

IN THE MATTER OF THE

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BEFORE THE MARYLAND

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MARYLAND INSURANCE
ADMINISTRATION

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INSURANCE COMMISSIONER

*

v.

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CASE NO. : MIA-2018-02-015

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COLEMAN'S HOME
IMPROVEMENT, LLC
C/O DENNIS A. RAYSOR
2437 Maryland Avenue, Suite 1
Baltimore, Maryland 21218

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Fraud Division File No.: R-2018-2041A

ORDER

This Order is entered by the Maryland Insurance Administration ("MIA") against Coleman's Home Improvement, LLC ("Respondent" or "Coleman's") care of, Dennis Raysor ("Raysor") pursuant to §§ 2-108, 2-201, 2-204 and 2-405 of the Insurance Article, Md. Code Ann. (2017 Repl. Vol. & Supp.)("the Insurance Article").

I. Facts

1. A "certificate of insurance" ("COI") is a document that is prepared and provided by an insurer or insurance producer as evidence of property or casualty insurance coverage. Insurance Article § 19-116(a)(3)(i). Section 19-116(g) of the Insurance Article states, "a person may not prepare or issue a certificate of insurance that the person knows contains false or misleading information or that purports to amend, alter, or extend the coverage provided by the policy of insurance referenced in the certificate."

2. The COI is an important document in that it serves as evidence to customers, contractors or other third parties that the insured has obtained insurance. It indicates that the business or individual named as the insured has the financial resources available to protect those who may come to harm through the insured's negligence.

3. Respondent is owned by Raysor and its address is 2437 Maryland Avenue, Suite 1, Baltimore, Maryland 21208.

4. Respondent was a sub-contractor for DMG Properties, LLC ("DMG"). As such, it provided DMG with a COI, reflecting it had active general liability insurance until November 21, 2017 and active workers' compensation insurance until December 1, 2017. The insurance producer was identified as The Pennoyer Group ("Pennoyer"). The insurer for the general liability insurance was identified as Selective Insurance Company "Selective," and the workers' compensation insurer was identified as Injured Workers Insurance Fund.

5. In December 2017, a DMG representative conducted a monthly inspection of its COI's and noticed Respondent's COI had expired. Therefore, the representative contacted Pennoyer, which determined Respondent's general liability policy canceled in January, 2015, and the workers' compensation policy canceled in April, 2014.

6. A DMG representative emailed a copy of Respondent's COI to Pennoyer. A Pennoyer representative examined the COI and noted several discrepancies, citing, "the most disturbing part," [of the COI] is when you call the phone number listed for the Pannoyer agent, a voicemail recording says, "You have reached [named Pennoyer employee] of The Pennoyer Group," although it is "clearly not" the employee's voice. Further, the voice message says, if you need a COI you can email your request; the stated email address was not associated with Pennoyer. Additionally, the agent's phone number listed on the COI is not and has never been a Pennoyer office number.

7. 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.

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

8. On January 31, 2018, MIA investigator contacted Pennoyer. A representative confirmed *inter alia*, the following:

- The expiration date for the workers' compensation insurance was changed to December 1, 2017, although it expired on April 27, 2014.
- The expiration date for the general liability insurance was changed to November 21, 2017, although it expired on January 9, 2015.
- A Pennoyer agent whose signature appeared on the COI retired in 2015, and the second agent named on the COI changed her name two years ago.

9. On February 2, 2018, an MIA investigator interviewed a DMG representative. She confirmed that as a sub-contractor, Respondent submitted a COI to DMG. When conducting an inspection of COI's in December, 2017, she noticed Respondent's COI had expired. She contacted Pennoyer to obtain a current COI and learned the workers' compensation and general liability policies had expired.

II. Violation(s)

10. 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:

11. **§ 19-116(g)**

A person may not prepare or issue a certificate of insurance that the person knows contains false or misleading information or that purports to amend, alter, or extend the coverage provided by the policy of insurance referenced in the certificate.

12. **§ 27-406(5)**

It is a fraudulent insurance act for a person:

(5) with intent to deceive, knowingly to exhibit a false account, document, or advertisement about the affairs of an insurer.

13. § 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.

14. By the conduct described herein, Respondent knowingly violated § 19-116(g) and § 27-406(5). As such, Respondent is subject to an administrative penalty under the Insurance Article § 27-408(c).

III. Sanctions

15. Respondent submitted a COI to DMG Properties reflecting it had workers' compensation insurance with Injured Workers Insurance Fund and general liability insurance with Selective although the policies terminated several years earlier. Having considered the factors set forth in § 27-408(c)(2) and COMAR 31.02.04.02, the MIA has determined that \$10,000.00 is an appropriate penalty.

16. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2018-0643A) and name, (Coleman's Home Improvement, LLC, C/O Dennis Raysor). 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.

17. This Order does not preclude any potential or pending action by any other person, entity, or government authority, regarding any conduct by Respondent including the conduct that is the subject of this Order.

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

Coleman's Home Improvement, C/O Dennis Raysor shall pay an administrative penalty of ten-thousand dollars (\$10,000.00) 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 served. 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.