

IN THE MATTER OF THE  
MARYLAND INSURANCE  
ADMINISTRATION

v.

WILLIAM L. KIRTS  
422 Carrollwood Road  
Middle River, Maryland 21220

And

MEGHAN B. KIRTS  
422 Carrollwood Road  
Middle River, Maryland 21220

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BEFORE THE MARYLAND  
INSURANCE COMMISSIONER

CASE NO. : MIA-2018-08-013

CASE NO. : MIA-2018-08-014

Fraud Division File No.: R-2018-3868A

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**ORDER**

This Order is entered by the Maryland Insurance Administration (“MIA”) against William L. Kirts, (“Respondent 1”), and Meghan B. Kirts, (“Respondent 2”) (collectively “Respondents”) pursuant to §§ 2-108, 2-201, 2-204 and 2-405 of the Insurance Article, Md. Code Ann. (2017 Repl. Vol. & Supp.) (“Insurance Article”).

**I. Facts**

1. On March 1, 2018, Respondent 1 obtained automobile insurance for his 2004 Dodge truck with Progressive Select Insurance Company (“Progressive”), an authorized insurer. The policy was in effect from March 1, 2018 through September 1, 2018. Respondent 1’s Progressive policy identified Respondent 2 as an excluded driver.

2. The insurance application electronically signed by Respondent 1 stated:

“I declare that no persons other than those listed in this application regularly operate the vehicle(s) described in this application. Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or who

knowingly or willfully presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.”

3. On March 3, 2018, at 4:30 am, Respondent 1 notified Progressive through its mobile claims reporting application that on March 2, 2018, he was on Route 7, in Baltimore County, Maryland, when he had a motor vehicle accident. Progressive opened a claim.

4. On March 3, 2018, at 2:41 pm, a Progressive representative spoke with Respondent 2, who stated that Respondent 1 was at work. Respondent 2 relayed to Progressive that Respondent 1 was operating the insured vehicle when he struck a parked vehicle.

5. On March 5, 2018, a Progressive representative conducted a recorded interview with Respondent 1, who reported that on March 2, 2018, he was operating his insured vehicle on Route 7, when he was cut off and struck a parked vehicle.

6. On March 13, 2018, at 1:33 pm, a Progressive representative spoke with the owner of the parked vehicle (hereinafter A.S.<sup>1</sup>), damaged when it was struck by Respondent 1's truck. A.S. told Progressive that a co-worker made him aware of the accident. As he approached the scene, he witnessed a female later identified as Meghan exit the truck and apologized for the accident. A.S. stated, “[A]t no time was Meghan's spouse nor any other individual present.”

7. On March 13, 2018, at 1:50 pm, a Progressive representative advised Respondent 2, that the owner of the parked vehicle identified her as the driver of the truck that struck his vehicle.

8. On March 13, 2018, at 2:00 pm, Respondent 2 called Progressive and stated she spoke with Respondent 1, made him aware of the issue regarding who was driving the insured

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<sup>1</sup> Initials are used to protect the identity of witnesses.

vehicle, and Respondent 1 was willing to provide a second statement, confirming he was driving at the time of the accident.

9. On March 20, 2018, a Progressive representative spoke to A.S. who identified his co-worker (hereinafter C.B.<sup>1</sup>) as a witness to the accident.

10. On March 22, 2018, a Progressive representative interviewed C.B. who stated that the accident occurred on February 19, 2018. C.B. witnessed a truck strike A.S.'s parked vehicle, a female exited the truck, identified herself as Meghan and apologized for the accident. Consequently, Progressive referred Respondent's claim to its Special Investigations Unit ("SIU") for further investigation.

11. On May 10, 2018, Progressive denied coverage for Respondent's claim as the loss happened on February 19, 2018, before the policy inception date of March 1, 2018.

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

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

Progressive, having a good faith belief that Respondents committed insurance fraud, referred the matter to the MIA, Fraud Division.

13. In the course of its investigation, the MIA contacted Progressive and confirmed its handling of Respondent's claim.

14. On July 5, 2018, an MIA investigator interviewed C.B., who reported the accident occurred on February 19, 2018, not March 3, 2018, as Respondent 1 reported. Respondent 1's truck struck A.S.'s parked vehicle. C.B. confirmed to the MIA that Respondent 2 was driving the truck and she obtained Respondent 2's identity for her employer. C.B. told the MIA that on the

day of the accident she took photographs of the damage. C.B. provided the MIA with copies of those photographs.

15. On July 12, 2018, an MIA investigator identified a second witness, (hereinafter E.R. <sup>1</sup>). E.R. stated that on February 19, 2018, she was at her place of employment located on Route 7, in Baltimore County, Maryland, when she heard a motor vehicle accident. She exited her building and observed Respondent 2 in the driver's seat of the truck. E.R. further stated there was no male driver/occupant in the truck.

16. On July 12, 2018, an MIA investigator spoke to A.S. who stated that the accident occurred on February 19, 2018. He further stated Respondent 2 was the driver of the truck, which struck his parked vehicle.

17. On July 24, 2018, an MIA investigator examined the metadata of the photographs provided by C.B. and confirmed that the photographs were taken on February 19, 2018.

18. On August 3, 2018, an MIA investigator confirmed with the Baltimore County Police Department that that the accident complaint number was issued on February 19, 2018, the date of the accident.

## II. Violation(s)

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

20. § 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[.]

21. § 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.

22. By the conduct described herein, Respondents knowingly violated § 27-403. Because the fraudulent insurance act of making a false statement in support of a claim is complete upon making the false statement and is not dependent on payment being made, Respondents committed a violation of the Insurance Article when they each made a false statement to Progressive. As such, Respondents are subject to an administrative penalty under the Insurance Article § 27-408(c).

### 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 that a fraudulent claim has been submitted to an insurer. Insurance Article §§ 2-201(d) (1) and 2-405.

24. Having considered the factors set forth in § 27-408(c)(2) and COMAR 31.02.04.02, the MIA has determined that, \$1,500.00 is an appropriate penalty for each Respondent.

25. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2018-3868A) and name (Meghan B. Kirts), (William L. Kirts). 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.

26. This Order does not preclude any potential or pending action by any other person, entity, or government authority regarding any conduct by 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 14th day of August 2018, **ORDERED** that:

(1) William L. Kirts shall pay an administrative penalty of one-thousand five hundred dollars, (\$1,500.00) within 30 days of the date of this Order.

(2) Meghan B. Kirts shall pay an administrative penalty of, one-thousand five hundred dollars, (\$1,500.00) within 30 days of the date of this Order.

ALFRED W. REDMER, JR.  
Insurance Commissioner

BY:

signature on original  
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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.