

IN THE MATTER OF THE
MARYLAND INSURANCE
ADMINISTRATION

v.

CLARENCE HOWARD GOODSON
1010 West Baltimore Street, Apt. 403
Baltimore, Maryland 21223

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BEFORE THE MARYLAND
INSURANCE COMMISSIONER

CASE NO. : MIA-2020-09-040

Fraud Division File No.: R-2020-1399A

ORDER

This Order is entered by the Maryland Insurance Administration (the “MIA”) against Clarence Howard Goodson (“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 with United Services Automotive Association (“USAA”), an authorized insurer. The policy, which provided coverage for vehicles rented by Respondent, was in effect from July 12, 2019 to January 12, 2020.

2. On July 29, 2019, Respondent notified USAA that on July 27, 2019, he was operating a rental vehicle when it was stuck by another vehicle, which fled. USAA opened a claim.

3. On July 30, 2019, a USAA representative conducted a recorded interview with Respondent who reported that on July 27, 2019, he was parking his rented vehicle, when the car in front of his, backed into his car, and fled. Respondent stated that he called the police; an officer came to the scene and advised him that a report could not be written, “[b]ecause it was a hit and run.”

4. On August 19, 2019, Progressive Insurance Company (“Progressive”), an authorized insurer, notified USAA that one of its insured drivers (hereinafter “claimant”) had reported a hit and run accident, which occurred on July 26, 2019. The hit and run vehicle that caused the accident (the

“striking vehicle”) was identified as a vehicle that had been rented by Respondent. On August 20, 2019, Progressive provided USAA with a copy of the July 26, 2019 police accident report. The report reflected that Respondent’s rental vehicle struck claimant’s parked vehicle. Claimant’s vehicle was forced into another vehicle, as well as a pedestrian, who was sitting on a bicycle. The same day, USAA referred Respondent’s claim to its Special Investigations Unit (“SIU”), for further investigation.

5. On October 3, 2019, a USAA investigator examined the body worn camera (“BWC”) video footage of the police officer investigating the July 26, 2019, hit and run accident. In the video, the striking vehicle is described as a white SUV.

6. On October 10, 2019, a USAA investigator conducted a recorded interview with Respondent, who confirmed that he had rented a vehicle from Enterprise and that he was the only operator. Respondent stated that the accident occurred on July 27, 2019, when a vehicle backed up into his rental vehicle at least twice and fled. Contrary to his July 30, 2019 statement to USAA that he called the police, during this interview Respondent stated he did not call the police. When USAA’s investigator advised Respondent that he had the police BWC video of the July 26, 2019 accident, Respondent replied, “I’m telling you that was not what occurred.”

7. On October 17, 2019, USAA’s investigator contacted the Claimant who stated that he spoke with the driver of the hit and run vehicle, following the July 26, 2019, accident. Claimant stated that he believed he could identify the driver of the vehicle that struck his.

8. On November 13, 2019, USAA sent Respondent a letter denying his claim as it determined that Respondent misrepresented and concealed material facts in the presentation of his claim.

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.

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

10. In the course of its investigation, the MIA contacted USAA and confirmed the facts surrounding its handling of Respondent's claim.

11. On July 8, 2020, an MIA investigator contacted the Claimant whose Progressive insured vehicle was struck in the July 26, 2019 hit and run accident. Claimant positively identified Respondent as the driver of the vehicle, which struck his vehicle and fled. Claimant confirmed that he obtained the license plate number of the striking vehicle, which led to the identification of the striking vehicle and the Respondent.

12. An MIA investigator examined the Enterprise rental agreement and confirmed that Respondent was named as the renter of a white 2018 Hyundai, with a Maryland license plate number ending in 1960. The Baltimore police accident report also identified the hit and run vehicle as a 2018 Hyundai, owned by Enterprise, bearing the same Maryland registration plate, ending in 1960.

13. An MIA investigator reviewed the accident report, confirmed that the accident occurred on July 26, 2019, and identified the striking vehicle as the vehicle rented by Respondent, which fled the accident scene.

14. An MIA investigator obtained a copy of the July 26, 2019 Baltimore Police call for service ("CFS") report, which revealed that the bicyclist involved in the accident called the police to report the hit and run accident. The narrative stated,

"2nd call. Hit and run report. The comp will give the suspects tag number when police arrive."

II. Violation(s)

15. 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:

16. §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[.]

17. § 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.

18. By the conduct described herein, Respondent violated § 27-403. The fraudulent insurance act of making false statements 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 he made false statements to USAA. As such, Respondent is subject to an administrative penalty pursuant to § 27-408(c) of the Insurance Article.

III. Sanctions

19. 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.

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

21. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2020-1399A) and name (Clarence Howard Goodson). 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.

22. 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 24th day of September 2020, **ORDERED** that:

Clarence Howard Goodson shall pay an administrative penalty of one thousand five hundred dollars (\$1,500.00) within 30 days of the date of this Order.

KATHLEEN A. BIRRANE
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.