

No. 2024-8962

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

Date: 11/21/2024

Subject Considered:

Standard Fire Insurance Company
1 Tower Square
Hartford, Connecticut 06183-0001

Consent Order
DWC Enforcement File Nos. 35015 & 35416

General remarks and official action taken:

This is a consent order with Standard Fire 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 2018, 2020, and 2022 Performance Based Oversight (PBO) assessments.

Failure to Timely Pay Accrued Death Benefits

File No. 35416

3. On [REDACTED], Respondent entered into an agreement with a beneficiary for the monthly payment of death benefits.
4. Respondent was required to pay death benefits for the benefit period of [REDACTED], through [REDACTED], by the seventh day of the month, or by [REDACTED].
5. On [REDACTED], Respondent paid [REDACTED] in death benefits five days late.
6. On [REDACTED], Respondent paid interest, which was 11 days late.

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

File No. 35015

7. On [REDACTED], Respondent received a designated doctor (DD) report of a DD examination performed on [REDACTED].
8. The DD determined that the injured employee reached maximum medical improvement on [REDACTED], with an [REDACTED] % impairment rating.
9. Respondent was required to pay accrued impairment income benefits (IIBs) no later than five days after receiving the DD report. The deadline to pay \$ [REDACTED] in accrued IIBs to the injured employee was [REDACTED].
10. On [REDACTED], Respondent attempted to pay \$ [REDACTED] in accrued IIBs. The payment failed due to incorrect bank information provided by the injured employee. The attempted payment was 29 days late.
11. On [REDACTED], Respondent informed the injured employee of the failed transfer and requested updated bank information. Respondent also offered to mail a check to the injured employee.
12. On [REDACTED], Respondent paid \$ [REDACTED] in accrued IIBs 43 days late.

Assessment of Sanction

1. Failure to provide accurate death benefits in a timely and cost-effective manner is harmful to injured employees and the Texas workers' compensation system.
2. Failure to provide income benefits in a timely and cost-effective manner is harmful to injured employees and the Texas workers' compensation system.
3. 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:
 - PBO assessments;
 - prompt and earnest actions to prevent future violations;
 - self-report of the violation;
 - the size of the company or practice;
 - the effect of a sanction on the availability of health care; and
 - evidence of heightened awareness of the legal duty to comply with the Texas Workers' Compensation Act and DWC rules.
4. DWC found the following factors in Tex. Lab. Code § 415.021(c) and 28 Tex. Admin. Code § 180.26(e) to be aggravating: the seriousness of the violations, including a pattern of late benefits for the same beneficiary (Respondent was late paying death benefits in enforcement file no. 31366 by 11 days); Respondent's disciplinary history; the penalty necessary to deter future violations; the negative impact on the delivery of benefits to the injured employee; and other matters that justice may require, including, but not limited to the size of the company or practice and evidence of heightened awareness of the legal duty to comply with the law.

5. DWC found Respondent's demonstration of good faith, including actions it took to rectify the consequences of the prohibited act as mitigating under Tex. Lab. Code § 415.021(c) and 28 Tex. Admin. Code § 180.26(e).
6. 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).
7. 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.
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 Timely Pay Accrued Death Benefits

File No. 35416

6. Pursuant to Tex. Lab. Code §§ 408.081; 409.023; 415.002(a)(16); and 28 Tex. Admin. Code § 132.16, an insurance carrier is required to pay death benefits weekly, as and when benefits accrue, without order from the commissioner, unless the legal beneficiary and the insurance carrier have entered into an agreement for the benefits to be paid monthly.
7. Pursuant to Tex. Lab. Code §§ 409.023; 408.181; and 28 Tex. Admin. Code § 132.16, an insurance carrier is required to pay death benefits weekly, as and when benefits accrue, unless the legal beneficiary and the insurance carrier have entered into an agreement for the benefits to be paid monthly.
8. Pursuant to Tex. Lab. Code § 415.002(a)(5), an insurance carrier or its representative commits and administrative violation if it fails to promptly pay death benefits if a legitimate dispute does not exist as to the insurance carrier's liability.
9. Respondent violated Tex. Lab. Code §§ 408.181; 409.021; 415.002(a)(5), (16), (20), and (22); and 28 Tex. Admin. Code § 132.16 when Respondent failed to timely pay death benefits.

Failure to Timely Pay Interest

File No. 35416

10. Pursuant to Tex. Lab. Code § 408.064, accrued but unpaid death benefits and interest shall be paid in a lump sum.
11. Respondent violated Tex. Lab. Code §§ 408.064 and 415.002(a)(22) each time Respondent failed to timely pay interest with accrued but unpaid death benefits.

Failure to Pay Accrued IIBs Based on a DD Report

File No. 35015

12. 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.
13. 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.
14. 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.
15. 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 in accordance with the DD report no later than five days after receiving the report.

Order

It is ordered that Standard Fire Insurance Company must pay an administrative penalty of \$11,500 within 30 days from the date the Commissioner signs the order.

After receiving an invoice, Standard Fire 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

Commissioner's Order
Standard Fire Insurance Company
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Unsworn Declaration

STATE OF TEXAS

§

§

COUNTY OF DAKOTA

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Pursuant to the Tex. Civ. Prac. and Rem. Code § 132.001(a), (b), and (d), my name is Alan Wickman. I hold the position of VICE PRESIDENT and am the authorized representative of Standard Fire Insurance Company. My business address is:

1301 E. COLLINS BLVD. RICHMOND, DAKOTA, 57081

(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 28 OCT, 2024.