No. **2025-9596**

**Official Order
of the
Texas Commissioner of Workers' Compensation**

Date: 11/10/2025

Subject Considered:

Arch Insurance Company
Harborside 3
210 Hudson Street, Suite 600
Jersey City, New Jersey 07311

Consent Order
DWC Enforcement File Nos. 37160 & 37465

General remarks and official action taken:

This is a consent order with Arch Insurance Company (Respondent). The commissioner of the Texas Department of Insurance, Division of Workers' Compensation (DWC) considers whether DWC should take disciplinary action against Respondent.

Waiver

Respondent acknowledges that the Texas Labor Code and other applicable laws provide certain rights. Respondent waives all of these rights, and any other procedural rights that apply, in consideration of the entry of this consent order.

Findings of Fact

1.   Respondent holds a certificate of authority issued by the Texas Department of Insurance to transact the business of insurance pursuant to Tex. Ins. Code §§ 801.051-801.053 and is licensed to write workers' compensation/employers' liability insurance in Texas.

2.   Respondent was classified as "average" tier in the 2020, 2022, and 2024 Performance Based Oversight (PBO) assessments.

Failure to Pay Accrued Impairment Income Benefits Based on a Designated Doctor Report

File No. 37465

3.   On ▮▮▮▮▮▮, Respondent received a designated doctor (DD) report of a DD examination performed on ▮▮▮▮▮▮.

4.   The DD determined that the injured employee reached maximum medical improvement (MMI) on ▮▮▮▮▮▮, with a ▮ impairment rating (IR).

5.   Respondent was required to pay accrued impairment income benefits (IIBs) no later than five days after receiving the DD report, or by ▮▮▮▮▮▮.

6.   On ▮▮▮▮▮▮, Respondent paid ▮▮▮ in IIBs 22 days late.

7.   On ▮▮▮▮▮▮, Respondent paid interest 134 days late.

Failure to Pay IIBs Based on a Certifying Doctor (CD) Report and Timely Pay Accrued IIBs

File No. 37160

8.   On ▮▮▮▮▮▮, Respondent received a DWC Form-69, *Report of Medical Evaluation*, from the injured employee's CD in connection with a CD examination.

9.   The CD determined that the injured employee reached MMI on ▮▮▮▮▮▮, with a ▮ IR.

10.   Respondent was required to pay accrued IIBs no later than five days after receiving the CD report. The deadline to pay benefits was ▮▮▮▮▮▮.

11.   Respondent was also required to pay IIBs to an injured employee from ▮▮▮▮▮▮, through ▮▮▮▮▮▮. The IIBs payments were due seven days after the first day of the pay period for these latter two weeks. In total, Respondent failed to timely pay ▮▮▮ in IIBs, as follows:

		Payment Period	Date Due	Date Paid	Days Late
a.		███████████	██████	██████	18
b.		███████████	██████	██████	14
c.		███████████	██████	██████	7

12.   On ██████████, Respondent paid interest 15 days late.

Assessment of Sanction

1.   Failure to provide income benefits in a timely and cost-effective manner is harmful to injured employees and the Texas workers' compensation system.

2.   In assessing the sanction for this case, DWC fully considered the following factors in Tex. Lab. Code § 415.021(c) and 28 Tex. Admin. Code § 180.26(e):
   - the seriousness of the violation, including the nature, circumstances, consequences, extent, and gravity of the prohibited act;
   - the history and extent of previous administrative violations;
   - the violator's demonstration of good faith, including actions it took to rectify the consequences of the prohibited act;
   - the penalty necessary to deter future violations;
   - whether the administrative violation had a negative impact on the delivery of benefits to an injured employee;
   - the history of compliance with electronic data interchange requirements;
   - the economic benefit resulting from the prohibited act; and
   - other matters that justice may require, including, but not limited to:
     o PBO assessments;
     o prompt and earnest actions to prevent future violations;
     o self-report of the violation;
     o the size of the company or practice;
     o the effect of a sanction on the availability of health care; and
     o evidence of heightened awareness of the legal duty to comply with the Texas Workers' Compensation Act and DWC rules.

3.   DWC found the following factors in Tex. Lab. Code § 415.021(c) and 28 Tex. Admin. Code § 180.26(e) to be aggravating:
   a. the violations are serious, delaying ██████ in benefits up to 22 and 18 days late;;

b. Respondent has a history of similar administrative violations, including 16 consent orders involving late benefits since 2021;

c. a penalty is necessary to deter future violations;

d. the conduct negatively impacted the delivery of ▮▮▮▮ in benefits to two injured employees; and

e. Respondent is the third largest carrier in the Texas workers' compensation system and there is evidence of a heightened awareness of the legal duty to comply with the Texas Workers' Compensation Act and DWC rules.

4. DWC is aware of no mitigating factors pursuant to Tex. Lab. Code § 415.021(c) and 28 Tex. Admin. Code § 180.26(e).

5. Respondent acknowledges communicating with DWC about the relevant statute and rule violations alleged; that the facts establish that the administrative violation(s) occurred; and that the proposed sanction is appropriate, including the factors DWC considered under Tex. Lab. Code § 415.021(c) and 28 Tex. Admin. Code § 180.26(e).

6. Respondent acknowledges that, in assessing the sanction, DWC considered the factors in Tex. Lab. Code § 415.021(c) and 28 Tex. Admin. Code § 180.26(e).

Conclusions of Law

1. The commissioner has jurisdiction over this matter pursuant to Tex. Lab. Code §§ 402.001, 402.00114, 402.00116, 402.00128, 414.002, and 414.003.

2. The commissioner has the authority to dispose of this case informally pursuant to Tex. Gov't Code § 2001.056, Tex. Lab. Code §§ 401.021 and 402.00128(b)(6)-(7), and 28 Tex. Admin. Code § 180.26(h) and (i).

3. Respondent has knowingly and voluntarily waived all procedural rights to which it may have been entitled regarding the entry of this order, including, but not limited to, issuance and service of notice of intent to institute disciplinary action, notice of hearing, a public hearing, a proposal for decision, a rehearing by the commissioner, and judicial review.

4. Pursuant to Tex. Lab. Code § 415.021, the commissioner may assess an administrative penalty against a person who commits an administrative violation.

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Texas Labor Code §§402.083 and 402.092

5.   Pursuant to Tex. Lab. Code § 415.002(a)(20) and (22), an insurance carrier or its representative commits an administrative violation each time it violates a DWC rule or a provision of the Texas Workers' Compensation Act.

Failure to Pay Accrued IIBs Based on a DD Report

File No. 37465

6.   Pursuant to Tex. Lab. Code §§ 408.081, 409.023, and 415.002(a)(16), an insurance carrier must pay benefits weekly, as and when the benefits accrue, without order from the commissioner.

7.   Pursuant to Tex. Lab. Code § 408.0041(f), an insurance carrier must pay benefits based on the opinion of the DD during any pending dispute.

8.   Pursuant to 28 Tex. Admin. Code § 127.10(i), an insurance carrier must pay all benefits in accordance with the DD report for the issues in dispute no later than five days after receiving the report.

9.   Respondent violated Tex. Lab. Code §§ 409.023 and 415.002(a)(16), (20), and (22); and 28 Tex. Admin. Code § 127.10(i) by failing to timely pay accrued income benefits according to a DD report no later than five days after receiving the report.

Failure to Pay IIBs on a CD Report

File No. 37160

10.   Pursuant to Tex. Lab. Code §§ 408.081, 409.023, and 415.002(a)(16), an insurance carrier must pay benefits weekly, as and when the benefits accrue, without order from the commissioner.

11.   Pursuant to Tex. Lab. Code § 408.121(b), an insurance carrier must pay IIBs no later than five days after the insurance carrier receives the CD report certifying MMI.

12.   Pursuant to 28 Tex. Admin. Code § 130.8, an insurance carrier must pay benefits in accordance with the treating doctor's medical evaluation report no later than five

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days after receiving the treating doctor's medical evaluation report when MMI is not disputed.

13. Respondent violated Tex. Lab. Code §§ 408.121(b), 409.023 and 415.002(a)(16), (20), and (22) and 28 Tex. Admin. Code § 130.8 by failing to timely pay accrued income benefits within five days of receiving the CD report.

Failure to Timely Pay Accrued IIBs

File No. 37160

14. Pursuant to Tex. Lab. Code §§ 408.081, 409.023, and 415.002(a)(16), an insurance carrier must pay benefits weekly, as and when the benefits accrue, without order from the commissioner.

15. Pursuant to Tex. Lab. Code § 408.121(a), an employee's entitlement to IIBs begins the day after the employee reaches MMI and ends on the earlier of the date of expiration of a period computed at the rate of three weeks for each percentage point of impairment or the date of the employee's death.

16. Respondent violated Tex. Lab. Code §§ 408.121, 409.023 and 415.002(a)(16), and (22) each time Respondent failed to timely pay accrued IIBs.

Failure to Timely Pay Interest with Indemnity Benefits

File Nos. 37160 & 37465

17. Pursuant to Tex. Lab. Code § 408.064 and 28 Tex. Admin. Code § 126.12(b), accrued but unpaid income benefits and interest shall be paid in a lump sum.

18. Respondent violated Tex. Lab. Code §§ 408.064; 415.002(a)(20) and (22); and 28 Tex. Admin. Code § 126.12(b) each time Respondent failed to timely pay interest with accrued but unpaid income benefits.

Order

It is ordered that Arch Insurance Company must pay an administrative penalty of $6,750 within 30 days from the date the Commissioner signs the order.

After receiving an invoice, Arch Insurance Company must pay the administrative penalty by electronic transfer using the State Invoice Payment Service, company check, cashier's check, or money order and make it payable to the "State of Texas." Mail the administrative penalty to the Texas Department of Insurance, Attn: DWC Enforcement Section, MC AO-9999, PO Box 12030, Austin, Texas 78711-2030.

_____
Jeff Nelson
Commissioner
TDI, Division of Workers' Compensation

Approved Form and Content:

_____
Tyrus Housh
Staff Attorney, Enforcement
Compliance and Investigations
TDI, Division of Workers' Compensation

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Unsworn Declaration

STATE OF <u>New Jersey</u>   §

              §

COUNTY OF <u>Hudson</u>   §

Pursuant to the Tex. Civ. Prac. and Rem. Code § 132.001(a), (b), and (d), my name is <u>Kevin Patterson</u>. I hold the position of <u>Assistant Vice President</u> and am the authorized representative of Arch Insurance Company. My business address is:

<u>210 Hudson Street Suite 600</u>, <u>Jersey City</u>, <u>Hudson</u>, <u>NY</u>, <u>07311</u>.
(Street)   (City)   (County) (State) (ZIP Code)

I am executing this declaration as part of my assigned duties and responsibilities. I declare under penalty of perjury that the facts stated in this document are true and correct.

_____
Declarant

Executed on_____<u>October 10th</u>_____, 2025.