



been repaired. The representative asked Respondent to submit an invoice reflecting repairs had been made following the October 22, 2017 loss.

5. On February 15, 2018, Respondent submitted an invoice to Progressive, dated November 27, 2017, purportedly from a Fruitland, Maryland, automobile repair facility (hereinafter "T.K."), which reflected it repaired damage to Respondent's vehicle.

6. In an attempt to authenticate the repair invoice submitted by Respondent, a Progressive representative conducted a google search for T.K. with negative results. The representative called the telephone number for T.K. listed on the invoice and was advised that the automobile repair facility changed its name a month earlier. The representative notified Respondent of discrepancies regarding the invoice; Respondent then requested to withdraw her claim. Consequently, the Progressive representative referred Respondent's claim to the Special Investigation Unit ("SIU") for further investigation.

7. On February 15, 2018, a Progressive investigator conducted a google search for T.K. He discovered the Fruitland, Maryland address was a residence. Further, the investigator found a similarly named repair facility in Salisbury, Maryland, which he contacted and learned it is not affiliated with a Fruitland, Maryland repair facility. In addition, he learned that the Salisbury facility had not repaired Respondent's car following the October 22, 2017 purported damage.

8. On February 22, 2018, Progressive mailed a letter to Respondent denying her claim based upon "Fraud or Misrepresentation."

9. 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.”

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

10. MIA contacted Progressive and confirmed its handling of Respondent’s claim.

11. On May 8, 2018, an MIA investigator reviewed the photographs of the 2017 claim compared to the 2018 claim and found the damage was the same.

12. On May 8, 2018, an MIA investigator called the phone number listed on the repair invoice submitted by Respondent to Progressive and found that it is not a phone number for T.K.; the person who answered to phone disconnected in response to the investigator’s inquiries. A State Department of Assessments & Taxation (“SDAT”) search revealed the address on the invoice submitted by Respondent is a residence.

## II. Violation(s)

13. In addition to all relevant sections of the Insurance Article, the Administration relies in the following pertinent sections in finding that Respondent violated Maryland’s insurance laws:

14. § 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.

15. § 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;

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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. 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 she submitted a false document to Progressive as proof she had repaired her vehicle following the October 22, 2017 claim. As such, Respondent is subject to an administrative penalty under the Insurance Article § 27-408(c).

### III. Sanctions

17. 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 that a fraudulent claim has been submitted to an insurer. Insurance Article §§ 2-201(d) (1) and 2-405.

18. Having considered the factors set forth in § 27-408(c)(2) and COMAR 31.02.04.02, MIA has determined that \$1,500.00 is an appropriate penalty.

19. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2018-2650A) and name (Chakra Chambers) 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.

20. 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 18<sup>th</sup> day of May 2018, **ORDERED** that:

Chakra Chambers shall pay an administrative penalty of \$1,500.00 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.