

IN THE MATTER OF THE
MARYLAND INSURANCE
ADMINISTRATION

v.

EDUARDO GONZALEZ REYES
21 Yorkway
Baltimore, Maryland 21222

*
*
*
*
*
*
*
*
*
*
*

BEFORE THE MARYLAND
INSURANCE COMMISSIONER

CASE NO. : MIA-2016-03-037
Fraud Division File No.: R-2016-0001A

ORDER

This Order is entered by the Maryland Insurance Administration (“MIA”) against Eduardo Gonzalez Reyes (“Reyes” or “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 March 25, 2015, Respondent completed a dwelling insurance application for his property located at 1002 N. Iris Ave., Baltimore, Maryland 21205. Within the application, Respondent answered “No” to the questions, “Has the insured had a loss, either at this location or any other owned location within the last three years?” and, “Does the dwelling have any unrepaired damage?” The policy was issued by The Philadelphia Contributionship Mutual Holding Co. (“TPC”). The policy was made retroactive and had an effective date of March 22, 2015.

2. On March 26, 2015, Respondent notified TPC that his insured dwelling, located at 1002 N. Iris Ave., suffered fire damage on March 25, 2015. TPC assigned claim number CLM-16.

3. Respondent made a claim for fire damage one day after he applied for dwelling insurance. TPC referred the matter to Merge Investigations Inc. (“Merge”) for investigation.

4. On March 26, 2015, Merge obtained a written statement from the broker who sold Respondent the dwelling insurance policy. The broker reported he met with Respondent on March 25, 2015, at the broker’s office at approximately 4:00 p.m. and sold him an insurance policy for the property located at 1002 N. Iris Ave. Respondent advised his “dwelling fire policies” expired on March 22, 2015, and he wanted to “backdate” coverage. The broker stated, he asked Respondent “specifically and clearly” if there was an accident, fire, or other issue had occurred recently, and Respondent replied, “no, that everything was fine with the property.” The broker backdated the policy to reflect an effective date of March 22, 2015.

5. The Respondent signed the dwelling application which contained an attestation which stated:

“I have read the above application and any attachments. I declare that the information provided in them is true, complete and correct to the best of my knowledge and belief. This information is being offered to the company as an inducement to issue the policy for which I am applying.”

6. On April 20, 2015, Respondent submitted to an Examination Under Oath (“EUO”), at the request of TPC. During the EUO, Respondent confirmed he met with the insurance broker on March 25, 2015, and requested the policy for 1002 N. Iris Ave. be backdated as his previous policy had expired. Respondent stated on the day of the fire, he arrived at N. Iris Ave. before the fire department, and was able to control the fire. He believes he arrived “between eleven and one....” Respondent was presented with a copy of the sign-in sheet maintained at the broker’s office; he confirmed he signed the sheet sometime after 3:38 p.m.

7. Section 27-802(a)(1) of the Maryland Insurance Article states, “An authorized insurer, its employees, fund producers, or 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.” TPC, having a good faith belief that Respondent committed insurance fraud, referred the matter to the MIA, Fraud Division.

8. During its investigation, MIA confirmed TPC’s handling of Respondent’s insurance claim.

9. On February 5, 2016, MIA obtained the Baltimore City Fire Department Incident Report for the March 25, 2015 fire at 1002 N. Iris Ave. The report noted the fire department was dispatched to the fire at 1:41 p.m., and units arrived at 1:44 p.m.

10. On February 18, 2016, MIA obtained a copy of the Baltimore Police Department computer-aided dispatch (“CAD”) report and the police incident report. The CAD Report noted a call for a fire at 1002 N. Iris Ave. was made at 2:02 p.m., and a police officer was dispatched to the location at 2:09 p.m. The officer cleared the location at 3:05 p.m. The officer noted within his incident report that he spoke with Respondent who identified himself as the homeowner.

11. On February 12, 2016, MIA interviewed the broker who sold Respondent the dwelling insurance policy. The broker met with Respondent on March 25, 2015, at about 4:00 p.m. at the broker’s office. The broker provided a copy of the sign-in sheet maintained at the office, which reflected Respondent’s signature. Although the arrival time was blank, Respondent signed in following a 3:38 p.m. entry made by another client. The broker asked Respondent on two occasions whether there was any damage to the property? Respondent affirmed there was no existing damage.

II. Violation(s)

12. In addition to all relevant sections of the Insurance Article, the Administration relies on the following pertinent sections in finding Eduardo Gonzalez Reyes violated Maryland's insurance laws:

13. § 27-406

It is a fraudulent insurance act for a person:

(1) to knowingly or willfully to make a false or fraudulent statement or representation in or with reference to an application for insurance.

14. § 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.

15. § 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;

* * * * *

(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.

16. By the conduct described herein, Reyes knowingly violated § 27-406(1) and § 27-403(2). As such, Reyes is subject to administrative penalty under the Insurance Article § 27-408(c).

III. Sanctions

17. 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.

18. Having considered the factors set forth in § 27-408(c)(2) and COMAR 31.02.04.02, MIA has determined \$3,000.00 is an appropriate penalty.

19. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2016-0001A) and name (Eduardo Gonzalez Reyes). 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.

20. 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.

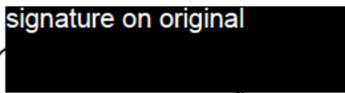
WHEREFORE, for the reasons set forth above, and subject to the right to request a hearing, it is this 23rd day of March 2016, **ORDERED** that:

Eduardo Gonzalez Reyes pay an administrative penalty of \$3,000.00 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.