



vehicle had not been damaged. Respondent acknowledged that Progressive would not provide coverage for losses occurring between March 26, 2018 and April 11, 2018. Respondent asked whether coverage was effective immediately or the following day. A Progressive representative replied coverage was immediate.

4. On April 23, 2018, a representative of a Maryland law firm contacted Progressive and asked whether a claim had been set up for their client, Respondent. The law firm's representative advised that the accident occurred on April 11, 2018, at 9:00 a.m., and a police report was written.

5. On May 8, 2018, the law firm representing Respondent provided Progressive with a copy of the April 11, 2018 police accident report, which stated, the accident occurred on April 11, 2018, at 9:18 a.m., fourteen minutes before Respondent reinstated her Progressive insurance policy. Consequently, Progressive referred Respondent's claim to its Special Investigations Unit ("SIU"). Additionally, Progressive contacted the law firm, which advised that it was no longer representing Respondent because she provided a false statement.

6. On May 8, 2018, Progressive advised Respondent that it was investigating her SONL, because the police report confirmed the accident occurred on April 11, 2018, at 9:18 a.m. To the contrary, Respondent replied that the accident occurred after 9:30 a.m., about 9:45 a.m. Respondent then requested to close the claim.

7. On May 10, 2018, a Progressive investigator confirmed that Progressive canceled Respondent's policy on March 26, 2018, at 12:01 a.m., and Respondent gave a SONL on April 11, 2018, at 9:32 a.m. The investigator noted the police report reflected the April 11, 2018, accident occurred at 9:18 a.m., prior to Respondent providing the SONL. The Progressive investigator contacted the records section for the police department, which handled Respondent's

April 11, 2018 accident. A representative for the police department confirmed the call for the accident was 9:18 a.m.

8. On May 10, 2018, Progressive sent Respondent a letter denying her claim as its investigation showed Progressive canceled her policy on March 26, 2018 for nonpayment, which was prior to the loss date. Respondent provided a SONL on April 11, 2018, at 9:32 a.m. The police report and 911 call confirmed the loss occurred while the policy was not in force.

9. Section 27-802(a)(1) of the Maryland Insurance Article states,

An authorized insurer, its employees, fund producers, or 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. During the course of its investigation, the MIA contacted Progressive and confirmed its handling of Respondent's claim.

11. An MIA investigator obtained a copy of the police accident report, which reflected Respondent was operating her 2013 Chevrolet on April 11, 2018, at 9:18 a.m., when she was involved in a motor vehicle accident.

12. On August 22, 2018, an MIA investigator conducted a Maryland Judiciary case search for the operator of the other vehicle involved in the April 11, 2018, accident with Respondent. A Prince George's County police officer issued the driver several traffic citations, for violations, which occurred on April 11, 2018, at 9:18 a.m.

13. On August 22, 2018, an MIA investigator interviewed a representative of the insurance company for the other driver involved in the April 11, 2018, accident with

Respondent. The representative confirmed that its records reflect that the accident occurred on April 11, 2018, at 9:15 a.m.

14. On August 23, 2018, an MIA investigator obtained a copy of the Prince George's County Public Safety Communications report. It revealed that the time of 911 call for the accident involving Respondent was on April 11, 2018, at 9:17 a.m.

## II. Violation(s)

15. 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:

16. § 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[.]

17. § 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[.]

18. § 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.

19. By the conduct described herein, Respondent knowingly violated § 27-403 and § 27-406. As such, Respondent is subject to an administrative penalty under the Insurance Article § 27-408(c).

### III. Sanctions

20. 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.

21. The MIA considered the factors set forth in § 27-408(c)(2) of the Insurance Article, the MIA has determined that one thousand hundred dollars, \$1,500.00 is an appropriate penalty in this case.

22. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2018-3839A) and name (Nicole Latrice Fairchild). 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.

23. 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 12<sup>th</sup> day of September 2018, **ORDERED** that:

Nicole Latrice Fairchild shall pay an administrative penalty of one thousand five hundred dollars, (\$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.