

IN THE MATTER OF THE  
MARYLAND INSURANCE  
ADMINISTRATION

v.

NEILL HOWELL  
7101 Heathfield Road  
Baltimore, Maryland 21212

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BEFORE THE MARYLAND  
INSURANCE COMMISSIONER

CASE NO. : MIA-2016-02-025

Fraud Division File No.: R-2016-0022A

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**ORDER**

This Order is entered by the Maryland Insurance Administration (“MIA”) against Neill Howell (“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 applied for two life insurance policies and two disability income policies with The Northwestern Mutual Life Insurance Company (“Northwestern”), an authorized insurer.

2. On May 27, 2015, as part of the application process, Respondent was required to complete a medical history questionnaire. He answered, “No” to question 4(c), which states “In the last 10 years, have you used marijuana, cocaine, heroin, methamphetamine, hallucinogens, or any other illegal drug or substance?” On the same medical history questionnaire, Respondent answered “No” to question 4(a), which states “have you ever sought, received, or been advised to seek treatment, counseling, or participation in a support group for the use of alcohol or drugs?”

3. On June 17, 2015, an employee of Northwestern conducted a telephonic client history interview of Respondent in relation to his insurance applications. During the interview, he answered, “No” to the questions, “Have you ever sought, received or been advised to receive

treatment or counselling, for the use of alcohol or drugs?” And, “In the past 10 years, have you used cocaine, heroin or any illegal drug?”

4. On June 22, 2015, Northwestern obtained Respondent’s medical records, which revealed Respondent was recovering from cocaine addiction and had participated in an outpatient cocaine addiction program in 2013.

5. On July 1, 2015, Northwestern notified Respondent that it was unable to issue the policies “...because of information regarding a 2013 cocaine addiction...”

6. Based on the foregoing, Northwestern’s Underwriting Department referred the matter to its Special Investigations Unit (SIU), which determined Respondent did not provide truthful answers during the application process to questions regarding his cocaine use.

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 Maryland Insurance Administration, Fraud Division.

8. In the course of its investigation, MIA contacted Northwestern, and confirmed its handling of Respondent’s insurance applications as set forth above.

9. On January 14, 2016, MIA’s investigator spoke to the Paramedical Examiner who conducted an in-person interview of Respondent during the application process. She asked Respondent each question on the medical history questionnaire and recorded his answer.

Respondent answered, “No” to the questions, regarding his cocaine use; he reviewed his responses and signed the questionnaire.

10. On December 14, 2015, MIA’s investigator interviewed Respondent, who admitted to making a false statement concerning prior cocaine use on his applications for life and disability policies.

## 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 Neill Howell 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

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

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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, Neill Howell violated § 27-406, when he applied for life and disability income insurance policies and reported that he had not used illegal drugs in the past ten years. Further, Respondent violated § 27-406 when he reported he had not undergone treatment or counselling for the use of drugs. As such, Neill Howell is subject to administrative penalty under the Insurance Article § 27-408(c).

### **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.

16. Having considered the factors set forth in § 27-408(c)(2) and COMAR 31.02.04.02, MIA has determined that \$2,000.00 is an appropriate penalty.

17. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2016-0022A) and name (Neill Howell). 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.

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 4<sup>th</sup> day of February 2016, **ORDERED** that:

- (1) Neill Howell pay an administrative penalty of Two Thousand Dollars (\$2,000.00) within 30 days of the date of this Order.

ALFRED W. REDMER, JR.  
Insurance Commissioner

**signature on original**

BY:

VICTORIA AUGUST  
Acting 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.