

No. 2025-9456

**Official Order
of the
Texas Commissioner of Insurance**

Date: 08/07/2025

Subject Considered:

Texas Department of Insurance

v.

Nicole Palm Carpenter

SOAH Docket No. 454-24-10063.C

General Remarks and Official Action Taken:

The subject of this order is the disciplinary action taken against Nicole Palm Carpenter. This order suspends Ms. Carpenter's adjuster all lines license for two years and probates the suspension, subject to reporting requirements.

Background

After proper notice was given, the above-styled case was heard by an administrative law judge for the State Office of Administrative Hearings. The administrative law judge made and filed a proposal for decision containing a recommendation that TDI impose a probated suspension on Ms. Carpenter's license and remove the workers' compensation authorization under her license. A copy of the proposal for decision is attached as Exhibit A.

Texas Department of Insurance (TDI) Enforcement staff filed exceptions to the administrative law judge's proposal for decision. Ms. Carpenter did not file a reply to Enforcement staff's exceptions. Ms. Carpenter also filed exceptions, but she filed them late, so the administrative law judge did not consider them.

In response to Enforcement staff's exceptions, the administrative law judge recommended revising the proposal for decision. A copy of the administrative law judge's response to exceptions is attached as Exhibit B.

TDI adopts the administrative law judge's proposed findings of fact and conclusions of law.

Reporting Requirements

TDI considers it very important that licensees be honest, trustworthy, and reliable.¹ However, as concluded by the administrative law judge, Ms. Carpenter misappropriated funds in violation of Insurance Code § 4005.101(b)(4)² and engaged in fraudulent or dishonest acts or practices in violation of Insurance Code § 4005.101(b)(5).³ Further, the administrative law judge found that her violations were deliberate, voluntary, or intentional, in violation of Insurance Code § 4005.101(b)(1).⁴

The administrative law judge recommended that the sanction imposed on Ms. Carpenter be a two-year suspension of her license with the suspension probated,⁵ and this recommendation is accepted. However, due to Ms. Carpenter's violations of the Insurance Code it is necessary for TDI to monitor her during her probation. Therefore, this order also imposes reporting requirements on Ms. Carpenter for the two years that her license suspension is probated.

Findings of Fact

The proposed findings of fact contained in Exhibit A as revised consistent with Exhibit B are adopted and incorporated by reference into this order.

Conclusions of Law

The proposed conclusions of law contained in Exhibit A are adopted and incorporated by reference into this order.

Order

It is ordered that the adjuster all lines license held by Nicole Palm Carpenter is suspended for two years. The suspension is probated, and during the period of probation, Ms. Carpenter must comply with the following terms and conditions:

¹ See 28 Tex. Admin. Code § 1.502(c).

² See proposed Conclusion of Law No. 5.

³ See proposed Conclusion of Law No. 6.

⁴ See proposed Conclusion of Law No. 7.

⁵ The administrative law judge also recommended removing the workers' compensation authorization from Ms. Carpenter's license. However, such a sanction is not an option because an adjuster all lines license is not subject to authorizations for specific types of insurance.

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If, during the probation period imposed by this order, TDI issues any additional licenses or authorizations to Ms. Carpenter, those additional licenses or authorizations will be suspended until the probation period imposed by this order has ended. The suspension will be probated, and the same terms and conditions stated in this order will apply.

Beginning from the date of this order and continuing through the probation period, Ms. Carpenter must file a written report with TDI, on or before the 15th day of the month on a quarterly basis for the months of September, December, March, and June, by emailing it to EnforcementReports@tdi.texas.gov.

The reports must include the following information:

- a. Ms. Carpenter's current mailing address and telephone number;
- b. the name and mailing address of any insurer that has appointed, hired, contracted, or employed Ms. Carpenter as a licensed adjuster;
- c. the name and address of any insurer that has canceled Ms. Carpenter's employment, contract, or appointment as a licensed adjuster; and
- d. a copy of any and all contracts Ms. Carpenter has entered into with an insurer, broker, managing general agent, managing general agency, or any person or entity in the business of insurance.

Ms. Carpenter must notify TDI immediately of the following by emailing EnforcementReports@tdi.texas.gov:

- a. any state or regulatory actions taken against her, including formal and informal actions;
- b. any change of her business address; and
- c. any complaint made against her concerning her actions as a licensed adjuster, as well as a written explanation detailing the steps taken to resolve it.

Signed by: 
FC5D7EDDFFB84F8... _____
Cassie Brown
Commissioner of Insurance

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Recommended and reviewed by:

Signed by:
Jessica Barta
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Jessica Barta, General Counsel

Signed by:
Justin Beam
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Justin Beam, Chief Clerk

**BEFORE THE
STATE OFFICE OF ADMINISTRATIVE
HEARINGS**

—
**TEXAS DEPARTMENT OF INSURANCE,
PETITIONER**

v.

**NICOLE PALM CARPENTER,
RESPONDENT**

PROPOSAL FOR DECISION

The staff (Staff) of the Texas Department of Insurance (Department) seeks to discipline Nicole Palm Carpenter (Respondent) by revoking her Department issued license. Staff alleges she unlawfully accepted indemnity benefits from her employer for lost wages when she was working for another employer she failed to disclose. Staff alleges this conduct entailed fraudulent or dishonest acts or practices and misappropriation of funds, and that her actions constituted willful violations of insurance laws of this state. After considering the evidence and the applicable law, the Administrative Law Judge (ALJ) recommends the Department remove worker's

compensation as one of the authorizations under Respondent’s license, that her license be suspended for two years, and that her suspension be probated.

I. NOTICE, JURISDICTION, AND PROCEDURAL HISTORY

There are no disputed issues of notice or jurisdiction in this case. Therefore, those matters are addressed in the findings of fact and conclusions of law without further discussion here.

The hearing on the merits was held via Zoom videoconference on August 6, 2024, before ALJ Ross Henderson. Staff appeared and was represented by Staff Attorneys Stephanie Andrews and Allison Anglin. Respondent appeared and represented herself. The hearing concluded that day, and the record closed on November 8, 2024, which was the parties’ agreed deadline for submission of written response briefs.

II. APPLICABLE LAW

The Texas Insurance Code authorizes the Department to regulate the business of insurance in this state and to take disciplinary action against agents who violate the law or rules related to insurance.¹ In particular, Staff argues Respondent’s license should be revoked² for violating several applicable provisions of law, including:

¹ Tex. Ins. Code §§ 31.002(1), (3), 4005.102.

² In the Notice of Hearing, Staff additionally sought an administrative penalty and restitution for misappropriation, citing Tex. Ins. Code §§ 82.053, 84.021, .022. However, Staff did not mention these sanctions during the proceeding or in its written closing arguments; therefore, the request for those sanctions is deemed waived. 1 Tex. Admin Code § 155.425(c).

- Engaging in a fraudulent or dishonest act or practice;³
- Misappropriating money belonging to an insurer or insured;⁴ and
- Willfully violating Texas insurance laws.⁵

Staff has the burden of proof to establish its grounds for discipline.⁶ The burden of proof is by a preponderance of the evidence.⁷

III. EVIDENCE

At the hearing, Staff offered eight exhibits,⁸ which were admitted, and presented the testimony of Respondent; Melinda Hixson, a worker's compensation adjuster for Respondent's former employer—Sedgwick Claims Service (Sedgwick); and Lewis W. Wright IV, from the Department's Enforcement Division. Respondent provided additional testimony during her direct case. She also offered 15 exhibits,⁹ which were admitted, and offered the testimony of her friend, Kila Garrett, as a fact witness.

³ Tex. Ins. Code § 4005.101(b)(5).

⁴ Tex. Ins. Code § 4005.101(b)(4).

⁵ Tex. Ins. Code § 4005.101(b)(1).

⁶ 1 Tex. Admin. Code § 155.427.

⁷ See *Granek v. Texas St. Bd. of Med. Exam'rs*, 172 S.W.3d 761, 777 (Tex. App.—Austin 2005, no pet.).

⁸ Staff Exs. 1-4, 6, 6B, 7-8.

⁹ Resp. Exs. 1-15.

A. BACKGROUND FACTS

Respondent holds an adjuster all lines license issued by the Department on March 24, 2010.¹⁰ However, her multi-state insurance experience began in 2002, and included working at State Farm as a team lead, Esurance as a trainer, and Worley Catastrophe Company as an adjuster and trainer.¹¹ Respondent testified she began working as an adjuster for Sedgwick in June 2018. Only a month later, in July 2018, she suffered a workplace injury. Two months later Sedgwick sent Respondent home on September 28, 2018, saying it could no longer accommodate the workplace medical restrictions placed on her by her doctor. Sedgwick asked Respondent to file a worker's compensation claim. Ms. Hixson was assigned as the claims adjuster for Respondent's claim.

On October 9, 2018, Respondent got a letter from Sedgwick's worker's compensation insurance provider—Hartford Casualty Insurance Company (Hartford).¹² The letter informed Respondent she was entitled to temporary income benefits of \$497.54 each week because she lost more than seven days of work due to her workplace injury.¹³ However, the same day Hartford sent a second letter notifying Respondent that it was disputing her disability and suspending her worker's compensation benefits.¹⁴ Respondent explained that Sedgwick put her on

¹⁰ Staff Ex. 4.

¹¹ Staff Ex. 6-B.

¹² Resp. Ex. 5.

¹³ Resp. Ex. 5.

¹⁴ Resp. Ex. 6.

leave without pay pending resolution of the dispute. She was able to keep her medical insurance benefits only by paying the premiums herself.

After being out of paid work for over two months, Respondent applied for a job at another insurance company—Horace Mann.¹⁵ On her application, Respondent indicated she was still employed with Sedgwick.¹⁶ She accepted a position with Horace Mann on January 10, 2019, with an initial start date of February 4, 2019.¹⁷

In a letter dated January 24, 2019, Respondent was notified by the Office of Injured Employee Counsel that one of its ombudsmen was referred to assist her in her worker’s compensation dispute with Sedgwick.¹⁸ Her treating physician, Dr. Kevin Kruse II, began giving Respondent injections on January 31, 2019, because non-operative care had not improved her condition.¹⁹ Respondent testified the injections helped. She began her job at Horace Mann shortly after that in the beginning of February 2019. She was paid more at Horace Mann than she was paid at Sedgwick.²⁰

¹⁵ Resp. Ex. 13.

¹⁶ Resp. Ex. 13.

¹⁷ Resp. Ex. 13.

¹⁸ Resp. Ex. 7.

¹⁹ Staff Ex. 6.

²⁰ Staff Ex. 6-B.

On February 28, 2019, Hartford submitted a Request for Designated Doctor Examination to the Department.²¹ In response, on March 27, 2019, Respondent was evaluated by Gregory Sheppard, Doctor of Chiropractic, who performed a disability determination.²² Dr. Sheppard’s report indicates that Respondent was expected to reach clinical maximum medical improvement (MMI) by June 27, 2019.²³ His report also states that Respondent reported beginning work for Sedgwick in June 2018 and that she was still employed with Sedgwick as of the date of the report—March 27, 2019.²⁴

On March 25, 2019, a couple of days before Dr. Sheppard’s disability determination, Ms. Hixson had Respondent surveilled. Respondent was photographed entering Horace Mann.²⁵ Ms. Hixson testified that she spoke to Respondent on April 10, 2019 and asked her if she was working. She claimed that Respondent replied that she was “just sitting on my couch.” Respondent denies that this conversation ever occurred.

In a Notice of Reinstatement of Indemnity Benefits letter dated April 10, 2019, Respondent was informed by Sedgwick that, because of the findings in the designated doctor report, she would begin receiving temporary income benefits again

²¹ Resp. Ex. 12.

²² Resp. Ex. 12.

²³ Resp. Ex. 12.

²⁴ Resp. Ex. 12.

²⁵ Staff Ex. 6.

in the amount of \$497.54—to be paid through March 27, 2019.²⁶ Respondent received a check the next day in the amount of \$12,200.31 to cover her unpaid weekly benefits from October 10, 2018 through March 27, 2019.²⁷

In a May 5, 2019 email, Respondent asked her ombudsman:

I have only rec'd a payment from 10/10/18- 3/27/19. My paperwork says thru 6/27/19! To date, I have not received any payments for the month of April or May? They have not sent any notification as to why they have not sent my weekly payments.

In a May 6, 2019 response from that same email chain, Respondent's ombudsman promised to contact the claims adjuster regarding the payments for April and May. The ombudsman also explained that Sedgwick was requesting a carrier-selected doctor to examine her and provide an opinion on her medical condition. Respondent replied to her ombudsman:

Also are they trying to contest to avoid paying? . . . I am really feeling bullied and very disrespected at this point. Enough is enough. Who does this to their own employee?²⁸

Payments from Hartford continued on May 15, 2019, with seven checks in the amount of \$497.54 mailed that day, with weekly checks continuing after that for eight weeks until June 28, 2019.²⁹

²⁶ Staff Ex. 6.

²⁷ Staff Ex. 2.

²⁸ Resp. Ex. 12.

²⁹ Staff Ex. 6-B.

In June 2019, Sedgwick's attorney requested Respondent's wages for employment with Horace Mann.³⁰ Sedgwick claims that it terminated Respondent's employment on June 20, 2019, after it learned of her employment at Horrace Mann, and then stopped indemnity payments to Respondent.

Some time later, Sedgwick filed a hearing request with the Department on Respondent's worker's compensation claim. In an order signed November 18, 2019, a Department ALJ found that Respondent had a disability from October 3, 2018 through January 31, 2019, which was caused by a compensable injury sustained on July 12, 2018.³¹ Hartford was ordered to pay any accrued but unpaid income benefits.³²

On October 9, 2020, Hartford received a refund of \$20,980.83 from the Department's Subsequent Injury Fund for its overpayments to Respondent. The record does not detail how this refund was calculated.³³

On December 28, 2020, Sedgwick submitted a criminal referral to the Dallas County District Attorney and copied the Department's Fraud Unit alleging that Respondent committed insurance fraud.³⁴ The complaint alleged that Respondent:

³⁰ Resp. Exs. 3-4.

³¹ Staff Ex. 6-B.

³² Staff Ex. 6-B.

³³ Staff Ex. 6-B. Per the record evidence, the ALJ notes that Petitioner overpaid Respondent \$497.54 weekly for 21 weeks of temporary income benefits from February 1, 2019 to June 28, 2019. $\$497.54 \times 21 \text{ weeks} = \$10,448.43$. The ALJ notes that \$20,980.83 (the total refund Hartford received) exceeds the overpayment of temporary income benefits.

³⁴ Staff Ex. 6-B.

began working at Horace Mann while she was still receiving indemnity benefits from Sedgwick; lied by omission about her employment at Sedgwick to obtain her position at Horace Mann; stated she obtained experience at Sedgwick that she never obtained; and lied to Ms. Hixson (Sedgwick's claims examiner) by claiming she was not working when she was employed by Horace Mann.³⁵

B. TESTIMONY OF RESPONDENT—NICOLE CARPENTER

Respondent testified about her career and training in insurance which began in 2002. She described the brief training in workers compensation claims she received at Sedgwick. Although she received a worker's compensation certificate added to her license, she has not really worked in that area. Respondent talked about her injury and how it affected her ability to work. She said the pain got worse and worse and Sedgwick finally sent her home in September 2018. She was still in training then and has not done worker's compensation claims since leaving Sedgwick.

Sedgwick's human resources representative told Respondent she would have to go on unpaid leave and she would have to obtain a leave of absence and pay her medical insurance herself to maintain the coverage. Respondent did not have any income from October to January because her claim was disputed. She said she assumed she was terminated in November 2018 because her request for short-term disability had been denied. Respondent began looking for another job in December 2018 because she needed income. She was hired by Horace Mann in January 2019 and began working there on February 4, 2019. Her first four weeks at

³⁵ Staff Ex. 6-B.

Horace Mann was spent in training and mostly just observing. Once training was over, Horace Mann made certain accommodations for her. She was allowed to choose all her own equipment to make her workspace comfortable (chair, mouse, desk, cushions, etc.). Respondent testified that she spoke to Paula Ivory from Sedgwick around January 8, 2019, and was told she had to return to work, or she would be terminated. She said she believed she had been terminated by Sedgwick as of January 31, 2019, because she never gave Ms. Ivory a return-to-work date.

Respondent testified regarding the checks she began receiving in April 2019. She said she believed the checks were for her compensable injury until she reached MMI. She testified that there were still unresolved disputes about the extent of her injuries and what treatments would be covered so she believed, based on communications with her ombudsman, that Sedgwick was required to continue paying her until those issues were resolved. She said she asked the ombudsman about the checks and he told her if there were any overpayments, they would be credited against future payments she may be entitled to.

C. TESTIMONY OF MELINDA HIXSON

Ms. Hixson has been a worker's compensation adjuster and employed by Sedgwick for 31 years. At any given time, she handles 120 to 140 claims. She often handles the worker's compensation claims of Sedgwick's own employees. She was assigned to Respondent's claim in July 2019. Her role was to coordinate benefits, medical, and lost time. She issued all the payments relating to Respondent's claims. She said Sedgwick disputed Respondent's lost time because they did not feel the objective medical evidence supported the disability alleged. Lost wage payments are

indemnity payments. Sedgwick began making indemnity payments again in April 2019 because a designated doctor performed a state ordered exam and he found a disability for a time period. Ms. Hixson said Sedgwick was required to adhere to the doctor's opinion until it was overturned at a hearing. She testified claimants are required by law to report any post-injury earnings because indemnity benefits are to indemnify a person with a loss. Ms. Hixson opined that Respondent should know that based on her training in worker's compensation. Ms. Hixson added that if a person is working somewhere else, there's not a loss. Or if the person is working but not earning the full wage, then the employee would be indemnified at a lower rate.

Ms. Hixson said Respondent's claim stood out as needing additional investigation because of the nature and extent of her injury. The amount of time Respondent was out of work and without income were red flags to her, since Respondent did not call her constantly to inquire about her claim. Ms. Hixson had Respondent surveilled in March 2019. The investigator located Respondent outside an office building and observed her enter. The investigator contacted the employer and confirmed Respondent was in the company's directory. Up to that point Respondent had not notified Sedgwick of her new employment. Ms. Hixson testified that on April 10, 2019, she asked Respondent if Respondent was working. Respondent replied she was sitting on her couch. Even though Ms. Hixson knew Respondent was working at Horace Mann, she said she wanted to give Respondent an opportunity to respond truthfully about whether she was working.

D. TESTIMONY OF LEWIS WRIGHT, IV

Mr. Wright works for the Department as the Administrative Review Liaison to the Enforcement Division. He testified about Respondent's license. He also testified about the process his office follows after the Department receives a complaint about a licensee. Mr. Wright said that return to work is an important piece in the evaluation. Further, Respondent's acceptance of indemnity payments while also being employed by another company is concerning to the Department. He opined that failing to disclose a new job when someone is collecting worker's compensation payments is a fraudulent or dishonest act or practice. He said that such activity violates the Insurance Code. He also believes that it would be considered misappropriation of funds to not return money that belongs to someone else in this instance. In addition, he stated that purposely doing these acts would constitute a willful violation of the Insurance Code. He asserts revocation of Respondent's license is appropriate.

E. TESTIMONY OF KILA GARRETT

Ms. Garrett and Respondent began working together in 2011 and have been friends since then. Ms. Garrett testified about a meeting she had with Respondent around January 8 or 9, 2019, in a Starbucks where they discussed jobs. She recalls someone from Sedgwick calling Respondent while they were in the Starbucks and Respondent answered the call on speaker phone—so Ms. Garrett was able to hear both sides of the conversation. Ms. Garrett confirmed Respondent's version of that phone conversation. She started working at Horace Mann the same time as Respondent and she confirmed Respondent's description of the work environment at Horace Mann. She said Respondent was often rubbing her arm from pain, that she

was going to therapy twice a week for her injury, and that the container Respondent brought to work was not a lunch box. It contained first aid for treating her arm—creams and ice packs. Ms. Garrett also talked about a conversation between Respondent and the ombudsman she overheard while riding in Respondent’s car. Respondent took the call over the car speaker phone. She said that Respondent asked the ombudsman about the checks from Sedgwick and the ombudsman told her to cash them.

IV. DISCUSSION

A. ARGUMENTS REGARDING ALLEGED VIOLATIONS

Staff does not dispute that Respondent had a disability from October 3, 2018 through January 31, 2019, which was caused by a compensable injury sustained on July 12, 2018, at Sedgwick. However, Staff alleges Respondent violated Texas Insurance Code section 4005.101(b)(5) by intentionally omitting to disclose her employment with Horace Mann beginning in February 2019, with the intent to unlawfully obtain indemnity benefits from Sedgwick and Hartford. Staff argues that any person with her worker’s compensation training would know that she had an obligation to inform her employer as soon as she started working somewhere else. Staff also alleges Respondent violated Texas Insurance Code section 4005.101(b)(4)(C) when she accepted indemnity payments for lost wages from Sedgwick when she was employed by Horace Mann. Finally, Staff alleges that each of Respondent’s violations of insurance laws were committed “willfully” and, therefore, are separately sanctionable under Texas Insurance Code section 4005.101(b)(1).

Respondent counters that she has worked in the insurance industry for over 20 years and has never been the subject of another complaint—never been reprimanded for any improper claim handling, fraudulent or dishonest behaviour, nor misappropriation. She says she did not report her new employment with Horace Mann because she believed she had been terminated by Sedgwick sometime in January 2019, because she did not call Ms. Ivory back and provide her a return-to-work date. She contends that she was only able to work at Horace Mann because the training did not require much from her except to be present and that she started receiving treatments and therapy that Sedgwick’s dispute had denied her. She says that while Sedgwick never made any accommodations for her injury, Horace Mann made workspace accommodations that allowed her to work. She denies that she ever lied to Ms. Hixson about her employment at Horace Mann. She says she did not know exactly what the checks she started receiving were for. She disputes Staff’s characterization of her expertise in worker’s compensation—noting she received only six weeks of training and had much more to go. She argues that when she started working at Horace Mann, she still had an ongoing dispute with Sedgwick, not just about the lost wages, but also about the nature and extent of her injuries. She alleges that her ombudsman told her to cash the checks and that Sedgwick would credit any overpayments towards any additional money it may owe her for her outstanding medical claims.

B. ALJ’S ANALYSIS

Staff met its burden to prove that Respondent engaged in dishonest acts,³⁶ and her dishonesty was intentional and willful.³⁷ After the Office of Injured Employee Counsel ombudsman’s entry into the matter, Hartford submitted a Request for Designated Doctor Examination to the Department on February 28, 2019. One purpose of the examination was to determine what work and what movements Respondent was currently capable of. The doctor would assuredly ask Respondent about her work. Respondent had no explanation as to why Dr. Sheppard would write that Respondent was still employed with Sedgwick as of the date of the report— March 27, 2019. The ALJ finds that Respondent intentionally told him, or allowed him to believe, that she was not working and still employed at Sedgwick. She was dishonest. Later, on April 10, 2019, she again concealed her employment with Horace Mann, when she told Ms. Hixson she was not working. The record also shows she was dishonest to the ombudsman on May 6, 2019, when she wrote him, “who does this to their own employee?” In reference to Sedgwick, this implies she was still employed by them.

When Respondent began receiving checks on April 10, 2019, she misappropriated, converted to her own use, or illegally withheld money belonging to Hartford in violation of Texas Insurance Code section 4005.101(b)(4). By that time, she was aware that the payments were for indemnity benefits, asking her ombudsman in a May 5, 2019 email where her weekly payments for April and May were.

³⁶ Tex. Ins. Code § 4005.101(b)(5).

³⁷ Tex. Ins. Code § 4005.101(b)(1).

Respondent's attempt to use as cover the ombudsman's instructions for her to cash the checks fails, because she had intentionally withheld from him that she was working for Horace Mann. Again, her actions were intentional and willful. Therefore, they also violated Texas Insurance Code section 4005.101(b)(1).

C. ALJ'S RECOMMENDATION

Because Staff established that Respondent engaged in conduct for which she can be disciplined, the issue becomes what discipline is appropriate. Under Texas Insurance Code section 4005.102, the Department may, among other things, suspend or revoke a license, assess an administrative penalty, or reprimand a license holder. Staff requests that Respondent's license be revoked. The ALJ agrees that Respondent's dishonest conduct and failure to abide by insurance laws require discipline, however, due to mitigating facts, the ALJ does not recommend revocation.

The ALJ finds that there are mitigating facts which warrant a sanction less than revocation. Her dishonesty should be taken into the context in which it occurred, and the Department should consider that she has over 22 years of experience in the insurance industry without complaint, not in the 17 years prior to the conduct, nor in the five years since.

Despite her legitimate injury and entitlement to treatment and indemnity benefits, Sedgwick disputed her claim, made no doctor recommended accommodations, and sent her home. She went without income for over four months. The ALJ does not find the evidence shows that Respondent was initially

dishonest for the purpose of obtaining or keeping indemnity lost wages benefits. In other words, she did not hatch a scheme to injure herself and then double her income with indemnity benefits and a second job. Instead, Respondent was still injured, and she was initially dishonest because she was concerned that her employment with Horace Mann would adversely affect her ongoing dispute with Sedgwick concerning her medical claims and treatment. She had already been out of work for over four months and was also concerned that her injury might prevent her from keeping her job at Horace Mann long-term. She believed that she would prevail on additional medical claims that she ultimately lost. Considering her long history in the industry without complaint, the ALJ finds it unlikely Respondent would repeat her dishonesty in her job or under typical circumstances. Therefore, the ALJ recommends the Department remove worker's compensation as one of the authorizations under Respondent's license, that her license be suspended for two years, and that her suspension be probated.

V. FINDINGS OF FACT

1. Nicole Carpenter (Respondent) holds an adjuster all lines license issued by the Texas Department of Insurance (Department) on March 24, 2010.
2. Her multi-state insurance experience began in 2002 and included working at State Farm as a team lead, Esurance as a trainer, and Worley Catastrophe Company as an adjuster and trainer.
3. Respondent began working as an adjuster for Sedgwick Claims Service (Sedgwick) in June 2018.
4. In July 2018 Respondent suffered a workplace injury. Sedgwick requested she file a worker's compensation claim. Two months later Sedgwick sent Respondent home on September 28, 2018, saying it could no longer accommodate the workplace medical restrictions placed on her by her doctor.

5. On October 9, 2018, Respondent got a letter from Sedgwick’s worker’s compensation insurance provider—Hartford Casualty Insurance Company (Hartford). The letter informed Respondent that she was entitled to temporary income benefits of \$497.54 each week because she lost more than seven days of work due to her workplace injury. However, the same day Hartford sent a second letter notifying Respondent that it was disputing her disability and suspending her worker’s compensation benefits.
6. Sedgwick put Respondent on leave without pay pending resolution of the dispute. She was able to keep her medical insurance benefits only by paying the premiums herself.
7. After being out of paid work for over two months, Respondent applied for a job at another insurance company—Horace Mann. On her application, Respondent indicated she was still employed with Sedgwick. She accepted a position with Horace Mann on January 10, 2019, with an initial start date of February 4, 2019.
8. Respondent was paid more at Horace Mann than she was paid at Sedgwick.
9. On February 28, 2019, Hartford submitted a Request for Designated Doctor Examination to the Department.
10. On March 27, 2019, Respondent was evaluated by Gregory Sheppard, Doctor of Chiropractic, who performed a disability determination. Dr. Sheppard’s report states that Respondent reported beginning work for Sedgwick in June 2018 and that she was still employed with Sedgwick as of the date of the report—March 27, 2019.
11. On March 25, 2019, a couple of days before Dr. Sheppard’s disability determination, Melinda Hixson, a claim adjuster, had Respondent surveilled. Respondent was photographed entering Horace Mann.
12. Ms. Hixson spoke to Respondent on April 10, 2019, and asked her if she was working. Respondent replied that she was “just sitting on my couch.”
13. In a Notice of Reinstatement of Indemnity Benefits dated April 10, 2019, Respondent was informed by Sedgwick that, because of the findings in the designated doctor report, she would begin receiving temporary income

benefits again in the amount of \$497.54—to be paid through March 27, 2019. Respondent received a check the next day in the amount of \$12,200.31 to cover her unpaid weekly benefits from October 10, 2018 through March 27, 2019.

14. Payments from Hartford continued on May 15, 2019, with seven checks in the amount of \$497.54 mailed that day, with weekly checks continuing after that for eight weeks until June 28, 2019.
15. Sedgwick terminated Respondent’s employment on June 20, 2019, after it learned of her employment at Horrace Mann, and then stopped payments to Respondent.
16. Hartford paid Respondent \$497.54 weekly for 21 weeks of temporary income benefits she was not entitled to from February 1, 2019 to June 28, 2019.
17. Sedgwick requested a hearing with the Department on Respondent’s worker’s compensation claim. In an order signed November 18, 2019, a Department administrative law judge (ALJ) found that Respondent had a disability from October 3, 2018 through January 31, 2019, which was caused by a compensable injury sustained on July 12, 2018. Hartford was ordered to pay any accrued but unpaid income benefits.
18. On October 9, 2020, Hartford received a refund of \$20,980.83 from the Department’s Subsequent Injury Fund for its overpayments to Respondent. The record does not detail how this refund was calculated.
19. On December 28, 2020, Sedgwick submitted a criminal referral to the Dallas County District Attorney and copied the Department’s Fraud Unit alleging that Respondent committed insurance fraud.
20. The Department referred this matter for a hearing on the merits to the State Office of Administrative Hearings (SOAH) on January 29, 2024.
21. On January 31, 2024, staff (Staff) of the Department mailed a Notice of Hearing to Respondent. The Notice of Hearing contained a statement of the time, place, and nature of the hearing; a statement of the legal authority and jurisdiction under which the hearing was to be held; a reference to the particular sections of the statutes and rules involved; and a short, plain

statement of the factual matters asserted or an attachment that incorporated by reference the factual matters asserted in the complaint or petition filed with the state agency.

22. The hearing on the merits was held via Zoom videoconference on August 6, 2024, before ALJ Ross Henderson. Staff appeared and was represented by Staff Attorneys Stephanie Andrews and Allison Anglin. Respondent appeared and represented herself. The hearing concluded that day, and the record closed on November 8, 2024, which was the parties' agreed deadline for submission of written response briefs.

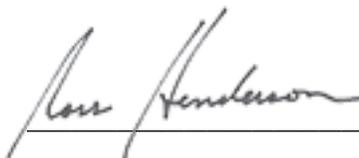
VI. CONCLUSIONS OF LAW

1. The Department has jurisdiction over the subject matter of this proceeding. Tex. Ins. Code §§ 82.051-.055, 4001.002, 4005.101-.102.
2. SOAH has jurisdiction over all matters relating to the conduct of the proceeding, including the preparation of a proposal for decision with findings of fact and conclusions of law. Tex. Gov't Code ch. 2003; Tex. Ins. Code § 4005.104.
3. Adequate and timely notice of the hearing was provided. Tex. Gov't Code §§ 2001.051-.052; Tex. Ins. Code § 4005.104(b).
4. Staff has the burden of proof to establish a violation by a preponderance of the evidence. Tex. Admin. Code § 155.427; *Granek v. Tex. St. Bd. of Med. Exam'rs*, 172 S.W.3d 761, 777 (Tex. App.—Austin 2005, no pet.).
5. The evidence proved Respondent misappropriated funds in violation of Texas Insurance Code section 4005.101(b)(4).
6. Respondent engaged in fraudulent or dishonest acts or practices in violation of Texas Insurance Code section 4005.101(b)(5).
7. Respondent's violations were "deliberate, voluntary, or intentional"; therefore, they also violated Texas Insurance Code section 4005.101(b)(1).

8. Respondent engaged in conduct for which she can be disciplined. The Department may, among other things, suspend or revoke her license, assess an administrative penalty, or reprimand her. Tex. Ins. Code § 4005.102.
9. Worker's compensation should be removed as one of the authorizations under Respondent's license, her license should be suspended for two years, and her suspension should be probated. Tex. Ins. Code § 4005.102.

Signed December 23, 2024.

ALJ Signature:

A handwritten signature in cursive script, appearing to read "Ross Henderson", written over a horizontal line.

Ross Henderson

Presiding Administrative Law Judge

FILED **2025-9456**
454-24-10063
2/7/2025 3:56 PM
STATE OFFICE OF
ADMINISTRATIVE HEARINGS
Brianna Flores, CLERK

Exhibit B

ACCEPTED
454-24-10063
2/7/2025 4:05:35 pm
STATE OFFICE OF
ADMINISTRATIVE HEARINGS
Brianna Flores, CLERK

State Office of Administrative Hearings

Kristofer S. Monson
Chief Administrative Law Judge

February 7, 2025

To the Parties

VIA EFILE TEXAS

RE: Docket Number 454-24-10063.C; *TDI v. Nicole Palm Carpenter*

Dear Parties:

By order issued January 11, 2025, the deadline for exceptions to the Proposal for Decision (PFD) was extended by agreement of the parties. Staff timely filed exceptions on January 17, 2025. Respondent attempted to file late exceptions on February 3, 2025—which was the deadline for filing responses to exceptions. Respondent’s filing did not seek leave to file untimely exceptions and included arguments and evidence outside the record. On these bases, Staff objected to the consideration of Respondent’s exceptions. The Administrative Law Judge (ALJ) agrees and did not consider Respondent’s late-filed exceptions.

Regarding Staff’s exceptions, the ALJ makes the following changes to the PFD:

- **Typographical errors** - the ALJ agrees with the changes proposed on pages 2 to 3 of Staff’s exceptions, based on “typographical errors.”
- **FN. 2, p. 2** - the ALJ agrees that sanctions cannot be waived under 1 Tex. Admin. Code section 155.425(c), and makes the following changes to FN 2:
 - In the Notice of Hearing, Staff additionally sought an administrative penalty and restitution for misappropriation, citing

Tex. Ins. Code §§ 82.053, 84.021, .022. However, Staff did not mention these sanctions during the proceeding or in its written closing arguments; therefore, the ALJ did not have basis to analyze or make recommendations on these sanctions. the request for those sanctions is deemed waived. ¹ ~~Tex. Admin Code §155.425(c).~~¹

- **Findings of Fact** - after considering Staff’s request for additional findings of fact (FOF), the ALJ recommends the following amendments to clarify his reasoning and findings in the PFD:
 - New FOF 7(a) - When Respondent began working at Horace Mann she believed she was no longer employed at Sedgwick. Therefore, she was not dishonest by failing to immediately inform Sedgwick of her new job. Although she had a pending workers’ compensation claim for her legitimate injury sustained at Sedgwick, and for her lost income up to that point, the evidence does not support the allegation that Respondent was at that point seeking to fraudulently obtain benefits.
 - FOF No. 10 - On March 27, 2019, Respondent was evaluated by Gregory Sheppard, Doctor of Chiropractic, who performed a disability determination. Dr. Sheppard’s report states that Respondent reported beginning work for Sedgwick in June 2018 and that she was still employed with Sedgwick as of the date of the report—March 27, 2019. Respondent intentionally told Dr. Sheppard, or allowed him to believe, that she was not working and still employed at Sedgwick.
 - New FOF 12(a) - Respondent was initially dishonest about her employment at Horace Mann to Dr. Sheppard and Ms. Hixson because she was concerned it would adversely impact her request

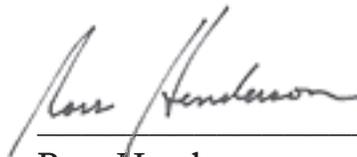
¹ Although the ALJ does not make a recommendation on the restitution issue, the ALJ finds Staff’s request for restitution questionable for numerous reasons, which may have been addressed if Staff had briefed the issue and included citations to Commissions decisions relating to this issue. The ALJ mentions these concerns and has others. As examples, the purported “victim” in this case (the insurer) has already received compensation from the Subsequent Injury Fund. Any repayments would be a windfall to the insurer. Additionally, the request seeks restitution from Respondent when her violations emanated from her conduct as an insured and not in her capacity as an agent—does TDI typically seek restitution in this context? If so, does TDI use this provision to seek, or have authority to seek, restitution from unlicensed individuals as well?

for workers' compensation benefits from before she began working at Horace Mann and for ongoing medical treatment for which she believed she should be compensated.

- New FOF 13(a) - After receiving the Notice of Indemnity Benefits and the check for \$12,200.31, Respondent became aware that the payments were for indemnity benefits, asking her ombudsman in a May 5, 2019 email where her weekly payments for April and May were.
- New FOF 13(b) - Respondent misappropriated, converted or illegally withheld funds when she accepted and failed to return weekly indemnity payments after she became aware they were for employment at Sedgwick. Respondent also engaged in dishonest acts or practices by failing to inform Sedgwick of her new employment at Horace Mann or her ability to return to work.
- New FOF 13(c) - Respondent's misconduct was done willfully.

The ALJ specifically rejects Staff's request to find that Respondent's medical treatments she received after her employment began at Horace Mann were the result of dishonesty or misconduct. Respondent was legitimately injured while working at Sedgwick and still suffering from the effects of her injury despite the fact that she had to take employment at Horace Mann. She believed that she would prevail on additional medical claims that she ultimately lost.

The ALJ makes no other changes to the PFD and submits it for consideration.



Ross Henderson,
Presiding Administrative Law Judge