

IN THE MATTER OF THE
MARYLAND INSURANCE
ADMINISTRATION

v.

HOMETECH, LLC

Serve on: ALBERT ANDRAWOS
Resident Agent of HomeTech, LLC
11793 Fingerboard Road, Suite 201
Monrovia, Maryland 21770

And

SERGIO LANCE HENRY
1705 Shilling Lane
Silver Spring, Maryland 20906

CASE NO. : MIA- 2018-01-031

Fraud Division File No.: R-2017-2346A

MIA-2018-01-032

ORDER

This Order is entered by the Maryland Insurance Administration (“MIA” or the “Administration”) against HomeTech, LLC (“Hometech”) and Sergio Lance Henry (“Henry”) (collectively “Respondents”) pursuant to §§ 2-108, 2-201, 2-204, and 2-405 of the Insurance Article, Md. Code Ann. (2017 Repl. Vol. & Supp.)(“the Insurance Article”), for Respondents violations of Maryland’s insurance laws identified and set forth herein.

I. Facts

1. HomeTech is an incorporated business with its principal office in Monrovia, Maryland. Albert Andrawos is the resident agent of HomeTech.

2. On July 29, 2016, and subsequent to a storm damage claim made by a homeowner, insured by Erie Insurance Company (“Erie”), an authorized insurer, HomeTech entered into a contract with the homeowner. In pertinent part, the contract stipulated:

HomeTech is hereby appointed Contractor of Record for("Buyers") to act on our behalf in matters relative to the restoration, rehabilitation, and renovation of damages sustained to the real property located at:Insured losses referred to in this document are a result of a:....Our homeowner's insurance policy as provided through:.... Will respond to POLICY#.... and/or claim#... As filed with our insurance company. If homeowner has not yet filed a claim then the homeowner will file the claim and contact HomeTech with all necessary claim information. And, HomeTech will represent us in all matters concerning this adjustment and appointment in determining the fair replacement cost value of our losses relative to the aforementioned. All adjusting and servicing responsibilities will be handled through HomeTech.

3. On October 13, 2016, an Erie claims representative ("CR") received a call from Henry, a HomeTech representative. He stated he was not in agreement with Erie's adjuster, and requested that the estimate be examined. The CR advised she could not release information to him concerning the claim, but if the insured had concerns about the claim or payment, the insured could call Erie directly. Henry told the CR, he was a preferred contractor and had papers signed by the insured that permitted him to handle the claim for her. The CR asked Henry if he was a public adjuster, he replied no, he was the contractor and was handling the file on behalf of the insured. Henry requested a call back from an Erie claims supervisor and issuance of a check "today or tomorrow" for the roof, as the insured was demanding the roof be replaced like their neighbors or they would cancel the policy.

4. Section 27-802(a)(1) of the Maryland Insurance Article states,

An authorized insurer, its employees, fund producers, insurance producers, ... 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.

On February 2, 2017, having a good faith belief that Respondents were acting as unlicensed public adjusters, in violation of the insurance article, Erie made a referral to the MIA.

5. During the course of its investigation, the MIA contacted Erie and confirmed its handling of the foregoing claim.

6. The Administration's investigation concluded that HomeTech is a licensed home improvement contractor with the Maryland Home Improvement Commission ("MHIC") and is an incorporated business in good standing. The Administration's investigation determined Respondents are not and have not been licensed public insurance adjusters in Maryland.

7. The Administration confirmed Respondents circulated the aforementioned contract.

8. The Administration interviewed the CR who spoke with Henry, HomeTech's representative. She reported that the contractor was acting as a personal representative for the insured and he stated he had a document, signed by the insured, authorizing HomeTech to represent them. The HomeTech contract stated HomeTech was representing the insured in all matters concerning the adjustment of the claim.

9. MIA examined HomeTech's website and noted under the storm damage link, <http://www.HomeTechexterior.com/repair-services/hail-damage/>, paragraph two, second sentence,

"Only a trained Maryland hail damage specialist can uncover hidden problems in every aspect of the exterior of your home. We will inspect your entire home, including climbing on the roof and checking it up close. After our inspection we will provide you with a detailed report and work with your insurance company." [Emphasis added.]

10. In addition, HomeTech's website contained the following post on the web page at the following address: <http://www.HomeTechexterior.com/uncategorized/hurricane-sandy-storm-damage-repair/>

Hurricane Sandy Storm Damage Repair! Posted on February 4, 2013, by HomeTechexterior - *Immediately after the storm we put this page up on*

our site. We decided to move it to our blog now that the majority of our clients have repaired the damage. However, we wanted to keep this information on the site since we had so much response, so many questions and did a ton of work in the area, repairing damage both large and small. So here is the page that had been up speaking to Sandy repair:

...IF YOUR HOME WAS DAMAGED BY HURRICANE SANDY, WE CAN HELP!

HOMETECH Exteriors is an expert at making emergency repairs to help keep your home or business safe from further damage. Then we'll work to restore your roofing system, siding, windows and other exterior portions of your home or business that suffered storm damage. We will also work closely with your insurance company to help speed the claims process. [Emphasis added.]

11. Respondents' conduct made, published, disseminated, circulated, placed before the public, or caused directly or indirectly to be made, published, disseminated, circulated, or placed before the public advertisements, announcements, or statements that contain assertions, representations, or statements about the business of insurance or about a person in the conduct of the insurance business that were untrue, deceptive, or misleading.

II. Violation(s)

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

13. **Section 10-401(g)**¹ of the Insurance Article provides as follows:

(g)(1) "Public adjuster" means a person who for compensation or any other thing of value:
(i) acts or aids, solely in relation to first-party claims arising under an insurance policy that insures real property of the insured, on loss or damage covered by an insurance policy;
(ii) except as provided in § 10-403 of this subtitle, directly or indirectly solicits for employment as a public adjuster of insurance claims, solicits business, or represents oneself to the public as a

¹ The failure to designate a particular provision in this proposed order does not deprive the Commissioner of the right to rely on that provision. The order also does not contain references to regulations contained in Title 31 (Maryland Insurance Administration) of the Code of Maryland Regulations (COMAR), which may be applicable.

public adjuster of a first-party insurance claims for losses or damages arising out of insurance policies that insure real or personal property;
or (iii) investigates or adjusts losses, or advises an insured about first-party claims for losses or damages arising out of an insurance policy the insures real or personal property for another person engaged in the business of adjusting losses or damages covered by an insurance policy, for the insured.

14. Section 10-403(a) of the Insurance Article provides as follows:

(a) Except as otherwise provided in this subtitle, a person must obtain a license before the person acts as a public adjuster in the State.

15. Section 27-405(a)(1) of the Insurance Article provides as follows:

(a) It is a fraudulent insurance act for a person to act as or represent to the public that the person is:

(1) an insurance producer or a public adjuster in the State if the person has not received the appropriate license under or otherwise complied with Title 10 of this article[.]

16. Section 4-205(b) of the Insurance Article provides as follows:

An insurer or other person may not, directly or indirectly, do any of the acts of an insurance business set forth in subsection (c) of this section, except as provided by and in accordance with the specific authorization of statute.

17. Section 4-205(c) of the Insurance Article provides as follows:

(6) except as provided in subsection (d) of this section, with respect to a subject of insurance resident, located, or to be performed in the State, directly or indirectly acting as an insurance producer for, or otherwise representing or helping on behalf of another, an insurer or other person to:

* * *

(vii) investigate or adjust claims or losses;

* * *

(ix) in any other manner represent or help an insurer or other person to transact insurance business;

(7) doing any kind of insurance business specifically recognized as doing an insurance business under statutes relating to insurance;

(8) doing or proposing to do any insurance business that is substantially equivalent to any act listed in this subsection in a manner designed to evade the statutes relating to insurance[.]

18. **Section 27-203** of the Insurance Article provides as follows:

A person may not make, publish, disseminate, circulate, place before the public, or cause directly or indirectly to be made, published, disseminated, circulated, or placed before the public in a newspaper, magazine, or other publication, in the form of a notice, circular, pamphlet, letter, or poster, over a radio or television station, or in any other way, an advertisement, announcement, or statement that contains an assertion, representation, or statement about the business of insurance or about a person in the conduct of the person's insurance business that is untrue, deceptive, or misleading.

19. **Section 4-212** of the Insurance Article provides as follows:

An unauthorized insurer or person that violates this subtitle is subject to a civil penalty of not less than \$100 but not exceeding \$50,000 for each violation.

20. **Section 27-408(c)** of the Insurance Article provides as follows:

(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.

21. A Public Adjuster is an insurance claim adjuster who acts as an advocate for a policyholder in appraising and negotiating a first party property insurance claim. Public Adjusters must be licensed by the Administration. Public Adjusters act as the insured's representative in dealings with the insurance company.

22. When stating, by contract, that the company will represent its customer in all matters concerning this adjustment of the insurance claim, Respondents represented themselves

as authorized Public Adjusters, despite lacking any such authority or license threatening the well-being of Maryland citizens and residents. The public justifiably expects the Maryland Insurance Administration and the Maryland Insurance Commissioner to ensure that only competent and trustworthy public adjusters are permitted to conduct the business of insurance in the State and with Maryland consumers. Respondents' conduct violated §§ 4-205(b) & (c)(6), (7), and (8), 10-403(a), 27-203, and 27-405(a) of the Insurance Article. As such, Respondents are subject to an administrative penalty under the Insurance Article §§ 27-408(c) and 4-212.

III. Sanctions

23. 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.

24. By the conduct described herein, Respondents violated §§ 10-403(a), 27-405(a)(1) and are subject to the imposition of administrative penalties under the Insurance Article.

25. Having considered the factors set forth in § 27-408(c)(2) and COMAR 31.02.04.02, the MIA has determined that \$5,000.00 is an appropriate penalty against HomeTech and \$1,500.00 is an appropriate penalty against Sergio Lance Henry.

26. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2017-2346A) and name (HomeTech, LLC and/or Sergio Lance Henry). 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.

27. Effective the date of this Order, Respondents shall not engage in any public adjuster business activity within the State of Maryland and shall within forty-eight hours of the date of this Order, remove language which indicated, *HomeTech will represent us in all matters concerning this adjustment and appointment...* of an insurance claim, and amend/modify its webpage which, represents HomeTech to the public as an adjuster of first party insurance claims for losses or damages arising under insurance contracts.

28. This Order does not preclude any potential or pending action by any other person, entity, or government authority, regarding any conduct by the Respondents 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 18th day of January 2018, **ORDERED** that:

(1) HomeTech, LLC shall pay an administrative penalty of five-thousand dollars (\$5,000.00) within 30 days of the date of this Order;

(2) Sergio Lance Henry shall pay an administrative penalty of one-thousand five hundred dollars (\$1,500.00) within 30 days of the date of this Order; and

(3) HomeTech, LLC will amend all contracts within forty-eight (48) hours of the date of this Order which, promise to *represent us in all matters concerning this adjustment and appointment in determining the fair replacement cost value of our losses relative to the aforementioned;*

(4) HomeTech, LLC will immediately cease soliciting business or representing itself to the public as an adjuster of first party insurance claims for losses or damages arising under insurance contracts that insure the real or personal property, or both, of an insured;


(5) HomeTech, LLC will amend/modify its webpage within forty-eight (48) hours of the date of this Order which, represents itself to the public as an adjuster of first party insurance claims for losses or damages arising under insurance contracts; and

(6) HomeTech, LLC will immediately cease soliciting business, investigating or adjusting losses, or advising an insured about insurance claims for losses or damages arising under insurance contracts for compensation, directly or indirectly.

ALFRED W. REDMER, JR.
Insurance Commissioner

signature on original

BY:

STEVE WRIGHT 
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 served. 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 Respondents in a Final Order after hearing.