

IN THE MATTER OF THE  
MARYLAND INSURANCE  
ADMINISTRATION

v.

ERNEST EDWARD COWAN, JR.  
3306 Shortridge Lane  
Mitchellville, Maryland 20721

\* BEFORE THE MARYLAND  
\*  
\* INSURANCE COMMISSIONER  
\*  
\*  
\*

CASE NO.: MIA-2020-12-006  
Fraud Division File No.: R-2020-2641A

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**CONSENT ORDER**

This Consent Order (“Order”) is entered by the Maryland Insurance Administration (“MIA”) against Ernest Edward Cowan, Jr. (“Respondent”) with his consent, pursuant to §§ 2-108, 2-201, 2-204 and 2-405 of the Insurance Article, Md. Code Ann. (2017 Repl. Vol. & Supp.) (the “Insurance Article”), to resolve the matter before the Insurance Administration (“MIA”).

**I. Findings**

1. Respondent was a named insured on an automobile insurance policy with Progressive Group of Insurance Companies (Progressive), an authorized insurer, for his 2015 Nissan. The policy took effect on November 4, 2019.

2. On December 9, 2019, Progressive sent a letter to Respondent, alerting him of a pending cancellation, because he had not made the insurance premium payment. Regardless, Respondent failed to submit his premium payment to Progressive, and the policy lapsed on December 20, 2019.

3. On January 15, 2020, Respondent called Progressive, on a recorded phone line and requested to reinstate his automobile insurance policy. Subsequently, Respondent provided responses to a statement of no loss (“SNOL”), wherein he advised Progressive that neither he, nor anyone in his household had been involved in an automobile accident between December 20, 2019, and January 15, 2020, and the vehicle listed on the policy had not been damaged during that time frame.

4. On January 20, 2020, Respondent notified Progressive that he was involved in an accident in Washington, D.C. wherein he collided with a parked and unattended vehicle. Progressive opened a claim.

5. On January 21, 2020, Progressive referred Respondent's claim to its Special Investigations Unit ("SIU") for further investigation because the reported accident occurred within five days of reinstatement of the policy.

6. On January 22, 2020, Respondent submitted a towed vehicle receipt, to Progressive, dated January 20, 2020, as evidence that the accident occurred on that date.

7. On January 22, 2020, a Progressive investigator contacted the police department, which has jurisdiction where Respondent's accident occurred. A police department representative advised Progressive that the accident occurred on January 12, 2020, (three days before Respondent reinstated his Progressive policy.) Later that day, a Progressive representative contacted the towing company identified on the tow receipt Respondent submitted and learned that the vehicle was towed on January 12, 2020, not January 20, 2020.

8. 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.

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

10. On October 5, 2020, an MIA investigator interviewed Respondent who confessed that he lied to Progressive during the SONL, when he reported that he had not had an accident between December 20, 2019 and January 15, 2020; he lied to Progressive when he falsely reported that the accident occurred

on January 20, 2020. Respondent admitted to the MIA's investigator that the tow receipt that he submitted to Progressive was altered, wherein the date was changed from January 12, 2020, to January 20, 2020.

## II. Provisions of Law

11. The following provisions of law are relevant to the Administration's inquiry. Pursuant to § 2--204(b)(2), the failure to designate a particular provision of the Insurance Article in this Order does not deprive the Commissioner of the right to rely on that provision.

12. § 27-406

It is a fraudulent insurance act for a person:

(1) knowingly or willfully to make a false or fraudulent statement or representation in or with reference to an application for insurance[.]

13. § 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.

14. § 27-408(c)

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 \$25,000.00 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.

## III. Sanctions

15. 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.

16. By the conduct described herein, Respondent violated § 27-403 and § 27-406 and he is subject to the imposition of an administrative penalty under the Insurance Article.

17. Having considered the factors set forth in § 27-408(c)(2), the MIA has determined that \$1,000.00 is an appropriate penalty.

18. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2020-2641A) and name (Ernest Edward Cowan, Jr.). 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.

\* \* \*

### Order

**WHEREFORE**, for the reasons set forth above, it is this 2nd day of December, 2020,

**ORDERED** by the Commissioner and consented to by Respondent, that:

A. Ernest Edward Cowan, Jr. shall pay an administrative penalty of One Thousand Dollars (\$1,000.00) as follows:

i. \$500.00 paid by Respondent to the Administration along with the submission of the executed Consent Order;

ii. \$500.00 due by November 30, 2020.

B. Failure to pay as outlined in paragraph A constitutes a default. Notice of Default is hereby waived by Respondent. Respondent agrees to pay the balance within 30 days of default, the balance will be sent to the Central Collections Unit of the Department of Budget and Management for collection.

The executed Consent Order and initial payment 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 and shall identify the case by number (R-2020-2641A) and name (Ernest Edward Cowan, Jr.).

C. 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.

D. Respondent had the opportunity to have this Order reviewed by legal counsel of his choosing, and he is aware of the benefits gained and obligations incurred by the execution of this 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.

E. 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.

F. 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.

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

KATHLEEN A. BIRRANE  
INSURANCE COMMISSIONER

By: signature on original  
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STEVE WRIGHT  
Associate Commissioner  
Fraud Division

**RESPONDENT'S CONSENT**

**Ernest Edward Cowan, Jr.** hereby CONSENTS to the representations made in, and terms of, this Consent Order.

11/30/20  
Date

ernest cowan  
**Ernest Edward Cowan, Jr.**