

IN THE MATTER OF THE  
MARYLAND INSURANCE  
ADMINISTRATION

v.

KEVIN M. LOZADA  
2113 Townhill Road, Apt. F  
Parkville, MD 21234

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BEFORE THE MARYLAND  
INSURANCE COMMISSIONER

CASE NO. : MIA-2016-11-037

Fraud Division File No.: R-2017-0848A

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**ORDER**

This Order is entered by the Maryland Insurance Administration (“MIA”) against Kevin M. Lozada (“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 a renter’s insurance policy with American Bankers Insurance Company of Florida, DBA Assurant Group, (“Assurant”), an authorized insurer. The policy covered personal property owned by Respondent “while anywhere in the world.” The policy went into effect on July 8, 2016.

2. On July 15, 2016, Respondent notified Assurant that on July 13, 2016, while in Paris, France, someone stole his backpack containing his MacBook Pro and Cannon camera along with two lenses. Assurant assigned claim #00102029545.

3. On July 15, 2016, in support of his claim, Respondent submitted to Assurant a Burglary-Robbery Theft Claim Form, (“Claim Form”) which he electronically signed containing the following fraud warning:

“Any person who knowingly and with intent to defraud any insurance company... may subject such person to criminal and substantial civil penalties.”

4. The Claim Form identified items Respondent advised were stolen, along with receipts for those items that Respondent submitted to the insurer as proof he owned them. The receipts included one from Best Buy for a Cannon camera and two lenses, for \$7,771.84, dated April 12, 2016 (order #BBY01-787342091201) and a receipt from the Apple Store (“Apple”) for a MacBook Pro purchased for \$2,699.00, dated January 15, 2016 (order #W494554188).

5. During the claims handling process, an Assurant claims adjuster contacted Apple to verify its receipt; an Apple representative advised the receipt was not in the insured’s name and the actual order was placed in Ireland for a \$200 purchase. Consequently, Assurant referred the claim to its Special Investigation Unit (“SIU”) for investigation.

6. On August 18, 2016, Assurant SIU contacted Best Buy to confirm its receipt submitted by Respondent. A Best Buy representative advised the order number was not in Best Buy’s system.

7. On September 12, 2016, Assurant SIU conducted a recorded interview with Respondent. SIU confronted Respondent about the validity of the receipts and Respondent advised he submitted altered receipts to Assurant because he purchased the items from a friend and did not have proof of value for the items.

8. On September 20, 2016, Assurant sent Respondent a letter denying his claim because he provided misleading information.

9. 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.

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

10. During the course of its investigation, MIA contacted Assurant and confirmed its handling of Respondent's claims.

11. On October 26, 2016, the MIA contacted Best Buy to validate the receipt Respondent submitted to Assurant. A Best Buy representative confirmed the order was not valid as the number was not reflected in their system.

12. On October 26, 2016, MIA contacted Apple to validate the receipt Respondent submitted to Assurant on; an Apple representative confirmed the order was valid, but the item purchased was not a MacBook Pro, was not placed by Respondent, and the value of the order was, in pounds, £212.25 and not U.S. dollars, \$2,699.00 as reflected on the receipt submitted to Assurant by Respondent.

## II. Violation(s)

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

14. **§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.

15. **§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.

16. By the conduct described herein, Respondent violated § 27-403. Because the fraudulent insurance act of submitting a false document in support of a claim is complete upon submission of the false document and is not dependent on payment being made by an insurer, Respondent violated the law when he submitted altered receipts to Assurant. As such, Respondent is subject to an administrative penalty under the Insurance Article 27-408(c).

**III. Sanctions**

17. 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.

18. Respondent submitted fictitious receipts to support his loss claim to Assurant. 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.

19. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2017-0848A) and name, (Kevin M. Lozada). 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 Respondent including the conduct that is the subject of this Order.

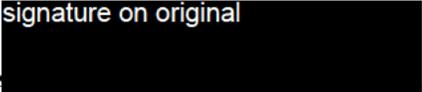
**WHEREFORE**, for the reasons set forth above, and subject to the right to request a hearing, it is this 21<sup>st</sup> day of November 2016, **ORDERED** that:

A. Kevin M. Lozada shall 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:

  
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 written request shall state the facts and grounds for the relief to be demanded. See § 2-210(b)(1) and COMAR 31.02.01.03D(2). Failure to timely request a hearing 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.