

**IN THE MATTER OF THE
MARYLAND INSURANCE
ADMINISTRATION**

v.

**SHARON L. FOLKS
a.k.a. Sharon L. Pitchford
1352 Crofton Road
Baltimore, Maryland 21239**

CASE NO.: MIA-2024-01-012

Fraud Division File No.: R-2023-3421A

ORDER

This Order is issued by the Maryland Insurance Administration (the “MIA”) against Sharon L. Folks, a.k.a. Sharon L. Pitchford (“Respondent”) pursuant to Md. Code Ann., Ins. Art. §§ 2-108, 2-201, 2-204 and 2-405 (2017 Repl. Vol. & Supp.) for the violations of the Maryland Insurance Article identified and described.¹

I. RELEVANT MATERIAL FACTS

1. Respondent was a named insured on a renter’s insurance policy issued by American Bankers Insurance Company of Florida, the Assurant Group (“Assurant”). The policy was in effect from September 17, 2020 to September 17, 2021, and renewed from September 17, 2021 to September 17, 2022, and from September 17, 2022 to September 17, 2023.

3. On November 6, 2022, Respondent notified Assurant that on September 3, 2022, someone broke into her home and stole a sofa set. Assurant opened a claim.

4. On November 17, 2022, Respondent submitted to Assurant a receipt ostensibly issued to her by Value City Furniture (“VCF”) store, as evidence that she owned the sofa, which was stolen. The receipt reflected that Respondent purchased a “2PC MAN LRS-BURKE CHARCOAL” sofa set for \$3,543.96.

¹ Unless otherwise indicated, all statutory references in this Order are to the Insurance Article of the Maryland Code.

5. An Assurant representative examined the VCF receipt and noted that the receipt stated, “Thanks for Stopping [*sic*] with us,” rather than “shopping.” The Assurant representative questioned Respondent about the receipt and Respondent stated she “thinks” that was how the receipt was written.

6. An Assurant representative obtained a copy of the actual VCF receipt issued to Respondent, and noted that the total cost on the actual receipt was approximately \$1,000.00 less than the receipt submitted by Respondent. The Assurant representative asked Respondent to explain the difference, and Respondent replied that she changed the VCF receipt amount to reflect more money, because she financed it. Consequently, Respondent’s claim was referred to Assurant’s Special Investigations Unit (“SIU”) for further investigation.

7. On April 18, 2023, an Assurant investigator interviewed a VCF sales representative, who searched VCF’s database, and determined that Respondent made a purchase under the last name of Pitchford, not Folks. The item purchased was a “2PC MAN LRS-BURKE CHARCOAL” for \$2,309.96, after taxes and financing. The Assurant investigator noted that the actual VFC purchase receipt was different than the receipt submitted by Respondent, which reflected the purchase of a 2-piece sofa set for \$3,543.96, after taxes.

8. On May 26, 2023, Assurant sent Respondent a letter denying her claim, which stated:

Dear Sharon Folks,

This letter shall serve as notification that your claim has been reviewed and a determination as [*sic*] been made.

Our investigation indicates the receipts you provided as proof of ownership were not valid, as confirmed with the original vendors listed on the receipts. We provided the vendor with sectional [*sic*] receipt was altered for an increase in price.

Based in the information, we are closing your claim without payment.

The applicable policy language is provided below for your convenience:

SECTION I AND II – CONDITIONS

2. Concealment or Fraud.

a. Under **SECTION I – PROPERTY COVERAGES**, with respect to all “insureds” covered under this policy, we provide no coverage for loss under **SECTION I – PROPERTY COVERAGE** if, whether before or after a loss, an “insured” has:

- (1) Intentionally concealed or misrepresented any material fact or circumstance;
- (2) Engaged in fraudulent conduct; or
- (3) Made false statements; relating to this insurance.

9. Section 27-802(a)(1) 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.

Assurant, having a good faith belief that Respondent committed insurance fraud, referred the matter to the MIA, Fraud and Producer Enforcement Division, which opened an investigation.

II. THE ADMINISTRATION’S INVESTIGATION

10. An MIA investigator interviewed a representative for VCF who provided a copy of Respondent’s June 22, 2022, VCF purchase receipt for a “2PC MAN LRS-BURKE CHARCOAL” totaling \$2,339.96. The VCF representative examined a copy of the receipt Respondent submitted to Assurant and advised it was not a VCF receipt and it looked like something someone made up.

III. VIOLATION(S)

11. Based on the foregoing and considering all relevant sections of the Insurance Article, the Administration finds that Respondent violated the Maryland Insurance Article as follows:

§ 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[.]

§ 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.

12. As described in detail above, Respondent violated § 27-403 by submitting a false VCF receipt to Assurant in support of a claim. A fraudulent insurance act of submitting false documents in support of a claim is complete upon submitting the false document and is not dependent on payment being made. As such, Respondent is subject to an administrative penalty pursuant to § 27-408(c) of the Insurance Article.

IV. SANCTIONS

13. 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. §§ 2-201(d)(1) and 2-405.

14. Having considered the factors set forth in § 27-408(c)(2), the MIA has determined that \$1,500.00 is an appropriate penalty against Respondent.

15. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2023-3421A) and name (Sharon L. Folks). Payment of

the administrative penalty shall be made by immediate payable funds, and shall be sent to the attention of: Joseph E. Smith, Acting Associate Commissioner, Insurance Fraud and Producer Enforcement Division, 200 St. Paul Place, Suite 2700, Baltimore, Maryland 21202. Unpaid penalties will be referred to the Central Collections Unit for collection.

16. This Order does not preclude any potential or pending action by any other person, entity or government authority regarding any conduct by 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 19th day of January 2024, **ORDERED** that:

Sharon L Folks pay an administrative penalty of One Thousand Five Hundred Dollars (“\$1,500.00”) within 30 days of the date of this Order.

KATHLEEN A. BIRRANE
Insurance Commissioner

BY: signature on original
JOSEPH E. SMITH
Acting Associate Commissioner
Insurance Fraud & Producer Enforcement 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 served. 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.