

IN THE MATTER OF THE
MARYLAND INSURANCE
ADMINISTRATION

v.

JOHNNIE PATRICK GRAY
2601 Buckner Lane
Temple Hills, Maryland 20748

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BEFORE THE MARYLAND
INSURANCE COMMISSIONER

CASE NO. : MIA-2019-07-016

Fraud Division File No.: R-2019-0827A

ORDER

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

I. Facts

1. Respondent was a named insured on a homeowner's insurance policy with Allstate Insurance Company ("Allstate"), an authorized insurer, for his home located in Temple Hills, Maryland. The policy was in effect from November 29, 2017 to November 29, 2018.

2. On August 15, 2018, Respondent notified Allstate that he went out of town on August 8, 2018 and returned on August 15, 2018, when he discovered that someone kicked in the back door of his home and stole personal property. In support of his claim, Respondent submitted to Allstate a photograph of the damage he alleged occurred to the back door. Relying on information provided by Respondent, Allstate issued him a payment in the amount of \$684.31, to repair the door.

3. On August 16, 2018, Allstate referred Respondent's claim to its Special Investigation Unit ("SIU") due to a prior claim made by Respondent.

4. On August 28, 2018, in an effort to authenticate Respondent's claim, an Allstate investigator performed a Google image search for the photograph of the damaged door Respondent submitted to Allstate. Search results revealed an exact match from a home repair internet site.

5. On September 6, 2018, Allstate sent a letter to Respondent denying his claim because he made "material misrepresentations regarding the nature, extent, and circumstances surrounding the loss..." The denial letter requested restitution in the amount of \$684.31, the amount Allstate paid Respondent for his claim. Respondent failed to make restitution.

6. 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.

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

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

8. On June 19, 2019, an MIA investigator conducted an internet search for the photograph of the damaged door Respondent submitted to Allstate, and found an exact image of the door from an incident on April 24, 2012, reported on by the Daily Bulldog newspaper in Kineowatha Park, Maine. The MIA investigator also confirmed the website Allstate used it in making their comparison.

II. Violation(s)

9. 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:

10. § 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[.]

11. § 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.

12. By the conduct described herein, Respondent knowingly violated § 27-403. A fraudulent insurance act of making a false statement and/or submitting a false document in support of a claim is complete upon making the false statement and/or submitting the false document and is not dependent on payment being made, Respondent committed a violation of the Insurance Article when he made a false statement and submitted a false document to Allstate Insurance Company. As such, Respondent is, therefore subject to an administrative penalty pursuant to § 27-408(c) of the Insurance Article.

III. Sanctions

13. 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.

14. Having considered the factors set forth in § 27-408(c)(2), the MIA has determined that \$2,000.00 is an appropriate penalty.

15. Respondent is ordered to reimburse Allstate \$684.31, which is the amount it paid him to make home repairs, when it relied on information later found to be false.

16. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2019-0827A) and name (Johnnie P. Gray). 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.

17. Notification of reimbursement to Allstate shall be made in writing to the Associate Commissioner, Insurance Fraud Division, 200 St. Paul Place, Suite 2700, Baltimore, Maryland 21202. Such notification shall include a copy of the money order or cancelled check issued to Allstate as proof of reimbursement and identify the case by number (R-2019-0827A) and name (Johnnie P. Gray).

18. 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 17th day of July 2019, **ORDERED** that:

- (1) Johnnie P. Gray shall pay an administrative penalty of two thousand dollars (\$2,000.00) within 30 days of the date of this Order.
- (2) Johnnie P. Gray shall pay restitution to Allstate in the amount of six hundred and eighty-four dollars and thirty-one cents (\$684.31).

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.