

IN THE MATTER OF THE

MARYLAND INSURANCE
ADMINISTRATION

v.

CHARLOTTE ROSCHELL GROSS
402 Pamela Road, Apt F
Glen Burnie, Maryland 21061

* BEFORE THE MARYLAND
*
* INSURANCE COMMISSIONER
*

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* CASE NO.: MIA-2020-63-005
* Fraud Division File No.: R-2019-4505A
*

ORDER

This Order is entered by the Maryland Insurance Administration (“MIA”) against Charlotte Roschell Gross (“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 was a named insured on an automobile insurance policy she had with Government Employees Insurance Company (“GEICO”), an authorized insurer. The policy was in effect from February 21, 2019 through August 21, 2019.

2. On June 16, 2019, Respondent added a 2001 Toyota to her policy, and coverage became effective on June 17, 2019.

3. On June 17, 2019, Respondent notified GEICO that she was driving her 2001 Toyota on Interstate 695, she swerved to avoid another vehicle, which cut her off, and she struck a guardrail. GEICO opened a claim. Respondent advised that she had a police report to confirm the date and time of the accident.

4. On June 18, 2019, GEICO referred Respondent’s claim to its Special Investigation Unit (“SIU”) to verify the date of the accident. A GEICO investigator obtained a copy of the police accident report and learned that on June 15, 2019, two days before Respondent

added the Toyota to her insurance policy; she was operating the Toyota, on Interstate 695, when she fell asleep and struck a guardrail.

5. On June 18, 2019, a GEICO representative asked Respondent why she added the Toyota to the policy after the accident, Respondent advised that she just received the vehicle from a family member and had the accident before she could add it to her GEICO policy. The representative advised Respondent that in order to make a claims decision, GEICO needed copies of documents to verify when she obtained the vehicle.

6. On June 25, 2019, a GEICO representative again asked Respondent for proof she purchased, and owned the Toyota. Respondent advised that she could not locate those documents.

7. On August 21, 2019, a GEICO representative asked Respondent for a copy of the vehicle's title, to resolve the coverage issue. Respondent requested to remove the Toyota from her policy, as it was a total loss.

8. On September 10, 2019, a GEICO representative asked Respondent for a copy of the title. Respondent advised that she could not find the title.

9. On September 12, 2019, Respondent contacted GEICO and withdrew her claim.

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. During the course of its investigation, the MIA investigator contacted GEICO and confirmed the facts regarding its handling of the Respondent's claim.

12. On January 31, 2020, an MIA investigator examined the police accident report, which reflected that on June 15, 2019, Respondent was operating her 2001 Toyota, when she struck a guardrail. The accident report reflected that Respondent had automobile insurance through American State Preferred Insurance Company ("American"). The MIA investigator contacted American and learned that Respondent had automobile insurance for her 2001 Toyota with American, until June 8, 2018, when American cancelled the policy because Respondent failed to make her premium payment. This information is contrary to Respondent's statement to GEICO that she just received the vehicle from a family member.

II. Violation(s)

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

14. § 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.

15. § 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.

16. By the conduct described herein, Respondent knowingly violated § 27-403. A 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. Respondent committed a violation of the Insurance Article when she made false statements to GEICO. As such, Respondent is subject to an administrative penalty under the Insurance Article § 27-408(c).

III. Sanctions

17. Insurance fraud is a serious violation, harmful to consumers because the losses experienced by insurance companies are passed on to consumers in the form of higher premiums. Pursuant to §§ 2-210 (d)(1) and 2-405 of the Insurance Article, the Commissioner has the authority to investigate complaints alleging that a fraudulent claim has been submitted to an insurer.

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

19. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2019-4505A) and name (Charlotte Roschell Gross). 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.

20. 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 3rd day of March, 2020, **ORDERED** that:

Charlotte Roschell Gross 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

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: 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.