

IN THE MATTER OF THE
MARYLAND INSURANCE
ADMINISTRATION

v.

LEKH RAJ BAJAJ
Star Gas Mart, Inc.
207 W. Main Street
Rising Sun, MD 21911

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BEFORE THE MARYLAND
INSURANCE COMMISSIONER

CASE NO. : MIA-2016-11-038

Fraud Division File No.: R-2017-0884A

ORDER

This Order is entered by the Maryland Insurance Administration (“MIA”) against Lekh Raj Bajaj (“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. On June 29, 2016, Respondent notified Government Employees Insurance Company (“GEICO”), an authorized insurer, that a person it insured damaged a gas pump at Respondent’s gas station, Star Gas Mart (“Gas Mart”), located in Rising Sun, Maryland, when the GEICO insured neglected to remove the fuel nozzle from the car he was fueling before pulling away from the gas pump. GEICO assigned claim #0060285170101038.

2. On July 22, 2016, Respondent faxed to GEICO a \$1,259.55 invoice purportedly from Coastal Pump and Tank (“Coastal”) for the cost to repair the pump.

3. On September 8, 2016, a GEICO claims handler contacted Coastal to verify the invoice. The Coastal employee reviewed the invoice and reported it to be fraudulent, explaining that the invoice number was too short and the phone number was wrong.

4. On September 9, 2016, a GEICO adjuster went to Gas Mart to complete a damage estimate and noted that the damaged gas pump had been repaired and Respondent had not saved

the damaged parts. The adjuster photographed the gas pump as well as the Coastal invoice, which Respondent had previously submitted to GEICO.

5. On September 9, 2016, GEICO referred the claim to its Special Investigation Unit (“SIU”) for investigation due to concerns that Respondent submitted a fabricated invoice.

6. On September 9, 2016, a GEICO SIU investigator contacted a representative for Coastal, and provided her with a copy of the invoice Respondent submitted to GEICO. The representative wrote on the invoice, “This is not a Coastal Pump and Tank invoice,” which she then signed. Further, the representative provided the GEICO investigator with an authentic company invoice for comparison.

7. On September 12, 2016, GEICO SIU confronted Respondent about the invoice. He maintained Coastal repaired the gas pump and performed work for him several times a year.

8. On September 15, 2016, Respondent contacted GEICO and withdrew his claim.

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.

GEICO, 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 GEICO and confirmed its handling of Respondent’s claim.

11. On November 10, 2016, an MIA investigator contacted Coastal to validate the invoice Respondent submitted to GEICO. A Coastal representative examined the invoice and confirmed the invoice was not valid, adding that Coastal has never done business with Gas Mart.

Additionally, the name of the purported Coastal employee "Gary" was written on the invoice along with a phone number beginning with the area code 347. However, Coastal does not have an employee named Gary and Coastal's area code is 302.

12. On November 9, 2016, an MIA investigator contacted the GEICO insured who confirmed his insurance information was provided to a representative of Gas Mart in order to file a claim to repair the damaged gas pump.

13. On November 9, 2016, an MIA investigator contacted Respondent and he admitted he submitted the invoice to GEICO.

II. Violation(s)

14. 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:

15. **§ 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.

16. **§ 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

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(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.

17. 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 invoice to GEICO. As such, Respondent is subject to an administrative penalty under the Insurance Article § 27-408(c).

III. Sanctions

18. 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.

19. Respondent submitted a fictitious invoice to support his loss claim to GEICO. Having considered the factors set forth in § 27-408(c)(2) and COMAR 31.02.04.02, the MIA has determined that \$1,500.00 is an appropriate penalty.

20. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2017-0884A) and name, (Lekh Raj Bajaj). Unpaid penalties will be referred to the Central Collections Unit for collection. Payment of the administrative penalty shall be sent to the attention of: Steve Wright, Associate Commissioner, Insurance Fraud Division, 200 St. Paul Place, Suite 2700, Baltimore, Maryland 21202.

21. 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 21st day of November 2016, **ORDERED** that:

Lekh Raj Bajaj 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 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.