

No. **2025-9495**

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

Date: 8/28/2025

Subject Considered:

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

Consent Order
DWC Enforcement File Nos. 36596 & 36598

General remarks and official action taken:

This is a consent order with Zurich American 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 selected as "average" tier in the 2020, 2022, and 2024 Performance Based Oversight (PBO) assessments.

Failure to Accurately Pay Temporary Income Benefits (TIBs)

File No. 36596

3. On [REDACTED], an injured employee suffered a workplace injury.
4. Between [REDACTED], and [REDACTED], Respondent was required to pay the maximum TIBs rate of \$ [REDACTED] to the injured employee. However, Respondent incorrectly determined that the maximum weekly TIBs rate was \$ [REDACTED].
5. Between [REDACTED], and [REDACTED], Respondent paid TIBs at the incorrect rate of \$ [REDACTED].
6. Respondent's error resulted in a \$ [REDACTED] underpayment of TIBs.
7. On [REDACTED], the injured employee filed a *Request to Advance Benefits* (DWC-047) based on financial need. This request prompted a review of the claim and led to the correction of Respondent's error.
8. On [REDACTED], DWC granted the injured employee's request for an advance of benefits, resulting in a reduced benefit payment over 42 weeks.
9. On [REDACTED], Respondent paid the \$ [REDACTED] TIBs deficit plus interest to the injured employee, which was up to 834 days late.

Failure to Accurately Pay Impairment Income Benefits (IIBs)

File No. 36598

10. On [REDACTED], Respondent received a DWC-06, *Report of Medical Evaluation*, from a certifying doctor (CD) in the same claim from File No. 36596. The CD determined that the injured employee reached maximum medical improvement on [REDACTED], with a [REDACTED] % impairment rating.
11. Based on the date of injury, the correct maximum IIBs rate was \$ [REDACTED] per week. However, between [REDACTED], and [REDACTED], Respondent incorrectly paid \$ [REDACTED] per week.

12. Respondent's error resulted in a \$ [REDACTED] underpayment of IIBs.
13. On [REDACTED], Respondent paid the deficit plus interest to the injured employee up to 98 days late.

Assessment of Sanction

1. Failure to provide correct income benefits in a timely and cost-effective manner is harmful to 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;
 - 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:
 - a. the seriousness of the violation, including \$ [REDACTED] in underpaid benefits that resulted in actual harm to the injured employee and affected an additional 42 weeks of reduced benefit payments;

- b. Respondent's history of previous administrative violations, including 13 consent orders and two warning letters involving late or inaccurate income benefits within the last five years;
 - c. a penalty is necessary to deter future violations;
 - d. the negative impact on the delivery of \$ [REDACTED] in benefits; and
 - e. Respondent's size and sophistication in the Texas workers compensation system.
4. DWC is aware of no mitigating factors pursuant to Tex. Lab. Code § 415.021(c) and 28 Tex. Admin. Code § 180.26(e).
5. 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).
6. 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 fails to comply with a DWC rule or a provision of the Texas Workers' Compensation Act.

Failure to Accurately Pay TIBs

6. Pursuant to Tex. Lab. Code § 408.103 and Tex. Admin. Code § 129.3, the insurance carrier is required to pay the correct amount of TIBs.
7. Respondent violated Tex. Lab. Code §§ 408.103; 415.002(a)(20) and (22); and 28 Tex. Admin. Code § 129.3 each time Respondent failed to accurately pay TIBs.

Failure to Accurately Pay IIBs

8. Pursuant to Tex. Lab. Code § 408.061(b), an injured employee's maximum weekly IIBs may not exceed 70 percent of the state average weekly wage.
9. 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.
10. Respondent violated Tex. Lab. Code §§ 408.081, 408.126, 409.023, 415.002(a)(16) and (22) each time Respondent failed to accurately pay IIBs.

Order

It is ordered that Zurich American Insurance Company must pay an administrative penalty of \$8,000 within 30 days from the date the Commissioner signs the order.

After receiving an invoice, Zurich American Insurance Company 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:



Austin Southerland
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 Zurich American Insurance Company. My business address is:

1299 Zurich Way, Schaumburg, Cook, IL, 60102.
(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 July 28, 2025.