

IN THE MATTER OF THE
MARYLAND INSURANCE
ADMINISTRATION

v.

KATINA MASON
828 Indian Head Avenue
Indian Head, Maryland 20640

*
*
*
*
*
*
*
*
*
*

BEFORE THE MARYLAND
INSURANCE COMMISSIONER

CASE NO. : MIA-2016-03-038
Fraud Division File No.: R-2016-0887A

ORDER

This Order is entered by the Maryland Insurance Administration (“MIA”) against Katina Mason (“Mason” 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 a cancer indemnity insurance policy with American Family Life Assurance Company of Columbus (“AFLAC”), an authorized insurer. The policy went into effect on July 1, 2013.
2. The policy covered Respondent and her dependent children for cancer screening up to \$75.00 per year, limited to one payment for each named insured.
3. Between July 16, 2013 and June 8, 2015, Respondent submitted 86 AFLAC Cancer Wellness Benefit Claim Forms (“claim form(s)”) to AFLAC for 35 purported dependents. Relying on the aforementioned claim forms, AFLAC paid Respondent \$6,150.00 in benefits. The 86 claims stated to be for cancer screenings for named dependents, dated back to 2013.

4. Each of the aforementioned claim forms identified Respondent as the policyholder, type of treatment, the named dependent and the identity of the treating physician. Each claim form contained a fraud warning and was signed by Respondent.

5. During a routine audit, AFLAC noticed Respondent had filed an unusually high number of cancer screening claims for purported dependents. The claim forms indicated the named dependents received annual chest x-rays and/or Papanicolaou ("Pap") tests over the nearly two-year period. Based on the foregoing, the claims were referred to AFLAC's Special Investigations Unit ("SIU") for further investigation.

6. AFLAC SIU contacted some of the providers reflected on the claim forms submitted by Respondent and determined the providers had not performed the listed treatments.

7. On July 10, 2015, AFLAC SIU mailed a certified letter to Respondent, which requested proof of relationship and legal guardianship for dependents named on the claim forms. On February 22, 2016, AFLAC SIU sent Respondent another certified letter which requested restitution in the amount of \$6,150.00. Respondent failed to reply to AFLAC's requests.

8. Section 27-802(a)(1) of the Maryland Insurance Article states, "An authorized insurer, its employees, fund producers, insurance producers, ... who in good faith has 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." AFLAC, having a good faith belief that Respondent committed insurance fraud, referred the matter to the MIA, Fraud Division.

9. During its investigation, MIA contacted AFLAC and confirmed its handling of Respondent's claims.

10. MIA contacted each of the named providers listed on all 86 claim forms submitted by Respondent and confirmed the physicians never provided the treatments.

11. MIA interviewed Respondent who admitted that all 86 claims submitted between 2013 and 2015 for cancer screening were fraudulent and the named individuals were not covered dependents under her policy.

II. Violation(s)

12. 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:

13. § 27-403

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.

14. § 27-408(c)

(1) 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 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.

15. By the conduct described herein, Respondent knowingly violated § 27-403. As such, she is subject to an administrative penalty under the Insurance Article § 27-408(c).

III. Sanctions

16. 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 a fraudulent claim has been submitted to an insurer. Insurance Article §§ 2-201(d)(1) and 2-405.

17. Respondent submitted fictitious Claims to AFLAC and received monetary benefits for treatment that was never performed. Relying on these claims AFLAC paid Respondent \$6,150.00. Having considered the factors set forth in § 27-408(c)(2) and COMAR 31.02.04.02, MIA has determined that \$12,000.00 is an appropriate penalty.

18. Respondent is ordered to reimburse AFLAC \$6,150.00, which is the amount she received based upon AFLAC's reliance on claims later found to be fraudulent.

19. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2016-0887A) and name, (Katina Mason). Unpaid penalties will be referred to the Central Collections Unit for collection. 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.

20. Notice of payment to AFLAC shall be made in writing to the Associate Commissioner, Insurance Fraud Division, 200 St. Paul Place, Suite 2700, Baltimore, Maryland 21202. Such notification shall include a copy of the money order or cancelled check issued to AFLAC as proof of reimbursement and identify the case by number (R-2016-0887A) and name, (Katina Mason).

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.