

**Department of Insurance
Summary of Budget Recommendations -Senate**

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Cassie Brown, Commissioner

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Method of Financing	2024-25 Base	2026-27 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$565,522	\$552,312	(\$13,210)	(2.3%)
GR Dedicated Funds	\$274,229,597	\$252,067,841	(\$22,161,756)	(8.1%)
<i>Total GR-Related Funds</i>	<i>\$274,795,119</i>	<i>\$252,620,153</i>	<i>(\$22,174,966)</i>	<i>(8.1%)</i>
Federal Funds	\$4,622,860	\$4,712,656	\$89,796	1.9%
Other	\$18,327,798	\$12,621,074	(\$5,706,724)	(31.1%)
All Funds	\$297,745,777	\$269,953,883	(\$27,791,894)	(9.3%)

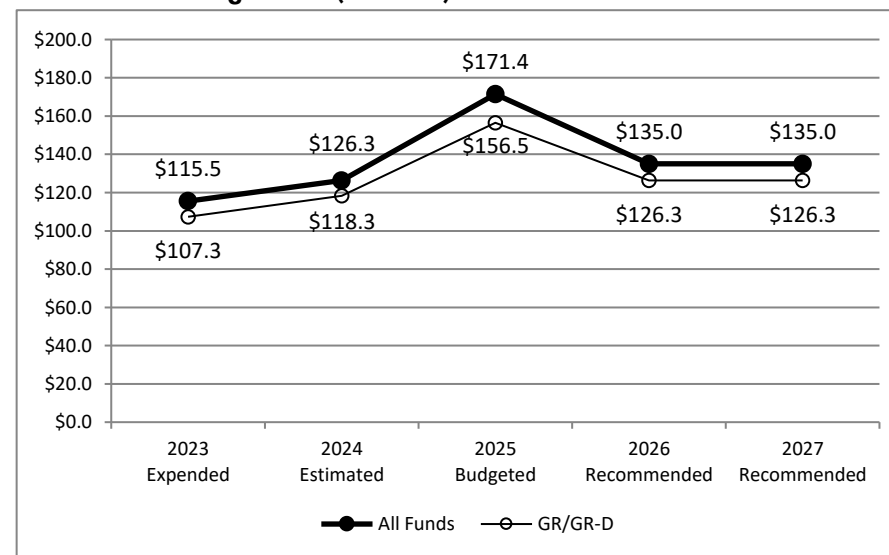
	FY 2025 Budgeted	FY 2027 Recommended	Biennial Change	Percent Change
FTEs	1,170.5	1,227.3	56.8	4.9%

Agency Budget and Policy Issues and/or Highlights

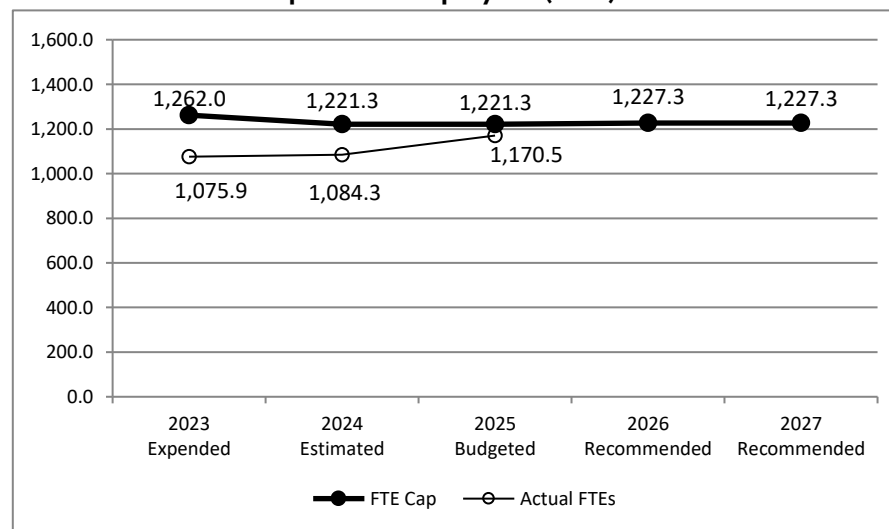
The Department of Insurance is primarily funded through General Revenue Dedicated Account No. 36, Insurance Operating Account. This fund is a self-leveling fund, and TDI is required by statute to adjust taxes and fees to generate revenue equivalent to its appropriation, and appropriations made to six other agencies from the fund.

The bill pattern for this agency (2026-27 Recommended) represents an estimated 31.1% of the agency's estimated total available funds for the 2026-27 biennium.

Historical Funding Levels (Millions)



Historical Full-Time-Equivalent Employees (FTEs)



Department of Insurance
Summary of Funding Changes and Recommendations -Senate

Funding Changes and Recommendations for the 2026-27 Biennium compared to the 2024-25 Base Spending Level (in millions)		General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
SIGNIFICANT Funding Changes and Recommendations (each issue is explained in Section 3 and additional details are provided in Appendix A):							
A)	Increase of TexasSure Fund appropriations for the agency to continue operations of the TexasSure system.	\$0.0	\$0.0	\$0.0	\$2.0	\$2.0	A.1.2
OTHER Funding Changes and Recommendations (these issues are not addressed in Section 3 but details are provided in Appendix A):							
B)	Increase of General Revenue-Dedicated Texas Department of Insurance Operating Account No. 36 (Fund 36) to biennialize the statewide salary adjustment included in the 2024-2025 appropriations.	\$0.0	\$4.8	\$0.0	\$0.0	\$4.8	All Strategies
C)	Increase of Federal Funds for grant awards from the Occupational Safety and Health Administration and the Bureau of Labor Statistics.	\$0.0	\$0.0	\$0.1	\$0.0	\$0.1	D.2.1
D)	Decrease of Fund 36 to remove funds collected from agent and adjuster licensing fees in excess of amounts estimated in the Biennial Revenue Estimate.	\$0.0	(\$26.5)	\$0.0	\$0.0	(\$26.5)	A.1.1
E)	Decrease in Appropriated Receipts for the Three-Share Premium Assistance Program and various publications, conferences, and fee collections not anticipated in the 2026-27 biennium.	\$0.0	\$0.0	\$0.0	(\$7.7)	(\$7.7)	B.1.1, B.3.1, B.4.1, C.1.1, D.1.1, D.1.2, D.2.1, D.2.2
F)	Decrease of General Revenue-Dedicated Fund No. 36 for one-time funding for the purchase of vehicles.	\$0.0	(\$0.5)	\$0.0	\$0.0	(\$0.5)	C.1.1
TOTAL SIGNIFICANT & OTHER Funding Changes and Recommendations (in millions)		\$0.0	(\$22.2)	\$0.1	(\$5.7)	(\$27.8)	As Listed
<i>SIGNIFICANT & OTHER Funding Increases</i>		\$0.0	\$4.8	\$0.1	\$2.0	\$6.9	As Listed
<i>SIGNIFICANT & OTHER Funding Decreases</i>		\$0.0	(\$27.0)	\$0.0	(\$7.7)	(\$34.7)	As Listed

NOTE: Totals may not sum due to rounding.

**Department of Insurance
Selected Fiscal and Policy Issues -Senate**

1. **TexasSure System.** Recommendations include an agency request for an additional appropriation of \$2,000,000 from Texas Sure Fund No. 161 (Other Funds) for continuance of the TexasSure system, increasing the total appropriation of the capital project to \$12,147,504 with capital budget authority for the 2026-27 biennium. The TexasSure system is a vehicle insurance verification that law enforcement, justice and municipal courts, and county tax officials use to confirm whether a vehicle in Texas has required personal automobile liability insurance coverage. The maintenance of this program is mandated by the Texas Transportation Code, Chapter 601, Subchapter N. The program was originally being operated with a contracted vendor, but the contract is due to expire soon and TDI is requesting these additional funds to move to a Software-as-a-Service product.

The TexasSure Fund No. 161 is an Other Fund established by Transportation Code, Section 502.357. The revenue source for the fund is the \$1 fee collected upon motor vehicle registration. While this fee is generally deposited to the State Highway Fund, the Comptroller is directed to first fund the TexasSure Fund to the amount appropriated out of the fund. This fee generates approximately \$26 million each year.

2. **Contingency Appropriation: State Regulatory Response Rider.** Recommendations include the continuation of the agency's Contingency Regulatory Response Rider and maintain \$4.4 million in General Revenue–Dedicated TDI Operating Account No. 36 (Fund 36) and 40.0 FTEs each year at the 2022–23 appropriated level. Authority and the associated funding may be activated by the agency to respond to any significant changes in the 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. These appropriations are traditionally removed from the agency's budget and then are requested as exceptional items in the next LAR which the Legislature has traditionally adopted in full.
3. **State Fire Marshal's Office (SFMO).** Recommendations include the agency's base request of \$10,734,398 from Fund 36 and 67.0 FTEs for the operation of the State Fire Marshal's Office in the 2026-27 biennium. The SFMO is the chief investigator of arson and firefighter fatalities in the state, inspects state-owned or leased buildings, educates the public on matters of fire prevention and safety, and regulates businesses related to fireworks, fire sprinklers, fire alarms, and extinguishers.

Not included in recommendations are three agency requests:

1. \$1.8 million in Fund 36 appropriations for salary increases to SFMO investigators and reclassify them as Schedule C employees. TDI does currently have several classifications in Schedule C, but they are part of the agency's Fraud Investigation unit.
 2. \$0.5 million in Fund 36 appropriations to replace five vehicles each year of the biennium for SFMO investigators. The current fleet for the program is fifty vehicles.
 3. \$1.1 million in one-time Fund 36 appropriations to replace aging equipment (radios, tasers, ballistic vests, drones, cameras, and gas monitors) and increased travel costs of inspectors and investigators.
4. **IT Modernization of the COMPASS Program.** Not included in recommendations is the agency's request for \$1,097,040 in General Revenue-Dedicated funding and authority for an additional 6.0 full-time equivalent positions (FTE) for the modernization of their legacy communications system (COMPASS). The COMPASS program is currently used to track performance measures and claims management. The agency is seeking to use the funds and additional staff to develop a new system that would improve its current processes and act as web-based dispute resolution.

The COMPASS program is also used at the Office of Injured Employee Counsel (OIEC). The efforts to improve the system are shared between the agencies, and OIEC has a corresponding exceptional item request of \$731,598 in General Revenue-Dedicated funding and 4.0 additional FTEs.

**Department of Insurance
Rider Highlights - Senate**

Modification of Existing Riders

14. **Appropriation: Agent and Adjuster Licensing Fee Collections.** Recommendations include amending the rider to place transfer restrictions on solely the appropriations made by the rider due to licensing fees collected over the amount estimated in the Biennial Revenue Estimate and not all appropriations made to Strategy A.1.1, Operations, Education, and Outreach.

Department of Insurance
Items Not Included in Recommendations - Senate

	2026-27 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2028-29
	GR & GR-D	All Funds	FTEs			

Agency Exceptional Items Not Included (in agency priority order)

1)	General Revenue-Dedicated funding for salary increases for legal, actuarial, and support positions to improve recruitment and retention.	\$2,622,240	\$2,622,240	0.0	No	No	\$2,622,240
2)	General Revenue-Dedicated funding for salary increases for administrative law judge positions within the Division of Workers' Compensation (DWC).	\$1,590,226	\$1,590,226	0.0	No	No	\$1,590,226
3)	<p>General Revenue-Dedicated funding with authority for an additional 73.0 full-time equivalent positions across the agency to support increased agency workload. The requested positions are in the following areas:</p> <p><u>Financial Regulation</u>: 12.0 Financial Examiner III and 1.0 Financial Examiner VIII.</p> <p><u>Property and Casualty</u>: 5.0 Compliance Analyst I, 4.0 Actuary III, 2.0 Program Specialist VI, and 1.0 Data Analyst III.</p> <p><u>General Counsel</u>: 6.0 Attorney IV</p> <p><u>Enforcement</u>: 1.0 Attorney I, 1.0 Attorney II, and 1.0 Investigator III.</p> <p><u>Fraud</u>: 6.0 Sergeant, 1.0 Captain, 1.0 Criminal Analyst I, 1.0 Program Specialist III.</p> <p><u>Information Technology</u>: 3.0 Data Analyst V, 2.0 Information Technology Business Analyst III, 2.0 Project Manager IV, 3.0 Systems Administrator V, 2.0 Systems Analyst V, and 2.0 Information Technology Support Specialist IV.</p>	\$12,313,969	\$12,313,969	73.0	Yes	No	\$2,643,034
4)	General Revenue-Dedicated funding to provide salary increases to investigators within the State Fire Marshal's Office (SFMO) and reclassify them as Schedule C employees.	\$1,791,532	\$1,791,532	0.0	No	No	\$1,791,532

Department of Insurance
Items Not Included in Recommendations - Senate

		2026-27 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2028-29
		GR & GR-D	All Funds	FTEs			
5)	General Revenue-Dedicated funding with authority for an additional 6.0 full-time equivalent positions for IT staff to replace the COMPASS claims-management system. The requested positions are as follows: a) 2.0 Program Specialist V at \$70,662 each year. b) 1.0 Programmer IV at \$102,980 each year. c) 1.0 Systems Analyst V at \$91,936 each year. d) 1.0 Information Technology Business Analyst III at \$91,836 each year. e) 1.0 Data Analyst V at \$102,980 each year.	\$1,097,040	\$1,097,040	6.0	Yes	No	\$1,088,040
6)	One-time General Revenue-Dedicated funding to replace 10 vehicles for the SFMO and 10 vehicles for the Insurance Fraud Unit.	\$1,115,000	\$1,115,000	0.0	No	No	\$0
7)	One-time General Revenue-Dedicated funding to replace aging equipment and travel expenses within the SFMO.	\$1,174,700	\$1,174,700	0.0	No	No	\$0
8)	General Revenue-Dedicated funding for new and ongoing software products associated with network adequacy, data management, data collection, learning management, and analytics.	\$2,450,000	\$2,450,000	0.0	Yes	Yes	\$1,751,000
9)	General Revenue-Dedicated funding to address price increases of contracted data center service levels, ongoing software licenses, and replacing unsupported equipment.	\$6,466,424	\$6,466,424	0.0	Yes	Yes	\$6,762,372
10)	Placeholder for TexasSure Funding: Agency may request additional funding above recommended amounts depending on results of final contract bids.	\$0	TBD	0.0	Yes	Yes	TBD

Department of Insurance
Items Not Included in Recommendations - Senate

		2026-27 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2028-29
		GR & GR-D	All Funds	FTEs			
Agency Rider Requests Not Included							
10)	Rider 14, Appropriation: Agent and Adjuster Licensing Fee Collections. Agency requests to amend the rider to limit the amount appropriated each fiscal year and the amount eligible for unexpended balance authority between the 2024-25 and 2026-27 biennium to \$1,000,000.	\$0	\$0	0.0	No	No	\$0
TOTAL Items Not Included in Recommendations		\$30,621,131	\$30,621,131	79.0			\$18,248,444

**Department of Insurance
Appendices - Senate**

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* Appendix is not included - no significant information to report

**Department of Insurance
Funding Changes and Recommendations by Strategy- Senate -- ALL FUNDS**

Strategy/Goal	2024-25 Base	2026-27 Recommended	Biennial Change	% Change	Comments
OPERATIONS, EDUCATION, AND OUTREACH A.1.1	\$50,115,049	\$17,568,362	(\$32,546,687)	(64.9%)	Recommendations include the following: - Decrease of \$26,500,781 in GR-Dedicated Fund 36 (Fund 36) due to removing funds collected from agent and adjuster licensing fees in excess of the biennial revenue estimate from the agency's base. - Net decrease of \$3,982,171 that includes increases due to biennialization of the 2024-25 statewide salary adjustment offset by decreases for operational needs in other strategies. - Transfer of \$2,064,000 in GR-Dedicated Fund 36 to Strategy E.1.2 for IT projects. - Increase of \$265 in Appropriated Receipts for forecasted receipts related to Texas Windstorm Insurance Agency grants.
TEXASSURE A.1.2	\$10,147,504	\$12,147,504	\$2,000,000	19.7%	Recommendations include an increase of \$2,000,000 in TexasSure funding for the continuation of the TexasSure program.
TEXAS.GOV A.1.3	\$988,400	\$988,400	\$0	0.0%	
Total, Goal A, PROTECT CONSUMERS	\$61,250,953	\$30,704,266	(\$30,546,687)	(49.9%)	
INDUSTRY SOLVENCY REGULATION B.1.1	\$12,665,899	\$14,274,640	\$1,608,741	12.7%	Recommendations include the following: - Increase of \$1,612,866 in Fund 36 for increases due to biennialization of the 2024-25 statewide salary adjustment and for operational needs. - Decrease of \$4,125 in Appropriated Receipts due to a decrease in forecasted amounts.
PROPERTY & CASUALTY REGULATION B.2.1	\$15,482,792	\$16,134,508	\$651,716	4.2%	Net increase in Fund 36 that includes increases due to biennialization of the 2024-25 statewide salary adjustment offset by decreases for operational needs in other strategies.
LIFE & HEALTH REGULATION B.2.2	\$11,326,419	\$12,418,530	\$1,092,111	9.6%	Includes in Fund 36 due to biennialization of the 2024-25 statewide salary adjustment and additional funding reallocated from other strategies to fill vacant positions.

**Department of Insurance
Funding Changes and Recommendations by Strategy- Senate -- ALL FUNDS**

Strategy/Goal	2024-25 Base	2026-27 Recommended	Biennial Change	% Change	Comments
LEGAL REVIEW & ENFORCEMENT B.3.1	\$15,232,646	\$15,717,384	\$484,738	3.2%	Recommendations include the following: - Increase of \$496,136 in Fund 36 due to biennialization of the 2024-25 statewide salary adjustment and additional funding reallocated from other strategies to fill vacant positions. - Decrease of \$11,398 in Appropriated Receipts due to a decrease in forecasted amounts.
INSURANCE FRAUD B.3.2	\$8,737,948	\$8,946,754	\$208,806	2.4%	Increase due to biennialization of the 2024-25 statewide salary adjustment.
THREE-SHARE PROGRAMS B.4.1	\$7,737,106	\$139,302	(\$7,597,804)	(98.2%)	Decrease of \$7,601,375 in Appropriated Receipts related to penalties and fines for the Three-State Program.
Total, Goal B, FAIR, COMPETITIVE, & STABLE MARKET	\$71,182,810	\$67,631,118	(\$3,551,692)	(5.0%)	
FIRE MARSHAL C.1.1	\$10,634,896	\$10,734,398	\$99,502	0.9%	Recommendations include the following: - Decrease of \$1,361 in Appropriated Receipts due to a decrease in forecasted amounts. - Decrease of \$450,000 in Fund 36 in one-time appropriations for the purchase of vehicles. - Increase of \$451,361 in Fund 36 due to biennialization of the 2024-25 statewide salary adjustment and additional funding reallocated from other strategies to fill vacant positions.
Total, Goal C, REDUCE INCIDENTS OF FIRE	\$10,634,896	\$10,734,398	\$99,502	0.9%	
OVERSIGHT AND COMPLIANCE D.1.1	\$21,246,332	\$21,820,883	\$574,551	2.7%	Decrease of \$5,725 in Appropriated Receipts due to a decrease in forecasted amounts.
DISPUTE RESOLUTION D.1.2	\$20,523,135	\$20,768,544	\$245,409	1.2%	Decrease of \$66,772 in Appropriated Receipts due to a decrease in forecasted amounts.
SUBSEQUENT INJURY FUND ADMIN D.1.3	\$18,206,314	\$18,240,804	\$34,490	0.2%	
WORKERS COMPENSATION FRAUD D.1.4	\$2,332,349	\$2,344,524	\$12,175	0.5%	

**Department of Insurance
Funding Changes and Recommendations by Strategy- Senate -- ALL FUNDS**

Strategy/Goal	2024-25 Base	2026-27 Recommended	Biennial Change	% Change	Comments
HEALTH AND SAFETY SERVICES D.2.1	\$8,329,589	\$8,387,058	\$57,469	0.7%	Net increase due to the following: - Increase of \$89,795 in Federal Funds due to increases in grant awards for OSHA and BLS grants - Decrease of \$20,062 in Fund 36 reallocated to other strategies. - Decrease of \$12,265 in Appropriated Receipts due to a decrease in forecasted amounts.
CUSTOMER SERVICE & INFORMATION MGMT D.2.2	\$18,069,769	\$18,461,310	\$391,541	2.2%	Recommendations include the following: - Increase of \$395,509 in Fund 36 due to biennialization of the 2024-25 statewide salary adjustment and additional funding reallocated from other strategies to fill vacant positions. - Decrease of \$3,968 in Appropriated Receipts due to a decrease in forecasted amounts.
Total, Goal D, REGULATE WORKERS' COMP SYSTEM	\$88,707,488	\$90,023,123	\$1,315,635	1.5%	
CENTRAL ADMINISTRATION E.1.1	\$14,173,074	\$14,785,694	\$612,620	4.3%	Increase in Fund 36 due to biennialization of the 2024-25 statewide salary adjustment.
INFORMATION RESOURCES E.1.2	\$36,966,443	\$40,722,122	\$3,755,679	10.2%	Recommendations include a transfer of \$2,064,000 in GR-Dedicated Fund 36 from Strategy A.1.1 for IT projects.
OTHER SUPPORT SERVICES E.1.3	\$10,430,113	\$10,953,162	\$523,049	5.0%	
Total, Goal E, INDIRECT ADMINISTRATION	\$61,569,630	\$66,460,978	\$4,891,348	7.9%	
CONTINGENCY REGULATORY RESPONSE F.1.1	\$4,400,000	\$4,400,000	\$0	0.0%	
Total, Goal F, REGULATORY RESPONSE	\$4,400,000	\$4,400,000	\$0	0.0%	
Grand Total, All Strategies	\$297,745,777	\$269,953,883	(\$27,791,894)	(9.3%)	

**Department of Insurance
FTE Highlights - Senate**

Full-Time-Equivalent Positions	Expended 2023	Estimated 2024	Budgeted 2025	Recommended 2026	Recommended 2027
Cap	1,262.0	1,221.3	1,221.3	1,227.3	1,227.3
Actual/Budgeted	1,075.9	1,084.3	1,170.5	NA	NA

Schedule of Exempt Positions (Cap)					
Commissioner of Insurance, Group 7	\$217,139	\$225,732	\$234,324	\$234,324	\$234,324
Commissioner of Workers' Compensation, Group 6	\$169,111	\$175,720	\$182,328	\$182,328	\$182,328

Notes:

a) The State Auditor's Office Report, Executive Compensation at State Agencies (Report 25-702, October 2024), indicates a market average salary of \$237,812 for the Commissioner of Insurance position at the Department of Insurance. The agency is not requesting any changes to the exempt position salary.

b) The State Auditor's Office Report, Executive Compensation at State Agencies (Report 25-702, October 2024), indicates a market average salary of \$194,563 for the Commissioner of Workers' Compensation position at the Department of Insurance. The agency is not requesting any changes to the exempt position salary.