

IN THE MATTER OF THE
MARYLAND INSURANCE
ADMINISTRATION

v.

JAMES W. LEVINGS
9003 Garland Avenue
Silver Springs, Maryland 20901

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BEFORE THE MARYLAND
INSURANCE COMMISSIONER

CASE NO. : MIA-2018-05-026

Fraud Division File No.: R-2018-2375A

ORDER

This Order is entered by the Maryland Insurance Administration (“MIA”) against James W. Levings (“Respondent”) pursuant to §§ 2-108, 2-201, 2-204 and 2-405 of the Insurance Article, Md. Code Ann. (2017 Repl. Vol. & Supp.)(“the Insurance Article”).

I. Facts

1. Respondent had Veterinary Pet Insurance with Nationwide Mutual Insurance Company (“Nationwide”) an authorized insurer, for his gray, male feline named Fenny. The policy originated on February 17, 2015, and was renewed annually through February 17, 2019.

2. On January 18, 2016, Respondent submitted to Nationwide an insurance claim form along with a treatment invoice, reflecting Respondent paid \$325.72 for treatment Fenny purportedly received at a Maryland animal hospital (“MAH”) on January 16, 2016. Relying on the aforementioned claim documents, Nationwide issued Respondent a check on January 28, 2016, for \$75.72 minus a \$250.00 deductible.

3. On January 29, 2016, Respondent submitted to Nationwide an insurance claim form along with a treatment invoice, reflecting Respondent paid \$565.76 for treatment Fenny purportedly received at MAH on January 29, 2016. Relying on the treatment invoice and claim form, Nationwide issued Respondent a check on February 10, 2016, for \$565.76.

4. On April 17, 2017, Respondent submitted to Nationwide an insurance claim form along with a treatment invoice, reflecting Respondent paid \$646.44 for treatment Fenny purportedly received at MAH on April 7, 2017. Relying on the treatment invoice and claim form, Nationwide issued Respondent a check on April 26, 2017, for \$375.44.

5. On November 10, 2017, Respondent submitted to Nationwide an insurance claim form along with a treatment invoice, reflecting Respondent paid \$87.66 for treatment Fenny purportedly received at MAH on November 7, 2017. Relying on the treatment invoice and claim form, Nationwide issued payment to Respondent in the amount of \$87.66 via electronic fund transfer.

6. Each of the aforementioned claim forms identified Respondent as the policy holder and contained the following disclaimer immediately after Respondent's signature:

By signing this claim form, I confirm that to the best of my knowledge the information I have provided is true and current.

7. Each of the aforementioned claim forms on the 2nd page contained the following warning:

Any person who knowingly or willfully presents a false or fraudulent claim for payment of a loss or benefit or who knowingly or willfully presents false information in an application or insurance is guilty of a crime and may be subject to fines and confinement in prison.

8. On December 22, 2017, Respondent contacted Nationwide and requested to upgrade his insurance coverage for Fenny.

9. On December 28, 2017, as part of the underwriting process, Nationwide contacted the MAH, which purportedly treated Fenny on January 16, 2016, January 29, 2016, April 7, 2017, and November 7, 2017, and requested Fenny's medical records. The MAH representative advised that Fenny was last seen on January 25, 2017, and prior to that, Fenny was seen in 2014.

The MAH representative advised that Respondent's pet named Thor was treated on April 7, 2017, and his pet named Reeses was seen on November 7, 2017. The MAH representative sent treatment invoices to Nationwide, which further revealed Respondent's pet Max was treated on January 16 and 29, 2016, Fenny was treated on January 25, 2017.

10. On January 5, 2018, Nationwide referred Respondent's claims to its Special Investigations Unit ("SIU") for further investigation as Respondent's claims appeared to have been submitted with "altered documents." A Nationwide investigator compared treatment invoices submitted to Nationwide by Respondent for alleged treatment of his feline Fenny with those provided by MAH and concluded the invoices submitted by Respondent had been altered.

11. On January 11, 2018, Respondent contacted Nationwide and requested to cancel the claims and to pay back the money he received from Nationwide. As of this date Respondent has failed to make restitution.

12. Section 27-802(a)(1) of the Maryland Insurance Article states,

An authorized insurer, its employees, fund producers, or 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.

Nationwide, having a good faith belief that Respondent committed insurance fraud, referred the matter to the MIA, Fraud Division.

13. During the course of its investigation the MIA contacted Nationwide and confirmed its handling of the Respondent's claims.

14. An MIA investigator compared the invoices submitted by Respondent for the purported treatment of feline Fenny with treatment invoiced provided by MAH. The following alterations were noted:

- January 16, 2016, Respondent's invoice submission reflected Fenny. MAH invoice reflected Max. Nationwide paid Respondent \$75.72.
- January 29, 2016, Respondent's invoice submission reflected Fenny. MAH invoice reflected Max. Nationwide paid Respondent \$565.76.
- April 7, 2017, Respondent's invoice submission reflected Fenny. MAH records reflect a canine, Thor. Nationwide paid Respondent \$375.44.
- November 7, 2017, Respondent's submission reflected Fenny. MAH invoice reflected Reeses. Nationwide paid Respondent \$87.66.

15. An MIA investigator confirmed with Nationwide that Respondent only had pet insurance for his feline Fenny. Only Fenny was covered under Respondent's Nationwide policy. Max, Thor, and Reeses were not afforded coverage under Respondent's Nationwide policy. Nationwide relied on invoices submitted by Respondent, falsely reflecting Fenny was treated at MAH on the aforementioned dates. Nationwide issued payments to Respondent totaling \$1,104.58.

16. On April 17, 2018, an MIA investigator spoke to a representative for the MAH identified on the invoices submitted to Nationwide by Respondent. She confirmed Fenny, the insured feline, had been seen only one time since January, 2016, and that the invoices dated January 16 and 29, 2016, as well as invoices for April 7, 2017, and November 7, 2017, were for other pets Respondent had treated at the facility.

II. Violation(s)

17. 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:

18. § 27-403(2)

(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.

19. § 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.

20. By the conduct described herein, Respondent knowingly violated § 27-403. Because the fraudulent insurance act of submitting false documents in support of a claim is complete upon submission of the false document and is not dependent on payment being made. Respondent committed a violation of the Insurance Article when he submitted false documents to Nationwide. As such, Respondent is subject to administrative penalty under the Insurance Article § 27-408(c).

III. Sanctions

21. 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.

22. Respondent submitted to Nationwide invoices and claim forms for medical services purportedly provided to Respondent's insured feline, Fenny. Investigation determined that the documents submitted by Respondent had been altered. Having considered the factors set forth in

§ 27-408(c)(2) and COMAR 31.02.04.02, the MIA has determined that \$3,000.00 is an appropriate penalty.

23. Additionally, the Respondent is ordered to reimburse Nationwide Mutual Insurance Company \$1,104.58, which is the amount he fraudulently obtained from Nationwide Mutual Insurance Company.

24. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2018-2375A) and name (James W. Levings). 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.

25. Notification of reimbursement to Nationwide 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 canceled check issued to Nationwide as proof of reimbursement and identify the case by number (R-2018-2375A) and name (James W. Levings).

26. This Order does not preclude any potential or pending action by any other person, entity or government authority, regarding any conduct by the 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 May 2018, **ORDERED** that:

(1) James W. Levings shall pay an administrative penalty of three thousand dollars (\$3,000.00) within 30 days of the date of this Order.

(2) James W. Levings shall pay restitution to Nationwide in the amount of \$1,104.58, within 30 days of the date of this Order.

ALFRED W. REDMER, JR.
Insurance Commissioner

BY:

signature on original

STEVE WRIGHT
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 served. 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.