

IN THE MATTER OF THE
MARYLAND INSURANCE
ADMINISTRATION

v.

MONICA PETERS
5808 Springfish Place
Waldorf, Maryland 20603

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BEFORE THE MARYLAND
INSURANCE COMMISSIONER

CASE NO. : MIA-2019-08-023
Fraud Division File No.: R-2019-1303A

ORDER

This Order is entered by the Maryland Insurance Administration (the “MIA”) against Monica Peters (“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 is a named insured on a renter’s insurance policy issued by the Government Employees Insurance Company, (“GEICO”) underwritten by Homesite Insurance Company (“Homesite”), an authorized insurer, for her home located at 5808 Springfish Place, Waldorf, Maryland 20603. The policy was in effect from August 22, 2018 to August 22, 2019.

2. On September 16, 2018, the Respondent notified Homesite that on September 15, 2018, she hosted a party at her insured home. The following day, her husband discovered that a box, which contained four iPads, \$5,000.00 cash and four rings, was missing. Homesite opened a claim.

3. On September 16, 2018, Homesite sent a letter to Respondent Monica Peters acknowledging receipt of her claim. The letter contained the following fraud warning:

“Any person who knowingly or willfully 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.”

4. On September 17, 2018, a Homesite representative interviewed the Respondent, who reiterated that on September 15, 2018, she hosted a party at her insured home. About thirty guests attended the party, and they had access to the upstairs of the home. On September 16, 2018, her husband, discovered a box, which contained the following valuables was missing:

- \$5,000.00 cash
- Four iPads, valued at \$375.00 each, purchased at Sprint a month earlier
- Three -18 karat gold and diamond rings, and a Cartier band - all valued at \$10,000.00.

The Homesite representative asked Respondent to submit proof she owned the items reportedly stolen.

5. On September 18, 2018, Respondent submitted to Homesite among other things the following receipt as proof she owned the jewelry taken from her home:

Diamond International sales Receipt – St. Maarten [Caribbean Island] - Total purchase price \$10,599.00, Purchase date - July 17, 2018, Invoice Sale No: 43518

- 1 - 18k Diamond Solitaire ring, \$2,799.00
- 1 - Men's Band Cartier, \$ 3,600.00
- 1 - 18k Woman's Ring, Princess Cut, \$2,288.00
- 1 - 18k Woman's band \$1,800.00

6. On September 21, 2018, Homesite referred Respondent's claim to its Special Investigations Unit (“SIU”) after it identified a prior similar claim made by Respondent. A Homesite investigator examined the Diamonds International sales receipt and noted several discrepancies, including the “Unit Price” for a ring did not match the “Total,” and the apostrophe was missing from the word Men's in the phrase “Mens Band Cartier.”

7. On October 4, 2018, in an effort to authenticate the Diamonds International receipt, the Homesite investigator emailed a copy of it to a Diamonds International representative who examined the receipt and reported that there was no such purchase; receipts from the St. Maarten's store are not computer generated as WIFI or internet connectivity is unstable on the island; therefore, receipts are handwritten. Additionally, item numbers contain more than four digits, contrary to the receipt Respondent submitted to Homesite and, any time the amount of money reflected on the receipt is paid in cash, the transaction must be reported. There was no record of any such person or purchase from any of its stores.

8. On October 11, 2018, Homesite sent Respondent a letter denying her claim citing:

“Our investigation of your claim reveals that false and/or misleading information was provided to us. Specifically, you provided information, documentation or other evidence in support of your claim to Homesite which is false, fabricated or misrepresents information material to the claim in an effort to obtain a payment or benefit to which you are not entitled.

Based on these circumstances, we are forced to conclude that you have made a material misrepresentation to Homesite with the intention to receive payment for insurance proceed[s] that you would otherwise not be eligible for. We are therefore denying your claim in its entirety based on the information revealed during our investigation, applicable language in your policy in effect on the date of loss and state law.”

9. 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.

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

10. During the course of its investigation, the MIA contacted Homesite and confirmed the facts regarding its handling of the Respondents' claim.

11. On July 1, 2019, an MIA investigator contacted Diamonds International. A representative confirmed the receipt Respondent submitted to Homesite purportedly from Diamonds International was not authentic, and Diamonds International does not use an electronic system to generate receipts at the Caribbean location; each receipt is handwritten.

II. Violation(s)

12. Based on the foregoing and considering all relevant sections of the Insurance Article, the Administration finds that Respondent violated the Maryland Insurance Article as follows:

13. § 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[.]

14. § 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.

15. By the conduct described herein, Respondent knowingly violated § 27-403. The fraudulent insurance act of submitting a false document in support of a claim is complete upon submission of the false document and is not dependent on payment being made; Respondent

committed a violation of the Insurance Article when she submitted a false document to Homesite. As such, Respondent is subject to an administrative penalty pursuant to § 27-408(c) of the Insurance Article.

III. Sanctions

16. 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.

17. Having considered the factors set forth in § 27-408(c)(2), the MIA has determined that \$1,500.00 is an appropriate penalty.

18. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2019-1303A) and name (Monica Peters). 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. Unpaid penalties will be referred to the Central Collections Unit for collection.

19. 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 27th day of August 2019, **ORDERED** that:

Monica Peters 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

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: Melanie Gross, Executive Assistant to the Deputy Commissioner. 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.