

IN THE MATTER OF THE
MARYLAND INSURANCE
ADMINISTRATION

v.

GITANIA MARIE ASHLEY
a/k/a/ Gitania Tabios
9976 Royal Commerce Place
Upper Marlboro, Maryland 20774

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BEFORE THE MARYLAND
INSURANCE COMMISSIONER

CASE NO. : MIA-2018-04-030

Fraud Division File No.: R-2018-1355A

ORDER

This Order is entered by the Maryland Insurance Administration (“MIA”) against Gitania Marie Ashley (“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 a homeowner’s insurance policy with Homesite Insurance Company (“Homesite”), an authorized insurer, for her residence at 9976 Royal Commerce Place Upper Marlboro, Maryland 20774. The policy was in effect from October 31, 2016 through October 31, 2017. The policy was issued to her under the name of Gitania Tabios.

2. The Loss Settlement provision of Respondent’s policy stated:

(5)You may... make claim under this policy for loss to buildings on an actual cash value basis. You may then make claim for any additional liability...provided you

(b) make claim for the difference between the actual cash value and replacement cost for the completed repairs or replacement no later than 2 years after the date of loss. .

3. On July 11, 2017, Respondent notified Homesite that she had a water leak at the doorway and second floor window of her insured house which caused mold damage. Homesite opened a claim.

4. On July 22, 2017, a Homesite representative inspected damage to Respondent's house, took photographs and completed a repair estimate. The estimate in the amount of \$829.13 reflected the replacement cost value of \$2,395.28, less \$566.15 for depreciation and \$1,000.00 for deductible.

5. On July 28, 2017, Homesite issued to Respondent payment in the amount of \$829.13 along with a letter explaining its payment calculation. Further, the letter stated, "Should you be entitled to recover the depreciated amount, you will need to submit documentation detailing the scope of completed repairs or replacement along with proof of payment."

6. On August 14, 2017, Respondent submitted to Homesite an invoice dated August 12, 2017, for "Doorway & Mold Removal," which specifically noted, "Remove and install new storm door," totaling \$4,325.00.

7. On August 31, 2017, at 1:15 pm, Respondent submitted to Homesite an invoice dated August 30, 2017, for "Mold Removal at front doorway, remove drywall" totaling \$1,750.00. On the same date at 7:00 pm, Respondent submitted another invoice to Homesite dated August 1, 2017, for "Shower Wall Tile, Floor Title [*sic*] & Mold Removal." Respondent noted "Final payment made." The invoice showed that Respondent made four payments to the contractor in the amount of \$10,006.00 and had a zero balance. All invoices were purportedly issued by the same contractor, hereinafter "M.C."

8. On October 20, 2017, a Homesite representative interviewed a representative of M.C. and learned the invoices were not legitimate and not created by the company. Consequently, Respondent's claim was referred to Homesite's Special Investigator Unit, ("SIU") for further investigation.

9. On October 25, 2017, Homesite sent Respondent a letter denying her claim, which stated, “We have recently received a copy of the contractor’s invoice that you provided in requesting a supplement payment for your claim. Our investigation revealed that you submitted altered documents to the adjuster when negotiating your claim settlement.”

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.”

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

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

12. On January 29, 2018, an MIA investigator interviewed a representative of M.C. He examined the invoices identified in paragraphs 6 and 7 of this Order. M.C. advised that the invoices were fraudulent; the company had not performed the work noted on the invoices although the company had worked on other home improvement projects for Respondent’s kitchen and bathroom.

13. On February 14, 2018, an MIA investigator went to Respondent’s house at 9976 Royal Commerce Place, Upper Marlboro, Maryland, 20774 and photographed the front door. The photographs taken by MIA depict an identical front entry storm door as in the photographs taken by Homesite on July 22, 2017. Accordingly, contrary to the fraudulent invoice described in paragraph 6 of this Order, the storm door was not replaced.

II. Violations

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. A 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 she submitted false documents to Homesite as proof she had additional work performed on her house. 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. Having considered the factors set forth in §27-408(c)(2) and COMAR 31.02.04.02, MIA has determined that \$3,000.00 is an appropriate penalty.

20. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2017-1355A) and name (Gitania Marie Ashley). 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 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 18th day of April 2018, **ORDERED** that:

Gitania Marie Ashley shall pay an administrative penalty of three thousand dollars (\$3,000.00) 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 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.