

No. **2025-9291**

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

**Date: 5/9/2025**

**Subject Considered:**

Safety National Casualty Corporation  
1832 Schuetz Road  
Saint Louis, Missouri 63146-3540

Consent Order  
DWC Enforcement File Nos. 35674 & 35710

**General remarks and official action taken:**

This is a consent order with Safety National Casualty Corporation (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 Pay Accrued Impairment Income Benefits (IIBs) Based on a Certifying Doctor Report, Accurately Pay Accrued IIBs, and Properly Recoup an Overpayment of Benefits

File No. 35710

3. Based on a completed *Employer's Wage Statement*, DWC Form-003 (DWC-3), an injured employee's average weekly wage (AWW) was \$ [REDACTED], and the correct temporary income benefits (TIBs) rate was \$ [REDACTED].
4. Respondent miscalculated the injured employee's AWW as \$ [REDACTED], which resulted in an incorrect TIBs rate of \$ [REDACTED].
5. From [REDACTED], to [REDACTED], Respondent paid TIBs at the incorrect rate, resulting in a \$ [REDACTED] underpayment.
6. On [REDACTED], the injured employee returned to work with full pay. However, Respondent continued to pay TIBs through [REDACTED]. This resulted in a \$ [REDACTED] overpayment of TIBs to the injured employee.
7. On [REDACTED], Respondent received a DWC Form-069, *Report of Medical Evaluation*, for a certifying doctor's (CD) examination performed on [REDACTED].
8. The CD found that the injured employee reached maximum medical improvement (MMI) on [REDACTED], and had an impairment rating (IR) of [REDACTED] %.
9. Respondent was required to pay accrued IIBs no later than five days after receiving the CD Report. In this case, the deadline to pay accrued IIBs was [REDACTED].
10. On [REDACTED], Respondent sent the injured employee a plain language notice (PLN) stating that it had identified an overpayment of TIBs based on the payments Respondent issued after the injured employee returned to work. Respondent miscalculated the overpayment as \$ [REDACTED].
11. On [REDACTED], Respondent made a lump sum payment of \$ [REDACTED] in IIBs to the injured employee for the period of [REDACTED], to [REDACTED]. Respondent should have paid \$ [REDACTED]. Thus, Respondent underpaid IIBs by \$ [REDACTED]. Further, the payment was 29 days late.

12. On [REDACTED] and [REDACTED], Respondent sent the injured employee two PLNs explaining that it was crediting the \$ [REDACTED] overpayment against the injured employee's remaining IIBs payments by reducing the IIBs rate to \$ [REDACTED]. This is a reduction of 21.43% of the weekly payment.
13. On [REDACTED], Respondent also began deducting attorney's fees in the amount of \$ [REDACTED] or 25%. As of [REDACTED], Respondent was deducting a total of \$ [REDACTED] or 46.53% from the injured employee's weekly IIBs payments, resulting in an IIBs rate of \$ [REDACTED].
14. Because the injured employee's IIBs were being reduced for attorney's fees, Respondent could recoup the overpayment at a maximum rate of 10% of the weekly benefit. Furthermore, the recoupment could not begin earlier than the second income benefit payment made after the injured employee received written notice of the deduction. Therefore, Respondent should have reduced the IIBs rate by no more than 35% (25% attorney's fees and 10% recoupment), or \$ [REDACTED].
15. From [REDACTED], to [REDACTED], Respondent paid the injured employee \$ [REDACTED] in IIBs per week.
16. On [REDACTED], Respondent paid the injured employee \$ [REDACTED] in IIBs.
17. In total, Respondent paid the injured employee \$ [REDACTED] in IIBs rather than the correct \$ [REDACTED] in IIBs—an underpayment of \$ [REDACTED] in IIBs.
18. Overall, although Respondent paid the entire \$ [REDACTED] in benefits due, the claims handling was unreasonable and demonstrated compliance issues that present a risk to system participants.

#### Failure to Timely Act on a Medical Bill

##### *File No. 35674*

19. On [REDACTED], a health care provider provided medical services to an injured employee.
20. On [REDACTED], Respondent received a completed medical bill for \$ [REDACTED] from the health care provider.

21. Respondent was required to act on the bill within 45 days of receiving it. The deadline to act was [REDACTED].
22. On [REDACTED], Respondent paid \$ [REDACTED] nine days 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. Improper attempts to recoup an overpayment harm injured employees and abrogates a carrier's responsibilities under the Texas Workers' Compensation Act and DWC Rules.
3. 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 harms medical providers economically, increases disputes and exhausts administrative resources in the workers' compensation system.
4. 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.
5. 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 involving late action on a medical bill is serious because of the amount at issue and the negative effect the late payment had on a health care provider operating in a medically underserved area;
    - b. The violations involving IIBs are serious because of the amount at issue, the lateness of the benefit payments, the number of violations, and the lengthy period for which Respondent was issuing inaccurate benefit payments;
    - c. Respondent has prior disciplinary history, including 15 consent orders involving late action on a medical bill and four consent orders involving IIBs;
    - d. A penalty is necessary to deter future violations since Respondent presents a high risk of future violations;
    - e. The violations negatively impacted the delivery of benefits to an injured employee; and
    - f. Other matters that justice may require, including evidence of heightened awareness of the legal duty to comply with the Texas Workers' Compensation Act and DWC rules.
  6. DWC is aware of no mitigating factors pursuant to Tex. Lab. Code § 415.021(c) and 28 Tex. Admin. Code § 180.26(e).
  7. 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).
  8. 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.

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Texas Labor Code §§402.083 and 402.092

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.
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.

Failure to Pay Accrued IIBs Based on a Certifying Doctor Report

*File No. 35710*

7. 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.
8. Pursuant to Tex. Lab. Code § 408.121(b), an insurance carrier must pay IIBs no later than five days after the insurance carrier receives the CD's report certifying MMI.
9. Pursuant to 28 Tex. Admin. Code § 130.2(a)(1), a treating doctor who finds that the employee has permanent impairment but who is not authorized to assign impairment ratings, shall make a referral to a doctor who is authorized to do so on behalf of the treating doctor. However, this evaluation shall be considered to be the report of the treating doctor.

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10. Pursuant to 28 Tex. Admin. Code § 130.8, an insurance carrier must pay benefits in accordance with the treating doctor's medical evaluation report no later than five days after receiving the treating doctor's medical evaluation report when maximum medical improvement is not disputed.
11. Respondent violated Tex. Lab. Code §§ 408.121(b), 409.023, and 415.002(a)(16), (20), & (22); and 28 Tex. Admin. Code § 130.8 by failing to pay accrued income benefits within five days of receiving the CD report.

#### Failure to Accurately Pay Accrued IIBs

*File No. 35710*

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

#### Improperly Recouping an Overpayment of Income Benefits

*File No. 35710*

15. Pursuant to Tex. Lab. Code § 408.0815(a)(1), the commissioner by rule shall establish a procedure by which an insurance carrier may recoup an overpayment of income benefits from future income benefit payments.
16. Pursuant 28 Tex. Admin. Code § 126.16(b)(1), if an insurance carrier determines that it has overpaid income benefits to an injured employee, the insurance carrier may recoup the overpayment from future income benefit payments after the insurance carrier notifies the injured employee in writing that it will begin withholding benefits to recoup an overpayment. The insurance carrier may not begin

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recoupment of the overpayment earlier than the second income benefit payment made after the written notice has been sent to the injured employee.

17. Pursuant 28 Tex. Admin. Code § 126.16(b)(3), if the injured employee's income benefits are concurrently being reduced to pay approved attorney's fees or to recoup a division approved advance, the insurance carrier may recoup the overpayment under this subsection in an amount not to exceed 10% of the income benefit payment to which the injured employee is entitled.
18. Respondent violated Tex. Lab. Code § 415.002(a)(20); and 28 Tex. Admin. Code § 126.16(b)(1) by deducting the recoupment earlier than the second income benefit payment received by the injured employee after notice of the recoupment.
19. Respondent violated Tex. Lab. Code § 415.002(a)(20); and 28 Tex. Admin. Code § 126.16(b)(3) by deducting an amount greater than 10% of the income benefit payment.

#### Failure to Timely Act on a Medical Bill

##### *File No. 35674*

20. Pursuant to Tex. Lab. Code § 408.027 and 28 Tex. Admin. Code § 133.240, an insurance carrier is required to timely process and take final action on a completed medical bill within 45 days of receiving the bill.
21. Respondent violated Tex. Lab. Code §§ 408.027 and 415.002(a)(20) & (22); and 28 Tex. Admin. Code § 133.240 by failing to pay, reduce, deny, or determine to audit a completed medical bill within 45 days of receiving the bill.

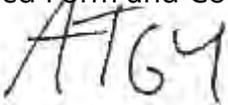
**Order**

It is ordered that Safety National Casualty Corporation must pay an administrative penalty of \$5,000 within 30 days from the date the Commissioner signs the order.

After receiving an invoice, Safety National Casualty Corporation 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.

  
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Jeff Nelson  
Commissioner  
TDI, Division of Workers' Compensation

Approved Form and Content:



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Alberto Garcia  
Staff Attorney, Enforcement  
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TDI, Division of Workers' Compensation

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