

IN THE MATTER OF THE
MARYLAND INSURANCE
ADMINISTRATION

v.

DAWN R. RUNK and
JOHN C. RUNK
1829 KINSHIP ROAD
BALTIMORE, MARYLAND 20874

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BEFORE THE MARYLAND
INSURANCE COMMISSIONER

CASE NO. : MIA-2017-04-009

Fraud Division File No.: R-2017-2051A

ORDER

This Order is entered by the Maryland Insurance Administration (“MIA”) against Dawn Runk (“D. Runk”) and John Runk (“J. Runk”) or collectively, “Respondents” pursuant to §§ 2-108, 2-201, 2-204 and 2-405 of the Insurance Article, Annotated Code of Maryland (“the Insurance Article”).

I. Facts

1. Peanut Foods, Inc., doing business as McDonald’s Corporation, (“McDonald’s”) located at 9750 Reisterstown Road, Owings Mills, Maryland had commercial liability insurance with National Fire Insurance Company of Hartford, a Continental Assurance Company of North America, (“CNA”) company.

2. On May 31, 2016, D. Runk notified a McDonald’s area supervisor that on May 27, 2016, at about 1:30 pm, she was dining at the McDonald’s located at 9750 Reisterstown Road, when she bit into her sandwich and chipped her tooth on “half a pill.” A McDonald’s general manager completed an Insurance Intake Form to document the claim. CNA assigned claim number E3A60326.

3. On June 8, 2016, a CNA representative took a recorded statement from D. Runk who reported that,

[M]e and my husband [J. Runk] sat down to have some lunch. I ordered a double cheeseburger... bit into, well I ate some of it and then I bit down and I bit into something that was stuck in the back of my tooth. I got it out and it was a, um, what was left was a half of a clear pill capsule, so I'm not sure if there was the whole pill capsule in it, if it was anything in it. I just know that half of it got stuck in my tooth. It chipped the back of my tooth. It was...half and it was empty....

When asked if she spit out everything in her mouth after biting into the capsule, D. Runk answered,

(N)o...I swallowed what I had in there but I didn't eat anymore of the sandwich after that because it was stuck in my tooth and, ...I had to dig in my mouth to get that out of my, back of my tooth.

D. Runk further stated she kept the pill capsule and the receipt but threw the sandwich away and that she notified a store employee of the incident and sent photographs of the receipt and capsule to the store manager. D. Runk added,

If the McDonald's ain't gonna work with me I'll just go get an attorney and it'll cost you guys more that way. I'm, I'm not gonna play games. This is not my fault.

4. On June 10, 2016, D. Runk emailed a CNA representative photographs of the pill capsule as well as her McDonald's sales receipt.

5. On June 15, 2016, CNA referred D. Runk's claim to its Special Investigations Unit ("SIU") because the capsule D. Runk alleged to have been in her sandwich did not appear damaged in the photograph and D. Runk threatened to obtain an attorney. The investigation was assigned to HUB Enterprises, Inc. ("HUB") for further investigation.

6. On June 17, 2016, a HUB investigator interviewed the McDonald's manager who was on duty May 27, 2016, the date of the alleged incident. The manager advised that neither D. Runk nor J. Runk reported any incident to her on that date.

7. On June 24, 2016, a HUB investigator spoke with J. Runk who advised that he would settle the claim and drop everything if CNA were willing to pay \$2,500.00 for D. Runk's pain and suffering. He stated that CNA had until the close of business on Monday June 27, 2016, to settle the claim or he would obtain an attorney.

8. HUB obtained video surveillance footage from McDonald's. HUB concluded that the video captured D. Runk and J. Runk eating at McDonald's on May 27, 2016. In the video, D. Runk does not show any apparent reaction to an incident involving pain in her mouth nor does she appear to remove any foreign object from her mouth. Instead, D. Runk finished eating her sandwich and then placed the sandwich wrapper in a paper bag. She also appeared to remove a very small object from her arm or elbow area which she showed to J. Runk. D. Runk then retrieved the crumbled sandwich wrapper and J. Runk placed the object in the wrapper. All of this activity took place in the immediate presence of J. Runk. The video showed that D. Runk did not stop eating the sandwich after any apparent traumatic event, as claimed.

9. On August 17, 2016, CNA sent D. Runk a letter denying her claim, as its insured "is not responsible for the injuries and/or damages you have allegedly sustained."

10. Section 27-802(a)(1) of the Insurance Article states,

An authorized insurer, its employees, producers...or agents, who in good faith have 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."

Therefore, on December 17, 2016, CNA, having a good faith belief that insurance fraud had been committed, referred the matter to the MIA, Fraud Division.

11. MIA confirmed CNA's handling of the claim as set forth above.

12. On March 21, 2017, MIA obtained Motor Vehicle Administration (“MVA”) photographs of Respondents. The MVA photographs confirm Respondents were at McDonald’s on May 27, 2016, and are depicted in McDonald’s video surveillance footage.

13. MIA reviewed the video surveillance footage provided by CNA. The video provides undeniable physical evidence contrary to Respondents’ claim to CNA. D. Runk is seen sitting directly next to her husband, J. Runk, as she eats her entire sandwich. She does not “dig” in her mouth to retrieve a foreign object. D. Runk collects her sandwich wrapper from the table and discards it in a bag. She then moves an object from the left side of her body and hands it to J. Runk. She removes the sandwich wrapper from the paper bag and J. Runk places the object in the wrapper. During this time, she continues to consume her beverage. She momentarily steps out of view of the camera, then returns to the self-serve beverage dispensing area, refills her drink and retrieves napkins. During all these activities, Respondents appear to be comfortable and at ease.

14. MIA requested that D. Runk and J. Runk submit to an interview. They declined.

II. Violation(s)

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

16. **§ 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.

17. § 27-408(c)

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.

18. By the conduct described herein, Respondents violated § 27-403 and is subject to an administrative penalty under the Insurance Article.

III. Sanctions

19. 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.

20. The Respondents presented to CNA or caused to be presented to CNA that D. Runk was injured when she bit into a foreign object in her sandwich. Video evidence, however, directly contradicts this assertion. Having considered the factors set forth in § 27-408(c)(2) and COMAR 31.02.04.02, MIA has determined that \$1,500.00 for each Respondent is an appropriate penalty.

21. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2017-2051A) and names (John Runk

and Dawn Runk). 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.

22. This Order does not preclude any potential or pending action by any other person, entity or government authority, regarding any conduct by the Respondents 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 12th day of April 2017, **ORDERED** that:

(1) Dawn Runk shall pay an administrative penalty of \$1,500.00 within 30 days of the date of this Order.

(2) John Runk shall pay an administrative penalty of \$1,500.00 within 30 days of the date of this Order.

ALFRED W. REDMER
Insurance Commissioner

BY: signature on original
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: Appeals Clerk. 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.