

IN THE MATTER OF THE
MARYLAND INSURANCE
ADMINISTRATION

v.

INEZ WATSON
2836 Round Road
Baltimore, Maryland 21225

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BEFORE THE MARYLAND
INSURANCE COMMISSIONER

CASE NO. : MIA-2014-10-007

Fraud Division File No.: R-2014-3346A

ORDER

This Order is entered by the Maryland Insurance Administration (“MIA”) against Inez Watson (“Watson” or “Respondent”) pursuant to §§2-108, 2-201, 2-204 and 2-405 of the Insurance Article, Annotated Code of Maryland (“the Insurance Article”).

I. Facts

1. On February 14, 2014, Respondent was a passenger in a motor vehicle when it was involved in an accident. The vehicle was insured by Government Employees Insurance Company (“GEICO”), an authorized insurer. The policy (# [REDACTED]) provided Personal Injury Protection (“PIP”) coverage, an extension of the policy that covers various expenses including lost wages.

2. As a result of the accident, Respondent claimed injury, and hired a Baltimore attorney who filed a claim with GEICO on her behalf. GEICO assigned claim # [REDACTED].

3. At the time of the accident, Respondent was employed as a cashier for a fast food restaurant chain.

4. Respondent submitted two Wage and Salary Verification forms (lost wage forms) to GEICO through her attorney. Both of the lost wage forms appeared to be signed by the

restaurant chain's "Store Manager" where Respondent was employed. The forms were accompanied by a cover letter from the attorney requesting that a check be issued directly to Respondent for the lost wages, and forwarded to his office.

5. The first lost wage form, submitted on March 14, 2014, stated that Respondent missed work from February 20, 2014 to March 10, 2014, due to the accident. Relying on that lost wage form, GEICO issued a check to Respondent for \$673.20 through the PIP portion of the policy. The second lost wage form, submitted to GEICO on April 1, 2014, stated that Respondent missed work from March 10, 2014 to March 31, 2014, due to the accident. GEICO did not issue payment on the second lost wage form.

6. On April 7, 2014, a GEICO Claims Specialist spoke to the restaurant chain's store manager whose signature appeared on the lost wage forms. The manager advised that he did not complete the lost wage forms. On April 14, 2014, the Claims Specialist confirmed with the manager that Respondent did not miss time from work. The store manager provided copies of Respondent's pay period report as evidence that she worked from February 20, 2014 through March 31, 2014.

7. On April 30, 2014, GEICO sent a letter to Respondent informing her that it denied her claims related to PIP coverage because she misrepresented her lost wages claim.

8. Section 27-802(a)(1) of the Insurance Article states, "An authorized insurer... 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." GEICO, having a good faith belief that Respondent committed insurance fraud, referred the matter to the Maryland Insurance Administration Fraud Division.

9. MIA confirmed GEICO's handling of the claim as set forth above.

10. MIA interviewed the store manager whose signature appeared on the lost wage forms. He confirmed that Respondent did not miss work as reflected on the lost wage forms and she was paid her salary for that time. He advised that he did not sign the forms.

11. MIA made several attempts to solicit the Respondent's cooperation, including voice mail messages to the phone number on record and two home visits. During the second home visit a resident put MIA in touch with the Respondent via telephone. Respondent advised that she would call back to schedule an interview, however she failed to do so. Upon calling the Respondent again, on September 17, 2014, she advised that she was on her way to MIA's Saint Paul Street location for the interview; however, she failed to appear.

II. Violation(s)

12. In addition to all relevant sections of the Insurance Article, MIA relies on the following pertinent sections in finding that Inez Watson violated Maryland's insurance laws:

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 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.

15. By the conduct described herein, Inez Watson violated §27-403 and is subject to an administrative penalty under the Insurance Article.

III. Sanctions

16. 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.

17. The Respondent caused false lost wage forms to be submitted to GEICO, which falsely represented that she missed work as a result of a motor vehicle accident and was not paid for the lost time. Relying on the lost wage forms, GEICO issued a check to Respondent for \$673.20. Having considered the factors set forth in §27-408(c)(2) and COMAR 31.02.04.02, MIA has determined that \$1,500.00 is an appropriate penalty.

18. The Respondent is ordered to pay restitution to GEICO in the amount of \$673.20.

19. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2014-3346A) and name (Inez Watson). Unpaid penalties will be referred to the Central Collections Unit for collection. 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.

20. Notification of reimbursement to GEICO shall be made in writing to the Associate Commissioner, Insurance Fraud Division, 200 St. Paul Place, Suite 2700, Baltimore, Maryland 21202. Such notification shall include a copy of the money order or cancelled check

issued to GEICO as proof of reimbursement and identify the case by number (R-2014-3346A) and name (Inez Watson).

21. 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 6th day of October 2014, **ORDERED** that:

(1) Inez Watson pay an administrative penalty of \$1,500.00 within thirty (30) days of the date of this Order.

(2) Inez Watson pay restitution to Government Employees Insurance Company in the amount of \$673.20 within thirty (30) days of the date of this Order.

THERESE M. GOLDSMITH
Insurance Commissioner
Signature on Original

BY:

CAROLYN HENNEMAN
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 issued. The written request for hearing must be addressed to the Maryland Insurance Administration, 200 St. Paul Place, Suite 2700, Baltimore, Maryland 21202, Attn: Appeals Clerk. 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.