

No. **2025-9391**

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

**Date: 7/7/2025**

**Subject Considered:**

American Zurich Insurance Company  
1299 Zurich Way  
Schaumburg, Illinois 60196-1091

Consent Order  
DWC Enforcement File Nos. 36588, 36589, & 36637

**General remarks and official action taken:**

This is a consent order with American Zurich 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 multiple lines of insurance in Texas, including workers' compensation/employers' liability insurance.
2. Respondent was classified as "average" tier in the 2024, 2022, and 2020 Performance Based Oversight (PBO) assessments.

Failure to Timely Comply with a Contested Case Hearing Decision and Order (CCH D&O)

*File No. 36637*

3. On [REDACTED], DWC issued a CCH D&O requiring Respondent to pay benefits and accrued interest, in accordance with the decision. Respondent received the CCH D&O on [REDACTED].
4. The CCH D&O became final on [REDACTED]. Respondent was required to comply with the CCH D&O within 20 days. The deadline to comply was [REDACTED].
5. Respondent paid benefits pursuant to the CCH D&O on [REDACTED]. However, Respondent failed to fully comply by paying \$ [REDACTED] in interest on [REDACTED], which was 43 days late.

Failure to Timely Pay or Dispute Initial Temporary Income Benefits (TIBs)

*File No. 36589*

6. On [REDACTED], Respondent received notice of an employee's workplace injury.
7. The injured employee's first day of disability began on [REDACTED]. The eighth day of disability accrued on [REDACTED].
8. Respondent was required to initiate or dispute TIBs either 15 days after it received written notice of the injury or seven days after the accrual date, whichever is later. In this case, the latest date was [REDACTED].
9. On [REDACTED], Respondent initiated \$ [REDACTED] in TIBs 63 days late.

Failure to Pay Accrued Impairment Income Benefits (IIBs) after a Certifying Doctor (CD) Report

*File No. 36588*

10. On [REDACTED], Respondent received a DWC Form-69, *Report of Medical Evaluation*, documenting an injured employee's CD examination.
11. The CD determined that the injured employee reached maximum medical improvement (MMI) on [REDACTED], with a [REDACTED] % impairment rating (IR).

12. Respondent was required to pay accrued IIBs no later than five days after receiving the CD report. The deadline to pay benefits was [REDACTED].
13. On [REDACTED], Respondent paid \$ [REDACTED] in IIBs nine days late.
14. Respondent was required to pay IIBs to the injured employee from [REDACTED], through [REDACTED]. The IIBs payments were due seven days after the first day of the pay period. Respondent failed to timely pay \$ [REDACTED] in IIBs, as follows:

|    | Payment Period | Date Due   | Date Paid  | Days Late |
|----|----------------|------------|------------|-----------|
| a. | [REDACTED]     | [REDACTED] | [REDACTED] | 50        |
| b. | [REDACTED]     | [REDACTED] | [REDACTED] | 43        |
| c. | [REDACTED]     | [REDACTED] | [REDACTED] | 36        |
| d. | [REDACTED]     | [REDACTED] | [REDACTED] | 29        |
| e. | [REDACTED]     | [REDACTED] | [REDACTED] | 22        |
| f. | [REDACTED]     | [REDACTED] | [REDACTED] | 15        |
| g. | [REDACTED]     | [REDACTED] | [REDACTED] | 8         |
| h. | [REDACTED]     | [REDACTED] | [REDACTED] | 1         |

### Assessment of Sanction

1. Compliance with DWC orders is imperative to minimize disputes and resolve them promptly and fairly. Further, failure to pay 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:
    - 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.
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, involving \$ [REDACTED] in benefits delivered up to 63 days late and a priority violation under Tex. Lab. Code § 402.0235;
  - b. Respondent has a history of similar administrative violations, including one recent consent order involving a failure to timely comply with a CCH D&O, 11 consent orders involving TIBs within the last five years, and 10 consent orders and one warning letter involving IIBs violations in the last five years;
  - c. A penalty is necessary to deter future violations;
  - d. Respondent's conduct negatively impacted the delivery of \$ [REDACTED] in benefits and interest to injured employees up to 63 days late; and
  - e. Respondent is the 13th largest worker's compensation carrier in Texas and has a 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 mitigating: Respondent's identification of the errors that led to delayed payments prior to DWC's investigation in file numbers 36588 and 36589 reflect a good-faith effort to identify internal problems.
5. Respondent acknowledges communicating with DWC about the relevant statute and rule violations alleged; that the facts establish that the 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 violation, notice of hearing, a public hearing, a proposal for decision, a rehearing by the commissioner, and judicial review.
4. 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.
5. Pursuant to Tex. Lab. Code § 415.021, the commissioner may assess an administrative penalty against a person who commits an administrative violation.
6. 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 fails to comply with a provision of the Texas Workers' Compensation Act.

#### Failure to Timely Comply with a CCH D&O

7. Pursuant to Tex. Lab. Code § 408.064, accrued but unpaid income benefits and interest shall be paid in a lump sum.
8. Pursuant to Tex. Lab. Code §§ 415.0035(e) and 415.021(a), an insurance carrier commits an administrative violation if it violates, fails to comply with, or refuses to comply with a DWC order.
9. Pursuant to Tex. Lab. Code § 410.169 and 28 Tex. Admin. Code § 142.16, a party is required to comply with a CCH D&O within 20 days of the order becoming final.

However, if the CCH D&O involves benefits, a party must comply no later than the fifth day after filing a written request for appeal.

10. Respondent violated Tex. Lab. Code §§ 408.064, 410.169; 415.002(a)(20) & (22); 415.0035(e), 415.021; and 28 Tex. Admin. Code § 142.16 by failing to timely comply with a CCH D&O.

Failure to Timely Pay or Dispute Initial TIBs

11. Pursuant to Tex. Lab. Code § 408.101, an employee is entitled to TIBs if the employee has a disability and has not attained MMI.
12. Pursuant to Tex. Lab. Code §§ 408.081; 408.082; 409.021; and 28 Tex. Admin. Code §§ 124.3 and 124.7, an insurance carrier is required to initiate payment of TIBs no later than the 15th day after it receives written notice of the injury or the seventh day after the accrual date, unless the insurance carrier notifies DWC and the injured employee in writing of its refusal to pay.
13. Respondent violated Tex. Lab. Code §§ 409.021; 415.002(a)(16), (20), and (22); and 28 Tex. Admin. Code §§ 124.3 and 124.7 by failing to timely pay or dispute initial TIBs.

Failure to Pay Accrued IIBs Based on a CD Report

14. Pursuant to Tex. Lab. Code § 408.121(b), an insurance carrier must pay IIBs no later than five days after the carrier receives the doctor's report certifying MMI.
15. 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 days after receiving the report when MMI is not disputed.
16. 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.
17. Respondent violated Tex. Lab. Code §§ 408.081; 409.023; 415.002(a)(16) and (22), by failing to timely pay IIBs weekly as and when they accrued.

**Order**

It is ordered that American Zurich Insurance Company must pay an administrative penalty of \$17,500 within 30 days from the date the Commissioner signs the order.

After receiving an invoice, American Zurich 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, P.O. Box 12030, Austin, Texas 78711-2030.

  
\_\_\_\_\_  
Jeff Nelson  
Commissioner  
TDI, Division of Workers' Compensation

Approved Form and Content:

  
\_\_\_\_\_  
Austin Southerland  
Staff Attorney, Enforcement  
Compliance and Investigations  
TDI, Division of Workers' Compensation

**Unsworn Declaration**

**STATE OF IL** \_\_\_\_\_ §  
§  
**COUNTY OF Cook** \_\_\_\_\_ §

Pursuant to the Tex. Civ. Prac. and Rem. Code § 132.001(a), (b), and (d), my name is Joseph Ragonese. I hold the position of Vice President and am the authorized representative of American Zurich Insurance Company. My business address is:

1299 Zurich Way, Schaumburg, Cook, IL, 60196.  
(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.

Joseph Ragonese  
Declarant

Executed on June 6, 2025.