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October 1, 2025

**Via Email:** [jcr.docs@mga.maryland.gov](mailto:jcr.docs@mga.maryland.gov)

The Honorable Guy Guzzone  
Chair, Senate Budget and Taxation Committee  
Miller Senate Office Building, 3 West  
11 Bladen Street  
Annapolis, MD 21401

The Honorable Ben Barnes  
Chair, House Appropriations Committee  
Taylor House Office Building, Room 121  
6 Bladen Street  
Annapolis, MD 21401

**RE: 2025 p60-61 MIA Insurance Fraud Investigation Status**

Dear Chair Guzzone and Chair Barnes:

Enclosed please find the Report of the Maryland Insurance Administration summarizing the Insurance Fraud Investigation Status as mandated by the Joint Chairmen's Report on the Fiscal 2026 State Operating Budget (HB 350) and the State Capital Budget (HB 351) and Related Recommendations ("Joint Chairmen's Report"). *See* p. 60-61.

Five printed copies and an electronic copy of this report will be submitted to the DLS library for its records.

Should you have any questions regarding this Report, please do not hesitate to contact me or the MIA's Associate Commissioner of External Affairs and Policy Initiatives, Jamie Sexton at [jamie.sexton@maryland.gov](mailto:jamie.sexton@maryland.gov).

Respectfully yours,



Marie Grant  
Insurance Commissioner

cc: The Honorable Bill Ferguson, President of the Senate  
The Honorable Adrienne A. Jones, Speaker of the House of Delegates  
Sarah T. Albert, Department of Legislative Services (5 copies)



# **Insurance Fraud Investigation Status**

Marie Grant  
Insurance Commissioner

October 1, 2025

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This document is available in alternative format upon request  
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## **I. Introduction**

The Joint Chairmen’s Report of 2025 for the FY 2026 budget year requires the Maryland Insurance Administration (“MIA”) to provide a report containing updated performance data for the Fraud and Producer Enforcement Division under its newly implemented tiered system, including the percentage and number of cases referred for charges by tier as well as the number of prosecutions by tier.

## **II. Background**

The MIA’s Fraud and Producer Enforcement Division is responsible for investigating complaints alleging insurance fraud committed by insurance companies, insurance producers, or consumers. Historically, the Fraud and Producer Enforcement Division had tracked referrals investigated and referred for criminal prosecution, and referrals investigated and charged in previous fiscal years. In 2024, the Fraud and Producer Enforcement Division updated the methodology for tracking these metrics by categorizing cases into specific tier levels, which would be implemented in Fiscal Year 2026. This update to the Managing For Results (MFR)<sup>1</sup> metrics aims to enhance the MIA’s ability to monitor the varying complexities of insurance fraud cases. With this new method, the MIA expects to improve the assignment process for cases and ensure that investigators are assigned a manageable number of cases. Furthermore, this will bolster the accuracy of the MIA’s statistical collection regarding investigations, including joint investigations with local, state, and federal partners.

## **III. New Tiering System**

The new metrics that will be utilized by the Fraud and Enforcement Division in the Fiscal Year 2026 MFR submission are:

- Number of Tier 1 criminal cases opened and referred for charges within 180 days.
- Number of Tier 2 criminal cases opened and referred for charges within 270 days.
- Number of Tier 3 criminal cases opened and referred for charges within 365 days.

Tier 1: A Tier 1 case involves 2 or less suspects, 2 or less victims, and losses of \$50,000 or less. There is no organized crime activity suspected, and the anticipated level of complexity after initial supervisory review is average.

Tier 2: A case is categorized as Tier 2 if any of the following applies: 3 to 4 suspects, 3 to 4 victims, losses of \$50,000 - \$200,000, suspected organized crime activity, or the anticipated level of complexity after initial supervisory review is significantly above average.

Tier 3: A case is categorized as Tier 3 if any of the following applies: 5 or more suspects, 5 or more victims, losses above \$200,000, or is identified as highly complex and requiring extensive time and resources after initial supervisory review. It should be noted these cases are the most complex and often take longer than 365 days to refer for prosecution. These investigations

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<sup>1</sup> According to the Department of Budget and Management, Managing for Results (MFR) is a strategic planning, performance measurement, and budgeting process that emphasizes use of resources to achieve measurable results, accountability, efficiency, and continuous improvement in State government programs.

require significant amounts of collaboration and coordination with local, state, and federal partners and the most legal processes. For example issuance of multiple subpoenas and reviewing large volumes of financial and electronic evidence. Due to their complexity, these investigations may span several years.

#### IV. Fiscal Year 2025 Performance Data

Please find updated performance data for Fiscal Year 2025 for the Fraud and Producer Enforcement Division outlined in the table below. This data reflects the new tiered system, showing both the percentage and number of cases that have been referred for charges, as well as the number of prosecutions, categorized by tier. A case may be elevated to a higher tier based on several factors: an increase in complexity, the identification of suspected organized crime activity, a rise in the loss amount, or the identification of additional subjects or victims.

MFR Code <sup>2</sup>	Performance Measures	2025 Act	2025 Act (prosecuted)	% of cases (prosecuted)
D15	Number of Tier 1 criminal cases opened and referred for charges within 180 days	20	17	85%
D16	Number of Tier 2 criminal cases opened and referred for charges within 270 days.	5	5	100%
D17	Number of Tier 3 criminal cases opened and referred for charges within 365 days.	0	0	N/A

The new performance metrics capture how quickly cases are completed and referred for prosecution, based on the complexity factors described above. In addition to the cases noted in the table, each Tier contains prosecuted cases that exceed the established timeframes. Specifically, there were three Tier 1 cases that exceeded 180 days, one Tier 2 case exceeding 270 days, and two Tier 3 cases that exceeded 365 days. As the complexity increases, the length of time it takes to complete the case also increases. This is most evident in two Tier 3 cases that took over 365 days to complete due to their complex nature. One of these cases, a joint investigation with federal partners, resulted in \$18.7 million in restitution. The other Tier 3 case was coordinated with Prince George’s County State’s Attorney Office, involved more than 100 false claims and resulted in a loss of over \$430,000. These two long-term complex investigations were the primary reason for a significant increase in total restitution for the Fraud and Enforcement Division, which jumped from \$522,915 in Fiscal Year 2024 to \$19.2 million in Fiscal Year 2025.

In addition to the new performance metrics, the Fraud and Producer Enforcement Division is also providing Fiscal Year 2025 data using the previous performance metrics, which will be retired and no longer used starting in Fiscal Year 2026. Please see table below with updated details on the previously-used performance metrics of the Fraud and Enforcement unit, with information about their year of retirement.

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<sup>2</sup> MFR Codes are assigned to each performance measure as part of the MFR process.

<b>MFR Code</b>	<b>Performance Measure</b>	<b>2024 Act</b>	<b>2025 Act</b>	<b>Comments</b>
D12	Referrals Opened for Investigation	148	181	Retired FY 26
D13	Opened Referrals Closed within 180 Days	32	139	Retired FY 26
D14	Percentage of Referrals Opened for Investigation and Closed within 180 Days	22%	77%	Retired FY 26

## **V. Conclusion**

Based on the first year of data collection, the MIA has found that the new tiered performance metrics are more effective for monitoring the varying complexities of insurance fraud cases and the time needed to complete them. Productivity gains from Fiscal Year 2024 to Fiscal Year 2025 are reflected in the prior performance measures shown above (MFR Codes D12, D13, and D14); however, those measures do not account for all case elements. Taking into account each of the variables described in the respective tiers, the MIA expects to improve the referral opening and case assignment process to ensure that investigators are working a manageable number of cases while working the most impactful investigations that protect Marylanders. This will also allow for a more accurate statistical collection regarding all investigations, including joint investigations with local, state, and federal partners.