

No. **2026-9903**

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

Date: 4/30/2026

Subject Considered:

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

Consent Order
DWC Enforcement File Nos. 38212 & 38531

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 workers' compensation/employers' liability insurance in Texas.
2. Respondent was classified as "average" tier in the 2024, 2022, and 2020 Performance Based Oversight (PBO) assessments.

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

File No. 38212

3. On Aug. 5, 2025, a designated doctor (DD) provided medical services to an injured employee.
4. On Aug. 13, 2025, Respondent received a completed medical bill for \$834 from the DD. Respondent was required to act on the bill within 45 days of receiving it or by Oct. 3, 2025. An insurance carrier's deadline to make or deny payment on a bill is not extended as a result of a pending request for additional documentation.
5. On Aug. 29, 2025, Respondent issued an explanation of benefits (EOB) denying payment based on a lack of required documentation. The EOB also requested that the DD submit the missing documentation to Respondent. However, Respondent was already in possession of the required documentation, having received it with the medical bill on Aug. 13, 2025. Thus, Respondent based its denial on an unsubstantiated belief that it was missing documentation needed to process the medical bill.
6. On Oct. 30, 2025, Respondent received a *Medical Fee Dispute Resolution Request*, DWC Form-60 (DWC-60), from the DD concerning the medical bill.
7. Upon receiving the DWC-60, Respondent reviewed the claim and determined that it possessed the documentation that it needed to process the bill without the DD having to provide additional documents.
8. On Nov. 4, 2025, Respondent issued a check for \$834 to an incorrect payee and mailed it to an incorrect address.
9. On Nov. 6, 2025, Respondent issued a check for \$2.93 in interest to the DD.
10. On Nov. 11, 2025, Respondent re-issued the check for \$834 plus \$2.29 in interest to the correct payee.
11. Based on the evidence described above, Respondent failed to adjust the claim in a reasonable and prudent manner.

Failure to Timely Pay Interest on a Late Medical Bill Payment

File No. 38531

12. On July 1, 2025, a DD examined an injured employee.
13. On July 7, 2025, Respondent received a properly completed medical bill from the DD. Respondent was required to act on the bill within 45 days of receiving it. The deadline to act was Aug. 21, 2025.
14. On Dec. 8, 2025, Respondent paid the medical bill. Since the payment was issued more than 60 days after Respondent's receipt of the bill, Respondent was required to pay accrued interest on the same date.
15. On Dec. 19, 2025, Respondent paid \$9.16 in accrued interest, 11 days late.

Assessment of Sanction

1. Failure to provide reasonable and transparent claims processing increases the likelihood of disputes in the Texas workers' compensation system, fails to promote payment of appropriate income and medical benefits, and fails to ensure that injured employees are treated with dignity and respect.
2. Prompt payment of medical bills and interest 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 and interest harms medical providers economically, increases disputes and exhausts administrative resources in the workers' compensation system. Untimely payment of a medical bill and interest involving DD services, which do not require preauthorization and serve an essential function in the Texas workers' compensation system, can have a chilling effect on a DD's participation in the 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:
- a. the violations are serious, involving unreasonable claims handling of \$834
 - b. Respondent has a history of similar administrative violations, including one consent order and one warning letter involving unreasonable claims handling, and 15 consent orders involving late interest on a late medical bill payment;
 - c. a penalty is necessary to deter future violations; and
 - d. Respondent's size and sophistication, including Respondent's status as the 10th largest workers' compensation carrier in Texas. Further, Respondent had the 5th highest number of violations in fiscal year 2025, which demonstrates a heightened awareness of the legal duty to comply with the Texas Workers' Compensation Act and DWC rules.
5. DWC is aware of no mitigating factors pursuant to 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, 402.00111, 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) 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 Process a Medical Benefit Claim Promptly in a Reasonable and Prudent Manner

File No. 38212

6. 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.
7. Respondent violated Tex. Lab. Code § 415.002(a)(11) and (22) by failing to adjust the claim in a reasonable and prudent manner.

Failure to Timely Pay Interest on a Late Medical Bill Payment

File No. 38531

8. Pursuant to Tex. Lab. Code § 413.019(a) and 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.

9. Respondent violated Tex. Lab. Code §§ 413.019(a); 415.002(a)(20) and (22); and 28 Tex. Admin. Code § 133.240(l) by failing to timely pay interest on a late medical bill payment.


Order

It is ordered that American Zurich Insurance Company must pay an administrative penalty of \$1,800 within 30 days from the date the Commissioner signs the order.

After receiving an invoice, American Zurich 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.

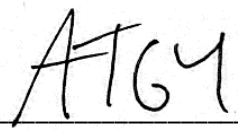
To ensure proper check or money order processing:

- 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:



Alberto Garcia
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 April 15, 2026.

Confidential Information Redacted
Texas Labor Code §§402.083 and 402.092