

IN THE MATTER OF THE
MARYLAND INSURANCE
ADMINISTRATION

v.

CHERYL WELLS
8814 Costin Loop
Fort Meade, Maryland 20755

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BEFORE THE MARYLAND
INSURANCE COMMISSIONER

CASE NO. : MIA-2015-09-009
Fraud Division File No.: R-2015-2111A

ORDER

This Order is entered by the Maryland Insurance Administration (“MIA”) against Cheryl Wells (“Wells” 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 automobile insurance for her 2013 Toyota Tundra with Government Employees Insurance Company (“GEICO”), an authorized insurer. The GEICO policy number was [REDACTED]. The policy was in effect until December 19, 2014, when it was cancelled by GEICO.

2. On December 8, 2014, GEICO sent a “Notice of Cancellation for Nonpayment of premium” to Respondent. The notice stated, “As of 12:01 a.m. local time December 19, 2014, your policy will cancel due to nonpayment of premium.”

3. On December 30, 2014 at 7:11 a.m., Respondent made a premium payment to GEICO and her policy was immediately reinstated as of December 30, 2014.

4. On December 30, 2014, at 9:27 a.m., Respondent reported to GEICO that at 8:45 a.m., on December 30, 2014, after dropping her daughter off at work, she struck a deer, causing damage to her Toyota.

5. On December 30, 2014, a GEICO claims agent referred the claim to its Special Investigation Unit ("SIU") as Respondent had reported the accident on the same date she reinstated her policy.

6. On December 31, 2014, a GEICO SIU investigator interviewed Respondent's daughter's employer, to ascertain whether she had worked on the morning of December 30, 2014. The employer advised the SIU investigator that Respondent's daughter had not worked that morning.

7. On December 31, 2014, a GEICO SIU investigator interviewed Respondent. She admitted that the accident occurred on December 29, 2014, a day prior to reinstating her GEICO 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." GEICO, 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 GEICO and confirmed its handling of Respondent's insurance claim.

10. On June 16, 2015, MIA interviewed Respondent. She admitted that the date of the accident was December 29, 2014, not December 30, 2014, as she had reported to GEICO. She further acknowledged knowing that her GEICO policy had been cancelled on December 19, 2014, and not reinstated until December 30, 2014, a day after she struck the deer.

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 the Respondent violated Maryland's insurance laws:

12. **§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.

13. **§27-408(e)**

(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, Cheryl Wells violated §27-403. As such, Respondent is subject to an administrative penalty under the Insurance Article §27-408.

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 a fraudulent claim has been submitted to an insurer. Insurance Article §§2-201(d) (1) and 2-405.

16. Having considered the factors set forth in §27-408(c)(2) and COMAR 31.02.04.02, MIA has determined that \$500.00 is an appropriate penalty.

17. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2015-2111A) and name (Cheryl Wells). 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.

18. 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 3rd day of September 2015, **ORDERED** that:

(1) Cheryl Wells pay an administrative penalty of \$500.00 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.