

3. On May 7, 2014, Respondents retained an attorney, who notified GEICO of the May 3, 2014 accident. All three Respondents reported occupying the minivan at the time it was hit by the U-Haul truck. GEICO assigned claim number 0501148310101010.

4. Each Respondent completed a GEICO Application for Benefits claim form, in which they reported being injured as a result of the accident. Respondents' attorney submitted the claim forms to GEICO, on their behalf, along with documentation of medical treatment for their alleged injuries.

5. On June 6, 2014, the matter was referred to GEICO's Special Investigations Unit ("SIU"), as the policy had recently been issued.

6. The GEICO investigator obtained a copy of the police accident report relating to the May 3, 2014 accident. The report stated that the Chrysler minivan was parked and unoccupied when it was hit by the U-Haul truck.

7. The GEICO investigator interviewed the owner of the Nissan Altima. She reported that Respondents Pulley and Williams were not in the Chrysler minivan at the time of the accident. Instead, they were with her, inside a residence on North Decker Avenue.

8. The GEICO investigator interviewed another witness to the accident. She, too, reported not seeing anyone in the vehicles when they were hit by the U-Haul truck.

9. On August 20, 2014, GEICO sent denial letters to Respondents.

10. Section 27-802(a)(1) of the Maryland Insurance Article states, "An authorized insurer, its employees, or insurance producers, 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." GEICO, having a good faith belief that Respondents committed insurance fraud, referred the matter to the Maryland Insurance Administration, Fraud Division.

11. In the course of its investigation, MIA contacted GEICO and confirmed its handling of Respondents' insurance claims as set forth above.

12. MIA interviewed the owner of the Nissan Altima, who confirmed that both Pulley and Williams were with her, in a residence on North Decker Avenue, and not in the Chrysler minivan at the time of the accident. She had no knowledge of who Richardson was.

13. MIA contacted Repwest, the insurer for the U-Haul truck. Repwest had conducted its own investigation into the May 3, 2014 accident, under claim number 00548518-2014. Repwest interviewed the owner of the Nissan Altima as well as a resident on North Decker Avenue. Both witnesses reported that the Chrysler minivan was unoccupied when it was hit by the U-Haul truck. Repwest provided MIA with the claim withdrawal forms signed by each of the Respondents releasing Repwest from liability regarding their claims.

14. MIA interviewed the witness who had previously been interviewed by GEICO. She confirmed there was no one in the Chrysler minivan when it was struck by the U-Haul truck.

15. MIA reviewed the accident report and interviewed the police officer who authored it. The officer corroborated there were no occupants in the Chrysler minivan when it was struck.

16. MIA interviewed Respondents Richardson and Pulley. Both admitted that they had been untruthful to GEICO about being in the Chrysler minivan when it was hit by the U-Haul truck. They confirmed that no one had occupied the Chrysler minivan when it was struck. MIA attempted to interview Williams; however, she declined to speak with the investigator regarding the May 3, 2014 accident.

II. Violation(s)

17. The Administration relies on the following pertinent sections of the Insurance Article in finding that Respondents violated Maryland's insurance laws:

18. §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.

19. 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 \$25,000.00 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.

20. By the conduct described herein, Respondents knowingly violated §27-403.

Because the fraudulent insurance act of submitting a false document in support of a claim is complete upon submission of the false document and is not dependent on payment being made, Respondents' committed a violation of the law when they submitted false documents to GEICO. As such Respondents are subject to the imposition of an administrative penalty under §27-408(c).

III. Sanctions

21. 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.

22. 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 \$1,000.00 is an

appropriate penalty for Pulley, \$1,000.00 is an appropriate penalty for Richardson and \$1,500.00 is an appropriate penalty for Williams.

23. Administrative penalties shall be made payable to: Maryland Insurance Administration. Payments shall reference the case number (R-2015-0098A) as well as names (Erika Pulley), (Tiffany Williams), and (Inez Richardson). 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.

24. 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 20th day of August 2015, **ORDERED** that:

- (1) Erika Pulley shall pay an administrative penalty of \$1,000.00 within 30 days of the date of this Order.
- (2) Tiffany Williams shall pay an administrative penalty of \$1,500.00 within 30 days of the date of this Order.
- (3) Inez Richardson shall pay an administrative penalty of \$1,000.00 within 30 days of the date of this Order.

ALFRED W. REDMER, JR.
Insurance Commissioner

BY:

signature on original

CAROLYN HENNEMAN
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.