

IN THE MATTER OF THE
MARYLAND INSURANCE
ADMINISTRATION

v.

MARISA HEMBRICK
347 E. 29th Street
Baltimore, Maryland 21218

* BEFORE THE MARYLAND
*
* INSURANCE COMMISSIONER
*
*
*
*

CASE NO. : MIA-2018-07-006

Fraud Division File No.: R-2018-0943A

ORDER

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

I. Facts

1. On April 13, 2016, Respondent applied for automobile insurance with Allstate Insurance Company (“Allstate”), an authorized insurer, for her 2013 Nissan. During the application process, Respondent advised Allstate that her address was 9770 Lake Landing Road, Gaithersburg, Maryland 20886. Relying on information provided by Respondent, Allstate set Respondent’s insurance premiums and issued her a policy. The policy was in effect from April 20, 2016, and had been renewed to October 20, 2017.

2. On August 30, 2017, Respondent notified Allstate that earlier that day, her insured vehicle was struck while parked at 347 East 29th Street, Baltimore, Maryland 21218. Allstate opened a claim.

3. An Allstate representative examined Respondent’s August 30, 2017, claim and recalled a previous claim Respondent made although in that claim, Respondent reported she lived at 347 East 29th Street, Baltimore, Maryland 21218. The Allstate representative examined

Respondent's insurance policy and confirmed Respondent had reported to Allstate that her address was 9770 Lake Landing Road, Gaithersburg, Maryland 20886.

4. On September 1, 2017, an Allstate representative conducted a recorded interview with Respondent who advised she lived at 347 East 29th Street, Baltimore, Maryland 21218. When questioned about the Gaithersburg, Maryland address, Respondent stated it was her grandmother's address, but later advised it was a friend's address.

5. 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.

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

6. In the course of its investigation, the MIA contacted Allstate and confirmed its handling of Respondent's claim.

7. On January 12, 2018, an MIA investigator inspected Maryland Motor Vehicle Administration ("MVA") records and confirmed Respondent's address is 347 E. 29th Street, Baltimore, Maryland 21218. MVA records reflect Respondent surrendered her North Carolina driver's license on March 31, 2016, and was issued a Maryland license.

8. On February 28, 2018, an MIA investigator interviewed Respondent's Allstate agent who verified that in April, 2016, Respondent applied for automobile insurance with Allstate for her 2013 Nissan and reported to Allstate that her address was 9770 Lake Landing Road, Gaithersburg, Maryland 20886.

9. On March 1, 2018, an MIA investigator interviewed Respondent who confessed she resided at 347 E. 29th Street, Baltimore, Maryland 21218 at the time she applied for insurance with Allstate; she never lived at the Gaithersburg, Maryland address. Respondent voluntarily signed a statement to that effect.

10. On March 2, 2018, Allstate advised an MIA investigator that had Respondent's insurance premiums been calculated based upon her true residence in Baltimore, Maryland, her six-month insurance premiums would have been \$517.00 more.

11. On March 8, 2018, an MIA investigator went to Gaithersburg, Maryland to validate the address of 9770 Lake Landing Road and discovered there was no such address. The investigator queried the Maryland State Department of Assessments and Taxation database and further confirmed that the 9770 Lake Landing Road address does not exist.

II. Violation(s)

12. 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:

13. § 27-406

It is a fraudulent insurance act for a person:

(1) knowingly or willfully to make a false or fraudulent statement or representation in or with reference to an application for insurance[.]

14. § 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.

15. By the conduct described herein, Respondent knowingly violated § 27-406(1). As such, Respondent is subject to administrative penalty under the Insurance Article § 27-408(c).

III. Sanctions

16. 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.

17. 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.

18. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2018-0943A) and name (Marisa Hembrick). 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.

19. 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 4th day of July 2018, **ORDERED** that:

Marisa Hembrick 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.