

OFFICIAL ORDER
of the
TEXAS COMMISSIONER OF WORKERS' COMPENSATION

Date: 03-23-2020

Subject Considered:

STARR INDEMNITY & LIABILITY COMPANY
399 Park Avenue, 8th Floor
New York City, New York 10022

CONSENT ORDER
TDI-DWC ENFORCEMENT FILE NO. 22427

General remarks and official action taken:

The commissioner of workers' compensation (commissioner) considers whether disciplinary action should be taken against Starr Indemnity & Liability Company (Starr).

WAIVER

Starr acknowledges that the Texas Labor Code and other applicable laws provide certain rights. Starr waives all of these rights and any other applicable procedural rights in consideration of the entry of this consent order.

FINDINGS OF FACT

The commissioner makes the following findings of fact:

1. Starr 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, including workers' compensation/employers' liability insurance in Texas.
2. Starr was classified as "average" tier in the 2014, 2016, and 2018 Performance Based Oversight (PBO) assessments. Starr was not selected to be tiered in the 2007, 2009, 2010, or 2012 PBO assessments.

FAILURE TO TIMELY PAY ATTORNEY'S FEES ORDERED BY DWC

3. Between [REDACTED], and [REDACTED], Starr received seven orders for attorney fees totaling \$ [REDACTED] from the Texas Department of Insurance, Division of Workers' Compensation (DWC), each ordering Starr to pay attorney's fees in the amount of [REDACTED] % of each income benefit payment to the injured employee.
4. On [REDACTED], Starr issued its first check for indemnity benefits to the injured employee. Therefore, Starr was required to issue payment of attorney fees to the injured employee's attorney the same day but failed to do so. Additionally, between [REDACTED], and [REDACTED], Starr issued checks for indemnity benefits to the injured employee

on seven separate occasions but failed, on each occasion, to issue payment to the injured employee's attorney.

5. Starr did not issue payment of attorney fees to the injured employee's attorney until [REDACTED], which was 224 days late but still not in full compliance. Starr again issued payment of attorney fees on [REDACTED], but did not come into full compliance until it issued payment of attorney fees on [REDACTED].

ASSESSMENT OF SANCTION

6. Timely payment of attorney's fees to injured employees' attorneys is imperative to DWC's goal of ensuring that injured employees have access to a fair and accessible dispute resolution process.
7. In assessing the sanction for this case, DWC appropriately and fully considered the following factors set forth 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 demonstrated good faith of the violator, including actions taken to rectify the consequences of the prohibited act;
 - the penalty necessary to deter future violations;
 - whether the administrative violation has negative impact on the delivery of benefits to an injured employee;
 - the history of compliance with electronic data interchange requirements;
 - other matters that justice may require, including but not limited to:
 - PBO assessments;
 - the promptness and earnestness of 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; and
 - to the extent reasonable, the economic benefit resulting from the prohibited act.
8. In assessing the sanction for this case, DWC found the following factors set forth in TEX. LAB. CODE § 415.021(c) and 28 TEX. ADMIN. CODE § 180.26(e) to be aggravating: the seriousness of the violation; the history and extent of previous administrative violations; the penalty necessary to deter future violations; and other matters that justice may require, including the size of the company or practice.
9. In assessing the sanction for this case, DWC found the following factors set forth in TEX. LAB. CODE § 415.021(c) and 28 TEX. ADMIN. CODE § 180.26(e) to be mitigating: other matters that justice may require, including the promptness and earnestness of actions to prevent future violations.

10. Starr acknowledges that it has communicated with DWC regarding the relevant statutes and rules violated; the facts establishing that the administrative violation occurred; and the appropriateness of the proposed sanction, including how DWC considered the factors under TEX. LAB. CODE § 415.021(c) and 28 TEX. ADMIN. CODE § 180.26(e).
11. Starr acknowledges that, in assessing the sanction, DWC considered the factors set forth in TEX. LAB. CODE § 415.021(c) and 28 TEX. ADMIN. CODE § 180.26(e).

CONCLUSIONS OF LAW

The commissioner makes the following 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, 414.003, 415.002, and 415.021; 28 TEX. ADMIN. CODE §§ 152.1 and 180.26.
2. The commissioner has authority to informally dispose of this matter as set forth under TEX. GOV'T CODE § 2001.056, TEX. LAB. CODE § 402.00128(b)(7), and 28 TEX. ADMIN. CODE § 180.26(h).
3. Pursuant to TEX. LAB. CODE § 415.021, the commissioner may assess an administrative penalty against a person who commits an administrative violation.
4. Pursuant to TEX. LAB. CODE §§ 415.0035(e) and 415.021(a), a person commits an administrative violation if the person violates, fails to comply with, or refuses to comply with a rule, order, or decision of the commissioner.
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.
6. Pursuant to 28 TEX. ADMIN. CODE § 152.1, insurance carriers are required to pay attorney's fees ordered by DWC. The carrier must begin payment out of the approved income benefits by mailing a check to the attorney within seven days after receiving the order and thereafter whenever income benefits are paid until the fee has been paid or income benefits cease.
7. Starr violated TEX. LAB. CODE §§ 415.0035(e), 415.021(a), and 415.002(a)(20) each time it failed to timely comply with a DWC order to pay attorney's fees.

COMMISSIONER'S ORDER
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ORDER

Starr Indemnity & Liability Company is ORDERED to pay an administrative penalty of \$6,000 within 30 days from the date of this Order.

The administrative penalty must be paid by company check, cashier's check, or money order made payable to the "State of Texas." Mail the administrative penalty to the Texas Department of Insurance, Attn: DWC Enforcement, MC 9999, P.O. Box 149104, Austin, Texas, 78714-9104.



Cassie Brown
Commissioner of Workers' Compensation

Approved as to Form and Content:



Glen Imes
Staff Attorney, DWC Enforcement
Texas Department of Insurance

