

IN THE MATTER OF THE

MARYLAND INSURANCE
ADMINISTRATION

v.

Roger Benfield
29817 Cheryl Court
Mechanicsville, Md. 20659

*
*
*
*
*
*
*
*
*
*

BEFORE THE STATE OF MARYLAND

INSURANCE ADMINISTRATION

CASE NO. : MIA- 2013 -07-027

Fraud Division File No.: R-13-2783A

ORDER

Whereas, this Order (“the Order”) is entered into by the Maryland Insurance Administration (“MIA”) against Roger Benfield (referred to as the “Respondent”) pursuant to §§ 2-108, 2-204 and 2-405 of the Insurance Article, Maryland Annotated Code.

As basis for this action, the MIA states that:

I. Facts

1. 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.

2. Title 27, Subtitle 4 of the Insurance Article contains the specifications of what constitute “fraudulent insurance acts” and the penalties therefor. Specifically, §27-403(2) provides that it is a fraudulent insurance act for a person “to present or cause to be presented to an insurer documentation of 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.” Section 27-408(c) provides that, with respect to violations of said Subtitle, the Commissioner may, *inter alia*, impose an administrative penalty not exceeding \$25,000.00 for each act of insurance fraud and order restitution to an insurer.

3. On November 4, 2012, Roger Benfield had disability insurance benefits offered by American United Life Insurance Company (hereinafter "AUL") through his employer, Car-Life Enterprises Inc. The policy number was [REDACTED]. The policy inception date was March 1, 2012.

4. On November 4, 2012, Roger Benfield was injured, when he reportedly fell from a tree on his own property and injured his ankle.

5. Subsequent to his injury, Benfield applied to AUL for short term disability benefits. The assigned claim number was 324921.

6. C. S., a Senior Managed Disability Analyst for Disability Reinsurance Management Services (hereinafter "Disability RMS") was assigned as the claims analyst for Benfield's claim.

7. Disability RMS is a third party disability claim administrator for AUL.

8. On December 3, 2012, Disability RMS received the paperwork to initiate Benfield's claim, however the first page of the Employee Statement, Notice of Claim for Short Term Disability Benefits Form was missing; therefore, the claim was incomplete.

9. On December 13, 2012, C. S. spoke with Benfield via telephone regarding the original claim being incomplete. Benfield advised C. S. that he was at his place of employment as he stopped by before his doctor's appointment. At Benfield's request C. S. faxed the necessary paperwork to him. Further, Benfield advised C. S. that the doctor was releasing him to return to work on 1/9/13.

10. On December 13, 2012, in response to C. S.'s inquiry, Roger Benfield faxed a completed Notice of Claim, an AUL document, for Short Term Disability Benefits to C. S. The fax is three pages including the cover which reads, "To C., From Roger." The time stamp on the fax is 12/13/12 at 09:31 from fax number [REDACTED]

11. The Notice of Claim for Short Term Disability Benefits Form, referenced above was signed by Roger Benfield and dated December 13, 2012. Specifically requested on the claim form are answers to the following questions:

- Date of injury or date first noticed symptoms of sickness: To which a handwritten response of "11/4/12" is provided.
- You have been unable to work because of disability since: To which a handwritten response of "Yes" (*sic*) is provided.
- You returned to work on a part-time basis on: To which a handwritten response of "no" is provided.
- You returned to work on a full-time basis on: To which a handwritten response of "no" is provided.

12. The above referenced Notice of Claim for Short Term Disability Benefits, signed by Benfield on December 13, 2012, contains the following fraud warnings:

- "... Any person who knowingly and with intent to defraud any insurance company or other person files an application for Insurance or statement of claim containing any material false information or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties."
- "The undersigned represents and warrants any information or documents provided to American United Life Insurance (AUL) by the undersigned prior to and after the date of this application for insurance and the facts or other matters containing the foregoing are true and accurate to the best of the undersigned's knowledge and belief. The undersigned understands and agrees 1. any insurance coverage or benefits is contingent upon any statement made to AUL as being complete and correct and 2. benefits under any policy will be paid only if AUL decides in its discretion the applicant is entitled to them. The undersigned have read, understand, and retained the notice, limitations, and exclusions for his /her records."

13. On December 13, 2012, C.S. approved Benfield's disability claim, subsequent to receiving all requisite documents.

14. On December 13, 2012, C.S. sent Benfield a letter notifying him that he was approved for disability benefits. The letter explained that "Total Disability and Totally Disabled" meant that because of injury or sickness: "...3) a person is under the Regular Attendance of a Physician for that Injury or Sickness." Accompanying the letter was an

attachment with the header, "IMPORTANT NOTICE." The attachment states, "We have recently approved your disability claim. Please be aware that other income (including earnings) you may currently be receiving or may begin to receive, may be a direct reduction to your disability benefit." Eight examples of other income are listed, number eight specifically states, "Any income received from return to work earnings from your current employer or any other employer."

15. In response to a request made by the MIA via email on May 16, 2013, C. S. provided copies of two checks issued to Roger Benfield subsequent to claim approval. The total amount paid was \$4,075.26. Check number 00529739 was issued on December 18, 2012, by AUL in the amount of \$3,362.09. The check was later endorsed and negotiated by Roger L. Benfield and marked "Deposit only." Check number 00529976 was issued on December 19, 2012, by AUL in the amount of \$713.17. The second check was also later endorsed and negotiated by Roger L. Benfield and marked "Deposit only."

16. Check number 00529739, issued on December 18, 2012, covered the period of disability between November 11, 2012 and December 14, 2012, and check number 00529976, issued on December 19, 2012, covered the period of disability between December 14, 2012 through December 21, 2012. The benefits were awarded based upon statements made and documents supplied by Benfield to C. S., including the Notice of Claim form referred to in paragraph 10, *supra*.

17. On December 19, 2012, B.S., Chief Financial Officer for Car-Life Enterprises Inc., Benfield's employer, sent an email to C.S. advising her that Roger Benfield returned to work on Monday, December 10, 2012.

18. On December 21, 2012, C. S. contacted Benfield to question his work status. Benfield advised that he had not yet returned to work and that there was a misunderstanding regarding his taking vacation time.

19. On December 21, 2012, in an email to C. S., B. S. again confirmed that Benfield returned to work on December 10, 2012.

20. Roger Benfield's return to work on December 10, 2012 disqualified him from receiving disability benefits from that date forward. Therefore, AUL's payments to him subsequent to that date, totaling \$1,120.70, constituted overpayments.

21. On January 16, 2013, an invoice for the overpayment of \$1,120.70 was directed to Roger Benfield, 29817 Cheryl Ct. Mechanicsville, MD 20659, demanding payment within 30 days. As of the date of this Order, AUL has not received reimbursement toward the overpayment made to Roger Benfield.

22. On May 16, 2013, the MIA interviewed B.S. via telephone. B. S. confirmed that Roger Benfield returned to work on December 10, 2012, and that Benfield has been employed by Car-Life Enterprises Inc. since November 2, 1998. B.S. confirmed that (301) 638-1601 is the present fax number of Car-Life Enterprises Inc. and was its fax number on December 13, 2012. B.S. faxed Benfield's earning statements to MIA for dates of November 1, 2012 through January 10, 2013. B.S. provided handwritten notes on several earning statements to explain Benfield's status:

- Period ending 11/4/12 – handwritten “Last day worked 11/2/12
- Period ending 11/18/12 – handwritten “2 weeks vacation pay 11/5/12 through 11/16/12.”
- Period ending 12/9/12 – handwritten “Hours earned prior to disability not previously paid.”
- Period ending 12/16/12 – handwritten “Returned to work Monday 12/10/12.”

23. On June 3, 2013, Roger Benfield voluntarily provided a recorded statement to the MIA. The interview was conducted at Benfield's place of employment, [REDACTED] located at [REDACTED] Crain Highway, Waldorf, Maryland 20601. Benfield admitted to having a conversation on December 13, 2012, with a representative of AUL as well as faxing the completed Notice of Claim described in paragraph 10 to that individual on that date.

24. Benfield further stated that he was physically located at [REDACTED] Crain Highway, Waldorf, Maryland 20601, during the conversation with the AUL representative on December 13, 2012, referenced in paragraph 8, *supra*. Benfield admitted that during the conversation with the AUL representative, he falsely informed her that he had not returned to work, when in fact he had returned to work days earlier, on December 10, 2012. Further, Benfield admitted that he received an invoice from Disability RMS, the claims administrator for AUL, for the overpayment of benefits made to him by AUL, which he has not paid.

II. Violation(s)

In addition to all relevant sections of the Insurance Article, the Administration relies on the following pertinent sections in finding that Roger Benfield violated Maryland's insurance laws:

25. **Section 27-403(2)**

It is a fraudulent 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.

26. **Section 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.

27. By the conduct described herein, Roger Benfield has violated § 27-403(2).

III. Sanctions

28. By the facts and violations stated above, Roger Benfield is subject to, *inter alia*, imposition of an administrative penalty.

29. In view of the deceptive nature of Roger Benfield's conduct, and in consideration of the relevant statutory factors, an administrative sanction of \$2,000.00 is an appropriate penalty in this case.

30. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-13-2783A) and name (Roger Benfield). Unpaid penalties will be referred to the Central Collection Unit for collections. 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.

31. Additionally, Respondent Roger Benfield is ordered to reimburse American United Life Insurance Company in the amount of \$1,120.70.

32. Notification of reimbursement to AUL shall be made in writing to the Associate Commissioner, Insurance Fraud Division, 200 St. Paul Place, Suite 2700, Baltimore, Maryland 21202. Such notification shall include a copy of the cashed check (front and back) or money order issued to AUL as proof of reimbursement and shall identify the case by number (R-13-2783A) and name (Roger Benfield). The Maryland Insurance Administration will verify reimbursement to AUL by confirming same with AUL and/or Disability RMS.

33. 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 22nd day of July 2013, **ORDERED** that:

(1) Roger Benfield pay an administrative penalty of \$2,000.00 within 30 days of the date of this Order.

(2) Roger Benfield reimburse American United Life Insurance Company in the amount of \$1,120.70 within 30 days of the date of this Order.

THERESE M. GOLDSMITH
Insurance Commissioner

Signature on original

BY

CAROLYN HENNEMAN
Associate Commissioner,
Insurance Fraud Division

RIGHT TO REQUEST A HEARING

Pursuant to COMAR 31.01.01.03 and COMAR 31.02.02.03, any person aggrieved by this Order may request a hearing on this Order. This request must be in writing and be received by the Commissioner within thirty (30) days of the date of the letter accompanying this Order.

Pursuant to §2-212 of the Insurance 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 request for hearing must be made in writing. This request must be addressed to the Maryland Insurance Administration, 200 St. Paul Place, Suite 2700, Baltimore, Maryland 21202, ATTN: Sharon Kraus, Appeals Clerk. 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 made final on its effective date.