style="text-align: right;">\$198,000</td> <td></td> <td></td> <td style="text-align: right;">\$198,000</td> </tr> <tr> <td>Total, Capital Budget</td> <td style="text-align: right;"><u>\$4,928,462</u></td> <td style="text-align: right;"><u>\$3,893,724</u></td> <td></td> <td style="text-align: right;"><u>\$ 3,893,724</u></td> </tr> <tr> <td colspan="5">Method of Financing (Capital Budget):</td> </tr> <tr> <td>GR Dedicated -- Texas Department of Insurance Operating Fund Account No. 036</td> <td style="text-align: right;">\$3,103,975</td> <td style="text-align: right;">\$2,425,304</td> <td></td> <td style="text-align: right;">\$1,046,975- <u>\$2,425,304</u></td> </tr> <tr> <td>General Revenue -- Insurance Companies</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Maintenance Tax and Insurance Department Fees</td> <td style="text-align: right;">\$383,425</td> <td style="text-align: right;">\$1,468,420</td> <td></td> <td style="text-align: right;">\$383,425 <u>\$1,468,420</u></td> </tr> <tr> <td>Total Method of Financing</td> <td style="text-align: right;"><u>\$878,604</u></td> <td style="text-align: right;"><u>\$3,893,724</u></td> <td></td> <td style="text-align: right;"><u>\$878,604</u> <u>\$3,893,724</u></td> </tr> </table>						2008- 2010	2009-2011			a. Acquisition of Information Resource Technologies					(1) Purchase of Information Resource Technologies -- Scheduled Replacement of Items	\$680,604	\$680,604			(2) Replace-DWC-Phone-Systems	\$966,000				(2) Replace DWC Obsolete Infrastructure Technology	\$238,211	\$238,211			(3) Data Center Consolidation	\$2,776,909	\$2,776,909			Total, Acquisition of Information Resource Technologies	<u>\$4,730,462</u>	<u>\$3,695,724</u>		<u>\$3,695,724</u>	b. Transportation Items					(1) Purchase of Transportation Items	\$198,000			\$198,000	Total, Capital Budget	<u>\$4,928,462</u>	<u>\$3,893,724</u>		<u>\$ 3,893,724</u>	Method of Financing (Capital Budget):					GR Dedicated -- Texas Department of Insurance Operating Fund Account No. 036	\$3,103,975	\$2,425,304		\$1,046,975- <u>\$2,425,304</u>	General Revenue -- Insurance Companies					Maintenance Tax and Insurance Department Fees	\$383,425	\$1,468,420		\$383,425 <u>\$1,468,420</u>	Total Method of Financing	<u>\$878,604</u>	<u>\$3,893,724</u>		<u>\$878,604</u> <u>\$3,893,724</u>
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<p><i>Rider updated to reflect base level capital budget items for 2010/2011.</i></p>																																																																															

RIDER REVISIONS AND ADDITIONS REQUEST (CONTINUED)

Agency Code: 454	Agency Name: Texas Department of Insurance	Prepared By: Jacqueline Canady	Date: 8/27/2008	Request Level: Base
Current Rider Number	Page Number in 2008-09 GAA	Proposed Rider Language		
3	VIII-30	<p>Appropriation Source, Rehabilitation of Insurance Companies. Of the amounts appropriated above, \$125,000 each year of the biennium is from fees that the Department of Insurance shall collect from companies that are successfully rehabilitated by the department. Fees collected and appropriated above shall be in amounts sufficient to cover, yet not exceed, costs of rehabilitating those companies. Any such fee collected in excess of \$125,000 each year of the biennium are also hereby appropriated for the biennium beginning September 1, 2007 2010 for the sole purpose of the rehabilitation of other insurance companies pursuant to § 47(a)-of-Article 21-28A 441.203 of the Texas Insurance Code (estimated to be \$0).</p> <p><i>The date has been changed to correspond with the beginning date of the new biennium and the statutory cite has been updated.</i></p>		
4	VIII-30-31	<p>State Support for NAIC Activities. The agency is prohibited from using resources in support of the National Association of Insurance Commissioners in the absence of NAIC accreditation of the Texas Department of Insurance for compliance with NAIC Financial Regulation Standards. The prohibition would be effective immediately upon loss of accreditation. The only exceptions to this prohibition shall be limited to expenditures necessary for (1) continued departmental use of the NAIC database for monitoring financial solvency of companies doing business in Texas; (2) solvency-related training; and (3) efforts to regain accreditation. The prohibition on using resources does not apply in the event that the Commissioner voluntarily determines not to participate in the state insurance department accreditation program.</p> <p><i>No Change.</i></p>		
5	VIII-31	<p>Liquidation Oversight and Title Examiner Full-Time Equivalent Positions. In addition to the "Number of Full Time Equivalents (FTE)" positions authorized above, an additional 32.5 FTE positions are authorized for each year of the 2008-09 2010-11 biennium to support liquidation oversight and title examiner activities. These positions are excluded from the FTE cap.</p> <p><i>The date has been changed to reflect the 2010/2011 biennium.</i></p>		
6	VIII-31	<p>Appropriations Limited to Revenue Collections. The application of special provisions limiting appropriations to revenue collections elsewhere in this Article shall be consistent with relevant statutory provisions governing the agency's assessment of tax rates and fees. As provided by the Texas Insurance Code and the Texas Labor Code, the Commissioners shall take into account unexpended funds in the preceding year when adjusting rates of assessment necessary to pay all expenses of regulating insurance and conducting the operations of the State Fire Marshal and the Office of Injured Employee Counsel during the succeeding year.</p> <p><i>No change.</i></p>		
7	VIII-31	<p>Travel Cap. Out of the funds appropriated above, expenditures for out-of-state travel by the Texas Department of Insurance are limited to \$651,697 in fiscal year 2008 2010 and \$651,697 in fiscal year 2009-2011. Of these amounts, \$483,000 in fiscal year 2008 2010 and \$483,000 in fiscal year 2009 2011 shall be utilized solely for out-of-state travel for the purpose of financial examinations. Notwithstanding any other provisions in this act, travel expenditures associated with federal programs and paid out of federal funds is are exempt from this limitation.</p> <p><i>The dates have been changed to reflect the 2010/2011 biennium.</i></p>		

RIDER REVISIONS AND ADDITIONS REQUEST (CONTINUED)

Agency Code: 454	Agency Name: Texas Department of Insurance	Prepared By: Jacqueline Canady	Date: 8/27/2008	Request Level: Base
Current Rider Number	Page Number in 2008-09 GAA	Proposed Rider Language		
8	VIII-31	<p>Limit on Estimated Appropriations. Excluding appropriations for the TexasOnline Authority, the combined appropriation authority from the General Revenue Fund, which includes Insurance Companies Maintenance Tax (Object Code 3203), Insurance Department Fees (Object Code 3215), and General Revenue Fund-Dedicated-Texas Department of Insurance Operating Fund Account No. Fund 36 shall not exceed \$94,274,273 \$97,198,452 for fiscal year 2008-2010 and \$89,968,045 \$97,210,282 for fiscal year 2009-2011.</p> <p><i>The dates have been changed to reflect the 2010/2011 biennium.</i></p>		
9	VIII-31	<p>State Support for NCOIL Activities. Funds appropriated above include funds from the General Revenue – Insurance Companies Maintenance Tax, Insurance Department Fees and General Revenue Fund-Dedicated for payment of state dues for the National Conference of Insurance Legislators.</p> <p><i>No change.</i></p>		
10	VIII-31	<p>Crash Records Information System. Included in Strategy B-1.4 D.2.1, <u>Crash Records Information System Traffic Safety</u>, at the Department of Public Safety <u>Transportation</u> is \$750,000 for fiscal year 2008-2010 and \$750,000 for fiscal year 2009-2011 from the Insurance Companies Maintenance Tax and Insurance Department Fees No. 8042 for on-going maintenance of the Crash Records Information System.</p> <p><i>The dates have been changed to reflect the 2010/2011 biennium and the benefactor state agency has been updated from DPS to DOT.</i></p>		
11	VIII-31	<p>Increase Consumer Choice. Out of amounts appropriated above, the Department of Insurance shall contract with the Office of Public Insurance Counsel in the amount of \$48,000 each fiscal year from the GR Dedicated-Texas Department of Insurance Operating Fund Account No. 036 to provide consumers with insurance information to make informed decisions.</p> <p><i>No change.</i></p>		
12	VIII-31	<p>Consumer Information. It is the intent of the Legislature that the Department of Insurance, out of the funds appropriated above, make expenditures necessary to create or maintain a website and publish printed promotional materials that encourage insurance consumers to comparison shop by providing those consumers the information they need to be informed consumers. The Legislature intends that the website include a list of each insurer writing residential property insurance or personal automobile insurance in this state and a description of each type of residential property insurance and personal automobile insurance policy issued in the state, including a comparison of the coverage, exclusions, and restrictions of each policy and a format that allows a side-by-side comparison of the features of the policy forms. The website should also include sample rates for different policyholder profiles in each county or ZIP code. It is the intent of the Legislature that the department report quarterly to the Legislature and the public, beginning with a report for the quarter ending December 31, 2007, and thereafter not later than the 90th day after the last day of the quarter covered by the report the following information for each insurer that writes a line of insurance in the state: market share, profits and losses, average rate, and average loss ratio. It is the intent of the Legislature that the report include the change in rate over the previous 12, 24, and 36 months.</p> <p><i>Proposed rider deletion. Essential provisions have been enacted.</i></p>		

RIDER REVISIONS AND ADDITIONS REQUEST (CONTINUED)

Agency Code: 454	Agency Name: Texas Department of Insurance	Prepared By: Jacqueline Canady	Date: 8/27/2008	Request Level: Base
Current Rider Number	Page Number in 2008-09 GAA	Proposed Rider Language		
13	VIII-32	<p>Administrative Penalties. The amounts appropriated above in Strategy E.F.2.1, Return-to-Work-Education Monitoring and Enforcement, include \$100,000 each year from revenues collected by the Division of Workers' Compensation that expenditure of such funds appropriated above shall be limited to reimbursements such expenses as may be necessary to prosecute administrative violations under the Texas Workers' Compensation Act.</p> <p><i>Proposed rider language is necessary due to the expiration (9/1/2009) of the Return to Work (RTW) Employer Reimbursement program. The 06-07 Legislature redirected the use of the appropriated (\$100,000) administrative penalties to RTW. The proposed language returns the use of those penalties back to the revenue generating program.</i></p>		
14	VIII-32	<p>Appropriation of Unexpended Balances. Any unexpended balances as of August 31, 2010 2008, not to exceed 5 percent for any item of appropriation above within Goals E A and F G, are hereby appropriated for the same purposes, in the same strategies, for the fiscal year beginning September 1, 2008-2010.</p> <p><i>The date has been changed to reflect the 2010/2011 biennium and to include all of the TDI strategies.</i></p>		
15	VIII-32	<p>Subsequent Injury Fund. Amounts appropriated above in Strategy F.6.1, Subsequent Injury Fund Administration, include an estimated \$3,670,140 \$4,420,140 in fiscal year 2008 2010 and \$3,670,140 \$4,420,140 in fiscal year 2009 2011 out of the GR Dedicated – Subsequent Injury Account No. 5101 for payment of liabilities pursuant to Labor Code, chapter 403. In the event that actual liabilities exceed the estimated amounts, the Division of Workers' Compensation shall furnish information supporting the estimated additional liabilities to the Comptroller of Public Accounts. If the Comptroller finds that there are sufficient balances in the GR Dedicated – Subsequent Injury Account No. 5101 to support the payment of projected liabilities, a finding of fact to that effect shall be issued and a contingent appropriation shall be made available for the intended purposes.</p> <p><i>The date has been changed to reflect the 2010/2011 biennium and to increase estimated liabilities.</i></p>		
16	VIII-32	<p>Contingency Appropriation: Long Term Care Insurance Partnership. Amounts appropriated above to the Department of Insurance of \$150,000 each fiscal year in General Revenue-Dedicated – Texas Department of Insurance Operating Fund Account No. 36 in Strategy H.1.1, Contingency Long Term Care, and 3-0 Full-Time Equivalents (FTE) positions each fiscal year included above in the "Number of Full-Time Equivalents (FTE)" to implement licensing and regulatory requirements related to the Long Term Care Insurance Partnership are contingent upon the enactment of Senate Bill 22, Senate Bill 738, or House Bill 1834 by the Eightieth Legislature, Regular Session, 2007, or similar legislation relating to the establishment of the federally sponsored Long Term Care Insurance Partnership. Also contingent upon the enactment of Senate Bill 22, Senate Bill 738, or House Bill 1834 by the Eightieth Legislature, Regular Session, 2007, or similar legislation relating to the establishment of the federally sponsored Long Term Care Insurance Partnership – the Department of Insurance shall submit a progress report by September 1, 2008, on the status of establishing the Long Term Care Insurance Partnership, to the Legislative Budget Board and the Governor.</p> <p><i>Proposed language deletes this rider that was formerly a contingency appropriation that is now a part of base appropriations.</i></p>		

RIDER REVISIONS AND ADDITIONS REQUEST (CONTINUED)

Agency Code: 454	Agency Name: Texas Department of Insurance	Prepared By: Jacqueline Canady	Date: 8/27/2008	Request Level: Base
Current Rider Number	Page Number in 2008-09 GAA	Proposed Rider Language		
17	VIII-32	<p>Contingency Appropriation: Cross-Border Health Plans.</p> <p>a. Contingent on passage of House Bill 2483 or Senate Bill 1445 or similar legislation allowing U.S. based insurers and HMOs to offer fully-insured cross-border group and individual health plans to U.S. and Mexican citizens and requiring the Department of Insurance to conduct an evaluation study, by the Eightieth Legislature, Regular Session, 2007, the Department of Insurance shall submit a progress report by January 1, 2009, on the status of implementing licensing and regulatory requirements related to fully-insured cross-border group and individual health plans and the status of the evaluation study, to the Legislative Budget Board and the Governor.</p> <p>b. Amounts appropriated above to the Department of Insurance of \$150,000 each fiscal year in General Revenue-Dedicated Fund — Texas Department of Insurance Operating Fund Account No. 36 in Strategy H.1.2, Contingency Cross-Border Health Plans, and 2.0 Full-Time-Equivalents (FTE) positions each fiscal year included above in the "Number of Full-Time-Equivalents (FTE)" for the purpose of implementing licensing and regulatory requirements related to a fully-insured cross-border group and individual health plans, and conducting a study to evaluate effectiveness, are contingent on passage of House Bill 2483 or Senate Bill 1445 or similar legislation allowing U.S.-based insurers and HMOs to offer fully-insured cross-border group and individual health plans to U.S. and Mexican citizens and requiring the Department of Insurance to conduct and evaluation study, by the Eightieth Legislature, Regular Session, 2007.</p> <p><i>Bill was vetoed.</i></p>		
18	VIII-33	<p>Three-Share Premium Assistance Programs. Amount appropriated above to the Department of Insurance of \$300,000 in fiscal year 2008 and \$450,000 in fiscal year 2009 in General Revenue — Insurance Companies Maintenance Tax and Insurance Department Fees in Strategy I.1.1, Three-Share Assistance Programs, and 1.0 Full-Time-Equivalents (FTE) position each fiscal year included above in the "Number of Full-Time-Equivalents (FTE)" is for the purpose of awarding, through a competitive application process, grants to local government entities for the research, planning, and development of "three-share" premium assistance programs to increase access to private healthcare coverage for the uninsured, and providing technical assistance to grant recipients. The agency shall consider the following factors in selecting recipients of grant funds:</p> <ul style="list-style-type: none"> a. proposals to match grant awards with local funds b. percentage of uninsured in the applicable area c. existing efforts in pursuing "three-share" premium assistance programs d. healthcare use and delivery factors affecting the area's healthcare infrastructure and capacity <p>The agency shall develop grant application requirements, process, and award criteria and shall report that information to the Legislative Budget Board and the Governor no later than January 1, 2008. The agency shall report a summary of the grants awarded to local government entities to the Legislative Budget Board and the Governor no later than January 1, 2009.</p> <p><i>Proposed language deletes this rider that was formerly a contingency appropriation that is now a part of base appropriations.</i></p>		
19	VIII-33	<p>Division of Workers' Compensation Reporting Requirement. The Division of Workers' Compensation shall include information collected about on-the-job injuries and occupational diseases, compliance with notice requirements regarding whether employers carry workers' compensation insurance from non-subscribing employers and administrative penalties levied against a non-complying employers under the provision of the Labor Code § 411.032 and Texas Administrative Code, Title 28, Insurance §§ 110.1, 110.101, and 160.2 in its biennial report submitted to the Legislature.</p> <p><i>No change.</i></p>		

RIDER REVISIONS AND ADDITIONS REQUEST (CONTINUED)

Agency Code: 454	Agency Name: Texas Department of Insurance	Prepared By: Jacqueline Canady	Date: 8/27/2008	Request Level: Base																																																			
Current Rider Number	Page Number in 2008-09 GAA	Proposed Rider Language																																																					
701		<p>Contingency Appropriation – Health & Safety Code, Chapter 796. In the absence of legislation eliminating the statutory responsibility for the Texas Department of Insurance – State Fire Marshall Office (SFMO) to administer, regulate and enforce Chapter 796 of the Health & Safety Code, the Texas Department of Insurance is appropriated any civil penalties collected and deposited to the General Revenue – Fire Prevention and Public Safety account under the provisions of Chapter 796 of the Health & Safety Code.</p> <p><i>This rider provides the Texas Department of Insurance the authority to use any revenue collected through civil penalties under the provisions of Chapter 796 of the Health & Safety Code.</i></p>																																																					
702		<p>Capital Budget. None of the funds appropriated above may be expended for capital budget items except as listed below. The amounts shown below shall be expended only for purposes shown and are not available for expenditure for other purposes. Amounts appropriated above and identified in this provision as appropriations either for "Lease payments to the Master Lease Purchase Program" or for items with a "(MLPP)" notation shall be expended only for the purpose of making lease-purchase payments to the Texas Public Finance Authority pursuant to the provisions of Government Code § 1232.103. Upon approval from the Legislative Budget Board, capital budgeted funds listed below under "Acquisition of Information Resource Technologies" may be used to lease information resources hardware and/or software, if determined by agency management to be in the best interest of the state of Texas</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;"></td> <td style="width: 20%; text-align: center;">2010</td> <td style="width: 20%; text-align: center;">2011</td> </tr> <tr> <td>a. Acquisition of Information Resource Technologies</td> <td></td> <td></td> </tr> <tr> <td>(3) Data Center Consolidation</td> <td style="text-align: right;">\$1,497,353</td> <td style="text-align: right;">\$ 822,091</td> </tr> <tr> <td>(4) Rewrite Legacy Applications</td> <td style="text-align: right;">1,497,600</td> <td style="text-align: right;">1,497,600</td> </tr> <tr> <td>Total, Acquisition of Information Resource Technologies</td> <td style="text-align: right;">\$2,994,953</td> <td style="text-align: right;">\$2,319,691</td> </tr> <tr> <td colspan="3"> </td> </tr> <tr> <td>c. Acquisition of Capital Equipment and Items</td> <td></td> <td></td> </tr> <tr> <td>(1) Replace Arson Lab Equipment</td> <td style="text-align: right;">\$190,000</td> <td></td> </tr> <tr> <td>Total, Acquisition of Capital Equipment and Items</td> <td style="text-align: right;">\$190,000</td> <td></td> </tr> <tr> <td>Total, Capital Budget-Exceptional</td> <td style="text-align: right;">\$3,184,953</td> <td style="text-align: right;">\$2,319,691</td> </tr> <tr> <td colspan="3"> </td> </tr> <tr> <td>Method of Financing (Capital Budget)</td> <td></td> <td></td> </tr> <tr> <td>GR Dedicated-Texas Department of Insurance</td> <td></td> <td></td> </tr> <tr> <td>Operating Fund Account No. 036</td> <td style="text-align: right;">\$2,502,326</td> <td style="text-align: right;">\$2,014,143</td> </tr> <tr> <td>General Revenue-Insurance Companies</td> <td></td> <td></td> </tr> <tr> <td>Maintenance Tax and Insurance Department Fees</td> <td style="text-align: right;">\$ 682,627</td> <td style="text-align: right;">\$ 305,548</td> </tr> <tr> <td>Total Method of Financing</td> <td style="text-align: right;">\$3,184,953</td> <td style="text-align: right;">\$2,319,691</td> </tr> </table> <p><i>This rider is being proposed to ensure, should the applicable exceptional items be appropriated, that there is sufficient capital budget authority. These amounts are in addition to the Base Capital Budget rider.</i></p>				2010	2011	a. Acquisition of Information Resource Technologies			(3) Data Center Consolidation	\$1,497,353	\$ 822,091	(4) Rewrite Legacy Applications	1,497,600	1,497,600	Total, Acquisition of Information Resource Technologies	\$2,994,953	\$2,319,691				c. Acquisition of Capital Equipment and Items			(1) Replace Arson Lab Equipment	\$190,000		Total, Acquisition of Capital Equipment and Items	\$190,000		Total, Capital Budget-Exceptional	\$3,184,953	\$2,319,691				Method of Financing (Capital Budget)			GR Dedicated-Texas Department of Insurance			Operating Fund Account No. 036	\$2,502,326	\$2,014,143	General Revenue-Insurance Companies			Maintenance Tax and Insurance Department Fees	\$ 682,627	\$ 305,548	Total Method of Financing	\$3,184,953	\$2,319,691
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4. EXCEPTIONAL ITEM REQUEST

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4.A. EXCEPTIONAL ITEM REQUEST SCHEDULE
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2008
 TIME: 6:33:40PM

Agency code: 454

Agency name:

Department of Insurance

CODE	DESCRIPTION	Excp 2010	Excp 2011
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Item Name: Restore Lapsed Appropriations

Item Priority: 1

Includes Funding for the Following Strategy or Strategies: 01-01-02 Process Rates, Forms and Licenses
 01-02-01 Respond Promptly and Act on Complaints
 01-02-03 Investigate Potential Insurer Fraud and Initiate Legal Action
 02-01-01 Analyze the Financial Condition of Insurers and Take Solvency Action

OBJECTS OF EXPENSE:

1001 SALARIES AND WAGES

TOTAL, OBJECT OF EXPENSE

1,200,000	1,200,000
\$1,200,000	\$1,200,000

METHOD OF FINANCING:

36 Dept Ins Operating Acct
 8042 Insurance Maint Tax Fees

TOTAL, METHOD OF FINANCING

403,561	403,561
796,439	796,439
\$1,200,000	\$1,200,000

DESCRIPTION / JUSTIFICATION:

In each of the past several biennia, TDI has returned lapsed funds ranging from \$1 million to \$5.4 million, resulting in continued reductions to the agency's baseline budget. As a result, the current baseline submission would allow TDI Hobby to operate at its current level of approximately 835 positions. This exceptional item would allow the agency to fill approximately 30 vacancies, which would maintain staffing well within the authorized level of 913 FTE's.

Critical vacancies occurred in the following areas: financial and workers' compensation network examiners, actuaries, fraud investigators, and complaint specialists.

EXTERNAL/INTERNAL FACTORS:

The majority of TDI's lapsed funds have been salary-related due to vacancies. In the past, TDI experienced higher turnover rates and longer vacancy times because of the strong local economy resulting in unexpended salary appropriations. In the current economy, TDI expects increased salary-related expenses due to fewer vacancies. If funding for the lapsed appropriations is not restored, TDI may have to leave critical vacancies unfilled to prevent payroll liabilities from exceeding budgeted levels.

4.A. EXCEPTIONAL ITEM REQUEST SCHEDULE
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas(ABEST)

DATE: 8/27/2008
 TIME: 6:33:45PM

Agency code: 454

Agency name:

Department of Insurance

CODE	DESCRIPTION	Excp 2010	Excp 2011
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Item Name: Migrate Internal Accounting System
 Item Priority: 2

Includes Funding for the Following Strategy or Strategies: 07-01-01 Central Administration

OBJECTS OF EXPENSE:

2001	PROFESSIONAL FEES AND SERVICES	48,034	0
TOTAL, OBJECT OF EXPENSE		\$48,034	\$0

METHOD OF FINANCING:

36	Dept Ins Operating Acct	16,154	0
8042	Insurance Maint Tax Fees	31,880	0
TOTAL, METHOD OF FINANCING		\$48,034	\$0

DESCRIPTION / JUSTIFICATION:

Funding for this exceptional item would directly support strategy 07-01-01 and indirectly support all agency strategies improving the agency's accounting system. Funding is requested for the following:

Migrate Agency Accounting System. The improvements are needed to maintain a core business process to properly account for resources entrusted to the agency. The accounting system's host equipment and system software are at the end of their life cycle and must be replaced. Funding would be used to migrate the agency's accounting system to a modern system. This proposal is estimated to cost less than other alternatives and require minimal training for employees. The project will be completed through a contract with the Department of Information Resources. The Texas Department of Insurance (TDI), the Texas Facilities Commission (TFC), and the Texas School for the Deaf (TSD) currently use a common accounting system, with IBM hosting the system at the State Data Center. The amount requested is for TDI's portion of the estimated costs for the project.

EXTERNAL/INTERNAL FACTORS:

Migrate Agency Accounting System. IBM has advised TDI, TSD and TFC that the accounting system's host equipment and system must be replaced. To adequately fund the project all three agencies requests for the funding project will need approval. If any of the participating agencies choose a different accounting option or are not funded then the remaining agency(s) requests will need to be enhanced to absorb the non-participating agencies portion of the project costs.

Other options researched to replace the agency's accounting system, along with required customizations and training have been estimated to be from \$180,000 to \$1.5 million. Additionally, the Comptroller of Public Accounts is exploring the possibility of assisting the agency in migrating to the Integrated Statewide Administrative System (ISAS) in lieu of migrating its current accounting system. This option would allow the agency to use the Comptroller's version of the software and technical support rather than TDI purchasing and supporting its own version of the software. The feasibility of implementing this solution is not known at the submission time of this document.

4.A. EXCEPTIONAL ITEM REQUEST SCHEDULE
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas(ABEST)

DATE: 8/27/2008
 TIME: 6:33:45PM

Agency code: 454

Agency name:

Department of Insurance

CODE	DESCRIPTION	Excp 2010	Excp 2011
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Item Name: Restructure Method of Finance
 Item Priority: 3

Includes Funding for the Following Strategy or Strategies: 06-03-01 Develop and Implement Processes

OBJECTS OF EXPENSE:

1001	SALARIES AND WAGES	555,000	555,000
TOTAL, OBJECT OF EXPENSE		\$555,000	\$555,000

METHOD OF FINANCING:

36	Dept Ins Operating Acct	555,000	555,000
TOTAL, METHOD OF FINANCING		\$555,000	\$555,000

DESCRIPTION / JUSTIFICATION:

Funding for this exceptional item would enhance agency processes pertaining to the administration of the workers compensation system for Strategy 06-03-01 by providing Texas Department of Insurance, Division of Workers' Compensation (TDI-DWC) a permanent change in the method of finance(MOF) from appropriated receipts to general revenue. Funding is requested for the following

- MOF Change. Changing the method of finance would allow TDI-DWC to retain current positions and fill vacant positions that are lapsed due to appropriated receipts shortages TDI-DWC does not fill 17.5 FTEs annually in order to pay salaries for 27.7 FTEs (45 positions) that are partially funded by appropriated receipts. Reallocating the funding from vacancies reduces DWC's ability to meet other staffing needs that could help achieve important division goals For the majority of these 27.7 FTEs (45 positions), approximately 62 percent of salary is funded by appropriated receipts. Appropriated receipts result from fees collected for open records requests, medical fee dispute resolutions, medical review seminars, safety inspections, safety seminars and compliance audits Revenue from appropriated receipts has declined over the past four years while work load has remained constant. This trend is expected to continue as the agency pursues automation initiatives that facilitate access to information

EXTERNAL/INTERNAL FACTORS:

4.A. EXCEPTIONAL ITEM REQUEST SCHEDULE

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2008
TIME: 6:33:45PM

Agency code: 454

Agency name:

Department of Insurance

CODE DESCRIPTION

Excp 2010 Excp 2011

- MOF Change. Texas Attorney General opinion, OR2004-9096, changed the way TDI-DWC charges for producing copies of claim file information to authorized individuals. The opinion asserted that requests for claim information are subject to the Public Information Act and appropriate charges apply. Following the merger, TDI revised the charges assessed by DWC for providing information to be consistent with agency policy and to comply with procedures outlined by the Public Information Act. Additionally, TDI-DWC no longer collects certain appropriated receipts due to changes in the law regarding rejected-risk inspections and approved doctor training. As a result of these changes, DWC eliminated approximately \$555,000 in appropriated receipts collected annually.

On average, TDI-DWC receives approximately 800 open records requests for claim file and coverage information monthly and the majority of the 27.7 FTEs (45 positions) supported through appropriated receipts fill requests for records as well as perform other records maintenance activities. With this volume of open records requests, TDI-DWC needs these positions to maintain compliance with the Texas Public Information Act. Moreover, TDI-DWC currently has an estimated 429,000 records, primarily used by external stakeholders. These records are stored digitally as well as via microfiche, microfilm, and paper. As requests are received, these positions search all four storage mediums to fulfill open records requests, and if the records are not in a digital format, these positions then scan the documents for future access. Digital records are easier to retrieve and current workers' compensation claim files are scanned on the front end for more efficient retrieval and use of physical storage space. Using technology to reduce administrative burdens in the workers' compensation system is an important TDI-DWC strategy.

4.A. EXCEPTIONAL ITEM REQUEST SCHEDULE
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2008
 TIME: 6:33:45PM

Agency code: 454

Agency name:

Department of Insurance

CODE	DESCRIPTION	Excp 2010	Excp 2011
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Item Name: Fund Analysis and Planning Positions
 Item Priority: 4

Includes Funding for the Following Strategy or Strategies: 07-01-01 Central Administration

OBJECTS OF EXPENSE:

1001 SALARIES AND WAGES

420,000	420,000
\$420,000	\$420,000

TOTAL, OBJECT OF EXPENSE

METHOD OF FINANCING:

36 Dept Ins Operating Acct

420,000	420,000
\$420,000	\$420,000

TOTAL, METHOD OF FINANCING

FULL-TIME EQUIVALENT POSITIONS (FTE):

7.00	7.00
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DESCRIPTION / JUSTIFICATION:

Funding for this exceptional item would enhance the agency's central administration services for Strategy 07-01-01 by providing the Texas Department of Insurance Division of Workers' Compensation (TDI-DWC) seven analysis and planning positions to coordinate business and strategic planning activities as well as technical process improvement analyses. Funding is requested for the following

- Staffing. Four program specialists would coordinate business and strategic planning as well as provide managerial support for TDIDWC functional areas. Additionally, these four program specialists would conduct ad hoc research and analysis projects such as developing a statute-to-rule matrix, establishing a disaster planning rule suspension guide analyzing the nature of workers' compensation disputes, conducting surveys to collect information on health care issues in the workers' compensation system, coordinating fiscal note analyses, coordinating the review of proposed legislation, and identifying best practices in other states. Three program specialists would conduct process improvement projects and provide technical support to TDIDWC functional areas. These three program specialists would develop business requirements for automation projects, analyze workflow processes, and conduct other process analyses functions. These seven positions would support agency strategies for using technology to develop and implement more efficient and effective processes and facilitate research and strategic planning activities

EXTERNAL/INTERNAL FACTORS:

- Staffing. Since the merger of TDI and TWCC (HB 7, 79th Legislature), TDI-DWC has identified workers' compensation processes that could be improved, however, resource constraints have limited in-depth reviews of these functions, which has slowed progress toward achieving agency goals and objectives. Process improvements may be delayed due to insufficient staff resources. TDI-DWC needs these seven additional positions to coordinate planning and research activities as well as facilitate the implementation of process improvements in the workers' compensation system.

4.A. EXCEPTIONAL ITEM REQUEST SCHEDULE
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas(ABEST)

DATE: 8/27/2008
 TIME: 6:33:45PM

Agency code: 454

Agency name:

Department of Insurance

CODE	DESCRIPTION	Excp 2010	Excp 2011
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Item Name: Rewrite Legacy Applications
 Item Priority: 5

Includes Funding for the Following Strategy or Strategies: 07-01-02 Information Resources

OBJECTS OF EXPENSE:

2001 PROFESSIONAL FEES AND SERVICES

	1,497,600	1,497,600
TOTAL, OBJECT OF EXPENSE	\$1,497,600	\$1,497,600

METHOD OF FINANCING:

36 Dept Ins Operating Acct

	1,497,600	1,497,600
TOTAL, METHOD OF FINANCING	\$1,497,600	\$1,497,600

DESCRIPTION / JUSTIFICATION:

Funding for this exceptional item would support the agency's information resources activities for Strategy 07-01-02 by rewriting the remaining Texas Department of Insurance Division of Workers' Compensation (TDI-DWC) COMPASS applications in a server-based environment (TXCOMP). Funding is requested for the following

Re-write COMPASS Applications. Funding would be used to hire contract software developers through the Department of Information Resources to rewrite COMPASS applications in a server-based environment. Last biennium, agency and contract staff successfully migrated the workers' compensation legacy claims application (COMPASS) from a mainframe to a server-based environment. Several COMPASS modules, containing dispute and official action data, have yet to be moved to TXCOMP. Re-writing the remaining COMPASS applications would allow TDI-DWC to develop web-enabled applications that enhance services to agency staff and external customers and reduce administrative burdens in the workers' compensation system. Moreover, re-writing the application would reduce the type and number of development products and production environments the agency would need to support

EXTERNAL/INTERNAL FACTORS:

Re-write COMPASS Applications. Providing a single processing environment (TXCOMP) for external trading partners by consolidating workers' compensation data currently maintained in two separate systems (COMPASS and TXCOMP) would allow TDI-DWC to develop additional functionality for system participants to access workers' compensation claim information and services. Furthermore, workers' compensation system participants have requested that TDI-DWC use technology to reduce administrative burdens in the workers' compensation system. In particular, system participants would like to access real-time services and exchange data electronically; re-writing the COMPASS applications would facilitate development of these services. Additionally, TDI provides administrative support to the Office of Injured Employee Counsel (OIEC). OIEC is housed within TDI-DWC and uses the COMPASS system to perform its statutory responsibilities. Therefore, further automation of TXCOMP would also benefit OIEC and its customers

4.A. EXCEPTIONAL ITEM REQUEST SCHEDULE
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas(ABEST)

DATE: 8/27/2008
 TIME: 6:33:45PM

Agency code: 454 Agency name: Department of Insurance
CODE DESCRIPTION Excp 2010 Excp 2011

Item Name: Expand Medical Quality Review
Item Priority: 6
Includes Funding for the Following Strategy or Strategies: 06-01-01 Ensure Appropriate Utilization of Medical Services

OBJECTS OF EXPENSE:

1001 SALARIES AND WAGES	359,000	359,000
2001 PROFESSIONAL FEES AND SERVICES	96,000	96,000
TOTAL, OBJECT OF EXPENSE	\$455,000	\$455,000

METHOD OF FINANCING:

36 Dept Ins Operating Acct	455,000	455,000
TOTAL, METHOD OF FINANCING	\$455,000	\$455,000
FULL-TIME EQUIVALENT POSITIONS (FTE):	4.00	4.00

DESCRIPTION / JUSTIFICATION:
 Funding for this exceptional item would enhance and expand activities that ensure appropriate utilization of medical services in the worker's compensation system for Strategy 06-01-01 by replacing the funding source for Medical Quality Review Panel(MQRP) activities and expanding these activities to include the review of insurance carriers

- Staffing. Two part-time physicians would provide expertise for medical quality review activities, advise hearings staff on medical issues, monitor designated doctors, review letters of clarification, conduct staff training, and support other medical quality-related functions. One program specialist would oversee and coordinate review scheduling. One administrative assistant would provide clerical support for the increased number of case files. One nurse would review incoming medical records and coordinate reviews with MQRP physicians. Funding for these positions would replace the current funding mechanism for medical quality review activities and allow TDHWC to expand the number and scope of medical quality reviews to include insurance carriers

- Non-salary. Additional funding would continue and support medical quality review processes by contracting with doctors to review cases and the Office of Attorney General for legal assistance, providing expert witness testimony, and purchasing miscellaneous supplies

EXTERNAL/INTERNAL FACTORS:

4.A. EXCEPTIONAL ITEM REQUEST SCHEDULE
81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2008
TIME: 6:33:45PM

Agency code: 454

Agency name:

Department of Insurance

CODE	DESCRIPTION	Excp 2010	Excp 2011
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- Staffing. MQRP is comprised of independent medical experts, contracted with TDI-DWC to recommend appropriate actions regarding system participants under review as required by statute. MQRP medical quality reviews are currently funded through a grant which places restrictions on the funds and prohibits contracted physicians from conducting medical quality reviews of insurance carriers. Replacing the grant funding and adding staff would expand the number and scope of MQRP medical quality reviews. Additionally, the funding could be used for training, technical support and other purposes beyond the current limited scope of the grant. Resources are necessary to fulfill MQRP statutory requirements for reviewing workers' compensation insurance carriers. MQRP activities help control and lower costs in the workers' compensation system and ensure the delivery of quality medical care.

- Non-salary. The ability to contract with independent doctors to conduct medical quality reviews and provide expert witness testimony ensures the integrity of the process.

4.A. EXCEPTIONAL ITEM REQUEST SCHEDULE
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas(ABEST)

DATE: 8/27/2008
 TIME: 6:33:45PM

Agency code: 454

Agency name:

Department of Insurance

CODE	DESCRIPTION	Excp 2010	Excp 2011
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Item Name: Access National Health Care Market Data
 Item Priority: 7

Includes Funding for the Following Strategy or Strategies: 06-01-01 Ensure Appropriate Utilization of Medical Services

OBJECTS OF EXPENSE:

2001	PROFESSIONAL FEES AND SERVICES	265,000	195,000
TOTAL, OBJECT OF EXPENSE		\$265,000	\$195,000

METHOD OF FINANCING:

36	Dept Ins Operating Acct	265,000	195,000
TOTAL, METHOD OF FINANCING		\$265,000	\$195,000

DESCRIPTION / JUSTIFICATION:

Funding for this exceptional item would enhance the appropriate utilization of medical services in the worker's compensation system for Strategy 06-01-01 by establishing a contractual relationship with a vendor that can produce analyzed market data on a regular basis for medical policy and fee guideline analyses and revisions. Funding is requested for the following:

- Contract Vendor. Chapter 413 of the Texas Labor Code grants the division authority to contract with a private or public entity to perform a duty or function of the division and specifically for the establishment of medical policies and fee guidelines. Moreover, the law requires the division to review and revise medical policies and fee guidelines at least every two years to ensure fees and treatments remain fair and reasonable. The dynamic nature of medical costs, utilization rates, and medical advancements necessitates access to current market data. However, dedicated funding has not been allocated for this activity. For the 2010-11 biennium, TDI-DWC anticipates needing \$460,000 of analyzed market data services for its medical policy and fee guideline projects, and once certain guidelines are adopted, they will require funding to support the biennial updates. In addition to ongoing updates, new data collection needs are anticipated for future biennia.

EXTERNAL/INTERNAL FACTORS:

- Contract Vendor. TDI-DWC does not have access to health care market data other than claims information on the medical services and reimbursement amounts for Texas workers' compensation-related services. Carriers licensed to sell workers' compensation coverage in Texas are required by law to submit medical data to TDI-DWC; however, the agency does not have national market data to which the workers' compensation data may be compared. Establishing a contract with a vendor that specializes in the collection and analysis of national health care utilization and reimbursement data would provide a basis for comparing Texas data with national data to facilitate the agency's medical review process, and ensure TDI-DWC adopts reasonable and fair medical policies and fee guidelines. Subsequently, an established contract would facilitate timely update and revision of all workers' compensation medical policies and fee guidelines every two years as required by statute. Ultimately, TDI-DWC medical and fee guidelines serve as the foundation for ensuring appropriate utilization of medical services in the workers' compensation system.

4.A. EXCEPTIONAL ITEM REQUEST SCHEDULE
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas(ABEST)

DATE: 8/27/2008
 TIME: 6:33:45PM

Agency code: 454

Agency name:

Department of Insurance

CODE	DESCRIPTION	Excp 2010	Excp 2011
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Item Name: Fund Increased Fuel Costs
 Item Priority: 8
 Includes Funding for the Following Strategy or Strategies: 04-01-01 Provide Fire Prevention through Education & Enforcement of Regulations

2002	FUELS AND LUBRICANTS	124,678	148,920
TOTAL, OBJECT OF EXPENSE		\$124,678	\$148,920

36	Dept Ins Operating Acct	41,929	50,082
8042	Insurance Maint Tax Fees	82,749	98,838
TOTAL, METHOD OF FINANCING		\$124,678	\$148,920

DESCRIPTION / JUSTIFICATION:

Funding for this exceptional item would maintain fire protection services for Strategy04-01-01 by providing the State Fire Marshal's Office sufficient financial support to cover escalating fuel prices. Funding is requested for the following

- Fuel Expense. By increasing the funds to accommodate rising gasoline prices SFMO would be able to meet performance measures and current statutory obligations to provide inspections, investigations and fire-safety presentations. The current level of customer service would diminish if increased fuel costs are not supported

EXTERNAL/INTERNAL FACTORS:

- Fuel Expense. SFMO has insufficient funds in its operating budget to cover fuel expenses due to escalating costs The lack of funding would impact the public as SFMO field staff would need to travel less and conduct less inspections and fire safety presentations. Additionally, SFMO would not meet performance measures if inspections, investigations and fire safety presentations are curtailed due to the rising cost of fuel Supporting information on the AAA Web site (<http://www.fuelgaugereport.com/>) illustrates the increasing cost of fuel as well as a recent article in LiveJournal(http://community.livejournal.com/peak_oil/659112.html), which estimates the price of gasoline at \$8.00 per gallon in FY 2010, and eventually climbing to \$10.00 per gallon by 2015.

4.A. EXCEPTIONAL ITEM REQUEST SCHEDULE
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2008
 TIME: 6:33:45PM

Agency code: 454

Agency name:

Department of Insurance

CODE	DESCRIPTION	Excp 2010	Excp 2011
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Item Name: Replace Arson Lab Equipment
 Item Priority: 9

Includes Funding for the Following Strategy or Strategies: 04-01-01 Provide Fire Prevention through Education & Enforcement of Regulations

OBJECTS OF EXPENSE:

5000	CAPITAL EXPENDITURES	190,000	0
TOTAL, OBJECT OF EXPENSE		\$190,000	\$0

METHOD OF FINANCING:

36	Dept Ins Operating Acct	63,897	0
8042	Insurance Maint Tax Fees	126,103	0
TOTAL, METHOD OF FINANCING		\$190,000	\$0

DESCRIPTION / JUSTIFICATION:

Funding for this exceptional item would improve arson services for Strategy 04-01-01 by replacing the State Fire Marshal's Office's arson lab analysis equipment. Funding is requested for the following:

- Lab Equipment. Updating and replacing three chromatograph stations with the latest technology will ensure the agency's continued ability to analyze evidence in the SFMO Arson Lab. One station would also need a mass spectrometer for the chromatograph. The current equipment has served the agency well but is more than ten years old. The SFMO identified the need to replace this equipment through TDI's internal business planning process.

EXTERNAL/INTERNAL FACTORS:

- Lab Equipment. In use since 1998, the arson lab equipment is nearing the end of its life cycle and is at a point where it would be difficult to repair due to unavailability of parts and changing technology. The estimated cost for replacing the arson lab equipment is \$190,000, and TDI's baseline budget is insufficient to fund this purchase. The SFMO performance measure for analyzing lab samples would be impacted if the arson lab equipment is not operational and updated with the latest technology. Currently, the lab analyzes more than 2,300 samples each fiscal year. Moreover, the SFMO Arson Lab is one of the few accredited arson labs in Texas. Law enforcement agencies across the state seek services from the SFMO Arson Lab. According to the Texas Fire Incident Reporting System, in 2006, arson was responsible for more than 8,000 fires that yielded 11 deaths, 123 injuries and \$35,650,258 in property losses; these incendiary or suspicious fires occurred approximately every 64 minutes.

4.A. EXCEPTIONAL ITEM REQUEST SCHEDULE
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2008
 TIME: 6:33:45PM

Agency code: 454

Agency name:

Department of Insurance

CODE	DESCRIPTION	Excp 2010	Excp 2011
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Item Name: Enhance Health Care Provider Assistance
Item Priority: 10
Includes Funding for the Following Strategy or Strategies: 07-01-01 Central Administration

OBJECTS OF EXPENSE:

1001	SALARIES AND WAGES	467,000	467,000
2005	TRAVEL	20,000	20,000
TOTAL, OBJECT OF EXPENSE		\$487,000	\$487,000

METHOD OF FINANCING:

36	Dept Ins Operating Acct	487,000	487,000
TOTAL, METHOD OF FINANCING		\$487,000	\$487,000
FULL-TIME EQUIVALENT POSITIONS (FTE):		8.00	8.00

DESCRIPTION / JUSTIFICATION:

Funding for this exceptional item request would enhance education to health care providers on disability management and return-to-work for Strategy 05-02-01 by improving the agency's outreach capacity with eight additional FTEs. Funding is requested for the following

Staffing. One full-time physician assistant/nurse practitioner would assist in fostering relationships with the medical community and developing outreach/educational models. One nurse would assist with planning community outreach activities and developing inservice training and educational programs for providers and staff. One marketing specialist would develop marketing plans for improved communication and coordinate with internal and external partners on new educational campaigns for providers and employers. One training specialist with computer-based and webinar training expertise would coordinate the development of outreach and education modules. Four information specialists would provide direct assistance to health care providers on workers' compensation rules, fee guidelines, schedules, coding, billing and reimbursement matters.

Travel. Travel funding would enhance outreach by delivering onsite training to health care providers on complex workers' compensation rules and fee guidelines. TDI-DWC currently relies on bulletins and other information distributed through email and provided on the agency web site. Enhanced face-to-face training would provide essential information to health care providers, thus reducing disputes and increasing provider satisfaction with the workers' compensation system.

EXTERNAL/INTERNAL FACTORS:

Staffing. By staffing these positions, TDI would have the resources to implement strategies to attract and retain health care providers within the workers' compensation system and deliver in-service training in support of those providers.

Travel. Travel funding would supplement current training activities by providing essential information to health care providers in person. Travel related expenses are critical to support this new activity and could not easily be absorbed through the agency's existing travel budget.

4.A. EXCEPTIONAL ITEM REQUEST SCHEDULE
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2008
 TIME: 6:33:45PM

Agency code: 454

Agency name:

Department of Insurance

CODE	DESCRIPTION	Excp 2010	Excp 2011
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Item Name: Support Data Center Services Contract
 Item Priority: 11

Includes Funding for the Following Strategy or Strategies: 07-01-02 Information Resources

OBJECTS OF EXPENSE:

2001	PROFESSIONAL FEES AND SERVICES	1,497,353	822,091
TOTAL, OBJECT OF EXPENSE		\$1,497,353	\$822,091

METHOD OF FINANCING:

36	Dept Ins Operating Acct	940,829	516,543
8042	Insurance Maint Tax Fees	556,524	305,548
TOTAL, METHOD OF FINANCING		\$1,497,353	\$822,091

DESCRIPTION / JUSTIFICATION:

Funding for this exceptional item would support the agency's information resources activities for Strategy 07-01-02 by sustaining the Data Center Services (DCS) contract mandated by HB 1516, 79th Legislature, Regular Session. Funding is requested for the following

- Upgrade Support Level. The level and quality of service provided by Team for Texas would be improved by increasing the number of servers considered to be complex and the number of virtual servers. Increasing the complexity categorization of nine of TDI's servers would allow TDI to request extended service hours of 24 hour availability, 7 days a week. The 24 hour service agreement would expedite the restoration of service during outages and address Team for Texas support issues. Increasing the number of virtual servers by 10 would reduce the impact of server outages by distributing applications across multiple virtual servers; consequently, fewer applications would be affected during an outage.

- Increased DIR Expenses. The Department of Information Resources (DIR) prepared TDI's original baseline estimates for the Data Center Services contract; these initial estimates were insufficient. Accordingly, DIR performed a network needs assessment, re-calculated the network fees, and re-evaluated the connectivity between the Hobby and Metro locations resulting in an increase to baseline costs. DIR also increased TDI's costs in the DCS contract based on TDI's share of the enterprise Allocation of Transition/Transformation charges. The fees will increase during the next biennium.

EXTERNAL/INTERNAL FACTORS:

4.A. EXCEPTIONAL ITEM REQUEST SCHEDULE

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas(ABEST)

DATE: 8/27/2008
TIME: 6:33:45PM

Agency code: 454

Agency name:

Department of Insurance

CODE DESCRIPTION

Excp 2010 Excp 2011

- Upgrade Support Level. Based on discussions with TDI, DIR recommended increasing support levels for 9 servers and increasing virtual servers by 10 to enhance the distribution of agency applications, which reduces vulnerability during a server outage. The level of service provided by Team for Texas does not meet agency needs as TDI has experienced an increase in server outages. Continual server outages impact TDI programs by decreased productivity due to database unavailability increased workload to "catch-up" after outages, and longer response times to agency customers. One server outage required agency programs to implement "disaster mode" processes, as various functions were down from one to three business weeks and resulted in staff re-entering data for two systems because Team for Texas was unable to locate backup logs. An increase to 24 hour service would require Team for Texas to escalate their response to agency server outages and restore service more timely. As a result, interruption of services may be less frequent and costly to agency operations. In addition, the request would enhance the agency's telecommuting and business continuity activities by facilitating remote access to TDI's network.

- Increased DIR Expenses. In accordance with the DIR contract, TDI's share of the enterprise Allocation of Transition/Transformation Charges will increase from \$227,000 in FY2009 to \$889,000 in FY2010 and \$508,000 in FY2011. TDI needs additional funding to meet its increased financial obligations under the DCS contract

4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE

DATE: 8/27/2008

TIME: 6:36:04PM

81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

Agency code: 454 Agency name Department of Insurance

Code Description Excp 2010 Excp 2011

Item Name: Restore Lapsed Appropriations

Allocation to Strategy: 1-1-2 Process Rates, Forms and Licenses

OBJECTS OF EXPENSE:

1001 SALARIES AND WAGES

153,903	153,903
\$153,903	\$153,903

METHOD OF FINANCING:

36 Dept Ins Operating Acct
 8042 Insurance Maint Tax Fees

51,758	51,758
102,145	102,145
\$153,903	\$153,903

4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE

DATE: 8/27/2008

TIME: 6:36:15PM

81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

Agency code: 454 Agency name Department of Insurance

Code Description Excp 2010 Excp 2011

Item Name: Restore Lapsed Appropriations

Allocation to Strategy: 1-2-1 Respond Promptly and Act on Complaints

OBJECTS OF EXPENSE:

1001 SALARIES AND WAGES

166,497	166,497
\$166,497	\$166,497

METHOD OF FINANCING:

36 Dept Ins Operating Acct
 8042 Insurance Maint Tax Fees

55,993	55,993
110,504	110,504
\$166,497	\$166,497

4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE

DATE: 8/27/2008

TIME: 6:36:15PM

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

Agency code: 454

Agency name Department of Insurance

Code	Description	Excp 2010	Excp 2011
Item Name:	Restore Lapsed Appropriations		
Allocation to Strategy:	1-2-3 Investigate Potential Insurer Fraud and Initiate Legal Action		
OBJECTS OF EXPENSE:			
1001	SALARIES AND WAGES	120,312	120,312
	TOTAL, OBJECT OF EXPENSE	\$120,312	\$120,312
METHOD OF FINANCING:			
36	Dept Ins Operating Acct	40,461	40,461
8042	Insurance Maint Tax Fees	79,851	79,851
	TOTAL, METHOD OF FINANCING	\$120,312	\$120,312

4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE

DATE: 8/27/2008

TIME: 6:36:15PM

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

Agency code: 454

Agency name Department of Insurance

Code Description	Excp 2010	Excp 2011
Item Name:		
Restore Lapsed Appropriations		
Allocation to Strategy: 2-1-1 Analyze the Financial Condition of Insurers and Take Solvency Action		
OBJECTS OF EXPENSE:		
1001 SALARIES AND WAGES	759,288	759,288
TOTAL, OBJECT OF EXPENSE	\$759,288	\$759,288
METHOD OF FINANCING:		
36 Dept Ins Operating Acct	255,349	255,349
8042 Insurance Maint Tax Fees	503,939	503,939
TOTAL, METHOD OF FINANCING	\$759,288	\$759,288

4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE

DATE: 8/27/2008
 TIME: 6:36:15PM

81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

Agency code: 454 Agency name Department of Insurance

Code Description Excp 2010 Excp 2011

Item Name: Migrate Internal Accounting System

Allocation to Strategy: 7-1-1 Central Administration

OBJECTS OF EXPENSE:

2001 PROFESSIONAL FEES AND SERVICES 0
 TOTAL, OBJECT OF EXPENSE \$0

METHOD OF FINANCING:

36 Dept Ins Operating Acct 0
 8042 Insurance Maint Tax Fees 0
 TOTAL, METHOD OF FINANCING \$0

4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE

DATE: 8/27/2008

TIME: 6:36:15PM

81st Regular Session, Agency Submission, Version 1

Automated Budget and Evaluation System of Texas (ABEST)

Agency code: 454 Agency name Department of Insurance

Code Description Excp 2010 Excp 2011

Item Name: Restructure Method of Finance

Allocation to Strategy: 6-3-1 Develop and Implement Processes

OBJECTS OF EXPENSE:

1001 SALARIES AND WAGES

555,000

TOTAL, OBJECT OF EXPENSE

\$555,000

METHOD OF FINANCING:

36 Dept Ins Operating Acct

555,000

TOTAL, METHOD OF FINANCING

\$555,000

4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE

DATE: 8/27/2008
 TIME: 6:36:15PM

81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

Agency code: 454 Agency name Department of Insurance

Code Description	Excp 2010	Excp 2011
Item Name:		
Fund Analysis and Planning Positions		
Allocation to Strategy: 7-1-1 Central Administration		
OBJECTS OF EXPENSE:		
1001 SALARIES AND WAGES	420,000	420,000
TOTAL, OBJECT OF EXPENSE	\$420,000	\$420,000
METHOD OF FINANCING:		
36 Dept Ins Operating Acct	420,000	420,000
TOTAL, METHOD OF FINANCING	\$420,000	\$420,000
FULL-TIME EQUIVALENT POSITIONS (FTE):	7.0	7.0

4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE

DATE: 8/27/2008

TIME: 6:36:15PM

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

Agency code: 454 Agency name Department of Insurance

Code	Description	Excp 2010	Excp 2011
Item Name:	Rewrite Legacy Applications		
Allocation to Strategy:	7-1-2 Information Resources		
OBJECTS OF EXPENSE:			
2001 PROFESSIONAL FEES AND SERVICES		1,497,600	1,497,600
TOTAL, OBJECT OF EXPENSE		\$1,497,600	\$1,497,600
METHOD OF FINANCING:			
36 Dept Ins Operating Acct		1,497,600	1,497,600
TOTAL, METHOD OF FINANCING		\$1,497,600	\$1,497,600

4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE

DATE: 8/27/2008
 TIME: 6:36:15PM

81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

Agency code: 454 Agency name Department of Insurance

Code	Description	Excp 2010	Excp 2011
Item Name:	Expand Medical Quality Review		
Allocation to Strategy:	6-1-1 Ensure Appropriate Utilization of Medical Services		
OBJECTS OF EXPENSE:			
1001	SALARIES AND WAGES	359,000	359,000
2001	PROFESSIONAL FEES AND SERVICES	96,000	96,000
	TOTAL, OBJECT OF EXPENSE	\$455,000	\$455,000
METHOD OF FINANCING:			
36	Dept Ins Operating Acct	455,000	455,000
	TOTAL, METHOD OF FINANCING	\$455,000	\$455,000
	FULL-TIME EQUIVALENT POSITIONS (FTE):	4.0	4.0

4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE

DATE: 8/27/2008

TIME: 6:36:15PM

81st Regular Session, Agency Submission, Version 1

Automated Budget and Evaluation System of Texas (ABEST)

Agency code: 454 Agency name Department of Insurance

Code	Description	Excp 2010	Excp 2011
Item Name:	Access National Health Care Market Data		
Allocation to Strategy:	6-1-1 Ensure Appropriate Utilization of Medical Services		
OBJECTS OF EXPENSE:			
2001	PROFESSIONAL FEES AND SERVICES	265,000	195,000
TOTAL, OBJECT OF EXPENSE		\$265,000	\$195,000
METHOD OF FINANCING:			
36	Dept Ins Operating Acct	265,000	195,000
TOTAL, METHOD OF FINANCING		\$265,000	\$195,000

4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE

DATE: 8/27/2008

TIME: 6:36:15PM

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

Agency code: 454

Agency name Department of Insurance

Code	Description	Excp 2010	Excp 2011
Item Name:	Fund Increased Fuel Costs		
Allocation to Strategy:	4-1-1 Provide Fire Prevention through Education & Enforcement of Regulations		
OBJECTS OF EXPENSE:			
2002	FUELS AND LUBRICANTS	124,678	148,920
TOTAL, OBJECT OF EXPENSE		\$124,678	\$148,920
METHOD OF FINANCING:			
36	Dept Ins Operating Acct	41,929	50,082
8042	Insurance Maint Tax Fees	82,749	98,838
TOTAL, METHOD OF FINANCING		\$124,678	\$148,920

4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE

DATE: 8/27/2008

TIME: 6:36:15PM

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

Agency code: 454 Agency name: Department of Insurance

	Excp 2010	Excp 2011
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Item Name:	Replace Arson Lab Equipment	
Allocation to Strategy:	4-1-1 Provide Fire Prevention through Education & Enforcement of Regulations	
OBJECTS OF EXPENSE:		
5000 CAPITAL EXPENDITURES	190,000	0
TOTAL, OBJECT OF EXPENSE	\$190,000	\$0
METHOD OF FINANCING:		
36 Dept Ins Operating Acct	63,897	0
8042 Insurance Maint Tax Fees	126,103	0
TOTAL, METHOD OF FINANCING	\$190,000	\$0

4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE

DATE: 8/27/2008
TIME: 6:36:15PM

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

Agency code: 454 Agency name Department of Insurance

Code	Description	Excp 2010	Excp 2011
Item Name:	Enhance Health Care Provider Assistance		
Allocation to Strategy:	7-1-1 Central Administration		
OBJECTS OF EXPENSE:			
1001	SALARIES AND WAGES	467,000	467,000
2005	TRAVEL	20,000	20,000
	TOTAL, OBJECT OF EXPENSE	\$487,000	\$487,000
METHOD OF FINANCING:			
36	Dept Ins Operating Acct	487,000	487,000
	TOTAL, METHOD OF FINANCING	\$487,000	\$487,000
	FULL-TIME EQUIVALENT POSITIONS (FTE):	8.0	8.0

4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE

DATE: 8/27/2008
 TIME: 6:36:15PM

81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

Agency code: 454 Agency name Department of Insurance

Code	Description	Excp 2010	Excp 2011
Item Name:	Support Data Center Services Contract		
Allocation to Strategy:	7-1-2 Information Resources		
OBJECTS OF EXPENSE:			
2001	PROFESSIONAL FEES AND SERVICES	1,497,353	822,091
TOTAL, OBJECT OF EXPENSE		\$1,497,353	\$822,091
METHOD OF FINANCING:			
36	Dept Ins Operating Acct	940,829	516,543
8042	Insurance Maint Tax Fees	556,524	305,548
TOTAL, METHOD OF FINANCING		\$1,497,353	\$822,091

4.C. EXCEPTIONAL ITEMS STRATEGY REQUEST
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas(ABEST)

DATE: 8/27/2008
TIME: 6:33:52PM

Agency Code: 454 Agency name: Department of Insurance

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

CODE DESCRIPTION	Excp 2010	Excp 2011
OBJECTS OF EXPENSE:		
1001 SALARIES AND WAGES	153,903	153,903
Total, Objects of Expense	\$153,903	\$153,903
METHOD OF FINANCING:		
36 Dept Ins Operating Acct	51,758	51,758
8042 Insurance Maint Tax Fees	102,145	102,145
Total, Method of Finance	\$153,903	\$153,903

EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:

Restore Lapsed Appropriations

4.C. EXCEPTIONAL ITEMS STRATEGY REQUEST
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas(ABEST)

DATE: 8/27/2008
TIME: 6:33:56PM

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

GOAL: 1 Encourage Fair Competition in the Insurance Industry Statewide Goal/Benchmark: 7 - 1
OBJECTIVE: 2 Reduce Insurance and Insurance-related Statute and Rule Violations Service Categories:
STRATEGY: 1 Respond Promptly and Act on Complaints Service: 17 Income: A.2 Age: B.3

CODE DESCRIPTION	Excp 2010	Excp 2011
OBJECTS OF EXPENSE:		
1001 SALARIES AND WAGES	166,497	166,497
Total, Objects of Expense	\$166,497	\$166,497
METHOD OF FINANCING:		
36 Dept Ins Operating Acct	55,993	55,993
8042 Insurance Maint Tax Fees	110,504	110,504
Total, Method of Finance	\$166,497	\$166,497

EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:

Restore Lapsed Appropriations

4.C. EXCEPTIONAL ITEMS STRATEGY REQUEST
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas(ABEST)

DATE: 8/27/2008
TIME: 6:33:56PM

Agency Code: 454 Agency name: Department of Insurance

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

CODE DESCRIPTION	Excp 2010	Excp 2011
OBJECTS OF EXPENSE:		
1001 SALARIES AND WAGES	120,312	120,312
Total, Objects of Expense	\$120,312	\$120,312
METHOD OF FINANCING:		
36 Dept Ins Operating Acct	40,461	40,461
8042 Insurance Maint Tax Fees	79,851	79,851
Total, Method of Finance	\$120,312	\$120,312

EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:

Restore Lapsed Appropriations

4.C. EXCEPTIONAL ITEMS STRATEGY REQUEST
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/27/2008
TIME: 6:33:56PM

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

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

CODE DESCRIPTION	Excp 2010	Excp 2011
OBJECTS OF EXPENSE:		
1001 SALARIES AND WAGES	759,288	759,288
Total, Objects of Expense	\$759,288	\$759,288
METHOD OF FINANCING:		
36 Dept Ins Operating Acct	255,349	255,349
8042 Insurance Maint Tax Fees	503,939	503,939
Total, Method of Finance	\$759,288	\$759,288

EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:

Restore Lapsed Appropriations

4.C. EXCEPTIONAL ITEMS STRATEGY REQUEST
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas(ABEST)

DATE: 8/27/2008
TIME: 6:33:56PM

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

CODE DESCRIPTION	Excp 2010	Excp 2011
OBJECTS OF EXPENSE:		
2002 FUELS AND LUBRICANTS	124,678	148,920
5000 CAPITAL EXPENDITURES	190,000	0
Total, Objects of Expense	\$314,678	\$148,920
METHOD OF FINANCING:		
36 Dept Ins Operating Acct	105,826	50,082
8042 Insurance Maint Tax Fees	208,852	98,838
Total, Method of Finance	\$314,678	\$148,920

EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:

Fund Increased Fuel Costs
 Replace Arson Lab Equipment

4.C. EXCEPTIONAL ITEMS STRATEGY REQUEST
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas(ABEST)

DATE: 8/27/2008
TIME: 6:33:56PM

Agency Code: **454**

Agency name: **Department of Insurance**

GOAL: 6 Ensure the Appropriate Delivery of Workers' Compensation Benefits Statewide Goal/Benchmark: 7 - 6

OBJECTIVE: 1 Ensure the Appropriate Payment of Health Care Service Categories:

STRATEGY: 1 Ensure Appropriate Utilization of Medical Services Service: 17 Income: A.2 Age: B.3

CODE DESCRIPTION	Excp 2010	Excp 2011
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OUTPUT MEASURES:

1 Number of Quality of Care Reviews Completed	20.00	20.00
2 # System Participants Who Receive Medical Benefits Training	945.00	945.00

OBJECTS OF EXPENSE:

1001 SALARIES AND WAGES	359,000	359,000
2001 PROFESSIONAL FEES AND SERVICES	361,000	291,000
Total, Objects of Expense	\$720,000	\$650,000

METHOD OF FINANCING:

36 Dept Ins Operating Acct	720,000	650,000
Total, Method of Finance	\$720,000	\$650,000

FULL-TIME EQUIVALENT POSITIONS (FTE):

4.0	4.0
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EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:

Expand Medical Quality Review
 Access National Health Care Market Data

4.C. EXCEPTIONAL ITEMS STRATEGY REQUEST
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas(ABEST)

DATE: 8/27/2008
TIME: 6:33:56PM

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

GOAL: 6 Ensure the Appropriate Delivery of Workers Compensation Benefits Statewide Goal/Benchmark: 7 - 6

OBJECTIVE: 3 Inform System Participants and Provide Service through Technology Service Categories:

STRATEGY: 1 Develop and Implement Processes Service: 17 Income: A.2 Age: B.3

CODE DESCRIPTION	Excp 2010	Excp 2011
OBJECTS OF EXPENSE:		
1001 SALARIES AND WAGES	555,000	555,000
Total, Objects of Expense	\$555,000	\$555,000
METHOD OF FINANCING:		
36 Dept Ins Operating Acct	555,000	555,000
Total, Method of Finance	\$555,000	\$555,000

EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:

Restructure Method of Finance

4.C. EXCEPTIONAL ITEMS STRATEGY REQUEST
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas(ABEST)

DATE: 8/27/2008
TIME: 6:33:56PM

Agency name: **Department of Insurance**

Agency Code: **454**
 GOAL: 7 Indirect Administration Statewide Goal/Benchmark: 7 - 0
 OBJECTIVE: 1 Indirect Administration Service Categories:
 STRATEGY: 1 Central Administration Service: 09 Income: A.2 Age: B.3

CODE DESCRIPTION	Excp 2010	Excp 2011
OBJECTS OF EXPENSE:		
1001 SALARIES AND WAGES	887,000	887,000
2001 PROFESSIONAL FEES AND SERVICES	48,034	0
2005 TRAVEL	20,000	20,000
Total, Objects of Expense	\$955,034	\$907,000

METHOD OF FINANCING:	Excp 2010	Excp 2011
36 Dept Ins Operating Acct	923,154	907,000
8042 Insurance Maint Tax Fees	31,880	0
Total, Method of Finance	\$955,034	\$907,000

FULL-TIME EQUIVALENT POSITIONS (FTE):
 15.0 15.0

EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:
 Migrate Internal Accounting System
 Fund Analysis and Planning Positions
 Enhance Health Care Provider Assistance

4.C. EXCEPTIONAL ITEMS STRATEGY REQUEST
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas(ABEST)

DATE: 8/27/2008
TIME: 6:33:56PM

Agency name: **Department of Insurance**

Agency Code: **454**

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

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

CODE DESCRIPTION	Excp 2010	Excp 2011
OBJECTS OF EXPENSE:		
2001 PROFESSIONAL FEES AND SERVICES	2,994,953	2,319,691
Total, Objects of Expense	\$2,994,953	\$2,319,691
METHOD OF FINANCING:		
36 Dept Ins Operating Acct	2,438,429	2,014,143
8042 Insurance Maint Tax Fees	556,524	305,548
Total, Method of Finance	\$2,994,953	\$2,319,691

EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:

Rewrite Legacy Applications
 Support Data Center Services Contract