

IN THE MATTER OF THE  
MARYLAND INSURANCE  
ADMINISTRATION

v.

BRANDON HARVEY THOMAS  
3607 Templar Road  
Randallstown, Maryland 21133

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BEFORE THE MARYLAND  
INSURANCE COMMISSIONER

CASE NO. MIA-2015-07-030  
Fraud Division File No. R-2015-0763A

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**ORDER**

This Order is entered by the Maryland Insurance Administration (“MIA”) against Brandon Harvey Thomas (“Thomas” or “Respondent”) pursuant to §§2-108, 2-201, 2-204 and 2-405 of the Insurance Article, Md. Code Ann. (2011 Repl. Vol. & Supp.) (“the Insurance Article”).

**I. Facts**

1. On March 27, 2013, Respondent applied for homeowner’s insurance with Allstate Property and Casualty Insurance Company (“Allstate”), an authorized insurer, for the property located at 3602 Mohawk Avenue, Baltimore, Maryland. Within the application, Respondent declared that the house was his primary residence, and answered “No” to the question, “Is there any store, business or professional activity in the building, or the applicant’s premises, or at additional premises owned by the applicant?”

2. On March 29, 2013, based upon information provided by Respondent within the application, Allstate issued him a homeowner’s policy, [REDACTED] without taking into consideration the increased risks associated with insuring a commercial facility, a matter material to an underwriting decision.

3. On July 16, 2014, Respondent notified Allstate that two air conditioning units, (hereinafter “condensers”) were stolen from 3602 Mohawk Avenue. Allstate assigned claim number [REDACTED].

4. On July 29, 2014, the claim was referred to Allstate’s Special Investigations Unit (“SIU”) after an Insurance Services Office (“ISO”) inquiry revealed that Thomas had a similar prior loss within the past three years.

5. On August 1, 2014, an Allstate investigator took a recorded statement from Respondent, in which he reported that 3602 Mohawk Avenue was his primary residence and that no business was operated from that location.

6. On August 7, 2014, Respondent faxed to Allstate a notarized “Sworn Statement in Proof of Loss,” declaring that the building located at 3602 Mohawk Avenue was his primary residence.

7. SIU obtained a copy of the police report related to Respondent’s prior claim. The report was authored on February 6, 2013, and reflected that two condensers were stolen between February 5, and 6, 2013, from 3602 Mohawk Avenue. According to the report, Respondent advised the police officer that his home address was 3607 Templar Road, Randallstown, Maryland, and that he operated a business at 3602 Mohawk Avenue.

8. On September 16, 2014, Allstate notified Thomas that it was denying his claim, due to “misrepresentation, fraud or concealment.”

9. Section 27-802(a)(1) of the Maryland Insurance Article states, “An authorized insurer, its employees, or insurance producers, 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.” Allstate, having a good faith belief that Respondent committed insurance fraud, referred the matter to the Maryland Insurance Administration, Fraud Division.

10. In the course of its investigation, MIA contacted Allstate, and confirmed its handling of Respondent’s insurance application and subsequent claim.

11. MIA conducted inquiries with the Maryland State Department of Assessment and Taxation (“SDAT”) and determined that several businesses were registered at 3602 Mohawk Avenue. Inquiries with Maryland Motor Vehicle Administration (“MVA”) revealed that in January 2013, Respondent reported his residence as being located at 3607 Templar Road, Randallstown, Maryland.

12. On May 21, 2015, an MIA investigator observed that businesses are being operated out of the building located at 3602 Mohawk Avenue, Baltimore, Maryland.

13. On May 29, 2015, an MIA investigator interviewed Respondent regarding the foregoing allegations. Following the interview, Respondent signed a copy of his written statement to the MIA investigator confirming that businesses were operating at the Mohawk address at the time he completed his Allstate homeowner’s insurance application, in 2013. Respondent admitted in his written statement that 3602 Mohawk Avenue was not his primary residence when he reported the 2014 theft claim to Allstate and that businesses were operated from the location.

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

14. 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:

15. **§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.

16. §27-406

It is a fraudulent insurance act for a person:

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

17. §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.

18. By the conduct described herein, Respondent violated §§27-403 and 406, when he completed a homeowner's insurance application in which he declared that the premises were his primary residence and that no businesses or professional activity were operated from the location. Consequently, Allstate was unable to consider the unique risks associated with a small business when issuing the policy. Later, Respondent filed a claim and again stated that the insured location was his primary residence, when it was not. Therefore, Respondent is subject to the imposition of administrative penalties under the Insurance Article.

### **III. Sanctions**

19. 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 that a fraudulent claim or false

insurance application has been submitted to an insurer. Insurance Article §§2-201(d)(1), 2-405 and 27-406.

20. Having considered the factors set forth in §27-408(c)(2) and COMAR 31.02.04.02, MIA has determined that \$2,500.00 is an appropriate penalty.

21. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2015-0763A) and name (Brandon Harvey Thomas). Unpaid penalties will be referred to the Central Collections Unit. 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.

22. This Order does not preclude any potential or pending action by any other person, entity or government authority, regarding any conduct by Thomas 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 21<sup>th</sup> day of July 2015, **ORDERED** that:

(1) Brandon Thomas shall pay an administrative penalty of Two Thousand Five Hundred Dollars \$2,500.00 within 30 days of the date of this Order.

ALFRED J. REDMER, JR  
Insurance Commissioner

BY:

**signature on original**

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.