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Texas Labor Code §§402.083 and 402.092

No. 2026-10008

Official Order
of the
Texas Commissioner of Workers' Compensation

Date: 7/1/2026

Subject Considered:

Arch Indemnity Insurance Company
300 Plaza Three
Jersey City, New Jersey 07311-1107

Consent Order
DWC Enforcement File No. 38716

General remarks and official action taken:

This is a consent order with Arch Indemnity 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 2020, 2022, and 2024 Performance Based Oversight (PBO) assessments.

Failure to Timely Act on a Request for Reconsideration of a Medical Bill and Pay a Medical Benefit by Check or Other Readily Negotiable Instrument

3. On Nov. 18, 2025, Respondent received a request for reconsideration of a $59,647.75 medical bill from a health care provider (HCP) for medical services rendered to an injured employee from July 28, 2025, through Aug. 4, 2025.

4. Respondent was required to act on the request for reconsideration no later than the 30th day after receipt of the request, or by Dec. 18, 2025.

5. On Feb. 24, 2026, Respondent paid $29,793.17 to the HCP by virtual credit card. Had this been a proper payment method, this would have been 68 days late.

6. On Feb. 25, 2026, Respondent paid $228.88 in interest by virtual card payment one day late.

7. Respondent was required to make all medical benefit payments by check or other readily negotiable instrument. A virtual credit card is not a negotiable instrument.

8. On March 23, 2026, Respondent issued a check for $228.88 in interest to the HCP.

9. On April 3, 2026, Respondent issued a check for $29,793.17 to the HCP 106 days late.

Assessment of Sanction

1. Prompt payment of medical bills is imperative to DWC's goal of ensuring that injured employees have access to prompt, high-quality medical care. Failure to promptly pay medical bills by check or other readily negotiable instrument and timely act on requests for reconsideration harms medical providers economically, increases disputes and exhausts administrative resources in the 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;

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- 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;
- to the extent reasonable, 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 violation is serious, involving $29,793.17 in medical benefits paid 106 days late;
    b. Respondent has a history of similar administrative violations, including five consent orders and two warning letters involving late medical benefits; and
    c. a penalty is necessary to deter future violations.

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).

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Conclusions of Law

1. The commissioner has jurisdiction over this matter pursuant to Tex. Lab. Code §§ 402.001, 402.00111, 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), an insurance carrier or its representative commits an administrative violation each time it violates a DWC rule.

Failure to Timely Act on a Request for Reconsideration of a Medical Bill

6. Pursuant to 28 Tex. Admin. Code § 133.250(g), an insurance carrier shall take final action after receipt of a request for reconsideration of a medical bill not later than the 30th day after the date the insurance carrier received the request.

7. Respondent violated Tex. Lab. Code § 415.002(a)(20) and 28 Tex. Admin. Code § 133.250(g) by failing to timely act on the request for reconsideration within 30 days of receipt of the request.

Failure to Timely Pay Interest on a Late Medical Bill Payment

8. Pursuant to 28 Tex. Admin. Code § 133.240(l), all payments of medical bills that an insurance carrier makes on or after the 60th day after the date the insurance carrier originally received the complete medical bill shall include interest calculated in accordance with § 134.130 of this title without any action taken by the division. The interest payment shall be paid at the same time as the medical bill payment.

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9. Respondent violated Tex. Lab. Code § 415.002(a)(20) and 28 Tex. Admin. Code § 133.240(l) by failing to timely pay interest on a late medical bill payment.

Failure to Pay a Medical Benefit by Check or Other Readily Negotiable Instrument

10. Pursuant to Tex. Lab. Code § 124.5(a), an insurance carrier shall make all payments other than income or death benefits by check or other readily negotiable instrument,[1] or electronic transfer by mutual agreement to an account designated in writing by the payee.

11. Respondent violated Tex. Lab. Code § 415.002(a)(20) and Tex. Admin. Code § 124.5(a) by failing to pay medical benefits to a HCP by check or other readily negotiable instrument.

[1] See Texas Business and Commerce Code § 9.102(47) defining an instrument as a negotiable instrument or any other writing that evidences a right to the payment of a monetary obligation, is not itself a security agreement or lease, and is of a type that in ordinary course of business is transferred by delivery with any necessary indorsement or assignment. The term does not include. . . (ii) letters of credit, (iii) writings that evidence a right to payment arising out of the use of a credit or charge card or information contained on or for use with the card.

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Order

It is ordered that Arch Indemnity Insurance Company must pay an administrative penalty of $3,250 within 30 days from the date the Commissioner signs the order.

After receiving an invoice from DWC, Arch Indemnity Insurance Company must pay the administrative penalty either: (1) by electronic transfer using the State Invoice Payment Service; OR (2) by company check, cashier's check, or money order.

To ensure proper check or money order processing:

- Make the check payable to "Texas Division of Workers' Compensation";
- Enclose a copy of the attached invoice with the check or money order; and
- Mail the check or money order 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:

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Farley Bevil
Staff Attorney, Enforcement
Compliance and Investigations
TDI, Division of Workers' Compensation

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Unsworn Declaration

STATE OF New Jersey **§**
§
COUNTY OF Hudson **§**

Pursuant to the Tex. Civ. Prac. and Rem. Code § 132.001(a), (b), and (d), my name is Kevin Patterson. I hold the position of Assisstant Vice President and am the authorized representative of Arch Indemnity Insurance Company. My business address is: 210 Hudson Street, Suite 600, Jersey City, Hudson, NJ, 07311.
(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.

Kevin Patterson
Declarant

Executed on May 22nd, 2026.

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