

IN THE MATTER OF THE
MARYLAND INSURANCE
ADMINISTRATION

v.

RAPHAEL DARNELL JACKSON
11200 Lockwood Drive #1417
Silver Spring, Maryland 20901

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BEFORE THE MARYLAND
INSURANCE COMMISSIONER

CASE NO. : MIA- 2019-02-016
Fraud Division File No.: R-2019-0082A

ORDER

This Order is entered by the Maryland Insurance Administration (“MIA”) against Raphael Darnell Jackson (“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 was the named insured under a Renter’s insurance policy issued by Progressive Home Advantage, underwritten by Homesite Insurance Company of the Midwest (“Homesite”), an authorized insurer. The policy was for his residence at 11200 Lockwood Drive, Apt. 1417, Silver Spring, Maryland 20901. The policy was effective from November 20, 2017, through November 20, 2018.

2. On June 12, 2018, Respondent notified Homesite that on June 6, 2018, he hosted a business meeting at his apartment. He left his Surface Pro - laptop computer (“laptop”) unattended on the sofa; after the meeting concluded, he was unable to locate his laptop. Respondent logged into his Microsoft account and located his computer “somewhere in Maryland.” Respondent advised that the laptop was purchased through Amazon and cost \$2,200.00. Respondent made a theft report to the Montgomery County, Maryland police department. Homesite opened a claim.

3. On June 12, 2018, Homesite referred Respondent's claim to its Special Investigations Unit ("SIU") as Respondent's claim was the second claim in four months for the same item.

4. On June 13, 2018, a Homesite investigator performed an Insurance Services Office ("ISO") search and found that Respondent made a claim to Homesite for a March 2, 2018 loss in which Respondent reported a "Surface Pro 4" laptop was damaged. Homesite paid Respondent \$2,221.53 to settle that claim.

5. On June 14, 2018, Homesite sent a letter requesting that Respondent submit a police report for the stolen laptop, as well as, proof of ownership of the laptop.

6. On June 21, 2018, Respondent submitted to Homesite the police theft report, an Amazon receipt for order number ending in 4634, for a March 30, 2018, purchase of a Microsoft Surface Book 2 laptop for \$2,292.99, as well as a personal property inventory report, in which Respondent described the stolen laptop as a Surface Book 2. Respondent signed the property inventory report immediately after the following fraud warning:

Any person who knowingly or willfully presents a false or fraudulent claim for payment of a loss or benefit or who knowingly or willfully present false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

7. On June 25, 2018, a Homesite representative contacted Amazon to confirm Respondent's laptop purchase. The Amazon representative was unable to locate the purchase.

8. On July 5, 2018, a Homesite investigator examined Respondent's Amazon receipt and noted several inconsistencies to the font type and style. The investigator contacted Amazon; a customer service representative looked up the order ending in 4634 and advised that the order was for the purchase of a Microsoft Surface Pro 4 laptop, not a Surface Book 2 laptop, as reflected on the receipt Respondent submitted to Homesite. The Homesite investigator

researched the price difference between laptop "Pro 4" and "Book 2" and learned the Book 2 cost approximately \$1,000.00 more than the Pro 4 laptop.

9. On July 10, 2018, Homesite sent Respondent a letter denying his claim, which stated:

"You reported the loss on 06/12/018 and provided Homesite with documentation which you indicated supported ownership of the items stolen. Our investigation of your claim reveals that false and/or misleading information was provided to us."

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. During the course of its investigation, the MIA contacted Homesite and confirmed the facts regarding its handling of the Respondent's claim.

12. On December 11, 2018, the MIA issued a subpoena to Amazon for Respondent's purchase history. In response, Amazon provided information specific to Respondent's order, ending in 4634, which reflected Respondent purchased a Microsoft Surface Pro 4 laptop, for \$990.00, not a Book 2 laptop for \$2,292.99 as reflected on the Personal Property Inventory and the receipt Respondent submitted to Homesite.

II. Violation(s)

13. In addition to all relevant sections of the Insurance Article, the Administration relies on the following pertinent sections in finding that the 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; 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.

16. By the conduct described herein, Respondent knowingly violated §27-403. 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 he submitted a false document to Homesite. Respondent is, therefore subject to an administrative penalty pursuant to § 27-408(c) of the Insurance Article.

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 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), the MIA has determined that a fine of \$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-2019-0082A) and name (Raphael Darnell Jackson). 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. Unpaid penalties will be referred to the Central Collections Unit for collection.

20. This Order does not preclude any potential or pending action by any other person, entity or government authority, regarding any conduct by the 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 13th day of February 2019, **ORDERED** that:

Raphael Darnell Jackson 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

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: Melanie Gross, Executive Assistant to the Deputy Commissioner. 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.