

IN THE MATTER OF THE
MARYLAND INSURANCE
ADMINISTRATION

v.

ARTHUR GARY BENNETT
7016 Copperwood Way
Columbia, Maryland 21046

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BEFORE THE MARYLAND
INSURANCE COMMISSIONER

CASE NO. : MIA-2018-02-003

Fraud Division File No.: R-2018-0643A

ORDER

This Order is entered by the Maryland Insurance Administration (“MIA”) against Arthur Gary Bennett (“Bennett” or “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. A certificate of insurance (“COI”) is a document that is prepared and provided by an insurer or insurance producer as evidence of property or casualty insurance coverage. Insurance Article § 19-116(a)(3)(i). Section 19-116(g) of the Insurance Article states,

A person may not prepare or issue a certificate of insurance that the person knows contains false or misleading information or that purports to amend, alter, or extend the coverage provided by the policy of insurance referenced in the certificate.

2. The COI is an important document in that it serves as evidence to customers, contractors or other third parties that the insured has obtained insurance. It indicates that the business or individual named as the insured has the financial resources available to protect those who may come to harm through the insured’s negligence.

3. Respondent is the owner of Culinary Innovations, (“Culinary”) located at 7016 Copperwood Way, Columbia, Maryland 21046.

4. Respondent was to cater an upcoming event at the Laurel-Beltsville Senior Activity Center (“Laurel-Beltsville”). A Laurel-Beltsville representative requested that Respondent forward a COI as proof Culinary was insured.

5. On August 11, 2017, Respondent faxed a copy of a COI to Laurel-Beltsville, reflecting Culinary had active general liability insurance until October 9, 2017, under policy number ended in 8448. The insurer was identified as Sentinel Insurance Company (“Sentinel”), a subsidiary of Hartford Mutual Insurance Company (“Hartford”).

6. On August 16, 2017, a Laurel-Beltsville representative contacted Hartford to validate the COI. A Hartford representative determined that policy number ending in 8448 was cancelled on September 26, 2011, for nonpayment of premiums.

7. Section 27-802(a)(1) of the Maryland 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.

The Hartford, having a good faith belief that Respondent committed insurance fraud, referred the matter to the Maryland Insurance Administration, Fraud Division.

8. On January 22, 2018, an MIA investigator interviewed the Laurel-Beltsville representative who received the COI. She confirmed Respondent faxed the COI to her. She noticed the font type in the date field appeared to be altered. She contacted Hartford and learned the COI Respondent submitted was false.

9. On January 26, 2018, a Hartford investigator advised the MIA that the COI Respondent provided to Laurel-Beltsville was examined by a Hartford representative who noted the font type in the date fields was different from the font type in the other fields on the COI. Further, Respondent’s commercial liability policy canceled in 2011.

II. Violation(s)

10. 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:

11. § 19-116(g)

A person may not prepare or issue a certificate of insurance that the person knows contains false or misleading information or that purports to amend, alter, or extend the coverage provided by the policy of insurance referenced in the certificate.

12. § 27-406(5)

It is a fraudulent insurance act for a person:

(5) with intent to deceive, knowingly to exhibit a false account, document, or advertisement about the affairs of an insurer.

13. § 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 \$25,000.00 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.

14. By the conduct described herein, Respondent knowingly violated § 19-116(g) and § 27-406(5). As such, Respondent is subject to an administrative penalty under the Insurance Article § 27-408(c).

III. Sanctions

15. In 2017, Respondent submitted a COI to Laurel-Beltsville reflecting he had a commercial liability insurance with Sentinel, a Hartford subsidiary, although the policy terminated several years earlier. Having considered the factors set forth in § 27-408(c)(2) and COMAR 31.02.04.02, the MIA has determined that \$5,000.00 is an appropriate penalty.

16. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2018-0643A) and name, (Arthur Gary Bennett). 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.

17. This Order does not preclude any potential or pending action by any other person, entity, or government authority, regarding any conduct by Respondent including the conduct that is the subject of this Order.

18. **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:

Arthur Gary Bennett shall pay an administrative penalty of five thousand dollars (\$5,000.00) 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.