

No. 2025-9308

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

Date: 5/20/2025

Subject Considered:

Indemnity Insurance Company of North America
115 Wild Basin Road, Suite 207
West Lake Hills, Texas 78746

Consent Order
DWC Enforcement File No. 35635

General remarks and official action taken:

This is a consent order with Indemnity Insurance Company of North America (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 Timely Pay Accrued Temporary Income Benefits

3. Respondent was required to pay temporary income benefits (TIBs) to an 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]	8
b.	[REDACTED]	[REDACTED]	[REDACTED]	1
c.	[REDACTED]	[REDACTED]	[REDACTED]	10
d.	[REDACTED]	[REDACTED]	[REDACTED]	3
e.	[REDACTED]	[REDACTED]	[REDACTED]	10
f.	[REDACTED]	[REDACTED]	[REDACTED]	2
g.	[REDACTED]	[REDACTED]	[REDACTED]	4
h.	[REDACTED]	[REDACTED]	[REDACTED]	14
i.	[REDACTED]	[REDACTED]	[REDACTED]	7
j.	[REDACTED]	[REDACTED]	[REDACTED]	9
k.	[REDACTED]	[REDACTED]	[REDACTED]	2
l.	[REDACTED]	[REDACTED]	[REDACTED]	29
m.	[REDACTED]	[REDACTED]	[REDACTED]	18
n.	[REDACTED]	[REDACTED]	[REDACTED]	11
o.	[REDACTED]	[REDACTED]	[REDACTED]	3

4. On [REDACTED], Respondent paid interest 595, 530, 428, 396, 372, 342, 308, and 291 days late respectively.

Failure to Timely Pay Attorney Fees Ordered by DWC

5. Between [REDACTED], and [REDACTED], DWC approved \$ [REDACTED] in attorney fees in connection with an attorney's representation of an injured employee. DWC ordered Respondent to pay the attorney fees at a rate of 25% of each income benefit paid to the injured employee.
6. Between [REDACTED], and [REDACTED], Respondent paid benefits to the injured employee on multiple dates. However, Respondent failed to timely pay \$ [REDACTED]

in attorney fees at a rate of 25% of the income benefits paid to the injured employee (IE) as follows:

	Benefits Paid to IE	Attorney Fee Owed	Date Due	Date Paid	Days Late
a.	\$ [REDACTED]	\$ [REDACTED]	[REDACTED]	[REDACTED]	65
b.	\$ [REDACTED]	\$ [REDACTED]	[REDACTED]	[REDACTED]	64
c.	\$ [REDACTED]	\$ [REDACTED]	[REDACTED]	[REDACTED]	57
d.	\$ [REDACTED]	\$ [REDACTED]	[REDACTED]	[REDACTED]	50
e.	\$ [REDACTED]	\$ [REDACTED]	[REDACTED]	[REDACTED]	71
f.	\$ [REDACTED]	\$ [REDACTED]	[REDACTED]	[REDACTED]	71
g.	\$ [REDACTED]	\$ [REDACTED]	[REDACTED]	[REDACTED]	92
h.	\$ [REDACTED]	\$ [REDACTED]	[REDACTED]	[REDACTED]	84
i.	\$ [REDACTED]	\$ [REDACTED]	[REDACTED]	[REDACTED]	77
j.	\$ [REDACTED]	\$ [REDACTED]	[REDACTED]	[REDACTED]	70
k.	\$ [REDACTED]	\$ [REDACTED]	[REDACTED]	[REDACTED]	92
l.	\$ [REDACTED]	\$ [REDACTED]	[REDACTED]	[REDACTED]	85
m.	\$ [REDACTED]	\$ [REDACTED]	[REDACTED]	[REDACTED]	78
n.	\$ [REDACTED]	\$ [REDACTED]	[REDACTED]	[REDACTED]	131
o.	\$ [REDACTED]	\$ [REDACTED]	[REDACTED]	[REDACTED]	125
p.	\$ [REDACTED]	\$ [REDACTED]	[REDACTED]	[REDACTED]	118
q.	\$ [REDACTED]	\$ [REDACTED]	[REDACTED]	[REDACTED]	121
r.	\$ [REDACTED]	\$ [REDACTED]	[REDACTED]	[REDACTED]	114
s.	\$ [REDACTED]	\$ [REDACTED]	[REDACTED]	[REDACTED]	102
t.	\$ [REDACTED]	\$ [REDACTED]	[REDACTED]	[REDACTED]	100
u.	\$ [REDACTED]	\$ [REDACTED]	[REDACTED]	[REDACTED]	93
v.	\$ [REDACTED]	\$ [REDACTED]	[REDACTED]	[REDACTED]	86
w.	\$ [REDACTED]	\$ [REDACTED]	[REDACTED]	[REDACTED]	64
x.	\$ [REDACTED]	\$ [REDACTED]	[REDACTED]	[REDACTED]	23
y.	\$ [REDACTED]	\$ [REDACTED]	[REDACTED]	[REDACTED]	54
z.	\$ [REDACTED]	\$ [REDACTED]	[REDACTED]	[REDACTED]	30
aa.	\$ [REDACTED]	\$ [REDACTED]	[REDACTED]	[REDACTED]	28
ba.	\$ [REDACTED]	\$ [REDACTED]	[REDACTED]	[REDACTED]	21
ca.	\$ [REDACTED]	\$ [REDACTED]	[REDACTED]	[REDACTED]	27
da.	\$ [REDACTED]	\$ [REDACTED]	[REDACTED]	[REDACTED]	20

¹ On [REDACTED], Respondent paid \$ [REDACTED] of the amount due, leaving a balance of \$ [REDACTED].
² On [REDACTED], Respondent paid \$ [REDACTED] of the amount due, leaving a balance of \$ [REDACTED].

	Benefits Paid to IE	Attorney Fee Owed	Date Due	Date Paid	Days Late
ea.	\$ [REDACTED]	\$ [REDACTED]	[REDACTED]	[REDACTED]	13
fa.	[REDACTED]	\$ [REDACTED]	[REDACTED]	[REDACTED]	10
ga.	\$ [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	3

7.1 Based on the evidence described above, Respondent failed to adjust the claim in a reasonable and prudent manner.

Assessment of Sanction

- 1.1 Failure to provide income benefits and interest in a timely and cost-effective manner is harmful to injured employees and the Texas workers' compensation system.
- 2.1 Failure to timely pay attorney fees ordered by DWC hinders the division's goal of providing a fair and accessible dispute resolution process and is harmful to the Texas workers' compensation system.
- 3.1 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:
 - o PBO assessments;
 - o prompt and earnest actions to prevent future violations;
 - o self-report of the violation;
 - o the size of the company or practice;
 - o the effect of a sanction on the availability of health care; and
 - o 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 seriousness of the violations, including a pattern of failing to pay benefits and interest, paying benefits up to 29 days late; non-compliance with DWC attorney fee orders up to 131 days late; multiple violation categories; and unreasonable claims handling for this specific claim;
 - b. Respondent's significant history of 74 TIBs and attorney fees violations since January 2020;
 - c. the penalty necessary to deter future violations;
 - d. the negative impact on the delivery of \$ [REDACTED] in benefits to an injured employee;
 - e. the economic benefit resulting from the prohibited act; and
 - f. other matters that justice may require, including Respondent's size and sophistication as a large workers' compensation insurance carrier and awareness of the legal duty to comply with the Texas Workers' Compensation Act.
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, 402.00114, 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 Timely Pay Accrued TIBs

6. Pursuant to Tex. Lab. Code § 408.101, an employee is entitled to TIBs if the employee has a disability and has not attained maximum medical improvement.
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 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.
9. Respondent violated Tex. Lab. Code §§ 409.021; 415.002(a)(16), (20), and (22); and 28 Tex. Admin. Code §§ 124.3 and 124.7 each time Respondent failed to timely pay initial and accrued TIBs.

Failure to Timely Pay Interest with Indemnity Benefits

10. 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.

11. Respondent violated Tex. Lab. Code §§ 408.064 and 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.

Failure to Timely Pay Attorney Fees Ordered by DWC

12. Pursuant to Tex. Lab. Code §§ 415.021(a) and 415.0035(e), an insurance carrier commits an administrative violation if it violates, fails to comply with, or refuses to comply with a DWC order.
13. Pursuant to 28 Tex. Admin. Code § 152.1(c), insurance carriers are required to pay attorney fees ordered by DWC. The insurance carrier must begin payment out of the approved income benefits by mailing a check to the attorney within seven days after receiving the order. As the insurance carrier pays income benefits, it must pay attorney fees until the fees are completely paid or income benefits cease.
14. Respondent violated Tex. Lab. Code §§ 415.002(a)(20) and (22); 415.021(a); 415.0035(e); and 28 Tex. Admin. Code § 152.1(c) each time Respondent failed to timely comply with a DWC order to pay attorney fees.

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

15. Pursuant to Tex. Lab. Code § 415.002(a)(11), an insurance carrier commits an administrative violation if it fails to process the suspension of TIBs for the failure to attend a DD examination in a reasonable and prudent manner.
16. Respondent violated Tex. Lab. Code § 415.002(a)(11) by failing to process two claims promptly in a reasonable and prudent manner.

Order

It is ordered that Indemnity Insurance Company of North America must pay an administrative penalty of \$14,500 within 30 days from the date the Commissioner signs the order.

After receiving an invoice, Indemnity Insurance Company of North America 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 Delaware §
§
COUNTY OF New Castle §

Pursuant to the Tex. Civ. Prac. and Rem. Code § 132.001(a), (b), and (d), my name is Daniel S. Hawthorne. I hold the position of VP Claims, QA & Compliance and am the authorized representative of Indemnity Insurance Company of North America. My business address is:

1 Beaver Valley Road, Wilmington, New Castle, DE, 19382.
(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.

Daniel S. Hawthorne
Declarant

Executed on April 18, 2025.