

IN THE MATTER OF THE
MARYLAND INSURANCE
ADMINISTRATION

v.

SARAH M. EWELL
7817 Chestnut Grove Road
Severn, Maryland 21144

* BEFORE THE MARYLAND
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* INSURANCE COMMISSIONER
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* CASE NO. MIA-2015-02-017
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* Fraud Division File No. R-2015-1104A
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ORDER

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

I. Facts

1. Respondent had a Valuable Personal Property insurance policy for a Tacori platinum engagement ring (“ring”), with United Services Automobile Association – Casualty Insurance Company (“USAA”), an authorized insurer. The policy number was [REDACTED]. The policy had a liability limit of \$11,000.00 for the ring and was in effect from August 12, 2014, until it was cancelled by USAA on October 9, 2014.

2. On September 25, 2014, Respondent reported to USAA that on September 24, 2014, she discovered the ring was missing. Respondent stated that she had inherited the ring from her deceased sister. USAA assigned claim number [REDACTED].

3. On September 25, 2014, USAA referred Respondent’s claim to the Special Investigations Unit (SIU), as the policy inception date was within 75 days of the loss.

4. On September 27, 2014, Respondent, in support of her claim, presented to USAA an appraisal, dated September 18, 2014, in the amount of \$10,255.00, for the missing ring.

5. During the course of his investigation, a USAA investigator developed information to believe that Respondent's sister, from whom Ewell allegedly inherited the ring, was alive, and had a current automobile policy with USAA.

6. On October 8, 2014, a USAA investigator interviewed Respondent who stated that on September 24, 2014, she returned home from shopping at a local mall and discovered the ring and its container missing from her purse. When the USAA investigator confronted Ewell with evidence that her sister was alive, Respondent withdrew her claim. She confessed she had fabricated the claim of loss. Further, she admitted the ring she insured with USAA, and for which she had obtained the September 18, 2014 appraisal, was a ring given to her by her husband in 2010, which she still had in her possession.

7. On November 6, 2014, USAA sent a letter to Ewell stating that it was denying her claim for material misrepresentation. Specifically, the letter stated "...you confirmed to USAA that your sister had not given you the ring, was in fact alive, and that the claim filed was fabricated in an attempt to assist you in your current financial issues."

8. Section 27-802(a)(1) of the Maryland Insurance Article states, "An authorized insurer, its employees, producers... or agents, who in good faith have 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." USAA, having a good faith belief that Ewell committed insurance fraud, referred the matter to the Maryland Insurance Administration, Fraud Division.

9. The MIA confirmed USAA's handling of the claim as set forth above.

10. MIA interviewed Respondent, who admitted to fabricating her missing ring claim. Respondent confirmed that her sister was alive and had never given her a ring.

II. Violation(s)

11. 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:

12. **Section 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.

13. **Section 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

(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.

14. By the conduct described herein, Respondent knowingly violated §27-403(2) and is subject to an administrative penalty under the Insurance Article.

III. Sanctions

15. 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, and any individual suspected of engaging in insurance fraud. Insurance Article, §§2-201(d)(1) and 2-405.

16. By the conduct described herein, Sarah Ewell violated §27-403 and is subject to the imposition of an administrative penalty under the Insurance Article.

17. Having considered all relevant factors, including those set forth in Insurance Article §27-408(c)(2) and COMAR 31.02.04.02, MIA has determined that \$1,000.00 is an appropriate penalty.

18. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2015-1104A) and name (Sarah M. Ewell). 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.

19. This Order does not preclude any potential or pending action by any other person, entity or government authority, regarding any conduct by Ewell including the conduct that is the subject of this Order.

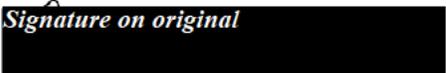
WHEREFORE, for the reasons set forth above, and subject to the right to request a hearing, it is this 10th day of February 2015, **ORDERED** that:

- (1) Sarah M. Ewell shall pay an administrative penalty of \$1,000.00 within thirty (30) days of the date of this Order.

ALFRED W. REDMER, JR.
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. 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: Hearing 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. 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 Respondent in a Final Order after hearing.