

## Public Counsel Offices

The Office of Public Insurance Counsel and the Office of Public Utility Counsel ensure that individual consumers are adequately represented at the complex rate and rule hearings before public agencies that ultimately determine how much consumers pay for basic services like electricity and mandatory insurance coverages.

### THE OFFICE OF PUBLIC INSURANCE COUNSEL

Insurance companies spend millions of dollars on lawyers and lobbyists to influence decisions made by the Texas Department of Insurance (TDI). While industry representatives are present at virtually every administrative decision that affects them, insurance consumers cannot afford equal representation.

Fortunately, the Legislature created the Office of Public Insurance Counsel (OPIC) to put consumers on a more equal footing when insurance decisions are made. Funded by a small assessment on insurance policies, OPIC represents consumers in many rate and rule hearings.

OPIC has developed substantial expertise on various insurance matters, making it an effective representative for consumers in

insurance regulatory matters.

- As an advocate for fair insurance rates, OPIC has saved consumers hundreds of millions of dollars in auto, homeowners and renters insurance costs. Its ability to hire experienced lawyers, actuaries, and other experts puts consumers on a more equal footing.

- OPIC drafted bills of rights for insurance consumers, and reviewed the underwriting criteria used by insurance companies.

- OPIC produces an annual report card on Health Maintenance Organizations critical to the more than 3.6 million Texans enrolled in HMOs.

- Since its inception, OPIC has advocated for improved coverage under the standard homeowners and auto policies, and has intervened

when proposed TDI rules may impact consumers.

The Office of Public Insurance has often been cited as a model for other states wanting to establish similar independent advocacy offices for insurance consumers.

### RECOMMENDATION

The office should be fully funded and have full authority to represent consumers on all regulatory issues that affect them. Having an agency with the authority and resources to fully research complex insurance issues on behalf of consumers ensures a more level playing field in decisions where consumers are outnumbered and outgunned.

### THE OFFICE OF PUBLIC UTILITY COUNSEL

The Office of Public Utility Counsel (OPUC) represents residential and small business consumers of telephone and electric services in hearings, rulemakings, and other policy matters before the Public Utility Commission.

In 1999, the 76th Legislature passed a law deregulating retail electric service. OPUC represents residential consumers in the numerous and complex hearings now underway to implement that law.

The office must have adequate funding to assure consumers this representation will continue as many complex and potentially costly telephone and electric utility issues are debated before the PUC. Residential ratepayers—the largest class of customers for any utility—must be represented when decisions are made which affect their rates or service. This is particularly important since utility

costs represent a major portion of a family's budget.

PUC commissioners must hear from representatives of all affected parties in order to make informed decisions. Therefore, OPUC's presence is vital to public policy-making.

As the telephone and electric industries undergo major change and competition begins to enter those markets, the role of the Office of Public Utility Counsel will continue to grow. Competition initially adds confusion to the marketplace and presents new opportunities for consumer abuse. Texans should be represented at the PUC when the rules for competition are written.

Texas was the 37th state to create a public utility advocate for consumers; several more states have added similar offices since that time. Conservative estimates by OPUC show that its participation in telephone and

electric utility rate cases has saved Texas ratepayers well over \$1 billion since 1985.

### RECOMMENDATIONS

- Consumers Union supports continued funding for OPUC to assure residential and small business consumers are fully and aggressively represented before the Public Utility Commission. Consumers are not properly served by a public counsel on a shoestring budget.

- In addition, OPUC's role should be expanded to include representation of gas utility customers before the Railroad Commission.

## In Short

The Public Counsel offices advocates on behalf of consumers. Insurance companies and utilities send their own experts and hire lawyers to present their case for higher electric or insurance rates. Without the Public Counsel offices, ordinary consumers would not have any way to contest their claims.