

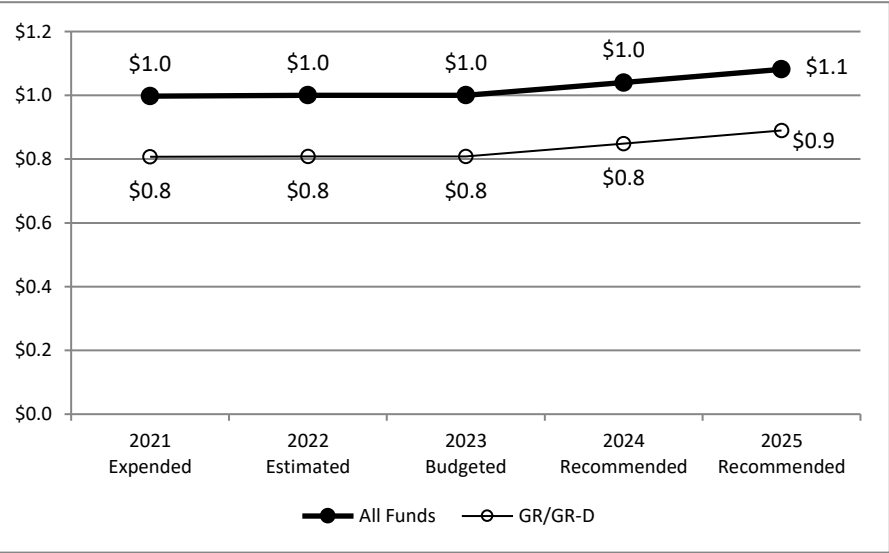
Office of Public Insurance Counsel  
Summary of Budget Recommendations - Senate

Page VIII-25  
David Bolduc, Acting Public Counsel  
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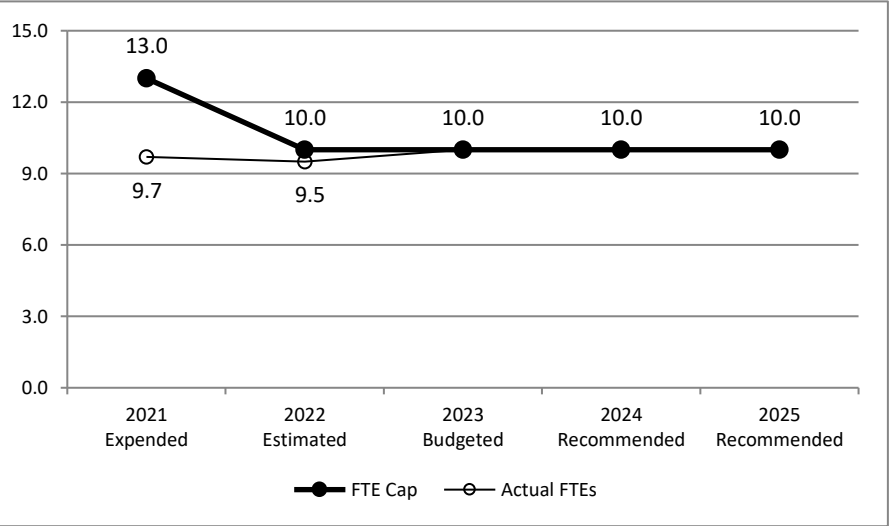
Method of Financing	2022-23 Base	2024-25 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$1,616,840	\$1,738,001	\$121,161	7.5%
GR Dedicated Funds	\$0	\$0	\$0	0.0%
Total GR-Related Funds	\$1,616,840	\$1,738,001	\$121,161	7.5%
Federal Funds	\$0	\$0	\$0	0.0%
Other	\$383,340	\$383,340	\$0	0.0%
All Funds	\$2,000,180	\$2,121,341	\$121,161	6.1%

	FY 2023 Budgeted	FY 2025 Recommended	Biennial Change	Percent Change
FTEs	10.0	10.0	0.0	0.0%

Historical Funding Levels (Millions)



Historical Full-Time-Equivalent Employees (FTEs)



The bill pattern for this agency (2024-25 Recommended) represents an estimated 100.0% of the agency's estimated total available funds for the 2024-25 biennium.

Office of Public Insurance Counsel  
Summary of Funding Changes and Recommendations - Senate

Funding Changes and Recommendations for the 2024-25 Biennium compared to the 2022-23 Base Spending Level (in millions)		General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
OTHER Funding Changes and Recommendations (these issues are not addressed in Section 3 but details are provided in Appendix A):							
A)	Increase for the general state employee salary increase with amounts not subject to revenue collection requirements.	\$0.1	\$0.0	\$0.0	\$0.0	\$0.1	A.1.1, C.1.1
TOTAL SIGNIFICANT & OTHER Funding Changes and Recommendations (in millions)		\$0.1	\$0.0	\$0.0	\$0.0	\$0.1	As Listed
SIGNIFICANT & OTHER Funding Increases		\$0.1	\$0.0	\$0.0	\$0.0	\$0.1	As Listed
SIGNIFICANT & OTHER Funding Decreases		\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	As Listed

NOTE: Totals may not sum due to rounding.

Office of Public Insurance Counsel  
Selected Fiscal and Policy Issues - Senate

1. **Agency Workload.** The Texas Insurance Code requires OPIC to review and analyze select forms and rates filings of insurance companies with active policies in the Texas insurance market, specifically the residential property and casualty (P&C) (homeowner’s and personal automobile) insurance market. As Texas’ population grows each year, the number of P&C insurance policies has increased from 33.2 million policies in 2018 to an estimated 40.9 million in 2023 as shown in the table below. The agency anticipates this trend will continue into the 2024-25 biennium.

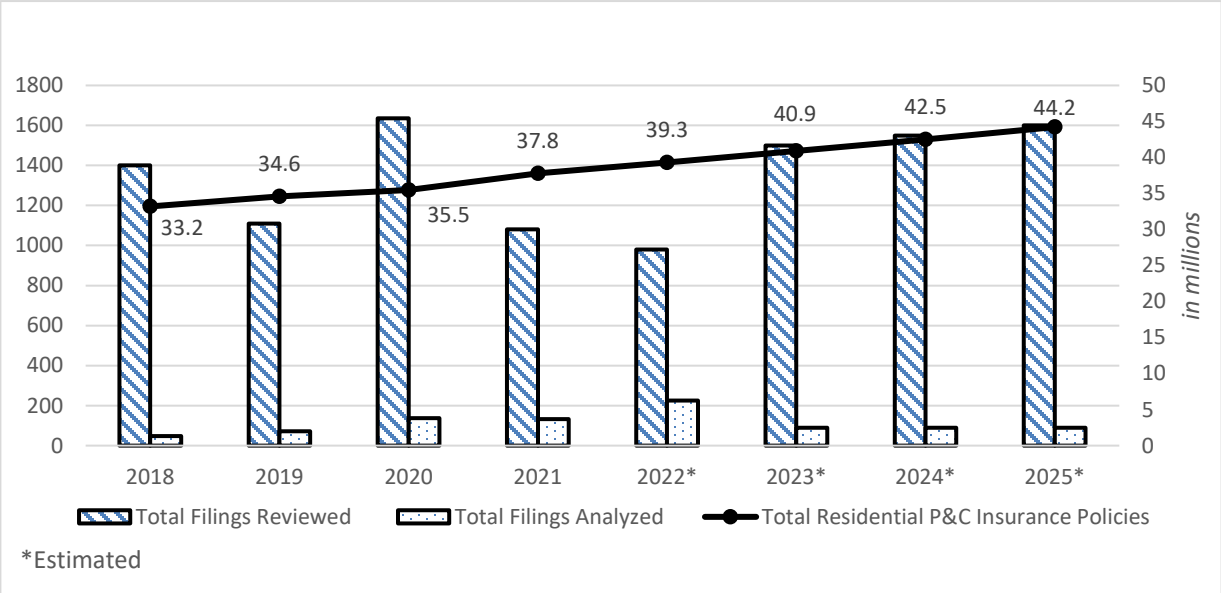


Table 1 Source: Legislative Budget Board, Texas Department of Insurance, Office of Public Insurance Counsel

**Note:** In 2019, the Texas Department of Insurance changed the Texas Administrative and Insurance Codes. These changes, in addition to the onset of the COVID-19 pandemic, account for the significantly higher number of total reviewed and analyzed forms, rates, and rules by OPIC in 2020.

In addition to the increase in the number of form and rate reviews performed by the agency, the form filings the agency reviews and analyzes have become more complex. The agency attributes this to enactment of Senate Bill 14, Seventy-Eighth Legislature, Regular Session, 2003, that allowed for form freedom in the Texas P&C market. Implementation of this legislation shifted the Texas P&C insurance market away from standardized policy forms promulgated by the Texas Department of Insurance and, instead, allowed insurance companies to submit self-produced insurance policy forms. This increased the number and variability of forms used by insurance companies which increases agency staff time to review and analyze these forms. The table below shows how one base personal auto policy form produced by a major Texas insurer has increased in page numbers since 2003. This instance does not include the addition of endorsement to the base policy and still demonstrates the growing complexity of P&C insurance policy forms.

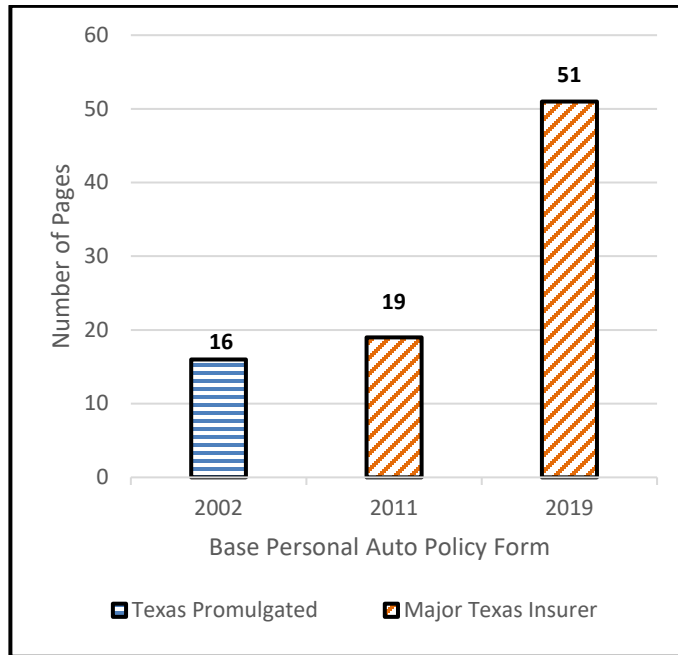


Table 2 Source: Office of Public Counsel

**Note:** Numerous endorsements are available to customize the base policy forms represented above. Endorsements are not included in the page counts above.

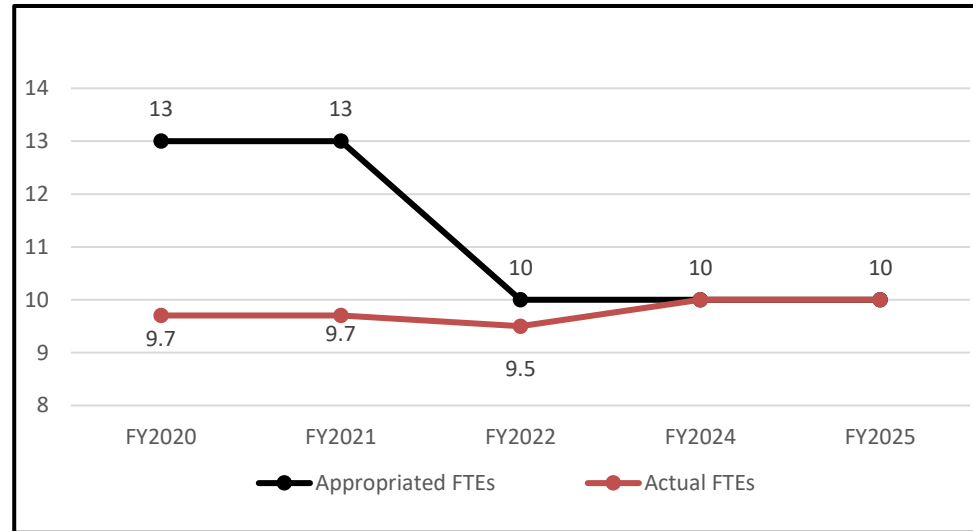


Table 3 Source: Legislative Budget Board

In FY 2020, OPIC implemented the required 5 percent reduction, primarily reducing administrative expenses and implementing a hiring and salary freeze. In the agency's FY 2022-23 Legislative Appropriations Request (LAR), the agency requested 3.0 fewer appropriated FTEs as the agency implemented efficiencies. These two factors combined have left the agency at near maximum FTE capacity. As the Texas insurance market continues to grow year-over-year, the agency's appropriated FTEs remain steady.

Recommendations do not include a request for 5.0 additional FTEs to meet these increased agency demands that includes the following positions:

- One actuary to reduce the number of forms, rates, and rules reviewed by another actuary by 50 percent and allow the agency to analyze an additional 160 form, rate, and rule filings.
- Two Program Specialists (forms specialists) to reduce other program specialists' reviews by 50 percent and allow the agency to review an additional 1,040 forms, rates, and rules in the 2024-25 biennium, an increase of 33 percent.
- Two Program Specialists (operations assistants) to reduce the day-to-day administrative functions performed by the Chief Operating Office, Chief Financial Officer, and Deputy Public Counsel.

See also, Items Not Included in Recommendations #2.

Office of Public Insurance Counsel  
Items Not Included in Recommendations - Senate

		2024-25 Biennial Total					
		GR & GR-D	All Funds	FTEs	Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2026-27
Agency Exceptional Items Not Included (in agency priority order)							
1)	General Revenue funding with authority for 5.0 additional FTEs to increase the agency's staffing levels to meet increasing agency demands, including two policy form program specialists (\$75,000 per FTE each year), two operational program specialists (\$70,000 per FTE each year), and one actuary (\$100,000 each year).	\$875,960	\$875,960	5.0	Yes	Yes	\$869,120
2)	General Revenue funding for upgrading a policy comparison tool to improve the ability to meet increased demand, including one program specialist (\$73,500 in fiscal year 2024 and \$77,175 in fiscal year 2025), one-time costs associated with the FTE (\$5,221), and hardware and software upgrades (\$50,000 each year).	\$255,896	\$255,896	1.0	No	No	\$156,096
3)	General Revenue funding to restore the FY2022-23 five percent reduction to the agency’s budget. Included in the five percent reduction was salary and wages (\$12,084), professional fees and services (\$51,200), and consumable supplies and other operating expenses (\$21,036).	\$84,320	\$84,320	0.0	No	No	\$84,320
TOTAL Items Not Included in Recommendations		\$1,216,176	\$1,216,176	6.0	\$1,109,536		

Office of Public Insurance Counsel  
Appendices - Senate

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\* Appendix is not included - no significant information to report

Office of Public Insurance Counsel  
Funding Changes and Recommendations by Strategy - Senate -- ALL FUNDS

Strategy/Goal	2022-23 Base	2024-25 Recommended	Biennial Change	% Change	Comments
PARTICIPATE IN RATES/RULES/FORMS A.1.1	\$1,616,840	\$1,632,269	\$15,429	1.0%	
<b>Total, Goal A, REPRESENT TX INSURANCE CONSUMERS</b>	<b>\$1,616,840</b>	<b>\$1,632,269</b>	<b>\$15,429</b>	<b>1.0%</b>	
INSURANCE INFORMATION B.1.1	\$383,340	\$383,340	\$0	0.0%	
<b>Total, Goal B, INCREASE CONSUMER CHOICE</b>	<b>\$383,340</b>	<b>\$383,340</b>	<b>\$0</b>	<b>0.0%</b>	
SALARY ADJUSTMENTS C.1.1	\$0	\$105,732	\$105,732	100.0%	Increase for the general state employee salary increase with amounts not subject to revenue collection requirements.
<b>Total, Goal C, SALARY ADJUSTMENTS</b>	<b>\$0</b>	<b>\$105,732</b>	<b>\$105,732</b>	<b>100.0%</b>	
<b>Grand Total, All Strategies</b>	<b>\$2,000,180</b>	<b>\$2,121,341</b>	<b>\$121,161</b>	<b>6.1%</b>	

Office of Public Insurance Counsel  
FTE Highlights - Senate

Full-Time-Equivalent Positions	Expended 2021	Estimated 2022	Budgeted 2023	Recommended 2024	Recommended 2025
Cap	13.0	10.0	10.0	10.0	10.0
Actual/Budgeted	9.7	9.5	10.0	NA	NA

Schedule of Exempt Position					
Public Counsel, Group 4	\$149,976	\$149,976	\$149,976	\$155,119	\$160,262

Notes:

- a) The State Auditor's Office is the source for the FY 2021 and FY 2022 annual average (actual) FTE levels.
- b) The State Auditor's Office Report, *Executive Compensation at State Agencies* (Report 22-706, August 2022), indicates a market average salary of \$160,262 for the Public Counsel position at the Office of Public Insurance Counsel.