

will file the claim and contact HomeTech with all necessary claim information. And, HomeTech will represent us in all matters concerning this adjustment and appointment in determining the fair replacement cost value of our losses relative to the aforementioned. All adjusting negotiations and servicing responsibilities will be handled through HomeTech. Additionally, Once HomeTech begins its adjusting, negotiating and servicing responsibilities under this agreement, buyer agrees that HomeTech will be paid the amount that HomeTech and the buyer(s) insurance company agree upon for the work... Finally, All checks issued by the insurance company and/or mortgage company in payment for the services provided herein shall list the customer and HomeTech as co-payees...

3. On October 13, 2016, an Erie claims representative (“CR”) received a call from a HomeTech representative. He stated he was not in agreement with Erie’s adjuster, and requested that the estimate be examined. The CR advised she could not release information to him concerning the claim, but if the insured had concerns about the claim or payment, the insured could call Erie directly. The HomeTech representative told the CR, he was a preferred contractor and had papers signed by the insured that permitted him to handle the claim for her. The CR asked the HomeTech representative if he was a public adjuster, he replied no, he was the contractor and was handling the file on behalf of the insured. The representative requested a call back from an Erie claims supervisor and issuance of a check “today or tomorrow” for the roof, as the insured was demanding the roof be replaced like their neighbors or they would cancel the policy.

4. 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.

On February 2, 2017, having a good faith belief that Respondent were acting as unlicensed public adjusters, in violation of the insurance article, Erie made a referral to the MIA.

5. During the course of its investigation, the MIA contacted Erie and confirmed its handling of the foregoing claim.

6. The Administration's investigation concluded that HomeTech is a licensed home improvement contractor with the Maryland Home Improvement Commission ("MHIC") and is an incorporated business in good standing. The Administration's investigation determined HomeTech did not have a Public Adjuster's license.

7. The Administration investigated four additional homeowner's insurance claims wherein each homeowner (hereafter identified as HO1, HO2, HO3, and HO4) entered into contracts with HomeTech.

8. HO1 had homeowner's insurance with Erie and after noticing damage to his roof subsequent to a storm in March, 2014, contacted HomeTech for a repair estimate. HO1 made a claim with Erie on April 5, 2014, and entered into a contract for repairs with HomeTech the same day.

9. HO2 had homeowner's insurance with Nationwide Mutual Insurance Company ("Nationwide") and his roof sustained damage after a storm in April, 2014. He made a claim with Nationwide. HO2 entered into a contract with HomeTech after being approached by a HomeTech sales representative.

10. HO3 had homeowner's insurance with Frederick Mutual Insurance Company and subsequent to a storm in June, 2016, made a claim with his insurer for damage sustained to his roof. HO3 contacted HomeTech for a damage repair estimate and signed a contract with HomeTech on June 22, 2016. According to HO3, the HomeTech representative who presented the contract said he would "take care of things with the insurance company."

11. HO4 had homeowner's insurance with Erie. HO4 made a homeowners claim with his insurer after storm damage to his roof in July, 2017. HO4 contacted HomeTech for repairs to his roof and signed a contract with HomeTech on September 1, 2017. According to Erie's claim log, the Erie representative noted, "A person in the background telling the insured exactly what to say and how to say it. [Erie] Agent asked who this person was and insured [HO4] advised it was the contractor, HomeTech." The Erie representative noted concern that the HomeTech representative told HO4 "word for word" what to say and how to report the claim.

12. MIA obtained executed copies of contracts from each homeowner and the homeowners confirmed they signed their respective contracts with a HomeTech representative. Each contract contained language identical to that referenced in paragraph two above, wherein HomeTech asserted it would represent the homeowner in all matters concerning the adjustment and negotiation of the homeowner's insurance claim with their insurer and would be paid for that service.

13. MIA examined HomeTech's website and noted under the storm damage link, <http://www.HomeTechexterior.com/repair-services/hail-damage/>, paragraph two, second sentence,

"Only a trained Maryland hail damage specialist can uncover hidden problems in every aspect of the exterior of your home. We will inspect your entire home, including climbing on the roof and checking it up close. After our inspection we will provide you with a detailed report and **work with your insurance company.**" *[Emphasis added.]*

14. In addition, HomeTech's website contained the following post on the web page at the following address: <http://www.HomeTechexterior.com/uncategorized/hurricane-sandy-storm-damage-repair/>

Hurricane Sandy Storm Damage Repair! Posted on February 4, 2013, by HomeTech exterior - *Immediately after the storm we put this page up on*

our site. We decided to move it to our blog now that the majority of our clients have repaired the damage. However, we wanted to keep this information on the site since we had so much response, so many questions and did a ton of work in the area, repairing damage both large and small. So here is the page that had been up speaking to Sandy repair:

...IF YOUR HOME WAS DAMAGED BY HURRICANE SANDY, WE CAN HELP!

HOMETECH Exteriors is an expert at making emergency repairs to help keep your home or business safe from further damage. Then we'll work to restore your roofing system, siding, windows and other exterior portions of your home or business that suffered storm damage. We will also work closely with your insurance company to help speed the claims process. [Emphasis added.]

15. Respondent's conduct made, published, disseminated, circulated, placed before the public, or caused directly or indirectly to be made, published, disseminated, circulated, or placed before the public advertisements, announcements, or statements that contain assertions, representations, or statements about the business of insurance or about a person in the conduct of the insurance business that were untrue, deceptive, or misleading.

16. On January 18, 2018, the Administration issued an Order against HomeTech, LLC, for violations of the Insurance Article. Subsequent investigation by the Administration revealed the information contained in paragraphs 8-12, which necessitated the issuance of an Amended Order.

II. Violation(s)

17. 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:

18. **Section 10-401(g)**¹ of the Insurance Article provides as follows:

¹ The failure to designate a particular provision in this proposed order does not deprive the Commissioner of the right to rely on that provision. The order also does not contain references to regulations contained in Title 31 (Maryland Insurance Administration) of the Code of Maryland Regulations (COMAR), which may be applicable.

(g)(1) "Public adjuster" means a person who for compensation or any other thing of value:
(i) acts or aids, solely in relation to first-party claims arising under an insurance policy that insures real property of the insured, on loss or damage covered by an insurance policy;
(ii) except as provided in § 10-403 of this subtitle, directly or indirectly solicits for employment as a public adjuster of insurance claims, solicits business, or represents oneself to the public as a public adjuster of a first-party insurance claims for losses or damages arising out of insurance policies that insure real or personal property;
or (iii) investigates or adjusts losses, or advises an insured about first-party claims for losses or damages arising out of an insurance policy the insures real or personal property for another person engaged in the business of adjusting losses or damages covered by an insurance policy, for the insured.

19. **Section 10-403(a)** of the Insurance Article provides as follows:

(a) Except as otherwise provided in this subtitle, a person must obtain a license before the person acts as a public adjuster in the State.

20. **Section 27-405(a)(1)** of the Insurance Article provides as follows:

(a) It is a fraudulent insurance act for a person to act as or represent to the public that the person is:

(1) an insurance producer or a public adjuster in the State if the person has not received the appropriate license under or otherwise complied with Title 10 of this article[.]

21. **Section 4-205(b)** of the Insurance Article provides as follows:

An insurer or other person may not, directly or indirectly, do any of the acts of an insurance business set forth in subsection (c) of this section, except as provided by and in accordance with the specific authorization of statute.

22. **Section 4-205(c)** of the Insurance Article provides as follows:

(6) except as provided in subsection (d) of this section, with respect to a subject of insurance resident, located, or to be performed in the State, directly or indirectly acting as an insurance producer for, or otherwise representing or helping on behalf of another, an insurer or other person to:

* * *

(vii) investigate or adjust claims or losses;

* * *

(ix) in any other manner represent or help an insurer or other person to transact insurance business;

- (7) doing any kind of insurance business specifically recognized as doing an insurance business under statutes relating to insurance;
- (8) doing or proposing to do any insurance business that is substantially equivalent to any act listed in this subsection in a manner designed to evade the statutes relating to insurance[.]

23. **Section 27-203** of the Insurance Article provides as follows:

A person may not make, publish, disseminate, circulate, place before the public, or cause directly or indirectly to be made, published, disseminated, circulated, or placed before the public in a newspaper, magazine, or other publication, in the form of a notice, circular, pamphlet, letter, or poster, over a radio or television station, or in any other way, an advertisement, announcement, or statement that contains an assertion, representation, or statement about the business of insurance or about a person in the conduct of the person's insurance business that is untrue, deceptive, or misleading.

24. **Section 4-212** of the Insurance Article provides as follows:

An unauthorized insurer or person that violates this subtitle is subject to a civil penalty of not less than \$100 but not exceeding \$50,000 for each violation.

25. **Section 27-408(c)** of the Insurance Article provides as follows:

(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.

26. A Public Adjuster is an insurance claim adjuster who acts as an advocate for a policyholder in appraising and negotiating a first party property insurance claim. Public

Adjusters must be licensed by the Administration. Public Adjusters act as the insured's representative in dealings with the insurance company.

27. When stating, by contract, that the company will represent its customer in all matters concerning this adjustment of the insurance claim, Respondent represented itself as an authorized Public Adjuster, despite lacking any such authority or license threatening the well-being of Maryland citizens and residents. The public justifiably expects the Maryland Insurance Administration and the Maryland Insurance Commissioner to ensure that only competent and trustworthy public adjusters are permitted to conduct the business of insurance in the State and with Maryland consumers. Respondent's conduct violated §§ 4-205(b) & (c)(6), (7), and (8), 10-403(a), 27-203, and 27-405(a) of the Insurance Article. As such, Respondent is subject to an administrative penalty under the Insurance Article §§ 27-408(c) and 4-212.

III. Sanctions

28. 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.

29. By the conduct described herein, Respondent violated §§ 10-403(a), 27-405(a)(1) and are subject to the imposition of administrative penalties under the Insurance Article.

30. Having considered the factors set forth in § 27-408(c)(2) and COMAR 31.02.04.02, the MIA has determined that \$25,000.00 is an appropriate penalty against HomeTech.

31. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2017-2346A) and name (HomeTech,

LLC). 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.

32. Effective the date of this Amended Order, Respondent shall not engage in any public adjuster business activity within the State of Maryland and shall within forty-eight hours of the date of this Amended Order, remove language which indicated, *HomeTech will represent us in all matters concerning this adjustment and appointment...* of an insurance claim, and amend/modify its webpage that represents HomeTech to the public as an adjuster of first party insurance claims for losses or damages arising under insurance contracts.

33. This Amended 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 Amended Order.

WHEREFORE, for the reasons set forth above, and subject to the right to request a hearing, it is this 22 day of March 2018, **ORDERED** that:

(1) HomeTech, LLC shall pay an administrative penalty of twenty five-thousand dollars (\$25,000.00) within 30 days of the date of this Order; and

(2) HomeTech, LLC will amend all contracts within forty-eight (48) hours of the date of this Order which, promise to *represent us in all matters concerning this adjustment and appointment in determining the fair replacement cost value of our losses relative to the aforementioned;*

(3) HomeTech, LLC will immediately cease soliciting business or representing itself to the public as an adjuster of first party insurance claims for losses or damages arising under insurance contracts that insure the real or personal property, or both, of an insured;

(4) HomeTech, LLC will amend/modify its webpage within forty-eight (48) hours of the date of this Order which, represents itself to the public as an adjuster of first party insurance claims for losses or damages arising under insurance contracts; and

(5) HomeTech, LLC will immediately cease soliciting business, investigating or adjusting losses, or advising an insured about insurance claims for losses or damages arising under insurance contracts for compensation, directly or indirectly.

ALFRED W. REDMER, JR.
Insurance Commissioner

signature on original

BY:

STEVE WRIGHT
Associate Commissioner
Insurance Fraud Division