

IN THE MATTER OF THE
MARYLAND INSURANCE
ADMINISTRATION

v.

LATASHA MILLS
2106 Parkside Drive
Bowie, Maryland 20721

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BEFORE THE MARYLAND
INSURANCE COMMISSIONER

CASE NO. : MIA-2017- 61-006
Fraud Division File No.: R-17-1078A

ORDER

This Order is entered by the Maryland Insurance Administration (“MIA”) against Latasha Mills (“Respondent”) pursuant to §§ 2-108, 2-201, 2-204 and 2-405 of the Insurance Article, Md. Code Ann. (2011 Repl. Vol. & Supp.)(“the Insurance Article”).

I. Facts

1. Respondent had automobile insurance for her 2012 Mazda with Government Employees Insurance Company (“GEICO”), an authorized insurer. Her policy was in effect from August 14, 2015 until September 2, 2016, when the policy was cancelled as Respondent failed to pay her insurance premium. On August 22, 2016, GEICO notified Respondent of the impending cancellation.

2. On September 12, 2016, Respondent notified GEICO that earlier that day while operating her Mazda she was involved in a motor vehicle accident. Maryland State Police responded to the scene and authored a Motor Vehicle Crash Report (“crash report”). The crash report stated that Respondent’s vehicle (“V1”) was traveling directly behind vehicle 2 (“V2”) when its front driver side corner collided with the rear passenger side of V2. V1 then caught fire. After the accident Respondent’s vehicle was towed by Central Heavy Duty Towing (“CHDT”) to an impound lot.

3. On September 13, 2016, Central Towing (“Central”) of Hyattsville, a separate tow company, towed Respondent’s vehicle to her residence. Later that day, Respondent contacted GEICO and reinstated the automobile insurance policy for her 2012 Mazda.

4. On September 14, 2016, GEICO sent Respondent a letter denying her claim as her insurance policy had lapsed on September 2, 2016; therefore, she had no insurance coverage at the time of the accident.

5. On September 27, 2016, Respondent reported to GEICO that her 2012 Mazda was struck while parked and unoccupied on the street in front of her home. GEICO assigned claim number 0411237370101058.

6. On September 28, 2016, GEICO referred Respondent’s latest claim to its special investigations unit (“SIU”) as the loss occurred within 20 days of policy renewal subsequent to cancellation.

7. A GEICO investigator contacted CHDT, and a representative reported that the company towed Respondent’s 2012 Mazda on September 12, 2016, to its facility. Further, the CHDT representative recalled the Mazda had suffered fire damage, and was not drivable.

8. On September 28, 2016, an SIU investigator contacted a representative from Central. The representative confirmed that on September 13, 2016, Central removed Respondent’s Mazda from CHDT’s facility and towed it to Respondent’s residence.

9. On September 29, 2016, a GEICO automobile damage appraiser examined Respondent’s Mazda at her residence. The appraiser observed that Respondent’s vehicle had sustained fire and collision damage and did not appear to be drivable. The damage appraiser asked Respondent about the September 12, 2016, accident and she denied knowledge of that accident.

10. On September 30, 2016, the SIU investigator contacted the attorney for the other driver involved in September 12, 2016, accident with Respondent. The attorney provided photographs of Respondent's Mazda taken the date of that accident by his client, along with a copy of the crash report. The SIU investigator provided the photographs to the GEICO damage appraiser, who confirmed the damage in the photographs was identical to the damage he observed when he inspected Respondent's vehicle on September 29, 2016.

11. On October 1, 2016, the SIU investigator interviewed Respondent who advised she left her residence the morning of September 27, 2016, and returned at about 7:00 p.m. when she noticed that her Mazda sustained damage to the driver's side front bumper and hood, caused when someone side-swiped her car. She informed the investigator that her Mazda was not drivable as a result of the September 12, 2016, accident and although there was damage to her fender and front end from the previous accident, the damage was worse as a result of the September 27, 2016, hit and run accident. Respondent reported that a tow company brought her Mazda to her home and left it on the street against the curb.

12. On October 1, 2016, the GEICO investigator again contacted the representative from Central who advised that the tow truck driver took Respondent's vehicle to her residence on September 13, 2016, and left the vehicle in Respondent's driveway and not on the street.

13. 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.

14. During the course of its investigation an MIA investigator contacted GEICO and confirmed its handling of the Respondent's claim.

15. An MIA investigator reviewed the September 12, 2016, crash report, which stated that Respondent rear-ended another vehicle that was stopped in traffic. Respondent's vehicle sustained damage to the front driver side and caught fire. Her Mazda was described as "destroyed," and was towed from the accident scene.

16. On November 16, 2016, an MIA investigator interviewed the GEICO damage appraiser. He recalled that he examined Respondent's vehicle at her residence on September 29, 2016. The vehicle was in Respondent's driveway and had sustained fire and collision damage and did not appear to be drivable. The appraiser asked Respondent if any of the damage was caused by the September 12, 2016 accident, and Respondent denied knowledge of that accident. The damage appraiser confirmed he received photographs of the September 12, 2016 accident, which displayed images of Respondent's Mazda while it was on fire at the scene; he concluded the damage in the photographs was identical to the damage he observed during his September 29, 2016, inspection.

17. On November 17, 2016, an MIA investigator interviewed a representative from Central who confirmed Respondent's vehicle was towed to her residence on September 13, 2016. The representative observed that Respondent's vehicle had sustained collision damage and was not drivable. Additionally, Respondent asked "over and over to leave the vehicle in her driveway," adding that Central does not generally leave a disabled vehicle on a customer's property; instead they prefer to move disabled vehicles to either a repair facility or a salvage yard to avoid neighborhood complaints. The representative advised that Central never leaves a disabled vehicle on a residential street or roadside because of complaints from residents and the

inherent danger of having a disabled vehicle on the roadside. The representative confirmed that the tow truck driver was positive he left Respondent's vehicle in her driveway.

II. Violation(s)

18. 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:

19. § 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.

20. § 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.

21. By the conduct described herein, Respondent knowingly violated § 27-403. Because the fraudulent insurance act of submitting a false statement in support of a claim is complete upon submission of the false statement and is not dependent on payment being made, Respondent committed a violation of the insurance article when she made a false statement to

GEICO. As such, Respondent is subject to an administrative penalty under the Insurance Article § 27-408(c).

III. Sanctions

22. 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.

23. Having considered the factors set forth in § 27-408(c)(2) and COMAR 31.02.04.02, the MIA has determined that \$1,500.00 is an appropriate penalty.

24. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-17-1078A) and name (Latasha Mills). 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.

25. 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 6th day of January 2016, **ORDERED** that:

Latasha Mills shall pay an administrative penalty of fifteen hundred (\$1,500.00) 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.