

IN THE MATTER OF THE  
MARYLAND INSURANCE  
ADMINISTRATION

v.

PAUL A. QUINN  
3443 Grier Nursery Road  
Street, Maryland, 21132

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BEFORE THE MARYLAND  
INSURANCE COMMISSIONER

CASE NO. : MIA-2019-03-025  
Fraud Division File No.: R-2018-3982A

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**ORDER**

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

**I. Facts**

1. On March 1, 2018, as part of the application process for life insurance policies and a disability income insurance policy with Northwestern Mutual Life Insurance Company (“Northwestern”), an authorized insurer, Respondent completed a medical history questionnaire. He answered, “No” to question 4(c), which asked,

“In the last 10 years, have you used marijuana, cocaine, heroin, methamphetamine, hallucinogens, or any other illegal drug or substance?”

Respondent signed the medical history questionnaire immediately after the following statement:

**I have reviewed my answers and statements in this application and declare that they are correctly recorded, complete, and true to the best of my knowledge and belief. Statements in this application are representations and not warranties.**

2. To determine his insurability, Respondent submitted to a requisite paramedical examination. As part of the examination, Respondent provided a urine sample for analysis,

performed by Clinical Reference Laboratory (“CRL”), a certified drug testing facility used by Northwestern.

3. On March 12, 2018, CRL sent Northwestern a letter which stated, Respondent’s urine specimen tested positive for cocaine metabolites. Further, the letter stipulated that Prior to reporting the test results CRL verified the following:

1. The Notice/Consent and Chain of Custody on Consent Form was signed by the applicant.
2. The Chain of Custody Form was signed by the examiner.
3. The Security Seal was intact.
4. The information on the urine specimen matched that on the consent form.
5. The Security Seal was signed by the applicant.

4. On April 6, 2018, as part of the application process, Respondent completed a Personal Health and Status Declaration, which asked,

“Have you taken any medication or drugs (prescription or nonprescription, legal or illegal)[?]”

Respondent replied “No.”

“Have you been in a motor vehicle accident, been charged with a moving violation of any motor vehicle law or had a driver’s license restricted or revoked[?]”

Respondent replied “No.” Respondent signed the insurance policy application immediately after the following fraud warning and declaration:

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

**I declare that the answers and statements contained in this declaration are correctly recorded, complete and true to the best of my knowledge and belief. Statements in the declaration are representations and not warranties.**

5. On April 11, 2018, as part of the application process, Northwestern conducted a client history interview with Respondent. A Northwestern representative asked Respondent,

“Within the last 5 years, have you been charged with... reckless or negligent driving.”

Respondent replied. “No.”

6. On April 23 and 25, 2018, Northwestern sent letters to Respondent, which stated, “After review of your application, we regret to inform you that we are unable to issue a policy because of cocaine findings in your urine test.”

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.

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

8. In the course of its investigation, the MIA contacted Northwestern and confirmed the facts regarding its handling of the Respondent’s application for life and disability insurance policies.

9. On January 8, 2019, an MIA investigator interviewed the paramedical examiner who conducted the in-person interview of Respondent during the application process. He advised that he followed to all standard exam procedures when collecting and processed Respondent’s urine sample. Respondent examined the chain of custody verification sticker and his personal information on March 1, 2018, before sending Respondent’s urine specimen to CRL for analysis.

10. Contrary to Respondent’s statement during his April 6, 2018, Personal Health and Status Declaration and his April 11, 2018 client history interview with Northwestern, in which he denied being charged with a motor vehicle moving violation and reckless and negligent driving, an MIA investigator performed a Maryland Judiciary case search and discovered that

Respondent was charged with negligent driving of a vehicle, in violation of Maryland Traffic Article 21.901.1.B on October 5, 2017 by the Maryland State Police in Worcester County.

**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. § 27-406

It is a fraudulent insurance act for a person:

(1) knowingly or willfully to make a false or fraudulent statement or representation in or with reference to an application for insurance[.]

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

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(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 § 27-406(1). As such, Respondent is, therefore subject to administrative penalty pursuant to § 27-408(c) of the Insurance Article.

**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. Having considered the factors set forth in §27-408(c)(2), the MIA has determined that \$3,000.00 is an appropriate penalty.

17. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2018-3982A) and name (Paul A. Quinn). 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. Unpaid penalties will be referred to the Central Collections Unit for collection.

18. 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 14<sup>th</sup> day of March 2019, **ORDERED** that:

Paul A. Quinn shall pay an administrative penalty of three thousand dollars (\$3,000.00) 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: Melanie Gross, Executive Assistant to the Deputy Commissioner. 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.