

IN THE MATTER OF THE
MARYLAND INSURANCE
ADMINISTRATION

v.

WILLIAM R. COOK, Jr.
7414 Catterick Ct.
Windsor Mill, Maryland 21244

BEFORE THE MARYLAND
INSURANCE COMMISSIONER

CASE NO. : MIA- 2016-07-013

Fraud Division File No.: R-2016-3089A

ORDER

This Order is entered by the Maryland Insurance Administration (“MIA”) against William R. Cook, Jr. (“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. On February 26, 2016, Respondent obtained automobile insurance for his 2015 Hyundai from Allstate Insurance Company (“Allstate”), an authorized insurer. Respondent’s policy was in effect from February 27, 2016 through August 27, 2016.

2. On March 14, 2016, Respondent reported to Allstate that on February 27, 2016, he was operating his Hyundai when he had a motor vehicle accident with a vehicle insured by Government Employees Insurance Company (“GEICO”), an authorized insurer. Allstate assigned claim number 0405365941.

3. On March 16, 2016, GEICO notified Allstate that its insured reported the accident occurred on February 25, 2016. Consequently, Allstate referred Respondent’s claim to its Special Investigations Unit (“SIU”) as the loss was reported to have occurred two days prior to the inception of Respondent’s Allstate policy, and the loss was within ten days of the effective date of the policy.

5. On March 18, 2016, an Allstate Investigator obtained a recorded interview with Respondent. He reported that the accident occurred on February 27, 2016. He advised that a Baltimore County police officer responded to the location, and his car was towed.

6. Allstate SIU identified the tow company which towed Respondent's Hyundai from the accident location as Windsor Towing Service ("Windsor"). SIU contacted Windsor and its representative advised that Respondent's Hyundai was towed by Windsor on February 25, 2016.

7. SIU obtained the Baltimore County Police Department's motor vehicle collision exchange form, which reflected the accident date as February 25, 2016.

8. On March 24, 2016, Allstate denied Respondent's claim for material misrepresentation, *inter alia*.

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

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

10. On June 7, 2016, an MIA investigator met with the manager of Windsor and obtained the tow invoice for Respondent's Hyundai. The invoice reflected Respondent's Hyundai was towed on February 25, 2016.

11. On June 8, 2016, an MIA investigator interviewed the GEICO insured whose vehicle was struck by Respondent. He advised that the accident occurred on February 25, 2016.

12. On June 9, 2016, the MIA obtained a copy of the State of Maryland Motor Vehicle Crash Report (# AE56230017) authored by a Baltimore County police officer. The report stated Respondent was operating his Hyundai on February 25, 2016, when he rear-ended the GEICO insured vehicle, and that both vehicles were towed from the accident location.

II. Violation(s)

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

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. Because the fraudulent insurance act of making a false statement in support of a claim is complete upon making the false statement and is not dependent on payment being made,

Respondent committed violations of the law when he made false statements to Allstate. 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 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.

18. Having considered the factors set forth in § 27-408(c)(2) and COMAR 31.02.04.02, the MIA has determined that \$3,000.00 is an appropriate penalty.

19. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2016-3089A) and name (William R. Cook, Jr.). 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.

20. 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.

