

IN THE MATTER OF THE
MARYLAND INSURANCE
ADMINISTRATION

v.

DEVON ALBERT JOSEPH
8627 Red Rock Lane
Laurel, Maryland 20724

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BEFORE THE MARYLAND
INSURANCE COMMISSIONER

CASE NO. : MIA-2015-05-044

Fraud Division File No.: R-2015-2181A

ORDER

This Order is entered by the Maryland Insurance Administration (“MIA”) against Devon Albert Joseph (“Joseph” or “Respondent”) pursuant to §§2-108, 2-201, 2-204 and 2-405 of the Insurance Article, Annotated Code of Maryland (“the Insurance Article”).

I. Facts

1. On March 29, 2013, Respondent applied for a \$125,000.00 life insurance policy with Life Insurance Company of the Southwest (LSW), an authorized insurer.
2. On April 4, 2013, based upon responses provided by Respondent to questions within the application, LSW issued a policy (# [REDACTED]) to him. The policy contained an Accelerated Benefits Rider (ABR), which pays policy benefits to the insured prior to death upon diagnosis of a covered illness.
3. On January 14, 2014, Respondent applied for benefits under the ABR Rider, claiming he had been diagnosed with a covered illness.
4. Upon receipt of Respondent’s claim, LSW conducted a routine contestability review and determined Respondent had not fully disclosed his medical condition on his life insurance application. On June 12, 2014, LSW denied Respondent’s claim and rescinded his policy.

5. On his application Respondent denied having diagnostic tests within the last five years and denied taking medication. In addition, he denied having pending appointments with a medical professional and a family history of a specified disease. Respondent's medical records contradicted the statements he made on his application for life insurance.

6. Section 27-802(a)(1) of the Maryland Insurance Article states, "An authorized insurer, its employees, or insurance producers, who in good faith have 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." LSW, having a good faith belief that Respondent committed insurance fraud, referred the matter to the Maryland Insurance Administration, Fraud Division.

7. MIA confirmed LSW's handling of Respondent's insurance application and subsequent claim.

8. On February 27, 2015, MIA interviewed the insurance agent who sold the LSW life insurance policy to Respondent. He advised that he met with Respondent at Respondent's home in Maryland to complete the application. Respondent provided "yes" or "no" responses to each of the health related questions; he did not elaborate on his responses. Respondent reviewed his answers on the application in the presence of the agent and signed the application; he had no changes to his answers.

II. Violation(s)

9. 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:

10. **§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.

11. **§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.

12. By the conduct described herein, Respondent knowingly violated §27-406(1). As such, Respondent is subject to administrative penalty under the Insurance Article §27-408(c).

III. Sanctions

13. 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.

14. Having considered the factors set forth in §27-408(c)(2) and COMAR 31.02.04.02, MIA has determined that \$250.00 is an appropriate penalty.

15. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2015-2181A) and name (Devon Albert Joseph). 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.

16. 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 28th day of May 2015, ORDERED that:

Respondent pay an administrative penalty of \$250.00 within 30 days of the date of this Order.

ALFRED W. REDMER, JR.
Insurance Commissioner

BY:

signature on original

CAROLYN HENNEMAN
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.