

IN THE MATTER OF THE
MARYLAND INSURANCE
ADMINISTRATION

v.

SHUNDA DENEAL FRANKLIN
619 Severn Island Ct. Annapolis,
Maryland 21401-4544

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BEFORE THE MARYLAND
INSURANCE COMMISSIONER

CASE NO.: MIA- 2023-06-035

Fraud Division File No.: R-2023-1756A

ORDER

This Order is issued by the Maryland Insurance Administration (the “MIA”) against Shunda Deneal Franklin (“Respondent”) pursuant to Md. Code Ann., Ins. Art. §§ 2-108, 2-201, 2-204 and 2-405 (2017 Repl. Vol. & Supp.) for the violations of the Maryland Insurance Article identified and described.¹

I. RELEVANT MATERIAL FACTS

1. On November 9, 2022, Respondent applied for and obtained automobile insurance with Progressive Casualty Insurance (“Progressive”), an authorized insurer, for her 2018 Chevrolet. Respondent signed the application, which contained the following fraud warning:

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

2. On November 18, 2022, Respondent notified Progressive that on November 16, 2022, she discovered that her insured vehicle, a 2018 Chevrolet, which was parked and unattended in Annapolis, Maryland was struck. Respondent submitted to Progressive photographs of the damage. Progressive opened a claim.

¹ Unless otherwise indicated, all statutory references in this Order are to the Insurance Article of the Maryland Code.

3. On November 21, 2022, a Progressive representative noted that the metadata contained within the photographs submitted by Respondent for her November 16, 2022 claim were dated August 1, 2022. The representative identified a July 29, 2022 claim Respondent made to Progressive under a previously issued policy, in which Respondent reported damage to her 2018 Chevrolet. In that claim, Respondent submitted photographs of her 2018 Chevrolet to Progressive on August 1, 2022. Progressive denied Respondent's July 29, 2022 claim because Respondent failed to pay her insurance premium and the policy had been rescinded. Progressive referred Respondent's November 16, 2022 claim to its Special Investigation's Unit ("SIU") for further investigation.

4. A Progressive investigator compared the photographs Respondent submitted in her July 29, 2022 claim with the photographs she submitted in her November 16, 2022 claim and concluded the photographs submitted in the November claim were the "exact" same as the ones submitted in the July claim.

5. On November 30, 2022, a Progressive representative interviewed Respondent who reported that on November 15, 2022 she discovered that her insured vehicle had been struck while parked and unoccupied, causing damages to the driver's side door, front windshield, and passenger's side window. Respondent stated that she did not call the police. Respondent reported that the damages to her 2018 Chevrolet related to the July 29, 2022 claim had been repaired at Jeff's Auto Shop ("Jeff's"). The Progressive representative called Jeff's, which denied making repairs to Respondent's car.

6. On December 2, 2022, Respondent reported to Progressive that the July 29, 2022 damages were repaired by Jenkin's Auto ("Jenkin's"), not Jeff's. A Progressive representative contacted

Jenkin's and learned that Jenkin's repaired Respondent's 2018 Chevrolet in 2021, *prior* to the July 29, 2022 loss.

7. On December 5, 2022, a Progressive Investigator interviewed Respondent, who reiterated much of the information she previously provided. This time, however, Respondent reported that the damages reported in her July 29, 2022 claim had been repaired by Chesapeake, a repair facility located in Annapolis, Maryland. Respondent reported that her son A.F. worked for Chesapeake and the repairs were done at no cost.

8. The Progressive investigator contacted Chesapeake, which had no record of making repairs to Respondent's car, and no record of A.F. being an employee.

9. On March 21, 2023, Progressive sent a letter to Respondent denying her claim, which stated, in pertinent part:

The purpose of this letter is to notify you that the Company has concluded that there is no coverage for this claim... Specifically, the Policy at issue provides, in relevant part:

FRAUD OR MISREPRESENTATION

This policy was issued in reliance upon the information provided on your insurance application. Any changes we make at your request to this policy after inception will be made in reliance upon information you provide.

We may deny coverage for an accident or loss if you:

1. made incorrect statements or representations to us with regard to any material fact or circumstance;
2. concealed or misrepresented any material fact or circumstance; or
3. engaged in fraudulent conduct;

* * *

The investigation to date reveals that this accident occurred prior to the date is [sic] reported. Thus, the Company will not be responsible to pay for this part of the loss.

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.

Progressive, having a good faith belief that Respondent committed insurance fraud, referred the matter to the MIA, Fraud and Enforcement Division, which opened an investigation.

The MIA's Investigation

11. On May 16, 2023, an MIA investigator spoke with a representative of Jeff's who reported that Jeff's serviced Respondent's 2015 Infiniti in 2019; there were no records that Respondent's 2018 Chevrolet was ever repaired at Jeff's.

12. On May 16, 2023, an MIA investigator spoke with a representative for Chesapeake who reported that there were no records that Chesapeake ever repaired Respondent's 2018 Chevrolet. Further, there are no records that Respondent's son, A. F.*** was ever employed by Chesapeake.

13. On May 17, 2023, an MIA investigator spoke with a representative from Jenkin's who reported that Jenkin's repaired Respondent's 2018 Chevrolet in March of 2021, and there were no records that the 2018 Chevrolet was ever repaired after March of 2021.

14. An MIA investigator compared the photographs Respondent submitted to Progressive following her July 29, 2022 claim with the photographs Respondent submitted following her November 16, 2022 claim and concluded they are the same.

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 the Respondent violated Maryland's insurance laws:

§ 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.

§ 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 \$1,500 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.

16. By the conduct described herein, Respondent knowingly violated § 27-403. The 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. The Respondent violated the Insurance Article when she falsely reported to Progressive that her vehicle was stuck on November 15, 2022, while it was parked and unoccupied. As such, Respondent is subject to an administrative penalty under the Insurance Article § 27-408(c) of the Insurance Article.

III. SANCTIONS

17. 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.

18. 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.

19. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2023-1756A) and name (Shunda D. Franklin). Payment of the administrative penalty shall be sent to the attention of: Joseph E. Smith, Acting Associate

Commissioner, Insurance Fraud & Enforcement Division, 200 St. Paul Place, Suite 2700, Baltimore, Maryland 21202. Unpaid penalties will be referred to the Central Collections Unit for collection.

20. This Order does not preclude any potential or pending action by any other person, entity or government authority, regarding any conduct by the Respondent including the conduct that is the subject of this Order.

WHEREFORE, for the reasons set forth above, and subject to your right to request a hearing, it is this 20th day of June 2023, **ORDERED** that:

Shunda Deneal Franklin 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
JOSEPH E. SMITH
Acting Associate Commissioner
Insurance Fraud & Enforcement 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: 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.