

IN THE MATTER OF THE
MARYLAND INSURANCE
ADMINISTRATION

v.

LOUIS HOLLAND, JR.
8211 Harrods Way
Landover, Maryland 20785

* BEFORE THE MARYLAND
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* INSURANCE COMMISSIONER
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* CASE NO. : MIA- 2018-08-029
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* Fraud Division File No.: R-2018-3026A
* R-2018-4250A
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ORDER

This Order is entered by the Maryland Insurance Administration (“MIA”) against Louis Holland, Jr. (“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. Respondent had a renter’s insurance policy with First American Property & Casualty Insurance Company (“First American”), an authorized insurer. The policy was in effect from September 29, 2017 through September 29, 2018.

2. On November 9, 2017, Respondent notified First American that on November 8, 2017, his apartment was burglarized and several personal items were stolen, including a Louis Vuitton bag and wedding ring set. First American opened a claim.

3. On November 9, 2017, a representative for First American identified several “red flags,” including the loss of designer brand items, high-end jewelry and prior theft claims. An Insurance Services Office (“ISO”) search revealed twenty-six matches, including a similar claim Respondent made on September 4, 2015, to United Services Automobile Association (“USAA”), an authorized insurer, for a stolen wedding ring. The First American representative contacted

USAA and obtained details of Respondent's September 2015 claim, as well as a description of the ring Respondent reported stolen.

4. On December 6, 2017, Respondent submitted to First American an inventory of items he advised were stolen from his home on November 8, 2017. Among the items listed on the inventory form was a Louis Vuitton bag with a replacement cost of \$1,717.20. Accompanying the inventory form was a receipt for a Louis Vuitton bag; however, the receipt was illegible; Respondent also submitted to First American a photograph of the ring he advised was stolen from his home on November 8, 2017.

5. On December 11, 2017, First American made a National Insurance Crime Bureau ("NICB") file request, to obtain a copy of Respondent's 2015 USAA claim file.

6. On December 18, 2017, Respondent submitted a legible receipt for the February 28, 2014, purchase of a Louis Vuitton bag, for \$1,717.20, at a McLean, Virginia retailer.

7. On January 30, 2018, Respondent contacted First American to follow-up on his claim. The First American representative informed Respondent that the ring he reported stolen in his 2017 claim is the same ring he reported stolen to USAA in 2015. Respondent replied that he has a receipt showing he purchased the same ring following the 2015 claim to USAA.

8. On March 7, 2018, Respondent submitted to First American, among other things, a receipt for a ring. The receipt reflected the ring was purchased on September 30, 2015, for \$650.00.

9. On March 13, 2018, an NICB representative notified First American that the \$1,717.20 receipt for a Louis Vuitton bag was the same receipt Respondent submitted in his 2015 claim to USAA. Additionally, the photograph Respondent submitted to First American of

the ring he advised was stolen on November 8, 2017, matched the description of the ring Respondent reported stolen to USAA in 2015.

10. On September 4, 2015, in a recorded statement to a USAA representative Respondent stated:

Q. What kind of duffle bag was it?

A. A Louis Vuitton duffle bag.

Q. And how much do you think that you paid for it?

A. Uhm..It's right about 16, \$1,700. Around that number.

Q. What was inside that particular bag?

A. Uhm..I had my wedding ring in there....

Q. Describe the wedding band to me.

A. It's three carats. It's a white gold, 14-karat gold. I bought it out of Nationals.

Uh...it cost me, uh...\$2,300.00.

11. On November 9, 2017, Respondent gave a recorded statement to a First American representative in which he stated:

Q. What items were stolen?

A. Um, my tote bag, it's a Louis Vuitton tote bag...My wedding ring.

Q. How much did that [Louis Vuitton bag] cost?

A. Probably \$1,700.00, something like that.

Q. When did you purchase it?

A. A couple of years ago, like two years ago.

Q. How much did [the wedding ring] cost?

A. Um, it was roughly about, like four grand, anywhere from between \$3,800.00, um close to \$4,000.00.

Q. When was it purchased?

A. Um, I have been married almost seven years, so before then, six, seven years ago.

Q. What store was it purchased from?

A. Um, Nationals.

12. On March 13, 2018, First American sent Respondent a letter denying his claim, which stated:

“We believe that you have made misrepresentation of fact which is in violation of the insurance contract. I confirmed with USAA Insurance the following:

- *Your Louis Vuitton purchase for \$1,717.20 was a duplicate receipt*
- *The photos you submitted to me for your alleged stolen ring matches the description of your USAA September 4, 2015 loss.*

We do not provide coverage to an “insured” who, whether before or after a loss, has:

1. *Intentionally concealed or misrepresented any material fact or circumstance;*
2. *Engaged in fraudulent conduct; or*
3. *Made false statements; relating to this insurance.*” (Emphasis added.)

13. 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.

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

14. During the course of its investigation, the MIA contacted First American and confirmed its handling of Respondent’s claim.

15. An MIA investigator confirmed that from December 2, 2014 through December 2, 2015, Respondent had a renter's insurance policy with USAA.

16. On May 25, 2018, an MIA Investigator obtained a copy of Respondent's September 4, 2015 claim to USAA, which reflected that Respondent reported to USAA that someone broke into his vehicle and stole personal items including a Louis Vuitton bag and a wedding ring set.

17. On September 9, 2015, in support of his claim to USAA, Respondent submitted a receipt for the Louis Vuitton bag purchased on February 28, 2014, for \$1,717.20.

18. On October 1, 2015, relying on information provided by Respondent, USAA issued him a payment in the amount of \$1,613.64, for his personal property loss. The payment amount was minus Respondent's \$500.00 deductible.

19. On May 31, 2018, an MIA investigator interviewed an associate at the McLean, Virginia retailer reflected on the receipt Respondent submitted to First American and USAA in support of his claims. A store associate confirmed to the MIA's investigator that the purchase of the Louis Vuitton bag was made on February 28, 2014, but the item was returned the same day.

20. On May 31, 2018, an MIA investigator compared the receipts submitted by Respondent to both USAA and First American for the purchase of a Louis Vuitton bag for \$1,717.20, and concluded the receipts were the same.

II. Violation(s)

21. 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:

22. § 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[.]

23. § 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.

24. By the conduct described herein, Respondent violated § 27-403. As such, Respondent is subject to an administrative penalty under the Insurance Article § 27-408(c).

III. Sanctions

25. 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.

26. Having considered the factors set forth in § 27-408(c)(2) and COMAR 31.02.04.02, the MIA has determined that \$3,500.00 is an appropriate penalty for Respondent.

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.