

IN THE MATTER OF THE  
MARYLAND INSURANCE  
ADMINISTRATION

v.

GERARD JANG  
143 Back River Neck Road  
Essex, Maryland 21221

\*  
\*  
\*  
\*  
\*  
\*  
\*  
\*  
\*  
\*  
\*

BEFORE THE MARYLAND  
INSURANCE COMMISSIONER

CASE NO. : MIA-2016-09-022  
Fraud Division File No.: R-2016-3289A

\*\*\*\*\*

**ORDER**

This Order is entered by the Maryland Insurance Administration (“MIA”) against Gerard Jang (“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 purchased a commercial general liability insurance policy with Liberty Mutual Insurance Company (“Liberty”), an authorized insurer, for his automobile repair business, Jerry JoJo Auto LLC (“Jerry”), located at 143 Back River Neck Road, Essex, Maryland. The policy was in effect from August 14, 2105 until August 14, 2016.

2. On November 1, 2015, Respondent notified Liberty that a 2006 Lincoln and a 2003 Toyota were vandalized while they were parked at Jerry’s awaiting repairs. Respondent reported that both vehicles suffered broken windshields, and the paint on the hood and both sides of the Lincoln was also scratched. Liberty assigned claim number 23148439.

3. On November 10, 2015, the Liberty damage adjuster photographed the damage to both vehicles and completed repair estimates. The estimate to repair the Lincoln was \$3,045.25. The estimate to repair the Toyota was \$301.92.

4. On November 17, 2015, Liberty issued Respondent a check in the amount of \$3,347.17 for the cost of repairing both vehicles.

5. On December 30, 2015, a witness notified Liberty that Respondent's vandalism claim was fraudulent and that Respondent had presented the claim to get money from the insurance company. Consequently, the claim was re-opened and referred to Liberty's Special Investigative Unit ("SIU").

6. On January 6, 2016, an SIU investigator interviewed the witness who had reported the claim to be fraudulent. He advised that the Toyota came from an auction and already had a broken windshield, and the Lincoln was also at the shop for a broken windshield. The witness also stated that Respondent had intentionally scratched the Lincoln.

7. On January 7, 2016, an SIU investigator interviewed Respondent. The investigator asked, "and it is my understanding that the damage...the paint scratches to the Lincoln were not an act of somebody vandalizing the car but instead you personally put those scratches on that Lincoln. Is that correct?" Respondent replied, "Yes, Sir." The Respondent was asked why he scratched the Lincoln, and he stated, "...because the insurance is going to pay more." Respondent maintained that the damages to the vehicles windshields were legitimate.

8. On February 15, 2016, Respondent agreed to make full restitution to Liberty. He advised that he needed a week or two to pay the entire amount, and he would call the investigator as soon as he was able to make the payment. However, Respondent has failed to make restitution.

9. 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.

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

10. In the course of its investigation, the MIA contacted Liberty and confirmed its handling of the Respondent's insurance claim.

11. On July 1, 2016, the MIA interviewed Respondent who stated that he personally scratched the Lincoln to get more money from the insurance company.

## **II. Violation(s)**

12. The Administration relies on the following applicable sections of the Insurance Article in finding that Respondent violated Maryland's insurance laws:

13. § 27-403 (2)

It is a fraudulent insurance act for a person:

(2) to present or cause to be presented to 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 engaging in the conduct described herein, Respondent knowingly violated § 27-403, of the Insurance Article when he provided a false statement to Liberty. As such, Respondent is subject to 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. 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.

18. Additionally, Respondent is ordered to reimburse Liberty \$3,347.17, the amount he fraudulently obtained after submitted the false vandalism claim.

19. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2016-2892A) and name (Gerard Jang). 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.

20. 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 16<sup>th</sup> day of September 2016, ORDERED that:

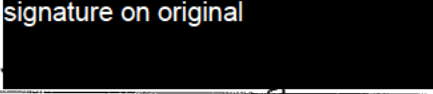
(1) Gerard Jang shall pay an administrative penalty of one-thousand five hundred dollars (\$1,500.00) within 30 days of the date of this Order.

(2) Gerard Jang shall pay restitution to Liberty in the amount of three-thousand three hundred forty seven dollars and seventeen cents (\$3,347.17) within 30 days of the date of this Order.

ALFRED W. REDMER, JR.  
Insurance Commissioner

signature on original

BY:

  
STEVE WRIGHT  
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.