

IN THE MATTER OF THE
MARYLAND INSURANCE
ADMINISTRATION

v.

KEITH GERROD DEMBY
334 Baltimore Annapolis Blvd
Severna Park, Maryland 21146

* BEFORE THE MARYLAND
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* INSURANCE COMMISSIONER
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CASE NO. : MIA-2020-08-004
Fraud Division File No.: R-2020-1704A

ORDER

This Order is entered by the Maryland Insurance Administration (“MIA”) against Keith Gerrod Demby (“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 had an automobile insurance policy with Progressive Group of Insurance Companies (“Progressive”), an authorized insurer, which lapsed on September 6, 2019, when he failed to make his insurance premium payment.

2. On October 29, 2019, Respondent applied for automobile insurance with Progressive. The application contained the following fraud warning:

Any person who knowingly or willfully presents a false or fraudulent claim for payment of a loss or benefit, is guilty of a crime and may be subject to fines and confinement in prison.

Respondent’s new Progressive insurance policy went into effect on October 29, 2019, at 11:19 a.m., which provided comprehensive, collision, and uninsured motorist coverage, and extended to vehicles rented by Respondent.

3. On November 1, 2019, three days after Respondent's Progressive insurance policy took effect, Respondent notified Progressive, on a recorded call, that his personal vehicle was being repaired; therefore, he rented a vehicle from Enterprise Rent-a-Car ("Enterprise"). He left the rental vehicle parked at a shopping mall, where it was struck by an unknown vehicle, causing damage to its front bumper. The Progressive representative asked if the accident occurred today [November 1, 2019], and Respondent replied "yeah." Progressive contacted Enterprise and confirmed that Respondent rented a vehicle, but Respondent returned it on October 29, 2019, at 10:42 a.m., 37 minutes before Respondent's Progressive policy took effect, and three days prior to the date Respondent reported the accident occurred.

4. On November 4, 2019, a Progressive representative interviewed Respondent, who reiterated that the damage to the rental vehicle occurred on November 1, 2019.

5. On November 6, 2019, Progressive notified Enterprise that it would not provide coverage to repair the rental vehicle, as the damages occurred prior to the effective date of Respondent's Progressive insurance policy. Progressive sent a letter to Respondent, which stated, in part:

[W]e have been unable to find coverage for this claim with the information provided to our claims department. Our records indicate that the rental vehicle was returned to Enterprise prior to your Progressive policy*** Therefore, we will not be providing any coverage for this loss.

It is my position that you materially misrepresented the date of loss on this claim as you reported the loss as occurring while your policy was in force. Our investigation included a statement from you, a review of your policy, and documents from Enterprise.

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.

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

7. During the course of its investigation, an MIA investigator contacted Progressive and confirmed the facts surrounding its handling of the Respondent's claim.

8. On June 24, 2020, an MIA investigator listened to the recorded statement Respondent provided to Progressive on November 1, 2019, wherein he reported that a vehicle, which he rented from Enterprise was damaged by a hit and run vehicle. The Progressive representative asked whether it happened today [November 1, 2019], and Respondent stated, "yeah, around 11:30 or 12:00." Respondent stated,

"I had to start a whole nother [*sic*] policy, this was the other day, then this happens."

9. On June 30, 2020, an MIA investigator examined Respondent's Enterprise rental agreement, which stated, Respondent returned his rental vehicle to Enterprise on October 29, 2019. An Enterprise representative provided the MIA investigator with an accident report summary ("ARS"), which stated that the vehicle was returned with damage to the front bumper, and the customer [Respondent] was filing a claim with his insurance company.

10. On July 10, 2020, an MIA investigator spoke to an Enterprise representative and confirmed that Respondent's rental vehicle was returned on October 29, 2019, at 10:42 a.m.

II. Violation(s)

11. In addition to all relevant sections of the Insurance Article, the Administration relies on the following sections in finding that Respondent violated Maryland's insurance laws:

12. § 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.

13. § 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.

14. By the conduct described herein, Respondent 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 violated the Insurance Article when he made false statements to Progressive. As such, Respondent is subject to an administrative penalty under the Insurance Article § 27-408(c).

III. Sanctions

15. 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.

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

17. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2020-1704A) and name (Keith Gerrod Demby.) 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. 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 5th day of August 2020, **ORDERED** that:

Keith Gerrod Demby 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