



TEO Construction will represent us in all matters concerning this claim and in determining the fair replacement cost value of our losses relative to the aforementioned. All adjusting negotiations and servicing responsibilities will be handled through TEO Construction. We understand that our contractor is not authorized to approve the final settlement of this claim and that may be accomplished only by submitting a signed proof of loss by us the homeowner. Once TEO Construction begins its adjusting, negotiating and servicing responsibilities under this agreement, homeowner agrees that TEO Construction will be paid the amount that TEO Construction and the homeowners' insurance company agreed upon for the work necessitated by the claim described herein. Homeowner(s) expressly agree(s) that they will not have another person or entity to perform or general contract the work necessitated by the claim described herein. Homeowner(s) authorize permission for insurance company to directly release all necessary documents, pertaining to this claim, requested by TEO Construction.

\*\*\*All checks issued by the insurance company and/or mortgage company in payment for the services provided herein shall list the customer and TEO Construction as co-payees. THE OUT-OF-POCKET EXPENSES OF THE HOMEOWNER(S) WILL NOT EXCEED THEIR INSURANCE POLICY DEDUCTIBLE FOR THE SCOPE OF THE WORK AGREED UPON BY THE HOMEOWNERS' INSURANCE COMPANY AND TEO CONSTRUCTION.

3. 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.

Having a good faith belief that Respondent was acting as an unlicensed public adjuster in violation of the Insurance Article, Erie made a referral to the Administration.

4. The Administration's investigation concluded that TEO was not, and is not, a Maryland licensed public adjuster.

5. The Administration confirmed that TEO entered into the aforementioned contract with a Maryland consumer.

6. The Administration's investigation determined that TEO's conduct made, published, disseminated, circulated, placed before the public, or caused directly or indirectly to

be made published, disseminated, circulated, or placed before the public advertisements, announcements, or statements that contained assertions, representations, or statements about the business of insurance or about a person in the conduct of the insurance business that were in violation of § 27-203 of the Insurance Article.

## II. Provisions of Law

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

(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 the real or personal property of the insured, on behalf of the insured in negotiating for, or effecting the settlement of, a claim for 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 public adjuster of 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 in both the earlier and the amended version:

(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 § 27-203** 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.

10. **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[.]

11. A Public Adjuster is an insurance claim adjuster who acts as an advocate for a policyholder in appraising and negotiating a first party property insurance claim. Public Adjusters must be licensed by the Administration. Public Adjusters act as the insured's representative in dealings with the insurance company.

12. TEO violated the Insurance Article by stating in its contract, TEO will represent [homeowner] in all matters concerning this claim, all adjusting negotiations and servicing responsibilities will be handled through TEO, once TEO Construction begins its adjusting, negotiating and servicing responsibilities under this agreement..., Homeowner(s) authorize permission for insurance company to directly release all necessary documents, pertaining to this claim, requested by TEO Construction, all checks issued by the insurance company and/or mortgage company in payment for the services provided herein shall list the customer and TEO Construction as co-payees, and the out-of-pocket expenses of the homeowner(s) will not exceed their insurance policy deductible for the scope of the work agreed upon by the homeowners' insurance company and TEO construction.

13. The Administration's investigation concluded that Respondent represented itself as a Public Adjuster, despite lacking any such authority or license. Respondent's conduct violated §§ 10-403(a), 27-203, and 27-405(a)(1) of the Insurance Article.

14. The parties agree to this Consent Order to avoid litigation and to fully and finally resolve all issues before the Administration. Respondent admits to the conduct described above and agrees to remove from their contract language any provisions which violate the Insurance Article.

Order

**WHEREFORE**, for the reasons set forth above, it is this 12<sup>th</sup> day of February, 2020, **ORDERED** by the Maryland Insurance Commissioner and consented to by Respondent that:

- A. Respondent agrees to refrain from undertaking any advertisement or marketing campaign that promises to represent an insured homeowner regarding a claim to an insurance company, or that otherwise asserts that Respondent is authorized to conduct Public Adjuster services in conjunction with home repairs.
- B. Respondent and its employees will cease conducting business with insurers as public adjusters, wherein Respondent's employees/representatives negotiate claims with authorized insurers.
- C. Respondent agrees to provide written notice to the Administration within 60 days of the date of this Consent Order that its contract language has been changed so that no contracts containing the prohibited language are in use.
- D. The executed Consent Order and notice of compliance shall be sent to the attention of: Maryland Insurance Administration, Steve Wright, Associate Commissioner, Fraud Division, 200 St. Paul Place, Suite 2700, Baltimore, MD 21202.

- E. The parties acknowledge that this Order contains the entire agreement between the parties relating to the administrative actions addressed herein and that this Order resolves all matters relating to the factual assertions and agreements contained herein. All time frames set forth in this Order may be amended or modified only by subsequent written agreement of the parties.
- F. Respondent 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 or actions ordered by this Order.
- G. For the purposes of the Administration 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 Order will be kept and maintained in the regular course of business by the Administration. For the purposes of the business of the Administration, the records and publications of the Administration will reflect this Order.
- H. Nothing herein shall be deemed a waiver of the Commissioner's right to proceed in an administrative action or civil action to enforce the terms of this Order. Failure to fully comply with the terms of this Order may subject Respondent to further legal and/or administrative action.

- I. This Order shall go into effect upon signing by the Commissioner or his designee, and is a Final Order of the Commissioner under § 2-204 of the Insurance Article.

**ALFRED W. REDMER, JR.**  
**INSURANCE COMMISSIONER**

By:

signature on original

Steve Wright, Associate Commissioner  
Insurance Fraud Division

**RESPONDENT TEO CONSTRUCTION SERVICE, INC.'S CONSENT**

Respondent TEO CONSTRUCTION SEVRICES, INC. CONSENTS to the representations made in, and terms of, this Consent Order. On behalf of Respondent, the undersigned hereby affirms that he has the authority to, and will take all necessary steps to bind Respondent to the obligations stated herein.

2/5/2020

*Date*

signature on original

Jose Elias Arevalo Romero  
*Authorized Signatory*

President  
*Title*