

No. **2026-9825**

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

**Date: 3/5/2026**

**Subject Considered:**

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

Consent Order  
DWC Enforcement File Nos. 36960, 37159, & 37434

**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 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 Process a Claim Promptly in a Reasonable and Prudent Manner by Failing to Accurately and Timely Pay Income Benefits

*File No. 37159*

3. On [REDACTED], Respondent informed an injured employee that the temporary income benefits (TIBs) rate for the employee's claim was [REDACTED].
4. From [REDACTED], to [REDACTED], Respondent paid [REDACTED] in TIBs per week rather than [REDACTED] per week, creating an underpayment of [REDACTED] in TIBs. Respondent based this act on an unsubstantiated assumption of the injured employee's post-injury earnings. Further, DWC received no evidence that Respondent provided a rationale to the injured employee through a plain language notice.
5. Respondent's reduction of [REDACTED] per week lacked substantiating evidence that the reduction was reasonable and authorized by the Texas Workers' Compensation Act or DWC Rules.
6. On [REDACTED], Respondent received a certifying doctor report certifying that the injured employee reached maximum medical improvement (MMI) on [REDACTED], with a 5% impairment rating. Based on the date of injury, Respondent owed the injured employee impairment income benefits (IIBs) at [REDACTED] per week.
7. Based on the MMI date, Respondent also owed [REDACTED] in TIBs for [REDACTED], through [REDACTED]. However, on [REDACTED], Respondent only paid [REDACTED] in TIBs for this period, resulting in a [REDACTED] TIBs underpayment. At this point, the total underpayment was [REDACTED].
8. On [REDACTED], Respondent paid [REDACTED] in IIBs when it should have paid [REDACTED], resulting in a total underpayment of [REDACTED].
9. Once again, on [REDACTED], Respondent paid [REDACTED] in IIBs when it should have paid [REDACTED]. At this time, the total underpayment was [REDACTED] overall.
10. On [REDACTED], Respondent paid [REDACTED] in TIBs, reducing the TIBs underpayment to [REDACTED] and the total underpayment to [REDACTED]. However, Respondent failed to pay interest.

11. Respondent was also 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]	8
b.	[REDACTED]	[REDACTED]	[REDACTED]	9
c.	[REDACTED]	[REDACTED]	[REDACTED]	9
d.	[REDACTED]	[REDACTED]	[REDACTED]	9
e.	[REDACTED]	[REDACTED]	[REDACTED]	1

12. Respondent failed to pay interest for these late payments.

13. On [REDACTED], Respondent paid [REDACTED] in TIBs, reducing the TIBs underpayment to [REDACTED] and the total underpayment to [REDACTED]. Respondent failed to pay interest.

14. On [REDACTED], Respondent paid [REDACTED] in IIBs, reducing the IIBs underpayment to [REDACTED] and the total underpayment to [REDACTED]. Respondent failed to pay interest.

15. Respondent was required to pay [REDACTED] in IIBs to the injured employee from [REDACTED], through [REDACTED]. The IIBs payments were due seven days after the first day of each pay period, which were [REDACTED], and [REDACTED], respectively.

16. Respondent has not provided evidence that it has paid the [REDACTED] in IIBs. This lack of payment increased the IIBs underpayment to [REDACTED] and the total underpayment to [REDACTED].

17. On [REDACTED], Respondent paid [REDACTED] towards the TIBs underpayment and [REDACTED] towards the IIBs underpayment. Respondent failed to pay interest. After the [REDACTED], payments, Respondent owed [REDACTED] in IIBs, plus interest for both TIBs and IIBs.

18. On [REDACTED], Respondent paid the [REDACTED] in IIBs owed with accrued interest.

- 19. Respondent failed to accurately and timely pay approximately 84% of the TIBs and IIBs payments owed to the injured employee, demonstrating that Respondent failed to adjust the claim in a reasonable and prudent manner.

Failure to Process a Claim Promptly in a Reasonable and Prudent Manner by Failing to Timely Pay Income Benefits

File No. 37434

- 20. On [REDACTED], Respondent received notice of an employee's workplace injury.
- 21. The injured employee's first day of disability began on [REDACTED]. The eighth day of disability accrued on [REDACTED].
- 22. 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 was later. In this case, the latest date was [REDACTED].
- 23. On [REDACTED], Respondent initiated [REDACTED] in TIBs 22 days late.
- 24. Respondent was also required to pay TIBs to the injured employee from [REDACTED], through [REDACTED]. The TIBs payments were due seven days after the first day of the pay period. Respondent failed to timely pay [REDACTED] in TIBs, as follows:

	Payment Period	Date Due	Date Paid	Days Late
a.	[REDACTED]	[REDACTED]	[REDACTED]	15
b.	[REDACTED]	[REDACTED]	[REDACTED]	8
c.	[REDACTED]	[REDACTED]	[REDACTED]	1
d. <sup>1</sup>	[REDACTED]	[REDACTED]	[REDACTED]	148
e.	[REDACTED]	[REDACTED]	[REDACTED]	140
f.	[REDACTED]	[REDACTED]	[REDACTED]	134
g.	[REDACTED]	[REDACTED]	[REDACTED]	127
h.	[REDACTED]	[REDACTED]	[REDACTED]	120

- 25. On [REDACTED], Respondent paid interest for the TIBs payments made on [REDACTED], 24 days late.

<sup>1</sup> Respondent paid TIBs timely between [REDACTED], and [REDACTED], and then stopped paying TIBs.

26. Respondent untimely paid approximately 71% of TIBs owed to the injured employee, demonstrating that Respondent failed to adjust the claim in a reasonable and prudent manner.

Failure to Pay TIBs in Accordance with a Designated Doctor (DD) Report

*File No. 36960*

27. On [REDACTED], Respondent received a DD report of a DD examination performed on [REDACTED].
28. The DD determined that the injured employee had disability from [REDACTED], to [REDACTED], because of a compensable injury.
29. Respondent was required to pay accrued TIBs no later than five days after receiving the DD report. The deadline to pay TIBs was [REDACTED].
30. On [REDACTED], Respondent paid [REDACTED] in TIBs 17 days late.
31. On [REDACTED], Respondent paid interest one day 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:
    - 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 considering that Respondent paid less than 30% of benefit payments timely in two instances, failed to timely comply with a DD report for two weeks, and that compliance did not occur until DWC involvement;
  - b. Respondent has a history of similar administrative violations, including 12 consent orders involving late income benefits since [REDACTED];
  - c. a penalty is necessary to deter future violations;
  - d. Respondent's actions had a negative impact on the delivery of [REDACTED] in benefits to three injured employees; and
  - e. there is evidence that Respondent has 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, and 414.002.
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.

### Reduction of Benefits without Substantiating Evidence that the Reduction was Reasonable or Authorized by Law

#### *File No. 37159*

6. Pursuant to Tex. Lab. Code § 415.002(a)(2), an insurance carrier or its representative commits an administrative violation if it terminates or reduces benefits without substantiating evidence that the action is reasonable and authorized by law.
7. Respondent violated Tex. Lab. Code § 415.002(a)(2) when it reduced benefits without substantiating evidence that the reduction was reasonable and authorized by law.

Failure to Accurately Pay TIBs

*File No. 37159*

8. Pursuant to Tex. Lab. Code § 408.103 and 28 Tex. Admin. Code § 129.3, the insurance carrier is required to pay the correct amount of TIBs.
9. Respondent violated Tex. Lab. Code §§ 408.103; 415.002(a)(20) and (22); and 28 Tex. Admin. Code § 129.3 each time Respondent failed to accurately pay TIBs.

Failure to Accurately Pay Accrued IIBs

*File No. 37159*

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 § 408.126, impairment income benefit amount is equal to 70 percent of the injured employee's average weekly wage.
12. Respondent violated Tex. Lab. Code §§ 408.081; 408.126; 409.023; and 415.002(a)(16) and (22) by failing to pay IIBs weekly at the correct benefit rate of 70% of the injured employee's average weekly wage.

Failure to Timely Pay Accrued IIBs

*File No. 37159*

13. Pursuant to Tex. Lab. Code § 408.121, an employee's entitlement to IIBs begins on the day after the date 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.
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. Respondent violated Tex. Lab. Code §§ 408.121; 409.023; and 415.002(a)(16) and (22) by failing to timely pay accrued IIBs.

Failure to Process a Claim Promptly in a Reasonable and Prudent Manner

*File Nos. 37159 and 37434*

16. Pursuant to Tex. Lab. Code § 415.002(a)(11), an insurance carrier or its representative commits an administrative violation by failing to process claims promptly in a reasonable and prudent manner.
17. Respondent violated Tex. Lab. Code § 415.002(a)(11) by failing to process a claim promptly in a reasonable and prudent manner.

Failure to Pay TIBs in Accordance with a DD Report

*File No. 36960*

18. Pursuant to Tex. Lab. Code § 408.0041(f), the insurance carrier must pay benefits based on the opinion of the DD during any pending dispute.
19. Pursuant to Tex. Lab. Code § 408.101, an employee is entitled to TIBs if the employee has a disability and has not attained MMI.
20. 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.
21. Pursuant to 28 Tex. Admin. Code § 127.10(i), the 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.
22. Respondent violated Tex. Lab. Code §§ 408.0041(f); 409.023; 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.

Failure to Timely Pay Initial TIBs

*File No. 37434*

23. Pursuant to Tex. Lab. Code § 408.101, an employee is entitled to TIBs if the employee has a disability and has not attained MMI.
24. 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.
25. 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.
26. 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 Timely Pay Accrued TIBs

*File No. 37434*

27. Pursuant to Tex. Lab. Code § 408.101, an employee is entitled to TIBs if the employee has a disability and has not attained MMI.
28. 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.
29. Pursuant to Tex. Lab. Code §§ 408.081, 408.082, and 28 Tex. Admin. Code § 124.7, an insurance carrier is required to initiate payment of TIBs no later than the seventh day after the accrual date.
30. Respondent violated Tex. Lab. Code §§ 409.023; 415.002(a)(16), (20), and (22); and 28 Tex. Admin. Code § 124.7 each time Respondent failed to timely pay accrued TIBs.

Failure to Timely Pay Interest with Indemnity Benefits


*File Nos. 36960, 37159, & 37434*

31. 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.
32. 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 Indemnity Insurance Company must pay an administrative penalty of \$36,000 within 30 days from the date the Commissioner signs the order.

After receiving an invoice, Arch Indemnity 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

**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 Assistant 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 January 15th, 2026.