

IN THE MATTER OF THE
MARYLAND INSURANCE
ADMINISTRATION

v.

KAYLA MORGAN TURNER
303 Hendrickson Lane
Towson, Maryland 21286

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BEFORE THE MARYLAND
INSURANCE COMMISSIONER

CASE NO.: MIA-2020-07-026

Fraud Division File No.: R-2020-1398A

ORDER

This Order is issued by the Maryland Insurance Administration (the "MIA") against Kayla Morgan Turner ("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. Respondent was a named insured on an automobile insurance policy with State Farm Fire and Casualty Company ("State Farm"), an authorized insurer, for a 2014 Honda. The policy was in effect from September 13, 2019 to March 13, 2020.

2. On September 28, 2019, Respondent notified State Farm that on September 27, 2019, she discovered that her parked and unattended insured vehicle had been vandalized. Respondent described damage to the driver's side glass, rear window glass and side mirrors. State Farm opened a claim.

3. On October 2, 2019, the damage to Respondent's insured vehicle was inspected at a collision repair facility. A repair facility representative contacted State Farm and requested that a State Farm estimator identify which damage was the subject of the claim, as the inspection identified numerous areas of prior damage.

4. On October 3, 2019, a State Farm appraiser examined and photographed Respondent's insured vehicle. He concluded that some damages were not consistent with vandalism, and was "100% prior collisions dmgs [*sic*] not related to vandalism." The appraiser recommended speaking to Respondent to determine what damages are separate, and concluded that the assistance of State Farm's Special Investigations Unit ("SIU") may be needed.

5. On October 7, 2019, a State Farm representative interviewed Respondent who reported that her insured vehicle had no damage prior to the vandalism she discovered on September 27, 2019. Respondent stated that there had been some plastic damage to the front fender but had been repaired prior to the September 27, 2019 vandalism claim. Respondent reported that it appeared as if someone tried to take off the driver's side door by prying the fender. Respondent confirmed multiple times that there was no damage prior to her vandalism claim. In light of the above information, Respondent's claim was referred to State Farm's Special Investigations Unit ("SIU") for further investigation.

6. On October 8, 2019, a State Farm investigator obtained the Carfax vehicle history report for Respondent's insured vehicle. The report revealed an August 29, 2019 service record at a Baltimore, Maryland automobile repair facility (hereinafter "AA auto body"). The investigator called AA auto body and learned that it prepared a body damage repair estimate on August 9, 2019, 35 days before Respondent obtained her State Farm insurance policy.

7. On October 11, 2019, a State Farm investigator took a recorded statement from Respondent who reiterated that her insured vehicle had no damage prior to September 27, 2019. Respondent reported that the vehicle was previously insured by GEICO, and there had been no claims to GEICO related to the 2014 Honda. Further, Respondent reported that there had been no prior damage estimates for the Honda. Respondent described the damages as being to "...the

whole car,” both sides of the car, the driver's side and passenger's side, and it looked as though someone tried to take the front driver's door off.

8. On October 16, 2019, AA auto body provided State Farm with photographs it took of damages to Respondent's insured vehicle on August 9, 2019. Subsequently, a State Farm representative compared the AA auto body photographs with the photographs taken by State Farm, following Respondent's claim and concluded that all damages were present on Respondent's vehicle before she obtained her State Farm insurance policy.

9. On October 17, 2019, State Farm sent a letter to Respondent. The letter stated, in part:

This letter is a follow-up to our telephone conversation on October 17, 2019, regarding the Vandalism claim for your 2014 Honda Accord. As I explained, we have completed our investigation and have determined the damages to your vehicle are pre-existing and occurred prior to your vehicle being insured by State Farm. Therefore, State Farm will not be covering for [*sic*] any and all losses resulting from this incident.

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.

State Farm, having a good faith belief that Respondent committed insurance fraud, referred the matter to the Fraud Division of the MIA.

11. In the course of its investigation, the MIA contacted State Farm and confirmed the facts regarding its handling of Respondent's claim.

12. On May 19, 2020, the MIA investigator contacted AA auto body and confirmed that it prepared a vehicle damage repair estimate for Respondent's 2014 Honda on August 9, 2019, but they did not perform the repair work.

13. The MIA investigator compared the photographs taken by AA auto body on August 9, 2019, with photographs taken by State Farm, following Respondent's September 27, 2019 claim and determined there was damage to the insured vehicle before Respondent obtained her State Farm insurance policy.

14. On May 19, 2020, the MIA investigator discovered that Respondent's 2014 Honda was the subject of a March 25, 2019 automobile damage claim made to Government Employees Insurance Company ("GEICO"), an authorized insured. At that time Respondent was a named listed driver on the GEICO insurance policy.

15. The MIA investigator listened to the recorded statement Respondent provided to State Farm on October 11, 2019, and confirmed she reported that she left her vehicle parked and unattended. Upon her return, she found it had been vandalized. Someone tried to pry her driver's door open from the hinge side. The rear window had been broken and her mirrors had been damaged. Respondent maintained that her insured vehicle was not damaged prior to September 27, 2019.

II. Violation(s)

16. In addition to all other applicable sections of the Insurance Article, the Administration finds that Respondent violated the Maryland Insurance Article as follows:

17. **§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[.]

18. § 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.

19. By engaging in the conduct described herein, Respondent Turner knowingly violated § 27-403 of the Insurance Article. The fraudulent insurance act of giving a false statements made in support of a claim is complete upon making the false statements and is not dependent on payment being made; Respondent committed a violation of the Insurance Article when she made a false statement to State Farm. As such, Respondent is, therefore subject to an administrative penalty as authorized by § 27-408(c) of the Insurance Article.

III. Sanctions

20. 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.

21. Based on the factors identified in § 27-408(c)(2), the MIA has determined that \$1,500.00 is an appropriate penalty amount.

22. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2020-1398A) and name (Kayla Morgan

Turner). 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. 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 28th day of July, 2020, ORDERED that:

Kayla Morgan Turner shall pay an administrative penalty of One thousand five hundred dollars (\$1,500.00) 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