

IN THE MATTER OF THE
MARYLAND INSURANCE
ADMINISTRATION

v.

Kris Konstruktion Design & Build Group
C/O Kristian A. Randlett
13523 Long Green Pike
Baldwin, MD 21013

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BEFORE THE MARYLAND
INSURANCE COMMISSIONER

CASE NO. : MIA-2016-11-025

Fraud Division File No.: R-2017-0644A

CONSENT ORDER

The Maryland Insurance Administration (“Administration”) enters this Order with the consent of Kris Konstruktion Design & Build Group (“Respondent”), pursuant to §§ 2-108, 2-204, 2-405, and 10-403(a) of the Insurance Article, Md. Code Ann. (2011 Repl. Vol. & Supp.) (“the Insurance Article”), and any other applicable sections, as follows:

I. Explanatory Statement and Findings of Fact

1. A Public Adjuster is an insurance claim adjuster who acts as an advocate for a policyholder in appraising and negotiating a first party property insurance claim. Public adjusters must be licensed by the Administration. Public adjusters act as the insured’s representative in dealings with the insurance company.

2. On July 25, 2016, a homeowner filed a claim with Erie Insurance (“Erie”), an authorized insurer, for hail damage from a storm on May 2, 2016. Erie assigned claim #010211029745001.

3. On August 24, 2016, the homeowner entered into an agreement with Kris Konstruktion to repair damage to their roof. The agreement, contained the following language:

Homeowner agrees to retain Kris Konstruktion to represent said homeowner in obtaining the insurance company's approval for replacement and/or repairs to the property ...

Homeowner hereby empowers Kris Konstruktion to contact the homeowner's insurance carrier and meet with their adjuster/representative to discuss damage and replacement work to be done ... in order to negotiate the payment for the replacement/repair, which will be performed by Kris Konstruktion.

4. On August 29, 2016, the homeowner sent the signed Kris Konstruktion agreement to Erie. An Erie Claim Supervisor reviewed the document and referred the agreement to Erie's Special Investigations Unit ("SIU") for further investigation to determine if an unlicensed public adjuster was committing fraud.

5. 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.

Erie referred the matter to the Administration's Fraud Division because of the potential unlicensed public adjuster activity.

6. During the course of its investigation, the Administration contacted Erie and confirmed its handling of the homeowner's claim.

7. The Administration contacted the homeowner who confirmed he hired Kris Konstruktion and entered into a contract to have his damaged roof repaired.

8. The Administration verified with the Maryland Home Improvement Commission that Respondent is a Maryland licensed home improvement contractor.

9. The Administration verified that Respondent is not a licensed public adjuster in Maryland.

10. The Administration contacted Kris Konstruktion's owner and he confirmed he was not a public adjuster. He confirmed the language in his business agreement is accurate and has been in place for a few years. He advised he will make necessary changes to the agreement to remove any language that refers to public adjuster activities.

II. Provisions of Law

11. The following provisions of law are relevant to the Administration's inquiry. Pursuant to § 2-204(b)(2), the failure to designate a particular provision of the article in this Order does not deprive the Commissioner of the right to rely on that provision.

12. **Section 10-403** of the Insurance Article provides as follows:

(a) Except as otherwise provided in this subtitle, a person must obtain a license before the person acts as a public adjuster in the State.

(b) A person that violates this section is guilty of a misdemeanor and on conviction is subject to a fine not exceeding \$500 or imprisonment not exceeding six months or both for each violation.

13. **Section 27-405** of the Insurance Article provides as follows;

It is a fraudulent insurance act for a person to act as or represent to the public that the person is:

(1) an insurance producer or a public adjuster in the State if the person has not received the appropriate license under or otherwise complied with Title 10 of this article.

14. By the conduct described herein, Respondent violated § 27-405 when it advertised that it can represent a homeowner's claim to an insurance company although Kris Konstruktion was not a licensed public adjuster under Title 10, subtitle 4 of the Insurance Article.

15. The parties agree to this Order to avoid litigation and to fully and finally resolve all issues stated in the Initial Order. Respondent admits to the conduct above, but denies any liability to any party as a result of its actions.

ORDER

WHEREFORE, for the reasons set forth above, and subject to the right to request a hearing, it is this 17th day of November 2016, **ORDERED** that:

- A. Respondent will not act as an adjuster.
- B. Kris Konstruction cease the use of any and all documents, which imply Kris Konstruction is empowered to negotiate claims with insurance companies on their customers' behalf or which make references to public adjusting services.
- C. Effective the date of this Order, Respondent shall remove from the KrisKonstrucion.com website and any other Internet sites the following statements: We meet with your insurance adjuster; We ensure full replacement settlement; Experienced representatives thoroughly inspect your home; and We complete all of the repairs at no cost to you.
- D. The executed Consent Order and notice of compliance shall be sent to Associate Commissioner, Insurance Fraud Division, and 200 St. Paul Place, Suite 2700, Baltimore, MD 21202 that you have complied with MIA's request along with an example of your new agreement language.
- E. Respondent agrees to refrain from undertaking any future contracts or marketing campaigns that promise to represent an insured homeowner's claim to an insurance company, or that otherwise represent Respondent as authorized to conduct public adjuster services in conjunction with home repairs.
- F. Respondent has had the opportunity to have this Order reviewed by legal counsel of their choosing, and is aware of the benefits gained and obligations incurred by the execution of the Order. Respondent waives any and all rights to any hearing or judicial

review of this Order to which it would otherwise be entitled under the Insurance Article with respect to any of the determinations made or actions ordered by this Order.

G. The parties acknowledge that this Order contains the entire agreement between the parties relating to the administrative actions addressed herein and that this Order resolves all matters relating to the factual assertions and agreements contained herein. All time frames set forth in this Order may be amended or modified only by subsequent written agreement of the parties.

H. For the purposes of the Administration and for any subsequent administrative or civil proceedings concerning Respondent, whether related or unrelated to the foregoing paragraphs, and with regard to requests for information about the Respondent made under the Maryland Public Information Act, or properly made by governmental agencies, this Order will be kept and maintained in the regular course of business by the Administration. For the purposes of the business of the Administration, the records and publications of the Administration will reflect this Order.

I. Nothing herein shall be deemed a waiver of the Commissioner's right to proceed in an administrative action or civil action to enforce the terms of this Order. Failure to fully comply with the terms of this Order may subject Respondent to further legal and/or administrative action.

J. This Order shall be effective upon signing by the Commissioner or his designee, and is a Final Order of the Commissioner under § 2-204 of the Insurance Article.

ALFRED W. REDMER, JR.
Insurance Commissioner

BY:

SIGNATURE ON ORIGINAL

STEVE WRIGHT
Associate Commissioner
Insurance Fraud Division

RESPONDENT'S CONSENT

Respondent Kris Konstruction consents to the representations made in, and terms of, this Consent Order. On behalf of Respondent, the undersigned hereby affirms that he or she has taken all necessary steps to obtain the authority to bind Respondent to the obligations stated herein and does, in fact, have the authority to bind Respondent to the obligations stated herein.

11/3/16
Date

SIGNATURE ON ORIGINAL

Authorized Signatory

President
Title