

IN THE MATTER OF THE  
MARYLAND INSURANCE  
ADMINISTRATION

v.

COLBY R. WHITE  
KEISHA M. WHITE  
2611 Ballston Court  
Bowie, MD 20721

\*  
\*  
\*  
\*  
\*  
\*  
\*  
\*  
\*  
\*  
\*

BEFORE THE MARYLAND  
INSURANCE COMMISSIONER

CASE NO. MIA- 2014-08-020

Fraud Division File No. R-2014-1512A

\*\*\*\*\*

**ORDER**

This Order is entered by the Maryland Insurance Administration (“MIA”) against Colby White (“C. White”) and Keisha White (“K. White”) or (“Respondents”) pursuant to §§2-108, 2-201, 2-204 and 2-405 of the Insurance Article, Annotated Code of Maryland (“the Insurance Article”).

**I. Facts**

1. Respondents had a homeowner’s policy with Erie Insurance Exchange (“Erie”), an authorized insurer. This policy, # [REDACTED] provided coverage for jewelry up to \$3,000.00 per item. The policy was effective from July 19, 2010 until December 7, 2013.

2. On September 25, 2013, C. White reported to Erie that on or about August 24, 2013, his wife K. White lost her wedding/engagement ring set. The set consisted of a 1.50 carat LEO diamond, serial number 115670, and band (hereinafter “the ring”). Erie assigned claim number 010210880659.

3. On October 11, 2013, in support of their claim, Respondents mailed two documents to Erie, a notarized “Proof of Loss” and a “MD Personal Property Inventory Form.” The Proof of Loss Form specifically asked, “Was there other insurance on the property for which

claim is being made hereunder?” Respondents answered “No” on the form. On the “MD Personal Property Inventory Form,” Respondents referenced the ring (and its value) claimed to have been lost on or about August 24, 2013. Both documents contained an insurance fraud warning statement and were signed by C. White and K. White.

4. On October 24, 2013, C. White faxed to Erie an “Insurance Replacement Estimate” dated October 29, 2005, from Kay Jewelers, which valued the ring at \$12,999.00.

5. Respondents’ claim was referred to Erie’s Special Investigations Unit (“SIU”) after it was discovered that, on April 5, 2013, C. White had made a loss claim for the same ring, specifically bearing serial number 115670, under another policy C. White had with Travelers Indemnity Insurance (“Travelers”). Travelers paid C. White \$16,313.00 for the loss of the ring.

6. On November 8, 2013, an Erie Special Investigator obtained a recorded statement from C. White. During the interview, C. White denied filing a prior lost jewelry claim. However, when confronted with evidence of the prior claim he had made to Travelers for the loss of the same ring, he admitted to making the prior claim and receiving compensation.

7. On November 8, 2013, C. White contacted Erie via telephone and orally withdrew their claim. Further, on November 11, 2013, C. White faxed a letter to Erie, confirming in writing the withdrawal of Respondents’ claim.

8. Section 27-802(a)(1) of the Insurance Article states, “An authorized insurer, its employees, producers...or agents, who in good faith have 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.” Erie, having a good faith belief that Respondents had committed insurance fraud, referred the matter to the Maryland Insurance Administration Fraud Division.

9. MIA confirmed Erie's handling of the claim as stated above.

10. MIA contacted Travelers and confirmed that C. White has a Travelers inland marine policy and that he had filed a claim for lost jewelry on April 5, 2013. In said claim, C. White alleged that K. White had lost her wedding/engagement ring set. MIA's investigation has established that this is the same ring Respondents claimed to Erie as having been lost, more than five months later.

11. MIA also confirmed that Travelers paid C. White \$16,313.00 to settle his April 2013 claim.

12. MIA interviewed Respondents. C. White admitted to having submitted claims for the loss of the same ring to both Travelers and, later, to Erie. K. White acknowledged knowing of the first Travelers claim and further admitted to knowing that the same ring was claimed as lost again to Erie. Respondents also admitted that they had signed and presented to Erie both the "MD Personal Property Inventory" form and the "Proof of Loss" documentation referenced in paragraph 3, *supra*.

## **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 Respondents violated Maryland's insurance laws:

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

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. **Section § 27-408(c)(1) and (2)**

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, Respondents knowingly violated §27-403 and are subject to an administrative penalty under the Insurance Article.

**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 that a fraudulent claim has been submitted to an insurer. Insurance Article, §§2-201(d)(1) and 2-405.

18. C. White submitted a claim to Travelers for the loss of his wife's ring. Despite being paid by Travelers for this loss, Respondents later filed a subsequent claim with a second insurer seeking payment for the same ring. In support of that second claim, Respondents submitted a Property Inventory Form, describing the ring they reported as being lost on or about August 24, 2013, and a Proof of Loss, denying in writing that the ring in question was insured with any other carrier. Additionally, in a recorded statement, C. White denied having filed a prior loss claim as to jewelry. Having considered all relevant factors, including those set forth in Insurance Article §27-408(c)(2) and COMAR 31.02.04.02, MIA has determined that \$3,000.00 is an appropriate penalty for each Respondent.

19. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2014-1521A) and names (Colby White and Keisha White). Unpaid penalties will be referred to the Central Collections Unit. 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.

20. This Order does not preclude any potential or pending action by any other person, entity or government authority, regarding any conduct by Respondents 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 13<sup>th</sup> day of August 2014, **ORDERED** that:

- (1) C. White shall pay an administrative penalty of \$3,000.00 within 30 days of the date of this Order.
- (2) K. White shall pay an administrative penalty of \$3,000.00 within 30 days of the date of this order.

THERESE M. GOLDSMITH  
Insurance Commissioner  
signature on original

BY:

CAROLYN BENNEMAN  
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: Appeals Clerk. 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.