

No. 2020-6348

Confidential Information Redacted  
Texas Labor Code §§402.083 & 402.092

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

**Date:** 05-21-2020

**Subject Considered:**

American Zurich Insurance Company  
1299 Zurich Way  
Schaumburg, Illinois 60196-5870

Consent Order  
DWC Enforcement File No. 23848

**General remarks and official action taken:**

This is a consent order with American Zurich Insurance Company (American Zurich). The commissioner of the Texas Department of Insurance, Division of Workers' Compensation (DWC) considers whether DWC should take disciplinary action against American Zurich.

**Waiver**

American Zurich acknowledges that the Texas Labor Code and other applicable laws provide certain rights. American Zurich 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. American Zurich 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.
2. American Zurich was classified as "average" tier in the 2007, 2009, 2010, 2012, 2014, 2016, and 2018 Performance Based Oversight (PBO) assessments.

Failure to Continue to Pay Temporary Income Benefits Promptly as and when Benefits  
Accrue

3. American Zurich was required to pay temporary income benefits (TIBs) to an injured employee for the period of [REDACTED], through [REDACTED]. The TIBs payments were due seven days after the first day of the pay period, which was [REDACTED]. American Zurich issued payment on [REDACTED], which was 22 days late.
4. American Zurich was required to pay TIBs to the injured employee for the period of [REDACTED], through [REDACTED]. The TIBs payments were due on [REDACTED]. American Zurich issued payment on [REDACTED], which was 15 days late.
5. American Zurich was required to pay TIBs to the injured employee for the period of [REDACTED], through [REDACTED]. The TIBs payments were due on [REDACTED]. American Zurich issued payment on [REDACTED], which was eight days late.
6. American Zurich was required to pay TIBs to the injured employee for the period of [REDACTED], through [REDACTED]. The TIBs payments were due on [REDACTED]. American Zurich issued payment on [REDACTED], which was one day late.
7. American Zurich paid interest for the late TIBs payments on [REDACTED].

**Assessment of Sanction**

1. Failure to provide income benefits in a timely and cost-effective manner harms 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;
  - 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: the seriousness of the violation, including the nature, circumstances, consequences, extent, and gravity of the prohibited act; the penalty necessary to deter future violations; and whether the administrative violation had a negative impact on the delivery of benefits to an injured employee.
  4. DWC found the following factors in TEX. LAB. CODE § 415.021(c) and 28 TEX. ADMIN. CODE § 180.26(e) to be mitigating: no mitigating factors were provided.
  5. American Zurich acknowledges it communicated with DWC about the relevant statutes and rules it violated; the facts establish that the administrative violation occurred; and 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. American Zurich 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, and 402.00128.

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)(7), and 28 TEX. ADMIN. CODE § 180.26(h).
3. American Zurich 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.
6. Pursuant to TEX. LAB. CODE § 415.002(a)(22), an insurance carrier or its representative commits an administrative violation each time it fails to comply with a provision of the Texas Workers' Compensation Act.
7. Pursuant to TEX. LAB. CODE §§ 408.081, 409.023, and 415.002(a)(16), an insurance carrier shall pay benefits weekly, as and when the benefits accrue, without order from the commissioner.
8. Pursuant to 28 TEX. ADMIN. CODE §§ 124.3 and 124.7, insurance carriers are required to initiate payment of TIBs not later than the 15th day after the date on which the insurance carrier receives written notice of the injury, or the seventh day after the accrual date, unless the insurance carrier has notified DWC and the injured employee in writing of its refusal to pay.
9. American Zurich violated TEX. LAB. CODE §§ 408.081, 409.023, and 415.002(a)(16), (20), and (22) each time it failed to timely initiate payment of accrued TIBs.

Commissioner's Order  
American Zurich Insurance Company  
DWC Enforcement File No. 23848  
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### Order

It is ordered that American Zurich Insurance Company must pay an administrative penalty of \$2,700 within 30 days from the date of this order. American Zurich Insurance Company must pay the administrative penalty by 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 9999, P.O. Box 149104, Austin, Texas 78714-9104.



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Cassie Brown  
Commissioner of Workers' Compensation

Approved Form and Content:



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Tyrus Housh  
Staff Attorney, Enforcement  
Compliance and Investigations  
Division of Workers' Compensation

**Affidavit**

**STATE OF** IL

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**COUNTY OF** Cook

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Before me, the undersigned authority, personally appeared \_\_\_\_\_,  
who being by me duly sworn, deposed as follows:

"My name is Douglas Meyers. I am of sound mind, capable of making  
this statement, and have personal knowledge of these facts which are true and correct.

I hold the office of Claims Chief Operations Officer and am the authorized representative of  
American Zurich Insurance Company. I am duly authorized by the organization to execute  
this statement.

American Zurich Insurance Company has knowingly and voluntarily entered into this  
consent order and agrees with and consents to the issuance and service of this consent  
order."

*Douglas P. Meyers*  
Affiant

SWORN TO AND SUBSCRIBED before me on \_\_\_\_\_, 2020.

(NOTARY SEAL)

\_\_\_\_\_  
Signature of Notary Public

\_\_\_\_\_  
Printed Name of Notary Public

\_\_\_\_\_  
Commission Expiration