

AGENCY STRATEGIC PLAN
FOR THE FISCAL YEARS 2013-2017 PERIOD

**SUBMITTED TO THE
GOVERNOR'S OFFICE OF BUDGET PLANNING AND POLICY
AND THE LEGISLATIVE BUDGET BOARD**

BY

OFFICE OF PUBLIC INSURANCE COUNSEL



JULY 6, 2012

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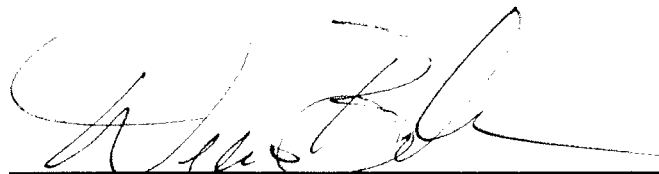
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SIGNED:



DEEIA BECK, PUBLIC COUNSEL

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Vision of Texas State Government

Working together to create greater opportunity and prosperity for all Texans, making our state and its people truly competitive in the global marketplace, and to maintain our position as a national leader, we must remain focused on the following critical priorities of our citizens:

Ensuring the economic competitiveness of our state by adhering to principles of fiscal discipline, setting clear budget priorities, living within our means, and limiting the growth of government;

Investing in critical water, energy, and transportation infrastructure needs to meet the demands of our rapidly growing state;

Ensuring excellence and accountability in public schools and institutions of higher education as we invest in the future of this state and ensure Texans are prepared to compete in the global marketplace;

Defending Texans by safeguarding our neighborhoods and protecting our international border; and

Increasing transparency and efficiency at all levels of government to guard against waste, fraud, and abuse, ensuring that Texas taxpayers keep more of their hard-earned money to keep our economy and our families strong.

Mission of Texas State Government

Texas State Government must be limited, efficient, and completely accountable. It should foster opportunity and economic prosperity, focus on critical priorities, and support the creation of strong family environments for our children. The stewards of the public trust must be men and women who administer state government in a fair, just, and responsible manner. To honor the public trust, state officials must seek new and innovative ways to meet state government priorities in a fiscally responsible manner.

AIM HIGH... WE ARE NOT HERE TO ACHIEVE INCONSEQUENTIAL THINGS!

Philosophy of Texas State Government

The task before all state public servants is to govern in a manner worthy of this great state. We are a great enterprise, and as an enterprise, we will promote the following core principles:

- First and foremost, Texas matters most. This is the overarching, guiding principle by which we will make decisions. Our state, and its future, is more important than party, politics, or individual recognition.
- Government should be limited in size and mission, but it must be highly effective in performing the tasks it undertakes.

- Decisions affecting individual Texans, in most instances, are best made by those individuals, their families, and the local government closest to their communities.
- Competition is the greatest incentive for achievement and excellence. It inspires ingenuity and requires individuals to set their sights high. Just as competition inspires excellence, a sense of personal responsibility drives individual citizens to do more for their future and the future of those they love.
- Public administration must be open and honest, pursuing the high road rather than the expedient course. We must be accountable to taxpayers for our actions.
- State government has a responsibility to safeguard taxpayer dollars by eliminating waste and abuse, and providing efficient and honest government.
- Finally, state government should be humble, recognizing that all its power and authority is granted to it by the people of Texas, and those who make decisions wielding the power of the state should exercise their authority cautiously and fairly.

Relevant Statewide Priority Goals and Benchmarks

Priority Goals:

To support effective, efficient, and accountable state government operations and to provide citizens with greater access to government services while reducing service delivery costs.

To ensure Texans are effectively and efficiently served by high quality professionals and businesses through clear standards, compliance, and market-based solutions.

Benchmarks:

- Total state spending per capita
- Percentage change in state spending, adjusted for population and inflation
- Number of state employees per 10,000 population
- Number of state services accessible by the Internet
- Total savings realized in state spending by making reports/documents/processes available on the Internet and accepting information in electronic format
- Affordability of homes as measured by the Texas Housing Affordability Index
- Average annual homeowners and automobile premiums as a percent of the national average

Office of Public Insurance Counsel Mission

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

Office of Public Insurance Counsel Philosophy

The Office of Public Insurance Counsel is dedicated to diligently representing the interests of Texas consumers in a cost efficient manner. Each staff member must adhere to the highest ethical standards. This includes both thorough analysis of information, and fairness and sensitivity in working with consumers.

External / Internal Assessment

Overview of Agency Scope and Functions

The statutory authority for the Office of Public Insurance Counsel (OPIC) is found in the Texas Insurance Code Title 5, Subtitle A, Chapter 501. Authority for the collection of funds on behalf of OPIC is found in §§ 501.202-501.205. OPIC acts as an advocate for insurance consumers before the Texas Department of Insurance (TDI), the State Office of Administrative Hearings, and district and appellate courts.

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

OPIC annually reviews hundreds of rate filings and has worked successfully against unjustified rate increases proposed by the insurance industry. During fiscal years 2008-2012 (to date), OPIC intervened in 122 cases resulting in lower rates for consumers and/or other policyholder benefits. These cases involved homeowners insurance, personal automobile insurance and workers compensation insurance resulting in estimated savings to consumers of \$206,204,757. In addition, OPIC participated in statewide rate cases involving the Texas Windstorm Insurance Association (TWIA), the Texas Automobile Insurance Plan Association (TAIPA), as well as title insurance and worker's compensation insurance. OPIC's participation in these cases resulted in rate decreases or reductions in proposed levels of rate increase estimated at \$442,997,144.

In addition to these results, OPIC has successfully participated in a number of proceedings and rate negotiations for homeowners insureds. OPIC's argument and evidence in the State Farm Lloyds litigation resulted in \$110 million in additional refunds being awarded to policyholders that is presently on appeal.

Also, OPIC, along with TDI, successfully negotiates rate reductions with insurers pre litigation when warranted. This avoids costly litigation while achieving appropriate savings for consumers.

The agency has also worked to prevent or limit the reduction of coverage available to insurance consumers. During fiscal years 2008-2012 (to date), OPIC participated in 228 rulemaking proceedings, including policy form approvals, resulting in preservation and clarification of coverage or other benefits for consumers. For fiscal year 2012, OPIC is on schedule to exceed its targets with respect to rate filing and rule proceeding participations.

The agency also issues annual consumer report cards on Health Maintenance Organizations. Mandated by the 75th Legislature, the consumer report card provides information to consumers about the various HMO products available in the state. This report card is especially valuable to consumers who are enrolling, or considering a change, in their health care plan. Included in the report card is information on the services provided by each HMO, the quality of care provided, the results of a consumer satisfaction survey, costs, complaints, and other helpful information. After the legislature restructured the Health and Human Services Commission in 2003, OPIC also began publishing the *Guide to Texas HMO Quality*, a technical report geared toward employers and statisticians. OPIC has produced consumer bills of rights for personal automobile, homeowners, and credit insurance. Mandated by the 72nd Legislature, the bills of rights are designed to inform consumers of their specific rights in various lines of personal insurance.

In February 2012, OPIC launched its improved website featuring a redesigned policy comparison tool for homeowners, auto, renters, and condo coverage. The policy comparison tool was the first of its kind launched in the United States and has received acclaim from consumers, agents and regulators alike. In addition, since September 2008, the agency has partnered with the Texas Department of Insurance to produce a website (HelpInsure.com) combining consumer information produced by the agencies as well as adding new information as required by legislation passed by the 80th Legislature. OPIC also produced timely brochures to help educate consumers regarding windstorm, flood and wildfire issues. OPIC also produced two brochures to assist consumers in understanding the requirements imposed by HB 4409. The agency is also required by statute to recommend to the Commissioner of Insurance public members to sit on the Texas Automobile Insurance Plan Association Governing Board.

OPIC's role in health, life and annuity insurance matters has also increased. OPIC proposed a rule before the Texas Department of Insurance to ban discretionary clauses in life, health and disability policies. That ban was made effective by rule entered by the Commissioner of Insurance and was later enacted into law by the 82nd Legislature.

Organizational Aspects

OPIC has 15.0 full time equivalent positions consisting of the Public Counsel, attorneys, an economist/actuary, statisticians, researchers, and support staff. The Public Counsel is the only position in the agency that is exempt from the state classification plan. Appointed by the Governor and confirmed by the Senate to a two-year term, the Public Counsel serves as executive director of the office with authority over administrative and legal decisions, and day-to-day operations. The current Public Counsel is Deeia Beck, originally appointed by Governor Rick Perry in September 2008. The agency is located in Austin and has no regional offices.

The agency uses professional actuaries and economists as expert witnesses for ratemaking and rulemaking proceedings. Because of the nature of many of these insurance issues, specialized knowledge and expertise is required as well as the experience and background necessary to be recognized as a qualified expert within the meaning of the Texas Rules of Evidence and recent court decisions. The

agency has determined that it is more effective to contract out of office for some of these services than to have such experts on staff.

OPIC fully recognizes the importance of maintaining a staff with diverse ethnic backgrounds and adheres to an Equal Employment Opportunity (EEO) policy requiring full compliance with non-discrimination guidelines as set out by state and federal laws and regulations. In fiscal year 2007, agency EEO related personnel policies and procedural systems were reviewed by the Texas Workforce Commission Civil Rights Division and certified as being in compliance with the Texas Commission on Human Rights Act. OPIC reviews its personnel policies regularly to ensure they comply with current law. At the present time, approximately 27% of OPIC staff are minorities and 64% are women.

In addition, OPIC is committed to minority business enterprise participation in all acquisitions. However, not all expenditures are available for competitive bidding. Many required purchases are for books and on-line services that can only be purchased directly from a sole proprietor (such as West Publishing) thereby eliminating competition. OPIC makes every effort to award non-proprietary purchasing contracts, such as printing and miscellaneous computer supply orders, to price-competitive minority vendors whenever appropriate.

Fiscal Aspects

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

Since FY 2006 the agency has received additional funding in the amount of \$48,000 per fiscal year through an interagency contract with the Texas Department of Insurance (TDI), however, beginning in FY 2012, the contract was increased to \$191,670.

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

Fiscal Year	Statutory Assessment Collected	Appropriation from General Revenue (Total, All)	TDI Interagency Contract
2008	2,000,748	1,011,276	48,000
2009	2,120,213	1,020,306	48,000
2010	2,343,122	1,019,395	48,000
2011	2,284,056	988,406	48,000
2012	2,446,000(estimate)	841,418(estimate)	191,670
2013	2,531,000(estimate)	841,418(estimate)	191,670

In 2003, the Legislature significantly changed the regulation of insurance rates, rating classification plans, and policy forms by bringing most licensed automobile and residential property insurers under rate regulation by TDI. Although it eliminated benchmark rate hearings for these lines of insurance, the legislation significantly increased the agency’s workload by raising the number of rate and policy form

filings reviewed by the agency. The agency revised its budgetary priorities in order to absorb the increased workload as well as continue to meet requested spending reductions.

Service Population Demographics

The agency's customer base is insurance consumers who vary by line of insurance and needs, such as drivers buying personal automobile insurance, small employers, and individuals shopping for life or health coverage. Insurance consumers throughout the state often have different needs. Homeowners in North Texas may focus on coverage for roofs and related deductibles due to the prevalence of local hailstorms. Coastal residents are concerned with their homeowners rates in the Texas Windstorm Insurance Association due to the possibility of tropical storms, and rural residents may be concerned with access to health insurance as they shop for a managed care plan with services in their sparsely populated area. Residents across the state are concerned about large numbers of uninsured drivers and access to affordable health insurance. In some cases the concerns are uniform throughout the state such as loss of coverage or how insurance companies use credit scoring. Whether or not their interests or concerns vary, OPIC's customers inhabit all areas and counties of Texas and include those individuals who are seeking insurance as well as those who are current purchasers of insurance products.

Several common issues concern all insurance consumers: availability, affordability, and coverage. Most availability questions tend to also be related to affordability issues because in the insurance market, many products can be purchased at a price. However, because of economic difficulties, geographic location, job status, credit history, and other factors, many find themselves priced out of the market or choose not to participate. As of December 31, 2011, there were 11,974,269 personal automobile policies in the state¹ while approximately 13% of Texas motor vehicles remained uninsured.² In addition, an estimated 25% of Texans or approximately 6,100,000 were without health insurance in 2010.³ With the passage of federal health reform legislation, this number will change over time. Both current policyholders and uninsured Texans may be shopping for insurance at any point in time.

A growing customer base will require OPIC to continually re-examine the primary interests of Texas consumers. Texas continues to grow faster than most other states, and there is no indication that this trend will slow down. Information from the Texas State Data Center indicates that within the next five years, the total number of Texans will increase by approximately 10%. The number of residents 17 and under is expected to increase by 7%, while the number 65 and older will increase by approximately 22%.⁴ These changes will bring several challenges to the state's insurance system. For example, as our population ages, there will be an increasing need to examine such insurance options as Medicare supplement and long-term care insurance to ensure that these products are adequate for consumers and provide the coverage they need. Close attention may also need to be paid to various insurance products targeting senior citizens as they are especially vulnerable to fraud and abuse. As the workforce in Texas increases, it will be important to monitor the costs and structure of the workers compensation insurance system.

The affordability and availability of insurance will continue to be an important issue to Texans. The ability of Texas residents to insure their businesses, property, and health are of vital importance to the economic health of communities, including inner city neighborhoods and rural areas, as well as the state as a whole.

¹ TDI Consumer Protection

² TDI TexasSure Vehicle Insurance Verification, Unmatched Vehicle Registrations as of 05/28/2012

³ U.S. Census Bureau, Current Population Survey, 2011 Annual Social and Economic Supplement

⁴ Texas State Data Center, Age, Sex and Race/Ethnicity (ASRE) Population by Migration Scenario by Age Group

Technological Developments

The agency's use of technology has improved the quality and efficiency of its services. Although the expenditure of funds is required periodically to maintain and upgrade computer systems, overall the agency has been able to do more with less expense.

The agency continues to increase its interaction with Texans through its internet website and electronic mail service. In February of 2012 the agency launched an improved website that provides more information to the public in a more accessible format. The new website features a revised policy comparison tool that allows the public to compare insurance coverage between policies, articles on insurance issues, and insurance related news. The public can access agency information and all agency publications, as well as comment on or ask questions about the agency or insurance issues through the website. The revised website is accessible from a computer or mobile device.

The agency files all of its reports through electronic means unless otherwise instructed. Most of the required reporting for human resources, accounting, and information resources is performed over the internet. And most of the information shared with or provided by the Legislative Budget Board, the Comptroller of Public Accounts, and various other state entities with which the agency interacts is electronically based.

Economic Variables

The insurance industry is affected by complex economic variables. Insurance rates are largely a function of the losses which must be paid on claims, as well as expenses and the income earned on investments. OPIC analyzes relevant variables when preparing its recommendations for rate and rule proceedings.

Federal and State Legal Issues

Unlike many consumer products, insurance is primarily regulated by the states. In 1944, the United States Supreme Court ruled that the insurance industry should be subject to federal jurisdiction because the industry takes part in interstate commerce. In response to that ruling, in 1945 Congress passed the McCarran-Ferguson Act that exempts insurance from federal antitrust laws with some exceptions. With the passage of the McCarran-Ferguson Act, regulation of insurance was placed in the hands of the states. However, in spite of McCarran-Ferguson, federal actions have and will continue to affect the insurance industry and require state action. With the passage of federal health care reform, the role of the federal government in health insurance will increase. How much this increased role will impact OPIC is yet undetermined. However, it is anticipated that OPIC may be called upon to assist by taking on additional duties.

At the state level, the most significant factor affecting the future role of OPIC is possible legislation that impacts rate regulation for residential property and automobile insurance. Also at the state level, there are several legislative interim and oversight committees considering insurance-related issues such as windstorm coverage, federal health reform implementation, the implementation of the Healthy Texas program, expediting rate case appeals, and studying title insurance requirements and costs in Texas as compared to other states. It is expected that OPIC will be called on to provide information or assistance on these and other issues.

Self Evaluation and Opportunities for Improvement

OPIC constantly strives to be a more effective and efficient organization. In recent years, the agency has made great strides to increase its value and usefulness to Texas insurance consumers. As the agency charged with advocating for positions advantageous to Texas insurance consumers, OPIC performs a number of functions. However, all of these functions are designed to work together, to be mutually beneficial and supportive. These activities vary, but all are designed to bring information to decision makers in order to achieve financial or public policy benefits for consumers. As a supportive activity, the agency's information-gathering efforts have provided information for rule proposals and legislative solutions that have produced savings or benefits to consumers.

The agency is charged with advocating positions most advantageous for insurance consumers, and as such must be able to provide the Commissioner of Insurance, the State Office of Administrative Hearings, and courts complete input from the consumer's position. The agency must hear and understand from Texas consumers what their needs are and must be able to provide technical and knowledgeable evidence regarding those needs to the regulatory decision maker.

While we at OPIC are proud of our efforts on behalf of consumers, we know that there is always room for improvement. We focus our efforts to reach as many consumers as possible and will continue to do so. As mentioned previously, we have redesigned our website to make it more consumer friendly. We have also started a new consumer outreach initiative utilizing strategic media purchases. Additionally, we have obtained a toll free number for consumer access. For Texas insurance consumers, knowledge is power. OPIC works to get consumers the resources they need to make educated insurance purchase decisions.

The agency's goals and strategies have been developed in response to statutory duties and are in line with the Governor's statewide planning elements. The agency acts as a consumer advocate in order to ensure fair rates and coverage. The agency's advocacy efforts are to ensure that these insurance rates are affordable to Texans and that insurance companies are serving their policyholders. As a result, it promotes the health and self-sufficiency of Texans, encourages economic growth, and supports new business creation.

Agency Goals, Objectives, Strategies, and Performance Measures

GOAL: To advocate positions advantageous to Texas consumers effectively in rate, rulemaking, judicial and legislative proceedings, and other public forums involving insurance matters. (TEX. INS. CODE ANN. Chapter 501)

OBJECTIVE: In each year, participate in all rate hearings, rate filings, and rulemaking proceedings, as well as any judicial proceedings, including appeals subsequent to administrative proceedings and amicus briefs, having a significant impact on Texas insurance consumers to ensure that insurance rates in Texas are fair and that rules are adequate to protect Texas insurance consumers; and act as a resource in legislative proceedings addressing issues affecting Texas insurance consumers through 2017.

Outcome Measures:

- Percentage of Rate Hearings in Which OPIC Participated
- Percentage of Rate and Rule Proceedings in Which OPIC Participated
- Percentage of Rates and Rules Changed as a Result of OPIC Participation

STRATEGY: Participate in rate hearings, rate filings, and rulemaking proceedings, as well as any judicial proceedings including appeals subsequent to administrative proceedings and amicus briefs, on behalf of Texas insurance consumers by using expert witnesses, providing staff and consumer testimony, and relying on staff research and staff attorneys; and provide information and research to the legislature and executive branch.

Output Measures

- Number of Rate Hearings in Which OPIC Participated
- Number of Rate Filings in Which OPIC Participated
- Number of Rulemaking Proceedings in Which OPIC Participated
- Number of Proposed Rules Analyzed
- Number of Rate Filings Analyzed

Efficiency Measure:

- Average Cost Per Rate Hearing in Which OPIC Participated

GOAL: To increase effective consumer choice by educating Texas insurance consumers about their rights and responsibilities and about the operation of Texas insurance markets, and to obtain market information which results in rate, rule, or legislative proposals benefiting Texas insurance consumers. (TEX. INS. CODE ANN. Chapter 501)

OBJECTIVE: To contact Texas insurance consumers by efficient means about insurance coverage and the insurance marketplace by reaching approximately 60% of those consumers each year and to participate in public forums to obtain information in order to formulate positions advantageous to insurance consumers through 2017.

Outcome Measures:

- Percentage of Texas Insurance Consumers Reached by OPIC Outreach Efforts
- Percentage of Bills of Rights Submitted for Adoption within Established Timelines

STRATEGY: To contact Texas consumers to obtain market information and to provide consumers with information needed in order to make informed choices by conducting issue research, producing informational materials, making public presentations, and formulating and revising consumer bills of rights.

Output Measures:

- Number of Bills of Rights or Revisions Proposed
- Number of Report Cards and Publications Produced and Distributed
- Number of Public Presentations and Communications

Efficiency Measure:

- Average Cost Per Consumer Reached through Agency Publications

GOAL: **To establish and implement policies governing purchasing that foster meaningful and substantive inclusion of historically underutilized businesses (HUBs).** (TEX. GOV'T CODE ANN. § 2161.123)

OBJECTIVE: To increase the use of HUBs in the total value of contracts and subcontracts awarded annually by the agency.

Outcome Measure:

- Percentage of Total Dollar Value of Purchasing Contracts and Subcontracts Awarded to HUBs.

STRATEGY: Develop and implement a plan for increasing the use of historically underutilized businesses through purchasing contracts and subcontracts.

Output Measures:

- Number of Bid Proposals from HUB Contractors and Subcontractors
- Number of HUB Contracts and Subcontracts Awarded
- Dollar Value of HUB Contracts and Subcontracts Awarded

Technological Resources Planning

Technology Initiative Assessment and Alignment

1. Initiative Name:	
Maintain and Update Agency Computers and Servers	
2. Initiative Description:	
Adequate computers and servers are necessary for the agency personnel to successfully review rate, rule, and form filings, participate in hearings, and communicate with consumers. OPIC will continue to obtain technology and communication services through DIR and participate in DIR sponsored programs that allow agencies to reduce costs by sharing resources. As necessary the agency will replace computers and servers to ensure that the Agency's objectives are met.	
3. Associated Project(s):	
Name	Status
Daily Operations	Ongoing
4. Agency Objective(s):	
All objectives.	
5. Statewide Technology Priority(ies):	
P2 – Data Management, P3 – Data Sharing, P4 – Infrastructure, P7 – Network, and P9 – Security and Privacy	
6. Guiding Principles: As applicable, describe how the technology initiative will address the following statewide technology guiding principles:	
<ul style="list-style-type: none"> • Connect – expanding citizen access to services • Innovate – leveraging technology services and solutions across agencies • Trust – providing a clear and transparent accounting of government services and data • Deliver – promoting a connected and agile workforce 	
Deliver – Adequate computers and servers are necessary for the agency personnel to successfully review rate, rule, and form filings, participate in hearings, and communicate with consumers.	
7. Anticipated Benefit(s):	
Operational efficiencies	
8. Capabilities or Barriers:	

1. Initiative Name:	
Update and maintain www.helpinsure.com	
2. Initiative Description:	
The Helpinsure website is a joint effort with TDI to provide current information regarding insurance rates to consumers.	
3. Associated Project(s):	
Name	Status
Daily Operations	Ongoing
4. Agency Objective(s):	
Increase Consumer Choice – Insurance Information	
5. Statewide Technology Priority(ies):	
P3 – Data Sharing, P6 – Mobility, P10 – Social Media	
6. Guiding Principles: As applicable, describe how the technology initiative will address the following statewide technology guiding principles:	
<ul style="list-style-type: none"> • Connect – expanding citizen access to services • Innovate – leveraging technology services and solutions across agencies • Trust – providing a clear and transparent accounting of government services and data • Deliver – promoting a connected and agile workforce 	
Connect – Helpinsure.com provides consumers with greater access to information regarding insurance rates.	
7. Anticipated Benefit(s):	
Citizen/customer satisfaction – providing rate information through a website allows consumers greater access to the information.	
8. Capabilities or Barriers:	

1. Initiative Name:	
Update and Maintain www.opic.state.tx.us	
2. Initiative Description:	
Utilize web presence to reach greater number of consumers and educate public on key insurance issues. OPIC updated the agency website in 2012. Improvements include a better organized	

insurance policy comparison tool, online access to agency publications, and a mobile application to allow the public to access the site from mobile devices.	
3. Associated Project(s):	
Name	Status
Daily Operations	Ongoing
4. Agency Objective(s):	
Increase Consumer Choice – Contact Insurance Consumers Increase Consumer Choice – Insurance Information	
5. Statewide Technology Priority(ies):	
P3 – Data Sharing, P6 – Mobility, and P10 – Social Media	
6. Guiding Principles: As applicable, describe how the technology initiative will address the following statewide technology guiding principles:	
<ul style="list-style-type: none"> • Connect – expanding citizen access to services • Innovate – leveraging technology services and solutions across agencies • Trust – providing a clear and transparent accounting of government services and data • Deliver – promoting a connected and agile workforce 	
Connect – new website provides more information and is more accessible.	
7. Anticipated Benefit(s):	
Operational efficiencies – new website is easier to maintain and update Customer satisfaction – new website has more information and is easier to access.	
8. Capabilities or Barriers:	

Appendices

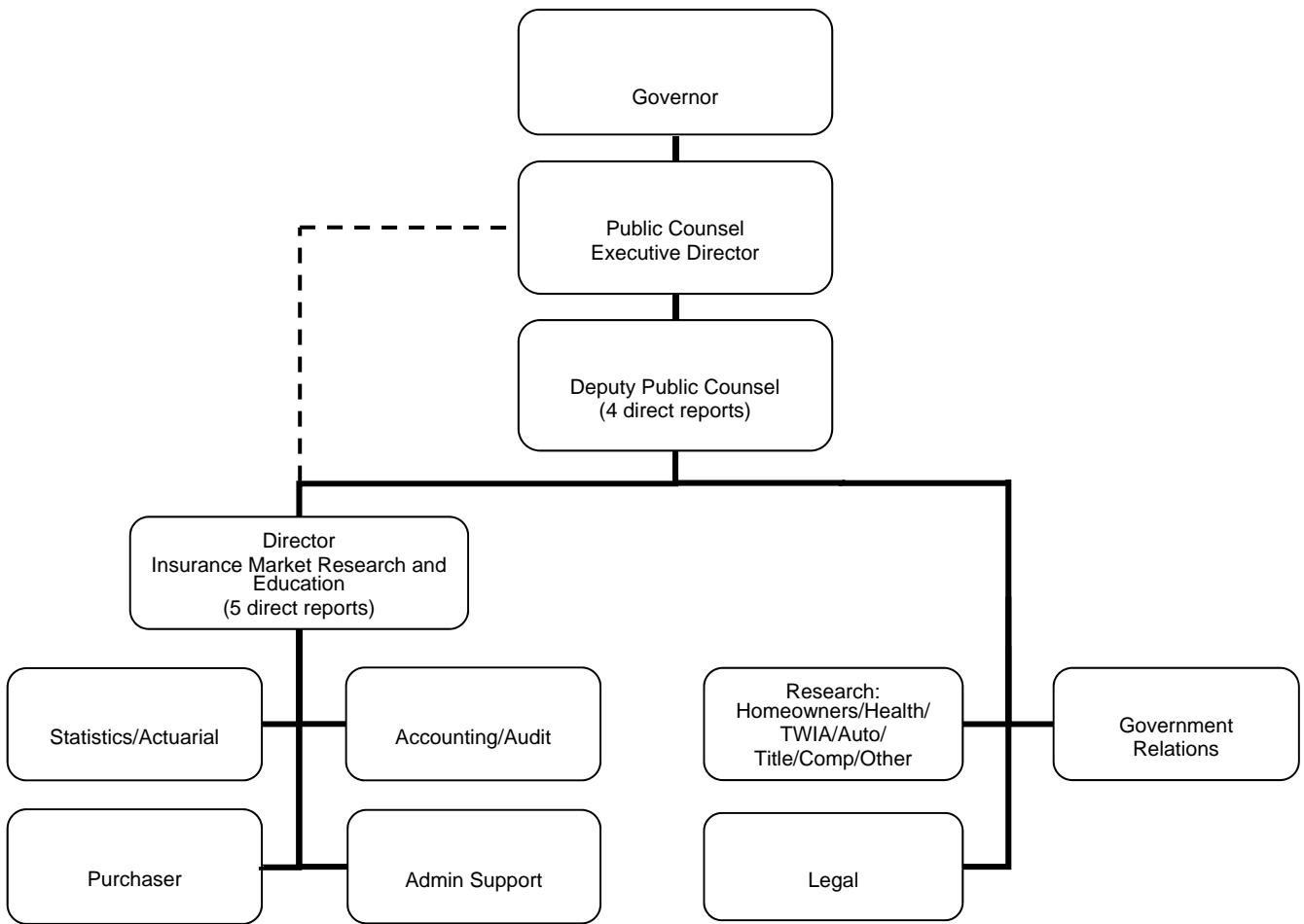
APPENDIX A

Agency Planning Process

During each fiscal year, OPIC staff periodically meets with consumers and consumer groups, the Texas Department of Insurance staff, and with Legislators and their staff to discuss agency programs and services. In addition, the agency surveys consumers by mail and through its web site to obtain feedback on services provided. Throughout the process, positive and negative attributes of the agency are noted, discussed, and evaluated. OPIC key personnel meet periodically to discuss performance, performance measures, and agency strategy. At critical stages during the development of the strategic plan, copies are circulated to key OPIC staff for comments and discussion. Meetings are then held to finalize the plan.

APPENDIX B

Organizational Chart



APPENDIX C

Projected Outcomes

**Office of Public Insurance Counsel
Projected Outcomes for Fiscal Years 2013-2017**

Outcome	2013	2014	2015	2016	2017
Percentage of Rate Hearings in Which OPIC Participated	100%	100%	100%	100%	100%
Percentage of Rate and Rule Proceedings in Which OPIC Participated	75%	75%	75%	75%	75%
Percentage of Rates and Rules Changed as a Result of OPIC Participation	90%	90%	90%	90%	90%
Percentage of Texas Insurance Consumers Reached by OPIC Outreach Efforts	62%	62%	62%	62%	62%
Percentage of Bills of Rights Submitted for Adoption within Established Timelines	100%	100%	100%	100%	100%

APPENDIX D

Performance Measures Definitions

(Included only in copies submitted to the Legislative Budget Board and the Governor's Office of Budget, Policy and Planning)

APPENDIX E

Agency Workforce Plan

Anticipated Changes to the Agency's Role

In 2003, the legislature passed Senate Bill 14 which reformed the regulation of insurance rates in Texas. Many companies became regulated that were previously exempt. This increased the role of the agency in rate filing review as the volume of filings rose significantly. Although previously required annual benchmark rate hearings were eliminated by SB 14, there were a number of highly intensive hearings involving large individual companies, some of which are still ongoing. In addition, OPIC continues to have a role in a number of industry-wide rate hearings that were not eliminated.

In 2008, OPIC underwent a review by the Sunset Advisory Commission. The staff report recommended several changes to the agency's future operations and recommended that its core functions be consolidated with the Texas Department of Insurance. The Sunset Advisory Commission rejected the Sunset staff recommendation and elected to continue OPIC as an independent agency. The agency underwent a limited review in 2010 in which the Sunset Advisory Commission staff concurred with the prior Commission decision to continue OPIC for 12 years.

As a result of budget reductions and greater efficiencies, OPIC's allowed FTEs decreased from 16.5 to 15.0 in the 2010 legislative session. The nature of the workforce is unlikely to change; however, the role of staff may need to be adapted to address any changes to the agency's mission that are ultimately determined by the legislature in 2013.

Current Workforce Profile (*Supply Analysis*)

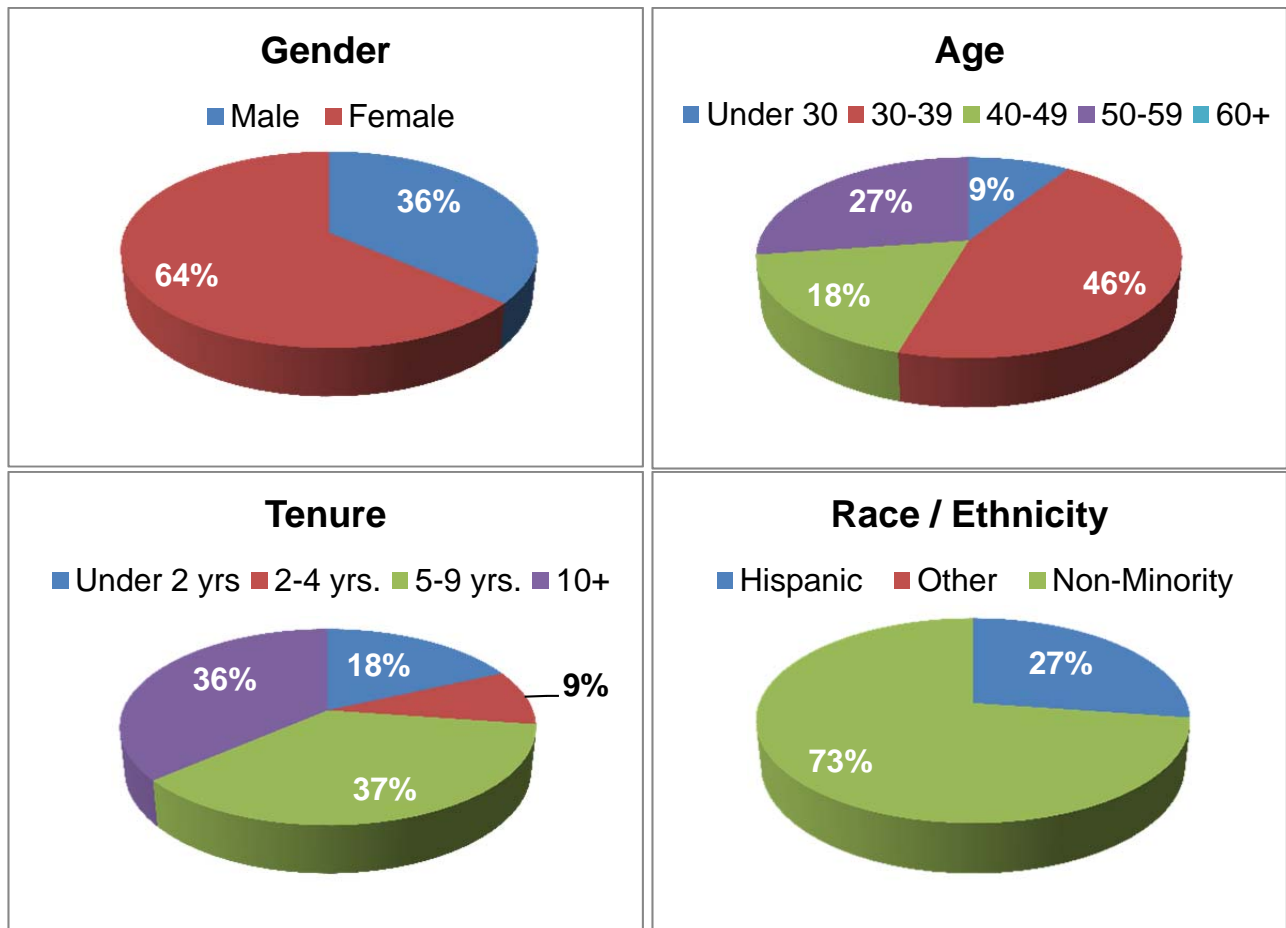
Critical Workforce Skills

The agency currently has a strong, well-qualified staff capable of performing the following functions that are critical to daily operations:

- Insurance rate making analysis
- Legal and insurance policy analysis
- Legal and insurance related research
- Administration (budgeting, accounting, purchasing, payroll, human resources).

Workforce Demographics

The following charts profile the agency's workforce as of June 30, 2012. The agency is authorized 15.0 positions consisting of attorneys, economists, statisticians, researchers, and support staff. Currently, this workforce is comprised of approximately thirty-six percent males and sixty-four percent females with 55% being under age 40 and 46% being between age 40 and 59. The agency strives towards maintaining a diverse workplace and has had no significant change in the race/ethnic breakdown of its workforce in the past several years. At present, 27% of the agency's employees are minorities. Tenure remains high with 36% of the agency workforce having over ten years of state service.



Employee Turnover

Historically, the agency experiences one or two employee resignations per year. However, turnover statistics are not particularly reliable for an agency this size. The difference between one or two persons leaving in a year doubles the turnover percentage rate from 6% to 12%. The turnover rate to date for FY 2012 is 20%. An increase in that percentage between now and the end of the fiscal year is not anticipated. There was only one employee resignation in FY 2011 and three in FY 2012 making the turnover rate 6% and 20%, respectively. The FY 2012 rate is overstated as one employee who resigned was later rehired by the agency. Future attrition is likely to remain in the range of zero to two persons leaving the agency per year.

Retirement Eligibility

At this time, the agency does not consider retirement eligibility to be a significant issue. The agency has one employee eligible to retire within the next 5 years.

Future Workforce Profile (*Demand Analysis*)

Anticipating changes to the state insurance regulatory environment requires that we continually reevaluate the skill sets of our workforce.

Critical Functions

- Improved capability for quantitative statistical insurance research and rate analysis
- Enhanced targeted research project functions

Expected Workforce Changes

- Improve use of technology to increase research productivity
- Increase level of cross-training to maximize productivity of existing staff resources
- Continue seeking employees with strong quantitative skill set

Anticipated Increase/Decrease in FTEs

- An increase to the agency's FTE count is anticipated

Future Workforce Skills Needed

- Statistical software
- Strategic planning
- Insurance experience
- Research skills
- Actuarial skills
- Effective verbal and written communication skills
- Teambuilding skills
- Database design
- Mathematical background
- Legal analysis
- Project management skills

Gap Analysis

The agency presently has sufficient personnel with the appropriate skills to make the transition to a more technical quantitative environment. However, there is the potential for a gap if there is ever significant turnover in key positions. Should this occur, the agency must be in a strong position to allow succession from within and recruit new employees with the appropriate skills needed to perform functions considered to be critical by the agency.

Historically, the agency has been able to recruit individuals with an insurance and policy background and those with strong quantitative analysis credentials. The difficulty is in finding individuals with both skill sets. This increases the importance of cross training to develop the potential of existing employees by enhancing their skills and abilities. The agency must also continue to improve existing efforts to recruit new employees with necessary skills as the need arises.

Strategy Development

<i>Gap</i>	Existing employees may not be adequately prepared for succession if there is turnover among key employees.
<i>Goal</i>	Further develop practices and procedures to maintain employee development and training for future succession and skill enhancement.
<i>Rationale</i>	Small agencies are vulnerable to potential lack of succession when there is turnover at key positions. Expanding agency responsibilities contributes to a tendency toward task and subject matter specialization. The nature and complexity of insurance issues exacerbates this situation. It is important for the agency to create an environment where key employees mentor, train and work with potential successors to ensure tasks can continue to be performed in the event of departure or extended absence (maternity leave, illness, etc.).
<i>Action Steps</i>	<ul style="list-style-type: none"> • Develop project management strategies to ensure pairing of experienced employees with newer employees of lesser experience. • Survey employees to determine which skills they feel require more development. • Examine alternatives for employee training that maximizes resources. Examples of avenues for research include internal training, internet training, cross-agency training, and external training. • Develop internal cross-training procedures to allow for greater breadth of responsibility and knowledge. • Continue to include personnel turnover as an area for review in the internal audit risk assessment.

APPENDIX F

Survey of Employee Engagement Results and Utilization Plans

For the first time in the history of the agency, OPIC employees were asked to participate in the survey measuring employee engagement. Executive management was very pleased with the results. The overall score for the agency was 434, well in excess of the average range of 325 to 375. Additionally, all scores on each of the constructs were in excess of the average for other agencies.

The areas with the highest scores were external communication (461), supervision (453) and teamwork (451). The external communication construct measures how information flows into and out of the organization with constituents. At its core, it addresses the ability of the organization to synthesize and apply external information to the work performed by the agency. The supervision construct evaluates the quality of leadership, communication of expectations, and the employees' general sense of fairness perceived. The team construct measures the perceptions of others within the organization and their willingness to cooperate to achieve agency goals.

The areas with the lowest scores were pay (394), benefits (409) and employee engagement (412). While none of the scores are low per se, they are still important to evaluate for the ongoing health of the agency. Two constructs, pay and benefits, are largely outside the agency's control as budget and benefit levels are assigned to the agency. Employee engagement is within the control of the agency. This measure evaluates how employees perceive the level of trust and helpfulness between employee and supervisor.

For future human resource planning, the survey results have told us that the agency is doing many things right and employees are generally very pleased with the agency. It also tells executive management that providing guidance and training to supervisors on the proper techniques and methods of supervision will be important to ensure improved agency performance.