

IN THE MATTER OF THE
MARYLAND INSURANCE
ADMINISTRATION

v.

DARRIN CARRINGTON
14750 4th St. Apt. 335
Laurel, Maryland 20707

BEFORE THE MARYLAND
INSURANCE COMMISSIONER

CASE NO. : MIA-2017-09-003

Fraud Division File No.: R-2017-1839A

ORDER

This Order is entered by the Maryland Insurance Administration (“MIA”) against Darrin Carrington (“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 a renter’s insurance policy with Allstate Insurance Company, (“Allstate”), an authorized insurer. The policy covered personal property owned by Respondent. The policy was in effect from July 6, 2016 through July 6, 2017.
2. On September 27, 2016, Respondent notified Allstate that his apartment had been burglarized earlier that day. He reported that numerous watches and two laptop computers were stolen. Allstate assigned claim #0430174029.
3. On September 28, 2016, an Allstate claims adjuster sent Respondent an email requesting, “...as much information as possible on each item, such as the brand, model, age and original cost.” The adjuster noted, “...verification of ownership of stolen items is essential.”
4. On September 29, 2016, Respondent emailed Allstate numerous documents and stated, “I’ve attached copies of some of the things that was [sic] taken.” I’m waiting to find receipts for the laptops...”

5. On November 25, 2016, Respondent submitted to Allstate, the following receipts, totaling \$4,074.10, as proof he had owned the items stolen in the September 27, 2016, burglary:

- HP laptop purchased from Best Buy, Laurel, Maryland for \$1,712.58.
- Samsung laptop purchased from Best Buy, Laurel, Maryland for \$1,132.58.
- XB controller purchased from Best Buy, Laurel, Maryland for \$52.38.
- Office 365 home software, purchased from Staples, Laurel, Maryland for \$105.99.
- Norton Security software, purchased from Staples, Laurel, Maryland for \$63.59
- Quickbooks software, purchased from Staples, Laurel, Maryland for \$529.99.
- Adobe Acrobat software purchased from Staples, Laurel, Maryland for \$476.99.

6. On November 29, 2016, an Allstate claims adjuster examined the aforementioned receipts and noted, sales dates were missing, and "...something had been whited out on the Best Buy receipts." Subsequently, the adjuster called Best Buy to authenticate the receipts and learned that both laptops identified on the Best Buy receipts were purchased on November 25, 2016, and returned that same day. Consequently, the adjuster referred the matter to Allstate's Special Investigations Unit ("SIU") for further investigation.

7. On December 1, 2016, an Allstate investigator interviewed Respondent who denied altering the Best Buy and Staples' receipts. Respondent further denied purchasing the computers on November 25, 2016.

8. On December 12, 2016, an Allstate investigator interviewed a Best Buy associate and learned that the HP and Samsung laptops as well as the XB controller were purchased at a Best Buy in Laurel, Maryland on November 25, 2016, and returned the same day, to a Best Buy store in Bowie, Maryland.

9. On December 12, 2016, Allstate sent Respondent a letter denying his claim as he, "[P]rovided altered false receipts as proof of ownership."

10. 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.”

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

11. MIA contacted Allstate and confirmed its handling of Respondent’s claim.

12. On July 31, 2017, an MIA investigator interviewed a Best Buy associate at the Laurel, Maryland location and confirmed that the HP and Samsung laptops as well as the XB controller were purchased by the Respondent on November 25, 2016, and returned the same day, 59 days after Respondent’s September 27, 2016, burglary.

13. On July 31, 2017, an MIA investigator interviewed a Staples retail store associate at the Laurel, Maryland location and confirmed that Respondent purchased Norton Security, QuickBooks and Adobe Acrobat computer software programs at the Laurel store on November 25, 2016, and returned the software the same day.

II. Violation(s)

14. In addition to all relevant sections of the Insurance Article, the Administration relies in the following pertinent sections in finding that the 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;

(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, Respondent committed a violation of the Insurance Article when he submitted false documents to Allstate as proof he owned items stolen during a September 27, 2016, burglary when he actually purchased and returned the items 59 days after the burglary, on November 25, 2016. 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. By the conduct described herein, Respondent violated § 27-403 and is subject to the imposition of an administrative penalty under the Insurance Article.

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

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 served. 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.