

IN THE MATTER OF THE  
MARYLAND INSURANCE  
ADMINISTRATION

v.

ROBERT H. COOPER, JR.  
206 Maple Creek Lane  
Davidsonville, Maryland 21409

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BEFORE THE MARYLAND  
INSURANCE COMMISSIONER

CASE NO. MIA- 2014-03-032  
Fraud Division File No. R-14-2124A

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**ORDER**

This Order is entered by the Maryland Insurance Administration (“MIA”) against Robert H. Cooper, Jr. (“Cooper” or “Respondent”) pursuant to §§ 2-108, 2-201, 2-204 and 2-405 of the Annotated Code of Maryland, Insurance (“the Insurance Article”).

**I. Facts**

1. In Maryland, employers are required to carry workers compensation insurance to protect their employees who may be harmed due to workplace injuries. In addition, Master Electricians are required by law to carry general liability and property insurance “to safeguard the life, health, property, and public welfare of the citizens of the State.” See Md. Code Ann., Bus. Occ. & Prof. §§ 6-102 and 6-604.

2. The MIA’s Fraud Division has the authority to investigate allegations of insurance fraud as well as persons suspected of engaging in insurance fraud and, if appropriate after investigation, impose administrative or civil penalties in accordance with Insurance § 27-408. See Md. Code Ann., Insurance § 2-405(1) and (7). Title 27, Subtitle 4 of the Insurance Article describes “fraudulent insurance acts” and the penalties therefor.

3. A “certificate of insurance” or “Certificate” means any document or instrument, however titled or described, that is prepared or issued by an insurer or insurance producer as evidence of property insurance or casualty insurance coverage. Insurance § 19-116(a)(3)(i). Section 19-116(g) of the Insurance Article states that 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. Cooper through his company Professional Electric, Inc. possessed a general liability insurance policy (number [REDACTED]) and a workers compensation insurance policy (number [REDACTED]) in 2011 and 2012. The insurer for both policies was Harford Mutual Insurance Company (“Harford”), located in Bel Air, Maryland. Yates Insurance, Inc. (“Yates”) is a licensed producer and broker. Yates prepared a Certificate of Insurance (“COI”) for Professional Electric, Inc. detailing the policy types, numbers, and amounts of coverage. The inception date for these policies was July 12, 2011. They were renewed on July 12, 2012. The COI was prepared on an industry standard Association for Cooperative Operations Research and Development (“ACORD”) form.

5. On January 7, 2013, Harford cancelled both of the policies issued to Cooper and his company for failure to pay premiums.

6. As a Master Electrician with employees, Cooper was required to carry workers compensation insurance under the Maryland Workers’ Compensation Act. *See* Md. Code Ann., Lab. & Empl. §§ 9-402, 9-407, 9-1201. In accordance with Business and Occupations § 6-604, a Master Electrician is also required to maintain general liability insurance in the amount of at least \$300,000.00 and \$100,000.00 in property damage insurance.

7. Cooper's company, Professional Electric, Inc., has four (4) employees.

8. Cooper through Professional Electric, Inc., often served as a subcontractor for [REDACTED] ("[REDACTED]"). [REDACTED] insurer is Erie Insurance, Inc. ("Erie"). Erie requires [REDACTED] to maintain proof of insurance for its subcontractors.

9. According to [REDACTED] during the year 2013, Cooper's company, Professional Electric, Inc., performed work for them as a subcontractor approximately 10 times (during the period in which Cooper did not have the requisite insurance coverages). Coverage would not have been available through Harford should any of Cooper's employees have been injured on the job. [REDACTED] Workers Compensation and General Liability policies with Erie state in pertinent part that the use of uninsured subcontractors could cause an increase in its premiums and impact its future insurability with Erie. [REDACTED] had a Certificate of Insurance ("COI") on file for Professional Electric, Inc. stating that Cooper had the requisite general liability and workers compensation insurance from July 12, 2012 through July 12, 2013.

10. In preparation for an annual audit conducted by Erie, [REDACTED] discovered in December 2013 that the certificate on file for Professional Electric, Inc. by its terms expired six months earlier on July 12, 2013.

11. In January of 2014, [REDACTED] contacted Yates to obtain a current COI for Professional Electric, Inc. At that time, the broker advised [REDACTED] that the insurance coverages for Professional Electric, Inc. actually had lapsed on January 7, 2013 for non-payment of premiums.

12. [REDACTED] also contacted Professional Electric, Inc. and spoke with Cooper's business partner to request a current COI as proof of insurance. The business partner advised

██████████ that he would request that documentation from Cooper as Cooper was the person who maintained those records for Professional Electric, Inc.

13. Cooper's business partner notified Cooper that ██████████ had requested a current Certificate of Insurance. Consequently, on January 6, 2014 at 7:40 a.m., Cooper faxed a COI to ██████████ Calvert County Maryland office from the office of Professional Electric, Inc. in Crofton, Maryland.

14. Upon receipt of the Certificate, ██████████ noted that the dates were now current and reflected that Professional Electric, Inc. had the mandatory insurance coverages from July 12, 2013 through July 12, 2014. On this COI, Yates was documented as the producer and the insurer was reflected as "Hartford" (*sic*).

15. However, ██████████ noted that its business name was not reflected on this Certificate of Insurance and contacted Yates in order to obtain a current COI reflecting the ██████████ business name. At that time, Yates reiterated to ██████████ that Cooper's insurance for Professional Electric, Inc. had lapsed on January 07, 2013 and requested ██████████ to fax the broker the COI provided by Cooper for its review.

16. Yates examined this replacement Certificate. The broker determined that it was invalid and not issued by Yates. The following discrepancies were also noted:

- The general liability policy number corresponded with the policy that was in force for Professional Electric, Inc. from July 12, 2011 to July 12, 2012.
- The workers compensation policy number corresponded to a policy that was in force from July 12, 2012 to January 7, 2013.
- The carrier for both of the previous legitimate policies was "Harford Mutual Insurance Company" not "Hartford Mutual Insurance Company," as reflected on the COI in question.

17. Section 27-802(a)(1) of the Insurance Article requires producers in Maryland who in good faith have cause to believe that insurance fraud has been or is being committed to report the suspected insurance fraud in writing to the Commissioner, the Fraud Division, or the appropriate federal, State or local law enforcement authorities. Section 27-802(a)(2) states, "An independent insurance producer shall meet the reporting requirement of this subsection by reporting the suspected insurance fraud in writing to the Fraud Division." Having a good faith belief that insurance fraud had been committed, Yates Insurance, Inc. referred this matter to the Fraud Division of the Maryland Insurance Administration.

18. As part of its investigation, the MIA interviewed Cooper. The Respondent admitted that he caused the replacement COI to be altered and faxed that document from his office in Crofton, Maryland to [REDACTED] in Calvert County Maryland. Cooper stated that he took one of his expired certificates to Staples where he had it altered to reflect that Professional Electric, Inc. was actively insured. Cooper confirmed that he faxed the altered COI to [REDACTED] on January 6, 2014 at 7:40 a.m. The MIA investigator showed Cooper a copy of the certificate he had faxed to [REDACTED]. Cooper reviewed the document and acknowledged that he had sent it pointing out that his first name - "Rob" - appeared on the header of the faxed COI along with the number of his office fax machine.

19. Due to Cooper's failure to maintain the requisite insurance coverage as a subcontractor and pursuant to the terms of the policy, Erie Insurance Company will hold [REDACTED] liable for the default and charge \$516.87 in additional premiums throughout the year 2014.

20. Further investigation revealed that in November 2013, as part of his license renewal requirements, Cooper sent the altered Certificate of Insurance to the Maryland State Board of Master Electricians located in Baltimore. Relying on the submission, the Board renewed Cooper's license. The MIA confirmed with Cooper that he was the one who mailed the false COI to the Master Electricians Board.

## **II. Violation(s)**

21. 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:

22. **§ 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.

23. **§ 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.

24. **§ 27-408(c)**

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.

25. By the conduct described herein, Cooper violated § 19-116(g) and § 27-406(5).

### **III. Sanctions**

26. By the facts and violations stated above, Respondent is subject to the imposition of an administrative penalty under the Insurance Article, § 27-408(c).

27. ~~Cooper violated the Insurance Article with the intent to deceive when he~~ knowingly exhibited and presented to the owners of [REDACTED] a fraudulent document in the form of an altered Certificate of Insurance falsely stating that "Hartford" insured his company during a period of time when in fact the insurance had lapsed due to non-payment of premium. Respondent did not safeguard the welfare of his employees or the public by carrying the requisite liability and workers compensation insurance. Additionally, Cooper exhibited and presented the same false Certificate to the Master Electricians Board to make it appear as though he was in compliance with the law.

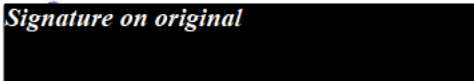
28. Based on the foregoing, an administrative sanction of \$2,500.00 is an appropriate penalty in this matter. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2014-2124A) and name (Robert H. Cooper, Jr.). Unpaid penalties will be referred to the Central Collections Unit. 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.

29. 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 27<sup>th</sup> day of March 2014, **ORDERED** that:

(1) Robert H. Cooper, Jr. shall pay an administrative penalty of \$2,500.00 within 30 days of the date of this Order.

THERESE M. GOLDSMITH  
Insurance Commissioner

BY:   
CAROLYN HENNEMAN  
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, a person aggrieved 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: Sharon Kraus, Appeals Clerk. 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.