N THE MATTER OF THE	*	**BEFORE THE MARYLAND**
MARYLAND INSURANCE ADMINISTRATION	*	**INSURANCE COMMISSIONER**
v.	*	
JANET BROWN **7730 Tipton Place** **Port Tobacco, Maryland 20677**	*	**CASE NO. : MIA-2016-04-007** **Fraud Division File No.: R-2016-0771A**

* *

ORDER

This Order is entered by the Maryland Insurance Administration ("MIA") against Janet Brown ("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 March 1, 2007.

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 January 13, 2015 and June 15, 2015, Respondent submitted 167 AFLAC Cancer Wellness Benefit Claim Forms ("claim forms(s)") to AFLAC for 23 purported dependents. Relying on the aforementioned claim forms, AFLAC paid Respondent $12,525.00 in benefits. The 167 claims were stated to be for cancer screenings for named dependents, dating back to 2007.

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 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 $12,525.00.

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 167 claim forms submitted to AFLAC by Respondent. For 166 claims, the representatives confirmed that

the physicians did not provide treatment for the dates cited on the claim forms. For one claim, the physician had no proof of treatment due to the age of the record.

10. MIA interviewed Respondent who admitted that all 167 claims submitted in 2015 for cancer screening were fraudulent. As it turns out, 22 of the 23 individuals for whom claim forms were submitted were not covered dependents of Respondent under the policy. The one exception was her husband. Although a covered dependent, he did not receive the treatment for which the claim form was filed.

11. MIA confirmed that Respondent began making restitution to AFLAC, and as of April 8, 2016, she has paid $1,400.00 toward the $12,525.00 she fraudulently obtained.

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

(ii) order restitution to an insurer or self–insured employer of any insurance proceeds paid relating to a fraudulent insurance claim.

* * * * * *

(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, Respondent 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 false Cancer Wellness Benefit Claim forms to AFLAC. Relying on those claim forms, AFLAC paid Respondent $12,525.00. The claim forms were submitted for 22 individuals not covered under Respondent's policy and 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 $25,000.00 is an appropriate penalty.

18. Further, Respondent is ordered to reimburse AFLAC $12,525.00, which is the amount she received based upon AFLAC's reliance on claims later found to be fraudulent, minus $1,400.00 and whatever additional amounts Respondent has already paid by way of restitution up to the date of this Order.

19. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2016-0771A) and name, (Janet Brown). 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. Notification of reimbursements to AFLAC shall be made in writing to the Associate Commissioner, Insurance Fraud Division, 200 St. Paul Place, Suite 2700, Baltimore, Maryland 21202. Such notifications shall include a copy of the money order or canceled check issued to AFLAC as proof of reimbursement and identify the case by number (R-2016-0771A) and name, (Janet Brown).

21. 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 14th day of April 2016, **ORDERED** that:

(1) Janet Brown pay an administrative penalty of $25,000.00 within 30 days of the date of this Order.

(2) Janet Brown pay restitution to AFLAC in the amount of the present balance owed within 30 days of the date of this Order.

ALFRED W. REDMER, JR.
Insurance Commissioner

BY: signature on original

NANCY GRODIN
Deputy 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.