

**BEFORE THE MARYLAND  
INSURANCE ADMINISTRATION**

**MARYLAND INSURANCE  
ADMINISTRATION**

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**Case No.: MIA-2014-09-020**

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v.

**BRIAN KORODY**

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**CONSENT ORDER**

The Maryland Insurance Commissioner (“Commissioner”) enters this Consent Order (“Order”), with the consent of Brian Korody (“Respondent”), pursuant to Md. Ann. Code, Insurance (“Insurance Article”), §§2-108, 2-204, and any other applicable sections, as follows:

**EXPLANATORY STATEMENT AND FINDINGS OF FACT**

1. The Administration issued an Order against Respondent on September 15, 2014. In the Order, Respondent was charged with violating §27-403(2) of the Insurance Article.
2. Respondent requested a hearing to contest the amount of the administrative penalty as well as the factual allegations contained in the Order.
3. The facts and violations stated in the Order are incorporated herein by reference. Respondent admits to the violations of §27-403(2) stated in the Order.
4. The parties agree to this Consent Order to avoid litigation regarding the amount of the administrative penalty. Specifically, Respondent agrees to pay an administrative penalty as set forth below.

**WHEREFORE**, for the reasons set forth above, it is this 3<sup>rd</sup> day of February, 2015,

**ORDERED** by the Commissioner and consented to by Respondent that:

- A. Respondent shall pay an administrative penalty in the amount of \$1,000.00 as follows:
- i. Within 30 days from date this Order is issued payment must be received by the Administration.
- B. Failure to comply with any of the conditions outlined in paragraph A, above, constitutes a default. Notice of default is hereby waived by Respondent. Upon any such default, the full \$1,500.00 penalty as outlined in the original Order will be due immediately, less any amount received. The balance due will be sent to the Central Collection Unit of the Department of Budget and Management for collection.
- C. Respondent waives any and all rights to any hearing or judicial review of this Consent Order to which he would otherwise be entitled under the Maryland Annotated Code.
- D. Respondent has reviewed this Consent Order. Respondent is aware of the benefits gained and obligations incurred by the execution of the Consent Order. After careful consideration, Respondent executes this Consent Order knowingly and voluntarily.
- E. For the purposes of the Administration and for any subsequent administrative or civil proceedings concerning Respondent, whether related or unrelated to the foregoing paragraphs, and with regard to requests for information about the Respondent made under the Maryland Public Information Act, or properly made by governmental agencies, this Consent Order will be kept and maintained in the regular course of business by the Administration. For the purposes of the business of the Administration, the records and publications of the Administration will reflect this Consent Order.

- F. This Consent Order shall be effective upon signing by the Commissioner or his designee.
- G. This Consent Order does not preclude any potential action by the Administration, any other person, entity, or governmental authority regarding any conduct by Respondent, including the conduct that is the subject of this Consent Order.
- H. This Order contains the **ENTIRE AGREEMENT** between the parties relating to the administrative actions addressed herein. Except as stated in paragraph 3 of this Consent Order, this Consent Order supersedes the Order dated September 15, 2014 and any prior agreements or negotiations, whether oral or written, except as specifically incorporated herein. No time frames set forth herein may be amended or modified without subsequent written agreement of the parties.

ALFRED W. REDMER, JR.  
INSURANCE COMMISSIONER

*Signature on original*

By:

Carolyn Hennehan  
Associate Commissioner  
Fraud Division

**BRIAN KORODY'S CONSENT**

Brian Korody hereby CONSENTS to the representations made in, and terms of, this Consent Order.

1/31/15  
Date

*Signature on original*

BRIAN KORODY

IN THE MATTER OF THE  
MARYLAND INSURANCE  
ADMINISTRATION

v.

BRIAN KORODY  
13500 Deakins Lane  
Germantown, Maryland 20874

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BEFORE THE MARYLAND  
INSURANCE COMMISSIONER

CASE NO. : MIA- 2014 - 09 - 020

Fraud Division File No.: R-2014-2830A

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**ORDER**

This Order is entered by the Maryland Insurance Administration (“MIA”) against Brian Korody (“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. Sedgwick Claims Management Services, Inc. (“Sedgwick”) is a registered third party administrator (“TPA”) for Target Corporation (“Target”), a self-insured retail business.

2. Respondent reported to a Target representative that on January 22, 2014, he received injuries to his back while patronizing their retail store located at 20908 Frederick Rd., Germantown, Maryland. He advised that a cashier collapsed, striking a shopping cart, which then struck him in his back causing injury. The Target representative prepared a “Guest Incident Report.”

3. On January 29, 2014, Target received a letter dated January 24, 2014 from Respondent regarding the incident which stated, “This letter is to constitute a formal notice for serious injuries, sustained on January 22, 2014 at 8:29 pm (*sic*), within the Target Store...” and, “The employee/cashier collapsed ...and fell into a shopping cart, which resulted in the cart being projected into my back...”

4. Sedgwick handled Respondent's claim ( [REDACTED] ) and conducted an investigation into the reported incident.

5. On February 5, 2014, Respondent provided a recorded statement to a Sedgwick representative. Respondent reported that when the cashier fell, an empty shopping cart hit him in the back. He reported that his neck and back were "strained" and that thereafter he received medical treatment from a chiropractor.

6. A Sedgwick representative reviewed the in-store surveillance video footage capturing the incident, which showed that the cart did not make contact with Respondent.

7. On February 21, 2014, Sedgwick sent a letter to Respondent denying his claim.

8. 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." Sedgwick, therefore, having a good faith belief that insurance fraud had been committed, referred the matter to the MIA Fraud Division.

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

10. On May 13, 2014, MIA interviewed Respondent, advising him that he was being investigated for fraud. Although he initially reiterated that the shopping cart struck him, when presented with information that there was evidence to the contrary, he stated that the cart "may not" have struck him in the back as he first stated. Instead he "may have" reacted to the Target employee falling backwards into the cart by "tightening" his back, and thus causing the injury.

11. On August 1, 2014, MIA interviewed the Target representative who completed the Guest Incident Form. He advised that Respondent reported he was injured after being struck

in the back by a cart. The Target representative subsequently completed an incident form reflecting that description of the alleged injury, which Respondent signed.

12. MIA reviewed the in-store surveillance video footage of the incident, which indisputably shows that Respondent was not struck by the shopping cart.

## 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 the Respondent violated Maryland's insurance laws:

14. **§27-402(10) and (13)**

The provisions of this subtitle that apply to insurers also apply to:

(10) a third party administrator under Title 8, Subtitle 3 of this article;

(13) an agent, employee, or representative of an entity described in items (1) through (12) of this section.

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. **§27-408(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.

17. By the conduct described herein, Brian Korody violated §27-403 and is subject to an administrative penalty under the Insurance Article.

### **III. Sanctions**

18. 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.

19. Respondent claimed to Sedgwick that he was injured as a result of being struck by a shopping cart, allegedly pushed into him when a store employee collapsed. Video evidence, however, directly contradicts the assertions made by Respondent. 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.

20. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2014-2830A) and name (Brian Korody). 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.

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 15<sup>th</sup> day of September 2014, **ORDERED** that:

(1) Brian Korody 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.