

IN THE MATTER OF THE
MARYLAND INSURANCE
ADMINISTRATION

v.

KELLIE KING
4440 Willard Avenue, Apt. 512
Bethesda, Maryland 20815

*
*
*
*
*
*
*
*
*
*
*

BEFORE THE MARYLAND
INSURANCE COMMISSIONER

CASE NO. : MIA-2017-06-012
Fraud Division File No.: R-17-1739A

ORDER

This Order is entered by the Maryland Insurance Administration (“MIA”) against Kellie King (“Respondent”) pursuant to §§ 2-108, 2-201, 2-204 and 2-405 of the Insurance Article, Md. Code Ann. (2011 Repl. Vol. & Supp.)(“the Insurance Article”).

I. Facts

1. Respondent had renter’s insurance with American Bankers Insurance Company of Florida (“Assurant”), an authorized insurer. The policy was in effect from August 26, 2015 to August 26, 2016.

2. On August 18, 2016, Respondent notified Assurant that unknown individual(s) stole various items from her vehicle. She called the Montgomery County Police Department (“MCPD”), and a police officer wrote a report. Assurant assigned claim number 00102048577.

3. On September 26, 2016, Respondent provided Assurant with a copy of the MCPD police report along with a Theft Claim Form in which she itemized her stolen property. In support of her claim, Respondent also submitted sales receipts, including one from Saks Fifth Avenue (“Saks”) for a pair of shoes purchased for \$397.50, and a Bloomingdale’s receipt for sunglasses purchased on May 22, 2015, for \$462.16.

4. Above Respondent's signature on the Theft Claim Form was a warning for Maryland residents, which stated,

“[A]ny person who knowingly and willfully presents a false or fraudulent claim for payment of a loss or benefit or who knowingly and willfully presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.”

5. On September 27, 2016, an Assurant claims representative contacted Bloomingdale's to validate the sunglasses receipt. A Bloomingdale's representative advised that Respondent made a purchase, although the item had been returned.

6. On October 6, 2016, Assurant referred Respondent's claim to its Special Investigations Unit (“SIU”) based upon the Respondent's delayed reporting of her claim and information from Bloomingdale's that Respondent's purchase had been returned. Assurant contracted Finch and Finch to conduct the investigation.

7. On October 17, 2016, an investigator with Finch and Finch conducted a recorded interview with Respondent who approximated that she was out of town from the end of May 2016, for about a month. Her car remained in the parking garage of her apartment complex. Upon returning home, she noticed that her vehicle had been vandalized and made a police report on July 1, 2017. It was not until August of 2016, that she noticed items had been stolen from the trunk of her car. Respondent advised that she purchased some of the items from Bloomingdale's and, “the items should not have been returned.”

8. On October 17, 2016, an investigator with Finch and Finch called Bloomingdale's and spoke to a customer service representative regarding the May 22, 2015, receipt Respondent submitted to Assurant for sunglasses. The representative advised that the sunglasses were purchased on May 22, 2015, at the Tyson's Corner, Virginia store; however, the sunglasses were

returned on May 23, 2015, to the Chevy Chase, Maryland store. The purchase and return transactions were reflected on Respondent's Bloomingdale's credit card ending in 7541.

9. On October 17, 2016, an investigator with Finch and Finch contacted a customer service representative for Saks regarding a receipt Respondent submitted for a pair of shoes. The representative advised the shoes described on the receipt were shipped to Respondent on May 24, 2016, and delivered on May 26, 2016. Respondent reported to Saks that the package had been tampered with and the shoes were not in the package. Therefore, Saks issued Respondent a refund, totaling \$397.50.

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

An authorized insurer, its employees, fund producers, or 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.

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

12. An MIA fraud investigator reviewed the Montgomery County police report. A police officer went to Respondent's residence on July 1, 2016, for vandalism to a vehicle. Respondent reported that on June 7, 2016, she left her vehicle parked at her apartment complex and returned on June 29, 2016, when she noticed the passenger side door had been scratched. The report does not contain any information regarding stolen items and the incident type is, "vandalism-motor vehicle."

13. On March 21, 2017, a senior investigator for Bloomingdales advised an MIA investigator that Respondent purchased sunglasses from Bloomingdales on May 22, 2015, for \$462.16, and returned the sunglasses on May 23, 2015.

14. On March 22, 2017, a digital support manager for Saks notified an MIA investigator that Respondent ordered a pair of shoes from Saks. On June 2, 2016, Respondent contacted Saks and reported that only one item was in her package and the package appeared damaged. Saks' asset protection group concluded that both items were shipped. On June 7, 2016, Respondent was issued a \$397.50 refund to her credit card for the missing shoes.

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 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)**

(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.

18. By the conduct described herein, Respondent knowingly violated § 27-403. Because the fraudulent insurance act of making false statements in support of a claim is complete upon making the false statement and is not dependent on payment being made, Respondent committed a violation of the law when she made false statements to Assurant. As such, Respondent is subject to an administrative penalty under the Insurance Article § 27-408(c).

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. By the conduct described herein, Respondent violated § 27-403 when she submitted receipts to Assurant for items she reported were stolen from her car. An investigation revealed that Respondent had been refunded the purchase price on both items as one had been returned and the other was reportedly missing from the package upon delivery. As such, Respondent is subject to the imposition of an administrative penalty under the Insurance Article.

21. Having considered the factors set forth in § 27-408(c)(2) and COMAR 31.02.04.02, the MIA determined that \$3,000.00 is an appropriate penalty under the statute.

22. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-17-1739A) and name (Kellie King). 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.

23. 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 14th day of June 2017, **ORDERED** that:

Kellie King shall pay an administrative penalty of three thousand dollars (\$3,000.00) 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.