

IN THE MATTER OF THE
MARYLAND INSURANCE
ADMINISTRATION

BEFORE THE MARYLAND
INSURANCE COMMISSIONER

v.
Sheila M. Hancock
2066 Addison Road S, Apt. 2
District Heights, Maryland 20747

CASE NO. : MIA-2020-06-032
Fraud Division File No.: R-2020-1241A

ORDER

This Order is entered by the Maryland Insurance Administration (the "MIA") against Sheila M. Hancock ("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. On July 27, 2019, Respondent obtained a renter's insurance policy with Allstate Insurance Company ("Allstate"), an authorized insurer, through a local Allstate producer, for her residence in District Heights, Maryland. The policy was in effect from July 27, 2019 to July 27, 2020. The policy was issued to her under the name Sheilah Hancock.

2. On July 29, 2019, Respondent notified Allstate that on July 28, 2019, her apartment suffered water damage due to a leaking air conditioning unit. Allstate opened a claim, which it referred to its Special Investigations Unit ("SIU") for investigation because Respondent's insurance policy had been in effect for less than 30 days.

3. On August 16, 2019, Respondent submitted to Allstate, photographs as well as an itemized list of personal property damaged by water, which totaled \$1,270.00. Relying on the information provided by Respondent, Allstate issued payment to Respondent in the amount of \$896.71.

4. On September 10, 2019, an Allstate investigator interviewed the property manager for Respondent's apartment complex who reported that Respondent's apartment suffered water damage on July 8, 2019 (nineteen days before her Allstate renter's insurance policy took effect). The manager reported that maintenance personnel entered Respondent's apartment on July 9, 2019, to initiate emergency repairs, for which she provided two work orders.

5. On October 3, 2019, Allstate sent Respondent a letter, which stated:

Allstate conducted an additional review of your claim and determined the loss occurred on July 8, 2019. Your policy of insurance was not effective until July 27, 2019. You reported this loss occurred on July 28, 2019. As Allstate relied on the information you reported, a payment was made to you in the amount of \$896.71 for the damaged personal property. As there was no insurance coverage in place under your policy when this loss occurred, Allstate is requesting that you reimburse us in the amount of \$896.71 within thirty days.

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, Fraud Division.

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

8. On May 14, 2020, an MIA investigator contacted the manager for the Respondent's apartment complex. She confirmed that on July 8, 2019, she was made aware of a water leak, which affected Respondent's apartment. On July 9, 2019, maintenance personnel entered the Respondent's apartment and initiated repairs.

9. On May 15, 2020, an MIA investigator contacted the office of the insurance producer where Respondent obtained her Allstate insurance policy. A representative confirmed that Respondent's renter's policy took effect on July 27, 2019, nineteen days after the loss occurred.

II. Violation(s)

10. Based on the foregoing and considering all relevant sections of the Insurance Article, the Administration finds that Respondent violated the Maryland Insurance Article as follows:

11. **§27-403(2)**

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[.]

12. **§ 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.

13. By the conduct described herein, Respondent knowingly violated § 27-403. As such, Respondent is subject to an administrative penalty pursuant to § 27-408(c) of the Insurance Article.

III. Sanctions

14. 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.

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

16. Additionally, Respondent is ordered to reimburse Allstate \$896.71, which is the amount she fraudulently obtained when Allstate relied on statements made by Respondent, later determined to be false.

17. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2020-1241A) and name (Sheila M. Hancock). 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.

18. 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-2020-1241A) and name (Sheila M. Hancock).

19. 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 9th day of July 2020, **ORDERED** that:

- (1) Sheila Marie Hancock shall pay an administrative penalty of One thousand five hundred dollars (\$1,500.00) within 30 days of the date of this Order.
- (2) Sheila Marie Hancock shall pay restitution of \$896.71 to Allstate within 30 days of the date of this Order.

KATHLEEN A. BIRRANE
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.