

contractors or other third parties that the business has obtained insurance. The COI 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. Section 19-116(g) 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.

4. Marroquin, a sole proprietorship, is a welding business registered with the Virginia Department of Professional and Occupational Regulation ("DPOR"), license number 2705143584. Marroquin's principal business location is Stafford, Virginia. Amado is the sole proprietor and owner of Marroquin.

5. Eddy's Welding, Inc. (hereinafter "Eddy") is a Maryland licensed welding company. Eddy engaged Marroquin as a subcontractor to do business in Maryland. As a business practice, Eddy requires its subcontractors to have certain insurance coverage in place as a condition of their engagement. Eddy also requires its subcontractors to demonstrate proof of the existence of the required coverages by submitting a current, accurate COI. Absent the existence and confirmation of the required insurance, Eddy will not engage an entity as a subcontractor. Consequently, Eddy asked Marroquin for a copy of a COI as proof that it had the requisite insurance coverages.

6. On February 22, 2022, in response to Eddy's request, Respondent Amado personally delivered to "James," a representative for Eddy, at a job site in Prince George's County, Maryland, what Amado represented to be a COI issued to Marroquin evidencing its then current in-force insurance coverage. The document proffered as a COI by Amado identified certain coverages allegedly procured for Marroquin by Seguros R. Vasquez, Inc. ("Seguros"), a Maryland

licensed insurance producer. The COI represented that Marroquin had the following active insurance coverages:

- Automobile liability insurance, policy number CA-00063**, issued by Agency Insurance Company ("AIC") effective from March 7, 2021 to March 7, 2022;
- Commercial general liability insurance, policy number PUB**-*, issued by TAPCO Underwriters, Inc. ("TAPCO"), effective from March 7, 2021 to March 7, 2022.

7. In accordance with its standard practice, Eddy's Chief Operating Officer ("COO"), contacted Seguros to verify the authenticity and accuracy of the COI submitted by Amado. The COO forwarded a copy of the purported COI by email to Paola Vasquez-Treese ("Treese"), a Maryland licensed insurance producer and the general manager of Seguros. Treese examined the purported COI and informed the COO by return e-mail that it appeared that it was a fraudulent COI.

Treese's email stated, in pertinent part:

"... Can you please let me know where you received this COI from? We do not have this policy in our system and have reason to believe that this is a fraudulent COI that was provided to you (and not from our agency).

The insured does have a commercial auto insurance policy with the agency; however [*sic*] the dates are wrong on the COI that you have...

Also, the last Commercial General Liability policy that they had was cancelled on 09/17/2020.

It looks like someone re-typed the dates and the certificate holder information as the font is different than our system – and there is no record of our ever processing a COI for your company."

8. On March 31, 2022, Treese reported to the MIA that:

One of my insured [Marroquin] had a Commercial General Liability Policy with us [Seguros] and cancelled the policy in 9/2020. It appears that they [Marroquin] fraudulently 'copy and pasted' different effective and expiration dates and provided it [the COI] to one of their general contractors. They [Marroquin] put the certificate holder name and updated dates on the certificate of insurance. This copy never went through my office, nor was this policy ever in effect during the dates listed. The effective dates listed on the attached COI [Fraudulent COI] show: 03/07/2021 – 03/07/2022 Also, the dates on the commercial auto were

altered. He does have an active commercial auto policy; however, the dates should be: 10/10/2021 – 10/10/2022.

Treese provided the MIA with a copy of the fraudulent COI. The MIA, Fraud and Enforcement Division opened an investigation.

The MIA Investigation

9. An MIA investigator interviewed Treese, who reported that Seguros had placed commercial general liability insurance coverage for Marroquin through TAPCO. However, the general liability policy procured by TAPCO had been in effect from September 17, 2019 to September 17, 2020, not from March 7, 2021 to March 7, 2022, as reflected on the fraudulent COI. Treese reported that the general liability policy was not renewed and, consequently, expired on September 17, 2020. Treese also advised that Seguros had placed commercial automobile liability insurance coverage for Marroquin directly with AIC. The AIC automobile policy was issued for a one-year period from October 10, 2021 to October 10, 2022, not from March 7, 2021 to March 7, 2022, as reflected on the fraudulent COI.

10. A TAPCO representative provided the MIA investigator with a copy of the declaration page for the general liability insurance policy issued and delivered to Marroquin through TAPCO and Seguros. Per the declaration page, the general liability policy was issued by "Scottsdale Insurance Company," a subsidiary of Nationwide Insurance Company, through TAPCO, the Managing General Agent ("MGA"). The policy period listed on the declaration page was from September 17, 2019 through September 17, 2020, not from March 7, 2021 to March 7, 2022, as reflected on the fraudulent COI. The annual premium was stated as \$2,529.66.

11. An MIA investigator interviewed a representative for Scottsdale, who confirmed that the COI Respondent submitted to Eddy, which reflected that Marroquin was insured by TAPCO from March 7, 2021 to March 7, 2022, was false. The Scottsdale representative advised that

Marroquin had general liability insurance through Scottsdale that had been place by TAPCO, but confirmed that that policy had expired on September 17, 2020. The Scottsdale representative also advised that Marroquin subsequently obtained a new general liability insurance policy from Scottsdale, but that the new policy had not gone into effect until March 9, 2022, two days after the March 7, 2022 end date reflected on the fraudulent COI.

12. On July 12, 2022, an MIA investigator interviewed James, the Eddy employee to whom Amado had given the fraudulent COI. James confirmed that on February 22, 2022, Amado personally delivered the fraudulent COI directly to him at a job site in Prince George's County, Maryland. In a follow-up interview, Eddy's COO advised that Eddy had no record of receiving the COI from Marroquin or Amado via email.

13. On July 22, 2022, an MIA investigator interviewed a representative for AIC, who confirmed that Marroquin had an active commercial automobile policy under policy number CA-00063**, which initially took effect on October 10, 2016, and was renewed annually. The AIC representative examined the purported COI Amado submitted to Eddy's representative on February 22, 2022, and reported that the policy period reflected on the fraudulent COI was incorrect. The representative of AIC also stated that a validly issued COI would never reflect March as an effective date for coverage of the AIC policy, because the policy was originally issued in October for a one-year period and all renewals would be effective in October, not March of a given year.

14. An investigator for the MIA confirmed that: (a) on February 22, 2022, Amado personally delivered the fraudulent COI to Eddy's representative, which falsely reflected that Marroquin had the requisite general liability insurance as of that date; (b) no Scottsdale general liability insurance policy issued through TAPCO was in effect from March 7, 2021 to March 7, 2022; and

(c) although the AIC automobile liability insurance policy reflected on the fraudulent COI was in force at the time the COI was presented to Eddy, the effective dates had been altered to reflect March 7, 2021 to March 7, 2022, when the actual coverage dates were October 10, 2021 to October 10, 2022.

15. On August 2, 2022, Amado contacted the MIA investigator. Amado identified himself as the owner of Marroquin. Amado alleged that one of his workers who no longer works for Marroquin emailed the COI to Eddy. When the MIA investigator confronted Amado with information that he himself hand delivered the fraudulent COI to a representative for Eddy, Amado admitted that he in fact personally delivered the fraudulent COI to an Eddy representative at a job site around "March 2022."

II. VIOLATIONS

16. In addition to all relevant sections of the Insurance Article, the MIA relies on the following pertinent sections of the Insurance Article, which apply to acts and omissions of the Respondents in the State.²

§ 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.

§ 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.

§ 27-408(c)

² The failure to designate a particular provision in this proposed Order does not deprive the Commissioner of the right to rely on that provision.

(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.

17. Respondents knowingly violated §§ 19-116(g) and 27-406(5) of the Maryland Insurance Article, and are therefore subject to the imposition of an administrative penalty in accordance with § 27-408(c).

III. SANCTIONS

18. Respondents submitted a fraudulent COI which falsely reflected that Marroquin had commercial general liability insurance with Scottsdale issued through TAPCO from March 7, 2021 to March 7, 2022. The fraudulent COI also stated that Marroquin had automobile liability insurance, which was, in fact, in force at the time; however, Respondents altered the effective dates of that policy to match the effective dates of the Scottsdale policy.

19. Having considered the factors set forth in § 27-408(c)(2), the MIA imposes an administrative penalty in the amount of \$3,000.00 against Marroquin Welding and Amado V. Marroquin Sr., jointly and severally.

20. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2022-3419A) and Respondents' names (Marroquin Welding and Amado V. Marroquin Sr.). Payment of the administrative penalty shall be sent to the attention of: Acting Associate Commissioner Joseph Smith, Insurance Fraud and

Enforcement Division, 200 St. Paul Place, Suite 2700, Baltimore, Maryland 21202. Unpaid penalties will be referred to the Central Collections Unit for collection.

21. This Order does not preclude any potential or pending action by any other person, entity, or government authority, regarding any conduct by the 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 24th day of January 2023, **ORDERED** that:

Amado V. Marroquin Sr. and Marroquin Welding shall jointly and severally pay an administrative penalty of Three Thousand dollars (\$3,000.00) within 30 days of the date of this Order;

KATHLEEN A. BIRRANE
Insurance Commissioner

BY: **signature on original**
JOSEPH E. SMITH
Acting Associate Commissioner
Insurance Fraud and Enforcement 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: Melanie Gross, Executive Assistant to the Deputy Commissioner. 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.