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BEFORE THE MARYLAND

MARYLAND INSURANCE
ADMINISTRATION

INSURANCE COMMISSIONER

v.

TIMOTHY PAUL BELT
508 N. Houcksville Road
Hampstead, Maryland 21074

CASE NO. MIA-2014-04-012
Fraud Division File No. R-2014-1929A

ORDER

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

I. Facts

1. 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 that a fraudulent claim has been submitted to an insurer. Insurance Article, §§ 2-201(d)(1) and 2-405.

2. Title 27, Subtitle 4 of the Insurance Article describes “fraudulent insurance acts” and the penalties therefor.

3. Belt had an automobile insurance policy with Government Employees Insurance Company (GEICO). The policy provided coverage for his 2009 Toyota Yaris, Vehicle Identification Number (VIN) ending in 29656. The GEICO policy number was [REDACTED] and the policy was in effect from August 24, 2013 until it was cancelled on December 6, 2013 due to Belt’s failure to pay his premium.

4. On November 25, 2013, GEICO sent a "Notice of Cancellation for Nonpayment of Premium" to Belt. This notice stated, "As of 12:01 a.m. local time Dec-06-13 your policy will cancel due to nonpayment of your premium." The past due premium was cited as \$272.05. The November 25, 2013 notice advised, "Please submit a payment immediately to prevent the cancellation of your policy." On December 6, 2013, GEICO sent an automated email to Belt noting that his policy had been cancelled on that date.

5. On December 9, 2013 at approximately 12:30 a.m. or three days after the policy's cancellation, Respondent was driving his 2009 Toyota Yaris when he was involved in a single car accident. The collision occurred on Route 97 near Bartholow Road, Sykesville, Maryland.

6. On December 9, 2013 at approximately 12:48 a.m., the Maryland State Police responded to the accident scene. The State Police contacted JT Collision Repair, Inc., Eldersburg, Maryland, which towed Belt's damaged vehicle from the accident scene as it was not drivable.

7. On December 9, 2013 at approximately 2:14 a.m. or more than an hour and a half after the accident, Belt telephoned GEICO to request that the insurance company reissue his policy.

8. On December 9, 2013 at 3:04 a.m., Belt's mother contacted GEICO and paid his insurance premium with a Visa credit card. The policy was then restarted, three days after it had been cancelled, and after the accident had occurred.

9. Belt again called GEICO from Hampstead, Maryland on December 9, 2013, at 2:28 p.m. During that recorded phone call, Belt reported that he had been involved in an accident on December 9, 2013 at 8:30 a.m. GEICO took another recorded statement from Belt at 2:39

p.m., at which time he reaffirmed his assertion that the accident occurred on December 9, 2013 at 8:30 a.m. – 5 hours after Belt restarted his policy and his mother had paid the premium.

10. GEICO contacted JT Collision Repair and Maryland State Police representatives and learned that Belt's car had been towed from the accident scene at approximately 2:30 a.m. on December 9, 2013.

11. On December 12, 2013, GEICO sent a letter to the Respondent denying his claim.

12. Section 27-802(a)(1) of the Insurance Article states, "An authorized insurer, its employees, ...or agents, who in good faith have cause to believe that an 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." Having a good faith belief that Belt had committed insurance fraud, GEICO referred the matter to the Maryland Insurance Administration.

13. The MIA contacted JT's Collision Repair, Inc. and confirmed that it had towed Belt's car at approximately 2:30 a.m. on December 9, 2013.

14. The Maryland State Police's Computer Aided Dispatch call log revealed that they received the 911 telephone call from Belt's cellular number on December 9, 2013 at 12:33 a.m. The State Police arrived on the scene fourteen minutes later at 12:48 a.m. and left at 2:03 a.m.

15. The MIA attempted to contact the Respondent several times, but those efforts were initially unsuccessful. Finally, Belt agreed to meet at his parent's residence with the MIA's fraud investigator on February 28, 2014. However, upon the investigator's arrival for the scheduled interview, Belt failed to answer the door.

16. On March 4, 2014, the MIA interviewed the Respondent's mother, who reported that she made the December 9th credit card payment of the premium to GEICO at her son's

request. The MIA obtained documentation from GEICO, which corroborated the mother's Visa credit card payment occurred at 3:04 a.m. on December 9, 2014, almost three hours after the accident.

II. Violation(s)

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:

17. **§ 27-403(2)**

It is a fraudulent insurance act for a person:

(2) to present or cause to be presented to an insurer documentation or an oral or written statement made in support of a claim...with knowledge that the documentation or statement contains false or misleading information about a matter material to the claim.

18. **§ 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.

19. By the conduct described herein, Belt violated § 27-403(2).

III. Sanctions

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

21. Belt gave two recorded statements to GEICO in support of his claim, during which he falsely stated that the accident occurred on December 9, 2013 at 8:30 a.m. – after he

had obtained coverage – when, in fact, the loss occurred at approximately 12:30 a.m. on the same date when he had no insurance coverage. Witness testimony as well as documentary evidence corroborated that Respondent knowingly made these false statements. The misrepresentations knowingly made by Belt during the claims process were fundamental to the issue of coverage. Therefore, an appropriate penalty in this matter is \$1,500.00.

22. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2014-1929A) and name (Timothy Paul Belt). 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.

23. This Order does not preclude any potential or pending action by any other person, entity or government authority, regarding any conduct by Belt 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 9th day of April 2014, **ORDERED** that:

(1) Timothy Belt shall pay an administrative penalty of \$1,500.00 within 30 days of the date of this Order.

THERESE M. GOLDSMITH
Insurance Commissioner

Signature on Original

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, 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 issued. The written request for hearing must be addressed to the Maryland Insurance Administration, 200 St. Paul Place, Suite 2700, Baltimore, Maryland 21202, Attn: 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.