

IN THE MATTER OF THE  
MARYLAND INSURANCE  
ADMINISTRATION

v.

VERNELL DAVIS  
3422 55<sup>th</sup> Ave., Apt. 402  
Hyattsville, Maryland 20784

BEFORE THE MARYLAND  
INSURANCE COMMISSIONER

CASE NO. : MIA- 2015 - 08 - 001  
Fraud Division File No.: R-2015-2457A

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**ORDER**

This Order is entered by the Maryland Insurance Administration (“MIA”) against Vernell Davis (“Davis” 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. Respondent had a renter’s insurance policy [REDACTED] with The Travelers Home and Marine Insurance Company (Travelers), an authorized insurer, for her Maryland residence. The policy period was March 6, 2014 through March 6, 2015.

2. On January 5, 2015, Respondent notified Travelers that on January 3, 2015, she had a party at her home, during which someone stole several items. Travelers assigned claim number HUM0826N.

3. On January 12, 2015, in support of her claim, Respondent faxed to Travelers a “Contents Worksheet,” itemizing her loss, along with copies of receipts for items she claimed were stolen. Among the receipts was one from Staples for a Dell laptop computer (model 3542-5000BK) and two Samsung Galaxy tablets (Item number 1279269), subtotaling \$1,549.97. The receipt reflected a cash purchase from the Staples in Oxon Hill, Maryland. There was no purchase date displayed on the receipt.

4. On January 13, 2015, Travelers referred the claim to its Special Investigations Unit (“SIU”), as there was no indication of forced entry.

5. Travelers SIU contacted Staples to validate the receipt for the Dell laptop and Samsung Galaxy tablets. SIU learned that the receipt was for purchases of the listed items; however, the purchases occurred on January 10, 2015, seven days after the reported theft.

6. Travelers requested Respondent submit to an Examination Under Oath (EUO), scheduled for April 10, 2015. Respondent failed to appear for the EUO.

7. On May 5, 2015, Travelers sent Respondent a letter denying her claim for failure to submit to an EOU as required by the policy.

8. 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.” Travelers, having a good faith belief that Respondent committed insurance fraud, referred the matter to the Maryland Insurance Administration, Fraud Division.

9. In the course of its investigation, MIA contacted Travelers, and confirmed its handling of Respondent’s insurance claim.

10. MIA interviewed an Assistant Manager for the Oxon Hill, Maryland Staples store. She examined the receipt Respondent had submitted to Travelers, and advised the date was missing. She stated that the date and time of the sale should have been at the top of the receipt under the store's address.

11. MIA obtained a copy of the authentic Staples sales receipt, which unlike the receipt submitted by Respondent, bore the transaction date (January 10, 2015). The receipt reflected the purchase of a Dell laptop computer (model 3542-5000BK), and two Samsung

Galaxy tablets (Item number 1279269). The purchase price was \$1,549.97, and the purchase date was after the reported date of loss on January 3, 2015.

## II. Violation(s)

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

13. **§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.

14. **§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.

15. By the conduct described herein, Respondent knowingly violated §27-403. Because the fraudulent insurance act of submitting a false document in support of a claim is complete upon submission of the false document and is not dependent on payment being made, Respondent committed a violation of the law when she submitted a false document to Travelers. As such, Respondent is subject to an administrative penalty under the Insurance Article §27-408(c).

III. Sanctions

16. 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.

17. Respondent submitted an altered receipt to Travelers, in support of her insurance claim. Having considered the factors set forth in §27-408(c)(2) and COMAR 31.02.04.02, MIA has determined that \$1,500.00 is an appropriate penalty.

18. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2015-2457A) and name (Vernell Davis). 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 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 5<sup>th</sup> day of August 2015, **ORDERED** that:

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

ALFRED W. REDMER, JR.  
Insurance Commissioner

BY:

**signature on original**

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.