

IN THE MATTER OF THE
MARYLAND INSURANCE
ADMINISTRATION

v.

SUSAN L. CANNON
7830 Hanover Pkwy #102
Greenbelt, MD 20770

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BEFORE THE MARYLAND
INSURANCE COMMISSIONER

CASE NO. : MIA-2016-01-014
Fraud Division File No.: R-2016-0016A &
R-2016-0017A

ORDER

This Order is entered by the Maryland Insurance Administration (“MIA”) against Susan L. Cannon (“Cannon” 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 with United States Automobile Association (“USAA”), an authorized insurer, for her Maryland residence. The policy provided coverage for personal property owned by Respondent. The policy was in effect from August 30, 2014 to August 30, 2015.

2. On May 15, 2015, Respondent notified USAA that earlier that day, her car was broken into and personal property was stolen. She reported that a police officer with the Greenbelt, Maryland Police Department arrived at the location of the theft and authored a report (#15-9877). USAA assigned claim number 030435776-17.

3. On May 15, 2015, in support of her claim, Respondent provided USAA with copies of invoices for items she claimed had been stolen from her car. Among the invoices were two from CJ Cross Real Estate Services, Ltd. (“CJ Cross”). The first invoice (#51513) was dated May 20, 2013, and reflected the purchase of a “MacBook Air” as well as a “MacBook Pro,”

totaling \$3,587.34. The second invoice (#51513-2) was dated May 24, 2013, and reflected the purchase of an external hard drive and accessories, totaling \$458.80.

4. On May 15, 2015, a USAA claims adjuster examined Respondent's claim history and discovered Respondent had prior claims, one of which was similar to the current claim. Therefore, the adjuster referred Respondent's claim to USAA's Special Investigations Unit ("SIU") for further investigation.

5. The SIU examined the prior claim which Respondent had made to USAA on May 15, 2013, claim number 030435776-6. SIU discovered Respondent had submitted the same CJ Cross invoices (#51513 and #51513-2) in the 2013 claim as she had presented to USAA in her 2015 claim. In the 2013 claim, the invoices were submitted in support of recoverable depreciation for items Respondent reported had been stolen from her car, which she purportedly replaced. USAA relied on those invoices and paid Respondent \$521.69, the difference between the replacement cost and actual cash value (recoverable depreciation) of items Respondent reported stolen.

6. On June 26, 2015, USAA requested CJ Cross to validate invoices 51513 and 51513-2. A representative advised that at the time the invoices were generated Respondent was employed by CJ Cross; however, the invoices were not issued by CJ Cross, and the items listed on the invoices were not sold to Respondent by CJ Cross.

7. On July 10, 2015, USAA sent Respondent a letter denying her May 15, 2015 claim due to material misrepresentation. On August 5, 2015, USAA sent Respondent a letter demanding restitution in the amount of \$521.69, for the May 15, 2013 claim, as USAA determined she misrepresented material facts in the presentation of that claim as well.

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

9. During the course of its investigation, MIA contacted USAA and confirmed its handling of Respondent’s insurance claims.

10. MIA interviewed a representative from CJ Cross who inspected invoice numbers 51513 and 51513-2. The representative advised that CJ Cross did not issue the invoices, and it did not sell any property to Respondent. Further, CJ Cross is a commercial real estate company specializing in mortgage banking and it has never sold Apple products.

11. On November 16, 2015, MIA spoke to USAA and confirmed the Respondent had not made restitution in the amount of \$521.69, in spite of its August 5, 2015 demand for restitution.

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 Cannon 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

(ii) order restitution to an insurer or self-insured employer of any insurance proceeds paid relating to a fraudulent insurance claim.

(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 violated § 27-403. As such, Cannon is subject to the imposition of 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 fraudulent invoices to USAA in support of claims she made in 2013 and 2015. In the 2013 claim, USAA relied on those invoices and paid Respondent. 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.

18. Additionally, Respondent is ordered to reimburse USAA \$521.69, which is the amount it paid Respondent for recoverable depreciation upon reliance on invoices submitted for her May 15, 2013 claim.

19. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2016-0016A) and name, (Susan Cannon). Unpaid penalties will be referred to the Central Collections Unit (CCU) 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.

20. Notification of reimbursement to USAA Casualty Insurance Company shall be made in writing to the Associate Commissioner, Insurance Fraud Division, 200 St. Paul Place, Suite 2700, Baltimore, Maryland 21202. Such notification shall include a copy of the money order or cancelled check issued to USAA Casualty Insurance Company as proof of reimbursement and identify the case by number (R-2016-1016A) and name, (Susan Cannon).

21. 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 14th day of January 2016, **ORDERED** that:

- (1) Susan Cannon pay an administrative penalty of \$3,000.00 within 30 days of the date of this Order.
- (2) Susan Cannon pay restitution to USAA in the amount of \$521.69 within 30 days of the date of this Order.

ALFRED W. REDMER, JR.
Insurance Commissioner

signature on original

BY: _____

VICTORIA AUGUST
Acting 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.