

IN THE MATTER OF THE

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**MARYLAND INSURANCE
ADMINISTRATION**

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CASE NO.: MIA-2023-06-011

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v.

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**CHESAPEAKE REMODELING
GROUP, LLC.
C/O Carlo M. Pinto
Managing Partner
2809 BOSTON STREET STE 504
BALTIMORE, MD 21224**

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Fraud Division File No.: T-2023-0070

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CONSENT ORDER

This Order is entered by the Maryland Insurance Administration ("MIA" or the "Administration") with the consent of Chesapeake Remodeling Group LLC. ("Chesapeake" or "Respondent") 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"), for the violations of the Maryland Insurance Article identified and described.¹

I. RELEVANT MATERIAL FACTS

1. A public adjuster is defined in the Insurance Article to include a person who, for compensation, acts for or assists a policyholder in assessing the value of, negotiating for, or effecting the settlement of a first property insurance claim under a property and casualty policy that insures the policyholder's real or personal property. See Md. Code Ann. Insurance § 10-401(g). A person is required to be licensed to act as a public adjuster in the State. See Md. Code Ann., Insurance § 10-403(a).

¹ Unless otherwise indicated, all statutory references in this Order are to the Insurance Article of the Maryland Code.

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2. Chesapeake is a limited liability company registered with the State of Maryland (license # Z19005503). Chesapeake's principal office is in Baltimore, Maryland. Carlo M. Pinto ("Pinto") is the Managing Partner for Chesapeake. Neither Chesapeake nor Pinto have ever been licensed to act as a public adjuster in Maryland.

3. On or about September 2022, the MIA examined Chesapeake's website and identified possible indications of unlicensed public adjuster activity. Consequently, an investigation was opened.

4. An MIA investigator thoroughly examined Chesapeake's website, social media publications and consumer reviews, and identified the content, in pertinent part:

Chesapeake's website - <https://chesapeakeremodelinggroup.com/storm-restoration/insurance/>

a) Roof Insurance Claims Baltimore MD | Chesapeake Remodeling Group:

How to File a Roof Insurance Claim for Your Home or Business in the Baltimore Metro Area.

Filing an insurance claim for storm damage is likely not a process you're familiar with. The odds are that this is the first time you've had to deal with this kind of destruction to your property and you're not sure where to begin. Thankfully for homeowners and business owners in the Baltimore, Maryland, area, there's Chesapeake Remodeling Group. **We are experts at filing roof insurance claims** [emphasis added] and repairing homes and businesses that have sustained storm damage. **We can help you through the process from beginning to end.** [emphasis added]

How the Process Works

Before you report the storm damage to your insurance company, call Chesapeake. We want to be able to inspect your property first so that we can notate all of the damage we see. We'll come to your home or business to provide a full roof inspection and then advise you on the right course of action. If the damage we see is consistent with wind and/or hail, we will recommend filing an insurance claim.

We can walk you through that process, [emphasis added] if desired.

Once you've made the claim, an insurance adjuster will schedule a time to come to your home or business to inspect the damage. You should have a professional from Chesapeake on hand during this inspection to make sure the adjuster properly notates the damage and nothing is left unexamined.

Next, you'll receive the insurance claim summary. We'll go over this summary with you so that you understand what is included and what it means for you. If necessary, we will request adjustments to this summary if it doesn't contain everything we documented originally.

* * *

If you have storm damage at your home or business in the Baltimore, MD, area, contact Chesapeake Remodeling Group. **We'll be glad to help you through the process of filing a roof insurance claim** [emphasis added] and can expertly complete the repairs your property needs.

b) Hail Damage Repair:

After our inspection is complete, we will discuss the damage that we found and, if it is consistent with hail or wind damage, we will recommend filing a claim with your insurance company, which is **a process we can facilitate for you.** [emphasis added]

c) Wind Damage Repair:

The Insurance Claims Process

Here at Chesapeake, we know that filing a storm damage claim can be frustrating, and receiving the reimbursement can take longer than expected. That's why we offer our **assistance in facilitating this process from beginning to end.** We'll start with a full property inspection to determine the extent of the wind damage repair, **help you file an insurance claim,** and be on-site when the insurance adjuster visits your home or business. When you receive your insurance claims summary, we'll review it with you.

d) Roof Repair:

...We will take care of the roof repair you need and even **help you through the insurance claims process,** if necessary.

E) Roof inspection:

...If the damage is consistent with wind and/or hail, we will recommend filing a storm damage insurance claim-a process we can help out with!

f) Storm damage:

...You can trust that we have intricate knowledge of the insurance claims process. Let us help you navigate this often-confusing process-we'll be there for you from beginning to end.

Call

Our Storm Damage Repair Process

After noticing storm damage at your home or business, the first step you should take is to call Chesapeake. While you may be tempted to call your insurance company first, it's important to have a licensed roofer inspect your roof before the insurance company does.

Assistance in filing a claim – If the damage we find is consistent with wind and/or hail, we will instruct you to file a claim with your insurance company.

Working with your insurance adjuster – We'll be on hand when your insurance adjuster comes to inspect your property to ensure he or she thoroughly documents all of the damage.

Reviewing your insurance claim summary – Once you receive the insurance claim summary, we will review it with you so that you understand everything that is included and what it means for you.

Chesapeake Facebook - <https://www.facebook.com/crggo/>

November 13, 2020

Another day at the office. Our guy, *** meeting with an adjuster. Storm damage to your roof? We are there for you from start to finish. Contact us today and learn how we help insurance cover your roof damage.

March 5, 2021

Another day, another roof! Check out this before & after done by our Team #ChesapeakeRemodelingGroupCall today for a free, no-obligation roof inspection and see if you qualify for a roof replacement! We will file a claim with your homeowner's insurance and replace your roof for only the cost of your deductible (410) 844-3011

May 4, 2021

If your roof looks like this, you MAY want to give us a call!
Call today for a free roof inspection. If we find evidence of storm damage, we will help you file a claim with your homeowner's insurance to get your roof replaced for just the cost of your deductible! (410)844-3011.

Google Reviews:

- I have got severe wind damage to my roof earlier this year; one of my neighbors recommended Chesapeake Remodeling Group to me. The inspection team from

CRG [Chesapeake] came and did the damage assessment quickly. Mr. *** helped me to file the claim to insurance and explained the process clearly to me. *** made the claim process painless for me. The crew from CRG was so professional and super friendly too! They showed up at 7:30 AM; at 3:30 PM we have got a beautiful architecture shingle roof on our house. They had put covers around my house to protect the shrubs before the work, and cleanup small debris afterwards. I am very happy and grateful to Chesapeake Remodeling Group for their superb services! Highly recommended!

I just had my first contact today with ***. He is very professional and just an all around respectful person. He's very knowledgeable and answers all of the questions that you may have. I like that they will talk to the insurance company for you. I hate talking to the insurance companies. I will update as the process continues.

* * *

- It was an absolute pleasure to work with *** and Chesapeake Remodeling. My roof was damaged due to weather. *** worked directly with me and my insurance company and made the process simple, fast, and flawless...

* * *

- There are so many positive things to say about Chesapeake roofing. First they dealt with my Insurance [*sic*] company from start to finish...

* * *

- Chesapeake Remodeling did a wonderful job replacing the roof. *** worked with the insurance company and saved me all the hassle!

* * *

5. An MIA investigator performed an Insurance Services Office ("ISO") claims search and identified claims wherein Chesapeake was the name contractor.

6. On February 28, 2023, an MIA investigator interviewed a homeowner, hereinafter "D.G.," identified through the ISO search. D.G. reported that a Chesapeake representative came to her home, unsolicited, and performed a roof inspection. The Chesapeake representative advised D.G. that he would handle everything with the insurance company and make sure her insurance would

take care of her roof repairs. D.G. provided screen shots of the following text messages she had with the Chesapeake representative, following his inspection:

- Chesapeake representative:

We inspected the roof today, there is enough damage to have insurance come out and take a look, roughly 65-70 shingles show wind and at least 1 missing shingle on ridge cap.

- D.G.:

So im [*sic*] new to this, but in your experience, is that enough to get sufficient help for a new roof?

- Chesapeake representative:

We chalked ones that we saw will wash away. I do need your policy number in order to put in a claim. It should be enough to get full replacement I will fight tooth and nail to get you the best outcome.

7. Although D.G. did not use Chesapeake to perform work at her home, she provided the MIA investigator with a copy of a "Contingency Contract" she entered into with Chesapeake, which stated, in pertinent part:

I/We, owner of the property located at *** agree to have CHESAPEAKE REMODELING GROUP represents me/us and assist in obtaining my/our insurance company's good faith approval for the funds needed for restoration and repairs to said property if work is approved. I grant CHESAPEAKE REMODELING GROUP permission to work directly with my insurance carrier on any adjustments (supplemental billing) necessary for my insurance claim work scope. (i.e. Missing damage items, incorrect pricing and GC overhead & profit, in order to have an accurate claim settlement work scope)

This is a binding agreement. If the insurance company does not agree to pay for all needed repairs, this agreement is automatically terminated. In such event, the property owner will not owe anything to CHESAPEAKE REMODELING GROUP; and CHESAPEAKE REMODELING GROUP will not be required to perform any restoration and repairs to said property.

If insurance company agrees that you need a full replacement, Property owner agrees that CHESAPEAKE REMODELING GROUP will perform the repairs to the said property in accordance with the insurance company's damage and work scope. The property owner will pay to CHESAPEAKE REMODELING GROUP all checks from the insurance company, including:

1. The initial check (ACV/RVC) that comes with the detailed work scope from the insurance company. At this time property owner will be assisted and thoroughly informed selecting any available options and colors. CHESAPEAKE REMODELING GROUP then orders all materials, schedules work to be done, and orders all inspections during and after repairs and installation.
2. The depreciation/supplement check that the insurance company pays after final inspection.
3. All supplemental funds from the insurance company for unforeseen costs. If these occur, CHESAPEAKE REMODELING GROUP will negotiate them and the insurance company pays them.

* * *

II. MARYLAND INSURANCE LAWS:

8. The following provisions of the Maryland Insurance Article apply to acts and omissions of the Respondent in the State.²

Section 10-401(g)(1) of the Insurance Article provides, in pertinent part:

(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 the real or personal property of the insured, on behalf of the insured in negotiating for, or effecting the settlement of, a claim for 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 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 that 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.

Section 10-403 of the Insurance Article provides, in pertinent part:

(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.

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. 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.

Section 27-405 of the Insurance Article provides, in pertinent part:

(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[.]

Section 4-205(b) of the Insurance Article provides, in pertinent part:

(b) 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.

Section 4-205(c) of the Insurance Article provides, in pertinent part:

(c) Any of the following acts in the State, effected by mail or otherwise, is considered to be doing an insurance business in the State:

... (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;

Section 27-203 of the Insurance Article provides, in pertinent part:

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.

Section 4-212 of the Insurance Article provides, in pertinent part:

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.

Section 27-408(c) of the Insurance Article provides, in pertinent part:

(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.

III VIOLATIONS:

9. By the conduct set forth above, Respondent violated the Insurance Article by acting as a public adjuster, despite lacking the requisite licenses to do so. In particular, Respondent violated the Insurance Article by:

- Advertising that Chesapeake will offer assistance to consumers, filing insurance claims;
- Offering to assist with the insurance claims process to assure insurance coverage;
- Through its contingency contract, wherein the insured agrees to have CHESAPEAKE REMODELING GROUP represents "me/us" and assist in obtaining my/our insurance company's good faith approval for the funds needed for restoration and repairs;
- Through its contingency contract, wherein the insured grants CHESAPEAKE REMODELING GROUP permission to work directly with my insurance carrier on any adjustments (supplemental billing) necessary for the insurance claim work scope.
- Stating, "[w]e are experts at filing roof insurance claims," despite not having the requisite insurance licensure;
- Stating, it will "even help you through the insurance claims process."

10. The public justifiably expects the MIA to ensure that only competent and trustworthy public adjusters are permitted to conduct the business of insurance in the State and with Maryland.

Respondent's conduct violated §§ 27-405(a)(1), 27-203, 10-403(a), and 4-205(b) and (c) of the

Insurance Article. Respondent did not have a license as required under § 10-403 to act as a public adjuster.

IV. SANCTIONS:

11. By the conduct set forth above, Respondent violated the Insurance Article by acting as public adjuster, despite not having the requisite license to do so. Respondent acknowledge the violations and agreed to discontinue all activities that are the subject of this Consent Order, thereby resolving its current and past violations specific to those enumerated in this Consent Order.

12. 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 MIA. Public adjusters act as the insured's representative in dealings with the insurance company.

13. Respondent admits that the facts as stated herein are accurate and that they are therefore in violation of §§ 27-405(a)(1), 10-401(g), 10-403(a), and 4-205(b) of the Insurance Article as stated in this Consent Order.

14. Having considered the factors set forth in § 27-408(c)(2), the MIA has determined and Respondent has agreed to pay an administrative penalty of \$2,500.00.

15. The parties acknowledge and agree that this Consent Order resolves the factual allegations with respect to Respondent. Accordingly, execution of this Consent Order concludes the investigation of Respondent with respect to the allegations and findings made in this Consent Order.

Order

WHEREFORE, for the reasons set forth above, it is this 1 day of June 2023,

ORDERED by the Commissioner and consented to by Respondent, that:

- A. For the violations stated herein, the MIA hereby imposes an administrative penalty on Respondent in the amount of \$2,500.00, to be paid contemporaneous with the execution of the Consent Order.
- B. Within 30 days of the date of this Consent Order, Respondent shall confirm in a letter to the Commissioner that it has discontinued all business activities in the State of Maryland that fall within the scope of activities defined in § 10-401.
- C. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (T-2023-0070) and name (Chesapeake). Payment of the administrative penalty shall be sent to the attention of: Acting Associate Commissioner Joseph E. Smith, Insurance Fraud and Producer Enforcement Division, 200 St. Paul Place, Suite 2700, Baltimore, Maryland 21202. Failure to pay the administrative penalty constitutes a default, and will be referred to the Central Collections Unit for collection.
- D. Respondent agrees that it and its employees will not act as a public adjuster. Respondent shall confirm in a letter to the MIA that Respondent will not hold itself out as a person or entity qualified to act on behalf of Maryland policyholders in negotiation of the cost to repair damages covered by a policy of insurance and, in that regard, Chesapeake shall immediately amend/modify its Contingency Agreement, advertisements, including Facebook pages and websites to remove any reference to the performance of any activities that fall within the scope of the activities described in § 10-401 in Maryland.
- E. The parties acknowledge that this Consent Order contains the entire agreement between the parties relating to the administrative actions addressed herein and that this Consent Order resolves all matters relating to the assertions and agreements contained herein. All time frames set forth in this Consent Order may be amended or modified only by subsequent written agreement of the parties.
- F. Respondent had the opportunity to have this Consent Order reviewed by legal counsel of its choosing, and is aware of the benefits gained and obligations incurred by the execution of this Consent Order. Respondent waives any and all rights to any hearing or judicial review of this Consent Order to which it would otherwise be entitled under the Insurance Article with respect to any of the determinations made or actions ordered by this Consent Order.
- G. For the purposes of the MIA and for any subsequent administrative or civil proceedings concerning Respondent, whether related or unrelated to the foregoing paragraphs, and with regard to requests for information about the Respondent made under the Maryland Public Information Act, or properly made by governmental agencies, this Consent Order will be kept and maintained in the regular course of business by the MIA. For the purposes of the business of the MIA, the records and publications of the MIA will reflect this Consent Order.
- H. Nothing herein shall be deemed a waiver of the Commissioner's right to proceed in an administrative action or civil action to enforce the terms of this Consent Order. Failure to

fully comply with the terms of this Consent Order may subject Respondent to further legal and/or administrative action.

- I. This Consent Order shall go into effect upon signing by the Commissioner or her designee, and is a Final Order of the Commissioner under § 2-204 of the Insurance Article.

KATHLEEN A. BIRRANE
Insurance Commissioner

BY: **signature on original**

JOSEPH E. SMITH
Acting Associate Commissioner
Insurance Fraud & Enforcement Division

RESPONDENT'S CONSENT

RESPONDENT Chesapeake, by and through Managing Partner M. Carlo Pinto hereby CONSENTS to the representations made in, and to the terms of, this Consent Order.

Name: Carlo M. Pinto
(Managing Partner)

Signature: **signature on original** *M. Carlo Pinto*

Date: May 30th, 2023

clw