

IN THE MATTER OF THE
MARYLAND INSURANCE
ADMINISTRATION

v.

Mark Andrew Letersky
d/b/a The Village Carpenter
3211 Mt. Carmel Road
Upperco, Maryland 21155

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BEFORE THE MARYLAND
INSURANCE COMMISSIONER

CASE NO. : MIA-2019-02-032

Fraud Division File No.: R-2019-0639A

CONSENT ORDER

This Consent Order is entered by the Maryland Insurance Commissioner (“Commissioner”) against Mark Andrew Letersky (“Respondent” or “Letersky”), doing business as The Village Carpenter, pursuant to §§ 2-108 and 2-204 of the Insurance Article, Md. Code Ann. (2017 Repl. Vol. & Supp.)(“Insurance Article”), to resolve the matter before the Maryland Insurance Administration (“Administration”).

I. Findings of Fact

1. A “certificate of insurance” (“COI”) is a document that is “prepared or issued by an insurer or insurance producer as evidence of property insurance or casualty insurance coverage.” Insurance Article § 19-116(a)(3)(i). The COI is an important document in that it serves as evidence to customers, contractors or other third parties that the business has obtained insurance. The COI indicates that the business or individual named as the insured has the financial resources available to protect those who may come to harm through the insured’s negligence.

2. Section 19-116(g) of the Insurance Article states:

A person may not prepare or issue a certificate of insurance that the person knows contains false or misleading information or that purports to amend, alter, or extend the coverage provided by the policy of insurance referenced in the certificate.

3. Letersky operates a carpentry business, located at 3211 Mt. Carmel Road, Upperco, Maryland 21155 under the trade name The Village Carpenter.

4. Simple Mills, a food distribution company, entered in to a contract with The Village Carpenter to build booths for a 2017 tradeshow.

5. On August 29, 2017, Letersky submitted a COI to Simple Mills as evidence that The Village Carpenter, had liability insurance coverage. The COI was dated August 30, 2016, and reflected that The Village Carpenter had current general liability insurance with Frederick Mutual Insurance Company ("Frederick"), an authorized insurer, effective from "7/2017" to "7/2019," and "...valid through 8/30/2019." The insurance producer was identified as American Insurance & Financial Services, Inc. ("American"). The Description of Operation field on the COI stated,

"Renovations, new construction, carpentry, masonry, electrical, plumbing, demolition and all aspects of construction, EPA certified."

6. On August 2, 2018, Simple Mills again contacted The Village Carpenter to do work for another tradeshow. A Simple Mills representative sent Letersky an email, requesting another COI. In response, Letersky stated,

"I can send you one this evening, but the one we used for California will be the same documents. I believe I sent it to ..."

The Simple Mills representative acknowledged having the previously submitted COI, described in paragraph 5 above. Simple Mills sent the COI was then sent to Certfocus, a COI tracking and management service.

7. On August 15, 2018, a CertFocus representative noted the insurance coverage limits on the COI did not meet tradeshow requirements; therefore, she contacted American and forwarded a copy of the COI. A representative for American examined the COI and concluded it was altered and the policy was expired.

8. On August 21, 2018, Frederick notified Respondent that his insurance policy will be cancelled as:

...the "original" Certificate of Liability Insurance was altered and lists coverage that is not part of your policy. This altering of the Certificate of Liability Insurance is considered fraud and results in an increase in hazard insured against which renders you ineligible for coverage based upon our underwriting guidelines and the AAIS Artisan policy. Providing insurance coverage when there has been fraud committed in connection with the application, policy, or presentation of a claim is adverse to Frederick Mutual Insurance Company's economic and business purposes since the company does not have a rate filed to address this increase in exposure.

9. Section 27-802(a)(1) of the 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.

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

10. The MIA confirmed through the Maryland State Department of Assessments & Taxation website, business entity search that The Village Carpenter is a trade name owned by Letersky.

11. In the course of its investigation, the MIA contacted Frederick and confirmed the facts regarding The Village Carpenter's COI.

12. On January 8, 2019, an MIA investigator interviewed the American representative who received The Village Carpenter COI from CertFocus, on August 15, 2018. She examined the COI and noted obvious alterations, to include among other things, the statement, "...valid through 08/30/2019," a phrase not used on COI's issued by American. The American representative confirmed that American issued The Village Carpenter's COI on August 30, 2016, but the insurance policy coverage period was from July 19, 2016 to July 19, 2017, not "7/2017" to "7/2019," as reflected on the COI Letersky submitted to Simple Mills. The American representative provided the MIA with a copy of the original COI issued to The Village Carpenter for comparison. The Description of Operation field was blank and did not specify "Renovations, new construction, carpentry, masonry, electrical, plumbing, demolition and all aspects of construction, EPA certified."

13. An MIA investigator interviewed representatives for Simple Mills who provided copies of email correspondence between Letersky and Simple Mills, including the August 2, 2018, email in which Letersky stated,

"I can send you one [COI] this evening, but the one [COI] we used for California will be the same documents..."

A representative also advised that Letersky sent the altered COI to Simple Mills on August 29, 2017.

14. An MIA investigator interviewed a representative for Frederick and confirmed insurance coverage period for the August 10, 2016, COI underwritten by Frederick for The Village Carpenter ended on July 19, 2017, not "7/2019" as stated on the COI Letersky submitted to Simple Mills. Additionally, the wording that was added after the original certificate was issued in the Description of Operations field lists various types of construction work. ("Renovations, new construction, carpentry, masonry, electrical, plumbing, demolition and all

aspects of construction. EPA certified.”) However, there was an exclusionary endorsement, a Frederick proprietary form that specifically excludes demolition coverage. Therefore, if Respondent were to engage in demolition work resulting in a claim related to the demolition work, the loss would not be covered because demolition is specifically excluded. Additionally, Frederick cancelled Respondent’s insurance policy on October 8, 2018, due to misrepresentation on the COI for Simple Mills.

15. An MIA investigator examined Respondent’s Frederick insurance policy and confirmed it specifically stated:

EXCLUSIONS THAT APPLY TO BODILY INJURY, PROPERTY DAMAGE, PERSONAL INJURY, AND/OR ADVERTISING INJURY The following exclusion is added:

12. "We" do not pay for "bodily injury" or "property damage" (or "personal injury" or "advertising injury", if provided by the Commercial Liability Coverage) that arises out of operations described below:

Operations:

...4. Demolition and/or building moving activities.

16. An MIA investigator conducted a business license search through the Maryland Department of Labor, Licensing and Regulation (DLLR) website and confirmed that Respondent holds a contractor’s license but, he does not hold an electrician’s or plumber’s license. A representative of DLLR confirmed in a March 28, 2018, email that performance of plumbing or electrical work requires a separate license. The Chief Plumbing and Electrical Inspectors for Baltimore County confirmed in a March 28, 2019, email that Respondent does not hold a license with the county to perform electrical or plumbing work.

17. Subsequent investigation by the Administration revealed the information contained in paragraphs 5, 7, 8, 12 and 14-16, which required the issuance of an Amended Order.

18. On February 26, 2019, the Administration issued an Order against Respondent. Letersky timely requested a hearing.

19. The Administration issued an Amended Order on April 4, 2019.

20. The parties agree to this Consent Order to avoid further litigation and to fully and finally resolve all issues before the Administration.

II. Provisions of Law

21. The Administration relies on the following pertinent sections in finding that Respondent violated Maryland's insurance laws:

22. § 19-116(f)(g)(h)(i)(j)

(f) A person may not alter or modify an approved certificate of insurance.

(g) A person may not prepare or issue a certificate of insurance that the person knows contains false or misleading information or that purports to amend, alter, or extend the coverage provided by the policy of insurance referenced in the certificate.

(h) A person may not prepare, issue, or require, either in addition to or in lieu of a certificate of insurance, an opinion letter or other document that is inconsistent with this section.

(i)(1) A certificate of insurance is not a policy of insurance and does not amend, alter, or extend the coverage provided by the policy of insurance referenced in the certificate.

(2) A certificate of insurance does not confer on a certificate holder new or additional coverage beyond the coverage provided in the policy of insurance referenced in the certificate.

(j) The terms and conditions of a notice of cancellation, nonrenewal, material change, or other similar matters relating to a policy of insurance referenced in a certificate of insurance:

(1) shall be governed by the policy of insurance; and

(2) may not be altered by a certificate of insurance.

23. § 27-406(5)

It is a fraudulent insurance act for a person:

(5) with intent to deceive, knowingly to exhibit a false account, document, or advertisement about the affairs of an insurer.

24. § 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.

25. By the conduct described herein, Respondent knowingly violated § 19-116(g) and § 27-406(5). As such, Respondent is subject to an administrative penalty under the Insurance Article § 27-408(c).

WHEREFORE, for the reasons set forth above, and subject to the right to request a hearing, it is this 22nd day of July 2019, **ORDERED** that:

A. Mark Andrew Letersky and The Village Carpenter shall be jointly and severally liable for the payment of an administrative penalty in the amount of two-thousand dollars (\$2,000.00) as follows:

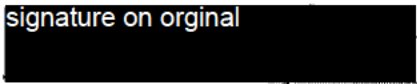
- i. \$400.00 due contemporaneously with the signing of this Consent Order no later than close of business on July 15, 2019;
- ii. \$400.00 due on August 1, 2019;
- iii. \$400.00 due on September 2, 2019;
- iv. \$400.00 due on October 1, 2019; and
- v. \$400.00 due on November 1, 2019.

- B. Failure to pay as outlined in paragraph A, above constitutes a default. Notice of Default is hereby waived by Respondent. Respondent agrees to pay the balance within 30 days of default. The unpaid balance will be sent to the Central Collections Unit of the Department of Budget and Management for collection.

The executed Consent Order and each penalty payment shall be sent to the attention of: Maryland Insurance Administration, Steve Wright, Associate Commissioner, Fraud Division, 200 St. Paul Place, Suite 2700, Baltimore, MD 21202 and shall identify the case by number (MIA-2019-02-032) and name (Mark Letersky d/b/a The Village Carpenter).

- C. The parties acknowledge that this Order contains the entire agreement between the parties relating to the administrative actions addressed herein and that this Order resolves all matters relating to the factual assertions and agreements contained herein. All time frames set forth in this Order may be amended or modified only by subsequent written agreement of the parties.
- D. Respondent had the opportunity to have this Order reviewed by legal counsel of her choosing, and is aware of the benefits gained and obligations incurred by the execution of the Order. Respondent waives any and all rights to any hearing or judicial review of this Order to which she would otherwise be entitled under the Insurance Article with respect to any of the determinations made or actions ordered by this Order.
- 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 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 Order.
- F. Nothing herein shall be deemed a waiver of the Commissioner's right to proceed in an administrative action or civil action to enforce the terms of this Order. Failure to fully comply with the terms of this Order may subject Respondent to further legal and/or administrative action.
- G. This Order shall go into effect upon signing by the Commissioner or his designee, and is a Final Order of the Commissioner under § 2-204 of the Insurance Article.

ALFRED W. REDMER, JR.
Insurance Commissioner

BY: 
STEVEN WRIGHT
Associate Commissioner
Insurance Fraud Division

MARK LETERSKY'S CONSENT

Mark Letersky hereby CONSENTS to the representations made in, and terms of, this

Consent Order.


signature on original

Mark Letersky

07.08.19
Date