

IN THE MATTER OF THE
MARYLAND INSURANCE
ADMINISTRATION

v.

WILLIAM CONNELLY
2122 Pine Avenue
Baltimore, Maryland 21244

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BEFORE THE MARYLAND
INSURANCE COMMISSIONER

CASE NO. : MIA-2017-07-002

Fraud Division File No.: R-2017-1267A

ORDER

This Order is entered by the Maryland Insurance Administration (“MIA”) against William Connelly (“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. Zhang's LLC, DBA Hibachi Grill, is a buffet-style restaurant in Baltimore County, Maryland and had liability insurance with Travelers Indemnity Company (“Travelers”), an authorized insurer. The policy was in effect from April 1, 2015 through April 1, 2016.

2. On June 30, 2016, Travelers received a claim that Respondent slipped and fell, while patronizing the Hibachi Grill on February 14, 2016. An employee of Hibachi Grill advised Travelers that Respondent alleged that he slipped on a piece of food and fell. Respondent was taken away by ambulance. However, the restaurant’s surveillance video showed Respondent walk toward a piece of food and place his foot on it. Travelers assigned claim number E6F7487.

3. A Travelers claims adjuster viewed the restaurant surveillance video and suspected Respondent “...purposely put his foot on the food...” and “...purposely fell to the ground.”

4. On July 13, 2016, Travelers' took a recorded statement from the Hibachi Grill manager who was present on February 14, 2016. She went to the area of the restaurant where Respondent purportedly fell and noticed a dime sized piece of fish on the floor.

5. On August 11, 2016, Travelers' referred the investigation to its Special Investigations Unit ("SIU") due to "questionable loss facts... questionable proof of injury."

6. Respondent had retained the services of a Maryland attorney, and on September 26, 2016, a Travelers investigator met with Respondent's attorney and reviewed video footage of Respondent's fall.

7. On February 6, 2017, Travelers sent Respondent's attorney a denial letter as it "...concluded that our insured [Hibachi Grill] is not liable for any damages claimed."

8. 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."

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

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

10. On March 15, 2017, an MIA Fraud Investigator reviewed the video provided by Travelers of Respondent's fall. The investigator observed Respondent approaching the buffet while carrying a tray. Respondent placed his hand on the buffet table and appeared to sit on the floor in a deliberate fashion. He stayed on the floor until taken away by medical personnel.

11. On March 16, 2017, the MIA investigator contacted Travelers and learned the SIU Investigator was able to identify the individual on the video as Respondent based on physical description and that Respondent was the only patron on the video on that date who complained of an accident.

12. On April 12, 2017, the MIA investigator interviewed the manager of the Hibachi Grill who was present the day Respondent allegedly slipped and fell. She advised she had reviewed the videotape from the restaurant surveillance cameras and notified Travelers that she believed Respondent clearly and intentionally stepped on a piece of food before he sat down on the floor. She added that Respondent was very familiar with the restaurant, having patronized the establishment at least once a week for the past two years.

II. Violation(s)

13. 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:

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

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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.

16. By the conduct described herein, Respondent knowingly violated § 27-403. Because the fraudulent insurance act of making a false statement 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 he made a false statement to Travelers. 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. By the conduct described herein, Respondent violated § 27-403 and therefore is subject to the imposition of an administrative penalty under the Insurance Article.

19. Having considered the factors set forth in § 27-408(c)(2) and COMAR 31.02.04.02, MIA has determined that \$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-2017-1267A) and name (William Connelly). 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.

21. 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 5th day of July 2017, **ORDERED** that:

(1) William Connelly shall pay an administrative penalty of \$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.