

IN THE MATTER OF THE  
MARYLAND INSURANCE  
ADMINISTRATION

v.

SERA VILTON  
11636 Stewart Lane, Apt. 202  
Silver Spring, Maryland 21904

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BEFORE THE MARYLAND  
INSURANCE COMMISSIONER

CASE NO.: MIA-2020-16-008  
Fraud Division File No.: R-2020-2492A

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**ORDER**

This Order is entered by the Maryland Insurance Administration (the "MIA") against Sera Vilton ("Respondent") pursuant to §§ 2-108, 2-201, 2-204 and 2-405 of the Insurance Article, Md. Code Ann. (2017 Repl. Vol. & Supp.) ("Insurance Article").

**I. Facts**

1. Respondent was a named insured on an automobile insurance policy with Agency Insurance Company ("AIC"), an authorized insurer, for his 2011 Toyota. The policy was in effect from June 27, 2019 to June 27, 2020.

**Claim #1**

2. On October 28, 2019, the driver of another car, (hereinafter, "third party claimant") notified AIC that on October 25, 2019, Respondent's Toyota, struck their car and fled. AIC opened a claim, (hereinafter, "claim #1")

3. On November 12, 2019, an AIC representative spoke with Respondent, who denied the allegation in claim #1. Respondent advised the AIC representative that he has not had his car since October 20, 2019, because it was being repaired. Respondent refused to provide additional information to AIC. The AIC representative informed Respondent that the claim was under

investigation. Respondent began “yelling” and then disconnected the call with the AIC representative.

Claim #2

4. On December 30, 2019, Respondent called AIC and reported that on December 28, 2019, a deer hit the driver’s side of his insured vehicle. AIC opened another claim, (hereinafter, “claim #2”).

5. On January 2, 2020, an AIC representative interviewed Respondent in reference to claim #2. Respondent reported that on December 28, 2019, while attempting to avoid striking a deer he collided with another vehicle, which fled. Respondent said his driver’s door and left fender were damaged, and he had to replace a shock absorber. The AIC representative advised Respondent that in order to reimburse the cost of repairs for the shock absorber, Respondent needed to submit an invoice to AIC.

6. On January 2, 2020, the third party claimant in claim #1 provided AIC with a photograph of the rear of Respondent’s car, which he took on October 25, 2019. Damage to the rear bumper is evident in the picture. Also in the picture is Respondent’s vehicle registration plate, which confirmed that it was the Respondent’s car.

7. On January 3, 2020, an AIC representative met with Respondent, to inspect the December 28, 2019, vehicle damage. Respondent advised the AIC representative that he had to replace a strut, for which he provided an invoice to AIC dated October 26, 2019, for the purchase of a “Quick-strut assembly.” The AIC representative advised Respondent that he needed to submit an invoice to AIC dated after the date of loss. Respondent told the AIC representative that he obtained the auto part from a mechanic friend who performed the repair on his car.

8. Respondent reported to the AIC representative that the damage to the rear bumper was not related to the December 28, 2019, accident, and had occurred when he backed into something. The AIC representative informed Respondent that AIC would only consider coverage for the damage to the left side door and left quarter panel, and would note that the damage to the left front was unrelated to the accident on December 28, 2019 (claim #2).

AIC's Investigation of Claim #1 and Claim #2

9. On January 3, 2020, an AIC representative spoke to the third party claimant about claim #1, which occurred on October 25, 2019. Claimant reported to the AIC representative that while in a parking lot, Respondent's vehicle backed into the front of his vehicle, and fled. Claimant followed Respondent's vehicle, and pulled next it; the operator began cursing at him and intentionally struck his vehicle, causing damage to the passenger side of the third party claimant's vehicle. The third party claimant advised the AIC representative that the rear bumper and driver's side bumper of Respondent's vehicle should be damaged as a result of hitting the side of his vehicle. AIC referred the claim #1 to its Special Investigation's Unit ("SIU") for further investigation.

10. On January 10, 2020, an AIC investigator conducted a recorded interview with Respondent concerning claims #1 and #2. Respondent reported to the AIC investigator that on December 28, 2019, (claim #2) he swerved to avoid hitting a deer; "[A] big Ford pick-up," with no rear license plate, backed up, and struck the driver's side of his insured vehicle. The Ford then fled. Respondent said his vehicle became disabled and he called a friend for assistance. When asked by the AIC investigator about the October 25, 2019 accident (claim #1), Respondent replied that his vehicle was at an automobile repair facility on that date. When questioned by the AIC

investigator about the damage to the rear bumper, Respondent advised him that the damage occurred on December 28, 2019, (claim #2); prior to that date, the bumper was “fine.”

11. During the recorded interview, the AIC investigator advised Respondent that he had photographs of the rear bumper of Respondent’s vehicle taken following the October 25, 2019, accident (claim #1), which showed that the damage he alleged occurred on December 28, 2019 (claim #2). The AIC investigator stated, “It’s obvious that you’re giving false information.” To which Respondent replied, “You can say what you want.” When asked by the AIC investigator about the invoice dated October 26, 2019, submitted to AIC for claim #2, for a Quick-strut assembly, Respondent replied that the mechanic friend whom he called following the December 28, 2019, accident advised him that the vehicle’s shock was bent. His friend fixed his vehicle with an auto part, which the friend had already purchased.

12. On January 10, 2020, the AIC investigator called the repair facility typewritten on the October 26, 2019, invoice, submitted for claim #2, for the purchase of a Quick-strut assembly. The individual who answered the phone advised the AIC investigator that he did not recall repairing Respondent’s vehicle.

13. On January 10, 2020, the automobile repair facility where Respondent stated his car was located on October 25, 2019, (claim #1), informed the AIC investigator that Respondent’s vehicle came to the facility on October 29, 2019, (four days after the October 25, 2019 accident). The repair facility photographed Respondent’s vehicle on October 30, 2019, and provided those photographs to AIC. The AIC investigator compared the photographs taken by the repair facility on October 30, 2019, with the photographs taken by AIC on January 3, 2020, and concluded that the damage being claimed by Respondent as having occurred on December 28, 2019, was same damage depicted in the photographs taken by the repair facility in October, 2019.

14. AIC sent a letter to Respondent on January 10, 2020, which denied coverage of the damage to Respondent's car from the October 25, 2019, claim, and the December 28, 2019 claim [claim #1 and #2]. The letter stated in part:

Please be advised that we have completed our investigation into the above captioned claims. Please be further advised that we are denying coverage for these losses due to your failure to cooperate and misrepresentations made by you during our investigations.

15. 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.

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

#### MIA's Investigation

16. In the course of its investigation, the MIA contacted AIC and confirmed its handling of the aforementioned claims.

17. On August 27, 2020, an MIA investigator interviewed the manager of the automobile repair facility where Respondent stated his vehicle was located on October 25, 2019. The manager advised the MIA investigator that Respondent's vehicle arrived at their facility after October 25, 2019. The repair facility photographed the damage to Respondent's vehicle. The manager provided the photographs to the MIA's investigator. A comparison by the MIA's investigator of the photographs taken by the third party claimant on October 25, 2019, with the photographs taken at the repair facility, and those taken by AIC on January 3, 2019, and confirmed that the damage to Respondent's vehicle was the same.

18. On September 1 and 10, 2020, an MIA investigator interviewed the third party claimant. He told the MIA's investigator that on October 25, 2019, Respondent's car struck his vehicle and fled the scene. Claimant told the MIA's investigator that he followed Respondent's car and called 911. The third party claimant sent the MIA's investigator the photograph he took of the rear of Respondent's car, showing the damage to the rear bumper and registration plate number. The third party claimant's photograph was dated October 25, 2019.

19. On September 8, 2020, an MIA investigator obtained a copy of the Montgomery County Police Department, call for service ("CFS") report, which confirmed the third party claimant called 911 on October 25, 2019, and reported a hit and run accident. The CFS reflected a hit and run accident and included the registration plate number for Respondent's Toyota.

20. On September 9, 2020, an MIA investigator called the phone number of the repair facility typewritten on the October 26, 2019, invoice, for the purchase of a Quick-strut assembly. The person, who answered the telephone stated that he had no knowledge of the repair facility and disconnected the call with the MIA's investigator.

## **II. Violation(s)**

21. Based on the foregoing and considering all relevant sections of the Insurance Article, the MIA finds that Respondent violated the following Sections of the Maryland Insurance Article:

22. **§ 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[.]

23. § 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

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(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.

24. Respondent made a false report on December 30, 2019, to his insurer, and provided false statements regarding the October 25, 2019, collision with the vehicle driven by the third party claimant. Such acts violate § 27-403. The 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 he made false statements to AIC. As such, Respondent is subject to an administrative penalty pursuant to § 27-408(c) of the Insurance Article.

### **III. Sanctions**

25. 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.

26. Having considered the factors set forth in § 27-408(c)(2), the MIA has determined that \$3,000.00 is an appropriate administrative penalty.

27. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2020-2492A) and name (Sera Vilton). 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.

28. 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 7<sup>th</sup> day of October 2020, **ORDERED** that:

Sera Vilton shall pay an administrative penalty of Three thousand dollars (\$3,000.00) 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.