

IN THE MATTER OF THE
MARYLAND INSURANCE
ADMINISTRATION

v.

BELTWAY BUILDERS, INC.
C/O Resident Agent Joseph Butts
766 Route 3 North
Gambrills, Maryland 21054

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BEFORE THE MARYLAND
INSURANCE COMMISSIONER

CASE NO. : MIA-2019-11-056

Fraud Division File No.: T-2020-054

CONSENT ORDER

This Consent Order is entered by the Maryland Insurance Commissioner and Beltway Builders, Inc., (“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”), to resolve the matter before the Insurance Administration (the “MIA” or the “Administration”).

Explanatory Statement and Findings of Facts

1. On October 7, 2019, an MIA investigator received a complaint, which alleged that Respondent advertised on a local radio station, that it would pay \$500.00 toward the insurance deductible, “[t]o redo the roof on an insurance claim.”

2. On October 8, 2019, the MIA investigator listened to the radio station, and confirmed the advertisement. Subsequently, the MIA issued a subpoena to the radio station, and obtained a copy of the audio file, which stated:

Need a roofer right away? 410-remodel

Hail and high winds can damage your roof and siding, and can be hard to detect by the untrained eye. Call 410-remodel today for your free storm damage inspection. Beltway Builders is accepting claims from all insurance companies and they’ll pay \$500 towards your deductible [Emphasis added] on any claim resulting from damage found in your inspection. This offer is only good for a

limited time, so call 410-remodel now, or sign up online at 410-remodel.com for your free storm damage inspection and \$500 towards your claim deductible.

3. The MIA confirmed that Respondent is a licensed Maryland home improvement contractor, in good standing.

4. On October 8, 2019, an MIA investigator identified Respondent's website as <https://beltwaybuilders.com>. Under its "Insurance Claims" link, Respondent advertised,

Hail Storm Damage Specialists" and "We specialize in replacement and repair of damage following hailstorms. We provide free expert evaluation, assessment, and *full insurance representation [emphasis added]*. Our team is knowledgeable, reliable, licensed, bonded, and comes with years of experience.

5. In addition, Respondent's web page contains a YouTube web link, https://www.youtube.com/channel/UcKHgraY_12NgXF77ic5a90A, which contained three videos. One video sixteen seconds long, from "3 years ago," advertised \$500.00 toward your deductible. A Google search revealed an undated flyer, which stated, "Act Today and Receive \$250 towards your deductible."

II. Provisions of the Law

6. The following provisions of law are relevant to the Administration's inquiry. Pursuant to § 2-204(b)(2), the failure to designate a particular provision of the article in this Order does not deprive the Commissioner of the right to rely on that provision.

7. Section 10-401(g)¹ of the Insurance Article provides as follows:

(g)(1) "Public adjuster" means a person who for compensation or any other thing of value:
(i) acts or aids, solely in relation to first-party claims arising under an insurance policy that insures real property of the insured, on loss or damage covered by an insurance policy;
(ii) except as provided in § 10-403 of this subtitle, directly or indirectly solicits for employment as a public adjuster of insurance claims, solicits business, or represents oneself to the public as a

¹ The Order also does not contain references to regulations contained in Title 31 (Maryland Insurance Administration) of the Code of Maryland Regulations (COMAR), which may be applicable.

public adjuster of a first-party insurance claims for losses or damages arising out of insurance policies that insure real or personal property;
or (iii) investigates or adjusts losses, or advises an insured about first-party claims for losses or damages arising out of an insurance policy that insures real or personal property for another person engaged in the business of adjusting losses or damages covered by an insurance policy, for the insured.

8. Section 10-403(a) of the Insurance Article provides as follows:

(a) Except as otherwise provided in this subtitle, a person must obtain a license before the person acts as a public adjuster in the State.

9. Section 27-405(a)(1) of the Insurance Article provides as follows:

(a) It is a fraudulent insurance act for a person to act as or represent to the public that the person is:

(1) an insurance producer or a public adjuster in the State if the person has not received the appropriate license under or otherwise complied with Title 10 of this article[.]

10. Section 4-205(b) of the Insurance Article provides as follows:

An insurer or other person may not, directly or indirectly, do any of the acts of an insurance business set forth in subsection (c) of this section, except as provided by and in accordance with the specific authorization of statute.

11. Section 4-205(c) of the Insurance Article provides as follows:

(6) except as provided in subsection (d) of this section, with respect to a subject of insurance resident, located, or to be performed in the State, directly or indirectly acting as an insurance producer for, or otherwise representing or helping on behalf of another, an insurer or other person to:

* * *

(vii) investigate or adjust claims or losses;

* * *

(ix) in any other manner represent or help an insurer or other person to transact insurance business;

(7) doing any kind of insurance business specifically recognized as doing an insurance business under statutes relating to insurance;

(8) doing or proposing to do any insurance business that is substantially equivalent to any act listed in this subsection in a manner designed to evade the statutes relating to insurance[.]

12. Section 27-203 of the Insurance Article provides as follows:

A person may not make, publish, disseminate, circulate, place before the public, or cause directly or indirectly to be made, published, disseminated, circulated, or placed before the public in a newspaper, magazine, or other publication, in the form of a notice, circular, pamphlet, letter, or poster, over a radio or television station, or in any other way, an advertisement, announcement, or statement that contains an assertion, representation, or statement about the business of insurance or about a person in the conduct of the person's insurance business that is untrue, deceptive, or misleading.

13. Section 4-212 of the Insurance Article provides as follows:

An unauthorized insurer or person that violates this subtitle is subject to a civil penalty of not less than \$100 but not exceeding \$50,000 for each violation.

14. § 27-405

It is a fraudulent insurance act for a person to act as or represent to the public that the person is:

(1) an insurance producer or a public adjuster in the State if the person has not received the appropriate license under or otherwise complied with Title 10 of this article.

15. § 27-407.2 Compensation for deductible.

It is a fraudulent insurance act for a contractor offering home repair or remodeling services for damages to a private residence caused by weather, to directly or indirectly pay or otherwise compensate an insured, or offer or promise to pay or compensate an insured, with the intent to defraud an insurer, for any part of the insured's deductible under the insured's property or casualty insurance policy, if payment for the services will be made from the proceeds of the policy.

16. § 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.

17. By the conduct described herein, Respondent knowingly violated § 27-407.2 and § 27-405. As such, Respondent is subject to an administrative penalty under the Insurance Article § 27-408(c).

III. Sanctions

18. 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.

19. The parties agree to this Consent Order to avoid litigation and to fully and finally resolve all issues before the Administration.

ORDER

WHEREFORE, for the reasons set forth above, it is **ORDERED** by the Commissioner and consented to by Respondent, this 5th day of November 2019, that:

- (A) Respondent shall cease advertisements, which violated the Maryland Insurance Article.
- (B) Respondent shall cease advertising that it gives customer's "full insurance representation."

Other Provisions

- A. The executed Consent Order and administrative penalty payment shall be sent to the attention of: Associate Commissioner, Fraud Division, Maryland Insurance

Administration, 200 St. Paul Place, Suite 2700, Baltimore, MD 21202 and shall identify the case by number (T-2020-054) and name (Beltway Builders, Inc.).

- B. For the purposes of the MIA and for any subsequent administrative or civil proceedings concerning Respondent, whether related or unrelated to the foregoing paragraphs, and with regard to requests for information about the Respondent made under the Maryland Public Information Act, or properly made by governmental agencies, this Consent Order will be kept and maintained in the regular course of business by the Administration. For the purposes of the business of the MIA, the records and publications of the MIA will reflect this Consent Order.
- C. This Consent Order shall be effective upon signing by the Commissioner or his designee, and is a Final Order of the Commissioner under § 2-204 of the Insurance Article.
- D. This Consent Order does not preclude any potential action by the MIA, any other person, entity, or governmental authority regarding any conduct by Respondent, including the conduct that is the subject of this Consent Order.
- E. Respondent has had the opportunity to have this Order reviewed by legal counsel of its choosing, and is aware of the benefits gained and obligations incurred by the execution of the Order. Respondent waives any and all rights to any hearing or judicial review of this Order to which it would otherwise be entitled under the Insurance Article with respect to any of the determinations made by this Order.
- F. This Order contains the entire agreement between the parties relating to the administrative actions addressed herein. No time frames set forth herein may be amended or modified without subsequent written agreement of the parties.

G. Failure to comply with the terms of this Order may subject Respondent to further legal and/or administrative action.

ALFRED W. REDMER, JR.
INSURANCE COMMISSIONER

By: signature on original
STEVE WRIGHT
Associate Commissioner
Fraud Division

BELTWAY BUILDERS INC.'S CONSENT

BELTWAY BUILDERS INC., hereby CONSENTS to the representations made in, and to the terms of, the above Consent Order. On behalf of the Respondent, the undersigned hereby affirms that he or she has taken all necessary steps to obtain the authority to bind Respondent to the obligations stated herein and does, in fact, have the authority to bind Respondent to the obligations stated herein resolving File No. T-2020-054.

Name: Joseph Roberts
Signature: signature on original
Title: President
Date: 10/23/19

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