

IN THE MATTER OF THE
MARYLAND INSURANCE
ADMINISTRATION

v.

KRISTY CASWELL
316 Whetstone Road
Forest Hill, Maryland 21050

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BEFORE THE MARYLAND
INSURANCE COMMISSIONER

CASE NO. : MIA-2016-03-049
Fraud Division File No.: R-2016-1214A

ORDER

This Order is entered by the Maryland Insurance Administration (“MIA”) against Kristy Caswell (“Respondent”) pursuant to §§ 2-108, 2-201, 2-204 and 2-405 of the Insurance Article, Annotated Code of Maryland (“the Insurance Article”).

I. Facts

1. A “certificate of insurance” (“COI”) is a document that is prepared and provided by an insurer or insurance producer as evidence of property or casualty insurance coverage. Insurance Article § 19-116(a)(3)(i). Section 19-116(g) of the Insurance Article states that “a person may not prepare or issue a certificate of insurance that the person knows contains false or misleading information or that purports to amend, alter, or extend the coverage provided by the policy of insurance referenced in the certificate.”

2. The COI is an important document in that it serves as evidence to customers, contractors or other third parties that the insured has obtained insurance. It indicates that the business or individual named as the insured has the financial resources available to protect those who may come to harm through the insured’s negligence.

3. Section 27-802(a)(1) of the 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.” Keller-Brown Insurance Services (“KBIS”), a licensed insurance producer business entity, having a good faith belief that insurance fraud was committed, referred the following matter to the MIA’s Fraud Division.

4. On May 1, 2015, the president of KBIS notified MIA that on April 14, 2015, her office was contacted by CR Property Group, LLC (“CRPG”), a property manager, which requested a Certificate of Insurance (“COI”) for Caswell Testing & Water Systems, LLC (“Caswell”), a contractor. The KBIS representative advised CRPG that it had no policy for Caswell. CRPG, however, provided KBIS with a COI it had received from Caswell reflecting that Caswell was insured by Erie Insurance Exchange (“Erie”), an authorized insurer. The producer was identified as KBIS, and the COI showed separate policies issued to Caswell by Erie covering commercial general liability, automobile liability and umbrella liability. Each of the three policies had effective dates of April 17, 2014 through April 17, 2015.

5. The president of KBIS examined the aforementioned COI and concluded it was not issued by KBIS and was therefore fraudulent. She noted that KBIS had placed insurance for Caswell on November 10, 2011, through Erie, and issued a COI on December 1, 2011. However, on March 16, 2012, Caswell’s policy was cancelled for “nonpayment of premium.”

6. MIA interviewed the president of KBIS and confirmed the information provided in her written complaint to MIA. She reported that she recognized multiple errors on the COI provided to her by CRPG. The errors noted in her written complaint included, among other

things, no issue date on the COI, the fonts on the COI are not used in the KBIS system, the producer's signature is not a KBIS producer, the COI form was not the version in the KBIS system in 2014.

7. MIA interviewed a representative from CRPG who advised that CRPG requires COI's from all contractors. She further stated that in 2014, Caswell began performing work for CRPG, and on December 9, and 15, 2014, she sent emails directly to Respondent requesting proof of insurance. Respondent was the only Caswell representative she communicated with. In response to her request, she received the aforesaid COI purportedly underwritten by Erie which she later learned from KBIS was not generated by KBIS.

II. Violation(s)

8. The Administration relies on the following pertinent sections in finding that the Respondent violated Maryland's insurance laws:

9. § 27-406(5)

It is a fraudulent insurance act for a person:

(5) with intent to deceive, knowingly to exhibit a false account, document, or advertisement about the affairs of an insurer.

10. § 19-116(g)

A person may not prepare or issue a certificate of insurance that the person knows contains false or misleading information or that purports to amend, alter, or extend the coverage provided by the policy of insurance referenced in the certificate.

11. § 27-408(c)

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

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(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. By the conduct described herein, Respondent violated § 27-406(5) and is subject to an administrative penalty under the Insurance Article § 27-408.

III. Sanctions

13. Respondent violated the Insurance Article with the intent to deceive when she knowingly presented a fraudulent COI to CRPG, falsely representing that she had the requisite insurance with Erie, through KBIS, when in fact the insurance had lapsed more than two years prior. Having considered the factors set forth in § 27-408(c)(2), MIA has determined that \$1,500.00 is an appropriate penalty.

14. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2016-1214A) and name (Kristy Caswell). 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.

15. 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 29th day of March 2016, **ORDERED** that:

Kristy Caswell pay an administrative penalty of \$1,500.00 within 30 days of the date of this Order.

ALFRED W. REDMER, JR.
Insurance Commissioner

signature on original

BY:

NANCY GRODIN
Deputy Commissioner

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: Appeals Clerk. 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.