

IN THE MATTER OF THE
MARYLAND INSURANCE
ADMINISTRATION

v.

CHRISTINA EDWARDS
2514 Loyola Northway
Baltimore, Maryland 21215

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BEFORE THE MARYLAND
INSURANCE COMMISSIONER

CASE NO. : MIA-2018-09-006

Fraud Division File No.: 2018-3961A

ORDER

This Order is entered by the Maryland Insurance Administration (“MIA”) against Christina Edwards (“Respondent”) 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”).

I. Facts

1. Respondent had automobile insurance for her 2005 Honda, with Government Employees Insurance Company, (GEICO), an authorized insurer. The policy was in effect from February 16, 2018 through August 16, 2018.
2. On March 19, 2018, Respondent notified GEICO that her insured vehicle was struck, and damaged while parked and unoccupied. GEICO opened a claim.
3. On March 21, 2018, GEICO inspected Respondent’s vehicle and determined the “Net Cost of Repairs” was \$1,531.38. Therefore, GEICO issued Respondent a check for that amount and mailed it to Respondent’s home address.
4. On March 22, 2018, Respondent contacted GEICO and requested to pick up the check, rather than having it mailed to her home. GEICO advised Respondent it would void the check, which it mailed and schedule a time for her to pick up another check.

5. On March 23, 2018, Respondent met with a GEICO representative who issued her a check for \$1,531.38. On March 25, 2018, GEICO issued a “stop payment” on the first check, which had been mailed to Respondent’s home.

6. On March 26, 2018, Respondent negotiated the check issued to her by GEICO on March 23, 2018.

7. On May 21, 2018, GEICO received notice that it was being sued by a Baltimore check cashing business for \$1,531.38. GEICO determined the first check it issued on March 21, 2018, to Respondent by mail, and later withheld, had been cashed at a Baltimore check cashing business on April 4, 2018. Consequently, GEICO referred the matter to its Special Investigations Unit (“SIU”) for further investigation.

8. On May 21, 2018, a GEICO investigator called the check cashing business and spoke with a representative who stated, Respondent came to the check cashing business on the evening of April 3, 2018, and cashed the \$1,531.38 check. The check cashing business deposited the check on April 4, 2018, and later returned due to a stop payment request made by GEICO. The investigator requested a copy of the check and driver’s license of the person who cashed the check, as well as a photograph of the person who cashed the check, which the business later provided.

9. On May 29, 2018, GEICO sent Respondent a letter seeking reimbursement for the \$1,531.38 check issued on March 23, 2018, as Respondent was only entitled to one reimbursement payment. Respondent did not reimburse GEICO as requested.

10. 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.

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

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

12. On August 16, 2018, an MIA investigator obtained a copy of Respondent's Maryland Motor Vehicle Administration's driver's license photograph. A comparison of Respondent's driver's license photograph with the driver's license and photograph provided by the check cashing business revealed Respondent cashed the check issued by GEICO on March 21, 2018, although GEICO had issued a stop payment, and in spite of the fact GEICO advised her it was voiding the check because she had already compensated for her loss.

13. On August 17, 2018, an MIA investigator interviewed the manager of the check cashing business who verified that Respondent was the individual who cashed the \$1,531.38 GEICO check on April 3, 2018.

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. **§ 2-401 - Definitions**

(c) "Insurance fraud" means:

- (1) a violation of Title 27, Subtitle 4 of this article[.]
- (2) theft, as set out in §§ 7-101 through 7-104 of the Criminal Law Article:
 - (i) from a person regulated under this article[.]

16. **§ 2-405**

The Fraud Division:

(1) has the authority to investigate each person suspected of engaging in insurance fraud;

(7) shall investigate allegations of civil fraud and, if appropriate after investigation, impose administrative penalties and order restitution in accordance with § 27-408 of this article.

17. § 27-403

It is a fraudulent insurance act for a person:

(5) to misappropriate benefits under a policy[.]

18. § 7-104 of the Criminal Law Article

(a) A person may not willfully or knowingly obtain or exert unauthorized control over property, if the person:

(1) intends to deprive the owner of the property;

(b) A person may not obtain control over property by willfully or knowingly using deception, if the person:

(1) intends to deprive the owner of the property[.]

19. § 2-406(b)

For a civil fraud violation, the Commissioner may impose administrative penalties and order restitution under § 27-408(c) of this article when one or more of the occurrences listed in subsection (a) of this section takes place in the State.

20. § 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.

21. By the conduct described herein, Respondent knowingly violated § 27-403(5) and §7-104 of the Insurance Article. As such, Respondent is subject to administrative penalty under the Insurance Article § 27-408(c).

III. Sanctions

22. 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 Fraud Division of the MIA has the authority to investigate each person suspected of engaging in insurance fraud. Insurance Article § 2-201(d)(1) and § 2-405(7).

23. The MIA considered the factors set forth in § 27-408(c)(2) of the Insurance Article and determined that two thousand dollars, (\$2,000.00) is an appropriate penalty in this matter.

24. Additionally, Respondent is ordered to reimburse GEICO in the amount of one thousand five hundred thirty one dollars and thirty eight cents (\$1,531.38), which is the amount she fraudulently obtained from GEICO when she submitted both checks for payment.

25. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2018-3961A) and name (Christina Edwards). 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. Notification of reimbursement to GEICO shall be made in writing to the Associate Commissioner, Insurance Fraud Division, 200 St. Paul Place, Suite 2700, Baltimore, Maryland 21202. Such notification shall include a copy of the money order or cancelled check issued to GEICO as proof of reimbursement and identify the case by number (R-2018-3961A) and name (Christina Edwards).

27. 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 12th day of September 2018, **ORDERED** that:

- (1) Christina Edwards shall pay an administrative penalty of two thousand dollars, (\$2,000.00) within 30 days of the date of this Order.
- (2) Christina Edwards shall pay restitution to GEICO in the amount of one thousand five hundred thirty one dollars and thirty eight cents, (\$1,531.38) within 30 days of the date of this Order.
- (3) Notification of reimbursement to GEICO shall be made in writing to Associate Commissioner, Insurance Fraud Division, 200 St. Paul Street, Suite 2700, Baltimore, MD 21202. Such notification shall include a copy of the money order or cancelled check issued to GEICO as proof of reimbursement and identify the case by number (2018-3916A) and name, (Christina Edwards).

ALFRED W. REDMER, JR.
Insurance Commissioner

BY: signature on original
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 Respondent in a Final Order after hearing.