

IN THE MATTER OF THE
MARYLAND INSURANCE
ADMINISTRATION

v.

DAVID C. STANLEY
2825 Miles Avenue
Baltimore, Maryland 21211

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BEFORE THE MARYLAND
INSURANCE COMMISSIONER

CASE NO. : MIA- 2016-03-051
Fraud Division File No.: R-2016-2100A

ORDER

This Order is entered by the Maryland Insurance Administration (“MIA”) against David C. Stanley (“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 owned a 1990 Toyota Camry, insured by Nationwide Mutual Insurance Company (“Nationwide”), an authorized insurer. On June 28, 2015, Respondent and a passenger were seated in his Camry, which was parked on St. Paul Street at 30th Street, in Baltimore, Maryland, when it was struck by a 2015 Toyota Corolla, insured by California State Automobile Association General Insurance Company (“CSAA”), an authorized insurer.

2. A Baltimore City police officer responded to the accident location. Respondent and the driver of the Corolla exchanged license, registration, and insurance information. A police report was not written.

3. On June 29, 2015, Respondent notified Nationwide of the accident with the CSAA insured. Nationwide assigned claim number 837675GB, and subsequently notified CSAA of the accident. CSAA assigned claim number 1000997149.

4. On July 13, 2015, an attorney sent CSAA a letter, to advise he represented Respondent and his passenger in reference to claim #1000997149, “regarding personal injuries sustained as a result of an automobile accident...”

5. On November 17, 2015, CSAA inspected and photographed Respondent’s Camry. The inspection revealed the driver’s side bumper was “bent forwards and inwards a foot or two from the corner [sic].” The Camry was declared a total loss. Consequently, CSAA paid Respondent \$2,702.11.

6. On January 5, 2016, the CSAA insured provided CSAA with photographs he took of Respondent’s Camry after the June 28, 2015 accident. The photographs showed no visible damage to Respondent’s Camry. Therefore, CSAA referred the matter to its Special Investigations Unit (“SIU”). CSAA-SIU employed ICS Merrill (“ICS”), a full-service investigative firm to investigate the claim.

7. ICS performed an Insurance Services Office (“ISO”) claims history search and found in addition to the June 28, 2015 accident, Respondent’s Camry was involved in a October 7, 2015 accident. Respondent’s Camry was uninsured on October 7, 2015, as his Nationwide policy had expired.

8. On January 20, 2016, ICS interviewed the person involved in the October 7, 2015 accident with Respondent’s Camry. He reported being struck by Respondent’s Camry when it pulled from a parking space. He examined the photographs taken on November 17, 2015 by CSAA, and advised the damage depicted in those photographs was consistent with damage he observed to Respondent’s Camry following the October 7, 2015 accident. He reported that a Baltimore City police officer authored accident report (No. 156J-02747).

9. On February 10, 2016, CSAA advised Respondent's attorney that it was denying Respondent's claim as the damages alleged by Respondent as having occurred on June 28, 2015, actually occurred in October 2015.

10. 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." CSAA, having a good faith belief that Respondent committed insurance fraud, referred the matter to the MIA, Fraud Division.

11. During the course of its investigation, MIA contacted CSAA and confirmed its handling of Respondent's claim.

12. MIA contacted the individual who collided with Respondent's vehicle on June 28, 2015. He confirmed he had taken photographs immediately following the accident, which illustrated that Respondent's Camry did not have front-end damage.

13. MIA contacted the Baltimore police officer who responded to the June 28, 2015 accident. He examined the photographs taken on June 28, 2015, and compared those with the photographs taken by CSAA on November 17, 2015. He reported that the damage depicted in the photograph taken on November 17, 2015, was not present on June 28, 2015.

14. On March 1, 2016, MIA contacted the individual struck by Respondent on October 7, 2015. He stated Respondent's vehicle had front-end damage as a result of the accident, and Respondent was uninsured; therefore, he filed a claim with his own insurance carrier.

II. Violation(s)

15. In addition to all relevant sections of the Insurance Article, the Administration relies on the following pertinent sections in finding that Respondent violated Maryland's insurance laws:

16. § 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.

17. § 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.

18. By the conduct described herein, Respondent knowingly violated § 27-403. As such, Respondent is subject to an administrative penalty under the Insurance Article § 27-408(c).

III. Sanctions

19. 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.

20. Respondent presented his vehicle for a damage estimate to CSAA on November 17, 2015. He reported that the damage was the result of an accident with a CSAA insured June 28, 2015. Investigation revealed the damage reported did not occur on June 28, 2015. Prior to discovering that Respondent's claim was false, CSAA had paid \$2,702.11, declaring his Camry a total loss. Having considered the factors set forth in § 27-408(c)(2) and COMAR 31.02.04.02, MIA has determined that \$1,500.00 is an appropriate penalty.

21. Respondent is ordered to reimburse CSAA \$2,702.11, which is the amount CSAA paid Respondent after it declared his Camry a total loss. CSAA relied on Respondent's assertion that the damage occurred on June 28, 2015, when a CSAA insured struck Respondent's Camry. Investigation revealed that the front-end damage to Respondent's Camry was not the result of the June 28, 2015 accident, but was the result of a October 7, 2015 accident.

22. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2016-2100A) and name, (David C. Stanley). 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.

23. Notification of reimbursement to CSAA shall be made in writing to the Deputy Commissioner, Insurance Fraud Division, 200 St. Paul Place, Suite 2700, Baltimore, Maryland 21202. Such notification shall include a copy of the money order or canceled check issued to CSAA as proof of reimbursement and identify the case by number (R-2016-2100A) and name, (David C. Stanley).

24. 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 35th day of March 2016, **ORDERED** that:

(1) David C. Stanley pay an administrative penalty of \$1,500.00 within 30 days of the date of this Order.

(2) David C. Stanley pay restitution to CSAA in the amount of \$2,702.11 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: 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 Respondent in a Final Order after hearing.