

motorist (“UM”) insurance policy provision, and issued him a second payment of \$6,073.28, to repair his vehicle.

4. Allstate authorized a rental car for Respondent, for which it paid \$549.96, to Enterprise Rent-A-Car.

5. On July 17, 2019, Allstate was notified by Utica National Insurance Company (“Utica”), an authorized insurer, that on July 3, 2019, a vehicle it insured, under a policy issued to Chesapeake Uniform Rental, Inc. (“CUR”), which is Respondent’s employer, struck Respondent’s Mercedes while it was parked at CUR, located at 3710 E. Baltimore St, Baltimore, Maryland. Utica issued a payment for over \$7,000.00 to repair Respondent’s vehicle; Utica learned that OMCC had been working with Allstate to repair the damage. Consequently, an Allstate representative contacted Respondent, who stated that the accident happened away from work, on July 4, 2019, not July 3, 2019. He denied having knowledge that a CUR truck struck his Mercedes.

6. On July 26, 2019, a Utica representative contacted Allstate and advised that Utica discovered the Allstate claim when it called OMCC. Further, the Utica insured, CUR, had already paid OMCC to repair Respondent’s Mercedes. The Utica representative stated that Respondent was asked about Allstate’s involvement; he refused to answer and was evasive. Utica provided Allstate with a copy of a repair estimate completed by OMCC on July 3, 2019, as well as a copy of a cashier's check issued to OMCC for \$7,209.28. Utica provided Allstate with a release agreement, signed by Respondent, wherein, he acknowledged, that he released CUR from further responsibility of future claims for damages to his Mercedes, in consideration for payment made to OMCC. Consequently, Allstate referred Respondent’s claim to its Special Investigations Unit (“SIU”) for further investigation.

7. An Allstate investigator concluded that Respondent was paid UM benefits, which he was not entitled to; as, contrary to Respondent's statements, the adverse driver was known at the time Respondent made his claim to Allstate.

8. On August 1, 2019, Respondent made full restitution to Allstate, which sent him a letter denying his claim, for the following reasons:

On July 5, 2019 you reported to Allstate that on July 4, 2019 an unknown vehicle struck your 2011 Mercedes on Labyrinth Road and left the scene. You submitted photographs of your damage and payment was issued. On or about July 17, 2019 we completed a supplemental estimate. Payment was issued to you per your request. We have also received an additional request for supplemental payments. That payment will not be made. Our investigation has confirmed that your vehicle was, in fact, struck by a known party and that you obtained an estimate of damages prior to reporting this alleged loss to Allstate Indemnity Company. We have also learned that you received payment from your employer for the damages you claimed were caused by a hit and run. You have reimbursed us for the payments made to you, however, you were provided rental benefits that you were not entitled to receive. **Once we receive the invoice I will forward it to you and request that you send payment to Allstate for that expense as well.**

9. On August 6, 2019, Allstate sent Respondent a letter requesting payment of \$549.96, which is the expense Allstate incurred when it relied on false statements made by Respondent and paid Enterprise for his rental car.

10. 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, Fraud Division.

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

12. On March 4, 2020, an MIA investigator interviewed a representative for OMCC who reported that he personally met with Respondent at OMCC on July 3, 2019, and inspected the damage to Respondent's Mercedes. The representative provided the MIA with a copy of the OMCC estimate, which was time-stamped "7/3/2019 2:08:44 PM."

13. On March 10, 2020, an MIA investigator interviewed the CUR facility manager, who reported that immediately following the July 3, 2019 accident, at CUR, in which a CUR truck struck Respondent's Mercedes, he was on the scene. Respondent was also at the location, inspecting the damage to his Mercedes.

14. An MIA investigator learned that Respondent failed to make restitution to Allstate in the amount of \$549.96, for the rental expense it incurred, when it relied on false statements made by Respondent.

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. § 27-408(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.

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

III. Sanctions

19. Insurance fraud is a serious violation, harmful to consumers because the losses experienced by insurance companies are passed on to consumers in the form of higher premiums. Pursuant to §§ 2-210 (d)(1) and 2-405 of the Insurance Article, the Commissioner has the authority to investigate complaints alleging that a fraudulent claim has been submitted to an insurer.

20. Having considered the factors set forth in § 27-408(c)(2) the MIA has determined that fine of \$1,500.00 is an appropriate penalty.

21. Additionally, the Respondent is ordered to reimburse Allstate \$549.96, which is the amount Allstate paid for Respondent's rental car, when it relied on statements made by Respondent, later determined to be false.

22. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2020-0404A) and name (Darron Christopher Alexander). 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.

23. 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-2020-0404A) and name (Darron Christopher Alexander).

24. 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 13th day of April 2020, **ORDERED** that:

(1) Darron Christopher Alexander shall pay an administrative penalty of one thousand five hundred dollars (\$1,500.00) within 30 days of the date of this Order.

(2) Darron Christopher Alexander shall pay restitution to Allstate in the amount of \$549.96 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.