

Request for

Legislative Appropriations

For Fiscal Years 2024 and 2025

*Submitted to the Governor's Office Budget Division and the
Legislative Budget Board by the*



Texas Department of Insurance

A handwritten signature in black ink, appearing to read "C. Brown", is written over the printed name.

Cassie Brown, Commissioner of Insurance
August 26, 2022

TEXAS DEPARTMENT OF INSURANCE
REQUEST FOR LEGISLATIVE APPROPRIATIONS
FISCAL YEARS 2024 AND 2025

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TEXAS DEPARTMENT OF INSURANCE
REQUEST FOR LEGISLATIVE APPROPRIATIONS
FISCAL YEARS 2024 AND 2025

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1. ADMINISTRATOR'S STATEMENT

Administrator's Statement

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Automated Budget and Evaluation System of Texas (ABEST)

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GOVERNANCE: TDI COMMISSIONERS

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

COMMISSIONER OF INSURANCE UPDATE

TDI's mission is to protect millions of Texas insurance consumers by regulating the industry fairly and diligently, promoting a stable and competitive market, and providing information that helps consumers.

With \$212.4 billion of premiums written in 2021, Texas ranks as the nation's third largest insurance market and the eighth largest in the world. The agency regulates approximately 3,300 companies and more than 827,000 agents and adjusters. The agency is the primary financial regulator for 218 insurers that do business across the United States and another 43 that do business around the world.

Over the past five years, TDI has undertaken a major modernization push to keep pace with rising demand and improve customer service by optimizing its use of existing resources. Insurance premiums written in Texas have increased 33% from 2017-2021 while claim payments increased 22%, indicators of the fast-growing market TDI regulates. This results in a higher demand for many TDI services. TDI saw a 70% increase in new agent and adjuster licenses from 2017-2021, and renewals grew 50% over that same time.

TDI's modernization efforts have allowed the agency to improve services within its existing budget and more effectively respond to a growing market.

Highlights from FY 2021 and FY 2022 include:

- Responded to the state's severe winter storm by extending Help Line hours, posting information for consumers on the TDI website and social media accounts, providing insurance policy data to help with the state's application for federal disaster aid, licensing new adjusters, and collecting extensive data on storm claims.
- Expanded the use of advanced technology to speed up the review of policy forms.
- Maintained average hold times of 30 seconds for our Help Line while answering more than 131,000 consumer calls.
- Hosted the 2022 Virtual Compliance Conference for more than 2,000 attendees. Six webinars targeted professionals who work in the insurance industry, with topics ranging from the Affordable Care Act to surprise medical bills. More than 450 people earned continuing education credit.
- Updated more than 460 forms. Updates included address changes and accessibility improvements.
- Reduced processing days for annual network adequacy filings. Lowered average processing days from 97 in May 2021 to 48 days for May 2022.
- Launched new health claim submission portal in January 2022 to better monitor prompt pay compliance.

Current modernization efforts include:

- Enhancing the processes for the State Fire Marshal's licensing office.
- Continue working with the Division of Workers' Compensation (DWC) to transition certain DWC operations from legacy systems to more current internal systems using existing agency resources.
- Continue to revise agency forms for plain language and accessibility.

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COMMISSIONER OF WORKERS' COMPENSATION UPDATE

The mission of the Division of Workers' Compensation (DWC) is to regulate the Texas workers' compensation system efficiently, educate participants, and achieve a balanced system in which everyone is treated fairly with dignity and respect.

DWC regulates the workers' compensation system, enforces the Texas Workers' Compensation Act and rules, administers the certified self-insurance program for individual employers, and resolves claim-level disputes about medical and income benefits.

The Texas workers' compensation system has undergone significant changes since the passage of House Bill 7 in 2005. Since 2005, DWC has implemented several initiatives to reduce and stabilize claim costs and improve injured employee outcomes:

- Adopted evidence-based treatment and return-to-work guidelines.
- Adopted a closed-pharmacy formulary—one of the first in the nation for workers' compensation.
- Implemented a new workers' compensation fraud investigative unit and enforcement function to consolidate existing resources and increase agency efforts to detect noncompliance and combat fraud.
- Streamlined dispute resolution processes and reduced the time it takes to resolve income, medical fee, and medical necessity disputes.
- Developed a performance-based oversight program to monitor health care providers and insurance carriers on key performance measures.
- Implemented Medicare-based fee guidelines for professional services, inpatient and outpatient hospital services, and ambulatory surgical center services.

Texas employers now have lower workers' compensation insurance rates, stabilized claims costs, and better return-to-work outcomes. Texas employees have improved access to quality medical care that helps them return to work quickly and safely. Additionally, DWC's closed-pharmacy formulary has significantly reduced the use of opioids and other addictive prescription drugs for injured employees in Texas.

Although the 2005 legislative reforms resulted in significant improvement to the Texas workers' compensation system, DWC continues to increase efficiencies, improve key programs, and maximize limited resources. This includes making progress to transition data collection services out of our current legacy system into a more modern system, improving our designated doctor program to recruit and retain the best doctors available for this crucial and cost-efficient program, and holding remote dispute proceedings while allowing for a good cause exception for in-person proceedings.

These improvements will allow the Texas workers' compensation system to remain a model for other states as we strive to have the best system in the country.

SPECIAL NOTE ON TDI'S FUNDING

TDI is funded primarily by maintenance taxes and fees paid by the insurance industry, consistent with the principle that a regulated industry should bear the cost of its regulation.

TDI's operating account is a "self-leveling" dedicated fund. Under state law, the agency adjusts the maintenance tax rates on premiums each year to cover the fund's appropriations. That means cutting TDI's appropriations also triggers a reduction in revenue collected and will not create savings for general revenue.

LEGISLATIVE APPROPRIATIONS REQUEST FOR FISCAL YEARS 2024-25

Administrator's Statement

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As directed by the state's leadership, TDI is submitting a baseline funding request of \$254,108,707 and 1,181.3 FTEs for the fiscal 2024-25 biennium. This baseline budget complies with the approved funding provided by the Legislative Budget Board and will enable the department to maintain and build on the service improvements made over the past five years.

TDI is requesting a change to its Agent and Adjuster Licensing Fee Collection rider to allow for these collections to be transferred to any strategy for the purpose of modernizing agency processes and technology. This change will allow the agency to more quickly access existing funds to address current legacy applications and enhance tools and processes to meet the growing demand of the market.

Like many other state agencies, TDI is facing challenges competing for and retaining talent with current salary levels. TDI does not have an exceptional item request related to salary enhancements but is supportive of statewide initiatives to address increased cost of living and competing private employers.

EXCEPTIONAL ITEM REQUEST

TDI respectfully requests restoration of the Regulatory Response Rider. This funding will only be used for a significant natural disaster or emergency response. The rider enables TDI to respond quickly to large scale emergency situations. The requested item totals \$4.4 million and 40 FTEs over the FY 2024-25 biennium levels.

TDI activated this rider to respond to the aftermath of Hurricane Harvey. Versions of this rider have been included in TDI's budget every biennium since 2012.

BACKGROUND CHECKS

TDI is authorized by law to deny a license application if the applicant fails to provide a complete set of fingerprints. The agency also is authorized to access an applicant's criminal history information from the Texas Department of Public Safety (DPS) and the Federal Bureau of Investigations.

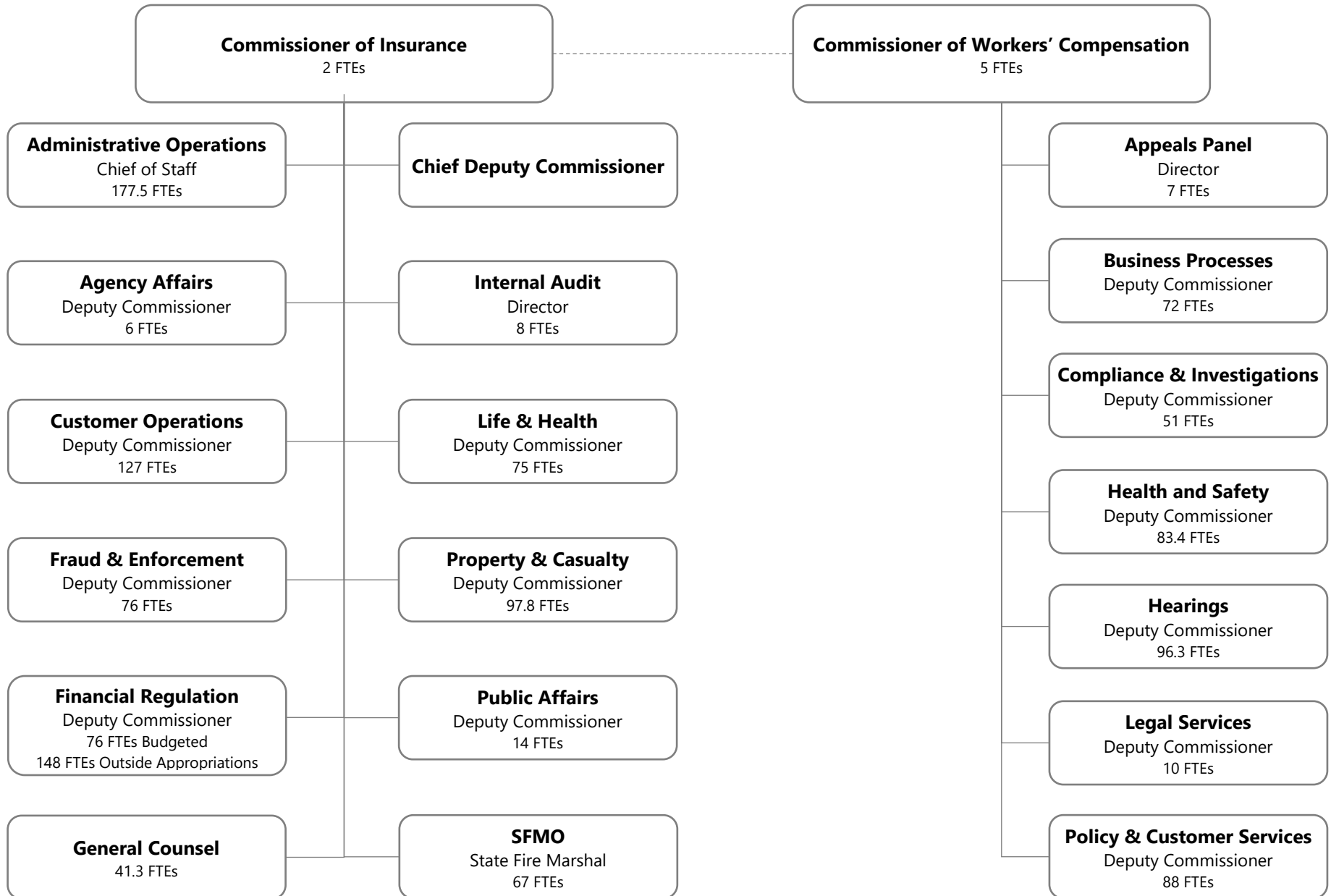
TDI has policies and procedures for conducting criminal background checks and has a memorandum of understanding with the DPS on staff training, requesting information, and the handling of confidential criminal histories. These protocols establish guidelines for conducting criminal background checks on applicants for licenses administered by TDI.

TDI staff approved by DPS may perform criminal background checks:

- To determine whether to grant a license to insurance agents, claims adjusters, and proposed officers and directors of applicants for insurance company licenses.
- To determine whether to hire external applicants or allow internal applicants to move into higher level positions.

1.A. ORGANIZATIONAL CHART

TDI functional organizational chart



1.B. CERTIFICATE OF DUAL SUBMISSION



CERTIFICATE

Agency Name: Texas Department of Insurance

This is to certify that the information contained in the agency Legislative Appropriation Request filed with the Legislative Budget Board (LBB) and the Governor's Office Budget Division (Governor's Office) is accurate to the best of my knowledge and that the electronic submission to the LBB via the Automated Budget and Evaluation System of Texas (ABEST) and the PDF file submitted via the LBB Document Submission application are identical.

Additionally, should it become likely at any time that unexpended balances will accrue for any account, the LBB and the Governor's Office will be notified in writing in accordance with Article IX, Section 7.01 (2022-23 GAA).

Chief Executive Office or Presiding Judge

Cassie Brown
Signature

Cassie Brown
Printed Name

Commissioner of Insurance
Title

August 26, 2022
Date

Chief Financial Officer

Anthony Infantini
Signature

Anthony Infantini
Printed Name

Chief Financial Officer
Title

August 26, 2022
Date

1.C. BUDGET OVERVIEW

Budget Overview - Biennial Amounts
88th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

454 Department of Insurance
Appropriation Years: 2024-25

	GENERAL REVENUE FUNDS		GR DEDICATED		FEDERAL FUNDS		OTHER FUNDS		ALL FUNDS		EXCEPTIONAL ITEM FUNDS
	2022-23	2024-25	2022-23	2024-25	2022-23	2024-25	2022-23	2024-25	2022-23	2024-25	2024-25
	Goal: 1. Protect and Ensure the Fair Treatment of Consumers										
1.1.1. Operations, Education, And Outreach			32,196,620	19,903,378			219,766	196,450	32,416,386	20,099,828	
1.1.2. Texassure							10,147,504	10,147,504	10,147,504	10,147,504	
1.1.3. Texas.Gov	6,200	6,200	982,200	982,200					988,400	988,400	
Total, Goal	6,200	6,200	33,178,820	20,885,578			10,367,270	10,343,954	43,552,290	31,235,732	
Goal: 2. A Competitive and Stable Insurance Market											
2.1.1. Industry Solvency Regulation			10,749,702	12,000,342			16,215		10,765,917	12,000,342	
2.2.1. Property & Casualty Regulation			13,441,778	15,009,398			406		13,442,184	15,009,398	
2.2.2. Life & Health Regulation			10,681,529	12,365,560			446		10,681,975	12,365,560	
2.3.1. Legal Review & Enforcement			13,659,521	14,331,508			12,161		13,671,682	14,331,508	
2.3.2. Insurance Fraud			8,355,206	8,356,554			61		8,355,267	8,356,554	
2.4.1. Three-Share Programs			134,548	133,572			7,049,286		7,183,834	133,572	
Total, Goal			57,022,284	62,196,934			7,078,575		64,100,859	62,196,934	
Goal: 3. Reduce Loss of Life & Property Due to Fire											
3.1.1. Fire Marshal			9,894,520	10,303,594			8,616		9,903,136	10,303,594	
Total, Goal			9,894,520	10,303,594			8,616		9,903,136	10,303,594	
Goal: 4. Effectively Regulate the Texas Workers' Compensation System											
4.1.1. Oversight And Compliance			20,423,449	23,491,816			75,700	75,700	20,499,149	23,567,516	
4.1.2. Dispute Resolution			19,551,029	19,509,316			164,861	94,000	19,715,890	19,603,316	
4.1.3. Subsequent Injury Fund Admin			18,153,106	18,164,044					18,153,106	18,164,044	
4.1.4. Workers Compensation Fraud			2,255,718	2,264,162					2,255,718	2,264,162	
4.2.1. Health And Safety Services			3,325,785	3,101,258	4,566,984	4,622,860	8,884		7,901,653	7,724,118	
4.2.2. Customer Service & Information Mgmt			16,960,771	17,352,894			12,638	12,530	16,973,409	17,365,424	
Total, Goal			80,669,858	83,883,490	4,566,984	4,622,860	262,083	182,230	85,498,925	88,688,580	

Budget Overview - Biennial Amounts
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Appropriation Years: 2024-25

	GENERAL REVENUE FUNDS		GR DEDICATED		FEDERAL FUNDS		OTHER FUNDS		ALL FUNDS		EXCEPTIONAL ITEM FUNDS
	2022-23	2024-25	2022-23	2024-25	2022-23	2024-25	2022-23	2024-25	2022-23	2024-25	2024-25
	Goal: 5. Indirect Administration										
5.1.1. Central Administration	48,812		14,272,948	14,919,242			76,000	76,000	14,397,760	14,995,242	
5.1.2. Information Resources			35,585,069	36,570,759			263		35,585,332	36,570,759	
5.1.3. Other Support Services	497,300	546,112	10,349,716	9,571,754					10,847,016	10,117,866	
Total, Goal	546,112	546,112	60,207,733	61,061,755			76,263	76,000	60,830,108	61,683,867	
Goal: 6. Regulatory Response											
6.1.1. Contingency Regulatory Response											4,400,000
Total, Goal											4,400,000
Goal: 7. Health Insurance Risk Pool											
7.1.1. Contingency Health Ins Risk Pool			2,331,390				41,052,524		43,383,914		
Total, Goal			2,331,390				41,052,524		43,383,914		
Total, Agency	552,312	552,312	243,304,605	238,331,351	4,566,984	4,622,860	58,845,331	10,602,184	307,269,232	254,108,707	4,400,000
Total FTEs									1,184.7	1,181.3	40.0

2. SUMMARIES OF REQUEST

454 Department of Insurance

Goal / Objective / STRATEGY	Exp 2021	Est 2022	Bud 2023	Req 2024	Req 2025
1 Protect and Ensure the Fair Treatment of Consumers					
1 <i>High-Quality Information and Services to stakeholders</i>					
1 OPERATIONS, EDUCATION, AND OUTREACH	11,128,224	10,438,129	21,978,257	10,049,914	10,049,914
2 TEXASSURE	2,459,039	2,990,393	7,157,111	5,073,752	5,073,752
3 TEXAS.GOV	457,944	483,800	504,600	494,200	494,200
TOTAL, GOAL 1	\$14,045,207	\$13,912,322	\$29,639,968	\$15,617,866	\$15,617,866
2 A Competitive and Stable Insurance Market					
1 <i>Regulate Insurance Industry Solvency</i>					
1 INDUSTRY SOLVENCY REGULATION	5,607,890	5,091,842	5,674,075	6,000,171	6,000,171
2 <i>Efficiently Regulate P&C/L&H Rates, Forms, Programs, And Networks</i>					
1 PROPERTY & CASUALTY REGULATION	6,537,187	6,421,199	7,020,985	7,504,699	7,504,699
2 LIFE & HEALTH REGULATION	4,183,616	4,968,246	5,713,729	6,182,780	6,182,780
3 <i>Compliance with Statutes and Rules</i>					

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Goal / Objective / STRATEGY	Exp 2021	Est 2022	Bud 2023	Req 2024	Req 2025
1 LEGAL REVIEW & ENFORCEMENT	6,545,734	6,524,023	7,147,659	7,165,754	7,165,754
2 INSURANCE FRAUD	3,721,369	3,933,096	4,422,171	4,178,277	4,178,277
4 Administrative Innovative Insurance Initiatives					
1 THREE-SHARE PROGRAMS	1,967,760	2,275,074	4,908,760	66,786	66,786
TOTAL, GOAL 2	\$28,563,556	\$29,213,480	\$34,887,379	\$31,098,467	\$31,098,467
3 Reduce Loss of Life & Property Due to Fire					
1 Protect the Public from Loss of Life and Property due to fire					
1 FIRE MARSHAL	4,808,355	4,710,195	5,192,941	5,151,797	5,151,797
TOTAL, GOAL 3	\$4,808,355	\$4,710,195	\$5,192,941	\$5,151,797	\$5,151,797
4 Effectively Regulate the Texas Workers' Compensation System					
1 Ensure Appropriate Delivery of Workers' Compensation Benefits					
1 OVERSIGHT AND COMPLIANCE	6,582,557	10,766,538	9,732,611	11,949,758	11,617,758

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Goal / Objective / STRATEGY	Exp 2021	Est 2022	Bud 2023	Req 2024	Req 2025
2 DISPUTE RESOLUTION	10,224,584	10,074,715	9,641,175	9,801,658	9,801,658
3 SUBSEQUENT INJURY FUND ADMIN	7,581,540	10,273,422	7,879,684	9,082,022	9,082,022
4 WORKERS COMPENSATION FRAUD	1,112,161	1,117,050	1,138,668	1,132,081	1,132,081
<i>2 Ensure Workers' Comp System Participants are Educated and Informed</i>					
1 HEALTH AND SAFETY SERVICES	3,597,163	3,981,267	3,920,386	3,862,059	3,862,059
2 CUSTOMER SERVICE & INFORMATION MGMT	8,513,293	8,140,076	8,833,333	8,682,712	8,682,712
TOTAL, GOAL 4	\$37,611,298	\$44,353,068	\$41,145,857	\$44,510,290	\$44,178,290

5 Indirect Administration

1 Indirect Administration

1 CENTRAL ADMINISTRATION	7,883,331	6,908,040	7,489,720	7,508,571	7,486,671
2 INFORMATION RESOURCES	18,296,277	16,964,774	18,620,558	18,161,918	18,408,841
3 OTHER SUPPORT SERVICES	3,738,806	5,917,293	4,929,723	5,058,933	5,058,933

2.A. Summary of Base Request by Strategy

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Goal / Objective / STRATEGY		Exp 2021	Est 2022	Bud 2023	Req 2024	Req 2025
TOTAL, GOAL	5	\$29,918,414	\$29,790,107	\$31,040,001	\$30,729,422	\$30,954,445
6	Regulatory Response					
1	Regulatory Response					
1	CONTINGENCY REGULATORY RESPONSE	0	0	0	0	0
TOTAL, GOAL	6	\$0	\$0	\$0	\$0	\$0
7	Health Insurance Risk Pool					
1	Health Insurance Risk Pool					
1	CONTINGENCY HEALTH INS RISK POOL	81,446	0	43,383,914	0	0
TOTAL, GOAL	7	\$81,446	\$0	\$43,383,914	\$0	\$0
TOTAL, AGENCY STRATEGY REQUEST		\$115,028,276	\$121,979,172	\$185,290,060	\$127,107,842	\$127,000,865
TOTAL, AGENCY RIDER APPROPRIATIONS REQUEST*					\$0	\$0
GRAND TOTAL, AGENCY REQUEST		\$115,028,276	\$121,979,172	\$185,290,060	\$127,107,842	\$127,000,865

2.A. Summary of Base Request by Strategy

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Goal / Objective / STRATEGY	Exp 2021	Est 2022	Bud 2023	Req 2024	Req 2025
<u>METHOD OF FINANCING:</u>					
General Revenue Funds:					
1 General Revenue Fund	227,610	324,906	227,406	276,156	276,156
8042 Insurance Maint Tax Fees	42,189,488	0	0	0	0
SUBTOTAL	\$42,417,098	\$324,906	\$227,406	\$276,156	\$276,156
General Revenue Dedicated Funds:					
36 Dept Ins Operating Acct	58,489,663	103,797,050	121,756,171	110,343,472	110,236,495
5101 Subsequent Injury Fund	7,405,405	10,078,692	7,672,692	8,875,692	8,875,692
SUBTOTAL	\$65,895,068	\$113,875,742	\$129,428,863	\$119,219,164	\$119,112,187
Federal Funds:					
555 Federal Funds	2,024,557	2,255,793	2,311,191	2,311,430	2,311,430
SUBTOTAL	\$2,024,557	\$2,255,793	\$2,311,191	\$2,311,430	\$2,311,430
Other Funds:					
161 TexasSure Fund	2,459,039	2,990,393	7,157,111	5,073,752	5,073,752
329 Healthy TX Sm Emp Prem Stabil. Fund	81,446	0	41,052,524	0	0
666 Appropriated Receipts	2,151,068	2,494,338	5,074,965	189,340	189,340
777 Interagency Contracts	0	38,000	38,000	38,000	38,000
SUBTOTAL	\$4,691,553	\$5,522,731	\$53,322,600	\$5,301,092	\$5,301,092

2.A. Summary of Base Request by Strategy

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Goal / Objective / STRATEGY	Exp 2021	Est 2022	Bud 2023	Req 2024	Req 2025
TOTAL, METHOD OF FINANCING	\$115,028,276	\$121,979,172	\$185,290,060	\$127,107,842	\$127,000,865

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

2.B. Summary of Base Request by Method of Finance
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Agency code: **454** Agency name: **Department of Insurance**

METHOD OF FINANCING	Exp 2021	Est 2022	Bud 2023	Req 2024	Req 2025
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GENERAL REVENUE

1 General Revenue Fund

REGULAR APPROPRIATIONS

Regular Appropriations from MOF Table (2020-21 GAA)

\$230,926	\$0	\$0	\$0	\$0
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Regular Appropriations from MOF Table (2022-23 GAA)

\$0	\$229,806	\$229,806	\$0	\$0
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Regular Appropriations from MOF Table (2024-25 GAA)

\$0	\$0	\$0	\$276,156	\$276,156
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RIDER APPROPRIATION

Art IX, Sec 13.10, Earned Federal Funds (2022-23 GAA)

\$0	\$97,300	\$0	\$0	\$0
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Comments: Projected excess collections in fiscal year. Notification provided April 25, 2022.

LAPSED APPROPRIATIONS

Article VIII, Spec Provisions, Sec. 4, Texas.gov Appropriation (2020-21 GAA)

\$(3,316)	\$0	\$0	\$0	\$0
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2.B. Summary of Base Request by Method of Finance
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Agency code: 454		Agency name: Department of Insurance				
METHOD OF FINANCING		Exp 2021	Est 2022	Bud 2023	Req 2024	Req 2025
<u>GENERAL REVENUE</u>						
	Article VIII, Spec Provisions, Sec. 4, Texas.gov Appropriation (2022-23 GAA)	\$0	\$(2,200)	\$(2,400)	\$0	\$0
	Comments: Forecasted undercollections based on revenue projections as of May 2022.					
TOTAL,	General Revenue Fund	\$227,610	\$324,906	\$227,406	\$276,156	\$276,156
<u>8042</u>	General Revenue - Insurance Companies Maintenance Tax and Insurance Department Fees Account No. 8042					
	<i>REGULAR APPROPRIATIONS</i>					
	Regular Appropriations from MOF Table (2020-21 GAA)	\$42,981,711	\$0	\$0	\$0	\$0
	<i>RIDER APPROPRIATION</i>					
	Art VIII, p. VIII-19 Rider 11, Appropriation of Unexpended Balances (2020-2021 GAA)	\$2,042,620	\$0	\$0	\$0	\$0
	Art IX, Sec 14.03(i), Capital Budget UB (2020-21 GAA)	\$1,373,960	\$0	\$0	\$0	\$0
	Art IX, Sec 18.59, Contingency for SB 1584 (2020-21 GAA)					

2.B. Summary of Base Request by Method of Finance
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Agency code: 454		Agency name: Department of Insurance				
METHOD OF FINANCING	Exp 2021	Est 2022	Bud 2023	Req 2024	Req 2025	
<u>GENERAL REVENUE</u>						
	\$93,098	\$0	\$0	\$0	\$0	
<i>TRANSFERS</i>						
Art IX, Sec 14.04, Disaster Related Transfer Authority (2020-21 GAA)	\$(189,877)	\$0	\$0	\$0	\$0	
<i>LAPSED APPROPRIATIONS</i>						
Regular Appropriations from MOF Table (2020-21 GAA)	\$(1,912,024)	\$0	\$0	\$0	\$0	
Art VIII, pp VIII-21 Rider 19, Contingency Appropriation: State Regulatory Response (2020-21 GAA)	\$(2,200,000)	\$0	\$0	\$0	\$0	
TOTAL, General Revenue - Insurance Companies Maintenance Tax and Insurance Department Fees Account No. 8042	\$42,189,488	\$0	\$0	\$0	\$0	
TOTAL, ALL GENERAL REVENUE	\$42,417,098	\$324,906	\$227,406	\$276,156	\$276,156	

GENERAL REVENUE FUND - DEDICATED

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

REGULAR APPROPRIATIONS

2.B. Summary of Base Request by Method of Finance
 88th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

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Agency code: 454		Agency name: Department of Insurance				
METHOD OF FINANCING	Exp 2021	Est 2022	Bud 2023	Req 2024	Req 2025	
<u>GENERAL REVENUE FUND - DEDICATED</u>						
Regular Appropriations from MOF Table (2020-21 GAA)	\$56,213,338	\$0	\$0	\$0	\$0	
Regular Appropriations from MOF Table (2022-23 GAA)	\$0	\$103,019,144	\$100,044,694	\$0	\$0	
Regular Appropriations from MOF Table (2024-25 GAA)	\$0	\$0	\$0	\$110,343,472	\$110,236,495	
<i>RIDER APPROPRIATION</i>						
Art IX, Sec 14.03(i), Capital Budget UB (2020-21 GAA)	\$1,346,210	\$0	\$0	\$0	\$0	
Art VIII, p. VIII-19 Rider 11, Appropriation of Unexpended Balances (2020-2021 GAA)	\$2,823,314	\$0	\$0	\$0	\$0	
Art VIII, p. VIII-20 Rider 16, Medical Fee Disputes - (2020-2021 GAA)	\$1,069,282	\$0	\$0	\$0	\$0	

2.B. Summary of Base Request by Method of Finance
 88th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

8/22/2022 5:36:43PM

Agency code: 454	Agency name: Department of Insurance				
METHOD OF FINANCING	Exp 2021	Est 2022	Bud 2023	Req 2024	Req 2025
<u>GENERAL REVENUE FUND - DEDICATED</u>					
Art IX, Sec 9.05, Texas.gov Project: Occupational Licenses (2020-21 GAA)	\$81,260	\$0	\$0	\$0	\$0
Art IX, Sec 9.05, Texas.gov Project: Occupational Licenses (2022-23 GAA)	\$0	\$87,100	\$108,100	\$0	\$0
Comments: Forecasted excess collections based on revenue projections as of May 2022.					
Art IX, Sec. 17.46 - Appn for Law Enf. Officer Salary Increase (2022-23 GAA)	\$0	\$245,343	\$245,343	\$0	\$0
Art VIII, p. VIII-19 Rider 11, Appropriation of Unexpended Balances (2022-23 GAA)	\$0	\$(4,059,522)	\$4,059,522	\$0	\$0
Art. VIII, Rider 22, Contingency Appropriation: Health Insurance Pool (2020-21 GAA)	\$933,351	\$0	\$0	\$0	\$0
Art. VIII, Rider 22, Contingency Appropriation: Health Insurance Pool (2020-21 GAA)	\$841,602	\$0	\$0	\$0	\$0
Comments: Unexpended balance from prior year.					

2.B. Summary of Base Request by Method of Finance
 88th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

8/22/2022 5:36:43PM

Agency code: 454	Agency name: Department of Insurance				
METHOD OF FINANCING	Exp 2021	Est 2022	Bud 2023	Req 2024	Req 2025
<u>GENERAL REVENUE FUND - DEDICATED</u>					
Art. VIII, Rider 21, Agent and Adjuster Licensing Fee Collections (2020-21 GAA)	\$4,480,205	\$0	\$0	\$0	\$0
Comments: Rollover from 2020					
Art. VIII, Rider 21, Agent and Adjuster Licensing Fee Collections (2020-21 GAA)	\$9,517,576	\$0	\$0	\$0	\$0
Comments: Excess collections in fiscal year.					
Art. VIII, Rider 18, Agent and Adjuster Licensing Fee Collections (2022-23 GAA)	\$(11,523,243)	\$11,523,243	\$0	\$0	\$0
Comments: August 31, 2021 balance appropriated for 2022-23 biennium.					
Art. VIII, Rider 18, Agent and Adjuster Licensing Fee Collections (2022-23 GAA)	\$0	\$(16,165,785)	\$16,165,785	\$0	\$0
Comments: Projected ending 2022 balance.					
Art. VIII, Rider 18, Agent and Adjuster Licensing Fee Collections (2022-23 GAA)	\$0	\$9,707,000	\$0	\$0	\$0
Comments: Projected excess collections based on revenue as of May 2022.					

2.B. Summary of Base Request by Method of Finance

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Automated Budget and Evaluation System of Texas (ABEST)

Agency code: 454	Agency name: Department of Insurance				
METHOD OF FINANCING	Exp 2021	Est 2022	Bud 2023	Req 2024	Req 2025
<u>GENERAL REVENUE FUND - DEDICATED</u>					
Art. VIII, Rider19(c), Contingency Appropriation: Health Insurance Pool	\$0	\$(1,103,805)	\$1,103,805	\$0	\$0
Comments: Rider allows full UB of unspent funds in biennium.					
<i>TRANSFERS</i>					
Art IX, Sec 14.04, Disaster Related Transfer Authority (2020-21 GAA)	\$(271,292)	\$0	\$0	\$0	\$0
<i>SUPPLEMENTAL, SPECIAL OR EMERGENCY APPROPRIATIONS</i>					
HB 2, 87th Leg, Regular Session	\$4,973,254	\$0	\$0	\$0	\$0
Comments: Sec 35 Info Tech Projects- appropriation June 2021.					
HB 2, 87th Leg, Regular Session	\$(4,973,254)	\$4,973,254	\$0	\$0	\$0
Comments: Sec 35 Info Tech Projects- balance to 2022.					
HB 2, 87th Leg, Regular Session	\$0	\$(2,228,922)	\$2,228,922	\$0	\$0
Comments: Sec 35 Info Tech Projects- estimated balance for 2023.					

2.B. Summary of Base Request by Method of Finance
 88th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

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Agency code: 454		Agency name: Department of Insurance				
METHOD OF FINANCING	Exp 2021	Est 2022	Bud 2023	Req 2024	Req 2025	
<u>GENERAL REVENUE FUND - DEDICATED</u>						
<i>LAPSED APPROPRIATIONS</i>						
Regular Appropriations from MOF Table (2020-21 GAA)	\$(5,246,987)	\$0	\$0	\$0	\$0	
Art. VIII, Rider 22, Contingency Appropriation: Health Insurance Pool (2020-21 GAA)	\$(1,774,953)	\$0	\$0	\$0	\$0	
Art VIII, pp VIII-21 Rider 20, Contingency Appropriation: State Regulatory Response (2022-23 GAA)	\$0	\$(2,200,000)	\$(2,200,000)	\$0	\$0	
Comments: No finding of fact filed. Per rider language, appropriations not part of agency baseline amount.						
TOTAL, GR Dedicated - Texas Department of Insurance Operating Fund Account No. 036	\$58,489,663	\$103,797,050	\$121,756,171	\$110,343,472	\$110,236,495	
5101 GR Dedicated - Subsequent Injury Account No. 5101						
<i>REGULAR APPROPRIATIONS</i>						
Regular Appropriations from MOF Table (2020-21 GAA)	\$6,551,464	\$0	\$0	\$0	\$0	

2.B. Summary of Base Request by Method of Finance
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Agency code: 454		Agency name: Department of Insurance				
METHOD OF FINANCING	Exp 2021	Est 2022	Bud 2023	Req 2024	Req 2025	
<u>GENERAL REVENUE FUND - DEDICATED</u>						
Regular Appropriations from MOF Table (2022-23 GAA)	\$0	\$7,672,692	\$7,672,692	\$0	\$0	
Regular Appropriations from MOF Table (2024-25 GAA)	\$0	\$0	\$0	\$8,875,692	\$8,875,692	
<i>RIDER APPROPRIATION</i>						
Art VIII, p. VIII-19 Rider 12, Subsequent Injury Fund (2020-2021 GAA)	\$1,438,648	\$0	\$0	\$0	\$0	
Comments: Amount Authorized by Comptroller's June 21, 2021 Finding of Fact.						
Art VIII, p. VIII-21 Rider 12, Subsequent Injury Fund (2022-23 GAA)	\$0	\$2,406,000	\$0	\$0	\$0	
Comments: Amount Authorized by Comptroller's April 26, 2022 Finding of Fact.						
<i>LAPSED APPROPRIATIONS</i>						
Lapse- 5% Mandated Reduction for 2020-21	\$(584,707)	\$0	\$0	\$0	\$0	
TOTAL, GR Dedicated - Subsequent Injury Account No. 5101	\$7,405,405	\$10,078,692	\$7,672,692	\$8,875,692	\$8,875,692	

2.B. Summary of Base Request by Method of Finance

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Automated Budget and Evaluation System of Texas (ABEST)

Agency code: 454

Agency name: Department of Insurance

METHOD OF FINANCING	Exp 2021	Est 2022	Bud 2023	Req 2024	Req 2025
TOTAL, ALL GENERAL REVENUE FUND - DEDICATED	\$65,895,068	\$113,875,742	\$129,428,863	\$119,219,164	\$119,112,187
TOTAL, GR & GR-DEDICATED FUNDS	\$108,312,166	\$114,200,648	\$129,656,269	\$119,495,320	\$119,388,343

FEDERAL FUNDS

555 Federal Funds

REGULAR APPROPRIATIONS

Regular Appropriations from MOF Table (2020-21 GAA)

	\$2,227,593	\$0	\$0	\$0	\$0
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Regular Appropriations from MOF Table (2022-23 GAA)

	\$0	\$2,255,793	\$2,255,793	\$0	\$0
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Regular Appropriations from MOF Table (2024-25 GAA)

	\$0	\$0	\$0	\$2,311,430	\$2,311,430
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RIDER APPROPRIATION

Art IX, Sec 13.01, Federal Funds/Block Grants (2022-23 GAA)

	\$0	\$0	\$55,398	\$0	\$0
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Comments: Forecasted federal funds in excess of appropriation.

LAPSED APPROPRIATIONS

2.B. Summary of Base Request by Method of Finance
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8/22/2022 5:36:43PM

Agency code: 454	Agency name: Department of Insurance					
METHOD OF FINANCING		Exp 2021	Est 2022	Bud 2023	Req 2024	Req 2025
<u>FEDERAL FUNDS</u>						
	Regular Appropriations from MOF Table (2020-21 GAA)	\$ (203,036)	\$ 0	\$ 0	\$ 0	\$ 0
TOTAL, Federal Funds		\$2,024,557	\$2,255,793	\$2,311,191	\$2,311,430	\$2,311,430
TOTAL, ALL FEDERAL FUNDS		\$2,024,557	\$2,255,793	\$2,311,191	\$2,311,430	\$2,311,430

OTHER FUNDS

161 TexasSure Fund No. 161
REGULAR APPROPRIATIONS

	Regular Appropriations from MOF Table (2020-21 GAA)	\$5,073,752	\$ 0	\$ 0	\$ 0	\$ 0
	Regular Appropriations from MOF Table (2022-23 GAA)	\$ 0	\$5,073,752	\$5,073,752	\$ 0	\$ 0
	Regular Appropriations from MOF Table (2024-25 GAA)	\$ 0	\$ 0	\$ 0	\$5,073,752	\$5,073,752

RIDER APPROPRIATION

2.B. Summary of Base Request by Method of Finance
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 Automated Budget and Evaluation System of Texas (ABEST)

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Agency code: 454		Agency name: Department of Insurance				
METHOD OF FINANCING		Exp 2021	Est 2022	Bud 2023	Req 2024	Req 2025
<u>OTHER FUNDS</u>						
	Art IX, Sec 14.03(i), Capital Budget UB (2020-21 GAA)	\$2,211,159	\$0	\$0	\$0	\$0
	Art IX, Sec 14.03(i), Capital Budget UB (2022-23 GAA)	\$0	\$(2,083,359)	\$2,083,359	\$0	\$0
<i>LAPSED APPROPRIATIONS</i>						
	Regular Appropriations from MOF Table (2020-21 GAA)	\$(4,825,872)	\$0	\$0	\$0	\$0
TOTAL,	TexasSure Fund No. 161	\$2,459,039	\$2,990,393	\$7,157,111	\$5,073,752	\$5,073,752
<u>329</u> Healthy Texas Small Employer Premium Stabilization Fund						
<i>REGULAR APPROPRIATIONS</i>						
	Art. VIII, Rider 22, Contingency Appropriation: Health Insurance Pool (2020-21 GAA)	\$29,052,524	\$0	\$0	\$0	\$0
	Art. VIII, Rider 19, Contingency Appropriation: Health Insurance Pool (2022-23 GAA)	\$0	\$12,000,000	\$29,052,524	\$0	\$0

2.B. Summary of Base Request by Method of Finance
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Agency code: 454		Agency name: Department of Insurance				
METHOD OF FINANCING		Exp 2021	Est 2022	Bud 2023	Req 2024	Req 2025
<u>OTHER FUNDS</u>						
Art. VIII, Rider 19(c), Contingency Appropriation: Health Insurance Pool UB (2022-23 GAA)						
		\$0	\$(12,000,000)	\$12,000,000	\$0	\$0
Comments: Rider allows full UB of unspent funds in biennium.						
<i>LAPSED APPROPRIATIONS</i>						
Art. VIII, Rider 22, Contingency Appropriation: Health Insurance Pool (2020-21 GAA)						
		\$(28,971,078)	\$0	\$0	\$0	\$0
TOTAL,	Healthy Texas Small Employer Premium Stabilization Fund	\$81,446	\$0	\$41,052,524	\$0	\$0
<u>666</u>	Appropriated Receipts					
<i>REGULAR APPROPRIATIONS</i>						
Regular Appropriations from MOF Table (2020-21 GAA)						
		\$362,130	\$0	\$0	\$0	\$0
Regular Appropriations from MOF Table (2022-23 GAA)						
		\$0	\$276,525	\$276,525	\$0	\$0
Regular Appropriations from MOF Table (2024-25 GAA)						
		\$0	\$0	\$0	\$189,340	\$189,340

2.B. Summary of Base Request by Method of Finance
 88th Regular Session, Agency Submission, Version 1
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Agency code: 454	Agency name: Department of Insurance				
METHOD OF FINANCING	Exp 2021	Est 2022	Bud 2023	Req 2024	Req 2025
<u>OTHER FUNDS</u>					
<i>RIDER APPROPRIATION</i>					
Art IX, Sec 8.02, Reimbursements and Payments (2020-21 GAA)	\$12,413	\$0	\$0	\$0	\$0
Art IX, Sec 8.02, Reimbursements and Payments (2022-23 GAA)	\$0	\$21,185	\$0	\$0	\$0
Art IX, Sec 8.03, Surplus Property (2022-23 GAA)	\$0	\$8,616	\$0	\$0	\$0
Art IX, Sec 8.07, Seminars and Conferences (2020-21 GAA)	\$166,039	\$0	\$0	\$0	\$0
Comments: Rollover from FY 2020					
Art IX, Sec 8.07, Seminars and Conferences (2020-21 GAA)	\$51,945	\$0	\$0	\$0	\$0
Comments: Collections in FY 2021					
Art IX, Sec 8.07, Seminars and Conferences (2020-21 GAA)					

2.B. Summary of Base Request by Method of Finance
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Agency code: 454		Agency name: Department of Insurance				
METHOD OF FINANCING	Exp 2021	Est 2022	Bud 2023	Req 2024	Req 2025	
<u>OTHER FUNDS</u>						
	\$ (153,202)	\$ 153,202	\$ 0	\$ 0	\$ 0	
Comments: Rollover from 2021 to 2022						
Art IX, Sec 8.07, Seminars and Conferences (2022-23 GAA)						
	\$ 0	\$ 32,563	\$ 0	\$ 0	\$ 0	
Comments: Collections in FY2022						
Art IX, Sec 8.07, Seminars and Conference (2022-23 GAA)						
	\$ 0	\$ (83,795)	\$ 83,795	\$ 0	\$ 0	
Comments: Projected rollover from 2022 to 2023						
Art VIII, p. VIII-21 Rider 13- Three Share Premium Assistance Programs - (2020-21 GAA)						
	\$ 4,460,666	\$ 0	\$ 0	\$ 0	\$ 0	
Comments: Rollover from 2020						
Art VIII, p. VIII-21 Rider 13- Three Share Premium Assistance Programs - (2020-21 GAA)						
	\$ 2,250,000	\$ 0	\$ 0	\$ 0	\$ 0	
Comments: Appropriation of penalties in 2021						
rt VIII, p. VIII-20 Rider 13- Three Share Premium Assistance Programs (2022-23 GAA)						

2.B. Summary of Base Request by Method of Finance
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 Automated Budget and Evaluation System of Texas (ABEST)

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Agency code: 454	Agency name: Department of Insurance				
METHOD OF FINANCING	Exp 2021	Est 2022	Bud 2023	Req 2024	Req 2025
<u>OTHER FUNDS</u>					
	\$(4,799,287)	\$4,799,287	\$0	\$0	\$0
Comments: Rollover from 2021 to 2022					
Art VIII, p. VIII-20 Rider 13- Three Share Premium Assistance Programs (2022-23 GAA)					
	\$0	\$(4,838,945)	\$4,838,945	\$0	\$0
Comments: Projected rollover from 2022 to 2023					
rt VIII, p. VIII-20 Rider 13- Three Share Premium Assistance Programs (2022-23 GAA)					
	\$0	\$2,250,000	\$0	\$0	\$0
Comments: Appropriation projection based on collections as of May 2022					
<i>LAPSED APPROPRIATIONS</i>					
Regular Appropriations from MOF Table (2020-21 GAA)					
	\$(199,636)	\$0	\$0	\$0	\$0
Comments: Undercollection of appropriated receipts in GAA					
Regular Appropriations from MOF Table (2022-23 GAA)					
	\$0	\$(124,300)	\$(124,300)	\$0	\$0
Comments: Forecasted undercollections based on revenue projections May 2022.					

2.B. Summary of Base Request by Method of Finance
 88th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

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Agency code: 454		Agency name: Department of Insurance				
METHOD OF FINANCING		Exp 2021	Est 2022	Bud 2023	Req 2024	Req 2025
<u>OTHER FUNDS</u>						
TOTAL,	Appropriated Receipts					
		\$2,151,068	\$2,494,338	\$5,074,965	\$189,340	\$189,340
<u>777</u>	Interagency Contracts					
	<i>REGULAR APPROPRIATIONS</i>					
	Regular Appropriations from MOF Table (2024-25 GAA)	\$0	\$0	\$0	\$38,000	\$38,000
	<i>RIDER APPROPRIATION</i>					
	Art IX, Sec 8.02, Reimbursements and Payments (2022-23 GAA)	\$0	\$38,000	\$38,000	\$0	\$0
	Comments: TDI entered into IAC with OIEC for 2022-23 biennium to provide Internal Audit services.					
TOTAL,	Interagency Contracts	\$0	\$38,000	\$38,000	\$38,000	\$38,000
TOTAL, ALL	OTHER FUNDS	\$4,691,553	\$5,522,731	\$53,322,600	\$5,301,092	\$5,301,092
GRAND TOTAL		\$115,028,276	\$121,979,172	\$185,290,060	\$127,107,842	\$127,000,865

2.B. Summary of Base Request by Method of Finance

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Automated Budget and Evaluation System of Texas (ABEST)

Agency code: 454	Agency name: Department of Insurance				
METHOD OF FINANCING	Exp 2021	Est 2022	Bud 2023	Req 2024	Req 2025
FULL-TIME-EQUIVALENT POSITIONS					
REGULAR APPROPRIATIONS					
Regular Appropriations from MOF Table (2020-21 GAA)	1,337.7	0.0	0.0	0.0	0.0
Regular Appropriations from MOF Table (2022-23 GAA)	0.0	1,260.5	1,262.0	0.0	0.0
Regular Appropriations from MOF Table (2024-25 GAA)	0.0	0.0	0.0	1,181.3	1,181.3
RIDER APPROPRIATION					
Art IX, Sec 18.59, Contingency for SB 1584 (2020-21 GAA)	2.0	0.0	0.0	0.0	0.0
Art VIII, p. VIII-24 Rider 22, Contingency Appropriation: Health Insurance Risk Pool (2020-21 GAA)	12.0	0.0	0.0	0.0	0.0
LAPSED APPROPRIATIONS					
Art VIII, p. VIII-24 Rider 22, Contingency Appropriation: Health Insurance Risk Pool (2020-21 GAA)	(12.0)	0.0	0.0	0.0	0.0
Art VIII, p. VIII-23 Rider 19, Contingency Appropriation: State Regulatory Response (2020-21 GAA)	(40.0)	0.0	0.0	0.0	0.0
Art. VIII,p. VIII-22 Rider 19, Contingency Appropriation: Health Insurance Pool (2022-23 GAA)	0.0	(10.5)	0.0	0.0	0.0

2.B. Summary of Base Request by Method of Finance

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Automated Budget and Evaluation System of Texas (ABEST)

Agency code: 454	Agency name: Department of Insurance				
METHOD OF FINANCING	Exp 2021	Est 2022	Bud 2023	Req 2024	Req 2025
Art VIII, p. VIII 22-23 Rider 20, Contingency Appropriation: State Regulatory Response (2022-23 GAA) UNAUTHORIZED NUMBER OVER (BELOW) CAP	0.0	(40.0)	(40.0)	0.0	0.0
Regular Appropriations from MOF Table (2020-21 GAA)	(155.8)	0.0	0.0	0.0	0.0
Regular Appropriations from MOF Table (2022-23 GAA)	0.0	(121.1)	(37.3)	0.0	0.0
TOTAL, ADJUSTED FTES	1,143.9	1,088.9	1,184.7	1,181.3	1,181.3

**NUMBER OF 100% FEDERALLY FUNDED
FTEs**

2.C. Summary of Base Request by Object of Expense

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Automated Budget and Evaluation System of Texas (ABEST)

454 Department of Insurance

OBJECT OF EXPENSE	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
1001 SALARIES AND WAGES	\$70,724,007	\$68,926,050	\$77,292,723	\$82,358,444	\$82,358,444
1002 OTHER PERSONNEL COSTS	\$3,103,668	\$2,239,250	\$1,486,546	\$1,411,452	\$1,411,452
2001 PROFESSIONAL FEES AND SERVICES	\$15,354,914	\$16,533,351	\$17,469,600	\$19,897,816	\$19,897,648
2002 FUELS AND LUBRICANTS	\$90,924	\$124,148	\$113,100	\$113,100	\$113,100
2003 CONSUMABLE SUPPLIES	\$113,232	\$237,287	\$208,671	\$198,263	\$198,263
2004 UTILITIES	\$452,268	\$703,441	\$455,480	\$440,194	\$440,194
2005 TRAVEL	\$237,540	\$976,411	\$1,005,043	\$975,295	\$975,295
2006 RENT - BUILDING	\$3,799,059	\$3,839,402	\$1,819,036	\$1,762,411	\$1,762,411
2007 RENT - MACHINE AND OTHER	\$476,801	\$548,304	\$281,500	\$281,500	\$281,500
2009 OTHER OPERATING EXPENSE	\$17,206,384	\$23,949,659	\$79,563,416	\$19,444,367	\$19,337,558
4000 GRANTS	\$1,911,380	\$2,210,341	\$4,838,945	\$0	\$0
5000 CAPITAL EXPENDITURES	\$1,558,099	\$1,691,528	\$756,000	\$225,000	\$225,000
OOE Total (Excluding Riders)	\$115,028,276	\$121,979,172	\$185,290,060	\$127,107,842	\$127,000,865
OOE Total (Riders)					
Grand Total	\$115,028,276	\$121,979,172	\$185,290,060	\$127,107,842	\$127,000,865

2.D. Summary of Base Request Objective Outcomes
88th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation system of Texas (ABEST)

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454 Department of Insurance

Goal/ Objective / Outcome	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
1 Protect and Ensure the Fair Treatment of Consumers					
1 High-Quality Information and Services to stakeholders					
KEY 1 % of Calls Answered by the TDI Consumer Help Line Call Center	95.00%	95.00%	95.00%	95.00%	95.00%
2 Average Number of Dollars Returned to Consumers, Per Complaint	2,806.00	4,000.00	4,000.00	4,000.00	4,000.00
KEY 3 Percent of Continuing Education Filings Completed within Ten Days	99.00%	99.00%	99.00%	95.00%	95.00%
KEY 4 Percent of Agent and Adjuster Applications Completed within Seven Days	97.00%	99.00%	99.00%	95.00%	95.00%
5 Percent of Licensees Who Renew Online	99.00%	99.00%	99.00%	95.00%	95.00%
KEY 6 % Autos w/Personal or Comm. Liability Insurance	86.00%	90.00%	90.00%	90.00%	90.00%
2 A Competitive and Stable Insurance Market					
1 Regulate Insurance Industry Solvency					
1 Percent of Identified Companies Reviewed	99.00%	98.00%	98.00%	98.00%	98.00%
2 Percent of Company, TPA and PF License Apps Completed within 60 Days	95.00%	82.00%	90.00%	95.00%	95.00%
2 Efficiently Regulate P&C/L&H Rates, Forms, Programs, And Networks					
KEY 1 Percent of Statutory Rate and Form Filings Completed within 90 Days	90.00%	93.00%	87.00%	87.00%	87.00%
KEY 2 Percent Personal Auto/Res Property Form Filings Completed in 60 Days	77.00%	62.00%	71.00%	87.00%	87.00%
3 Compliance with Statutes and Rules					
1 Percent of Enforcement Cases Concluded with Action within 365 Days	71.00%	60.00%	60.00%	60.00%	60.00%

2.D. Summary of Base Request Objective Outcomes
88th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation system of Texas (ABEST)

8/22/2022 5:36:44PM

454 Department of Insurance

Goal/ Objective / Outcome	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
3 Reduce Loss of Life & Property Due to Fire <i>1 Protect the Public from Loss of Life and Property due to fire</i>					
KEY 1 % of Fire Safety Registrations, Licenses, Permits Issued w/in 20 Days	98.00%	99.00%	99.00%	99.00%	99.00%
4 Effectively Regulate the Texas Workers' Compensation System <i>1 Ensure Appropriate Delivery of Workers' Compensation Benefits</i>					
1 % of WC Enforcement Cases Concluded within 365 Days	75.00%	100.00%	90.00%	70.00%	70.00%
KEY 2 % of Med Fee Disputes Resolved or Upheld Upon Appeal	99.00%	100.00%	100.00%	95.00%	95.00%
3 Percent of Workers' Comp Insurance Fraud Cases Resolved	7.00%	12.00%	5.00%	5.00%	5.00%
<i>2 Ensure Workers' Comp System Participants are Educated and Informed</i>					
KEY 1 Percent of TIBs Recipients Released to Work within 90 Days of Injury	62.00%	62.00%	62.00%	54.00%	54.00%

2.E. Summary of Exceptional Items Request
 88th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/22/2022
 TIME : 5:36:44PM

Agency code: 454

Agency name: Department of Insurance

Priority	Item	2024			2025			Biennium	
		GR and GR/GR Dedicated	All Funds	FTEs	GR and GR Dedicated	All Funds	FTEs	GR and GR Dedicated	All Funds
1	Regulatory Response Rider	\$2,200,000	\$2,200,000	40.0	\$2,200,000	\$2,200,000	40.0	\$4,400,000	\$4,400,000
Total, Exceptional Items Request		\$2,200,000	\$2,200,000	40.0	\$2,200,000	\$2,200,000	40.0	\$4,400,000	\$4,400,000

Method of Financing

General Revenue

General Revenue - Dedicated

Federal Funds

Other Funds

General Revenue									
General Revenue - Dedicated	2,200,000	2,200,000		2,200,000	2,200,000		4,400,000	4,400,000	
Federal Funds									
Other Funds									
	\$2,200,000	\$2,200,000		\$2,200,000	\$2,200,000		\$4,400,000	\$4,400,000	

Full Time Equivalent Positions

40.0

40.0

Number of 100% Federally Funded FTEs

2.F. Summary of Total Request by Strategy
 88th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE : 8/22/2022
 TIME : 5:36:44PM

Agency code: 454 Agency name: Department of Insurance

Goal/Objective/STRATEGY	Base 2024	Base 2025	Exceptional 2024	Exceptional 2025	Total Request 2024	Total Request 2025
1 Protect and Ensure the Fair Treatment of Consumers						
1 <i>High-Quality Information and Services to stakeholders</i>						
1 OPERATIONS, EDUCATION, AND OUTREACH	\$10,049,914	\$10,049,914	\$0	\$0	\$10,049,914	\$10,049,914
2 TEXASSURE	5,073,752	5,073,752	0	0	5,073,752	5,073,752
3 TEXAS.GOV	494,200	494,200	0	0	494,200	494,200
TOTAL, GOAL 1	\$15,617,866	\$15,617,866	\$0	\$0	\$15,617,866	\$15,617,866
2 A Competitive and Stable Insurance Market						
1 <i>Regulate Insurance Industry Solvency</i>						
1 INDUSTRY SOLVENCY REGULATION	6,000,171	6,000,171	0	0	6,000,171	6,000,171
2 <i>Efficiently Regulate P&C/L&H Rates, Forms, Programs, And Networ</i>						
1 PROPERTY & CASUALTY REGULATION	7,504,699	7,504,699	0	0	7,504,699	7,504,699
2 LIFE & HEALTH REGULATION	6,182,780	6,182,780	0	0	6,182,780	6,182,780
3 <i>Compliance with Statutes and Rules</i>						
1 LEGAL REVIEW & ENFORCEMENT	7,165,754	7,165,754	0	0	7,165,754	7,165,754
2 INSURANCE FRAUD	4,178,277	4,178,277	0	0	4,178,277	4,178,277
4 <i>Administrative Innovative Insurance Initiatives</i>						
1 THREE-SHARE PROGRAMS	66,786	66,786	0	0	66,786	66,786
TOTAL, GOAL 2	\$31,098,467	\$31,098,467	\$0	\$0	\$31,098,467	\$31,098,467
3 Reduce Loss of Life & Property Due to Fire						
1 <i>Protect the Public from Loss of Life and Property due to fire</i>						
1 FIRE MARSHAL	5,151,797	5,151,797	0	0	5,151,797	5,151,797
TOTAL, GOAL 3	\$5,151,797	\$5,151,797	\$0	\$0	\$5,151,797	\$5,151,797

2.F. Summary of Total Request by Strategy
 88th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE : 8/22/2022
 TIME : 5:36:44PM

Agency code: 454 Agency name: Department of Insurance

Goal/Objective/STRATEGY	Base 2024	Base 2025	Exceptional 2024	Exceptional 2025	Total Request 2024	Total Request 2025
4 Effectively Regulate the Texas Workers' Compensation System						
<i>1 Ensure Appropriate Delivery of Workers' Compensation Benefits</i>						
1 OVERSIGHT AND COMPLIANCE	\$11,949,758	\$11,617,758	\$0	\$0	\$11,949,758	\$11,617,758
2 DISPUTE RESOLUTION	9,801,658	9,801,658	0	0	9,801,658	9,801,658
3 SUBSEQUENT INJURY FUND ADMIN	9,082,022	9,082,022	0	0	9,082,022	9,082,022
4 WORKERS COMPENSATION FRAUD	1,132,081	1,132,081	0	0	1,132,081	1,132,081
<i>2 Ensure Workers' Comp System Participants are Educated and Inform</i>						
1 HEALTH AND SAFETY SERVICES	3,862,059	3,862,059	0	0	3,862,059	3,862,059
2 CUSTOMER SERVICE & INFORMATION MGMT	8,682,712	8,682,712	0	0	8,682,712	8,682,712
TOTAL, GOAL 4	\$44,510,290	\$44,178,290	\$0	\$0	\$44,510,290	\$44,178,290
5 Indirect Administration						
<i>1 Indirect Administration</i>						
1 CENTRAL ADMINISTRATION	7,508,571	7,486,671	0	0	7,508,571	7,486,671
2 INFORMATION RESOURCES	18,161,918	18,408,841	0	0	18,161,918	18,408,841
3 OTHER SUPPORT SERVICES	5,058,933	5,058,933	0	0	5,058,933	5,058,933
TOTAL, GOAL 5	\$30,729,422	\$30,954,445	\$0	\$0	\$30,729,422	\$30,954,445
6 Regulatory Response						
<i>1 Regulatory Response</i>						
1 CONTINGENCY REGULATORY RESPONSE	0	0	2,200,000	2,200,000	2,200,000	2,200,000
TOTAL, GOAL 6	\$0	\$0	\$2,200,000	\$2,200,000	\$2,200,000	\$2,200,000

2.F. Summary of Total Request by Strategy
 88th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE : 8/22/2022
 TIME : 5:36:44PM

Agency code: 454 Agency name: Department of Insurance

Goal/Objective/STRATEGY	Base 2024	Base 2025	Exceptional 2024	Exceptional 2025	Total Request 2024	Total Request 2025
7 Health Insurance Risk Pool						
1 Health Insurance Risk Pool						
1 CONTINGENCY HEALTH INS RISK POOL	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL, GOAL 7	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL, AGENCY STRATEGY REQUEST	\$127,107,842	\$127,000,865	\$2,200,000	\$2,200,000	\$129,307,842	\$129,200,865
TOTAL, AGENCY RIDER APPROPRIATIONS REQUEST						
GRAND TOTAL, AGENCY REQUEST	\$127,107,842	\$127,000,865	\$2,200,000	\$2,200,000	\$129,307,842	\$129,200,865

2.F. Summary of Total Request by Strategy
 88th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE : 8/22/2022
 TIME : 5:36:44PM

Agency code: 454		Agency name: Department of Insurance				
Goal/Objective/STRATEGY	Base 2024	Base 2025	Exceptional 2024	Exceptional 2025	Total Request 2024	Total Request 2025
General Revenue Funds:						
1 General Revenue Fund	\$276,156	\$276,156	\$0	\$0	\$276,156	\$276,156
8042 Insurance Maint Tax Fees	0	0	0	0	0	0
	\$276,156	\$276,156	\$0	\$0	\$276,156	\$276,156
General Revenue Dedicated Funds:						
36 Dept Ins Operating Acct	110,343,472	110,236,495	2,200,000	2,200,000	112,543,472	112,436,495
5101 Subsequent Injury Fund	8,875,692	8,875,692	0	0	8,875,692	8,875,692
	\$119,219,164	\$119,112,187	\$2,200,000	\$2,200,000	\$121,419,164	\$121,312,187
Federal Funds:						
555 Federal Funds	2,311,430	2,311,430	0	0	2,311,430	2,311,430
	\$2,311,430	\$2,311,430	\$0	\$0	\$2,311,430	\$2,311,430
Other Funds:						
161 TexasSure Fund	5,073,752	5,073,752	0	0	5,073,752	5,073,752
329 Healthy TX Sm Emp Prem Stabil. Fund	0	0	0	0	0	0
666 Appropriated Receipts	189,340	189,340	0	0	189,340	189,340
777 Interagency Contracts	38,000	38,000	0	0	38,000	38,000
	\$5,301,092	\$5,301,092	\$0	\$0	\$5,301,092	\$5,301,092
TOTAL, METHOD OF FINANCING	\$127,107,842	\$127,000,865	\$2,200,000	\$2,200,000	\$129,307,842	\$129,200,865
FULL TIME EQUIVALENT POSITIONS	1,181.3	1,181.3	40.0	40.0	1,221.3	1,221.3

2.G. Summary of Total Request Objective Outcomes
 88th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation system of Texas (ABEST)

Date : 8/22/2022
 Time: 5:36:45PM

Agency code: 454

Agency name: Department of Insurance

Goal/ Objective / Outcome

		BL 2024	BL 2025	Excp 2024	Excp 2025	Total Request 2024	Total Request 2025
1	Protect and Ensure the Fair Treatment of Consumers						
1	High-Quality Information and Services to stakeholders						
KEY	1 % of Calls Answered by the TDI Consumer Help Line Call Center	95.00%	95.00%			95.00%	95.00%
	2 Average Number of Dollars Returned to Consumers, Per Complaint	4,000.00	4,000.00			4,000.00	4,000.00
KEY	3 Percent of Continuing Education Filings Completed within Ten Days	95.00%	95.00%			95.00%	95.00%
KEY	4 Percent of Agent and Adjuster Applications Completed within Seven Days	95.00%	95.00%			95.00%	95.00%
	5 Percent of Licensees Who Renew Online	95.00%	95.00%			95.00%	95.00%
KEY	6 % Autos w/Personal or Comm. Liability Insurance	90.00%	90.00%			90.00%	90.00%
2	A Competitive and Stable Insurance Market						
1	Regulate Insurance Industry Solvency						
	1 Percent of Identified Companies Reviewed	98.00%	98.00%			98.00%	98.00%

2.G. Summary of Total Request Objective Outcomes
 88th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation system of Texas (ABEST)

Date : 8/22/2022
 Time: 5:36:45PM

Agency code: 454

Agency name: Department of Insurance

Goal/ Objective / Outcome

	BL 2024	BL 2025	Excp 2024	Excp 2025	Total Request 2024	Total Request 2025
2 Percent of Company, TPA and PF License Apps Completed within 60 Days	95.00%	95.00%			95.00%	95.00%
2 <i>Efficiently Regulate P&C/L&H Rates, Forms, Programs, And Networks</i>						
KEY 1 Percent of Statutory Rate and Form Filings Completed within 90 Days	87.00%	87.00%			87.00%	87.00%
KEY 2 Percent Personal Auto/Res Property Form Filings Completed in 60 Days	87.00%	87.00%			87.00%	87.00%
3 <i>Compliance with Statutes and Rules</i>						
1 Percent of Enforcement Cases Concluded with Action within 365 Days	60.00%	60.00%			60.00%	60.00%
3 Reduce Loss of Life & Property Due to Fire						
1 <i>Protect the Public from Loss of Life and Property due to fire</i>						
KEY 1 % of Fire Safety Registrations, Licenses, Permits Issued w/in 20 Days	99.00%	99.00%			99.00%	99.00%
4 Effectively Regulate the Texas Workers' Compensation System						
1 <i>Ensure Appropriate Delivery of Workers' Compensation Benefits</i>						
1 % of WC Enforcement Cases Concluded within 365 Days	70.00%	70.00%			70.00%	70.00%
KEY 2 % of Med Fee Disputes Resolved or Upheld Upon Appeal	95.00%	95.00%			95.00%	95.00%

2.G. Summary of Total Request Objective Outcomes
 88th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation system of Texas (ABEST)

Date : 8/22/2022
 Time: 5:36:45PM

Agency code: 454

Agency name: Department of Insurance

Goal/ Objective / Outcome

	BL 2024	BL 2025	Excp 2024	Excp 2025	Total Request 2024	Total Request 2025
3 Percent of Workers' Comp Insurance Fraud Cases Resolved						
	5.00%	5.00%			5.00%	5.00%
2 <i>Ensure Workers' Comp System Participants are Educated and Informed</i>						
KEY 1 Percent of TIBs Recipients Released to Work within 90 Days of Injury						
	54.00%	54.00%			54.00%	54.00%

3. STRATEGY REQUESTS

454 Department of Insurance

GOAL: 1 Protect and Ensure the Fair Treatment of Consumers
 OBJECTIVE: 1 High-Quality Information and Services to stakeholders Service Categories:
 STRATEGY: 1 Provide Information To Consumers, Resolve Complaints, & License Agents Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
Output Measures:						
KEY 1	Number of Complaints Resolved	16,523.00	17,000.00	17,000.00	17,000.00	17,000.00
Efficiency Measures:						
KEY 1	Average Response Time (in DAYS) to Complains	25.00	40.00	40.00	40.00	40.00
Explanatory/Input Measures:						
KEY 1	Number of Inquiries Received	134,230.00	146,000.00	136,000.00	136,000.00	136,000.00
Objects of Expense:						
1001	SALARIES AND WAGES	\$7,219,961	\$4,388,540	\$7,388,596	\$7,754,093	\$7,754,093
1002	OTHER PERSONNEL COSTS	\$263,311	\$299,227	\$137,380	\$116,380	\$116,380
2001	PROFESSIONAL FEES AND SERVICES	\$2,544,217	\$694,245	\$8,338	\$8,338	\$8,338
2002	FUELS AND LUBRICANTS	\$0	\$0	\$0	\$0	\$0
2003	CONSUMABLE SUPPLIES	\$0	\$3,039	\$3,000	\$3,000	\$3,000
2004	UTILITIES	\$1,514	\$79,823	\$6,051	\$4,551	\$4,551
2005	TRAVEL	\$5,389	\$25,464	\$23,165	\$23,165	\$23,165
2006	RENT - BUILDING	\$0	\$3,000	\$1,500	\$1,500	\$1,500
2007	RENT - MACHINE AND OTHER	\$0	\$0	\$0	\$0	\$0
2009	OTHER OPERATING EXPENSE	\$1,093,832	\$4,643,291	\$14,410,227	\$2,138,887	\$2,138,887
4000	GRANTS	\$0	\$0	\$0	\$0	\$0

454 Department of Insurance

GOAL: 1 Protect and Ensure the Fair Treatment of Consumers
 OBJECTIVE: 1 High-Quality Information and Services to stakeholders Service Categories:
 STRATEGY: 1 Provide Information To Consumers, Resolve Complaints, & License Agents Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
5000	CAPITAL EXPENDITURES	\$0	\$301,500	\$0	\$0	\$0
TOTAL, OBJECT OF EXPENSE		\$11,128,224	\$10,438,129	\$21,978,257	\$10,049,914	\$10,049,914
Method of Financing:						
8042	Insurance Maint Tax Fees	\$6,314,224	\$0	\$0	\$0	\$0
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		\$6,314,224	\$0	\$0	\$0	\$0
Method of Financing:						
36	Dept Ins Operating Acct	\$4,713,491	\$10,316,588	\$21,880,032	\$9,951,689	\$9,951,689
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$4,713,491	\$10,316,588	\$21,880,032	\$9,951,689	\$9,951,689
Method of Financing:						
666	Appropriated Receipts	\$100,509	\$121,541	\$98,225	\$98,225	\$98,225
SUBTOTAL, MOF (OTHER FUNDS)		\$100,509	\$121,541	\$98,225	\$98,225	\$98,225
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$10,049,914	\$10,049,914
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$11,128,224	\$10,438,129	\$21,978,257	\$10,049,914	\$10,049,914
FULL TIME EQUIVALENT POSITIONS:		138.3	128.1	141.0	141.0	141.0

454 Department of Insurance

GOAL: 1 Protect and Ensure the Fair Treatment of Consumers
 OBJECTIVE: 1 High-Quality Information and Services to stakeholders Service Categories:
 STRATEGY: 1 Provide Information To Consumers, Resolve Complaints, & License Agents Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
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STRATEGY DESCRIPTION AND JUSTIFICATION:

The Texas Insurance Code directs the Texas Department of Insurance (TDI) to operate and raise awareness of the agency’s Help Line (TIC Ch 521), develop an educational program on health insurance (TIC Ch 524), and maintain and publicize a website to help consumers make informed decisions for home and auto insurance (TIC Sec 32.102-103). TDI maintains a consumer section on its websites, develops content and videos, and conducts outreach through media outlets and social media. TDI maintains HelpInsure.com which allows consumers to compare home and auto rates. The TWIA Ombudsman runs the COAST program as directed by TIC Sec 2210.582 by conducting educational outreach events and responding to consumers.

TDI facilitates the resolution of consumer complaints, helps recover valid claims, and oversees the independent dispute resolution system for surprise medical bills (TIC § §521.002, 843.282, 1467.082, 1467.0505, 1467.151, 1811.204).

TDI also reviews/approves applications and renewals for agents and adjusters (TIC Ch. 4001-4004, 4101).

The modernization of agency operations program funded by a budget rider protects the evolving needs of the public and all agency stakeholders by improving agency operations and technology.

This strategy supports the agency goals of modernizing agency technology and providing easy-to-understand consumer information and excellent customer service. It coordinates with various strategies through the technology modernization efforts including 2.3.1, 2.3.2, 4.1.1, and 5.1.2.

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

454 Department of Insurance

GOAL: 1 Protect and Ensure the Fair Treatment of Consumers
 OBJECTIVE: 1 High-Quality Information and Services to stakeholders Service Categories:
 STRATEGY: 1 Provide Information To Consumers, Resolve Complaints, & License Agents Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
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Legislation, market trends, population changes, and the information needs of stakeholders affect this strategy. Changes in state or federal laws may expand or decrease regulation. Changes in the economy, natural disasters or other catastrophes, market changes, industry compliance, and publicity about insurance issues may lead to increased consumer complaints. Inflation may have an impact on industry costs which is reflected in the dollar amounts reviewed in complaints. As product variety continues to increase and market conditions change, both policymakers and consumers face greater challenges. Policymakers, whose decisions affect available products, need data and analysis for public policy decisions. Consumers, who face challenges in selecting policies that most cost-effectively meet their needs, benefit from TDI's educational material on products, coverage, and companies. As the population ages and becomes more diverse, TDI will make its information available in appropriate formats and languages.

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

454 Department of Insurance

GOAL: 1 Protect and Ensure the Fair Treatment of Consumers
 OBJECTIVE: 1 High-Quality Information and Services to stakeholders Service Categories:
 STRATEGY: 1 Provide Information To Consumers, Resolve Complaints, & License Agents Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
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EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
Base Spending (Est 2022 + Bud 2023)	Baseline Request (BL 2024 + BL 2025)	CHANGE	\$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
\$32,416,386	\$20,099,828	\$(12,316,558)	\$(23,316)	MOF 666- Net adjustment for budgeted appropriated receipts for 2024-25 relative to 2022-23 forecasted collections.
			\$(12,293,242)	MOF 36- Alignment of excess agents license collections for current biennium in 2024-25 baseline to support ongoing modernization costs initiated by HB 2 and aid with recruiting and retention issues.
			<u>\$(12,316,558)</u>	Total of Explanation of Biennial Change

454 Department of Insurance

GOAL: 1 Protect and Ensure the Fair Treatment of Consumers
 OBJECTIVE: 1 High-Quality Information and Services to stakeholders Service Categories:
 STRATEGY: 2 Texassure Motor Vehicle Financial Responsibility Verification Program Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
Objects of Expense:						
1001	SALARIES AND WAGES	\$0	\$0	\$0	\$0	\$0
1002	OTHER PERSONNEL COSTS	\$0	\$0	\$0	\$0	\$0
2001	PROFESSIONAL FEES AND SERVICES	\$1,651,745	\$1,621,586	\$4,393,752	\$4,393,752	\$4,393,752
2002	FUELS AND LUBRICANTS	\$0	\$0	\$0	\$0	\$0
2003	CONSUMABLE SUPPLIES	\$0	\$0	\$0	\$0	\$0
2004	UTILITIES	\$0	\$0	\$5,000	\$5,000	\$5,000
2005	TRAVEL	\$0	\$0	\$0	\$0	\$0
2006	RENT - BUILDING	\$0	\$0	\$0	\$0	\$0
2007	RENT - MACHINE AND OTHER	\$0	\$0	\$0	\$0	\$0
2009	OTHER OPERATING EXPENSE	\$16,850	\$578,363	\$2,758,359	\$675,000	\$675,000
4000	GRANTS	\$0	\$0	\$0	\$0	\$0
5000	CAPITAL EXPENDITURES	\$790,444	\$790,444	\$0	\$0	\$0
TOTAL, OBJECT OF EXPENSE		\$2,459,039	\$2,990,393	\$7,157,111	\$5,073,752	\$5,073,752
Method of Financing:						
161	TexasSure Fund	\$2,459,039	\$2,990,393	\$7,157,111	\$5,073,752	\$5,073,752
SUBTOTAL, MOF (OTHER FUNDS)		\$2,459,039	\$2,990,393	\$7,157,111	\$5,073,752	\$5,073,752

454 Department of Insurance

GOAL: 1 Protect and Ensure the Fair Treatment of Consumers
 OBJECTIVE: 1 High-Quality Information and Services to stakeholders Service Categories:
 STRATEGY: 2 Texassure Motor Vehicle Financial Responsibility Verification Program Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025	
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)						\$5,073,752	\$5,073,752
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$2,459,039	\$2,990,393	\$7,157,111	\$5,073,752	\$5,073,752	

FULL TIME EQUIVALENT POSITIONS:

STRATEGY DESCRIPTION AND JUSTIFICATION:

TexasSure is the vehicle insurance verification system that allows law enforcement and county tax officials to confirm a vehicle has required personal auto liability insurance coverage. The TexasSure program is mandated by Texas Transportation Code (Chapter 601, Subchapter N), which requires TDI, in consultation with the departments of Public Safety, Motor Vehicles, and Information Resources to select a vendor to develop and maintain a program to reduce the number of uninsured motorists. TDI maintains a website to provide consumers and industry information about the program and vehicle statistics.

This strategy coordinates with strategy 2.2.1 and supports the agency goals of modernizing agency technology and improving TDI's regulatory efficiency and effectiveness.

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

The TexasSure program is funded by fees collected by the Department of Motor Vehicles pursuant to Transportation Code (502.1715). TDI staff are not users of the TexasSure system but are responsible for managing the contract. To ensure the system is working as intended, collaboration is required with the Department of Motor Vehicles, Department of Public Safety, and Department of Information Resources. In 2022, the Quality Assurance Team recommended that TDI report TexasSure as a Major Information Resources Project.

454 Department of Insurance

GOAL: 1 Protect and Ensure the Fair Treatment of Consumers
 OBJECTIVE: 1 High-Quality Information and Services to stakeholders Service Categories:
 STRATEGY: 2 Texassure Motor Vehicle Financial Responsibility Verification Program Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
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EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
Base Spending (Est 2022 + Bud 2023)	Baseline Request (BL 2024 + BL 2025)	CHANGE	\$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
\$10,147,504	\$10,147,504	\$0	\$0	MOF 161- No incremental changes in method of finance for baseline request.
			\$0	Total of Explanation of Biennial Change

454 Department of Insurance

GOAL: 1 Protect and Ensure the Fair Treatment of Consumers
 OBJECTIVE: 1 High-Quality Information and Services to stakeholders Service Categories:
 STRATEGY: 3 Texas.gov Estimated and Nontransferable Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
Objects of Expense:						
2001	PROFESSIONAL FEES AND SERVICES	\$0	\$0	\$0	\$0	\$0
2002	FUELS AND LUBRICANTS	\$0	\$0	\$0	\$0	\$0
2003	CONSUMABLE SUPPLIES	\$0	\$0	\$0	\$0	\$0
2004	UTILITIES	\$0	\$0	\$0	\$0	\$0
2005	TRAVEL	\$0	\$0	\$0	\$0	\$0
2006	RENT - BUILDING	\$0	\$0	\$0	\$0	\$0
2007	RENT - MACHINE AND OTHER	\$0	\$0	\$0	\$0	\$0
2009	OTHER OPERATING EXPENSE	\$457,944	\$483,800	\$504,600	\$494,200	\$494,200
4000	GRANTS	\$0	\$0	\$0	\$0	\$0
5000	CAPITAL EXPENDITURES	\$0	\$0	\$0	\$0	\$0
TOTAL, OBJECT OF EXPENSE		\$457,944	\$483,800	\$504,600	\$494,200	\$494,200
Method of Financing:						
1	General Revenue Fund	\$3,204	\$3,200	\$3,000	\$3,100	\$3,100
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		\$3,204	\$3,200	\$3,000	\$3,100	\$3,100

Method of Financing:

454 Department of Insurance

GOAL: 1 Protect and Ensure the Fair Treatment of Consumers
 OBJECTIVE: 1 High-Quality Information and Services to stakeholders
 STRATEGY: 3 Texas.gov Estimated and Nontransferable

Service Categories:

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

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
36	Dept Ins Operating Acct	\$454,740	\$480,600	\$501,600	\$491,100	\$491,100
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$454,740	\$480,600	\$501,600	\$491,100	\$491,100
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$494,200	\$494,200
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$457,944	\$483,800	\$504,600	\$494,200	\$494,200

FULL TIME EQUIVALENT POSITIONS:

STRATEGY DESCRIPTION AND JUSTIFICATION:

The Texas e-government initiative (Gov. Code, Ch.2054, Subchapter I) was established to provide the citizens of Texas access to Texas governmental services 24 hours a day, seven days a week, and 365 days a year.

Licenses have the option to renew their licenses online by submitting payment through a third-party system, including, but not limited to Texas.Gov, Sircon, and the National Insurance Producer Registry.

Strategy 1.1.3 provides information to support strategy 1.1.1 and supports the agency goals of modernizing agency technology by providing on-line access for professional license renewals.

454 Department of Insurance

GOAL: 1 Protect and Ensure the Fair Treatment of Consumers
 OBJECTIVE: 1 High-Quality Information and Services to stakeholders Service Categories:
 STRATEGY: 3 Texas.gov Estimated and Nontransferable Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
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EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

Online services increase customer convenience, access to government services, and allows for automated error-checking. TDI has continued to encourage online renewals and has seen a growth in recent years. 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 are contributing factors.

EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
Base Spending (Est 2022 + Bud 2023)	Baseline Request (BL 2024 + BL 2025)	CHANGE	\$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
\$988,400	\$988,400	\$0	\$0	Total of Explanation of Biennial Change

454 Department of Insurance

GOAL: 2 A Competitive and Stable Insurance Market

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 2021	Est 2022	Bud 2023	BL 2024	BL 2025
Explanatory/Input Measures:						
1	Number of Insurance Company Insolvencies	2.00	3.00	3.00	3.00	3.00
2	Number of Entities Receiving TDI Solvency-related Intervention	2.00	4.00	4.00	4.00	4.00
Objects of Expense:						
1001	SALARIES AND WAGES	\$4,449,039	\$4,498,968	\$4,885,247	\$5,477,060	\$5,477,060
1002	OTHER PERSONNEL COSTS	\$202,109	\$119,135	\$68,100	\$66,900	\$66,900
2001	PROFESSIONAL FEES AND SERVICES	\$63,608	\$79,547	\$33,494	\$33,494	\$33,494
2002	FUELS AND LUBRICANTS	\$0	\$0	\$0	\$0	\$0
2003	CONSUMABLE SUPPLIES	\$0	\$0	\$0	\$0	\$0
2004	UTILITIES	\$8,887	\$12,722	\$7,956	\$7,956	\$7,956
2005	TRAVEL	\$0	\$34,339	\$24,622	\$24,622	\$24,622
2006	RENT - BUILDING	\$89,377	\$15	\$15	\$15	\$15
2007	RENT - MACHINE AND OTHER	\$0	\$0	\$0	\$0	\$0
2009	OTHER OPERATING EXPENSE	\$794,870	\$347,116	\$654,641	\$390,124	\$390,124
4000	GRANTS	\$0	\$0	\$0	\$0	\$0
5000	CAPITAL EXPENDITURES	\$0	\$0	\$0	\$0	\$0

454 Department of Insurance

GOAL: 2 A Competitive and Stable Insurance Market

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 2021	Est 2022	Bud 2023	BL 2024	BL 2025
TOTAL, OBJECT OF EXPENSE		\$5,607,890	\$5,091,842	\$5,674,075	\$6,000,171	\$6,000,171
Method of Financing:						
8042	Insurance Maint Tax Fees	\$4,139,921	\$0	\$0	\$0	\$0
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		\$4,139,921	\$0	\$0	\$0	\$0
Method of Financing:						
36	Dept Ins Operating Acct	\$1,467,969	\$5,075,627	\$5,674,075	\$6,000,171	\$6,000,171
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$1,467,969	\$5,075,627	\$5,674,075	\$6,000,171	\$6,000,171
Method of Financing:						
666	Appropriated Receipts	\$0	\$16,215	\$0	\$0	\$0
SUBTOTAL, MOF (OTHER FUNDS)		\$0	\$16,215	\$0	\$0	\$0
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$6,000,171	\$6,000,171
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$5,607,890	\$5,091,842	\$5,674,075	\$6,000,171	\$6,000,171
FULL TIME EQUIVALENT POSITIONS:		69.1	67.9	71.9	76.0	76.0

454 Department of Insurance

GOAL: 2 A Competitive and Stable Insurance Market
 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 2021	Est 2022	Bud 2023	BL 2024	BL 2025
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STRATEGY DESCRIPTION AND JUSTIFICATION:

Statute directs TDI to form and license insurers (Texas Insurance Code §§801.051, 822.051, 822.101, 841.051, 841.101, 843.071). Statute also directs TDI to monitor the financial stability of insurers by analyzing their financial statements (TIC §§401.051, 401.002, 404.001 and 802.001), reviewing actuarial opinions, providing actuarial expertise and reserve analysis (TIC §§404.001, 425.055, 425.054 and 802.002), reviewing holding company transactions, and risk sharing contracts (TIC Ch 823, §493.002). On-site examinations also support this (TIC §401.051, §751.152).

TDI uses various intervention strategies to address insurers with financial problems including holding informal management conferences, requiring insurers to file updated business plans, placing insurers under oversight, and taking formal administrative action to address troubled companies such as issuing orders that place companies in supervision or conservation (TIC §§401.051, 404.001, 443.001 and 441.001). TDI conducts follow-up monitoring of companies released from supervision and conservation. When it is not possible to return a company to a solid financial position, TDI appoints Special Deputy Receivers (SDRs) to rehabilitate or liquidate the company. TDI reviews the plans, budgets, and expenses of all SDRs to assure appropriate management of estates (TIC §443.001). TDI also monitors the guaranty associations to ascertain that claims are paid in a timely manner (TIC, Ch. 2602, and §§462.001 and 463.001).

This strategy contributes to all agency goals by encouraging the financial health of the industry.

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

454 Department of Insurance

GOAL: 2 A Competitive and Stable Insurance Market
 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 2021	Est 2022	Bud 2023	BL 2024	BL 2025
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Future changes in federal legislation may preempt state regulations and TDI’s ability to regulate certain segments of the insurance industry. Many external factors affect insurers including the general health of the economy, changes in investment yields and the volatility of financial markets, adverse trends in claims due to catastrophic or unexpected losses, and an increasing number of acquisitions, mergers and reorganizations. These factors affect the complexity of TDI’s analysis as well as the amount of time required to perform that analysis. The health of the economy also affects TDI’s ability to carry out this strategy as recruitment and retention of qualified staff 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.

EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		BIENNIAL	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
Base Spending (Est 2022 + Bud 2023)	Baseline Request (BL 2024 + BL 2025)	CHANGE	\$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
\$10,765,917	\$12,000,342	\$1,234,425	\$(16,215)	MOF 666- Net adjustment for 2022-23 appropriated receipts not forecasted for 2024-25.
			\$1,250,640	MOF 36- Realignment of baseline request to address operating needs and vacancies shifted to other strategies in 2022.
			\$1,234,425	Total of Explanation of Biennial Change

454 Department of Insurance

GOAL: 2 A Competitive and Stable Insurance Market
 OBJECTIVE: 2 Efficiently Regulate P&C/L&H Rates, Forms, Programs, And Networks Service Categories:
 STRATEGY: 1 Efficiently Regulate P&C Rates, Forms, And Programs Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
Output Measures:						
1	Number of Property and Casualty Filings Completed	28,383.00	15,500.00	15,500.00	15,500.00	15,500.00
2	Number of Windstorm Inspections	3,055.00	2,924.00	4,000.00	4,000.00	4,000.00
Objects of Expense:						
1001	SALARIES AND WAGES	\$5,916,066	\$5,902,312	\$6,192,530	\$7,063,544	\$7,063,544
1002	OTHER PERSONNEL COSTS	\$212,893	\$170,410	\$110,200	\$100,600	\$100,600
2001	PROFESSIONAL FEES AND SERVICES	\$129,918	\$52,620	\$42,359	\$34,651	\$34,651
2002	FUELS AND LUBRICANTS	\$0	\$0	\$0	\$0	\$0
2003	CONSUMABLE SUPPLIES	\$2,044	\$4,291	\$4,291	\$3,083	\$3,083
2004	UTILITIES	\$19,785	\$23,432	\$21,719	\$21,719	\$21,719
2005	TRAVEL	\$70,280	\$120,658	\$120,658	\$97,910	\$97,910
2006	RENT - BUILDING	\$93,978	\$23,890	\$23,890	\$23,890	\$23,890
2007	RENT - MACHINE AND OTHER	\$0	\$0	\$0	\$0	\$0
2009	OTHER OPERATING EXPENSE	\$92,223	\$123,586	\$505,338	\$159,302	\$159,302
4000	GRANTS	\$0	\$0	\$0	\$0	\$0
5000	CAPITAL EXPENDITURES	\$0	\$0	\$0	\$0	\$0
TOTAL, OBJECT OF EXPENSE		\$6,537,187	\$6,421,199	\$7,020,985	\$7,504,699	\$7,504,699

454 Department of Insurance

GOAL: 2 A Competitive and Stable Insurance Market
 OBJECTIVE: 2 Efficiently Regulate P&C/L&H Rates, Forms, Programs, And Networks Service Categories:
 STRATEGY: 1 Efficiently Regulate P&C Rates, Forms, And Programs Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
Method of Financing:						
8042	Insurance Maint Tax Fees	\$4,825,957	\$0	\$0	\$0	\$0
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		\$4,825,957	\$0	\$0	\$0	\$0
Method of Financing:						
36	Dept Ins Operating Acct	\$1,711,230	\$6,420,793	\$7,020,985	\$7,504,699	\$7,504,699
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$1,711,230	\$6,420,793	\$7,020,985	\$7,504,699	\$7,504,699
Method of Financing:						
666	Appropriated Receipts	\$0	\$406	\$0	\$0	\$0
SUBTOTAL, MOF (OTHER FUNDS)		\$0	\$406	\$0	\$0	\$0
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$7,504,699	\$7,504,699
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$6,537,187	\$6,421,199	\$7,020,985	\$7,504,699	\$7,504,699
FULL TIME EQUIVALENT POSITIONS:		94.3	89.3	95.8	97.8	97.8

454 Department of Insurance

GOAL: 2 A Competitive and Stable Insurance Market
 OBJECTIVE: 2 Efficiently Regulate P&C/L&H Rates, Forms, Programs, And Networks Service Categories:
 STRATEGY: 1 Efficiently Regulate P&C Rates, Forms, And Programs Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
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STRATEGY DESCRIPTION AND JUSTIFICATION:

The Property & Casualty Division reviews rate and policy form filings for property and casualty coverages (TIC Ch. 706, 1805, 1811, 1901, 1951, 1952, 2052, 2053, 2151, 2210, 2211, 2251, 2301, 3501, 3502). It also reviews credit scoring models (TIC Ch. 559) and underwriting guidelines (TIC Ch. 38, 2053). In addition, this strategy collects data through agency statistical plans and data calls, publishes the annual legislative report and rate filing report (TIC Ch. 2251), and conducts studies (TIC Ch. 38, 2210). TDI regulates title insurance (TIC Title 11) by adopting rates, rules, and forms.

TDI oversees several residual markets for insurance: Texas Windstorm Insurance Association (TIC Ch. 2210), Texas FAIR Plan Association (TIC Ch. 2211), Texas Automobile Insurance Plan Association (TIC Ch. 2151), and the Texas Medical Liability Underwriting Association (TIC Ch. 2203).

Programs managed in this strategy include:

- windstorm inspection for coastal structures (TIC Ch. 2210)
- oversight of inspectors who perform windstorm inspections (TIC Ch. 2210)
- training and education on windstorm building code requirements (TIC Ch. 2210)
- administering the amusement ride program (Tx. Occ. Code, §§2151.001-2151.153), and
- certification of inspectors for the Voluntary Inspection Program (VIP) (TIC Ch. 2003, Subch. C).

This strategy contributes to agency goals and strategies 1.1.1 and 2.3.1 by regulating the industry and examining rates and policy forms for appropriateness. This strategy also supports strategy 1.1.2 by managing the TexasSure project.

454 Department of Insurance

GOAL: 2 A Competitive and Stable Insurance Market
 OBJECTIVE: 2 Efficiently Regulate P&C/L&H Rates, Forms, Programs, And Networks Service Categories:
 STRATEGY: 1 Efficiently Regulate P&C Rates, Forms, And Programs Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
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EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

In response to changes in the economy and market trends, insurers have developed more complex products and rating plans. Changes in market conditions can also affect the type of coverages offered and the rates charged.

Internal factors affecting this strategy include using improved information technology to support filing review. The variety of lines of insurance, as well as the variety of coverages offered within these lines of insurance, requires significant cross-training to ensure timely processing of filings. Considerable turnover impacts the ability to timely complete filings. Competitive private sector salaries and local increases to the cost of living affect the agency's ability to attract and retain qualified actuaries and policy form compliance analysts.

Since the adoption of the International Residential Code and International Building Code as the standards for windstorm certification, TDI has provided training for engineers, builders, architects, and homeowners to promote compliance with building code requirements. Population growth and coastal development have increased the number of insured residences in windstorm-prone areas.

The market generally reflects decreasing requests for TDI inspections in favor of non-TDI inspections, except after significant weather events such as hurricanes or large hailstorms. As a result, TDI has increased its emphasis on oversight of non-TDI inspections and expanded training related to building code requirements for property owners and building trade professionals.

454 Department of Insurance

GOAL: 2 A Competitive and Stable Insurance Market
 OBJECTIVE: 2 Efficiently Regulate P&C/L&H Rates, Forms, Programs, And Networks Service Categories:
 STRATEGY: 1 Efficiently Regulate P&C Rates, Forms, And Programs Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
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EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
Base Spending (Est 2022 + Bud 2023)	Baseline Request (BL 2024 + BL 2025)	CHANGE	\$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
\$13,442,184	\$15,009,398	\$1,567,214	\$(406)	MOF 666- Net adjustment for 2022-23 appropriated receipts not forecasted for 2024-25.
			\$1,567,620	MOF 36- Net impact of 2022 vacancies forecasted to be filled and salary alignments for staff in the Property & Casualty division.
			\$1,567,214	Total of Explanation of Biennial Change

454 Department of Insurance

GOAL: 2 A Competitive and Stable Insurance Market
 OBJECTIVE: 2 Efficiently Regulate P&C/L&H Rates, Forms, Programs, And Networks
 STRATEGY: 2 Efficiently Regulate L&H Rates, Forms, and Networks

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

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
Output Measures:						
1	Number of Life and Health Filings Completed	16,014.00	13,500.00	13,500.00	13,500.00	13,500.00
Objects of Expense:						
1001	SALARIES AND WAGES	\$3,991,284	\$4,078,856	\$4,615,520	\$5,293,559	\$5,293,559
1002	OTHER PERSONNEL COSTS	\$144,964	\$138,479	\$86,600	\$73,300	\$73,300
2001	PROFESSIONAL FEES AND SERVICES	\$4,785	\$17,533	\$12,183	\$12,183	\$12,183
2002	FUELS AND LUBRICANTS	\$0	\$0	\$0	\$0	\$0
2003	CONSUMABLE SUPPLIES	\$0	\$0	\$0	\$0	\$0
2004	UTILITIES	\$456	\$500	\$500	\$500	\$500
2005	TRAVEL	\$0	\$5	\$3,600	\$3,600	\$3,600
2006	RENT - BUILDING	\$0	\$0	\$0	\$0	\$0
2007	RENT - MACHINE AND OTHER	\$0	\$0	\$0	\$0	\$0
2009	OTHER OPERATING EXPENSE	\$42,127	\$732,873	\$995,326	\$799,638	\$799,638
4000	GRANTS	\$0	\$0	\$0	\$0	\$0
5000	CAPITAL EXPENDITURES	\$0	\$0	\$0	\$0	\$0
TOTAL, OBJECT OF EXPENSE		\$4,183,616	\$4,968,246	\$5,713,729	\$6,182,780	\$6,182,780

Method of Financing:

454 Department of Insurance

GOAL: 2 A Competitive and Stable Insurance Market
 OBJECTIVE: 2 Efficiently Regulate P&C/L&H Rates, Forms, Programs, And Networks Service Categories:
 STRATEGY: 2 Efficiently Regulate L&H Rates, Forms, and Networks Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
8042	Insurance Maint Tax Fees	\$3,088,477	\$0	\$0	\$0	\$0
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		\$3,088,477	\$0	\$0	\$0	\$0
Method of Financing:						
36	Dept Ins Operating Acct	\$1,095,139	\$4,967,800	\$5,713,729	\$6,182,780	\$6,182,780
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$1,095,139	\$4,967,800	\$5,713,729	\$6,182,780	\$6,182,780
Method of Financing:						
666	Appropriated Receipts	\$0	\$446	\$0	\$0	\$0
SUBTOTAL, MOF (OTHER FUNDS)		\$0	\$446	\$0	\$0	\$0
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$6,182,780	\$6,182,780
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$4,183,616	\$4,968,246	\$5,713,729	\$6,182,780	\$6,182,780
FULL TIME EQUIVALENT POSITIONS:		64.3	60.6	74.0	74.0	74.0
STRATEGY DESCRIPTION AND JUSTIFICATION:						

454 Department of Insurance

GOAL: 2 A Competitive and Stable Insurance Market
 OBJECTIVE: 2 Efficiently Regulate P&C/L&H Rates, Forms, Programs, And Networks Service Categories:
 STRATEGY: 2 Efficiently Regulate L&H Rates, Forms, and Networks Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
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The life & health division reviews rate and policy form filings for life, annuity, credit, accident and health, and HMO coverages. TDI also reviews filings for association group eligibility, health group cooperatives and coalitions, MEWAs, and the modification/discontinuation of coverage under a health benefit plan (TIC Ch. 843, 846, 1131, 1251, 1271, 1111A, 1153, 1369, 1501, 1651, 1652, 1701).

This strategy reviews provider contracts and delegation agreements for HMO plans, and network adequacy for HMO, PPBP, EPBP, and workers' compensation plans. Network adequacy reviews include annual reports, configuration changes, and service area expansions/reductions. TDI registers network contracting entities and affiliates (TIC Ch. 843, 1272, 1301, 1305, 1369, 1458).

TDI also reviews and approves applications for utilization review agents, independent review organizations, and certified workers' compensation health care networks (TIC Ch 1305, 1369, 4201, 4202). After licensure, TDI reviews filings for service area expansions or reductions; changes or updates to return to work or utilization review policies for certified workers' compensation healthcare networks, updates and renewals for utilization review agents and independent review organizations. TDI also collects prompt pay claims data and prompt pay penalty reports. (TIC Ch. 843, 1301)

This strategy contributes to all agency goals and strategies 1.1.1 and 2.3.1 by regulating the industry and examining rates and policy forms for appropriateness.

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

454 Department of Insurance

GOAL: 2 A Competitive and Stable Insurance Market
 OBJECTIVE: 2 Efficiently Regulate P&C/L&H Rates, Forms, Programs, And Networks Service Categories:
 STRATEGY: 2 Efficiently Regulate L&H Rates, Forms, and Networks Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
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State and federal legislation, changes in the economy, and market trends impact this strategy. Federal health care reform legislation impacted the number and types of filings reviewed. State legislation has provided carriers the opportunity to design new health coverages.

In response to changes in the 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 and other cost factors associated with claims also affect the type of coverages offered and the rates charged.

Internal factors affecting this strategy include the increased degree of automation necessary to track and review filings. 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 and local increases to the cost of living affect the agency's ability to attract and retain qualified actuaries and compliance analysts.

454 Department of Insurance

GOAL: 2 A Competitive and Stable Insurance Market
 OBJECTIVE: 2 Efficiently Regulate P&C/L&H Rates, Forms, Programs, And Networks Service Categories:
 STRATEGY: 2 Efficiently Regulate L&H Rates, Forms, and Networks Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
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EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		BIENNIAL	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
Base Spending (Est 2022 + Bud 2023)	Baseline Request (BL 2024 + BL 2025)	CHANGE	\$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
\$10,681,975	\$12,365,560	\$1,683,585	\$(446)	MOF 666- Net adjustment for 2022-23 appropriated receipts not forecasted for 2024-25.
			\$320,000	MOF 36- Funding shifted from other strategies for continuation of network adequacy modernization efforts initiated by HB 2 and other funds in 2022-23 biennium.
			\$1,364,031	MOF 36- Net impact of 2022 vacancies forecasted to be filled and salary alignments for staff in the Life & Health division.
			\$1,683,585	Total of Explanation of Biennial Change

3.A. Strategy Request
 88th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

8/22/2022 5:36:45PM

454 Department of Insurance

GOAL: 2 A Competitive and Stable Insurance Market

OBJECTIVE: 3 Compliance with Statutes and Rules

Service Categories:

STRATEGY: 1 Review Compliance and Bring Enforcement Actions as Needed

Service: 17

Income: A.2

Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
Objects of Expense:						
1001	SALARIES AND WAGES	\$5,904,720	\$6,082,197	\$6,415,791	\$6,736,581	\$6,736,581
1002	OTHER PERSONNEL COSTS	\$187,953	\$117,259	\$81,700	\$84,000	\$84,000
2001	PROFESSIONAL FEES AND SERVICES	\$30,904	\$26,875	\$14,034	\$14,034	\$14,034
2002	FUELS AND LUBRICANTS	\$0	\$0	\$0	\$0	\$0
2003	CONSUMABLE SUPPLIES	\$0	\$737	\$200	\$200	\$200
2004	UTILITIES	\$3,282	\$4,056	\$4,556	\$4,556	\$4,556
2005	TRAVEL	\$0	\$11,860	\$14,960	\$14,960	\$14,960
2006	RENT - BUILDING	\$0	\$0	\$0	\$0	\$0
2007	RENT - MACHINE AND OTHER	\$0	\$0	\$0	\$0	\$0
2009	OTHER OPERATING EXPENSE	\$418,875	\$281,039	\$616,418	\$311,423	\$311,423
4000	GRANTS	\$0	\$0	\$0	\$0	\$0
5000	CAPITAL EXPENDITURES	\$0	\$0	\$0	\$0	\$0
TOTAL, OBJECT OF EXPENSE		\$6,545,734	\$6,524,023	\$7,147,659	\$7,165,754	\$7,165,754
Method of Financing:						
8042	Insurance Maint Tax Fees	\$4,832,267	\$0	\$0	\$0	\$0
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		\$4,832,267	\$0	\$0	\$0	\$0

454 Department of Insurance

GOAL: 2 A Competitive and Stable Insurance Market

OBJECTIVE: 3 Compliance with Statutes and Rules

Service Categories:

STRATEGY: 1 Review Compliance and Bring Enforcement Actions as Needed

Service: 17

Income: A.2

Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
Method of Financing:						
36	Dept Ins Operating Acct	\$1,713,467	\$6,516,162	\$7,143,359	\$7,165,754	\$7,165,754
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$1,713,467	\$6,516,162	\$7,143,359	\$7,165,754	\$7,165,754
Method of Financing:						
666	Appropriated Receipts	\$0	\$7,861	\$4,300	\$0	\$0
SUBTOTAL, MOF (OTHER FUNDS)		\$0	\$7,861	\$4,300	\$0	\$0
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$7,165,754	\$7,165,754
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$6,545,734	\$6,524,023	\$7,147,659	\$7,165,754	\$7,165,754
FULL TIME EQUIVALENT POSITIONS:		77.8	73.4	77.8	77.3	77.3
STRATEGY DESCRIPTION AND JUSTIFICATION:						

454 Department of Insurance

GOAL: 2 A Competitive and Stable Insurance Market
 OBJECTIVE: 3 Compliance with Statutes and Rules Service Categories:
 STRATEGY: 1 Review Compliance and Bring Enforcement Actions as Needed Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
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TDI is directed by statute (Tex. Ins. Code §31.002; and Ch. 82, Subchapter B, Chapter 83, and Chapter 101) to ensure compliance with insurance laws and rules. The enforcement section investigates and takes action against entities engaged in unfair, fraudulent, and other illegal practices. Many investigations are resolved via informal settlements, including consent orders. Alleged 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.

TDI's General Counsel division provides legal services and advice to the Commissioner and the Department. The division drafts rules, orders, and bulletins and provides support for a wide range of regulatory issues. The General Counsel division coordinates with the Office of the Attorney General to represent TDI in lawsuits, receiverships, and subpoenas; advise the Commissioner on Enforcement matters; and process all public information requests received by TDI in accordance with the Public Information Act (PIA).

This strategy contributes to all agency goals by investigating and enforcing Texas statutes, which supports fair rates and practices by insurance companies and other regulated entities.

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

454 Department of Insurance

GOAL: 2 A Competitive and Stable Insurance Market
 OBJECTIVE: 3 Compliance with Statutes and Rules Service Categories:
 STRATEGY: 1 Review Compliance and Bring Enforcement Actions as Needed Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
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External factors that impact legal support to agency divisions include legislation, economic changes, and market forces. These external forces may result in a shift in agency priorities and strategies and affect legal support. Examples of shifting priorities include increased solvency or compliance issues due to the economy. New legislation may require implementation through rules and require additional assistance to program areas which may be required to add to or refocus agency functions and change internal processes.

Internal factors that impact rules, orders, bulletins, legal analyses, and other documents and legal support provided include the availability of program division resources, effective and efficient internal processes, and the availability and retention of quality staff.

Changes in economy or market forces may also lead to increased enforcement activity. For example, high reinsurance rates and weather concerns could result in companies restricting their writing insurance policies, and TDI is required to monitor those practices to ensure compliance with Texas law. New legislation may create additional industry requirements, which invoke TDI's compliance and enforcement duties. Internal factors affecting this strategy include agency practices to achieve swift and efficient resolution of compliance issues. Opportunity for informal resolution of actions, and concern for particular issues, such as availability of insurance at reasonable rates, non-discrimination, and unauthorized insurance activities, affects TDI's enforcement efforts.

454 Department of Insurance

GOAL: 2 A Competitive and Stable Insurance Market
 OBJECTIVE: 3 Compliance with Statutes and Rules Service Categories:
 STRATEGY: 1 Review Compliance and Bring Enforcement Actions as Needed Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
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EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		BIENNIAL	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
Base Spending (Est 2022 + Bud 2023)	Baseline Request (BL 2024 + BL 2025)	CHANGE	\$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
\$13,671,682	\$14,331,508	\$659,826	\$12,161	MOF 666- Appropriated receipts forecasted for 2022-23 biennium not in 2024-25 baseline request.
			\$647,665	MOF 36- Realignment of baseline request to address operating needs, license renewals, and vacancies shifted to other strategies in 2022.
			\$659,826	Total of Explanation of Biennial Change

454 Department of Insurance

GOAL: 2 A Competitive and Stable Insurance Market

OBJECTIVE: 3 Compliance with Statutes and Rules

Service Categories:

STRATEGY: 2 Investigate Insurance Fraud and Refer Violations for Prosecution

Service: 17

Income: A.2

Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
Output Measures:						
KEY 1	Number of Insurance Fraud Suspects Investigated and Resolved	401.00	450.00	325.00	400.00	400.00
Efficiency Measures:						
1	Percent of Investigations of Fraud Suspects Resolved within Two Years	95.00 %	90.00 %	80.00 %	80.00 %	80.00 %
Explanatory/Input Measures:						
1	Number of Insurance-related Fraud Reports Received	14,645.00	15,600.00	14,400.00	14,400.00	14,400.00
Objects of Expense:						
1001	SALARIES AND WAGES	\$3,179,380	\$3,403,296	\$3,680,483	\$3,746,408	\$3,746,408
1002	OTHER PERSONNEL COSTS	\$165,981	\$118,187	\$122,200	\$111,800	\$111,800
2001	PROFESSIONAL FEES AND SERVICES	\$43,280	\$4,528	\$4,528	\$4,528	\$4,528
2002	FUELS AND LUBRICANTS	\$0	\$0	\$0	\$0	\$0
2003	CONSUMABLE SUPPLIES	\$3,528	\$7,450	\$7,450	\$7,450	\$7,450
2004	UTILITIES	\$21,056	\$24,988	\$23,300	\$23,300	\$23,300
2005	TRAVEL	\$60,115	\$80,577	\$80,577	\$80,577	\$80,577
2006	RENT - BUILDING	\$57,082	\$59,921	\$61,317	\$61,317	\$61,317
2007	RENT - MACHINE AND OTHER	\$0	\$0	\$0	\$0	\$0

454 Department of Insurance

GOAL: 2 A Competitive and Stable Insurance Market

OBJECTIVE: 3 Compliance with Statutes and Rules

Service Categories:

STRATEGY: 2 Investigate Insurance Fraud and Refer Violations for Prosecution

Service: 17

Income: A.2

Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
2009	OTHER OPERATING EXPENSE	\$190,947	\$234,149	\$442,316	\$142,897	\$142,897
4000	GRANTS	\$0	\$0	\$0	\$0	\$0
5000	CAPITAL EXPENDITURES	\$0	\$0	\$0	\$0	\$0
TOTAL, OBJECT OF EXPENSE		\$3,721,369	\$3,933,096	\$4,422,171	\$4,178,277	\$4,178,277
Method of Financing:						
8042	Insurance Maint Tax Fees	\$2,747,232	\$0	\$0	\$0	\$0
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		\$2,747,232	\$0	\$0	\$0	\$0
Method of Financing:						
36	Dept Ins Operating Acct	\$974,137	\$3,933,035	\$4,422,171	\$4,178,277	\$4,178,277
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$974,137	\$3,933,035	\$4,422,171	\$4,178,277	\$4,178,277
Method of Financing:						
666	Appropriated Receipts	\$0	\$61	\$0	\$0	\$0
SUBTOTAL, MOF (OTHER FUNDS)		\$0	\$61	\$0	\$0	\$0

454 Department of Insurance

GOAL: 2 A Competitive and Stable Insurance Market
 OBJECTIVE: 3 Compliance with Statutes and Rules Service Categories:
 STRATEGY: 2 Investigate Insurance Fraud and Refer Violations for Prosecution Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$4,178,277	\$4,178,277
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$3,721,369	\$3,933,096	\$4,422,171	\$4,178,277	\$4,178,277
FULL TIME EQUIVALENT POSITIONS:		40.1	37.5	41.0	40.0	40.0

STRATEGY DESCRIPTION AND JUSTIFICATION:

Statutes (Tex. Ins. Code, 701, Subchapter C) directs TDI to investigate cases involving fraud committed by insurers, providers, consumers, and those conducting unauthorized business of insurance, and to initiate or make referrals for criminal prosecutions as needed. TDI evaluates and investigates potentially fraudulent activities reported by staff, the public, the insurance industry, and other regulatory or law enforcement agencies. The TDI Fraud Unit is a law enforcement agency employing licensed peace officers (Tex. Code of Crim. Proc., Art. 2.12(27)). Fraud Unit peace officers may make arrests, execute search warrants and subpoenas, refer cases to district attorneys, and participate in state and federal criminal investigation task forces.

This strategy protects consumers, the insurance market, and ensures that the insurance industry maintains integrity in its business practices. The Fraud Unit works with strategy 1.1.1 to provide information, tools and resources to consumers and governmental officials to reduce fraud. One example of this effort is the deployment of a team to areas impacted by major catastrophes to educate victims and the local community on steps to avoid being further victimized by fraud.

This strategy contributes to the agency goals of improving TDI's regulatory effectiveness and providing excellent customer service by eliminating and deterring fraud reduces unfair and illegal practices, which encourages fair competition in the insurance industry.

454 Department of Insurance

GOAL: 2 A Competitive and Stable Insurance Market
 OBJECTIVE: 3 Compliance with Statutes and Rules Service Categories:
 STRATEGY: 2 Investigate Insurance Fraud and Refer Violations for Prosecution Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
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EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

Fraud victimizes consumers when agents convert premiums, unauthorized insurers sell fake coverage, or company employees use company assets for personal gain, causing a company to fail. Consumers defraud insurers through material misrepresentations and misstatements, which cause insurers to lose money and increase premium rates for all consumers. The Fraud Unit also supports a governor’s executive order to prevent and eliminate fraud, waste, and abuse.

Legislation affects this strategy. 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. The Fraud Unit contracts with the Texas Commission on Law Enforcement to become an accredited training provider to local law enforcement for insurance fraud matters. The Fraud Unit Training Advisory Board oversees the unit’s training program. Memorandums of understanding with district attorney offices allow TDI to support special prosecutors and investigators in insurance fraud investigations and prosecutions.

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. The National Association of Insurance Commissioners develops model laws relating to insurance fraud and as those models are updated, Texas may need to consider changes to existing fraud statutes. As states enact tougher fraud laws, insurance consumers and taxpayers will benefit.

454 Department of Insurance

GOAL: 2 A Competitive and Stable Insurance Market
 OBJECTIVE: 3 Compliance with Statutes and Rules Service Categories:
 STRATEGY: 2 Investigate Insurance Fraud and Refer Violations for Prosecution Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
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EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
Base Spending (Est 2022 + Bud 2023)	Baseline Request (BL 2024 + BL 2025)	CHANGE	\$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
\$8,355,267	\$8,356,554	\$1,287	\$(61)	MOF 666- Net adjustment for 2022-23 appropriated receipts not forecasted for 2024-25.
			\$1,348	MOF 36- Net impact of vacancies forecasted to be filled and salary and operating budget alignments for Insurance Fraud Unit items.
			\$1,287	Total of Explanation of Biennial Change

454 Department of Insurance

GOAL: 2 A Competitive and Stable Insurance Market
 OBJECTIVE: 4 Administrative Innovative Insurance Initiatives
 STRATEGY: 1 Administer Three-Share Premium Assistance Program.

Service Categories:

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

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
Objects of Expense:						
1001	SALARIES AND WAGES	\$52,000	\$59,717	\$62,100	\$65,205	\$65,205
1002	OTHER PERSONNEL COSTS	\$3,860	\$4,419	\$3,600	\$600	\$600
2001	PROFESSIONAL FEES AND SERVICES	\$0	\$0	\$0	\$0	\$0
2002	FUELS AND LUBRICANTS	\$0	\$0	\$0	\$0	\$0
2003	CONSUMABLE SUPPLIES	\$0	\$0	\$0	\$0	\$0
2004	UTILITIES	\$0	\$0	\$0	\$0	\$0
2005	TRAVEL	\$0	\$0	\$0	\$0	\$0
2006	RENT - BUILDING	\$0	\$0	\$0	\$0	\$0
2007	RENT - MACHINE AND OTHER	\$0	\$0	\$0	\$0	\$0
2009	OTHER OPERATING EXPENSE	\$520	\$597	\$4,115	\$981	\$981
4000	GRANTS	\$1,911,380	\$2,210,341	\$4,838,945	\$0	\$0
5000	CAPITAL EXPENDITURES	\$0	\$0	\$0	\$0	\$0
TOTAL, OBJECT OF EXPENSE		\$1,967,760	\$2,275,074	\$4,908,760	\$66,786	\$66,786
Method of Financing:						
8042	Insurance Maint Tax Fees	\$41,621	\$0	\$0	\$0	\$0
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		\$41,621	\$0	\$0	\$0	\$0

454 Department of Insurance

GOAL: 2 A Competitive and Stable Insurance Market
 OBJECTIVE: 4 Administrative Innovative Insurance Initiatives Service Categories:
 STRATEGY: 1 Administer Three-Share Premium Assistance Program. Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
Method of Financing:						
36	Dept Ins Operating Acct	\$14,759	\$64,733	\$69,815	\$66,786	\$66,786
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$14,759	\$64,733	\$69,815	\$66,786	\$66,786
Method of Financing:						
666	Appropriated Receipts	\$1,911,380	\$2,210,341	\$4,838,945	\$0	\$0
SUBTOTAL, MOF (OTHER FUNDS)		\$1,911,380	\$2,210,341	\$4,838,945	\$0	\$0
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$66,786	\$66,786
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$1,967,760	\$2,275,074	\$4,908,760	\$66,786	\$66,786
FULL TIME EQUIVALENT POSITIONS:		1.0	1.2	1.0	1.0	1.0
STRATEGY DESCRIPTION AND JUSTIFICATION:						

454 Department of Insurance

GOAL: 2 A Competitive and Stable Insurance Market
 OBJECTIVE: 4 Administrative Innovative Insurance Initiatives Service Categories:
 STRATEGY: 1 Administer Three-Share Premium Assistance Program. Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
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The agency is directed by the General Appropriations Act to award through a competitive application process, grants to regional or local health care programs for the research, planning, and development of three-share premium assistance programs. TDI provides technical assistance and project oversight to grantees, with the long-term goal of increasing access to private healthcare coverage for the uninsured through the provisions of affordable benefit plans. The three-share programs use a combination of employer, employee, and public funds to pay for health plan premiums. The public funds increase premium affordability for qualifying low-income employees.

This program supports strategy 1.1.1 by issuing a competitive Request for Applications before each new biennium and awarding the three-share premium assistance grant funds to qualifying regional or local health care programs. TDI provides on-going technical assistance to grantees and oversees project activities to ensure the grantees comply with the contractual requirements.

This strategy coordinates with strategy 2.2.2 as program staff report to the agency's Life and Health division.

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

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

As directed by the Legislature, TDI administers grants for appropriated funds to qualified programs. Since the 80th Legislature when funds were first appropriated, much has changed in the health insurance market, including the passage and implementation of the federal Affordable Care Act. At the program's peak in FY2010-2011, it included six grantees. Since 2018, the program has included the same two grantees.

While the program has been relatively stable, enrollment has been impacted by economic uncertainty and labor market disruptions in the wake of the COVID-19 pandemic.

454 Department of Insurance

GOAL: 2 A Competitive and Stable Insurance Market
 OBJECTIVE: 4 Administrative Innovative Insurance Initiatives Service Categories:
 STRATEGY: 1 Administer Three-Share Premium Assistance Program. Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
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EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		BIENNIAL	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
Base Spending (Est 2022 + Bud 2023)	Baseline Request (BL 2024 + BL 2025)	CHANGE	\$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
\$7,183,834	\$133,572	\$(7,050,262)	\$(7,049,286)	MOF 666- Three-share rider appropriations forecasted for 2022-23 biennium. 2024-25 appropriation amounts would be based on approved rider language.
			\$(976)	MOF 36- Net impact of salary and operating budget changes relating to staff supporting this strategy.
			\$(7,050,262)	Total of Explanation of Biennial Change

454 Department of Insurance

GOAL: 3 Reduce Loss of Life & Property Due to Fire
 OBJECTIVE: 1 Protect the Public from Loss of Life and Property due to fire Service Categories:
 STRATEGY: 1 Investigate Arson, Conduct Safety Inspections, and Administer Lics Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
Output Measures:						
	1 Number of Investigations Initiated by State Fire Marshal's Office	556.00	1,300.00	800.00	800.00	800.00
KEY	2 Number of SFMO Registrations, Licenses, & Permits Issued	15,627.00	15,000.00	15,000.00	14,700.00	14,700.00
	3 Number of Licensing Investigations or Inspections Conducted	869.00	1,100.00	550.00	550.00	550.00
	4 Number of Buildings Inspected or Reinspected for Fire Safety Hazards	6,109.00	6,695.00	5,000.00	5,000.00	5,000.00
Objects of Expense:						
1001	SALARIES AND WAGES	\$3,724,853	\$3,611,495	\$3,883,133	\$4,093,039	\$4,093,039
1002	OTHER PERSONNEL COSTS	\$174,839	\$93,647	\$67,200	\$66,200	\$66,200
2001	PROFESSIONAL FEES AND SERVICES	\$35,671	\$80,829	\$67,780	\$66,780	\$66,780
2002	FUELS AND LUBRICANTS	\$88,793	\$113,548	\$104,500	\$104,500	\$104,500
2003	CONSUMABLE SUPPLIES	\$29,721	\$16,270	\$16,270	\$14,270	\$14,270
2004	UTILITIES	\$35,765	\$50,762	\$43,437	\$43,437	\$43,437
2005	TRAVEL	\$69,502	\$171,054	\$172,622	\$165,622	\$165,622
2006	RENT - BUILDING	\$0	\$0	\$0	\$0	\$0
2007	RENT - MACHINE AND OTHER	\$0	\$0	\$0	\$0	\$0
2009	OTHER OPERATING EXPENSE	\$501,046	\$353,305	\$614,799	\$372,949	\$372,949

454 Department of Insurance

GOAL: 3 Reduce Loss of Life & Property Due to Fire
 OBJECTIVE: 1 Protect the Public from Loss of Life and Property due to fire Service Categories:
 STRATEGY: 1 Investigate Arson, Conduct Safety Inspections, and Administer Lic Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
4000	GRANTS	\$0	\$0	\$0	\$0	\$0
5000	CAPITAL EXPENDITURES	\$148,165	\$219,285	\$223,200	\$225,000	\$225,000
TOTAL, OBJECT OF EXPENSE		\$4,808,355	\$4,710,195	\$5,192,941	\$5,151,797	\$5,151,797
Method of Financing:						
8042	Insurance Maint Tax Fees	\$3,549,679	\$0	\$0	\$0	\$0
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		\$3,549,679	\$0	\$0	\$0	\$0
Method of Financing:						
36	Dept Ins Operating Acct	\$1,258,676	\$4,701,579	\$5,192,941	\$5,151,797	\$5,151,797
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$1,258,676	\$4,701,579	\$5,192,941	\$5,151,797	\$5,151,797
Method of Financing:						
666	Appropriated Receipts	\$0	\$8,616	\$0	\$0	\$0
SUBTOTAL, MOF (OTHER FUNDS)		\$0	\$8,616	\$0	\$0	\$0

454 Department of Insurance

GOAL: 3 Reduce Loss of Life & Property Due to Fire
 OBJECTIVE: 1 Protect the Public from Loss of Life and Property due to fire Service Categories:
 STRATEGY: 1 Investigate Arson, Conduct Safety Inspections, and Administer Lics Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$5,151,797	\$5,151,797
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$4,808,355	\$4,710,195	\$5,192,941	\$5,151,797	\$5,151,797
FULL TIME EQUIVALENT POSITIONS:		63.7	60.3	67.0	67.0	67.0

STRATEGY DESCRIPTION AND JUSTIFICATION:

State Fire Marshal’s Office (SFMO) is directed by statute (Tex. Ins. Code, Ch. 6001-03, and Occupations Code, Title 13, Subtitle D, Ch. 2154) to license companies and individuals and enforce regulations pertaining to the sales, service, and installation of fire alarms, extinguishers, sprinklers, and the sales, storage and public display of fireworks. SFMO inspects fire standard compliant cigarettes and responds to related complaints (Health and Safety Code, Ch. 796).

SFMO conducts fire safety inspections of public buildings (Tex. Gov. Code, 417.008), state owned and leased (Tex. Gov. Code, 417.0081), and if requested, inspections of retail service stations for violations of flammable liquid storage tanks (Tex. Health & Safety Code, Ch. 753). Upon request, SFMO investigates fires and assists the prosecution of related criminal offenses (Tex. Gov. Code, Ch. 417.006-07). Statute (Tex. Gov. Code, §417.004) authorizes TDI to provide engineering assistance to local governments and investigate firefighter line-of-duty deaths (Tex. Gov. Code, 417.0075). Statute (Tex. Gov. Code, 417.0051-52) authorizes SFMO to provide fire prevention education to Texans and maintain Texas Fire Incident Reporting System.

Strategy 3.1.1 contributes to all agency goals by modernizing technology, providing excellent customer service and by helping lower insurance premiums through the reduction of risks associated with fire.

454 Department of Insurance

GOAL: 3 Reduce Loss of Life & Property Due to Fire
 OBJECTIVE: 1 Protect the Public from Loss of Life and Property due to fire Service Categories:
 STRATEGY: 1 Investigate Arson, Conduct Safety Inspections, and Administer Lics Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
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EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

The delivery of fire prevention, investigation, inspection, and licensing services continue to be impacted by increases in the state population. 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. Increased costs in vehicles, fuel, and preventative maintenance, along with the difficulty to procure vehicles, affects our ability to perform mission critical functions. These factors also affect our ability to maintain professional training as recommended by the Texas Forensic Science Commission. In addition, SFMO will work to implement a systematic method whereby its resources are leveraged in a manner designed to enhance local official's ability to provide needed services in their communities. The SFMO continues to work with local communities and state agencies to provide training and assist in enforcing laws and regulations.

454 Department of Insurance

GOAL: 3 Reduce Loss of Life & Property Due to Fire
 OBJECTIVE: 1 Protect the Public from Loss of Life and Property due to fire Service Categories:
 STRATEGY: 1 Investigate Arson, Conduct Safety Inspections, and Administer Lics Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
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EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		BIENNIAL	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
Base Spending (Est 2022 + Bud 2023)	Baseline Request (BL 2024 + BL 2025)	CHANGE	\$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
\$9,903,136	\$10,303,594	\$400,458	\$(8,616)	MOF 666- Net adjustment for 2022-23 appropriated receipts for vehicle sales not budgeted for 2024-25.
			\$409,074	MOF 36- Net impact of vacancies forecasted to be filled and salary and operating budget alignments for staff in the State Fire Marshal's Office.
			\$400,458	Total of Explanation of Biennial Change

454 Department of Insurance

GOAL: 4 Effectively Regulate the Texas Workers' Compensation System
 OBJECTIVE: 1 Ensure Appropriate Delivery of Workers' Compensation Benefits Service Categories:
 STRATEGY: 1 Oversee Activities of System Participants and Ensure Compliance Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
Output Measures:						
	1 # of Workers' Compensation Enforcement Cases Concluded with Action	404.00	450.00	550.00	340.00	340.00
KEY	2 Number of Quality of Care Reviews Completed	231.00	454.00	300.00	200.00	200.00
	3 # of Complaints Closed Involving WC System Participants	1,620.00	2,050.00	3,000.00	2,000.00	2,000.00
	4 Number of Performance Reviews Completed	59.00	59.00	62.00	62.00	62.00
Efficiency Measures:						
	1 AVG # Days Per Q of C Reviews of Provider Carriers/URAS/IROS Completed	5.00	130.00	180.00	180.00	180.00
KEY	2 Average Number of Days to Close a Complaint Involving WC System	76.00	75.00	110.00	110.00	110.00
	3 Average Number of Days to Complete a Performance Review	162.00	165.00	180.00	180.00	180.00
Explanatory/Input Measures:						
	1 % Market Share of Self-insurance to Total WC Insurance Market	8.00 %	8.00 %	5.00 %	5.00 %	5.00 %
KEY	2 Percent of Medical Bills Processed Timely (Within 45 Days)	99.00 %	99.00 %	98.00 %	98.00 %	98.00 %
Objects of Expense:						
1001	SALARIES AND WAGES	\$4,818,537	\$4,885,392	\$5,441,415	\$5,548,297	\$5,548,297

454 Department of Insurance

GOAL: 4 Effectively Regulate the Texas Workers' Compensation System
 OBJECTIVE: 1 Ensure Appropriate Delivery of Workers' Compensation Benefits Service Categories:
 STRATEGY: 1 Oversee Activities of System Participants and Ensure Compliance Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
1002	OTHER PERSONNEL COSTS	\$253,813	\$131,249	\$103,600	\$100,200	\$100,200
2001	PROFESSIONAL FEES AND SERVICES	\$492,136	\$4,812,164	\$3,270,072	\$5,969,754	\$5,637,754
2002	FUELS AND LUBRICANTS	\$0	\$0	\$0	\$0	\$0
2003	CONSUMABLE SUPPLIES	\$0	\$2,147	\$500	\$500	\$500
2004	UTILITIES	\$33,413	\$44,355	\$6,706	\$3,168	\$3,168
2005	TRAVEL	\$38	\$61,742	\$57,457	\$57,457	\$57,457
2006	RENT - BUILDING	\$537,215	\$547,956	\$44,583	\$0	\$0
2007	RENT - MACHINE AND OTHER	\$0	\$0	\$0	\$0	\$0
2009	OTHER OPERATING EXPENSE	\$447,405	\$281,533	\$808,278	\$270,382	\$270,382
4000	GRANTS	\$0	\$0	\$0	\$0	\$0
5000	CAPITAL EXPENDITURES	\$0	\$0	\$0	\$0	\$0
TOTAL, OBJECT OF EXPENSE		\$6,582,557	\$10,766,538	\$9,732,611	\$11,949,758	\$11,617,758
Method of Financing:						
36	Dept Ins Operating Acct	\$6,516,144	\$10,728,688	\$9,694,761	\$11,911,908	\$11,579,908
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$6,516,144	\$10,728,688	\$9,694,761	\$11,911,908	\$11,579,908
Method of Financing:						
666	Appropriated Receipts	\$66,413	\$37,850	\$37,850	\$37,850	\$37,850

454 Department of Insurance

GOAL: 4 Effectively Regulate the Texas Workers' Compensation System
 OBJECTIVE: 1 Ensure Appropriate Delivery of Workers' Compensation Benefits Service Categories:
 STRATEGY: 1 Oversee Activities of System Participants and Ensure Compliance Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
SUBTOTAL, MOF (OTHER FUNDS)		\$66,413	\$37,850	\$37,850	\$37,850	\$37,850
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$11,949,758	\$11,617,758
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$6,582,557	\$10,766,538	\$9,732,611	\$11,949,758	\$11,617,758
FULL TIME EQUIVALENT POSITIONS:		69.0	64.2	72.0	70.4	70.4
STRATEGY DESCRIPTION AND JUSTIFICATION:						

454 Department of Insurance

GOAL: 4 Effectively Regulate the Texas Workers' Compensation System
 OBJECTIVE: 1 Ensure Appropriate Delivery of Workers' Compensation Benefits Service Categories:
 STRATEGY: 1 Oversee Activities of System Participants and Ensure Compliance Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
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The Division of Workers' Compensation (DWC) regulates and monitors the performance of the Texas workers' compensation system and its participants (injured employees, employers, carriers, attorneys, & providers) and oversees compliance with the Texas Workers' Compensation Act and rules. DWC is improving system performance through modernizing the system technology to better serve all system participants.

DWC monitors participants for compliance with rules related to health care and medical treatment and fee guidelines. Quality medical care delivery is mandated by policies and rules. DWC performs medical quality reviews of providers, carriers, peer review medical professionals, designated doctors, and IROs. DWC approves doctors who qualify to determine maximum medical improvement and impairment rating, and maintains the Designated Doctor List.

DWC uses data to conduct performance reviews and investigations, identify outreach opportunities, place carriers and providers into performance tiers, and examine agency records to identify carriers and health providers who adversely impact the system.

The Research and Evaluation Group generates reports based on data analysis and surveys of system participants. For private employers in Texas that qualify, DWC grants certificates of authority to self-insure workers' compensation.

This strategy supports the agency goals of modernizing agency technology, improving efficiencies across the DWC, and providing a healthy Texas workers' compensation system for all system participants.

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

454 Department of Insurance

GOAL: 4 Effectively Regulate the Texas Workers' Compensation System
 OBJECTIVE: 1 Ensure Appropriate Delivery of Workers' Compensation Benefits Service Categories:
 STRATEGY: 1 Oversee Activities of System Participants and Ensure Compliance Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
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Future court decisions could affect the activities performed in this strategy. Increased use of technology for data collection and analysis continues to be important to the medical quality review process and compliance monitoring processes. The availability and quality of data provided to DWC may affect monitoring and enforcement actions. Internal factors impacting this strategy include the availability of resources to monitor and assess compliance trends and initiate enforcement actions when noncompliance is detected, including the use of automation to collect, analyze, and disseminate performance information and to conduct investigations.

Research and products of the Research and Evaluation Group are highly dependent on the accuracy and thoroughness of the claim data submitted to DWC by system participants.

Concerning activities related to self-insurance regulation, private employers may voluntarily seek a self-insurance certification from DWC. The volume of activity in this strategy related to self-insurance is dependent on the volume of companies that seek self-insured status and the rate of withdraw from self-insurance status.

454 Department of Insurance

GOAL: 4 Effectively Regulate the Texas Workers' Compensation System
 OBJECTIVE: 1 Ensure Appropriate Delivery of Workers' Compensation Benefits Service Categories:
 STRATEGY: 1 Oversee Activities of System Participants and Ensure Compliance Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
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EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		BIENNIAL	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
Base Spending (Est 2022 + Bud 2023)	Baseline Request (BL 2024 + BL 2025)	CHANGE	\$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
\$20,499,149	\$23,567,516	\$3,068,367	\$1,761,182	MOF 36- Savings from 2022-23 spending due to building consolidation shifted to this strategy for system modernization efforts.
			\$1,307,185	MOF 36- Funding shifted from other strategies for staff and operating budgets to enhance modernization efforts initiated by HB 2 and other funds in 2022-23 biennium.
			\$3,068,367	Total of Explanation of Biennial Change

454 Department of Insurance

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

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
Output Measures:						
	1 Number of Benefit Review Conferences Held	11,668.00	11,000.00	12,000.00	15,900.00	15,900.00
	2 Number of Contested Case Hearings Held	5,310.00	5,150.00	5,500.00	7,500.00	7,500.00
	3 Number of Appellate Decisions Issued	2,056.00	2,170.00	2,365.00	3,000.00	3,000.00
Efficiency Measures:						
KEY 1	Average Number of Days to Resolve a Medical Fee Dispute	68.00	60.00	115.00	200.00	200.00
KEY 2	Avg # of Days to Resolve Indemnity Disputes Via Resolution Proceedings	144.00	137.00	135.00	135.00	135.00
Explanatory/Input Measures:						
	1 Number of Medical Fee Disputes Received	1,985.00	2,800.00	2,900.00	3,300.00	3,300.00
Objects of Expense:						
1001	SALARIES AND WAGES	\$7,847,012	\$7,888,032	\$8,097,557	\$8,653,928	\$8,653,928
1002	OTHER PERSONNEL COSTS	\$380,853	\$310,649	\$220,300	\$211,000	\$211,000
2001	PROFESSIONAL FEES AND SERVICES	\$181,287	\$776,511	\$350,150	\$350,150	\$350,150
2002	FUELS AND LUBRICANTS	\$0	\$0	\$0	\$0	\$0
2003	CONSUMABLE SUPPLIES	\$8,281	\$11,289	\$10,000	\$10,000	\$10,000
2004	UTILITIES	\$31,802	\$33,325	\$2,858	\$0	\$0
2005	TRAVEL	\$3,145	\$145,950	\$146,550	\$146,550	\$146,550

454 Department of Insurance

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

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
2006	RENT - BUILDING	\$997,717	\$441,974	\$36,010	\$0	\$0
2007	RENT - MACHINE AND OTHER	\$0	\$0	\$0	\$0	\$0
2009	OTHER OPERATING EXPENSE	\$774,487	\$466,985	\$777,750	\$430,030	\$430,030
4000	GRANTS	\$0	\$0	\$0	\$0	\$0
5000	CAPITAL EXPENDITURES	\$0	\$0	\$0	\$0	\$0
TOTAL, OBJECT OF EXPENSE		\$10,224,584	\$10,074,715	\$9,641,175	\$9,801,658	\$9,801,658
Method of Financing:						
36	Dept Ins Operating Acct	\$10,160,928	\$9,997,133	\$9,553,896	\$9,754,658	\$9,754,658
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$10,160,928	\$9,997,133	\$9,553,896	\$9,754,658	\$9,754,658
Method of Financing:						
666	Appropriated Receipts	\$63,656	\$77,582	\$87,279	\$47,000	\$47,000
SUBTOTAL, MOF (OTHER FUNDS)		\$63,656	\$77,582	\$87,279	\$47,000	\$47,000

454 Department of Insurance

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

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$9,801,658	\$9,801,658
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$10,224,584	\$10,074,715	\$9,641,175	\$9,801,658	\$9,801,658
FULL TIME EQUIVALENT POSITIONS:		135.2	130.6	134.7	134.3	134.3

STRATEGY DESCRIPTION AND JUSTIFICATION:

The Division of Workers' Compensation (DWC) provides dispute resolution services relating to indemnity, medical fee, and medical necessity disputes, to system participants including injured employees, insurance carriers, health care providers, employers, pharmacy processing agents, and sub-claimants. For indemnity disputes, DWC provides a multi-tiered administrative system consisting of benefit review conferences (BRC), contested case hearings (CCH), and appeals panel reviews. As part of the indemnity dispute process, DWC may issue interlocutory orders for the payment of benefits and reviews and approves agreements and settlements. For medical fee disputes involving care provided outside of workers' compensation health care networks, DWC provides informal dispute resolution, conducts BRCs, and provides for appeals through the State Office of Administrative Hearings (SOAH). For medical necessity disputes, DWC conducts CCHs as an appeal process for Independent Review Organization decisions.

This strategy supports the goals of improving efficiencies across the DWC and providing a healthy Texas workers' compensation system for all system participants by resolving disputes effectively and efficiently.

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

454 Department of Insurance

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

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
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The volume of DWC’s dispute resolution services depends on the number of claims filed by injured employees and the number of claims or issues disputed . Additionally, changes in the reimbursement methodology for medical care at the federal level may impact DWC’s policies relating to payment of medical services and delivery of medical benefits. Changes in agency rules, statutory changes, participation in workers’ compensation health care networks, and future court decisions may also affect this strategy.

EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
Base Spending (Est 2022 + Bud 2023)	Baseline Request (BL 2024 + BL 2025)	CHANGE	\$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
\$19,715,890	\$19,603,316	\$(112,574)	\$(70,861)	MOF 666- Collections for conferences not part of 2024-25 baseline request.
			\$(41,713)	MOF 36- Net impact of salary and operating budget alignments for DWC staff supporting this strategy.
			\$(112,574)	Total of Explanation of Biennial Change

454 Department of Insurance

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

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
Efficiency Measures:						
1	Avg Days from Receipt of SIF Request for Reimbursement to Payment	20.00	20.00	20.00	40.00	40.00
Explanatory/Input Measures:						
KEY 1	# of Injured Workers Receiving Lifetime Income Benefits through SIF	23.00	21.00	21.00	21.00	21.00
Objects of Expense:						
1001	SALARIES AND WAGES	\$166,219	\$170,815	\$173,616	\$182,297	\$182,297
1002	OTHER PERSONNEL COSTS	\$3,411	\$3,596	\$2,600	\$2,800	\$2,800
2001	PROFESSIONAL FEES AND SERVICES	\$4,843	\$17,328	\$18,500	\$18,500	\$18,500
2003	CONSUMABLE SUPPLIES	\$0	\$1,000	\$0	\$0	\$0
2009	OTHER OPERATING EXPENSE	\$7,407,067	\$10,080,683	\$7,684,968	\$8,878,425	\$8,878,425
TOTAL, OBJECT OF EXPENSE		\$7,581,540	\$10,273,422	\$7,879,684	\$9,082,022	\$9,082,022
Method of Financing:						
36	Dept Ins Operating Acct	\$176,135	\$194,730	\$206,992	\$206,330	\$206,330
5101	Subsequent Injury Fund	\$7,405,405	\$10,078,692	\$7,672,692	\$8,875,692	\$8,875,692
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$7,581,540	\$10,273,422	\$7,879,684	\$9,082,022	\$9,082,022

454 Department of Insurance

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

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$9,082,022	\$9,082,022
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$7,581,540	\$10,273,422	\$7,879,684	\$9,082,022	\$9,082,022
FULL TIME EQUIVALENT POSITIONS:		3.0	3.0	3.0	3.0	3.0

STRATEGY DESCRIPTION AND JUSTIFICATION:

The Subsequent Injury Fund (SIF) is a statutorily created dedicated account in the general revenue fund. The commissioner of workers' compensation is required by statute to appoint an administrator for the SIF. Under defined circumstances, the SIF is responsible for the timely payment of lifetime income benefits to qualified recipients. Additionally, the SIF is directed to reimburse insurance carrier overpayments produced in defined cases: payments made pursuant to a DWC interlocutory order or decision that is later reversed or modified, multiple employment claim payments, certain pharmaceutical claim payments, and overpayment of benefits made due to designated doctor opinions which are reversed or modified by final arbitration or final order or decision.

This strategy supports the goal of improving efficiencies across the DWC by ensuring eligible injured employees receive lifetime income benefits in accordance with the Texas Labor Code and by effectively distributing reimbursements to eligible insurance carriers for overpayment of benefits and other authorized reimbursements.

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

454 Department of Insurance

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

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
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The SIF was created by the Texas Legislature in 1947 to facilitate employment of individuals with disabilities including a large number of disabled veterans. If an employee with an existing disability sustained a work related injury and it resulted in certain permanent disabilities such as loss of sight in both eyes or loss of both limbs, the injured employee would be entitled to lifetime income benefits but insurance carriers pay only for the second work related injury and the SIF pays the balance of lifetime income benefits.

The SIF is funded by death benefits paid into it by insurance carriers when a compensable death occurs and there is no legal beneficiary or when beneficiary status ends prior to an established date.

The SIF's annual lifetime income benefits payments and claim reimbursement payments vary from year to year. The aggregate amount of lifetime income benefits and overpayment reimbursements to be paid by the SIF annually is dependent on the number and values of eligible claims submitted. The financial condition of the SIF may be affected by changes in statute regarding the types of direct payments and carrier reimbursements that may be made from the SIF, the number and types of reimbursement requests the SIF receives annually, and by the number and amount of death benefits insurance carriers pay to the SIF when they are unable to identify an eligible beneficiary.

EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
Base Spending (Est 2022 + Bud 2023)	Baseline Request (BL 2024 + BL 2025)	CHANGE	\$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
\$18,153,106	\$18,164,044	\$10,938	\$10,938	MOF 36- Net impact of salary and operating budget alignments for DWC staff supporting this strategy.
			\$10,938	Total of Explanation of Biennial Change

454 Department of Insurance

GOAL: 4 Effectively Regulate the Texas Workers' Compensation System
 OBJECTIVE: 1 Ensure Appropriate Delivery of Workers' Compensation Benefits Service Categories:
 STRATEGY: 4 Investigate Workers' Comp Fraud & Refer Violations for Prosecution Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
Output Measures:						
1	Number of Workers' Compensation Fraud Cases Resolved	88.00	108.00	85.00	85.00	85.00
2	Number of Prosecutions for Workers' Compensation Fraud Cases	16.00	7.00	10.00	10.00	10.00
Efficiency Measures:						
1	% of Workers' Compensation Fraud Cases Resolved within 365 Days	57.00 %	56.00 %	60.00 %	60.00 %	60.00 %
Explanatory/Input Measures:						
1	Number of Reports of Workers' Compensation Insurance Fraud Received	1,303.00	1,314.00	1,300.00	1,300.00	1,300.00
Objects of Expense:						
1001	SALARIES AND WAGES	\$960,311	\$939,416	\$975,485	\$1,024,259	\$1,024,259
1002	OTHER PERSONNEL COSTS	\$18,898	\$40,088	\$11,500	\$13,200	\$13,200
2001	PROFESSIONAL FEES AND SERVICES	\$4,540	\$4,585	\$10,005	\$10,005	\$10,005
2002	FUELS AND LUBRICANTS	\$0	\$0	\$0	\$0	\$0
2003	CONSUMABLE SUPPLIES	\$0	\$1,875	\$1,175	\$1,175	\$1,175
2004	UTILITIES	\$7,667	\$9,966	\$5,529	\$5,120	\$5,120
2005	TRAVEL	\$1,186	\$7,963	\$11,063	\$11,063	\$11,063

454 Department of Insurance

GOAL: 4 Effectively Regulate the Texas Workers' Compensation System
 OBJECTIVE: 1 Ensure Appropriate Delivery of Workers' Compensation Benefits Service Categories:
 STRATEGY: 4 Investigate Workers' Comp Fraud & Refer Violations for Prosecution Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
2006	RENT - BUILDING	\$61,929	\$66,739	\$12,344	\$7,200	\$7,200
2007	RENT - MACHINE AND OTHER	\$0	\$0	\$0	\$0	\$0
2009	OTHER OPERATING EXPENSE	\$57,630	\$46,418	\$111,567	\$60,059	\$60,059
4000	GRANTS	\$0	\$0	\$0	\$0	\$0
5000	CAPITAL EXPENDITURES	\$0	\$0	\$0	\$0	\$0
TOTAL, OBJECT OF EXPENSE		\$1,112,161	\$1,117,050	\$1,138,668	\$1,132,081	\$1,132,081
Method of Financing:						
36	Dept Ins Operating Acct	\$1,112,161	\$1,117,050	\$1,138,668	\$1,132,081	\$1,132,081
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$1,112,161	\$1,117,050	\$1,138,668	\$1,132,081	\$1,132,081
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$1,132,081	\$1,132,081
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$1,112,161	\$1,117,050	\$1,138,668	\$1,132,081	\$1,132,081
FULL TIME EQUIVALENT POSITIONS:		14.1	13.0	15.0	14.0	14.0

STRATEGY DESCRIPTION AND JUSTIFICATION:

454 Department of Insurance

GOAL: 4 Effectively Regulate the Texas Workers' Compensation System
 OBJECTIVE: 1 Ensure Appropriate Delivery of Workers' Compensation Benefits Service Categories:
 STRATEGY: 4 Investigate Workers' Comp Fraud & Refer Violations for Prosecution Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
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The Division of Workers' Compensation (DWC) is directed by statute to maintain an investigation unit to conduct investigations relating to alleged violations of the Texas Labor Code, commissioner rules, or a commissioner order or decision, with particular emphasis on violations of Texas Labor Code (Chapters 402, 403, 406-414, and 418). DWC's Fraud Unit receives, evaluates, and investigates reports of fraud from the industry, public, regulatory, and law enforcement agencies. The DWC Fraud Unit refers cases to district attorneys and federal prosecutors and provides technical assistance to the industry and prosecutors on fraud cases. The DWC Prosecution Unit, embedded in the Travis County District Attorney's Office, accepts cases from the DWC Fraud unit for prosecution. Workers' compensation fraud is an offense that is costly to insurance carriers and consumers alike. This strategy ensures that the insurance industry has effective antifraud business practices.

This strategy supports the goals of improving efficiencies across the DWC and providing a healthy Texas workers' compensation system for all system participants 1 by eliminating or deterring fraud; it also reduces unfair and illegal practices and decreases workers' compensation claim costs and insurance premiums.

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

Legislation affects this strategy. The DWC Fraud Unit investigates fraud impacting the workers' compensation system of the State of Texas. System participants, such as injured employees, employers, attorneys, health care providers, and insurance carriers can be subjects of these investigations. Referrals can be reported via the National Insurance Crime Bureau, the National Health Care Anti-Fraud Association, and other anti-fraud organizations. Changes in the economy and the volume of work-related claims reported have an effect on the volume of fraudulent activities since a downturn in the economy and a tight market creates an incentive for fraudulent activity.

DWC Fraud Unit works with DWC Prosecution Unit and other Texas Department of Insurance (TDI) embedded prosecutors to process workers' compensation fraud referrals. Memorandums of understanding with district attorney's offices for Bexar, Dallas, Harris, Tarrant, and Travis counties allow TDI and DWC to support special prosecutors and investigators and assist in investigations and prosecution of workers' compensation fraud. Continued funding for and access to national and statewide databases as well as the availability of resources to collect, analyze, and evaluate data to identify potentially fraudulent activity is essential to this strategy. The maintenance, enhancement, and expanded use of existing databases and case management systems are also essential to the success of this strategy.

454 Department of Insurance

GOAL: 4 Effectively Regulate the Texas Workers' Compensation System
 OBJECTIVE: 1 Ensure Appropriate Delivery of Workers' Compensation Benefits Service Categories:
 STRATEGY: 4 Investigate Workers' Comp Fraud & Refer Violations for Prosecution Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
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EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
Base Spending (Est 2022 + Bud 2023)	Baseline Request (BL 2024 + BL 2025)	CHANGE	\$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
\$2,255,718	\$2,264,162	\$8,444	\$8,444	MOF 36- Net impact of salary and operating budget alignments for DWC staff supporting this strategy.
			\$8,444	Total of Explanation of Biennial Change

454 Department of Insurance

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

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
Output Measures:						
KEY 1	Number of Consultations and Inspections Provided to Employers	2,336.00	2,500.00	2,300.00	2,300.00	2,300.00
2	# RTW, Provider, WPS Educational Products & Services	552,063.00	599,000.00	599,000.00	400,000.00	400,000.00
3	Number of WC Income Benefit Recipients Referred to TWC	21,796.00	22,000.00	22,000.00	20,000.00	20,000.00
Explanatory/Input Measures:						
1	Incidence of Injuries/Illness per 100 FTEs in the Private Sector	2.00	2.00	2.00	2.00	2.00
Objects of Expense:						
1001	SALARIES AND WAGES	\$2,901,158	\$3,157,725	\$3,341,847	\$3,426,654	\$3,426,654
1002	OTHER PERSONNEL COSTS	\$138,397	\$124,112	\$63,842	\$62,872	\$62,872
2001	PROFESSIONAL FEES AND SERVICES	\$5,314	\$10,329	\$5,500	\$5,500	\$5,500
2002	FUELS AND LUBRICANTS	\$0	\$0	\$0	\$0	\$0
2003	CONSUMABLE SUPPLIES	\$2,161	\$3,399	\$1,800	\$1,800	\$1,800
2004	UTILITIES	\$20,972	\$22,305	\$2,093	\$460	\$460
2005	TRAVEL	\$23,070	\$209,390	\$246,238	\$246,238	\$246,238
2006	RENT - BUILDING	\$382,633	\$355,532	\$20,577	\$0	\$0
2007	RENT - MACHINE AND OTHER	\$0	\$0	\$0	\$0	\$0

454 Department of Insurance

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

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
2009	OTHER OPERATING EXPENSE	\$123,458	\$98,475	\$238,489	\$118,535	\$118,535
4000	GRANTS	\$0	\$0	\$0	\$0	\$0
5000	CAPITAL EXPENDITURES	\$0	\$0	\$0	\$0	\$0
TOTAL, OBJECT OF EXPENSE		\$3,597,163	\$3,981,267	\$3,920,386	\$3,862,059	\$3,862,059
Method of Financing:						
36	Dept Ins Operating Acct	\$1,571,481	\$1,718,691	\$1,607,094	\$1,550,629	\$1,550,629
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$1,571,481	\$1,718,691	\$1,607,094	\$1,550,629	\$1,550,629
Method of Financing:						
555	Federal Funds					
17.005.001	OSHA BUREAU OF LABOR STATISTICS	\$192,744	\$225,335	\$231,011	\$231,011	\$231,011
17.504.002	OSHA Consultation Agreements	\$1,831,813	\$2,030,458	\$2,080,180	\$2,080,419	\$2,080,419
CFDA Subtotal, Fund	555	\$2,024,557	\$2,255,793	\$2,311,191	\$2,311,430	\$2,311,430
SUBTOTAL, MOF (FEDERAL FUNDS)		\$2,024,557	\$2,255,793	\$2,311,191	\$2,311,430	\$2,311,430
Method of Financing:						
666	Appropriated Receipts	\$1,125	\$6,783	\$2,101	\$0	\$0

454 Department of Insurance

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

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
SUBTOTAL, MOF (OTHER FUNDS)		\$1,125	\$6,783	\$2,101	\$0	\$0
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$3,862,059	\$3,862,059
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$3,597,163	\$3,981,267	\$3,920,386	\$3,862,059	\$3,862,059
FULL TIME EQUIVALENT POSITIONS:		55.0	56.6	59.0	60.0	60.0
STRATEGY DESCRIPTION AND JUSTIFICATION:						

454 Department of Insurance

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

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
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The Texas Department of Insurance, Division of Workers' Compensation (DWC) is directed by statute to promote safe and healthy workplaces and help employees return to work (RTW). DWC conducts outreach to increase awareness and improve effectiveness of employer health and safety programs. DWC provides consultations, safety training, and educational resources to Texas employers and insurance companies to help develop effective health and safety programs, identify and control workplace hazards, and understand state and federal regulations. DWC compiles and analyzes data on occupational injuries, illnesses and fatalities by industry, case characteristics, and demographics.

DWC provides outreach to system participants to encourage the safe and timely return of injured employees to productive roles in the workplace. DWC assists injured employees to RTW by making referrals to the Texas Workforce Commission for vocational rehabilitation services. DWC's policies include RTW guidelines that provide benchmarks for expected lost time durations for injuries and illnesses.

This strategy supports the goals of improving efficiencies across the DWC, providing a healthy Texas workers' compensation system for all system participants, and promoting safe and healthy workplaces by assisting employers and employees in providing safe workplaces, reducing workplace injuries, and establishing clear standards for expected lost time durations.

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

The agency's ability to appropriately focus its safety and RTW education and outreach efforts depends on the receipt of accurate injury and employment data. Safety consultations and safety training services are dependent on a number of external factors including the number of insurance companies writing workers' compensation insurance, the number of employers in the Rejected Risk program, and the number of employers requesting Occupational Safety and Health Consultation (OSHCON) services. The number and scope of consultations and safety training services is dependent on voluntary participation by employers, which can affect the number of hazards identified during those activities. Changes to state and federal laws, court rulings, and federal funding of grant programs may require program adjustments.

454 Department of Insurance

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

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
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EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		BIENNIAL	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
Base Spending (Est 2022 + Bud 2023)	Baseline Request (BL 2024 + BL 2025)	CHANGE	\$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
\$7,901,653	\$7,724,118	\$(177,535)	\$(8,884)	MOF 666- Collections for conferences not part of 2024-25 baseline request.
			\$55,876	MOF 555- Impact of forecasted increase in federal grant awards BLS and OSHA for the full 2024-25 biennium.
			\$(224,527)	MOF 36- Net impact of salary and operating budget alignments for DWC staff supporting this strategy.
			\$(177,535)	Total of Explanation of Biennial Change

3.A. Strategy Request
 88th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

8/22/2022 5:36:45PM

454 Department of Insurance

GOAL: 4 Effectively Regulate the Texas Workers' Compensation System
 OBJECTIVE: 2 Ensure Workers' Comp System Participants are Educated and Informed Service Categories:
 STRATEGY: 2 Provide Customer Assistance & Information Management Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
Objects of Expense:						
1001	SALARIES AND WAGES	\$6,871,271	\$6,885,340	\$7,452,024	\$7,817,909	\$7,817,909
1002	OTHER PERSONNEL COSTS	\$384,209	\$237,021	\$182,900	\$180,000	\$180,000
2001	PROFESSIONAL FEES AND SERVICES	\$366,899	\$236,078	\$79,650	\$79,650	\$79,650
2002	FUELS AND LUBRICANTS	\$0	\$0	\$0	\$0	\$0
2003	CONSUMABLE SUPPLIES	\$3,904	\$52,495	\$51,861	\$51,861	\$51,861
2004	UTILITIES	\$37,095	\$58,923	\$17,905	\$16,000	\$16,000
2005	TRAVEL	\$756	\$50,000	\$43,000	\$43,000	\$43,000
2006	RENT - BUILDING	\$452,417	\$334,649	\$64,006	\$40,000	\$40,000
2007	RENT - MACHINE AND OTHER	\$0	\$19,500	\$19,500	\$19,500	\$19,500
2009	OTHER OPERATING EXPENSE	\$396,742	\$266,070	\$922,487	\$434,792	\$434,792
4000	GRANTS	\$0	\$0	\$0	\$0	\$0
5000	CAPITAL EXPENDITURES	\$0	\$0	\$0	\$0	\$0
TOTAL, OBJECT OF EXPENSE		\$8,513,293	\$8,140,076	\$8,833,333	\$8,682,712	\$8,682,712
Method of Financing:						
36	Dept Ins Operating Acct	\$8,505,308	\$8,133,703	\$8,827,068	\$8,676,447	\$8,676,447
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$8,505,308	\$8,133,703	\$8,827,068	\$8,676,447	\$8,676,447

454 Department of Insurance

GOAL: 4 Effectively Regulate the Texas Workers' Compensation System
 OBJECTIVE: 2 Ensure Workers' Comp System Participants are Educated and Informed Service Categories:
 STRATEGY: 2 Provide Customer Assistance & Information Management Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
Method of Financing:						
666	Appropriated Receipts	\$7,985	\$6,373	\$6,265	\$6,265	\$6,265
SUBTOTAL, MOF (OTHER FUNDS)		\$7,985	\$6,373	\$6,265	\$6,265	\$6,265
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$8,682,712	\$8,682,712
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$8,513,293	\$8,140,076	\$8,833,333	\$8,682,712	\$8,682,712
FULL TIME EQUIVALENT POSITIONS:		134.9	124.4	127.0	126.0	126.0

STRATEGY DESCRIPTION AND JUSTIFICATION:

454 Department of Insurance

GOAL: 4 Effectively Regulate the Texas Workers' Compensation System
 OBJECTIVE: 2 Ensure Workers' Comp System Participants are Educated and Informed Service Categories:
 STRATEGY: 2 Provide Customer Assistance & Information Management Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
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The Department of Insurance, Division of Workers' Compensation (DWC) is directed by statute to receive, collect, and maintain information on every compensable injury that is reported to DWC and to establish a single point of contact for injured employees receiving services from the division. DWC also provides information and reports to qualified individuals, insurance carriers, and employers. The information received is maintained in microfiche, microfilm, and electronic format and as required by records retention schedules established under the Texas Government Code.

DWC is charged with educating system participants regarding their rights and responsibilities, how to interact within the workers' compensation system, and best practices for return-to-work and workplace safety programs. DWC also has a duty to provide education to health care providers about rules and procedures. DWC provides educational and training materials through various methods, including making the materials available on its website.

This strategy supports the goals of improving efficiencies across the DWC and providing a healthy Texas workers' compensation system for all system participants by efficiently maintaining records and effectively educating system participants regarding the workers' compensation system.

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

454 Department of Insurance

GOAL: 4 Effectively Regulate the Texas Workers' Compensation System
 OBJECTIVE: 2 Ensure Workers' Comp System Participants are Educated and Informed Service Categories:
 STRATEGY: 2 Provide Customer Assistance & Information Management Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
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DWC provides customer service through a statewide call center to injured employees and other system participants. Although insurance carriers are primarily responsible for adjusting and paying workers' compensation claims, by statute, certain specific claims decisions such as requests to change a treating doctor, initial requests for supplemental income benefits, and requests for a required medical examination are made by DWC.

Legislative changes and information needs of system participants impact this strategy. Changes in state law and agency rules may expand or decrease the functions performed under this strategy, based on the information required to be received and maintained by the agency, and based on the effect that rule and policy changes have on system participants. Additionally, the number of claims filed by injured employees directly affects the volume of records reported and the frequency of customer service inquiries reported to DWC. 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. DWC is working with TDI Administrative Operations to transition certain DWC operations from legacy systems to more current internal systems using existing agency resources. Contingent on available resources Identifying and implementing alternate methods of providing educational materials and training to system participants through technology can also augment the agency's ability to inform the public.

EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
Base Spending (Est 2022 + Bud 2023)	Baseline Request (BL 2024 + BL 2025)	CHANGE	\$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
\$16,973,409	\$17,365,424	\$392,015	\$(108)	MOF 666- Alignment of appropriated receipts for 2024-25 budget relative to forecasted 2022-23 collections.
			\$392,123	MOF 36- Net impact of salary and operating budget alignments for DWC staff supporting this strategy.
			\$392,015	Total of Explanation of Biennial Change

454 Department of Insurance

GOAL: 5 Indirect Administration
 OBJECTIVE: 1 Indirect Administration
 STRATEGY: 1 Central Administration

Service Categories:

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

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
Objects of Expense:						
1001	SALARIES AND WAGES	\$5,736,350	\$5,795,407	\$6,243,810	\$6,995,274	\$6,995,274
1002	OTHER PERSONNEL COSTS	\$264,240	\$126,165	\$81,700	\$78,900	\$78,900
2001	PROFESSIONAL FEES AND SERVICES	\$54,554	\$223,537	\$42,736	\$57,736	\$36,136
2002	FUELS AND LUBRICANTS	\$0	\$0	\$0	\$0	\$0
2003	CONSUMABLE SUPPLIES	\$2,031	\$1,091	\$452	\$452	\$452
2004	UTILITIES	\$43,874	\$36,377	\$11,544	\$9,231	\$9,231
2005	TRAVEL	\$351	\$32,739	\$35,861	\$35,861	\$35,861
2006	RENT - BUILDING	\$944,366	\$357,789	\$29,151	\$0	\$0
2007	RENT - MACHINE AND OTHER	\$8,482	\$0	\$0	\$0	\$0
2009	OTHER OPERATING EXPENSE	\$829,083	\$334,935	\$1,044,466	\$331,117	\$330,817
4000	GRANTS	\$0	\$0	\$0	\$0	\$0
5000	CAPITAL EXPENDITURES	\$0	\$0	\$0	\$0	\$0
TOTAL, OBJECT OF EXPENSE		\$7,883,331	\$6,908,040	\$7,489,720	\$7,508,571	\$7,486,671
Method of Financing:						
1	General Revenue Fund	\$24,406	\$24,406	\$24,406	\$0	\$0
8042	Insurance Maint Tax Fees	\$2,816,912	\$0	\$0	\$0	\$0

454 Department of Insurance

GOAL: 5 Indirect Administration
 OBJECTIVE: 1 Indirect Administration
 STRATEGY: 1 Central Administration

Service Categories:

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

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		\$2,841,318	\$24,406	\$24,406	\$0	\$0
Method of Financing:						
36	Dept Ins Operating Acct	\$5,042,013	\$6,845,634	\$7,427,314	\$7,470,571	\$7,448,671
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$5,042,013	\$6,845,634	\$7,427,314	\$7,470,571	\$7,448,671
Method of Financing:						
777	Interagency Contracts	\$0	\$38,000	\$38,000	\$38,000	\$38,000
SUBTOTAL, MOF (OTHER FUNDS)		\$0	\$38,000	\$38,000	\$38,000	\$38,000
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$7,508,571	\$7,486,671
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$7,883,331	\$6,908,040	\$7,489,720	\$7,508,571	\$7,486,671
FULL TIME EQUIVALENT POSITIONS:		73.9	70.2	76.5	79.5	79.5
STRATEGY DESCRIPTION AND JUSTIFICATION:						

454 Department of Insurance

GOAL: 5 Indirect Administration
 OBJECTIVE: 1 Indirect Administration
 STRATEGY: 1 Central Administration

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

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
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Central Administration ensures activities are compliant with all statutory and regulatory requirements as well as consistent with TDI goals, objectives, purpose, and policies. These activities include but are not limited to:

- agency executive leadership and coordination;
- ensures agency accountability and integrity;
- manages agency-wide budget including the LAR, the operating budget, and performance measures;
- performs all accounting functions and financial reporting;
- monitors the agency’s compliance with certain Article IX provisions of the General Appropriations Act;
- provides administrative support to the Office of Injured Employee Counsel;
- monitors and oversees the agency’s information security;
- ensures compliance with employment laws, implements professional development training, maintains payroll records, and manages other personnel activities; and
- leads the agency’s recruitment and succession planning activities and 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:

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.

454 Department of Insurance

GOAL: 5 Indirect Administration
 OBJECTIVE: 1 Indirect Administration
 STRATEGY: 1 Central Administration

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

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
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EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		BIENNIAL CHANGE	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
Base Spending (Est 2022 + Bud 2023)	Baseline Request (BL 2024 + BL 2025)		\$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
\$14,397,760	\$14,995,242	\$597,482	\$(48,812)	MOF 1- Earned Federal Funds from DWC grants shifted to strategy 5.1.3 for 2024-25 biennium.
			\$646,294	MOF 36- Net change of vacancies assumed to be filled in biennium and administrative funding alignments for information security staff supporting this strategy.
			<u>\$597,482</u>	Total of Explanation of Biennial Change

454 Department of Insurance

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

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

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
Objects of Expense:						
1001	SALARIES AND WAGES	\$5,071,500	\$5,229,165	\$5,444,375	\$6,274,901	\$6,274,901
1002	OTHER PERSONNEL COSTS	\$240,276	\$152,141	\$95,800	\$98,600	\$98,600
2001	PROFESSIONAL FEES AND SERVICES	\$9,653,462	\$7,838,281	\$9,105,029	\$8,827,271	\$9,180,703
2002	FUELS AND LUBRICANTS	\$0	\$0	\$0	\$0	\$0
2003	CONSUMABLE SUPPLIES	\$0	\$4,411	\$4,472	\$4,472	\$4,472
2004	UTILITIES	\$136,773	\$247,864	\$242,841	\$242,432	\$242,432
2005	TRAVEL	\$3,009	\$17,500	\$17,500	\$17,500	\$17,500
2006	RENT - BUILDING	\$61,929	\$75,139	\$5,143	\$0	\$0
2007	RENT - MACHINE AND OTHER	\$0	\$0	\$0	\$0	\$0
2009	OTHER OPERATING EXPENSE	\$2,532,404	\$3,019,974	\$3,172,598	\$2,696,742	\$2,590,233
4000	GRANTS	\$0	\$0	\$0	\$0	\$0
5000	CAPITAL EXPENDITURES	\$596,924	\$380,299	\$532,800	\$0	\$0
TOTAL, OBJECT OF EXPENSE		\$18,296,277	\$16,964,774	\$18,620,558	\$18,161,918	\$18,408,841
Method of Financing:						
8042	Insurance Maint Tax Fees	\$8,373,550	\$0	\$0	\$0	\$0
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		\$8,373,550	\$0	\$0	\$0	\$0

454 Department of Insurance

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

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

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
Method of Financing:						
36	Dept Ins Operating Acct	\$9,922,727	\$16,964,511	\$18,620,558	\$18,161,918	\$18,408,841
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$9,922,727	\$16,964,511	\$18,620,558	\$18,161,918	\$18,408,841
Method of Financing:						
666	Appropriated Receipts	\$0	\$263	\$0	\$0	\$0
SUBTOTAL, MOF (OTHER FUNDS)		\$0	\$263	\$0	\$0	\$0
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$18,161,918	\$18,408,841
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$18,296,277	\$16,964,774	\$18,620,558	\$18,161,918	\$18,408,841
FULL TIME EQUIVALENT POSITIONS:		73.5	72.7	78.0	83.0	83.0
STRATEGY DESCRIPTION AND JUSTIFICATION:						

454 Department of Insurance

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

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

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
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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 operational budget, data center services, desktop support, office automation support, and telecommunication systems support. These responsibilities are performed for a mobile workforce that are headquartered in Austin and many field office locations across the state.

Technology capital projects including the replacement of laptops, hardware and software, and payments made under the Data Center Services contract with the Department of Information Resources are managed in this strategy.

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

Innovations in hardware, software, and the increased need to provide around the clock access to agency information, data, and systems to the public may affect this strategy.

TDI agency programs and OIEC recognize the evolution of the workforce and constituents. TDI’s hardware, software, and applications must meet the needs of agency staff and the public. TDI must ensure security of the agency’s data and systems. The introduction of new technologies may require training and hiring additional resources with new skill sets to develop, maintain, and support TDI’s systems.

454 Department of Insurance

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

Service Categories:

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

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
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EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		BIENNIAL	<u>EXPLANATION OF BIENNIAL CHANGE</u>		
Base Spending (Est 2022 + Bud 2023)	Baseline Request (BL 2024 + BL 2025)	CHANGE	\$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)	
\$35,585,332	\$36,570,759	\$985,427	\$985,690	MOF 36- Net change of vacancies assumed to be filled in biennium and administrative funding alignments for IT staff and capital budgets.	
			\$(263)	MOF 666- Net adjustment for 2022-23 appropriated receipts not forecasted for 2024-25.	
			\$985,427	Total of Explanation of Biennial Change	

454 Department of Insurance

GOAL: 5 Indirect Administration
 OBJECTIVE: 1 Indirect Administration
 STRATEGY: 3 Other Support Services

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

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
Objects of Expense:						
1001	SALARIES AND WAGES	\$1,914,346	\$1,949,377	\$2,094,415	\$2,205,436	\$2,205,436
1002	OTHER PERSONNEL COSTS	\$63,661	\$53,466	\$42,800	\$44,100	\$44,100
2001	PROFESSIONAL FEES AND SERVICES	\$6,305	\$36,775	\$11,490	\$11,490	\$11,490
2002	FUELS AND LUBRICANTS	\$2,131	\$10,600	\$8,600	\$8,600	\$8,600
2003	CONSUMABLE SUPPLIES	\$61,562	\$127,793	\$100,000	\$100,000	\$100,000
2004	UTILITIES	\$49,927	\$54,043	\$52,985	\$52,764	\$52,764
2005	TRAVEL	\$699	\$7,170	\$7,170	\$7,170	\$7,170
2006	RENT - BUILDING	\$120,416	\$1,572,798	\$1,520,500	\$1,628,489	\$1,628,489
2007	RENT - MACHINE AND OTHER	\$468,319	\$528,804	\$262,000	\$262,000	\$262,000
2009	OTHER OPERATING EXPENSE	\$1,028,874	\$1,576,467	\$829,763	\$738,884	\$738,884
4000	GRANTS	\$0	\$0	\$0	\$0	\$0
5000	CAPITAL EXPENDITURES	\$22,566	\$0	\$0	\$0	\$0
TOTAL, OBJECT OF EXPENSE		\$3,738,806	\$5,917,293	\$4,929,723	\$5,058,933	\$5,058,933
Method of Financing:						
1	General Revenue Fund	\$200,000	\$297,300	\$200,000	\$273,056	\$273,056
8042	Insurance Maint Tax Fees	\$1,459,648	\$0	\$0	\$0	\$0

454 Department of Insurance

GOAL: 5 Indirect Administration
 OBJECTIVE: 1 Indirect Administration
 STRATEGY: 3 Other Support Services

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

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		\$1,659,648	\$297,300	\$200,000	\$273,056	\$273,056
Method of Financing:						
36	Dept Ins Operating Acct	\$2,079,158	\$5,619,993	\$4,729,723	\$4,785,877	\$4,785,877
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$2,079,158	\$5,619,993	\$4,729,723	\$4,785,877	\$4,785,877
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$5,058,933	\$5,058,933
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$3,738,806	\$5,917,293	\$4,929,723	\$5,058,933	\$5,058,933
FULL TIME EQUIVALENT POSITIONS:		36.7	35.9	38.0	37.0	37.0

STRATEGY DESCRIPTION AND JUSTIFICATION:

This strategy consists of the Procurement and General Services Office. The Purchasing and Contract Administration section of this office processes all agency purchasing and contracting transactions, coordinates the agency's Historically Underutilized Business program and is responsible for the administration of all agency contracts. The Staff Services sections of the office provide and coordinate facility-related and operational support consisting of seven primary functions: Facilities Management, Mail Services, Copy Center Services, Records Retention, Property Management, Warehouse Services, and Safety and Risk Management. Agency leases and the lease management of agency multi-functional devices (printing, copying, scanning) are primarily funded by this strategy.

454 Department of Insurance

GOAL: 5 Indirect Administration
 OBJECTIVE: 1 Indirect Administration
 STRATEGY: 3 Other Support Services

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

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
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EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

In order to support a more mobile workforce, the agency is modernizing its processes to manage all of its other support services. Examples include building safety training and support and reimagining how mail is delivered and processed.

EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
Base Spending (Est 2022 + Bud 2023)	Baseline Request (BL 2024 + BL 2025)	CHANGE	\$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
\$10,847,016	\$10,117,866	\$(729,150)	\$48,812	MOF 1- Earned Federal Funds from DWC grants shifted from strategy 5.1.1 for 2024-25 biennium for lease increases.
			\$(777,962)	MOF 36- Net change of facility and other administrative spending decreases for 2024-25 biennium offset by lease increases primarily due to inflation and vacancies assumed to be filled.
			<u>\$ (729,150)</u>	Total of Explanation of Biennial Change

454 Department of Insurance

GOAL: 6 Regulatory Response
 OBJECTIVE: 1 Regulatory Response
 STRATEGY: 1 Contingency Regulatory Response

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

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
Objects of Expense:						
1001	SALARIES AND WAGES	\$0	\$0	\$0	\$0	\$0
2005	TRAVEL	\$0	\$0	\$0	\$0	\$0
TOTAL, OBJECT OF EXPENSE		\$0	\$0	\$0	\$0	\$0
Method of Financing:						
36	Dept Ins Operating Acct	\$0	\$0	\$0	\$0	\$0
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$0	\$0	\$0	\$0	\$0
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$0	\$0
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$0	\$0	\$0	\$0	\$0
FULL TIME EQUIVALENT POSITIONS:		0.0	0.0	0.0	0.0	0.0

STRATEGY DESCRIPTION AND JUSTIFICATION:

State Regulatory Response Contingency Strategy allows TDI to respond to the following regulatory issues: a significant change in insurance regulatory environment, demands for federal healthcare reform implementation, a weather related disaster in the state of Texas, a public health crisis, such as a pandemic, a fire that has been declared as a disaster situation in the State of Texas, and non-weather related disasters.

454 Department of Insurance

GOAL: 6 Regulatory Response
 OBJECTIVE: 1 Regulatory Response
 STRATEGY: 1 Contingency Regulatory Response

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

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
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EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

The Regulatory Response Rider will only be activated if there is a natural or health disaster or if there are significant changes to the regulatory environment such as new legislation or economic changes.

EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
Base Spending (Est 2022 + Bud 2023)	Baseline Request (BL 2024 + BL 2025)	CHANGE	\$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
\$0	\$0	\$0	\$0	Total of Explanation of Biennial Change

454 Department of Insurance

GOAL: 7 Health Insurance Risk Pool
 OBJECTIVE: 1 Health Insurance Risk Pool
 STRATEGY: 1 Contingency Health Insurance Risk Pool.

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

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
Objects of Expense:						
1001	SALARIES AND WAGES	\$0	\$0	\$904,779	\$0	\$0
1002	OTHER PERSONNEL COSTS	\$0	\$0	\$4,524	\$0	\$0
2001	PROFESSIONAL FEES AND SERVICES	\$81,446	\$0	\$0	\$0	\$0
2003	CONSUMABLE SUPPLIES	\$0	\$0	\$7,200	\$0	\$0
2004	UTILITIES	\$0	\$0	\$500	\$0	\$0
2009	OTHER OPERATING EXPENSE	\$0	\$0	\$42,466,911	\$0	\$0
TOTAL, OBJECT OF EXPENSE		\$81,446	\$0	\$43,383,914	\$0	\$0
Method of Financing:						
36	Dept Ins Operating Acct	\$0	\$0	\$2,331,390	\$0	\$0
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$0	\$0	\$2,331,390	\$0	\$0
Method of Financing:						
329	Healthy TX Sm Emp Prem Stabil. Fund	\$81,446	\$0	\$41,052,524	\$0	\$0
SUBTOTAL, MOF (OTHER FUNDS)		\$81,446	\$0	\$41,052,524	\$0	\$0

454 Department of Insurance

GOAL: 7 Health Insurance Risk Pool
 OBJECTIVE: 1 Health Insurance Risk Pool
 STRATEGY: 1 Contingency Health Insurance Risk Pool.

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

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025	
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)						\$0	\$0
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$81,446	\$0	\$43,383,914	\$0	\$0	
FULL TIME EQUIVALENT POSITIONS:		0.0	0.0	12.0	0.0	0.0	

STRATEGY DESCRIPTION AND JUSTIFICATION:

Texas Insurance Code (Subtitle G Chapter 1510) establishes a health insurance risk pool to provide a temporary mechanism for maximizing available federal funding to assist residents of this state in obtaining access to quality health care. The Commissioner of Insurance is authorized to use pool funds to provide health insurance coverage, provide funding to insurers for lower enrollee premium rates, or provide a reinsurance program for insurers in exchange for lower enrollee premium rates. Funds appropriated to TDI are allowed to be used to apply for federal funding and grants and administer the chapter and develop and implement public education, outreach, and facilitated enrollment strategies.

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

Appropriated funds may only be expended upon submission of a finding of fact by the Commissioner of Insurance in response to changes in federal legislation.

Texas Insurance Code Chapter 1510 expires August 31, 2023.

454 Department of Insurance

GOAL: 7 Health Insurance Risk Pool
 OBJECTIVE: 1 Health Insurance Risk Pool
 STRATEGY: 1 Contingency Health Insurance Risk Pool.

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

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
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EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
Base Spending (Est 2022 + Bud 2023)	Baseline Request (BL 2024 + BL 2025)	CHANGE	\$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
\$43,383,914	\$0	\$(43,383,914)	\$(2,331,390)	MOF 36- Legislation authorizing program expires August 2023. Appropriated funds not part of 2024-25 budget request.
			\$(41,052,524)	MOF 329- Legislation authorizing program expires August 2023. Appropriated funds not part of 2024-25 budget request.
			\$(43,383,914)	Total of Explanation of Biennial Change

SUMMARY TOTALS:

OBJECTS OF EXPENSE:	\$115,028,276	\$121,979,172	\$185,290,060	\$127,107,842	\$127,000,865
METHODS OF FINANCE (INCLUDING RIDERS):				\$127,107,842	\$127,000,865
METHODS OF FINANCE (EXCLUDING RIDERS):	\$115,028,276	\$121,979,172	\$185,290,060	\$127,107,842	\$127,000,865
FULL TIME EQUIVALENT POSITIONS:	1,143.9	1,088.9	1,184.7	1,181.3	1,181.3

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

3.B. Rider Revisions and Additions Request

Agency Code: 454	Agency Name: Texas Department of Insurance	Prepared By: Anthony Infantini	Date: August 26, 2022	Request Level: Baseline																																																						
Current Rider Number	Page Number in 2022-23 GAA	Proposed Rider Language																																																								
2	VIII-18	<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 the 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.</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 20%; text-align: right;"><u>20224</u></th> <th style="width: 20%; text-align: right;"><u>20235</u></th> </tr> </thead> <tbody> <tr> <td>a. Acquisition of Information Resource Technologies</td> <td></td> <td></td> </tr> <tr> <td> (1) Obsolescence Hardware and Software Replacement and Network Security</td> <td style="text-align: right;">\$ 437,565 <u>150,000</u></td> <td style="text-align: right;">\$ 301,120 <u>150,000</u></td> </tr> <tr> <td> (2) Texassure Vehicle Insurance Verification</td> <td style="text-align: right;">5,073,752</td> <td style="text-align: right;">5,073,752</td> </tr> <tr> <td> (3) PC Replacement</td> <td style="text-align: right;">469,920 <u>659,060</u></td> <td style="text-align: right;">469,920 <u>542,700</u></td> </tr> <tr> <td> (4) Support for Document Management System</td> <td style="text-align: right;">323,198 <u>328,402</u></td> <td style="text-align: right;">323,198 <u>338,253</u></td> </tr> <tr> <td> Total, Acquisition of Information Resource Technologies</td> <td style="text-align: right;">\$ 6,304,435 <u>6,211,214</u></td> <td style="text-align: right;">6,167,990 <u>6,104,705</u></td> </tr> <tr> <td>b. Data Center Consolidation</td> <td></td> <td></td> </tr> <tr> <td> (1) Data Center Consolidation</td> <td style="text-align: right;">\$ 7,361,545 <u>8,821,271</u></td> <td style="text-align: right;">\$ 7,381,336 <u>9,174,703</u></td> </tr> <tr> <td>e. Cybersecurity</td> <td></td> <td></td> </tr> <tr> <td> (1) Cybersecurity Enhancements</td> <td style="text-align: right;">\$ 422,500</td> <td style="text-align: right;">\$ 532,800</td> </tr> <tr> <td>c. <u>Transportation Items</u></td> <td></td> <td></td> </tr> <tr> <td> <u>(1) Vehicle Replacement</u></td> <td style="text-align: right;"><u>\$ 225,000</u></td> <td style="text-align: right;"><u>\$ 225,000</u></td> </tr> <tr> <td>Total, Capital Budget</td> <td style="text-align: right;">\$ 14,088,480 <u>15,257,485</u></td> <td style="text-align: right;">\$ 14,082,126 <u>15,504,408</u></td> </tr> <tr> <td colspan="3">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;">\$ 9,014,728 <u>10,183,733</u></td> <td style="text-align: right;">\$ 9,008,374 <u>10,430,656</u></td> </tr> <tr> <td>TexasSure Fund No. 161</td> <td style="text-align: right;">\$ 5,073,752</td> <td style="text-align: right;">\$ 5,073,752</td> </tr> <tr> <td>Total, Method of Financing</td> <td style="text-align: right;">\$ 14,088,480 <u>15,257,485</u></td> <td style="text-align: right;">\$ 14,082,126 <u>15,504,408</u></td> </tr> </tbody> </table> <p><i>Updated allocation of baseline request to Data Center based on agency needs and technology demands. Due to requirements to procure certain software through the Data Center, there were significant reductions in the Obsolescence and Cybersecurity budget needs. TDI requests a capital budget project by allocating baseline budget funds for replacement of vehicles in State Fire Marshal's Office fleet.</i></p>				<u>20224</u>	<u>20235</u>	a. Acquisition of Information Resource Technologies			(1) Obsolescence Hardware and Software Replacement and Network Security	\$ 437,565 <u>150,000</u>	\$ 301,120 <u>150,000</u>	(2) Texassure Vehicle Insurance Verification	5,073,752	5,073,752	(3) PC Replacement	469,920 <u>659,060</u>	469,920 <u>542,700</u>	(4) Support for Document Management System	323,198 <u>328,402</u>	323,198 <u>338,253</u>	Total, Acquisition of Information Resource Technologies	\$ 6,304,435 <u>6,211,214</u>	6,167,990 <u>6,104,705</u>	b. Data Center Consolidation			(1) Data Center Consolidation	\$ 7,361,545 <u>8,821,271</u>	\$ 7,381,336 <u>9,174,703</u>	e. Cybersecurity			 (1) Cybersecurity Enhancements	\$ 422,500	\$ 532,800	c. <u>Transportation Items</u>			<u>(1) Vehicle Replacement</u>	<u>\$ 225,000</u>	<u>\$ 225,000</u>	Total, Capital Budget	\$ 14,088,480 <u>15,257,485</u>	\$ 14,082,126 <u>15,504,408</u>	Method of Financing (Capital Budget):			GR Dedicated - Texas Department of Insurance Operating Fund Account No. 036	\$ 9,014,728 <u>10,183,733</u>	\$ 9,008,374 <u>10,430,656</u>	TexasSure Fund No. 161	\$ 5,073,752	\$ 5,073,752	Total, Method of Financing	\$ 14,088,480 <u>15,257,485</u>	\$ 14,082,126 <u>15,504,408</u>
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3.B. Rider Revisions and Additions Request

3	VIII-20	<p>Appropriation Source, Rehabilitation of Insurance Companies. Of the amounts appropriated above, \$0 each year of the biennium is from fees that the Department of Insurance shall collect from companies that are successfully rehabilitated by the department. Fees collected and appropriated above shall be in amounts sufficient to cover, yet not exceed, costs of rehabilitating those companies. Any such fees collected in excess of \$0 each year of the biennium are also hereby appropriated for the biennium beginning September 1, 20243, for the sole purpose of the rehabilitation of other insurance companies pursuant to 441.203 of the Texas Insurance Code (estimated to be \$0).</p> <p><i>Updated fiscal years.</i></p>
4	VIII-20	<p>State Support for NAIC Activities. The agency shall use no appropriated funds in support of the National Association of Insurance Commissioners in the absence of NAIC accreditation of the Department of Insurance for compliance with NAIC Financial Regulation Standards. The prohibition would be effective immediately upon loss of accreditation. The only exceptions to this prohibition shall be limited to expenditures necessary for (1) continued departmental use of the NAIC database for monitoring financial solvency of companies doing business in Texas; (2) solvency-related training; and (3) efforts to regain accreditation. The prohibition on using resources does not apply in the event that the Commissioner voluntarily determines not to participate in the state insurance department accreditation program.</p> <p><i>No changes requested.</i></p>
5	VIII-20	<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 38,540.0 FTE positions are authorized for each year of the 2024-235 biennium to support liquidation oversight and title examiner activities. These positions are excluded from the FTE cap.</p> <p><i>There has been an increase in the number of title agents and TDI requests an increase in this FTE cap to ensure the agency can adequately staff its title examiners to meet the need in that market.</i></p>
6	VIII-20	<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 changes requested.</i></p>

3.B. Rider Revisions and Additions Request

7	VIII-20	<p>State Support for NCOIL Activities. Funds appropriated above include funds from General Revenue Fund-Dedicated for payment of state dues for the National Conference <u>Council</u> of Insurance Legislators.</p> <p><i>Clarifying edit requested to correct entity name.</i></p>
8	VIII-20	<p>Crash Records Information System. Included in Strategy C.2.1, Traffic Safety, at the Department of Transportation is \$730,218 for fiscal year 2022 and \$730,218 for fiscal year 2023 for on-going maintenance of the Crash Records Information System.</p> <p><i>Request to delete rider. This rider does not impact TDI's bill pattern and refers to appropriations made to another agency. There are no similar riders for any other agencies that receive appropriations directly from the TDI Operating Account. This language is duplicative of Rider 24 at TxDOT so there should be no impact to either TDI or TxDOT by deleting this language.</i></p>
9	VIII-20	<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 \$191,670 each fiscal year from the GR Dedicated-Texas Department of Insurance Operating Fund Account No. 036 to provide consumers with insurance information to make informed decisions.</p> <p><i>No changes requested.</i></p>
10	VIII-20	<p>Consumer Information Report. The Department of Insurance shall submit a report annually to the Legislature and the public no later than April 1 on the following information for each insurer that writes property and casualty insurance, including workers' compensation insurance, in the state: market share, profits and losses, average rate, and average loss ratio. The report shall include the change in rate over the previous 12, 24, and 36 months.</p> <p><i>Request to delete rider. This rider contains language that is substantively identical to the reports required by statute in Texas Insurance Code Section 2251.008. There would be no impact to TDI or its stakeholders if the rider is deleted since the reports required by statute will continue to be distributed each year.</i></p>
11	VIII-20	<p>Appropriation of Unexpended Balances. Any unexpended balances as of August 31, 20224, not to exceed 5 percent for any item of appropriation above unless otherwise granted by the provisions of Article IX, §14.05, are hereby appropriated for the same purposes, in the same strategies, for the fiscal year beginning September 1, 20224.</p> <p><i>Updated fiscal years.</i></p>

3.B. Rider Revisions and Additions Request

12	VIII-21	<p>Subsequent Injury Fund. Amounts appropriated above in Strategy D.1.3, Subsequent Injury Fund Administration, include an estimated \$7,672,692 <u>\$8,875,692</u> in fiscal year 2022 <u>2024</u> and \$7,672,692 <u>\$8,875,692</u> in fiscal year 2023 <u>2025</u> 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>Updated fiscal years and dollars in baseline request.</i></p>
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3.B. Rider Revisions and Additions Request

<p align="center">13</p>	<p align="center">VIII-21</p>	<p>13. Three-Share Premium Assistance Programs.</p> <p>a. Amounts appropriated above to the Department of Insurance of \$64,30066,786 in fiscal year 20224 and \$64,30066,786 in fiscal year 20235 in Strategy B.4.1, 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, development, and continuation of "three-share" premium assistance programs to increase access to private healthcare coverage for the uninsured, and providing technical assistance to grant recipients. The agency shall consider the following factors in selecting recipients of grant funds:</p> <ol style="list-style-type: none"> (1) proposals to match grant awards with local funds; (2) percentage of uninsured in the applicable area; (3) existing efforts in pursuing "three-share" premium assistance programs; and (4) healthcare use and delivery factors affecting the area's healthcare infrastructure and capacity. <p>b. In addition to amounts appropriated above, out of funds collected from regulated entities except for workers compensation for fines, penalties, and sanctions (revenue object codes 3221 or 3222) and deposited to General Revenue, the Department of Insurance is appropriated, out of amounts collected in excess of those contained in the Comptroller's Biennial Revenue Estimate (estimated to be \$0), an amount not to exceed \$2,250,000 in each year of the biennium for the Three-Share Premium Assistance Programs. Any unexpended and unobligated balances of appropriations for the fiscal year ending August 31, 20243, (estimated to be \$0) are appropriated to the agency for the same purposes for the fiscal year beginning September 1, 20243. In addition, any unexpended and unobligated balances of appropriations for the fiscal year ending August 31, 2024, are appropriated to the agency for the same purposes for the fiscal year beginning September 1, 2024. The agency shall spend any unexpended and unobligated balances that are appropriated to it for the same purposes to the extent necessary to maintain the agency's approved enrollment levels for that biennium for each Three-Share Premium Assistance Program.</p> <p>The agency shall report a summary of the grants awarded to local government entities to the Legislative Budget Board and the Governor no later than January 1, 20235.</p> <p><i>Updated fiscal years and dollars in baseline request.</i></p>
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3.B. Rider Revisions and Additions Request

14	VIII-21	<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 non-complying employers under the provisions of the Labor Code §411.032 and Texas Administrative Code, Title 28, Insurance §§ 110.103, 110.101, and 160.2 in its biennial report submitted to the Legislature.</p> <p><i>No changes requested.</i></p>
15	VIII-21	<p>TexasSure. Amounts appropriated above in Strategy A.1.1, Consumer Education and Outreach, include \$5,073,752 in fiscal year 2022 and \$5,073,752 in fiscal year 2023 out of the TexasSure Fund for the purpose of on-going maintenance of the TexasSure Motor Vehicle Financial Responsibility Verification Program from fees collected pursuant to Transportation Code §502.357.</p> <p><i>Request to delete rider. The current TDI budget structure identifies all amounts appropriated to TDI for the purpose of maintaining the TexasSure system. These funds are also already identified in the TDI capital budget rider. There is no impact to deleting this rider language.</i></p>
16	VIII-21	<p>Amusement Ride Reporting Requirements. TDI shall request monthly a report of the amusement ride operators who apply for a sales tax license and a report of amusement ride operators paying sales tax from the Comptroller of Public Accounts. TDI shall reconcile the registration of any operator not in their records. TDI shall report biennially to the Legislature on: (1) efforts to bring all amusement ride operators into compliance; and (2) the result of those efforts.</p> <p><i>No changes requested.</i></p>

3.B. Rider Revisions and Additions Request

17	VIII-22	<p>Workers' Compensation Fraud Prosecution. Out of the amounts appropriated above in Strategy A.2.4.D.1.4., Workers Compensation Fraud, \$337,913 in fiscal year 2022 and \$337,913 in fiscal year 2023 in General Revenue Dedicated Texas Department of Insurance Operating Fund 36 is for the purpose of workers' compensation fraud prosecution in cooperation with the Travis County District Attorney's Office.</p> <p><i>Request to delete rider. Prior to the 85th legislative session, the responsibility to investigate workers' compensation fraud was transferred to the Division of Workers' Compensation (DWC) to allow experienced DWC staff to better monitor and investigate fraud specific to the workers' compensation system.</i></p> <p><i>As with any new program area, setting up the fraud investigation unit with appropriately credentialed investigators took some time. This unit is now fully staffed and seeing excellent results. With the fraud prosecution unit being established and fully ingrained in our fraud process, this specific rider is no longer necessary. Additionally, TDI has several imbedded prosecutors in district attorney offices across the state that do not have specific riders to designate their funding.</i></p> <p><i>The deletion of this rider would not impact DWC's relationship with Travis County. The fraud prosecution unit would still be required to comply with the terms of the MOU between DWC and Travis County. The focus would remain solely on workers' compensation fraud. This unit is in no way associated with the Travis County Public Integrity Unit.</i></p>
18	VIII-22	<p>Appropriation: Agent and Adjuster Licensing Fee Collections.</p> <p><u>a.</u> In addition to amounts appropriated above, out of funds collected from agent and adjuster licensing fees (comp object 3210) deposited to GR Dedicated - Texas Department of Insurance Operating Fund 36, the Department of Insurance is appropriated, all amounts collected in excess of those contained in the Comptroller's January 20243 Biennial Revenue Estimate (estimated to be \$0) to support strategy A.1.2. Customer Operations <u>A.1.1. Operations, Education, and Outreach.</u></p> <p><u>b.</u> Any unexpended and unobligated balances of appropriations for the fiscal year ending August 31, 20243, (estimated to be \$0) are appropriated to the agency for the same purposes for the fiscal year beginning September 1, 20243. In addition, any unexpended and unobligated balances of appropriations for the fiscal year ending August 31, 20224, (estimated to be \$0) are appropriated to the agency for the same purposes for the fiscal year beginning September 1, 20224.</p> <p><u>c.</u> <u>Notwithstanding transfer limits under Article IX, §14.01 of this Act, at the discretion of the agency, amounts appropriated above may be transferred to another appropriation item for the purpose of modernizing agency technology and operations.</u></p> <p><i>Updated fiscal years and strategy name for the 2024-25 budget structure. Request additional language to clarify the excess collections may be used to more quickly address technology modernization needs that impact all agency customers and stakeholders supported by various strategies.</i></p>

3.B. Rider Revisions and Additions Request

19	VIII-22	<p>Contingency Appropriation: Health Insurance Risk Pool.</p> <p>a. Contingent on enactment of Senate Bill 874, or similar legislation relating to the administration of a temporary health insurance risk pool, by the Eighty seventh Legislature, Regular Session, included in amounts appropriated above in Strategy G.1.1, Contingency Health Insurance Risk Pool, is \$1,103,805 in fiscal year 2022 and \$1,227,585 in fiscal year 2023 in General Revenue Dedicated Texas Department of Insurance Operating Fund 36; and \$12,000,000 in fiscal year 2022 and \$29,052,524 in fiscal year 2023 in Premium Stabilization Fund 329 to implement the provisions of the legislation. In addition, included in the "Number of Full Time Equivalents (FTE)" above is 10.5 FTEs in fiscal year 2022 and 12.0 FTEs in fiscal year 2023.</p> <p>b. None of the funds appropriated above in Strategy G.1.1, Contingency Health Insurance Risk Pool, may be expended and none of the 10.5 Full Time Equivalents (FTE) in fiscal year 2022 and 12.0 FTEs in fiscal year 2023 included above in the "Number of Full Time Equivalents (FTE)" may be used by the Department of Insurance (TDI) unless the Commissioner of Insurance files a finding of fact with the Governor and the Legislative Budget Board (LBB) and neither the Governor nor the LBB issues a written disapproval not later than: (1) the 10th day after the date the staff of the LBB concludes its review of the findings of fact and forwards those findings of fact along with the conclusions or comments of the LBB staff to the Chair of the House Appropriations Committee, Chair of the Senate Finance Committee, Speaker of the House, and Lieutenant Governor; and (2) within 10 business days of the receipt of the finding of fact by the Governor. Any requests for additional information made by the LBB shall suspend the counting of the 10 business days.</p> <p>e. Any unexpended balances as of August 31, 2022 in appropriations in Strategy G.1.1, Contingency Health Insurance Risk Pool, made to TDI are appropriated for the same purposes for the fiscal year beginning September 1, 2022.</p> <p><i>Delete contingency rider from prior GAA. Authorizing statute expires August 31, 2023.</i></p>
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3.B. Rider Revisions and Additions Request

20	VIII-22	<p>Contingency Appropriation: State Regulatory Response.</p> <p>a. Amounts appropriated above to the Department of Insurance (TDI) not to exceed \$2,200,000 in General Revenue Dedicated Texas Department of Insurance Operating Fund 36 each year in Strategy F.1.1, Contingency Regulatory Response, and 40.0 Full Time Equivalents (FTE) positions each fiscal year included above in the "Number of Full Time Equivalents (FTE)" are contingent upon a finding of fact by the Commissioner of Insurance that additional resources are needed by TDI due to: DEPARTMENT OF INSURANCE (Continued) A454 FSize up 8 A VIII 23 August 5, 2021 (1) a significant change in insurance regulatory environment, demands for federal healthcare reform implementation, a weather related disaster in the State of Texas, a public health crisis, such as a pandemic, a fire that has been declared as a disaster situation in the State of Texas, and non weather related disasters.</p> <p>b. None of the funds appropriated above in Strategy F.1.1, Contingency Regulatory Response, may be expended and none of the 40.0 Full Time Equivalents (FTE) positions each fiscal year included above in the "Number of Full Time Equivalents (FTE)" may be used by TDI unless the Commissioner of Insurance files a finding of fact with the Governor and the Legislative Budget Board (LBB) and neither the Governor nor the LBB issues a written disapproval not later than: (1) the 10th business day after the date the staff of the LBB concludes its review of the findings of fact and forwards those findings of fact along with the conclusions or comments of the LBB staff to the Chair of the House Appropriations Committee, Chair of the Senate Finance Committee, Speaker of the House, and Lieutenant Governor; and (2) the 10th business day after the receipt of the finding of fact by the Governor.</p> <p>c. The appropriations above in Strategy F.1.1, Contingency Regulatory Response, and 40.0 Full Time Equivalents (FTE) positions each fiscal year included above in the "Number of Full Time Equivalents (FTE)" are also contingent upon TDI maintaining a sufficient fund balance in General Revenue Dedicated Fund 36 to cover these contingency appropriations and related employee benefits, and providing such information as may be deemed necessary by the Comptroller of Public Accounts to issue a finding of fact that the revenues are/will be available to fund the increased appropriations.</p> <p>d. Funds appropriated above in Strategy F.1.1, Contingency Regulatory Response, and 40.0 Full Time Equivalents (FTE) positions each fiscal year included above in the "Number of Full Time Equivalents (FTE)" may only be used to address issues included in the finding of fact submitted to the Governor and the LBB pursuant to subsection (b) above, and apply only to the 2022-23 biennium unless otherwise appropriated. It is the intent of the Legislature that these funds not be included in base level funding requests for the 2024-25 biennium.</p> <p>e. Notwithstanding transfer limits under Article IX, §14.01 of this Act, at the discretion of the agency, amounts appropriated above may be transferred to another appropriation item in an amount not to exceed \$2,200,000 in General Revenue Dedicated Texas Department of Insurance Operating Fund 36 each year in Strategy F.1.1, Contingency Regulatory Response.</p> <p><i>The agency will request restoration of this rider via an exceptional item request.</i></p>
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3.B. Rider Revisions and Additions Request

21	VIII-23	<p>Contingency for Senate Bill 1296. Contingent on enactment of Senate Bill 1296, or similar legislation relating to rates and rate change review for health benefit plans by the Commissioner of Insurance, by the Eighty seventh Legislature, Regular Session, the Department of Insurance shall use funds appropriated above in Strategy B.2.2, Life & Health Regulation, to implement the provisions of the legislation.</p> <p><i>Delete contingency rider from prior GAA.</i></p>
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4. EXCEPTIONAL ITEM REQUEST

4.A. Exceptional Item Request Schedule
 88th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/22/2022
 TIME: 5:37:22PM

Agency code: 454 Agency name: Department of Insurance

CODE	DESCRIPTION	Excp 2024	Excp 2025
	Item Name: Contingency Appropriation: State Regulatory Response Item Priority: 1 IT Component: No Anticipated Out-year Costs: No Involve Contracts > \$50,000: No Includes Funding for the Following Strategy or Strategies: 06-01-01 Contingency Regulatory Response		
OBJECTS OF EXPENSE:			
1001	SALARIES AND WAGES	2,000,000	2,000,000
2005	TRAVEL	200,000	200,000
TOTAL, OBJECT OF EXPENSE		\$2,200,000	\$2,200,000
METHOD OF FINANCING:			
36	Dept Ins Operating Acct	2,200,000	2,200,000
TOTAL, METHOD OF FINANCING		\$2,200,000	\$2,200,000
FULL-TIME EQUIVALENT POSITIONS (FTE):		40.00	40.00

DESCRIPTION / JUSTIFICATION:

The Texas Department of Insurance (TDI) is requesting restoration of the State Regulatory Response Contingency Rider. Approval of this item will allow TDI to respond to the following regulatory issues: a significant change in insurance regulatory environment, demands for federal healthcare reform implementation, weather related disasters in Texas, a public health or insurance crisis, a fire declared as a disaster situation in Texas, and non-weather related disasters.

TDI is requesting \$2,200,000 for FY 2024 from the TDI Operating Account Fund 36 and \$2,200,000 for FY 2025 from the TDI Operating Account Fund 36 and 40.0 Full-Time-Equivalents (FTEs). TDI is requesting the appropriations be restored to the Strategy F.1.1, Contingency Regulatory Response.

The agency is requesting the funds and FTEs to be used with the following conditions:

- a. A finding of fact by the Commissioner of Insurance (COI) declares that additional resources are needed by TDI for reasons stated above.
- b. None of the funds appropriated above in Strategy F.1.1, may be expended and none of the 40.0 FTEs each fiscal year included above may be used by TDI unless the COI files a finding of fact with the Governor and the Legislative Budget Board (LBB) and neither the Governor nor the LBB issues a written disapproval not later than:
 - i. the 10th day after the date the staff of the LBB concludes its review of the findings of fact and forwards those findings of fact along with the conclusions or comments of the LBB staff to the Chair of the House Appropriations Comm., Chair of the Senate Finance Comm., Speaker of the House, and Lt. Governor; and
 - ii. within 10 business days of the receipt of the finding of fact by the Governor.
- c. Notwithstanding transfer limits of the GAA, at the discretion of the agency, amounts appropriated above may be transferred to another appropriation item in an amount not to exceed \$2,200,000 in each year in Strategy F.1.1, Contingency Regulatory Response.

4.A. Exceptional Item Request Schedule
88th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/22/2022**
TIME: **5:37:22PM**

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

CODE	DESCRIPTION	Excp 2024	Excp 2025
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EXTERNAL/INTERNAL FACTORS:

The rider will only be activated if there is a significant change in insurance regulatory environment, demands for federal healthcare reform implementation, a weather related disaster in Texas, a public health or insurance crisis, a fire that has been declared as a disaster situation in Texas, and non-weather related disasters.

The appropriations above in Strategy F.1.1, Contingency Regulatory Response, and 40.0 Full-Time-Equivalents (FTE) positions each fiscal year included above in the "Number of Full-Time-Equivalents (FTE)" are also contingent upon the Department of Insurance maintaining a sufficient fund balance in the TDI Operating Account Fund 36 to cover these contingency appropriations and related employee benefits, and providing such information as may be deemed necessary by the Comptroller of Public Accounts to issue a finding of fact that the revenues are/will be available to fund the increased appropriations.

Appropriations made from the TDI Operating Account Fund 36 do not reduce the funds available for the Comptroller of Public Accounts' certification of the General Appropriations Act (GAA). This is due to the self-leveling mechanism where revenue generated for the account changes in response to estimated expenditures from the account.

PCLS TRACKING KEY:

4.B. Exceptional Items Strategy Allocation Schedule
 88th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/22/2022**
 TIME: **5:37:22PM**

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

Code	Description	Excp 2024	Excp 2025
Item Name: Contingency Appropriation: State Regulatory Response			
Allocation to Strategy: 6-1-1 Contingency Regulatory Response			
OBJECTS OF EXPENSE:			
1001	SALARIES AND WAGES	2,000,000	2,000,000
2005	TRAVEL	200,000	200,000
TOTAL, OBJECT OF EXPENSE		\$2,200,000	\$2,200,000
METHOD OF FINANCING:			
36	Dept Ins Operating Acct	2,200,000	2,200,000
TOTAL, METHOD OF FINANCING		\$2,200,000	\$2,200,000
FULL-TIME EQUIVALENT POSITIONS (FTE):		40.0	40.0

4.C. Exceptional Items Strategy Request
 88th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/22/2022
TIME: 5:37:23PM

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

GOAL: 6 Regulatory Response

OBJECTIVE: 1 Regulatory Response

STRATEGY: 1 Contingency Regulatory Response

Service Categories:

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

CODE DESCRIPTION	Exp 2024	Exp 2025
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OBJECTS OF EXPENSE:

1001 SALARIES AND WAGES	2,000,000	2,000,000
2005 TRAVEL	200,000	200,000
Total, Objects of Expense	\$2,200,000	\$2,200,000

METHOD OF FINANCING:

36 Dept Ins Operating Acct	2,200,000	2,200,000
Total, Method of Finance	\$2,200,000	\$2,200,000

FULL-TIME EQUIVALENT POSITIONS (FTE):

40.0	40.0
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EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:

Contingency Appropriation: State Regulatory Response

5. CAPITAL BUDGET

5.A. Capital Budget Project Schedule
 88th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/22/2022**
 TIME : **5:37:23PM**

Agency code: **454**

Agency name: **Department of Insurance**

Category Code / Category Name

Project Sequence/Project Id/ Name

OOE / TOF / MOF CODE

Est 2022

Bud 2023

BL 2024

BL 2025

5005 Acquisition of Information Resource Technologies

*2/2 Obsolescence Hardware and Software
 Replacement and Network Security*

OBJECTS OF EXPENSE

Capital

General	2009	OTHER OPERATING EXPENSE		\$150,000	\$150,000	\$150,000	\$150,000
		Capital Subtotal OOE, Project	2	\$150,000	\$150,000	\$150,000	\$150,000
		Subtotal OOE, Project	2	\$150,000	\$150,000	\$150,000	\$150,000

TYPE OF FINANCING

Capital

General	CA	36 Dept Ins Operating Acct		\$150,000	\$150,000	\$150,000	\$150,000
		Capital Subtotal TOF, Project	2	\$150,000	\$150,000	\$150,000	\$150,000
		Subtotal TOF, Project	2	\$150,000	\$150,000	\$150,000	\$150,000

3/3 Texassure Vehicle Insurance Verification

OBJECTS OF EXPENSE

Capital

General	2001	PROFESSIONAL FEES AND SERVICES		\$1,621,586	\$4,393,752	\$4,393,752	\$4,393,752
General	2004	UTILITIES		\$0	\$5,000	\$5,000	\$5,000
General	2009	OTHER OPERATING EXPENSE		\$578,363	\$2,758,359	\$675,000	\$675,000
General	5000	CAPITAL EXPENDITURES		\$790,444	\$0	\$0	\$0
		Capital Subtotal OOE, Project	3	\$2,990,393	\$7,157,111	\$5,073,752	\$5,073,752
		Subtotal OOE, Project	3	\$2,990,393	\$7,157,111	\$5,073,752	\$5,073,752

TYPE OF FINANCING

5.A. Capital Budget Project Schedule
 88th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/22/2022**
 TIME : **5:37:23PM**

Agency code: **454**

Agency name: **Department of Insurance**

Category Code / Category Name

Project Sequence/Project Id/ Name

OOE / TOF / MOF CODE				Est 2022	Bud 2023	BL 2024	BL 2025
<u>Capital</u>							
General	CA	161	TexasSure Fund	\$2,990,393	\$7,157,111	\$5,073,752	\$5,073,752
			Capital Subtotal TOF, Project	3	\$2,990,393	\$5,073,752	\$5,073,752
			Subtotal TOF, Project	3	\$2,990,393	\$7,157,111	\$5,073,752
<i>4/4 PC Replacement</i>							
OBJECTS OF EXPENSE							
<u>Capital</u>							
General	2009		OTHER OPERATING EXPENSE	\$659,060	\$542,700	\$659,060	\$542,700
			Capital Subtotal OOE, Project	4	\$659,060	\$659,060	\$542,700
			Subtotal OOE, Project	4	\$659,060	\$542,700	\$659,060
TYPE OF FINANCING							
<u>Capital</u>							
General	CA	36	Dept Ins Operating Acct	\$659,060	\$542,700	\$659,060	\$542,700
			Capital Subtotal TOF, Project	4	\$659,060	\$659,060	\$542,700
			Subtotal TOF, Project	4	\$659,060	\$542,700	\$659,060
<i>5/5 Support for Document Management System</i>							
OBJECTS OF EXPENSE							
<u>Capital</u>							
General	2009		OTHER OPERATING EXPENSE	\$328,402	\$338,253	\$328,402	\$338,253
			Capital Subtotal OOE, Project	5	\$328,402	\$328,402	\$338,253
			Subtotal OOE, Project	5	\$328,402	\$338,253	\$328,402
TYPE OF FINANCING							

5.A. Capital Budget Project Schedule
 88th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/22/2022**
 TIME : **5:37:23PM**

Agency code: **454**

Agency name: **Department of Insurance**

Category Code / Category Name

Project Sequence/Project Id/ Name

OOE / TOF / MOF CODE				Est 2022	Bud 2023	BL 2024	BL 2025	
<u>Capital</u>								
General	CA	36	Dept Ins Operating Acct	\$328,402	\$338,253	\$328,402	\$338,253	
			Capital Subtotal TOF, Project	5	\$328,402	\$338,253	\$328,402	\$338,253
			Subtotal TOF, Project	5	\$328,402	\$338,253	\$328,402	\$338,253
			Capital Subtotal, Category	5005	\$4,127,855	\$8,188,064	\$6,211,214	\$6,104,705
			Informational Subtotal, Category	5005				
			Total, Category	5005	\$4,127,855	\$8,188,064	\$6,211,214	\$6,104,705
5006 Transportation Items								
<i>6/6 State Fire Marshal Vehicle Replacement</i>								
OBJECTS OF EXPENSE								
<u>Capital</u>								
General	2009		OTHER OPERATING EXPENSE	\$15,915	\$0	\$0	\$0	
General	5000		CAPITAL EXPENDITURES	\$207,285	\$223,200	\$225,000	\$225,000	
			Capital Subtotal OOE, Project	6	\$223,200	\$223,200	\$225,000	\$225,000
			Subtotal OOE, Project	6	\$223,200	\$223,200	\$225,000	\$225,000
TYPE OF FINANCING								
<u>Capital</u>								
General	CA	36	Dept Ins Operating Acct	\$223,200	\$223,200	\$225,000	\$225,000	
			Capital Subtotal TOF, Project	6	\$223,200	\$223,200	\$225,000	\$225,000
			Subtotal TOF, Project	6	\$223,200	\$223,200	\$225,000	\$225,000

5.A. Capital Budget Project Schedule
88th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/22/2022**
TIME : **5:37:23PM**

Agency code: **454**

Agency name: **Department of Insurance**

Category Code / Category Name

Project Sequence/Project Id/ Name

OOE / TOF / MOF CODE

Est 2022

Bud 2023

BL 2024

BL 2025

Capital Subtotal, Category 5006
Informational Subtotal, Category 5006
Total, Category 5006

\$223,200

\$223,200

\$223,200

\$223,200

\$225,000

\$225,000

\$225,000

\$225,000

7000 Data Center/Shared Technology Services

1/1 Data Center Consolidation

OBJECTS OF EXPENSE

Capital

General 2001 PROFESSIONAL FEES AND SERVICES

\$7,703,848

\$9,099,029

\$8,821,271

\$9,174,703

Capital Subtotal OOE, Project 1

\$7,703,848

\$9,099,029

\$8,821,271

\$9,174,703

Subtotal OOE, Project 1

\$7,703,848

\$9,099,029

\$8,821,271

\$9,174,703

TYPE OF FINANCING

Capital

General CA 36 Dept Ins Operating Acct

\$7,703,848

\$9,099,029

\$8,821,271

\$9,174,703

Capital Subtotal TOF, Project 1

\$7,703,848

\$9,099,029

\$8,821,271

\$9,174,703

Subtotal TOF, Project 1

\$7,703,848

\$9,099,029

\$8,821,271

\$9,174,703

Capital Subtotal, Category 7000

\$7,703,848

\$9,099,029

\$8,821,271

\$9,174,703

Informational Subtotal, Category 7000

Total, Category 7000

\$7,703,848

\$9,099,029

\$8,821,271

\$9,174,703

AGENCY TOTAL -CAPITAL

\$12,054,903

\$17,510,293

\$15,257,485

\$15,504,408

AGENCY TOTAL -INFORMATIONAL

AGENCY TOTAL

\$12,054,903

\$17,510,293

\$15,257,485

\$15,504,408

5.A. Capital Budget Project Schedule
 88th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/22/2022**
 TIME : **5:37:23PM**

Agency code: **454**

Agency name: **Department of Insurance**

Category Code / Category Name

Project Sequence/Project Id/ Name

OOE / TOF / MOF CODE

Est 2022

Bud 2023

BL 2024

BL 2025

METHOD OF FINANCING:

Capital

General	36 Dept Ins Operating Acct	\$9,064,510	\$10,353,182	\$10,183,733	\$10,430,656
General	161 TexasSure Fund	\$2,990,393	\$7,157,111	\$5,073,752	\$5,073,752
Total, Method of Financing-Capital		\$12,054,903	\$17,510,293	\$15,257,485	\$15,504,408
Total, Method of Financing		\$12,054,903	\$17,510,293	\$15,257,485	\$15,504,408

TYPE OF FINANCING:

Capital

General	CA CURRENT APPROPRIATIONS	\$12,054,903	\$17,510,293	\$15,257,485	\$15,504,408
Total, Type of Financing-Capital		\$12,054,903	\$17,510,293	\$15,257,485	\$15,504,408
Total, Type of Financing		\$12,054,903	\$17,510,293	\$15,257,485	\$15,504,408

5.B. Capital Budget Project Information
 88th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/22/2022
 TIME: 5:37:23PM

Agency Code:	454	Agency name:	Department of Insurance
Category Number:	7000	Category Name:	Data Center/Shared Technology Svcs
Project number:	1	Project Name:	Data Center Consolidation

PROJECT DESCRIPTION

General Information

In accordance with, HB 1516, 79th Leg. Regular Session; TDI, is one of the 89 state agencies, universities and local governments participating in the data center services.

TDI resources monitor contractor’s level of support and ensure that contractor and TDI’s responsibilities are met, in accordance with the contract and the Service Responsibility Matrices.

PLCS Tracking Key

Number of Units / Average Unit Cost	N/A
Estimated Completion Date	ongoing

Additional Capital Expenditure Amounts Required

	2026	2027
	0	0
Type of Financing	CA	CURRENT APPROPRIATIONS
Projected Useful Life	\$0	
Estimated/Actual Project Cost	\$0	
Length of Financing/ Lease Period	N/A	

ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS

	2024	2025	2026	2027	Total over project life
	0	0	0	0	0

REVENUE GENERATION / COST SAVINGS

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

Explanation: The Data Center Services contract provides TDI, as a participating agency, data center (server operations), data management, cloud and shared services, disaster recovery, and bulk print and mail services.

Project Location: Austin & San Angelo Data Center, or the Texas State Data Center government cloud.

Beneficiaries: TDI & OIEC staff and stakeholders

Frequency of Use and External Factors Affecting Use:

Daily

5.B. Capital Budget Project Information
 88th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/22/2022
 TIME: 5:37:23PM

Agency Code:	454	Agency name:	Department of Insurance
Category Number:	5005	Category Name:	ACQUISITN INFO RES TECH.
Project number:	2	Project Name:	Obsolescence and Network Security

PROJECT DESCRIPTION

General Information

The Technology Obsolescence project encompasses the replacement of obsolete hardware for all aspects of the agency's technical infrastructure, including LAN servers and network printers. Upgraded equipment and software maximizes staff performance and requires fewer repairs. Network infrastructure must be kept current to meet agency business needs. Essential functions of the agency require access to the agency network and servers, and the Internet. To ensure reliability, it is imperative the agency maintains newer equipment and updated software that is supported by the manufacturer.

PLCS Tracking Key

Number of Units / Average Unit Cost	N/A
Estimated Completion Date	ongoing

Additional Capital Expenditure Amounts Required

	2026	2027
	0	0
Type of Financing	CA	CURRENT APPROPRIATIONS
Projected Useful Life	0	
Estimated/Actual Project Cost	\$0	
Length of Financing/ Lease Period	N/A	

ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS

	2024	2025	2026	2027	Total over project life
	0	0	0	0	0

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

Explanation: Obsolete network servers and other infrastructure hardware will be replaced on a regular basis, to ensure an effective infrastructure is in place to support the work of the agency. Software will be upgraded to ensure manufacturer support is available.

Project Location: Austin & San Angelo Data Center, TDI & OIEC headquarters and field offices.

Beneficiaries: TDI & OIEC staff and other Stakeholders

Frequency of Use and External Factors Affecting Use:

Daily

5.B. Capital Budget Project Information
 88th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/22/2022
 TIME: 5:37:23PM

Agency Code:	454	Agency name:	Department of Insurance
Category Number:	5005	Category Name:	ACQUISITN INFO RES TECH.
Project number:	3	Project Name:	Texassure Vehicle Ins Verification

PROJECT DESCRIPTION

General Information

TexasSure is the vehicle insurance verification system that allows law enforcement and county tax officials to confirm whether a vehicle in Texas has required personal auto liability insurance coverage

PLCS Tracking Key

Number of Units / Average Unit Cost N/A
Estimated Completion Date ongoing

Additional Capital Expenditure Amounts Required

	2026	2027
	0	0
Type of Financing	CA	CURRENT APPROPRIATIONS
Projected Useful Life	0	
Estimated/Actual Project Cost	\$0	
Length of Financing/ Lease Period	N/A	

ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS

	2024	2025	2026	2027	Total over project life
	0	0	0	0	0

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

Explanation: The TexasSure program is mandated by Texas Transportation Code Chapter 601, Subchapter N, which requires TDI, in consultation with the departments of Public Safety, Motor Vehicles, and Information Resources to select a vendor to develop and maintain a program to reduce the number of uninsured motorists. The contract term may not exceed five years.

Project Location: Austin & San Angelo Data Center, with eventual migration to Texas State Data Center government cloud.

Beneficiaries: TDI staff, Law Enforcement and other Stakeholders

Frequency of Use and External Factors Affecting Use:

Daily

5.B. Capital Budget Project Information
 88th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/22/2022
 TIME: 5:37:23PM

Agency Code:	454	Agency name:	Department of Insurance
Category Number:	5005	Category Name:	ACQUISITN INFO RES TECH.
Project number:	4	Project Name:	PC Replacement

PROJECT DESCRIPTION

General Information

TDI will continue to follow the agency obsolescence plan to maintain desktop and laptop computers that are under warranty. To employ a more mobile staff, TDI shifted all new computer purchases to laptops during the 2020-21 biennium.

PLCS Tracking Key

Number of Units / Average Unit Cost	N/A
Estimated Completion Date	ongoing

Additional Capital Expenditure Amounts Required

	2026	2027
	0	0
Type of Financing	CA	CURRENT APPROPRIATIONS
Projected Useful Life	0	
Estimated/Actual Project Cost	\$0	
Length of Financing/ Lease Period	N/A	

ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS

	2024	2025	2026	2027	Total over project life
	0	0	0	0	0

REVENUE GENERATION / COST SAVINGS

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

Explanation: Information Technology Services monitors agency technology and resources for performance and evaluates the feasibility of improvements within resource constraints. Upgrading computers regularly, through a scheduled plan of obsolescence, enables staff to perform their increasingly automated jobs more efficiently.

The percentage of agency computers under warranty indicates the number of the replacements for obsolete personal computing equipment needed annually.

Project Location: TDI & OIEC headquarters and field offices.

Beneficiaries: TDI and OIEC staff and stakeholders.

Frequency of Use and External Factors Affecting Use:

Daily

5.B. Capital Budget Project Information
 88th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/22/2022
 TIME: 5:37:23PM

Agency Code:	454	Agency name:	Department of Insurance
Category Number:	5005	Category Name:	ACQUISITN INFO RES TECH.
Project number:	5	Project Name:	Document Management System

PROJECT DESCRIPTION

General Information

The document management project replaces an obsolete imaging and workflow application with an enterprise system. Moving to this solution will enhance the integrity of the information the agency is required to maintain. This solution also ensures that the changing business needs are met through business process workflows.

PLCS Tracking Key

Number of Units / Average Unit Cost N/A
Estimated Completion Date ongoing

Additional Capital Expenditure Amounts Required

	2026	2027
	0	0
Type of Financing	CA	CURRENT APPROPRIATIONS
Projected Useful Life	0	
Estimated/Actual Project Cost	\$0	
Length of Financing/ Lease Period	N/A	

ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS

	2024	2025	2026	2027	Total over project life
	0	0	0	0	0

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

Explanation: TDI has a business need to secure an enterprise-wide document management solution which includes electronic imaging and workflow functionality. This less paper intensive environment will improve efficiencies, increase data integrity of stored documents, replace paper forms and improve customer service.

Project Location: Austin & San Angelo Data Center, or the Texas State Data Center government cloud.

Beneficiaries: TDI & OIEC staff and other Stakeholders

Frequency of Use and External Factors Affecting Use:

Daily

5.B. Capital Budget Project Information
 88th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/22/2022
 TIME: 5:37:23PM

Agency Code:	454	Agency name:	Department of Insurance
Category Number:	5006	Category Name:	TRANSPORTATION ITEMS
Project number:	6	Project Name:	SFMO Vehicle Replacement

PROJECT DESCRIPTION

General Information

The SFMO's goal is to discontinue the use of fleet vehicles in excess of 100,000 miles for F150 and 200,000 miles for F350 (as recommended by the Texas Comptroller's Office in the State Vehicle Fleet Management Plan). It is SFMO's belief that this milestone represents the most cost-effective use of the asset, diminishing the amount of vehicle repairs; and is the most prudent approach as a retirement indicator for vehicle safety reasons. By the beginning of FY24, the SFMO estimates sixty percent of its vehicles will have exceeded the 100,000 mile threshold.

PLCS Tracking Key

Number of Units / Average Unit Cost	N/A
Estimated Completion Date	ongoing

Additional Capital Expenditure Amounts Required

2026	2027
0	0

Type of Financing	CA	CURRENT APPROPRIATIONS
Projected Useful Life	0	
Estimated/Actual Project Cost	\$0	
Length of Financing/ Lease Period	N/A	

ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS

	2024	2025	2026	2027	Total over project life
	0	0	0	0	0

REVENUE GENERATION / COST SAVINGS

<u>REVENUE COST FLAG</u>	<u>MOF CODE</u>	<u>AVERAGE AMOUNT</u>
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Explanation: If vehicles are not replaced, safety may become an issue because SFMO staff are on the road daily, averaging 1,200 miles per month. Maintenance issues with vehicles could prohibit staff from traveling resulting in a reduction of services, which would negatively impact performance measures, customer service, and the SFMO's ability to conduct statutorily required functions.

Project Location: TDI Headquarters and Statewide field offices

Beneficiaries: TDI staff and other Stakeholders

Frequency of Use and External Factors Affecting Use:

Daily

6. SUPPORTING SCHEDULES

6.A. Historically Underutilized Business Supporting Schedule
 88th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

Date: **8/22/2022**
 Time: **5:37:24PM**

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

COMPARISON TO STATEWIDE HUB PROCUREMENT GOALS

A. Fiscal Year - HUB Expenditure Information

Statewide HUB Goals	Procurement Category	% Goal	HUB Expenditures FY 2020			Total Expenditures FY 2020		HUB Expenditures FY 2021			Total Expenditures FY 2021	
			% Actual	Diff	Actual \$	% Goal	% Actual	Diff	Actual \$	FY 2021		
11.2%	Heavy Construction	0.0 %	0.0%	0.0%	\$0	\$0	0.0 %	0.0%	0.0%	\$0	\$0	
21.1%	Building Construction	0.0 %	0.0%	0.0%	\$0	\$0	0.0 %	0.0%	0.0%	\$0	\$0	
32.9%	Special Trade	0.0 %	0.0%	0.0%	\$0	\$2,266	0.0 %	0.0%	0.0%	\$0	\$19,189	
23.7%	Professional Services	5.0 %	0.0%	-5.0%	\$0	\$172,575	5.0 %	0.0%	-5.0%	\$0	\$298,378	
26.0%	Other Services	15.0 %	10.3%	-4.7%	\$704,663	\$6,865,397	15.0 %	19.2%	4.2%	\$1,400,968	\$7,309,212	
21.1%	Commodities	21.1 %	12.1%	-9.0%	\$609,138	\$5,042,554	21.1 %	24.5%	3.4%	\$668,786	\$2,727,035	
	Total Expenditures		10.9%		\$1,313,801	\$12,082,792		20.0%		\$2,069,754	\$10,353,814	

B. Assessment of Attainment of HUB Procurement Goals

Attainment:

The agency increased HUB expenditures overall from 2020 to 2021 and exceeded its HUB procurement goal for Other Services and Commodities in FY 2021.

Applicability:

TDI's functions do not include construction, therefore "Heavy Construction," "Building Construction," and "Special Trade Construction" categories are not applicable to the agency. However, TDI did incur incidental construction expenses associated with building maintenance through the special trade category.

Factors Affecting Attainment:

Professional Services. Many of the contracts established under the professional service category were for actuarial service contracts. TDI continues to competitively bid these services, but has found that there are few HUB actuarial firms certified in Texas that can provide the specialized services required by the agency.

Other Services. Several of the contracts established under the "Other Services" category were specialized contracts with low HUB participation, such as proprietary maintenance contracts.

Note: In the past, TDI HUB figures routinely included amounts awarded to HUBs for TDI's Special Deputy Receiver (SDR) process that require TDI to use HUB requirements. This is no longer the case as the SAO determined that the funds should not be included in TDI's HUB results. These figures have been reported as part of TDI's Supplemental HUB report. As a result TDI's reported HUB figures have decreased over the past several fiscal years. TDI will continue to look for additional opportunities to increase HUB participation.

Agency Code: 454 Agency: Department of Insurance

C. Good-Faith Efforts to Increase HUB Participation

Outreach Efforts and Mentor-Protégé Programs:

Events attended:

- September 15-16, 2021 Houston Minority Supplier Development Council Virtual Business Expo
- December 8, 2021 Bexar County Small Business Minority Women & Veterans Business Owners Conference
- May 2-4, 2022 Doing Business Texas Style (MSDC Access Forum) Senator West Spot Bid Fair

HUB Program Staffing:

HUB Coordinator – Tricia Schulze, Procurement Director
Asst. HUB Coordinator – John Cowart, Purchaser III
Asst. HUB Coordinator – Angel Delgado-Reyes, Contract Specialist III

Current and Future Good-Faith Efforts:

- participated in three HUB forums sponsored by organizations, businesses, and governmental entities to locate businesses that would provide goods and services for the agency;
- co-sponsored a HUB event with the Texas Department of Motor Vehicles on April 8, 2022
- attended quarterly HUB Discussion Group meetings;
- maintain a vendor list of all HUB vendors met at HUB events to be used to supplement solicitation/quote requests
- ensured that contract specifications, terms, and conditions reflected the agency's actual requirements, were clearly stated, and did not impose unreasonable or unnecessary contract requirements;
- prepared and distributed information on procurement procedures in a manner that encouraged participation in agency contracts by all businesses;
- in accordance with Section 2161.252 of the Texas Government Code, required respondents to solicitations with an expected value over \$100,000 to complete and submit a HUB Subcontracting Plan; and
- requested and encouraged respondents to solicitations with an expected value under \$100,000 to complete and submit a HUB Subcontracting Plan.

**6.B. Current Biennium Onetime Expenditure Schedule
Summary of Onetime Expenditures**

Agency Code: 454	Agency Name: Texas Department of Insurance	Prepared By: Anthony Infantini	Date: August 26, 2022
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Projects	Estimated 2022	Budgeted 2023	Requested 2024	Requested 2025
Temporary Health Risk Pool	\$0	\$42,827,477	\$1,165,695	\$1,165,695
Total, All Projects	\$0	\$42,827,477	\$1,165,695	\$1,165,695

**6.B. Current Biennium Onetime Expenditure Schedule
Strategy Allocation from 2022-23 Biennium to 2024-25 Biennium**

Agency Code: 454	Agency Name: Texas Department of Insurance	Prepared By: Anthony Infantini	Date: August 26, 2022
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2022-23	2024-25
PROJECT: Temporary Health Risk Pool	PROJECT: Data Center and DWC Modernization Efforts
ALLOCATION TO STRATEGY: G.1.1.	ALLOCATION TO STRATEGY: E.1.2

Strategy Code	OOE/MOF Code	Strategy Allocation	Estimated 2022	Budgeted 2023	Requested 2024	Requested 2025
Object of Expense:						
G.1.1.	1001	Salaries and Wages	\$0	\$904,779		
G.1.1.	1002	Other Personnel Costs	\$0	\$4,524		
G.1.1.	2001	Professional Fees and Services	\$0	\$2,000,000		
G.1.1.	2003	Consumable Supplies	\$0	\$7,200		
G.1.1.	2004	Utilities	\$0	\$500		
G.1.1.	2009	Other Operating Expenses	\$0	\$39,910,474		
E.1.2.	1001	Salaries and Wages			\$531,720	\$531,720
E.1.2.	2001	Professional Fees and Services			\$633,975	\$633,975
Total, Object of Expense			\$0	\$42,827,477	\$1,165,695	\$1,165,695
Method of Financing:						
G.1.1.	0036	Texas Department of Insurance Operating Fund	\$0	\$2,331,390		
G.1.1.	0329	Healthy Texas Small Employer Premium Stabilization Fund	\$0	\$41,052,524		
E.1.2.	0036	Texas Department of Insurance Operating Fund			\$1,165,695	\$1,165,695
Total, Method of Financing			\$0	\$43,383,914	\$1,165,695	\$1,165,695

Project Description for the 2022-23 Biennium:

SB 874 from the 87th Legislative Session added Chapter 1510 to the Texas Insurance Code to provide a temporary mechanism to authorize the creation of a health insurance risk pool and TDI received appropriations for these purposes. The statute authorizing health risk pool activities expires August 31, 2023 and no funds are to be requested for this activity without statutory change.

Project Description and Allocation Purpose for the 2024-25 Biennium:

TDI allocated amounts appropriated from fund 36 in 2022-23 to absorb increased ongoing costs in the data center due to software and server needs along with forecasted renewals for the 2024-25 biennium and to fund efforts within the Information Technology team to accelerate the modernization of the state's workers' compensation system.

		454 Department of Insurance				
CFDA NUMBER/ STRATEGY		Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
17.005.001	OSHA BUREAU OF LABOR STATISTICS					
4 - 2 - 1	HEALTH AND SAFETY SERVICES	192,744	225,335	231,011	231,011	231,011
	TOTAL, ALL STRATEGIES	\$192,744	\$225,335	\$231,011	\$231,011	\$231,011
	ADDL FED FNDS FOR EMPL BENEFITS	0	0	0	0	0
	TOTAL, FEDERAL FUNDS	\$192,744	\$225,335	\$231,011	\$231,011	\$231,011
	ADDL GR FOR EMPL BENEFITS	\$0	\$0	\$0	\$0	\$0
17.504.002	OSHA Consultation Agreements					
4 - 2 - 1	HEALTH AND SAFETY SERVICES	1,831,813	2,030,458	2,080,180	2,080,419	2,080,419
	TOTAL, ALL STRATEGIES	\$1,831,813	\$2,030,458	\$2,080,180	\$2,080,419	\$2,080,419
	ADDL FED FNDS FOR EMPL BENEFITS	0	0	0	0	0
	TOTAL, FEDERAL FUNDS	\$1,831,813	\$2,030,458	\$2,080,180	\$2,080,419	\$2,080,419
	ADDL GR FOR EMPL BENEFITS	\$0	\$0	\$0	\$0	\$0

CFDA NUMBER/ STRATEGY		454 Department of Insurance				
		Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
<u>SUMMARY LISTING OF FEDERAL PROGRAM AMOUNTS</u>						
17.005.001	OSHA BUREAU OF LABOR STATISTICS	192,744	225,335	231,011	231,011	231,011
17.504.002	OSHA Consultation Agreements	1,831,813	2,030,458	2,080,180	2,080,419	2,080,419
TOTAL, ALL STRATEGIES		\$2,024,557	\$2,255,793	\$2,311,191	\$2,311,430	\$2,311,430
TOTAL, ADDL FED FUNDS FOR EMPL BENEFITS		0	0	0	0	0
TOTAL, FEDERAL FUNDS		\$2,024,557	\$2,255,793	\$2,311,191	\$2,311,430	\$2,311,430
TOTAL, ADDL GR FOR EMPL BENEFITS		\$0	\$0	\$0	\$0	\$0

SUMMARY OF SPECIAL CONCERNS/ISSUES

Assumptions and Methodology:

Potential Loss:

6.E. Estimated Revenue Collections Supporting Schedule
88th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

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

FUND/ACCOUNT	Act 2021	Exp 2022	Est 2023	Est 2024	Est 2025
<u>1</u> General Revenue Fund					
Beginning Balance (Unencumbered):	\$0	\$0	\$0	\$0	\$0
Estimated Revenue:					
3175 Professional Fees	64,495	59,738	57,500	57,500	57,500
3206 Insurance Companies Fees	97,670	81,235	82,031	82,837	83,651
3210 Insurance Agents Licenses	860,788	769,226	653,308	645,008	640,008
3221 Unauthorized Insurance Penalty	44,564,517	60,326,865	52,976,645	52,976,645	52,976,645
3222 Ins Penalty Lieu of Suspension	8,089,939	8,692,645	11,523,872	11,523,872	11,523,872
3557 Health Care Facilities Fees	48,986	42,980	33,310	33,643	33,979
3727 Fees - Administrative Services	258,185	255,000	257,000	259,000	261,000
3733 Workers Compensation Penalties	1,128,178	1,199,090	1,115,026	1,126,176	1,137,438
3775 Returned Check Fees	270	104	0	0	0
3795 Other Misc Government Revenue	41	72	0	0	0
3839 Sale of Motor Vehicle/Boat/Aircraft	0	29,599	0	0	0
3852 Interest on Local Deposits-St Agy	100	0	0	0	0
Subtotal: Actual/Estimated Revenue	55,113,169	71,456,554	66,698,692	66,704,681	66,714,093
Total Available	\$55,113,169	\$71,456,554	\$66,698,692	\$66,704,681	\$66,714,093
DEDUCTIONS:					
Expended/Budgeted/Requested	(3,204)	(100,500)	(3,000)	(3,100)	(3,100)
Other (balances swept by Agency 902)	(55,109,965)	(71,356,054)	(66,695,692)	(66,701,581)	(66,710,993)
Total, Deductions	\$(55,113,169)	\$(71,456,554)	\$(66,698,692)	\$(66,704,681)	\$(66,714,093)
Ending Fund/Account Balance	\$0	\$0	\$0	\$0	\$0

REVENUE ASSUMPTIONS:

The Department assumes fee rates will remain the same. COBJ 3221 & 3733 estimates based on 36 month average revenue collections. COBJ 3210 & 3222 based on a combination of program area estimates and 36 month average revenue collections.

6.E. Estimated Revenue Collections Supporting Schedule
88th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

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

FUND/ACCOUNT	Act 2021	Exp 2022	Est 2023	Est 2024	Est 2025
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CONTACT PERSON:

Robert Palm

6.E. Estimated Revenue Collections Supporting Schedule
88th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

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

FUND/ACCOUNT	Act 2021	Exp 2022	Est 2023	Est 2024	Est 2025
36 Dept Ins Operating Acct					
Beginning Balance (Unencumbered):	\$154,274,175	\$151,528,251	\$152,293,640	\$132,737,581	\$129,498,489
Estimated Revenue:					
3149 Amusement Ride Inspection	210,797	261,266	263,879	266,518	269,183
3175 Professional Fees	3,380,702	3,161,000	3,161,500	3,162,000	3,162,500
3203 Insurance Comp Maintenance Tax	0	95,237,808	101,837,400	101,954,269	102,280,546
3206 Insurance Companies Fees	312,542	1,900,316	1,791,929	1,809,799	1,827,846
3210 Insurance Agents Licenses	32,240,521	35,875,500	37,208,924	37,306,524	37,306,524
3212 Tx Work Comp Self - Ins Reg Fees	562,972	434,215	445,000	480,729	453,315
3213 Catastrophe Prop Ins Pool Fees	205	543	380	384	388
3215 Insurance Dept Fees - Misc	671,492	726,745	720,974	722,983	725,065
3216 Insurance Dept Exam/Audit Fees	4,521,679	4,907,445	4,112,000	4,153,000	4,195,000
3219 Workers Comp Comm-Ins Co Maint Tax	49,541,466	47,230,052	47,397,600	47,398,155	47,066,155
3220 W/C Res & Oversight CNCL/Maint Tax	20,092	779,917	1,015,000	897,576	903,299
3703 Recovery Audit Reimbursements	287	0	0	0	0
3727 Fees - Administrative Services	154,000	65,000	100,000	55,000	100,000
3795 Other Misc Government Revenue	0	0	0	0	0
3972 Other Cash Transfers Between Funds	0	0	0	0	0
Subtotal: Actual/Estimated Revenue	91,616,755	190,579,807	198,054,586	198,206,937	198,289,821
Total Available	\$245,890,930	\$342,108,058	\$350,348,226	\$330,944,518	\$327,788,310

DEDUCTIONS:

Expended/Budgeted/Requested	(58,489,663)	(103,797,050)	(121,756,171)	(110,343,472)	(110,236,495)
Employee and retiree benefits	(31,648,324)	(32,083,190)	(43,504,363)	(38,699,519)	(38,810,130)
Transfer- Attorney General (302)	0	(4,969,839)	(4,676,343)	(4,676,343)	(4,676,343)
Transfer- Texas Facilities Commission (303)	(1,030,083)	(1,030,083)	(1,030,083)	(1,030,083)	(1,030,083)
Transfer- Department of Public Safety (405)	(113,977)	(187,798)	(277,225)	(277,385)	(277,546)
Transfer- Office of Injured Employee Counsel (448)	(11,432,300)	(11,498,131)	(11,747,476)	(11,754,712)	(11,762,020)
Transfer- Department of State Health Services (537)	0	(6,850,628)	(6,731,890)	(6,736,799)	(6,741,758)
Transfer- Texas A&M Forest Service (576)	0	(27,864,536)	(26,273,045)	(26,273,045)	(26,273,045)
Transfer- Texas Department of Transportation (601)	0	(730,218)	(730,218)	(730,218)	(730,218)
Transfer- Comptroller - State Fiscal (902)	(241,852)	(802,945)	(883,831)	(924,453)	(907,951)
Reclass remaining balance from Fund 8042	8,593,520	0	0	0	0

6.E. Estimated Revenue Collections Supporting Schedule
 88th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

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

FUND/ACCOUNT	Act 2021	Exp 2022	Est 2023	Est 2024	Est 2025
Total, Deductions	\$(94,362,679)	\$(189,814,418)	\$(217,610,645)	\$(201,446,029)	\$(201,445,589)
Ending Fund/Account Balance	\$151,528,251	\$152,293,640	\$132,737,581	\$129,498,489	\$126,342,721

REVENUE ASSUMPTIONS:

From FY 2022 forward, fund 8042 is eliminated and all activity previously in fund 8042 is shown in fund 36. The Department assumes the appropriated funding level for agencies 302, 303, 454, 576, and 601 plus fringe benefits for object 3203 (maintenance taxes) for future years. The Department also included other funding requirements such as reimbursement of statewide allocated costs and costs associated with the Comptroller tax function. The Department takes into consideration estimated fund balances and combined revenues and deductions in fund 8042 and account 0036. The Commissioner sets maintenance tax rates annually. The Department did not include \$3.05 million deducted by the Comptroller as required by chapter 252 of the Texas Insurance Code. The Department assumes there will not be changes to the current fee rate structure. 2023 COBJ 3210 estimates based on 36 month average of revenue collections, with increases in 2024-25 only due to changes in TX.gov estimates. Estimates for COBJ 3219 have the tax base remaining flat from 2023-2025.

CONTACT PERSON:

Robert Palm

6.E. Estimated Revenue Collections Supporting Schedule
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Agency Code: **454** Agency name: **Department of Insurance**

FUND/ACCOUNT	Act 2021	Exp 2022	Est 2023	Est 2024	Est 2025
<u>161</u> TexasSure Fund					
Beginning Balance (Unencumbered):	\$2,211,159	\$0	\$2,083,359	\$0	\$0
Estimated Revenue:					
3014 Mtr Vehicle Registration Fees	247,880	5,073,752	5,073,752	5,073,752	5,073,752
Subtotal: Actual/Estimated Revenue	247,880	5,073,752	5,073,752	5,073,752	5,073,752
Total Available	\$2,459,039	\$5,073,752	\$7,157,111	\$5,073,752	\$5,073,752
DEDUCTIONS:					
Expended/Budgeted/Requested	(2,459,039)	(2,990,393)	(7,157,111)	(5,073,752)	(5,073,752)
Total, Deductions	\$(2,459,039)	\$(2,990,393)	\$(7,157,111)	\$(5,073,752)	\$(5,073,752)
Ending Fund/Account Balance	\$0	\$2,083,359	\$0	\$0	\$0

REVENUE ASSUMPTIONS:

\$1 motor vehicle registration fee up to the amount appropriated to the TexasSure fund (Transportation Code 502.357)

CONTACT PERSON:

Robert Palm

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

FUND/ACCOUNT	Act 2021	Exp 2022	Est 2023	Est 2024	Est 2025
<u>329</u> Healthy TX Sm Emp Prem Stabil. Fund					
Beginning Balance (Unencumbered):	\$47,827,477	\$47,907,809	\$47,908,466	\$6,855,942	\$6,855,942
Estimated Revenue:					
3795 Other Misc Government Revenue	132,164	657	0	0	0
3991 Residual Equity Transfers	29,614	0	0	0	0
Subtotal: Actual/Estimated Revenue	161,778	657	0	0	0
Total Available	\$47,989,255	\$47,908,466	\$47,908,466	\$6,855,942	\$6,855,942
DEDUCTIONS:					
Expended/Budgeted/Requested	(91,446)	0	(41,052,524)	0	0
Total, Deductions	\$(91,446)	\$0	\$(41,052,524)	\$0	\$0
Ending Fund/Account Balance	\$47,897,809	\$47,908,466	\$6,855,942	\$6,855,942	\$6,855,942

REVENUE ASSUMPTIONS:
The department assumes no revenue.

CONTACT PERSON:
Robert Palm

6.E. Estimated Revenue Collections Supporting Schedule
88th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

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

FUND/ACCOUNT	Act 2021	Exp 2022	Est 2023	Est 2024	Est 2025
666 Appropriated Receipts					
Beginning Balance (Unencumbered):	\$4,626,705	\$4,869,084	\$4,926,634	\$0	\$0
Estimated Revenue:					
3221 Unauthorized Insurance Penalty	0	2,250,000	0	0	0
3222 Ins Penalty Lieu of Suspension	2,170,955	79,045	0	0	0
3714 Judgments	0	30	0	0	0
3719 Fees/Copies or Filing of Records	17,794	14,212	8,000	8,000	8,000
3722 Conf, Semin, & Train Regis Fees	51,833	50,107	0	0	0
3802 Reimbursements-Third Party	2,936,571	3,207,611	3,262,356	3,294,088	3,326,137
3839 Sale of Motor Vehicle/Boat/Aircraft	0	9,866	0	0	0
3879 Credit Card and Related Fees	5,655	6,374	0	0	0
Subtotal: Actual/Estimated Revenue	5,182,808	5,617,245	3,270,356	3,302,088	3,334,137
Total Available	\$9,809,513	\$10,486,329	\$8,196,990	\$3,302,088	\$3,334,137
DEDUCTIONS:					
Expended/Budgeted/Requested	(1,988,574)	(2,342,113)	(4,922,740)	(189,340)	(189,340)
Art IX, Sec. 8.02- Title Examination and Liquidation Oversight (GAA)	(2,183,401)	(2,456,135)	(2,504,239)	(2,479,473)	(2,495,706)
Art IX, Sec. 8.10- Appropriation of Credit Card Fees (GAA)	(5,655)	(6,432)	58	0	0
Transfer - Employee Benefits (Benefit Replacement Pay)	(2,117)	(616)	(616)	(616)	(616)
Transfer - Employee Benefits (OASI, ERS, Insurance)	(598,188)	(602,174)	(617,228)	(632,659)	(648,475)
Lapse- Undercollection of Appropriated Receipts	199,636	124,300	124,300	0	0
Reg Appns from MOF Table (2020-21 GAA)	(362,130)	0	0	0	0
Reg Appns from MOF Table (2022-23 GAA)	0	(276,525)	(276,525)	0	0
Total, Deductions	\$(4,940,429)	\$(5,559,695)	\$(8,196,990)	\$(3,302,088)	\$(3,334,137)
Ending Fund/Account Balance	\$4,869,084	\$4,926,634	\$0	\$0	\$0

REVENUE ASSUMPTIONS:

Assumes revenues will be collected to sustain current appropriated receipt funding levels. Estimated Liquidation and Title Allocated accounts revenue equal estimated disbursements including matching and BRP benefits.

6.E. Estimated Revenue Collections Supporting Schedule
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Agency Code: **454** Agency name: **Department of Insurance**

FUND/ACCOUNT	Act 2021	Exp 2022	Est 2023	Est 2024	Est 2025
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CONTACT PERSON:

Robert Palm

6.E. Estimated Revenue Collections Supporting Schedule
 88th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

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

FUND/ACCOUNT	Act 2021	Exp 2022	Est 2023	Est 2024	Est 2025
<u>777</u> Interagency Contracts					
Beginning Balance (Unencumbered):	\$0	\$0	\$0	\$0	\$0
Estimated Revenue:					
3765 Supplies/Equipment/Services	0	38,000	38,000	38,000	38,000
Subtotal: Actual/Estimated Revenue	0	38,000	38,000	38,000	38,000
Total Available	\$0	\$38,000	\$38,000	\$38,000	\$38,000
DEDUCTIONS:					
Expended/Budgeted/Requested	0	(38,000)	(38,000)	(38,000)	(38,000)
Total, Deductions	\$0	\$(38,000)	\$(38,000)	\$(38,000)	\$(38,000)
Ending Fund/Account Balance	\$0	\$0	\$0	\$0	\$0

REVENUE ASSUMPTIONS:

Contract with OIEC (agency 448) for internal audit services.

CONTACT PERSON:

Robert Palm

6.E. Estimated Revenue Collections Supporting Schedule
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 Automated Budget and Evaluation System of Texas (ABEST)

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

FUND/ACCOUNT	Act 2021	Exp 2022	Est 2023	Est 2024	Est 2025
888 Earned Federal Funds					
Beginning Balance (Unencumbered):	\$0	\$0	\$0	\$0	\$0
Estimated Revenue:					
3702 Fed Receipts-Earned Federal Funds	251,691	362,263	224,406	273,056	273,056
Subtotal: Actual/Estimated Revenue	251,691	362,263	224,406	273,056	273,056
Total Available	\$251,691	\$362,263	\$224,406	\$273,056	\$273,056
DEDUCTIONS:					
Expended/Budgeted/Requested	(224,406)	(224,406)	(224,406)	(273,056)	(273,056)
Art. IX, Sec. 13.11(g)- Benefits Proportional	(27,285)	(137,857)	0	0	0
Total, Deductions	\$(251,691)	\$(362,263)	\$(224,406)	\$(273,056)	\$(273,056)
Ending Fund/Account Balance	\$0	\$0	\$0	\$0	\$0

REVENUE ASSUMPTIONS:

The Department assumes an increase of appropriation funding in the 24-25 biennium and assumes recoveries are sufficient to fund proportional fringe benefits.

CONTACT PERSON:

Robert Palm

6.E. Estimated Revenue Collections Supporting Schedule
 88th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

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

FUND/ACCOUNT	Act 2021	Exp 2022	Est 2023	Est 2024	Est 2025
<u>5101</u> Subsequent Injury Fund					
Beginning Balance (Unencumbered):	\$84,518,179	\$89,705,577	\$96,746,825	\$103,274,133	\$108,598,441
Estimated Revenue:					
3869 Workers'CompDeathBenefits to State	12,592,803	17,119,940	14,200,000	14,200,000	14,200,000
Subtotal: Actual/Estimated Revenue	12,592,803	17,119,940	14,200,000	14,200,000	14,200,000
Total Available	\$97,110,982	\$106,825,517	\$110,946,825	\$117,474,133	\$122,798,441
DEDUCTIONS:					
Expended/Budgeted/Requested	(7,405,405)	(10,078,692)	(7,672,692)	(8,875,692)	(8,875,692)
Total, Deductions	\$(7,405,405)	\$(10,078,692)	\$(7,672,692)	\$(8,875,692)	\$(8,875,692)
Ending Fund/Account Balance	\$89,705,577	\$96,746,825	\$103,274,133	\$108,598,441	\$113,922,749

REVENUE ASSUMPTIONS:

COBJ 3869 estimates expected to retreat from 2022 peak to the 3-year average and then flatten through 2025.

CONTACT PERSON:

Robert Palm

6.E. Estimated Revenue Collections Supporting Schedule
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 Automated Budget and Evaluation System of Texas (ABEST)

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

FUND/ACCOUNT	Act 2021	Exp 2022	Est 2023	Est 2024	Est 2025
<u>5138</u> Fire Prevention And Public Safety					
Beginning Balance (Unencumbered):	\$49,153	\$49,153	\$49,153	\$49,153	\$49,153
Estimated Revenue:					
Ending Fund/Account Balance	\$49,153	\$49,153	\$49,153	\$49,153	\$49,153

REVENUE ASSUMPTIONS:

The Department assumes no revenue or deductions.

CONTACT PERSON:

Robert Palm

6.E. Estimated Revenue Collections Supporting Schedule
88th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

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

FUND/ACCOUNT	Act 2021	Exp 2022	Est 2023	Est 2024	Est 2025
8042 Insurance Maint Tax Fees					
Beginning Balance (Unencumbered):	\$0	\$0	\$0	\$0	\$0
Estimated Revenue:					
3203 Insurance Comp Maintenance Tax	84,318,909	0	0	0	0
3206 Insurance Companies Fees	1,390,361	0	0	0	0
3215 Insurance Dept Fees - Misc	232,834	0	0	0	0
3220 W/C Res & Oversight CNCL/Maint Tax	895,783	0	0	0	0
Subtotal: Actual/Estimated Revenue	86,837,887	0	0	0	0
Total Available	\$86,837,887	\$0	\$0	\$0	\$0
DEDUCTIONS:					
Expended/Budgeted/Requested	(42,189,488)	0	0	0	0
Transfer- Attorney General (302)	(4,922,289)	0	0	0	0
Transfer- Department of State Health Services (537)	(6,029,732)	0	0	0	0
Transfer- Texas A&M Forest Service (576)	(23,772,060)	0	0	0	0
Transfer- Texas Department of Transportation (601)	(730,218)	0	0	0	0
Transfer- Comptroller - State Fiscal (902)	(600,580)	0	0	0	0
Reclass remaining fund balance to Fund 36	(8,593,520)	0	0	0	0
Total, Deductions	\$(86,837,887)	\$0	\$0	\$0	\$0
Ending Fund/Account Balance	\$0	\$0	\$0	\$0	\$0

REVENUE ASSUMPTIONS:

From FY 2022 forward, fund 8042 is eliminated and all activity previously in fund 8042 is shown in fund 36. The Department assumes the appropriated funding level for agencies 302, 303, 405, 454, 537, 576, and 601 plus fringe benefits for object 3203 (maintenance taxes) for future years. The Department also included other funding requirements such as reimbursement of statewide allocated costs and costs associated with the Comptroller tax function. The Department takes into consideration estimated fund balances and combined revenues and deductions in fund 8042 and account 0036. The Commissioner sets maintenance tax rates annually. The Department did not include \$3.05 million deducted by the Comptroller as required by chapter 252 of the Texas Insurance Code.

CONTACT PERSON:

Robert Palm

6.H. Estimated Total of All Agency Funds Outside the GAA Bill Pattern
Texas Department of Insurance

ESTIMATED GRAND TOTAL OF AGENCY FUNDS OUTSIDE THE 2024-25 GAA BILL PATTERN	\$	688,331,734
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Summary

Estimated Beginning Balance in FY 2022	\$	197,875,576
Estimated Revenues FY 2022	\$	20,175,857
Estimated Revenues FY 2023	\$	121,009,274
FY 2022-23 Total	\$	339,060,707
Estimated Beginning Balance in FY 2024	\$	313,006,631
Estimated Revenues FY 2024	\$	172,837,697
Estimated Revenues FY 2025	\$	202,487,406
FY 2024-25 Total	\$	688,331,734

Constitutional or Statutory Creation and Use of Funds:

See additional pages for details.

Method of Calculation and Revenue Assumptions:

See additional pages for details.

6.H. Estimated Total of All Agency Funds Outside the GAA Bill Pattern
Texas Department of Insurance

ESTIMATED GRAND TOTAL OF AGENCY FUNDS OUTSIDE THE 2024-25 GAA BILL PATTERN	\$	642,475,873
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<u>Catastrophe Reserve Trust Fund (3204)</u>		
Estimated Beginning Balance in FY 2022	\$	181,493,413
Estimated Revenues FY 2022	\$	4,498,922
Estimated Revenues FY 2023	\$	107,636,452
FY 2022-23 Total	\$	293,628,787
Estimated Beginning Balance in FY 2024	\$	293,628,787
Estimated Revenues FY 2024	\$	159,821,474
Estimated Revenues FY 2025	\$	189,025,612
FY 2024-25 Total	\$	642,475,873
Constitutional or Statutory Creation and Use of Funds:		
<p>The Texas Legislature established the Catastrophe Reserve Trust Fund (CRTF) in 1993 as part of the state's overall plan for funding catastrophic losses caused by windstorm and hail damage for designated areas on the Texas Gulf coast (designated catastrophe area). In the event of a major storm affecting the Texas coast, the Texas Windstorm Insurance Association (TWIA) would use the CRTF to pay certain losses. See Texas Insurance Code Chapter 2210.</p>		

Method of Calculation and Revenue Assumptions:

Uncertainty

These estimates are subject to substantial amounts of uncertainty. Actual CRTF balances at the end of FY 2023 and FY 2025 may be substantially different than estimated. Sources of uncertainty include the weather, economic conditions, coastal insurance market conditions, reinsurance market conditions, inflation, the interest rate environment, and actions by TWIA. These estimates assume no hurricanes will make landfall on the Texas coast over the next four years. The presence of even a moderate-sized hurricane in a populated part of the Texas coast could reduce the CRTF fund balance to \$0. Other weather factors, such as above or below average spring storms will impact actual CRTF balances. Estimates of TWIA's future premium income rely on estimates of future policy and exposure growth and estimates of future TWIA rate increases. These estimates are affected by coastal market conditions, inflation in building costs, other economic conditions, and future actions by TWIA's Board. Additionally, changes in interest rates will affect TWIA's net income and income generated by the CRTF.

Since these estimates rely on projections of future events, actual amounts in the CRTF will likely differ from estimated amounts. However, these estimates rely on reasonable assumptions to calculate estimates of future deposits and future interest earnings under the assumption of no Texas hurricane landfalls over the next four years.

Fiscal Year (FY) 2022

The FY 2022 revenue estimate is composed of deposits made by TWIA during FY2022, actual and estimated interest earned, and actual and estimated management fees. The annual rate used for the CRTF management fees was **0.0002**, based on the published fee schedule of the Texas Treasury Safekeeping Trust Company (TTSTC), applied to the average daily balance of the fund in August 2022. The assumed average annual investment yield was **1.5%** based on the average yield actually paid in **July 2022**, and the June 2022 actions of the Federal Reserve Board to increase interest rates by another 75 basis points. This yield was applied to the average daily balance of the fund in August 2022.

It is assumed TWIA premiums will increase by 10% on an annualized basis due to increases in the number of risks and the amount of exposures in the second half of calendar year 2022.

General Assumptions Applicable to FY 2022 through FY 2025

- No hurricanes will strike in Texas in FYs 2022 – 2025.
- In calendar years 2023-2025 TWIA premiums will increase by 6% due to increases in the number of risks and amount of exposures.
- TWIA rates will not increase in calendar year 2023.
- TWIA rates will increase on average 1 percent per year in calendar years 2024 and 2025.
- TWIA's non-hurricane loss experience, acquisition and operating expenses will be the same as its historical averages.
- No income generated during FY 2023 through FY 2025 will be used to pay for previous hurricane claims even if there is adverse loss development from those hurricanes during those fiscal years. Instead, losses from previous hurricanes will be paid from funding sources available for those particular catastrophe years (Harvey-2017, Hanna, Delta-2020).

Fiscal Year 2023

The deposits to the CRTF consists of the projected 2022 operating profit of TWIA, plus the statutory 15 percent premium surcharges for certain noncompliant structures (§2210.259), less early repayment of the TWIA Series 2014 Bonds (see below). Non-compliant surcharges

are estimated based on historic average surcharge deposits and monthly patterns of surcharge deposits over the last three years, adjusting for assumed changes in premiums.

In May 2022, TWIA took action to repay the remaining \$177 million in outstanding 2014 Class 1 Bonds. To achieve this, TWIA borrowed approximately \$38 million in short-term debt from Chase Bank at an interest rate of about 5%. It is assumed TWIA will repay half of this loan in 2022 and the other half in 2023. The \$177 million is comprised of the following funds:

- (i) \$63.0 million in TWIA's calendar year 2021 earnings;
- (ii) \$61.7 million in the Class 1 Debt Service Fund as of 12/31/2021;
- (iii) \$18.1 million in 2022 premium earnings deposited into the Class 1 Debt Service Fund in 2022; and
- (iv) \$34.2 million in funds secured through a loan from Chase Bank.

The \$38 million loan* consists of:

- (i) \$34.2 million in funds used to repay the 2014 Class 1 Bonds; and
- (ii) \$ 3.8 million to meet the 10% debt service reserve fund requirement.

These transactions were factored in when estimating TWIA's operating profit for calendar year 2022.

It was assumed that the 2022 operating profit will be deposited in the CRTF on April 1, 2023, and the statutory premium surcharges were deposited at approximately the 23rd day of the month. The annual rate used for the CRTF management fee was **0.0002**, based on the published fee schedules of the TTSTC, applied to the average daily balance of the fund during the fiscal year. The assumed average annual investment yield applied to the average daily balance of the fund during the fiscal year was **1.5%**. This is based on actual interest paid in July 2022, and the June 2022 action of the Federal Reserve Board to increase interest rates by another 75 basis points.

*Under the terms of the loan, TWIA may draw up to \$40 million. However, it is assumed TWIA will only draw the minimum amount needed to repay the 2014 Class 1 Bonds and meet Chase's 10% debt service reserve fund requirement.

Fiscal Year 2024

The deposits to the CRTF consist of the projected 2023 operating profit of TWIA plus the statutory 15 percent premium surcharges for certain noncompliant structures (§2210.259). Non-compliant surcharges were estimated based on historic average surcharge deposits and monthly patterns of surcharge deposits over the last three years, adjusting for assumed changes in written premiums.

It was assumed that TWIA will repay the second half of the Chase Bank loan (and associated interest) from calendar 2023 earnings. In addition, it is assumed that the \$3.8 million in debt reserve will be used to repay the Chase loan, partially offsetting the final required interest and principal payment.

It was assumed that the 2023 operating profit was deposited in the CRTF on April 1, 2024, and the statutory premium surcharges were deposited at approximately the 23rd day of the month. The annual rate used for the CRTF management fee was **0.0002**, based on the published fee schedules of the TTSTC, applied to the average daily balance of the fund during the fiscal year. The assumed average annual investment yield applied to the average daily balance of the fund during the fiscal year was **1.5%**. This is based on actual interest paid July 2022, and the June 2022 actions of the Federal Reserve Board to increase interest rates by another 75 basis points.

Fiscal Year 2025

The deposits to the CRTF consist of the projected 2024 operating profit of TWIA plus the statutory 15 percent surcharges on the premiums of certain noncompliant structures (§2210.259). The latter are estimated based on historic average surcharge deposits and monthly patterns of surcharge deposits over the last three years, adjusting for assumed changes in written premiums. It was assumed that the 2024 operating profit was deposited in the CRTF on April 1, 2025, and the statutory premium surcharges were deposited at approximately the 23rd day of the month. The annual rate used for the CRTF management fees was **0.0002**, based on the published fee schedules of the TTSTC, applied to the average daily balance of the fund during the fiscal year. The assumed average annual investment yield applied to the average daily balance of the fund during the fiscal year was 1.5%. This is based on actual interest paid in June and July, 2022 and the June 2022 actions of the Federal Reserve Board to increase interest rates by another 75 basis points.

6.H. Estimated Total of All Agency Funds Outside the GAA Bill Pattern
Texas Department of Insurance

ESTIMATED GRAND TOTAL OF AGENCY FUNDS OUTSIDE THE 2024-25 GAA BILL PATTERN	\$	34,618,642
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<u>Examination Self Directed Budget Account</u>		
Estimated Beginning Balance in FY 2022	\$	7,589,293
Estimated Revenues FY 2022	\$	14,781,654
Estimated Revenues FY 2023	\$	11,577,126
FY 2022-23 Total	\$	33,948,073
Estimated Beginning Balance in FY 2024	\$	10,064,326
Estimated Revenues FY 2024	\$	12,077,147
Estimated Revenues FY 2025	\$	12,477,169
FY 2024-25 Total	\$	34,618,642
 Constitutional or Statutory Creation and Use of Funds:		
<p>Pursuant to Chapter 401 Subchapter F, all employees of the Actuarial Office and Financial Examinations are funded by a self directed budget. Examination costs by statute {Section 401.251(2)} are defined as salary, travel, or other personnel expenses associated with the examination of insurers and other entities by staff of these two areas, both of which are part of the Financial Regulation Division.</p>		
 Method of Calculation and Revenue Assumptions:		
<ol style="list-style-type: none"> 1. Assumes staffing levels will remain constant during the period. 2. Interest rates on Trust Fund account have increased in FY 2022 and are expected to remain stable in FY 2023 and through the projection period. 3. Other than the immaterial amount of investment revenue being projected because of the low interest rate environment, the revenues will be collected from direct billings and overhead assessments to domestic insurers and other entities being examined. 4. 5% growth rate for salary and benefits for FY 2024-FY 2025 to fund merit raises, promotions, and certifications in accordance to Section's career ladder. 		

6.H. Estimated Total of All Agency Funds Outside the GAA Bill Pattern
Texas Department of Insurance

ESTIMATED GRAND TOTAL OF AGENCY FUNDS OUTSIDE THE 2024-25 GAA BILL PATTERN	\$	11,237,220
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Abandoned Property / Liquidation Operating Fund (1999)

Estimated Beginning Balance in FY 2022	\$	8,792,871
Estimated Revenues FY 2022	\$	895,281
Estimated Revenues FY 2023	\$	1,795,696
FY 2022-23 Total	\$	11,483,847
Estimated Beginning Balance in FY 2024	\$	9,313,518
Estimated Revenues FY 2024	\$	939,076
Estimated Revenues FY 2025	\$	984,626
FY 2024-25 Total	\$	11,237,220

Constitutional or Statutory Creation and Use of Funds:

The Texas Insurance Code governs receiverships of insurance companies. When a court places an insurer in receivership, the Commissioner is appointed as Receiver, and vested with the insurer’s assets. The *Abandoned Property/Liquidation Operating Fund* contains funds from insurers that have been placed into receivership under Texas Insurance Code Chapter 443 or its predecessor, Article 21.28. Described below are the sources and uses of these funds:

(1) Funds of insurers that are in receivership (Receivership Funds). The costs of operating receiverships are paid with Receivership Funds under Texas Insurance Code § 443.015(i). Expenses incurred in carrying out the Commissioner’s duties as Receiver (Receiver’s Expenses) include salaries of TDI staff assigned to work on receiverships.

(2) Receivership Funds that the court declared as abandoned under former Article 21.28, §8 after the receivership closed (Abandoned Funds). Article 21.28, §8 allows TDI to use Abandoned Funds to: (a) operate receiverships that lack funds to pay operating costs (No Asset Receiverships), and (b) pay the Receiver’s Expenses that cannot be allocated to receiverships. Abandoned Funds are deposited in the Abandoned Property Fund (APF).

Method of Calculation and Revenue Assumptions:

Estimated Revenue includes: (a) the APF and other accounts containing abandoned funds; (b) accounts containing Receivership Funds that are used to pay Receiver's Expenses; and (c) interest earned on these funds. Revenue estimated for FY2022 is based on interest received and projected interest through fiscal year-end. Revenue estimates for FY2023, FY2024 and FY2025 are based on the following:

- 1) Assumes staffing levels will remain constant during period.
- 2) The current interest rate level will remain constant through FY2025 at 1.5%, which is the current annual interest rate.
- 3) It is assumed that two receivership estates close in FY2023 which will result in \$900,000 will be repaid to the APF. These amounts were originally loaned from the APF to ensure that the estates could pay their expenses.
- 4) Includes a 5% growth rate for FY2024-FY2025 salaries to fund merit increases and promotions.

There are other factors that could impact revenue of these funds. Revenues related to receiverships are dependent on the assets available in receiverships that are opened and closed during a fiscal year. Revenues related to the APF will depend on the amount of funds that remain unclaimed in a receivership, and a declaration by a court that the funds have been abandoned. These factors are inherently unpredictable.

The *Abandoned Property/Liquidation Operating Fund* does not include other accounts containing Receivership Funds that are not used for the payment of Receiver's Expenses. These other accounts are used to pay other receivership costs and to make distributions to guaranty associations, policyholders, and other creditors.

Reasons why funds are not part of agency's bill pattern:

These funds cannot be included in the agency's bill pattern. The funds are not appropriated or received from any governmental entity; they are funds of insurers placed in receivership by a court. Receivership Funds are held by the Commissioner as the court appointed Receiver of an insurer. The funds can only be used as permitted by the Texas Insurance Code, subject to court approval. The APF funds can only be used for the purposes permitted by the Texas Insurance Code, which include continuing the operation of receiverships and paying Receiver's Expenses that cannot be allocated to receiverships.