

IN THE MATTER OF THE
MARYLAND INSURANCE
ADMINISTRATION

v.

CURTIS HARMON
7219 Serenade Circle
Clinton, Maryland 20735

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BEFORE THE MARYLAND
INSURANCE COMMISSIONER

CASE NO. : MIA- 2014-08-021

Fraud Division File No.: R-2014-3888A

ORDER

This Order is entered by the Maryland Insurance Administration (“MIA”) against Curtis Harmon (“Harmon” 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 was insured under his mother’s automobile insurance policy issued by Government Employees Insurance Company (“GEICO”), an authorized insurer. The policy number was 4173482946. The policy was in effect from November 29, 2009 until April 4, 2014, when it was cancelled for non-payment of premium.

2. On May 13, 2014, Respondent called GEICO and reported that earlier that day the rims and tires had been stolen from his insured vehicle. GEICO assigned claim number 0379457630101082. Ultimately, GEICO denied the claim due to the lapse in coverage.

3. On May 14, 2014, Respondent’s insurance coverage with GEICO was renewed.

4. On May 21, 2014, Respondent called GEICO and reported that earlier that morning his rims and tires were stolen again from his insured vehicle. GEICO assigned claim number 0379457630101090.

5. On May 21, 2014, Respondent’s claim was referred to GEICO’s Special Investigations Unit (“SIU”), based upon the prior similar claim made by Respondent on May 13, 2014.

6. On May 21, 2014, a GEICO SIU investigator went to Respondent's residence in Clinton, Maryland. Respondent told the SIU investigator that he replaced the tires and rims stolen on May 13, 2014, and that the replacement tires and rims were stolen on May 21, 2014.

7. Respondent handed the SIU investigator an invoice dated May 13, 2014, from Next Level Car Customs ("Next Level"), 6311 Coventry Way, Clinton, Maryland 20735, for the purchase of four rims, four tires and lock nuts, totaling \$6,961.02.

8. On May 21, 2014, the SIU investigator went to Next Level and spoke to the owner of the business. The owner advised that the invoice presented to the SIU investigator by Respondent was not an invoice from Next Level.

9. On June 9, 2014, GEICO sent the policyholder a letter denying Respondent's claim for fraud and misrepresentation of a material fact related to his May 21, 2014 reported loss.

10. Section 27-802(a)(1) of the 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." GEICO, having a good faith belief that Harmon committed insurance fraud, referred the matter to the Maryland Insurance Administration Fraud Division.

11. MIA examined the invoice Respondent provided to GEICO. Printed on it was the text "Vertex42.com," which is a webpage. MIA visited the website "<http://www.vertex42.com>" and learned that the website provides free business form templates. Among the forms provided on the website was one for a "Billing Invoice Template," which was identical to the template used to print the invoice Respondent provided to GEICO.

12. On July 22, 2014, MIA went to Next Level and spoke to the business owner who reported that the invoice was not from his company. He advised that his company would have to purchase those rims from another retailer, a transaction in which he would have been personally involved. He added that no such transaction took place. The owner stated that Next Level has never sold the rims and tires listed

on Respondent's invoice to anyone. The salesperson listed on the invoice has not been employed by Next Level for approximately two years.

II. Violation(s)

13. 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:

14. **§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.

15. **§27-408(c)(1) and (2)**

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.

16. By the conduct described herein, Harmon violated §27-403 and is subject to an administrative penalty under 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. Harmon presented a counterfeit invoice to GEICO in support of a claim. 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.

19. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2014-3888A) and name (Curtis Harmon). 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. 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 the right to request a hearing, it is this 13th day of August 2014, **ORDERED** that:

(1) Curtis Harmon pay an administrative penalty of \$1,500.00 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.