

IN THE MATTER OF THE
MARYLAND INSURANCE
ADMINISTRATION

v.

Yolanda M. Sims
7830 Contee Rd Unit 228
Laurel, MD 20707

CASE NO.: MIA-2023-12-010

Fraud Division File No.: R-2023-3228A

ORDER

This Order is issued by the Maryland Insurance Administration (the “MIA”) against Yolanda M. Sims (“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. The Respondent had automobile insurance for her 2016 Kia, with Progressive Select Insurance Company (“Progressive”), an authorized insurer. The Respondent’s Progressive insurance policy was in effect from July 26, 2022 until January 26, 2023, when it terminated because the Respondent failed to renew her Progressive automobile insurance policy.

2. On February 16, 2023, the Respondent contacted Progressive to reinstate her automobile insurance policy. The Progressive representative explained to the Respondent that her insurance policy lapsed on January 26, 2023, and that the Respondent could reinstate her policy, but there would be a lapse in coverage. The Respondent paid her insurance premium payment. The

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

Progressive representative advised the Respondent that the policy reinstatement would take effect on February 17, 2023.

3. On February 20, 2023, three days after the Respondent's Progressive insurance policy was reinstated, the Respondent notified Progressive that earlier that same day, her insured vehicle was parked and unoccupied when it was vandalized. Progressive opened a claim.

4. On February 20, 2023, a Progressive representative interviewed the Respondent, who reported that her vehicle was parked and unattended in Laurel, Maryland. When the Respondent returned to her vehicle, she discovered the window and the steering column had been damaged.

5. Progressive referred Respondent's claim to its Special Investigations Unit ("SIU"), as the Respondent's claim was made only three days after the Respondent reinstated her Progressive insurance policy.

6. On March 6, 2023, a Progressive investigator called the Laurel, Maryland Police Department and learned that on February 16, 2023, a police officer was dispatched to a call made by Respondent for vandalism; a police report was written under report number 23-0498.

7. On March 6, 2023, a Progressive investigator conducted a recorded interview with the Respondent who reported that February 19, 2023, she left her vehicle parked and unattended, upon her return, on February 20, 2023, she discovered that her vehicle had been vandalized; Respondent reported that she did not call the police or file a police report. The Respondent reported that her Progressive insurance policy was reinstated before she discovered damage. The Progressive investigator advised the Respondent that she contacted the Laurel Maryland Police Department and learned that on February 16, 2023, a police offer was dispatched for a vandalism call, for damages to Respondent's vehicle. Respondent stated, "I thought it was literally on the twentieth." The Progressive investigator advised the Respondent that the Laurel Police Department dispatched

a police officer for the vandalism call on February 16, 2023 at 6:27 P.M., and she renewed her insurance policy the same day at 7:17 P.M. The Respondent conceded that she discovered the damage to her vehicle before she reinstated her Progressive insurance policy.

8. On March 23, 2023, a Progressive investigator obtained a copy of the Laurel Police Department police report, number 23-0498. The report identified the Respondent as the victim. The police report documents that on February 16, 2023 at 4:27 P.M., the police officer spoke with the Respondent, who stated that someone vandalized her Kia. The police report documents that Respondent:

[S]tated she locked the vehicle before going into her apartment. Sims [Respondent] stated when she returned to her vehicle on 2/16/2023 at 1630 hours [4:30 P.M.] she noticed the rear drivers [*sic*] side window and ignition cylinder to be broken.

9. On March 27, 2023, Progressive sent Respondent a letter denying her claim, which stated, in pertinent part:

As you know, I am handling this claim on behalf of the above referenced Underwriting Company ("the Company"). The purpose of this letter is to notify you that the Company has concluded that there is no coverage for the vandalism to your 2016 Kia Optima pursuant to Part VII--General Provisions. Specifically, the Policy at issue provides, in relevant part:

FRAUD OR MISREPRESENTATION

* * *

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;

* * *

The investigation to date reveals that the damage to your vehicle occurred during the lapse in your policy. 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 September 28, 2023, an MIA investigator interviewed the Respondent, who admitted that on February 16, 2023, she discovered that her vehicle had been vandalized. Respondent notified the Laurel, Maryland Police Department; immediately after speaking with a police officer, she called Progressive and reinstated her automobile insurance policy. On February 20, 2023, the Respondent contacted Progressive and initiated a claim for her insured vehicle. The Respondent admitted that she misrepresented the facts in her claim with Progressive when she reported her loss occurred on February 20, 2023, when in fact it happened on February 16, 2023.

II. VIOLATION(S):

12. In addition to all relevant sections of the Insurance Article, the Administration relies on the following pertinent sections in finding that 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 \$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(2). 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 on February 20, 2023, she discovered that her vehicle had been vandalized, rather than on February 16, 2023. As such, Respondent is subject to an administrative penalty under § 27-408(c).

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 a fine of \$1,000.00 is an appropriate penalty.

16. Administrative penalties shall be made payable, by check or money order, to the Maryland Insurance Administration and shall identify the case by number (R-2023-3228A) and name (Yolanda M. Sims). 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.

17. 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 13th day of December 2023, **ORDERED** that:

Yolanda M. Sims shall pay an administrative penalty of One-Thousand Dollars (\$1,000.00) 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: Clerk – Office of Hearings. 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.