IN THE MATTER OF THE	*	**BEFORE THE MARYLAND**
	*	
MARYLAND INSURANCE ADMINISTRATION	*	**INSURANCE COMMISSIONER**
	*	
v.	*	
	*	
JEWELL W. CHAMPION	*	**CASE NO. : MIA-2016-11-026**
2704 Coppersmith Place	*	
Bryans Road, MD 20616	*	**Fraud Division File No.: R-2017-0278A**
	*	

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ORDER

This Order is entered by the Maryland Insurance Administration ("MIA") against Jewell W. Champion ("Respondent") pursuant to §§ 2-108, 2-201, 2-204 and 2-405 of the Insurance Article, Md. Code Ann. (2011 Repl. Vol. & Supp.)("Insurance Article").

I. Facts

1. Respondent had a short-term disability policy with American Family Life Assurance Company of Columbus ("AFLAC"), an authorized insurer. The policy went into effect on September 4, 2004.

2. The AFLAC policy provided benefits to Respondent for short-term disability due to sickness or injury. According to the terms of the AFLAC policy, "The Benefits will be paid for only one disability at a time even if the disability is caused by more than one sickness, more than one injury, or a sickness and an injury."

3. The AFLAC policy contained the following warning in bold type:

> **"It is a crime to provide false or misleading information to an insurer for the purpose of defrauding the insurer or other person. Penalties include imprisonment and/or fines. In addition, an insurer may deny insurance benefits if false information materially related to a claim was provided by the applicant."**

4. On August 4, 2015, Respondent sustained soft tissue injuries to her neck and back as a result of a motor vehicle accident when a 2011 Honda Fit struck the front of her 2012 Nissan Altima while she stopped at a Wawa store in Prince George's County, Maryland.

5. On August 19, 2015, Respondent submitted a "physician's statement" claim form as well as an "employer's statement" claim form to AFLAC. The claim forms stated that Respondent was disabled as of June 22, 2015, and unable to work until September 1, 2015. The employer's statement claim form was ostensibly signed by the Chief Financial Officer, Accounts Payable for Respondent's employer, Washington Metropolitan Area Transit Authority ("WMATA"). Relying on those claim forms, AFLAC assigned claim # 484708732 and paid $3,920.00 in benefits via direct deposit into Respondent's personal bank account.

6. On October 7, 2015, AFLAC processed another employer's statement claim form submitted by Respondent on September 30, 2015, also ostensibly signed by the Chief Financial Officer, Accounts Payable for WMATA. This claim form stated that Respondent was disabled as of August 4, 2015, and unable to work until November 23, 2015. AFLAC assigned claim # 469908826.

7. An AFLAC claims specialist identified the overlapping benefit periods for the aforementioned claims and noted that the handwriting on the claim forms appeared to have been altered. AFLAC did not pay Respondent benefits for the disability claim dated August 4, 2015, through November 23, 2015 (claim 469908826), and instead, referred the matter to its Special Investigations Unit ("SIU") for further investigation on October 7, 2015.

8. On May 23, 2016, AFLAC SIU spoke to the WMATA representative whose name appeared on the claim forms. The representative examined the documents and advised that she neither signed the documents nor did she submit them to AFLAC.

9. On July 27, 2016, AFLAC SIU sent a letter to Respondent requesting reimbursement in the amount of $3,920.00 for benefits erroneously paid because it was unable to validate information submitted in the claim(s). Respondent failed to reply to AFLAC's request.

10. Section 27-802(a)(1) of the 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.

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

11. During the course of its investigation, an MIA fraud investigator contacted AFLAC and confirmed its handling of Respondent's claims. AFLAC confirmed that $3,920.00 in benefits was paid to Respondent via direct deposit for her disability claim dated June 22, 2015 until September 1, 2015.

12. On September 29, 2016, an MIA fraud investigator e-mailed the WMATA payroll office employee listed on the claim forms as the Chief Financial Officer Accounts Payable. The WMATA representative confirmed she had not signed the aforementioned employer's statement claim forms.

13. On October 12, 2016, an MIA fraud investigator contacted a representative for the physician listed on the physician's statement claim form, claim # 484708732. The representative advised the physician did not sign the form nor did he provide treatment on the dates listed.

14. An MIA fraud investigation confirmed by e-mail received from an AFLAC SIU representative that as of September 30, 2016, Respondent had not reimbursed AFLAC as it had requested.

II. Violation(s)

15. 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:

16. § **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.

17. § **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.

* * * * * * *

(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.

18. By the conduct described herein, Respondent violated § 27-403. As such, Respondent is subject to an administrative penalty under the Insurance Article § 27-408(c).

III. Sanctions

19. 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.

20. Respondent submitted forged disability claim forms to AFLAC. Relying on those claim forms, AFLAC paid Respondent $3,920.00. Having considered the factors set forth in § 27-408(c)(2) and COMAR 31.02.04.02, the MIA has determined that $6,000.00 is an appropriate penalty.

21. Additionally, Respondent is ordered to reimburse AFLAC $3,920.00, which is the amount she received based upon AFLAC's reliance on claims forms later determined to be forged.

22. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2017-0278A) and name, (Jewell W. Champion). Unpaid penalties will be referred to the Central Collections Unit for collection. Payment of the administrative penalty shall be sent to the attention of: Steve Wright, Associate Commissioner, Insurance Fraud Division, 200 St. Paul Place, Suite 2700, Baltimore, Maryland 21202.

23. Notification of reimbursement to AFLAC shall be made in writing to the Steve Wright, 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 cancelled check issued to AFLAC as proof of reimbursement and identify the case by number (R-2017-0278A) and name, (Jewell W. Champion).

24. This Order does not preclude any potential or pending action by any other person, entity or government authority, regarding any conduct by 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 17th day of November 2016, **ORDERED** that:

(1) Jewell W. Champion shall pay an administrative penalty of $6,000.00 within 30 days of the date of this Order; and

(2) Jewell W. Champion shall pay restitution to AFLAC in the amount of $3,920.00 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 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 Respondent in a Final Order after hearing.