

IN THE MATTER OF THE
MARYLAND INSURANCE
ADMINISTRATION

v.

VERNICE MCDANIEL
11201 Lake Overlook Place
Bowie, Maryland 20721

* BEFORE THE MARYLAND
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* INSURANCE COMMISSIONER
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* CASE NO. : MIA-2016-08-040
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* Fraud Division File No.: R-2016-0238A
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ORDER

This Order is entered by the Maryland Insurance Administration (“MIA”) against Vernice McDaniel (“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 automobile insurance for her 2003 GMC with Government Employees Insurance Company (“GEICO”), an authorized insurer. The policy was in effect from April 18, 1995 through November 20, 2015.

2. On November 19, 2010, Respondent reported to GEICO that on November 18, 2010, her GMC Envoy was struck while parked and unoccupied. GEICO opened a claim, prepared a repair estimate, and took photographs of the damage. GEICO issued Respondent a check for \$1,399.81, to repair the liftgate and rear bumper.

3. Subsequently, Respondent made the following eight claims to GEICO, reporting that her vehicle was struck while parked and unoccupied, causing damage to the rear liftgate.

Respondent was paid a total of \$10,969.42 to repair damage:

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|---------------------|-----------------------|-----------------------|
| • March 30, 2013 | Claim # ending in 367 | Total Paid \$2,184.25 |
| • July 4, 2013 | Claim # ending in 383 | Total Paid \$1,628.72 |
| • August 6, 2013 | Claim # ending in 391 | Total Paid \$1,247.30 |
| • November 27, 2013 | Claim # ending in 425 | Total Paid \$1,391.34 |

- April 16, 2014 Claim # ending in 441 Total Paid \$1,643.18
- November 24, 2014 Claim # ending in 458 Total Paid \$1,583.26
- February 3, 2015 Claim # ending in 466 Total Paid \$1,291.37
- July 23, 2015 Claim # ending in 490 No payment made

4. On July 27, 2015, a GEICO Claims Adjuster inspected Respondent’s vehicle for the purpose of providing a repair estimate related to her July 23, 2015 claim (ending in 490). The adjuster asked Respondent to identify the new damage and she pointed to damage on the liftgate and rear bumper. The adjuster however found no new damage, that is, the damage just reported by Respondent was the same as reported in her previous claims. Consequently, the claim was referred to GEICO’s Special Investigations Unit (“SIU”).

5. A GEICO SIU investigator examined Respondent’s claim history, including estimates and photographs of property damage Respondent had previously reported. The investigator concluded that the damage Respondent reported in her 2010 claim was the same as the damage reported in the eight subsequent claims identified in paragraph 3. The investigator confronted Respondent with evidence that she had reported the same damage in her prior claims. Respondent then agreed to withdraw her July 23, 2015 claim.

6. 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.

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

7. MIA contacted GEICO and confirmed its handling of Respondent’s claims.

8. MIA identified an additional claim Respondent made to GEICO in which she reported her GMC was vandalized on July 20, 2015, (claim # ending in 482), in which she reported her left front door was damaged.

9. On July 23, 2015, a GEICO adjuster inspected and photographed the damages reported to have occurred in the July 20, 2015, (claim # ending in 482). The adjuster photographed the damaged liftgate of Respondent's GMC and noted it was "unrelated prior damage." Later that day, July 23, 2015, Respondent reported to GEICO the claim ending in 490, as previously stated.

10. MIA interviewed the GEICO adjuster who inspected Respondent's GMC on July 23, 2015, related to her vandalism claim (# ending in 482). She stated the repair estimate for the left side door was less than Respondent's deductible. Respondent also showed the adjuster damage to the rear liftgate which was unrelated to the vandalism claim. The adjuster advised Respondent to contact GEICO about the rear liftgate damage. The adjuster photographed Respondent's GMC and then noted the damage to the rear liftgate and bumper were pre-existing. The adjuster compared the photographs she had taken with photographs of previous claims made by Respondent and concluded the damage to the liftgate was identical in each of Respondent's previously claims.

11. MIA interviewed the GEICO adjuster who inspected Respondent's GMC on July 27, 2015, related to claim # ending in 490. This adjuster advised he went to Respondent's home to inspect the damage. He asked Respondent to identify the new damage and she pointed to the rear bumper and liftgate. He examined previous claims made by Respondent and concluded the damage reported in those claims was identical to the damage reported during his inspection.

12. MIA examined the photographic evidence and repair estimates associated with each of the nine claims Respondent made to GEICO and concluded that the damage reported in the 2010 claim was the same as the damage she reported in the eight subsequent claims.

13. On March 29, 2016, MIA examined copies of the seven checks GEICO issued to Respondent following her initial 2010 claim. Respondent endorsed each check. She received a total of \$10,969.42.

II. Violation(s)

14. 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:

15. **§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.

16. **§ 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.

17. By the conduct described herein, Respondent violated § 27-403. Respondent committed a violation of the law when she made false statements to GEICO. As such, Respondent is subject to an administrative penalty under the Insurance Article §27-408(c).

III. Sanctions

18. 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.

19. Having considered the factors set forth in §27-408(c)(2) and COMAR 31.02.04.02, MIA has determined that \$12,000.00 is an appropriate penalty.

20. Additionally, Respondent is ordered to reimburse GEICO \$10,969.42, which is the amount she fraudulently obtained from GEICO after making false statements regarding eight separate claims.

21. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2016-0238A) and name (Vernice McDaniel). 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.

22. Notification of reimbursement to GEICO 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 money order or cancelled check issued to GEICO as proof of reimbursement and identify the case by number (R-2016-0238A) and name (Vernice McDaniel).

23. 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 August 2016, **ORDERED** that:

(1) Vernice McDaniel shall pay an administrative penalty of \$12,000.00 within 30 days of the date of this Order.

(2) Vernice McDaniel shall pay restitution to GEICO in the amount of \$10,969.42 within 30 days of the date of this Order.

ALFRED W. REDMER, JR.
Insurance Commissioner

signature on original

BY:

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 the Respondent in a Final Order after hearing.