

IN THE MATTER OF THE

BEFORE THE MARYLAND

MARYLAND INSURANCE
ADMINISTRATION

INSURANCE COMMISSIONER

v.

LEE WILLIAM OLSON
205 B Canton Street
St. Michaels, Maryland 21663

CASE NO. : MIA- 2019 - 04-006

Fraud Division File No.: R-2019-0484A

ORDER

This Order is entered by the Maryland Insurance Administration (the "MIA") against Lee William Olson ("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's Maryland employer, Chesapeake Bay Maritime Museum ("CBMM") purchased a workers' compensation policy to cover its employees. The policy was underwritten by The Hartford Financial Services Group, Inc. ("Hartford"), an authorized insurer in Maryland.

2. On July 27, 2018, Respondent prepared and submitted to his employer a CBMM "Accident Report," in which he stated that on July 26, 2018:

"As I was proceeding east through the gate on my bike and closing it behind me as usual with my left foot (many times per day) it suddenly burst open behind me without warning a few inches away from latching it, which impacted against my left foot. The gate had been shoved by fellow employee ... with considerable force. I turned and said sorry I didn't see you to which he said nothing and continued through swinging the gate back open forcing me out of his way. *Note: Had my foot not been on the gate at the time of impact the gate would have struck my bike/me full on. At that point I left the area." Further, "My left ankle began to ache soon after and today I feel pain in my lower back, and it seems to be spreading."

3. On July 27, 2018, CBMM notified Hartford of Respondent's alleged injury, in response to which Hartford opened a claim. On the same date, Respondent was treated for his alleged injuries at a health care facility in Easton Maryland.

4. A representative for CBMM examined a July 26, 2018 surveillance video for, in which Respondent is shown on his bicycle entering the gate followed on foot by the fellow employee he described in his accident report. As a result, the CBMM representative concluded that the incident did not occur as Respondent stated, and notified Hartford that there was video evidence refuting Respondent's claim. Consequently, Hartford referred Respondent's claim to its Special Investigations Unit ("SIU") for further investigation.

5. On August 2, 2018, a Hartford representative conducted a recorded interview of Respondent, who stated that his left ankle was injured when a co-worker pushed the gate open as Respondent, on his bicycle, attempted to close it with his left foot. Respondent described the injury as a sprained ankle and stated that, the following day, his back began to hurt.

6. On August 6, 2018, a Hartford investigator examined the video of the July 26, 2018 incident, in which Respondent is seen entering the gate followed by the co-worker he identified in his accident report. The investigator concluded that the video footage refuted Respondent's injury claim.

7. On August 7, 2018, Respondent along with his supervisor and the vice president of finance for CBMM watched the video of the incident. At the conclusion, Respondent stated that he would not amend his statement.

8. On August 30, 2018, Hartford denied Respondent's claim because its investigation concluded he did not sustain an injury arising out of and in the course of his employment.

9. 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.

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

10. During the course of its investigation, the MIA contacted Hartford and confirmed the facts regarding its handling of the Respondent's claim

11. On January 18, 2019, an MIA investigator examined the video evidence, which showed Respondent entering the gate on a bicycle, followed by his co-worker. The video clearly showed that Respondent was not struck by the gate.

12. On February 6, 2018, an MIA investigator spoke with the employee from CBMM who Respondent alleged struck him with the gate. The employee examined the video footage. He did not recall any specific event but agreed that he was in the video along with Respondent. He stated that he did not strike Respondent with the gate.

II. Violation(s)

13. Based on the foregoing, and considering all relevant sections of the Insurance Article, the Administration finds that the Respondent violated the Maryland Insurance Article as follows:

14. § 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.

15. § 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.

16. 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

17. Insurance fraud is a serious violation, harmful to consumers because the losses experienced by insurance companies are passed on to consumers in the form of higher premiums. Pursuant to §§ 2-210 (d)(1) and 2-405 of the Insurance Article, the Commissioner has the authority to investigate complaints alleging that a fraudulent claim has been submitted to an insurer.

18. Having considered the factors set forth in § 27-408(c)(2), the MIA has determined that \$1,500.00 is an appropriate penalty in the instant matter.

19. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2019-0484A) and name (Lee William Olson). 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.

20. 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 4th day of April 2019, **ORDERED** that:

Lee William Olson shall pay an administrative penalty of one thousand five hundred dollars (\$1,500.00) 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.