

IN THE MATTER OF THE  
MARYLAND INSURANCE  
ADMINISTRATION

v.

AMANDA LYNN KRAUSE  
924 Central Street  
Annapolis, Maryland 21401

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BEFORE THE MARYLAND  
INSURANCE COMMISSIONER

CASE NO. : MIA-2015-06-046

Fraud Division File No.: R-2015-1787A

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**ORDER**

This Order is entered by the Maryland Insurance Administration (“MIA”) against Amanda Lynn Krause (“Krause” 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 November 21, 2014, Respondent obtained automobile insurance from Government Employees Insurance Company (“GEICO”), an authorized insurer, for her 2000 Chevy Tahoe. The policy number was [REDACTED], and the policy was in effect through May 21, 2015.

2. On November 22, 2014, Respondent reported to GEICO that earlier, on the same date, she was operating her Chevy Tahoe when she struck a pole, causing front end damage. After the accident, Respondent drove her vehicle to Severn Auto Body, a GEICO authorized repair facility, in Annapolis, Maryland, where it remained. GEICO assigned claim number [REDACTED].

3. On November 25, 2014, a GEICO claims agent referred Respondent’s claim to their Special Investigation Unit (“SIU”), as the loss occurred one day following policy inception.

4. On November 25, 2014, an SIU investigator went to Severn Auto Body to inspect Respondent's vehicle. While there, the investigator interviewed the Office Manager, who reported that she was present on November 20, 2014, at 5:45 p.m., when a man brought Respondent's vehicle to the shop.

5. On November 25, 2014, GEICO property damage adjuster, C.U., advised SIU that she was at Severn Auto Body on November 21, 2014, and noticed Respondent's vehicle parked in front of the body shop with front end damage.

6. On November 25, 2014, another GEICO property damage adjuster, C.W., advised SIU that he had witnessed the accident involving Respondent's vehicle, and that the accident occurred on November 20, 2014, at around 5:00 p.m. He too was at Severn Auto Body for a work assignment on November 21, 2014, and noticed Respondent's vehicle parked in front of the location, with front end damage.

7. On November 28, 2014, SIU took a recorded statement from Respondent in Anne Arundel County, Maryland. Respondent reported that the accident occurred on November 22, 2014, and after the accident, she drove her vehicle directly to Severn Auto Body.

8. On December 11, 2014, GEICO sent a denial letter to Respondent. The denial was based on GEICO's determination that the loss occurred prior to the policy inception date.

9. Section 27-802(a)(1) of the Maryland Insurance Article states, "An authorized insurer, its employees, or insurance producers, 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." GEICO, having a good faith belief that Respondent committed insurance fraud, referred the matter to the Maryland Insurance Administration, Fraud Division.

10. In the course of its investigation, MIA contacted GEICO, and confirmed its handling of Respondent's insurance claim.

11. On June 2, 2015, MIA interviewed the Office Manager of Severn Auto Body. She reported she was at the body shop on November 20, 2014, at about 5:45 p.m., when a man brought Respondent's vehicle in and parked it in the shop's parking lot. She said that although no work was done to Respondent's vehicle, it was left in the body shop's parking lot for several days.

12. On June 2, 2015, MIA interviewed C.W., the GEICO adjuster who witnessed the accident involving Respondent's vehicle. He stated that he lives in the area, and on November 20, 2014, at about 5:00 p.m. he observed Respondent's vehicle strike a pole, then back away and leave the area. Later that same day, he noticed Respondent's vehicle at a local BP gas station, and the vehicle displayed front end damage consistent with the accident he had witnessed earlier that day. C.W. advised he was at Severn Auto Body on November 21, 2014, on an unrelated assignment, and observed Respondent's vehicle parked at the body shop, displaying damage consistent with the previous day's accident.

13. On June 4, 2015, MIA interviewed GEICO property damage adjuster, C.U. She advised that she was at Severn Auto Body on November 21, 2014, on an unrelated assignment and noticed Respondent's vehicle parked at the body shop with front end damage.

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

14. The Administration relies on the following pertinent sections of the Insurance Article 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

(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, Krause violated §27-403. As such, Respondent 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. Having considered the factors set forth in §27-408(c)(2) and COMAR 31.02.04.02, MIA has determined that \$3,000.00 is an appropriate penalty.

20. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2015-1787A) and name (Amanda Lynn Krause). 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.

21. 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 23<sup>rd</sup> day of June 2015, **ORDERED** that:

Amanda Lynn Krause 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:

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: 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.