

IN THE MATTER OF THE
MARYLAND INSURANCE
ADMINISTRATION

v.

ALLAN LULE
4301 23rd Parkway #1102
Temple Hills, Maryland 20748

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BEFORE THE MARYLAND
INSURANCE COMMISSIONER

CASE NO. : MIA- 2018-02-002

Fraud Division File No.: R-2018-0229A

ORDER

This Order is entered by the Maryland Insurance Administration (“MIA”) against Allan Lule (“Respondent”) pursuant to §§ 2-108, 2-201, 2-204, and 2-405 of the Insurance Article, Md. Code Ann. (2017 Repl. Vol. & Supp.)(“the Insurance Article”).

I. Facts

1. Respondent had automobile insurance for his 2008 Dodge Caravan through State Farm Insurance Company (“State Farm”), an authorized insurer. The policy was in effect from March 29, 2017 to September 29, 2017.

2. On May 26, 2017, Respondent went to a local State Farm office and filed a claim in which he requested reimbursement for a towing charge. In support of his claim, Respondent submitted a towing invoice, number 1204, reflecting that his insured vehicle was towed on May 24, 2017. The total charge was \$498.00. Due to the large dollar amount of the tow bill, a State Farm representative did a Google search of the distance between the pick-up and drop-off locations. The distance exceeded a ten-mile limit; therefore, the invoice was forwarded for further review.

3. On June 2, 2017, a State Farm representative contacted the tow company. The owner advised that their current invoice numbers are in the 6000’s although the invoice

submitted by Respondent was 1204. The tow company owner advised that Respondent was a former employee who he believes took the receipt (invoice) book when he left. Further, his company never towed Respondent's vehicle as reflected on the invoice he submitted to State Farm.

4. 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.

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

5. On December 26, 2017, an MIA investigator contacted the towing company identified on the invoice Respondent submitted to State Farm. The owner confirmed that his company did not tow Respondent's vehicle on May 24, 2017. Respondent was a former employee and when he left, he took a receipt (invoice) book.

II. Violation(s)

6. 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:

7. **§ 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[.]

8. § 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.

9. By the conduct described herein, Respondent knowingly violated § 27-403. Because the fraudulent insurance act of submitting false documents in support of a claim is complete upon submission of the false documents and is not dependent on payment being made. Respondent committed a violation of the Insurance Article when he submitted the false documents to State Farm in support of his claim. As such, Respondent is subject to an administrative penalty under the Insurance Article § 27-408(c).

III. Sanctions

10. 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.

11. Having considered the factors set forth in § 27-408(c)(2) and COMAR 31.02.04.02, the MIA has determined that \$1,000.00 is an appropriate penalty.

12. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2018-0229A) and name (Allan Lule). 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.

13. 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 2nd day of February 2018, **ORDERED** that:

Allan Lule shall pay an administrative penalty of one thousand dollars (\$1,000.00) within 30 days of the date of this Order.

ALFRED W. REDMER, JR.
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 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.