

IN THE MATTER OF THE
MARYLAND INSURANCE
ADMINISTRATION

v.

ROBERT RENNA
67 Martin Road
Conowingo, Maryland 21918

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BEFORE THE MARYLAND
INSURANCE COMMISSIONER

CASE NO. MIA-2016-06-047
Fraud Division File No. R-2016-1875A

ORDER

This Order is entered by the Maryland Insurance Administration (“MIA”) against Robert Renna (“Respondent”) pursuant to §§ 2-108, 2-201, 2-204 and 2-405 of the Insurance Article, Md. Code Ann. (2011 Repl. Vol. & Supp.) (“Insurance Article”).

I. Facts

1. Respondent had an automobile insurance policy with Nationwide Mutual Insurance Company (“Nationwide”), an authorized insurer for his 2007 Dodge truck. The policy was in effect from June 21, 2015 until December 15, 2015.

2. On October 1, 2015, Respondent advised Allstate Indemnity Company (“Allstate”), an authorized insurer, that he was injured when the operator of a vehicle insured by Allstate rear-ended his truck while he was stopped in traffic on Interstate 695 in Baltimore. Allstate opened a bodily injury claim and assigned claim number 0386112114.

3. On October 1, 2015, Respondent notified Nationwide of the accident, and on October 5, 2015, he advised Nationwide he had been injured, missed work and was not paid. Nationwide opened a Personal Injury Protection (“PIP”) claim under claim number 190617GC.

4. On October 19, 2015, in support of his PIP claim, Respondent provided Nationwide with a PIP benefits package, which stated that as a result of injuries in the October 1,

2015 accident, he lost \$2,250.00 in wages, and was unable to work from October 1, 2015 until October 12, 2015. The "Application for Benefits- Personal Injury Protection" form signed by Respondent contained the following statement:

Any person who knowingly and willfully presents a false or fraudulent claim for payment of a loss of benefit or who knowingly and willfully presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

5. On November 21, 2015, Respondent submitted to Nationwide an "Employment Information Form," which claimed he lost \$3,000.00 in wages for the same dates. Respondent stated he worked half days on October 5th and 6th, 2015. This form was dated November 12, 2015, and reflected the signature of Respondent's employer.

6. On November 20, 2015, in support of his bodily injury claim, Respondent provided Allstate with a wage verification form. The form stated Respondent's pay rate was \$500.00 a day, and as a result of injuries received on October 1, 2015, he missed work on October 1, 2, 7, 8, 9, 2015, and only worked half days on October 5th and 6th, 2015.

7. On December 11, 2015, a Nationwide claims examiner interviewed Respondent's employer whose signature appeared on the "Employment Information Form." The employer advised Respondent was paid \$250.00 per job; he did not miss all the days he put down on the lost wage form. The employer advised that business has not been good, and Respondent was trying to make some money off of the October 1, 2015 accident.

8. On December 14, 2015, Nationwide referred the matter to its Special Investigations Unit ("SIU") due to discrepancies between what was reflected on Respondent's wage form and what his employer had reported.

9. On December 15, 2015, an SIU investigator interviewed Respondent's employer. He stated Respondent was a service technician and had worked two jobs after the October 1,

2015 accident for which he was paid. Respondent had not suffered a wage loss and was paid by the job; he had no other work to give Respondent. The employer reviewed the wage form and advised he completed the form, although he did not enter the wage loss amount of \$3,000.00. The employer discussed the wage form with Respondent and advised him, "It wasn't going to work," because "they" needed documentation, "I tried to convince him not to do it."

10. On December 15, 2015, Nationwide SIU interviewed Respondent who advised he had his employer sign the Employment Information Form; however, Respondent admitted he had written \$3,000.00 on the form for the amount of wages lost, outside the presence of his employer. After further questioning, Respondent terminated the interview. Respondent's claim was denied by Nationwide.

11. On January 18, 2016, Respondent accepted a settlement for his bodily injury claim from Allstate for \$3,000.00, which included \$500.00 for lost wages.

12. 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.

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

13. During the course of its investigation, MIA contacted Nationwide and Allstate and confirmed their handling of Respondent's claim.

14. On May 9, 2016, an MIA investigator interviewed Respondent. He advised he entered a lost wages amount of \$3,000.00 on the Employment Information Form after his employer signed the form. Respondent stated he did not lose any wages as a result of the

accident, and \$3,000.00 represented what he would have been paid had his employer assigned him work.

15. On May 22, 2016, MIA requested Allstate's claim file. A review of the file and contact with the Allstate claims examiner confirmed Allstate relied on the wage loss form Respondent submitted to pay him \$500.00 in lost wages as part of his \$3,000.00 settlement.

II. Violation(s)

16. 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:

17. **§ 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.

18. **§ 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.

19. By the conduct described herein, Respondent knowingly violated § 27-403, when he submitted false wage claims to Nationwide and Allstate. As such, he is subject to an administrative penalty under the Insurance Article § 27-408(c).

III. Sanctions

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

21. Respondent submitted false documents to Allstate and Nationwide in support of his lost wage claims. Having considered the factors set forth in § 27-408(c)(2) and COMAR 31.02.04.02, the MIA determined that \$4,000.00 is an appropriate penalty under the statute.

22. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2016-1875A) and name (Robert Renna). Unpaid penalties will be referred to the Central Collections Unit for collection. Payment of the administrative penalty shall be sent to the attention of: Deputy Commissioner, Insurance Fraud Division, 200 St. Paul Place, Suite 2700, Baltimore, Maryland 21202.

23. Respondent is ordered to reimburse Allstate, \$500.00, which is the amount he had obtained for lost wages when Allstate relied on the false lost wages claim Respondent submitted.

24. Notification of reimbursement to Allstate shall be made in writing to the Deputy Commissioner, Insurance Fraud Division, 200 St. Paul Place, Suite 2700, Baltimore, Maryland 21202 within ten calendar days of the date payments are made. Such notification shall include proof of reimbursement to Allstate such as a copy of the money order or cancelled check issued

to Allstate. The proof of reimbursement shall be identified by case number (R-2016-1875A) and name (Robert Renna).

25. 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 28th day of June 2016, **ORDERED** that:

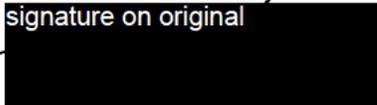
(1) Robert Renna shall pay an administrative penalty of Four-Thousand Dollars (\$4,000.00) within 30 days of the date of this Order.

(2) Robert Renna shall pay restitution to Allstate in the amount of Five Hundred Dollars (\$500.00) within 30 days of the date of this Order.

ALFRED W. REDMER, JR.
Insurance Commissioner

signature on original

BY:


NANCY GROBIN
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.