

IN THE MATTER OF THE  
MARYLAND INSURANCE  
ADMINISTRATION

v.

SHERONDA A. HARRIS  
6028 S. Hil Mar Circle  
Forestville, Maryland 20747

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BEFORE THE MARYLAND  
INSURANCE COMMISSIONER

CASE NO. : MIA-2015-02-018

Fraud Division File No.: R-2015-0545A

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**ORDER**

This Order is entered by the Maryland Insurance Administration (“MIA”) against Sheronda A. Harris (“Harris” 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. Respondent had an automobile insurance policy ( [REDACTED] ) with the Maryland Automobile Insurance Fund (“MAIF”), an authorized insurer. On October 20, 2012, Respondent added a recently purchased 2010 Dodge to her policy. The policy included optional comprehensive and collision coverage, to cover damage to her vehicle resulting from a vehicle accident or other loss. The lienholder, identified on the policy, was Exeter Finance Corporation.

2. On November 30, 2012, Respondent sent an email to her MAIF agent requesting to reduce her automobile insurance coverage to liability only, a basic coverage for injuries or damage to another or another’s property for an accident caused by the insured vehicle. MAIF updated Respondent’s policy as requested and removed the optional comprehensive and collision coverage, thereby lowering Respondent’s insurance premium.

3. On May 29, 2013, at Respondent's request, MAIF issued her a new policy ( [REDACTED] ) for her 2010 Dodge. The new policy was limited to liability insurance only. Respondent declined the more expensive comprehensive and collision coverage.

4. On August 17, 2013, Respondent was involved in a motor vehicle accident while operating her 2010 Dodge. A Prince George's County police officer responded to the accident location and authored an accident report. According to the report, Respondent was driving her 2010 Dodge when she struck a Metro transit bus.

5. On the morning of August 19, 2013, Respondent contacted a MAIF agent and purchased comprehensive and collision coverage to her policy ( [REDACTED] ), for the 2010 Dodge.

6. On August 22, 2013, Respondent notified MAIF that she was involved in a motor vehicle accident with a transit bus. Respondent reported that the date of the accident was August 19, 2013, two days following the actual date of the accident. MAIF assigned claim number V071146.

7. On August 23, 2013, Respondent provided a recorded statement to a MAIF claims adjuster, during which she again reported that the accident occurred on August 19, 2013.

8. On September 4, 2013, Respondent completed a MAIF Personal Injury Protection (PIP) benefits application, asserting that the date of the accident was August 19, 2013.

9. On September 4, 2013, Respondent's 2010 Dodge was declared a total loss by a MAIF field appraiser. Because the vehicle had been declared a total loss, MAIF issued a payoff check to the lienholder on October 2, 2013 for \$15,785.48.

10. On October 16, 2013, a MAIF adjuster noticed that the actual date of the accident was August 17, 2013, not August 19, 2013, as Respondent reported.

11. Due to questions it had concerning the date of loss, MAIF referred Respondent's claim to its Special Investigations Unit (SIU).

12. A MAIF investigator reviewed the police accident report as well as associated medical documentation submitted to MAIF and determined that Respondent provided MAIF with a false date of loss in order to qualify for payment under her later added collision protection. Without this protection, damage to her vehicle would not be covered.

13. Section 27-802(a)(1) of the Maryland Insurance Article states, "An authorized insurer, its employees, producers... or agents, who in good faith have 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." MAIF, having a good faith belief that Respondent committed insurance fraud, referred the matter to the Maryland Insurance Administration Fraud Division on August 18, 2014.

14. MIA confirmed MAIF's handling of the claim and insurance policy transactions as set forth above.

15. MIA obtained a copy of the Prince George's County police call for service report, which confirmed that the accident occurred on August 17, 2013, as noted on the accident report.

16. MIA interviewed the authorized MAIF agent who advised that Respondent added comprehensive and collision coverage on August 19, 2013. The agent advised that Respondent did not report having an accident when purchasing the additional coverage.

## **II. Violation(s)**

17. 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:

18. **§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.

19. **§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.

20. By the conduct described herein, Sheronda A. Harris violated §27-403 and is subject to an administrative penalty under the Insurance Article.

## **III. Sanctions**

21. 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.

22. On three occasions, Respondent reported to MAIF that the accident occurred on August 19, 2013, when the accident actually occurred on August 17, 2013. At that time,

Respondent did not have comprehensive and collision coverage, and thus, MAIF had no obligation to pay the lienholder. Having considered the factors set forth in §27-408(c)(2) and COMAR 31.02.04.02, MIA has determined that \$4,500.00 is an appropriate penalty.

23. Additionally, the Respondent, Sheronda A. Harris, is ordered to reimburse MAIF in the amount of \$15,060.48, which is the amount paid to Respondent's lienholder, net the salvage value of the vehicle and service charge (title to which passed to MAIF upon its payment to the lienholder).

24. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2015-0545A) and name (Sheronda A. Harris). 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.

25. Notification of reimbursement to MAIF 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 MAIF as proof of reimbursement and identify the case by number (R-2015-0545A) and name (Sheronda A. Harris).

26. 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 11<sup>th</sup> day of February 2015, **ORDERED** that:

(1) Sheronda A. Harris pay an administrative penalty of \$4,500.00 within 30 days of the date of this Order.

(2) Sheronda A. Harris pay restitution to MAIF in the amount of \$15,060.48.

ALFRED W. REDMER, JR.  
Insurance Commissioner

*Signature on original*

BY:

CAROLYN KENNEMAN  
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: Hearings and Appeals Coordinator. 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.