

IN THE MATTER OF THE
MARYLAND INSURANCE
ADMINISTRATION

v.

SADIE DICKERSON
35585 Army Navy Drive
Mechanicsville, MD 20659

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BEFORE THE MARYLAND
INSURANCE COMMISSIONER

CASE NO. : MIA- 2016 - 02 - 061

Fraud Division File No.: R-2016-0694A

ORDER

This Order is entered by the Maryland Insurance Administration (“MIA”) against Sadie Dickerson (“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 insurance policy with American Family Life Assurance Company of Columbus (“AFLAC”), an authorized insurer. The policy went into effect on January 1, 2005.
2. The policy covered Respondent, her spouse, and all dependent children for cancer screening up to \$75.00 per year, limited to one payment for each named insured.
3. Between April 2, 2015 and July 29, 2015, Respondent submitted 132 AFLAC Cancer Wellness Benefit Claim Forms (“claim form(s)”) to AFLAC for 19 purported dependents. Relying on the aforementioned claim forms, AFLAC paid Respondent \$9,900.00 in benefits. The 132 claims were stated to be for cancer screenings for named dependents, dating back to 2006.

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 that each of the named dependents had received annual chest x-rays over several years. Based on these factors, the claims were referred to AFLAC's Special Investigations Unit ("SIU") for further investigation.

6. On September 4, 2015, AFLAC SIU contacted Respondent who admitted to submitting false claims related to cancer screening for individuals who were not covered dependents under her AFLAC policy. AFLAC SIU sent a letter to Respondent requesting restitution in the amount of \$9,900.00.

7. 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 Maryland Insurance Administration, Fraud Division.

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

9. MIA contacted representatives for the treating physicians listed on the 132 claim forms submitted to AFLAC by Respondent. The representatives confirmed that, except in one

instance of treatment of a non-covered individual, the physicians never provided treatment to any of the purportedly covered dependents.

10. MIA interviewed Respondent who admitted that all 132 claims submitted in 2015 for cancer screening were fraudulent and the named individuals were not covered dependents under her policy.

II. Violation(s)

11. 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:

12. **§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.

13. **§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.

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

III. Sanctions

15. 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.

16. Respondent submitted fictitious Cancer Wellness Benefit Claim forms to AFLAC. Relying on those claim forms, AFLAC paid Respondent \$9,900.00. The claim forms were submitted for individuals not covered under Respondent's policy and, upon investigation, for services never performed. Having considered the factors set forth in §27-408(c)(2) and COMAR 31.02.04.02, MIA has determined that \$20,000.00 is an appropriate penalty.

17. Additionally, Respondent is ordered to reimburse AFLAC \$9,900.00, which is the amount she received based upon AFLAC's reliance on claims later found to be fraudulent.

18. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2016-0694A) and name, (Sadie Dickerson). 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.

19. Notification of reimbursement 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-2016-0694A) and name, (Sadie Dickerson).

20. This Order does not preclude any potential or pending action by any other person, entity or government authority, regarding any conduct by Respondent 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 23rd day of February 2016, **ORDERED** that:

(1) Sadie Dickerson pay an administrative penalty of \$20,000.00 within 30 days of the date of this Order.

(2) Sadie Dickerson pay restitution to AFLAC in the amount of \$9,900.00 within 30 days of the date of this Order.

ALFRED W. 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.

APR 06 2016

RECEIVED

BEFORE THE MARYLAND INSURANCE COMMISSIONER

MARYLAND INSURANCE
ADMINISTRATION

v.

SADIE DICKERSON

CASE No.: MIA-2016-02-061

Respondent

* * * * *

CONSENT ORDER

The Maryland Insurance Commissioner ("Commissioner") enters this Consent Order ("Order"), with the consent of Sadie Dickerson ("Respondent"), pursuant to Md. Ann. Code, Insurance ("Insurance Article"), §§ 2-108, 2-204, and any other applicable sections, as follows:

EXPLANATORY STATEMENT AND FINDINGS OF FACT

1. The Maryland Insurance Administration issued an Order against Respondent on February 23, 2016. In the Order, Respondent was charged with violating Section 27-403 of the Insurance Article. An administrative penalty in the amount of \$20,000.00 was assessed along with restitution in the amount of \$9,900.00 payable to AFLAC.
2. Respondent advised the Maryland Insurance Administration that she does not contest the allegations in the Order.
3. The facts and violations stated in the Order are incorporated herein by reference. Respondent admits to the violations of Section 27-403 stated in the Order.
4. The parties agree to this Consent Order to avoid litigation. Specifically, Respondent agrees to pay an administrative penalty and full restitution to AFLAC as set forth below.

WHEREFORE, for the reasons set forth above, it is this 14th day of April 2016, **ORDERED** by the Commissioner and consented to by Respondent that:

- A. Respondent shall pay an administrative penalty in the amount of \$20,000.00 as follows:
 - i. \$10,000.00 by March 30, 2016;
 - ii. \$3,333.00 by April 30, 2016;
 - iii. \$3,333.00 by May 30, 2016 and
 - iv. \$3,333.00 by June 30, 2016
- B. Effective August 1, 2016, Respondent shall make payments of no less than \$200.00 each consecutive month to AFLAC until full restitution is made, AFLAC will be paid by cashier's checks or money orders made payable to AFLAC, marked "Personal and Confidential," mail payments to: AFLAC SIU Attn: Director, P.O. Box 5288 Columbus, GA 31906.
- C. Failure to pay as outlined in paragraph A and B above constitutes a default. Notice of default is hereby waived by Respondent. Respondent agrees to pay the balance owed within 30 days of default. If Respondent fails to pay the balance owed within 30 days of default, the penalty balance owed will be sent to the Central Collection Unit of the Department of Budget and Management for collection.
- D. Respondent waives any and all rights to any hearing or judicial review of this Consent Order to which she would otherwise be entitled under the Maryland Annotated Code.
- E. Respondent has reviewed this Consent Order and has had the opportunity to have it reviewed by legal counsel of her choice. Respondent is aware of the benefits gained and

obligations incurred by the execution of the Consent Order. After careful consideration, Respondent executes this Consent Order knowingly and voluntarily.

- F. For the purposes of the Administration and for any subsequent administrative or civil proceedings concerning Respondent, whether related or unrelated to the foregoing paragraphs, and with regard to requests for information about Respondent made under the Maryland Public Information Act, or properly made by governmental agencies, this Consent Order will be kept and maintained in the regular course of business by the Administration. For the purposes of the business of the Administration, the records and publications of the Administration will reflect this Consent Order.
- G. This Consent Order shall be effective upon signing by the Commissioner or his designee.
- H. This Consent Order does not preclude any potential action by the Administration, any other person, entity, or governmental authority regarding any conduct by Respondent, including the conduct that is the subject of this Consent Order.
- I. This Order contains the **ENTIRE AGREEMENT** between the parties relating to the administrative actions addressed herein. Except as stated in paragraph 4 of this Order, this Consent Order supersedes the Order dated February 23, 2016 and any prior agreements or negotiations, whether oral or written, except as specifically incorporated herein. No time frames set forth herein may be amended or modified without subsequent written agreement of the parties.

ALFRED W. REDMER, JR.
INSURANCE COMMISSIONER

signature on original

By:

NANCY GRODIN
Acting Associate Commissioner
Fraud Division

SADIE DICKERSON'S CONSENT

Sadie Dickerson hereby CONSENTS to the representations made in, and terms of, this Consent Order.

4/4/16
Date

signature on original
SADIE DICKERSON