

IN THE MATTER OF THE

\*

MARYLAND INSURANCE  
ADMINISTRATION

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CASE NO. : MIA- 2018- 02-004

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v.

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AMERICAN HOME SPECIALIST  
CORPORATION

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Fraud Division File No.: R-2018-1240A

C/O JONATHAN S. HOPPE

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4513 Burlington Road

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Hyattsville, Maryland 20781

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**ORDER**

The Maryland Insurance Administration (“Administration”) enters this Order against American Home Specialist Corporation (“American” or “Respondent”), pursuant to §§ 2-108, 2-204, 2-405, and 10-403(a) of the Insurance Article, Md. Code Ann. (2017 Repl. Vol. & Supp.) (“the Insurance Article”), for violations of Maryland’s insurance laws by Respondent as identified and set forth herein.

**I. Facts**

1. American is an incorporated business with its principal office in Hyattsville, Maryland.

2. On October 3, 2017, the Fraud Division of the Maryland Insurance Administration, hereinafter, (“Administration”) received copies of Respondent’s business advertisements from a representative of Progressive Insurance, which contained the following language:

*We work directly with your Insurance Carrier to make sure your home is restored correctly. [And] CALL NOW FOR YOUR FREE INSPECTION & CLAIM ASSISTANCE. [And] When damage is discovered we assist you in working directly with your insurance carrier on your property to protect your rights... [And] American Home Specialist, Corp. has*

*created an insurance claims task force to guide you through the process. We have the knowledge of Policy Rights and Laws to ensure your claim is handled in a fair manner. As an advocate on your behalf, we communicate and meet with your insurance carrier to ensure restoration of your house to its condition prior to the storm... [And] \*WE ASSIST IN YOUR INSURANCE CLAIM.\**

3. 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.

Having a good faith belief that Respondent was acting as an unlicensed public adjuster, in violation of the Insurance Article, Progressive Insurance made a referral to the MIA.

4. The Administration's investigation concluded that Respondent is a Maryland-licensed home improvement contractor with the Maryland Home Improvement Commission ("MHIC") and is an incorporated business in good standing. The Administration's investigation determined that Respondent is not a licensed public insurance adjuster in Maryland.

5. Respondent circulated the aforementioned advertisements.

6. The Administration examined the Respondent's website, which stated:

*Since 1996, AHS has specialized in Insurance Recovery and has helped thousands of homeowners have a stress free experience. Working side-by-side with your insurance company, we handle each step of the claims process for you, that way you can get back to life as usual.*

#### *PLACING A CLAIM*

*Once the AHS field rep is finished inspecting the property, they will then go over the entire claims process with you and answer any and all questions and concerns you may have. After your rep is finished documenting all the damage in his report and answering all your questions, he will then assist you in calling in your claim. If you like, you can also save time by placing a claim on-line. During the call, your AHS rep will help you answer all questions being asked, related to the storm and also give your insurance company a detailed description of what was found during the inspection. Last, your representative will put in a request to meet with an insurance adjuster to verify all the damaged items found on your property and*

*also document your claim number for you. After calling in your claim, your rep will make sure that you have all your documents neatly organized into your own personal customer folder.*

### *THE ADJUSTING PROCESS*

*Now that your claim has been filed, it will be assigned to an adjuster who will handle your claim from then on. Within 24 to 48 hours, the adjuster will then contact you to schedule a time and day to come out and inspect the property to verify the damage found by your AHS Field Rep. After a date is set, call your AHS Rep and notify him of the time and day. It's extremely important that your Rep be present the day of the meeting to represent you and make sure that all the damaged and necessary items to restore the property are included. When the inspection is complete, both your adjuster and AHS Rep will speak with you together to clarify which items were approved for replacement.*

### *SUPPLEMENTING*

*What is a Claim Supplement? A claim supplement is a charge that must be added to a claim for any items omitted, overlooked, under paid or discovered before or after the project begins. After your work order has been completed, your AHS Rep will process all the paperwork, including a copy of your itemized insurance work scope. Sometimes better referred to as an insurance estimate. While your work order is being processed AHS has a highly trained Supplemental Department that will carefully review the work scope for such things as missing damaged items, incorrect pricing or measuring, and even general contractor overhead and profit. This will ensure you get the maximum amount of funds needed to restore your property. If any missing items are found, our supplement department will then contact your insurance adjuster about making the necessary corrections. After the corrections are made you will then receive a revised work scope detailing the alterations, along with a check for the amount of the supplemental items approved.*

### *MORTGAGE AUTHORIZATION*

*After receiving payment from your insurance carrier, you might notice that your mortgage lender is also listed as one of the payees? If so, your AHS representative will assist you in filling out a Mortgage Authorization Form to send to your insurance company. Please keep in mind that having your mortgage company as a payee can slightly slow down the close out process. If needed, you might be asked to assist in a 3 way call to your carrier in order to speed up the process. If your curious as to why your mortgage carrier is listed on the check(s), its simply to ensure that all the estimated work has been completed. As a lender, they too have an interest in your property and the purpose of the mortgage authorization form is to protect all parties involved in the restoration process.*

## II. Violation(s)

7. The following provisions of law are relevant to the Administration's inquiry. Pursuant to § 2-204(b)(2), the failure to designate a particular provision of the article in this Order does not deprive the Commissioner of the right to rely on that provision. 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:

8. **Section 10-401(g)** of the Insurance Article provides as follows:

(g)(1) "Public adjuster" means a person who for compensation or any other thing of value:

(i) acts or aids, solely in relation to first-party claims arising under an insurance policy that insures the real or personal property of the insured, on behalf of the insured in negotiating for, or effecting the settlement of, a claim for loss or damage covered by an insurance policy;

(ii) except as provided in § 10-403 of this subtitle, directly or indirectly solicits for employment as a public adjuster of insurance claims, solicits business, or represents oneself to the public as a public adjuster of first-party insurance claims for losses or damages arising out of insurance policies that insure real or personal property; or

(iii) Investigates or adjusts losses, or advises an insured about first-party claims for losses or damages arising out of an insurance policy that insures real or personal property for another person engaged in the business of adjusting losses or damages covered by an insurance policy, for the insured.

9. **Section 10-403(a)** of the Insurance Article provides as follows:

(a) Except as otherwise provided in this subtitle, a person must obtain a license before the person acts as a public adjuster in the State.

10. **Section 27-405(a)(1)** of the Insurance Article provides as follows:

(a) It is a fraudulent insurance act for a person to act as or represent to the public that the person is:

(1) an insurance producer or a public adjuster in the State if the person has not received the appropriate license under or otherwise complied with Title 10 of this article[.]

11. **Section 4-205(b)** of the Insurance Article provides as follows:

An insurer or other person may not, directly or indirectly, do any of the acts of an insurance business set forth in subsection (c) of this section, except as provided by and in accordance with the specific authorization of statute.

12. **Section 4-205(c)** of the Insurance Article provides as follows:

(6) except as provided in subsection (d) of this section, with respect to a subject of insurance resident, located, or to be performed in the State, directly or indirectly acting as an insurance producer for, or otherwise representing or helping on behalf of another, an insurer or other person to:

\* \* \*

(vii) investigate or adjust claims or losses;

\* \* \*

(ix) in any other manner represent or help an insurer or other person to transact insurance business;

(7) doing any kind of insurance business specifically recognized as doing an insurance business under statutes relating to insurance;

(8) doing or proposing to do any insurance business that is substantially equivalent to any act listed in this subsection in a manner designed to evade the statutes relating to insurance[.]

13. **Section 27-203** of the Insurance Article provides as follows:

A person may not make, publish, disseminate, circulate, place before the public, or cause directly or indirectly to be made, published, disseminated, circulated, or placed before the public in a newspaper, magazine, or other publication, in the form of a notice, circular, pamphlet, letter, or poster, over a radio or television station, or in any other way, an advertisement, announcement, or statement that contains an assertion, representation, or statement about the business of insurance or about a person in the conduct of the person's insurance business that is untrue, deceptive, or misleading.

14. **Section 4-212** of the Insurance Article provides as follows:

An unauthorized insurer or person that violates this subtitle is subject to a civil penalty of not less than \$100 but not exceeding \$50,000 for each violation.

15. **Section 27-408(c)** of the Insurance Article provides as follows:

(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. A Public Adjuster is an insurance claim adjuster who acts as an advocate for a policyholder in appraising and negotiating a first party property insurance claim. Public Adjusters must be licensed by the Administration. Public Adjusters act as the insured's representative in dealings with the insurance company.

17. By promising that the company will handle each step of the claims process and, as an advocate on your behalf, will communicate and meet with your insurance carrier, *inter alia*, Respondent represented itself as an authorized Public Adjuster, despite lacking any such authority or license. The public justifiably expects the Maryland Insurance Administration and the Maryland Insurance Commissioner to ensure that only competent and trustworthy public adjusters are permitted to conduct the business of insurance in the State and with Maryland consumers. Respondent's conduct violated § 27-405(a)(1) of the Insurance Article.

### **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 §§ 4-205(b), (c), 10-403(a), and 27-203, and 27-405(a)(1) and is subject to the imposition of administrative penalties 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 against American.

21. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2018-1240A) and name (American Home Specialist Corporation). 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.

22. Effective the date of this Order, Respondent shall not engage in any public adjuster business activity within the State of Maryland and shall within forty-eight hours of the date of this Order, remove language which indicated, *American will handle each step of the claims process... [And] working directly with your insurance carrier on your property to protect your rights... [And] has created an insurance claims task force to guide you through the process* of an insurance claim, and amend/modify its webpage which represents American to the public as an adjuster of first party insurance claims for losses or damages arising under insurance contracts.

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 7<sup>th</sup> day of February, 2018, **ORDERED** that:

(1) Respondent shall pay an administrative penalty of three-thousand dollars (\$3,000.00) within 30 days of the date of this Order.

(2) Respondent shall not use flyers containing the language cited above, and shall immediately destroy any remaining stock of this flyer and any other advertisements containing this or similar language.

(3) Respondent shall not undertake any future advertisements or marketing campaigns that promise to represent an insured homeowner's claim to an insurance company, or that otherwise represent Respondent as authorized to conduct Public Adjuster services in conjunction with home repairs.

(4) Respondent must provide written notice to the Administration within 60 days of the date of this Order indicating that the remaining stock of this flyer has been destroyed and that no advertisements containing the prohibited language are in use.

(5) American Home Specialist Corporation will amend/modify its webpage within 60 days of the date of this Order, and cease representing itself to the public as an adjuster of insurance claims for losses or damages arising under insurance contracts that insure the real or personal property, or both, of an insured.

**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.