

IN THE MATTER OF THE
MARYLAND INSURANCE
ADMINISTRATION

v.

MELISSA J. JACKSON
911 Granby Street
Baltimore, Maryland 21202

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BEFORE THE MARYLAND
INSURANCE COMMISSIONER

CASE NO. : MIA-2016-03-001
Fraud Division File No.: R-2016-1296A

ORDER

This Order is entered by the Maryland Insurance Administration (“MIA”) against Melissa Jackson (“Respondent”) pursuant to §§ 2-108, 2-201, 2-204 and 2-405 of the Insurance Article, Md. Code Ann. (2011 Repl. Vol. & Supp.)(“the Insurance Article”).

I. Facts

1. On August 22, 2015, Respondent obtained an automobile insurance policy from State Farm Fire and Casualty Insurance Company, (“State Farm”), an authorized insurer, for her 2006 Mercedes. The Policy went into effect on August 22, 2015.

2. On August 29, 2015, Respondent notified State Farm that her Mercedes was damaged as a result of a hit and run accident that occurred on August 28, 2015. State Farm assigned claim #207B54144.

3. On September 2, 2015, a State Farm appraiser inspected and photographed the damages to Respondent’s Mercedes. The appraiser estimated the repair costs to be \$6,144.64.

4. As part of the claims handling process, a State Farm claims adjuster performed an Insurance Services Office (“ISO”) claims history search and discovered Respondent’s Mercedes had been involved in an accident on August 15, 2015, seven days before the effective date of

Respondent's State Farm policy. In consideration for the prior loss, the claims adjuster referred the matter to its Special Investigations Unit ("SIU") for further investigation.

5. SIU contacted the other person involved in the August 15, 2015 accident with Respondent's Mercedes. He provided SIU with several photographs he had taken following the August 15, 2015 accident. One photograph depicted an insurance card issued by the California State Automobile Association Insurance Group ("CSAA"), which named Respondent as the policy holder for the Mercedes. Additional photographs depicted the Maryland license plate of the Mercedes, as well as front-end damage, consistent with the damage Respondent reported to State Farm had occurred on August 28, 2015.

6. SIU contacted CSAA and learned Respondent automobile insurance for her Mercedes had lapsed prior to the August 15, 2015 motor vehicle accident.

7. On September 24, 2015, SIU contacted Respondent and confronted her with evidence that the Mercedes was damaged prior to her State Farm policy being incepted. Although Respondent denied the Mercedes was damaged prior to August 28, 2015, she withdrew her claim. State Farm had already paid \$942.74 for Respondent's rental car expenses.

8. 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." State Farm, having a good faith belief that Respondent committed insurance fraud, referred the matter to the MIA, Fraud Division.

9. During the course of its investigation, MIA contacted State Farm and confirmed its handling of Respondent's claim.

10. MIA contacted CSAA and confirmed the Respondent's policy was terminated on June 22, 2015, for non-payment of premiums.

11. MIA contacted the person who was involved in the August 15, 2015 accident with Respondent's Mercedes. He advised that the Mercedes struck the rear of his car and he and the operator of the Mercedes exchanged information. He took photographs of the damage to the Mercedes as well as an insurance card which reflected that the Mercedes was insured through CSAA; however, after contacting CSAA, he learned that the policy issued for the Mercedes was cancelled prior to the August 15, 2015 accident.

12. On February 10, 2016, an MIA investigator contacted Respondent who confessed that she obtained the State Farm automobile policy after the accident on August 15, 2015 and then filed a false claim with State Farm to obtain insurance benefits.

13. On February 11, 2016, MIA received confirmation from State Farm that Respondent signed a promissory note dated October 19, 2015, to pay back the \$942.74 in rental car benefits State Farm had paid, relying on information Respondent had provided, before discovering she had made a false claim.

II. Violation(s)

14. 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:

15. **§ 27-403**

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.

16. § 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 for each act of insurance fraud; and

(ii) order restitution to an insurer or self-insured employer of any insurance proceeds paid relating to a fraudulent insurance claim.

* * * * *

(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. By the conduct described herein, Respondent knowingly violated § 27-403. As such, she is subject to an administrative penalty under the Insurance Article § 27-408(c).

III. Sanctions

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

19. Respondent's Mercedes had been damaged in a motor vehicle accident on August 15, 2015. At that time, the Mercedes was not insured. On August 22, 2015, Respondent obtained an automobile insurance policy with State Farm. Respondent later notified State Farm that her Mercedes was damaged in a hit and run accident on August 28, 2015. Investigation revealed that the damage Respondent had claimed to State Farm occurred on August 15, 2015, before the start of the State Farm policy. Prior to discovering that Respondent's claim was false, State Farm had already paid \$942.74 for Respondent's rental vehicle expenses. Having

considered the factors set forth in § 27-408(c)(2) and COMAR 31.02.04.02, MIA has determined that \$2,000.00 is an appropriate penalty.

20. Additionally, Respondent is ordered to reimburse State Farm \$942.70, which is the amount Respondent received based upon State Farm's reliance on information later found to be false.

21. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2016-1296A) and name, (Melissa Jackson). 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.

22. Notice of payment to State Farm shall be made in writing to the Associate Commissioner, Insurance Fraud Division, 200 St. Paul Place, Suite 2700, Baltimore, Maryland 21202. Such notification shall include a copy of the money order or canceled check issued to State Farm as proof of reimbursement and identify the case by number (R-2016-1296A) and name, (Melissa Jackson).

23. 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.

WHEREFORE, for the reasons set forth above, and subject to the right to request a hearing, it is this 15th day of March 2016, **ORDERED** that:

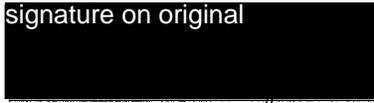
(1) Melissa Jackson pay an administrative penalty of \$2,000.00 within 30 days of the date of this Order.

(2) Melissa Jackson pay restitution to State Farm in the amount of \$942.70 within 30 days of the date of this Order.

ALFRED W. REDMER, JR.
Insurance Commissioner

signature on original

BY:


VICTORIA AUGUST
Acting 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: 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.