

IN THE MATTER OF THE
MARYLAND INSURANCE
ADMINISTRATION

v.

GLADYS ALEASE BUTLER
12409 Tahoe Court
Lusby, Maryland 20657

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BEFORE THE MARYLAND
INSURANCE COMMISSIONER

CASE NO. MIA- 2015 -10 -025
Fraud Division File No. R-2015-2764A

ORDER

This Order is entered by the Maryland Insurance Administration (“MIA”) against Gladys Alease Butler (“Butler” or “Respondent”) pursuant to §§2-108, 2-201, 2-204 and 2-405 of the Insurance Article, Md. Code Ann. (2011 Repl. Vol. & Supp.) (“the Insurance Article”).

I. Facts

1. Respondent had an automobile insurance policy [REDACTED] with Maryland Automobile Insurance Fund (“MAIF”), an authorized insurer. The policy was issued on December 11, 2014.

2. Respondent notified MAIF she was involved in a motor vehicle accident on December 12, 2014. She submitted a personal injury protection (“PIP”) claim alleging she was injured, was unable to work and was not paid by her employer. MAIF assigned claim number V090392.

3. In support of her lost wage claim, Respondent submitted to MAIF a wage verification form (“wage form”). The wage form specified that Respondent worked for Home Healthcare of Lusby, Maryland, and missed work from December 12, 2014 to December 16, 2014, as a result of the accident. The wage form was purportedly completed by a Home Healthcare representative and stated Respondent earned \$18.00 an hour and worked 60 hours a week.

4. A MAIF claims agent referred Respondent's claim to its Special Investigations Unit ("SIU"), as he was unable to contact the Home Healthcare representative identified on the wage form submitted by Respondent.

5. A MAIF SIU investigator interviewed the Home Healthcare representative whose name appeared on the wage form. She advised that Respondent was not employed by Home Healthcare in 2014, and she had not signed the wage form submitted to MAIF by Respondent.

6. On March 6, 2015, MAIF sent Respondent a letter denying her claim, as she had submitted false information in reference to her lost wage claim.

7. Section 27-802(a)(1) of the Insurance Article states, "An authorized insurer, its employees, producers...or agents, who in good faith have cause to believe that insurance fraud has been or is being committed, shall report the suspected insurance fraud in writing to the Commissioner, the Fraud Division, or the appropriate federal, State or local law enforcement authorities." MAIF, having a good faith belief that Respondent had committed insurance fraud, referred the matter to the Maryland Insurance Administration, Fraud Division.

8. During the course of its investigation, MIA contacted MAIF and confirmed its handling of Respondent's claim.

9. On July 22, 2015, MIA contacted the Home Healthcare representative whose name appeared on the wage form submitted to MAIF by Respondent. She reviewed the form and confirmed she did not sign it nor did she authorize anyone to sign her name. She reported Respondent had last worked for Home Healthcare in 2011.

II. Violation(s)

10. In addition to all relevant sections of the Insurance Article, the Administration relies on the following pertinent sections in finding that Respondent violated Maryland's insurance laws:

11. §27-403(2)

It is a fraudulent insurance act for a person:

(2) to present or cause to be presented to an insurer documentation or an oral or written statement made in support of a claim...with knowledge that the documentation or statement contains false or misleading information about a matter material to the claim.

12. §27-408(c)

In addition to any criminal penalties that may be imposed under this section, on a showing by clear and convincing evidence that a violation of this subtitle has occurred, the Commissioner may:

(i) impose an administrative penalty not exceeding \$25,000.00 for each act of insurance fraud; and

(2) In determining the amount of an administrative penalty, the Commissioner shall consider:

(i) the nature, circumstances, extent, gravity, and number of violations;

(ii) the degree of culpability of the violator;

(iii) prior offenses and repeated violations of the violator; and

(iv) any other matter that the Commissioner considers appropriate and relevant.

13. By the conduct described herein, Respondent knowingly violated §27-403.

Because the fraudulent insurance act of submitting a false document in support of a claim is complete upon submission of the false document and is not dependent on payment being made, Respondent violated the law when she submitted a false document to MAIF. As such, she is subject to an administrative penalty under the Insurance Article §27-408(c).

III. Sanctions

14. Insurance fraud is a serious violation which harms consumers in that the losses suffered by insurance companies are passed on to consumers in the form of higher premiums. The Commissioner may investigate any complaint that alleges that a fraudulent claim has been submitted to an insurer. Insurance Article, §§2-201(d) (1) and 2-405.

15. Having considered the factors set forth in §27-408(c)(2) and COMAR 31.02.04.02, MIA has determined that \$1,500.00 is an appropriate penalty.

16. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2015-2764A) and name (Gladys Alease Butler). Unpaid penalties will be referred to the Central Collections Unit. Payment of the administrative penalty shall be sent to the attention of: Associate Commissioner, Insurance Fraud Division, 200 St. Paul Place, Suite 2700, Baltimore, Maryland 21202.

17. This Order does not preclude any potential or pending action by any other person, entity or government authority, regarding any conduct by including the conduct that is the subject of this Order.

WHEREFORE, for the reasons set forth above, and subject to the right to request a hearing, it is this 26th day of October 2015, **ORDERED** that:

- (1) Gladys Alease Butler shall pay an administrative penalty of \$1,500.00 within 30 days of the date of this Order.

ALFRED J. REDMER, JR
Insurance Commissioner

signature on original

BY:

VICTORIA AUGUST
Acting Associate Commissioner
Insurance Fraud Division

RIGHT TO REQUEST A HEARING

Pursuant to § 2-210 of the Insurance Article and Code of Maryland Regulations (“COMAR”) 31.02.01.03, an aggrieved person may request a hearing on this Order. This request must be in writing and received by the Commissioner within thirty (30) days of the date of the letter accompanying this Order. However, pursuant to § 2-212 of the Article, the Order shall be stayed pending a hearing only if a demand for hearing is received by the Commissioner within ten (10) days after the Order is issued. The written request for hearing must be addressed to the Maryland Insurance Administration, 200 St. Paul Place, Suite 2700, Baltimore, Maryland 21202, Attn: Hearings and Appeals Coordinator. The request shall include the following information: (1) the action or non-action of the Commissioner causing the person requesting the hearing to be aggrieved; (2) the facts related to the incident or incidents about which the person requests the Commissioner to act or not act; and (3) the ultimate relief requested. The failure to request a hearing timely or to appear at a scheduled hearing will result in a waiver of your rights to contest this Order and the Order shall be final on its effective date. Please note that if a hearing is requested on this initial Order, the Commissioner may affirm, modify, or nullify an action taken or impose any penalty or remedy authorized by the Insurance Article against the Respondent in a Final Order after hearing.