

IN THE MATTER OF THE

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MARYLAND INSURANCE
ADMINISTRATION

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v.

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CASE NO. MIA- 2023-03-012

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PITT BROS CASAS DEL SOL, LLC
8200 Potomac Ave
College Park, Maryland 20740
C/O Harry G. Pitt, Resident Agent

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CASE NO. MIA- 2023-03-013

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Fraud Division File No.: T-2023-0089

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and

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JEREMY LOGAN HARRINGTON
8200 Potomac Ave
College Park, Maryland 20740

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ORDER

This Order is entered by the Maryland Insurance Administration (the “MIA) against Jeremy Logan Harrington (“Harrington”) and Pitt Bros. Casas Del Sol, LLC (“Pitt Bros”) (collectively “Respondents”) pursuant to Md. Code Ann., Ins. Art. §§ 2-108, 2-201, 2-204, and 2-405 (2017 Repl. Vol. & Supp.) for the violations of the Maryland Insurance Article identified and described.¹

I. RELEVANT MATERIAL FACTS

1. A public adjuster (“PA”) is defined in the Insurance Article to include a person who, for compensation, acts for or assists a policyholder in assessing the value of, negotiating for, or effecting the settlement of a first property insurance claim under a property and casualty policy that insures the policyholder’s real or personal property. See § 10-401(g)(1). A person is required to be licensed to act as a public adjuster in the State. See § 10-403(a).

¹ Unless otherwise indicated, all statutory references in this Order are to the Insurance Article of the Maryland Code.

2. Pitt Bros is a limited liability company, with its principal place of business located in College Park, Maryland. Harry G. Pitt ("Harry") is the owner and resident agent of Pitt Bros. Pitt Bros is not now or has never been licensed to act as a PA in Maryland.

3. At all relevant times related to the facts of this Order, Harrington was employed by Pitt Bros. Harrington is not currently licensed to act as a PA in Maryland, but was previously licensed as a Maryland PA from November 12, 2010, to November 30, 2011. Harrington's PA license is currently inactive. The Maryland Home Improvement Commission ("MHIC") informed the Administration that a roofer soliciting home improvement work is required to hold an active MHIC salesperson license. A search of MHIC "Sales Personal Name Search for Active License" revealed Harrington does not hold an MHIC salesperson license.²

4. On October 7, 2022, Harrington contacted the MIA to complain that Erie Insurance Company ("Erie"), an authorized insurer, was denying supplemental roof repairs to a Maryland consumer's home, which Pitt Bros was contracted to repair. [Erie claim number A*****2143]. Harrington reported that he wanted to file arbitration against Erie. An MIA representative advised Harrington that he had no standing in the matter, to which he replied that his assignment of benefits ("AOB") gives him all rights and benefits under the insurance policy to negotiate with the insurance company on behalf of the policyholder.

5. The MIA's Fraud and Enforcement Division opened an investigation into the conduct of Pitt Bros and Harrington, including whether each were engaging in the business of insurance and/or soliciting PA services to Maryland consumers without the requisite license to do so.

² Md. Ann. Code, Business Regulations Article § 8-101(l) states, "Salesperson means a person who sells a home improvement."

The MIA's Investigation

6. An investigator for the Administration examined the AOB, which stated, in pertinent part:

ASSIGNMENT OF INSURANCE BENEFITS

I, the Owner/Agent of the property listed above, have **provided The Company with a copy of the Insurance Policy** we believe to be liable for the damages to the property listed above. **I hereby assign any and all insurance rights, benefits, proceeds, and any causes of action under any applicable insurance policies to The Company**, for services rendered and to be rendered by The Company. By executing this document, I intend for all rights, benefits, and proceeds for services rendered by The Company to be assigned solely and exclusively to The Company. In this regard, I waive my privacy rights. I make this assignment in consideration for The Company's agreement to perform labor, services, supply materials, and perform its obligations under this contract, including not requiring full payment at the time of service. I hereby unequivocally direct my insurance carrier(s) to release any and all information requested by The Company, its representative, and/or its attorney for the purpose of obtaining actual benefits to be paid by my insurance carrier(s) for services rendered or to be rendered. [emphasis added]

...

AFTER PAYMENT OF CLAIM TO INSURED, BUT PRIOR TO COMMENCEMENT OF CONSTRUCTION

In the event the owner cancels this agreement, the Owner shall be obligated to pay a fee to The Company equal to 25% of the total claim paid by the insurance company, and said payment shall constitute liquid damages, not as a penalty, and The Company agrees to accept such payment as reasonable and just the compensation for said cancellation. The parties acknowledge and agrees it damages that the company might responsibly anticipate in the event of a breach of this agreement by the owner will be difficult to quantify and the amount stipulated hearing is a reasonable estimate of such damages, i.e. **the coordination with adjusters and engineers, drawings, writing estimates, detailed inspections and following through until the settling of the claim.** [emphasis added]

7. In the course of its investigation, an MIA Investigator examined Pitt Bros website³. The following content was discovered:

Catastrophic Loss, Mitigation & Restoration Management

Let Pitt Brothers Get Your Life Back Together After A Catastrophic Loss, Water Leak Or Fire.

The disaster You Never Wanted, The Contractor You Always Needed

³ https://pittbrothers.com/property_damage/

Having a Catastrophic Disaster happen to your home is never something you expect. When one does happen, you need a contractor who not only knows how to get your home built back to normal, but **one who can take the complete burden of dealing with your insurance off your shoulders**. Lets [*sic*] face it, you're dealing with enough stress and the last thing you need to worry about is **"Is my insurance going to screw me?"** Pitt Bros has the experience and willingness to do both for you. [emphasis added]. We help you with:

- Water Loss
- Emergency Mitigation
- Tree Removal from House
- Wind & Hail Damages
- Fire Damage
- Complete Claims Management

Not Sure If Something Is Covered?
Call Now For A Free Phone Consultation
--1066

Emergency On-Site Consultation

Get in touch with us to briefly discuss what is happening to your home. We will quickly setup an emergency onsite Consultation and Mitigation Appointment to evaluate the issue, mitigate additional damages and **begin the claims filing process with you**. [emphasis added]

Claims Management & Restoration

At the in-home consultation, we execute an instrument called an Assignment of Benefits and Contract for Service. This instrument gives us the **ability to manage your entire claim** [emphasis added] for you, immediately start planning and working on restoring your home and to get paid directly from the insurance company.

Get Back To Living Your Life

Once the restoration of your home is complete, we bill the insurance company directly. **No dealing with crazy adjusters** [emphasis added] who try to shortchange you on bring your home back to normal. The only thing we ever collect from you is your deductible.

How It Works

Getting your home back in order is our top priority. At Pitt Brothers, we'll make sure **your entire claim process is handled from start to finish**, [emphasis added] so you can worry less and reduce stress.

What Is An Assignment of Benefits

This is the most common question we get asked during the Cat Loss process. What is an Assignment of Benefits Contract?

Believe it or not, chances are, you have used one many times in your life. When you go to the doctor, you sign an assignment of benefits agreement, giving your healthcare provider the

ability to file a claim to your health insurance on your behalf, negotiate payments and ultimately get paid directly from your insurance company.

When a property owner files an insurance claim to cover a restoration or roofing project, the owner typically deals directly with the insurance company. They may not have the funds available to pay the contractor out of pocket, so they're counting on that insurance check to cover the construction. This process can be extremely stressful and costly, and if you say the wrong thing. Its [*sic*] much like your Miranda Rights, whatever you say Can & Will Be Used Against You In A Court Of Law. There are many thing [*sic*] that homeowners can say that can get certain parts of a claim denied simply because it was stated incorrectly.

An **assignment of benefits**, or AOB, is an agreement to **transfer insurance claim rights to a third party** [emphasis added]. It gives the assignee **authority to file and negotiate a claim directly with the insurance company** [emphasis added], without the need to involve the property owner.

An AOB also **allows the insurer to pay the contractor directly** instead of funneling funds through the customer.

Here's an example: A property owner's roof is damaged in a hurricane. The owner contacts a restoration company to repair the damage, and signs an AOB to transfer their insurance rights to the contractor. The contractor, now the assignee, negotiates the claim directly with the insurance company. The insurer will pay the claim by issuing a check for the repairs directly to the restoration contractor.

Pitt Brothers uses AOB's for all insurance restoration related projects. It helps us speed up the process of filing the claim, restoring your home and to ensure all of the work needed to repair the damages are covered in the claim....

8. On January 26, 2023, an MIA investigator interviewed Harrington who reported that he is in the process of acquiring ownership of Pitt Bros. Harrington described himself as a silent partner, but he has not yet received his MHIC and other required licenses to become the sole proprietor. Harry Pitt continues to serve in his official capacity as Owner/Resident Agent assisting with the business aspect and day to day operations. Harrington reported that he almost always meets with the homeowner and insurance adjuster, if available, to discuss the damages and associated costs for repairs. Harrington denied performing the duties of a PA. Harrington stated that he advocates for the homeowner to get coverage in accordance with Maryland building codes and ordinances. Harrington stated that when speaking with insurance companies, he does not discuss policy specifics; he only

discusses the scope of damage and work to be performed. Harrington denied negotiating insurance coverage.

9. An investigator for the Administration examined Erie's claim file, under claim number A*****2143, as well as emails between Harrington and Erie's representatives. The following was discovered:

- August 29, 2022 email from Harrington to Erie:

Please find the attached supplement for *** Claim. Upon removal of the shingles and felt on the Main House, it was determined that the subroof, 1 x 6 boards, were too fractured to be able to securely attach new shingles too. They were not rotted, simply split due to age and the number of roof replacements that had occurred on this roof. As it was not rotted, we saw no need to remove the old boards. We simply needed to attach new roof decking to the rafters...

- September 8, 2022 - 3:20 PM the Erie representative replied to Harrington:

After reviewing the supplement and supporting documentation. There is no coverage for the supplement. All sheathing needs will have to be paid for by our insured directly...

At 4:32 PM, Harrington replied:

How on earth could you think it is not covered?

The roof removal was covered under the loss. Therefore any repairs necessary for the new roof to be properly attached must also be covered. This is basic common sense and required by Maryland law.

[Homeowner] had a tree branch come through her roof. I would highly recommend reviewing this again with the proper eyes of the sheathing needing to be required in order to provide a solid roof deck needed to attach the shingle replacement that was already approved by the insurance company. If this is not approved by amicable means, as we have provided proper pricing through xactimate, this claim will be brought before the Maryland arbitration association of which I am sure they will find in our favor, along with reasonable fees for recovery.

At 4:34 PM, the Erie representative replied to Harrington:

I cannot speak policy with you. Unfortunately this decision remains the same. If you have any unrelated questions please let me know.

At 7:22 PM, Harrington replied:

I have an assignment of benefits which give you the authorization to discuss policy. I need to speak with your manager tomorrow otherwise I will need to file arbitration on Monday...

10. On September 9, 2022, an Erie representative spoke to a representative for Pitt Bros. The claim log notes stated:

I spoke to the contractor who is arguing the need to replace all of the framing because of his guarantee and warrantee. He is saying that all of the OSB is fractured and has holes from the impact of the tree. I explained that it appears to be mostly wear and tear and that we owe for direct physical damage. I then explained that we were unable to inspect. He said he made the call on the fly and took pictures because he had an exposed decking roof. I told him he could have stopped once he realized, tarped the area for us to inspect. He could have called the adjuster and even facetime him, but did none of that. He is claiming to have rights to speak as the insured. I asked if he has a public adjuster license and he said he doesn't need it and that I better check my facts. He said he is going to file an appeal on behalf of the insured.

11. On October 7, 2022, at 2:43 PM, Harrington sent the following email, in pertinent part, to the Erie representative:

I understand your hardline position to deny a legitimate supplement. Unfortunately, it is not considered wear and tear. It is considered a non-nailable surface and non-compliant with necessary installation requirements set by ALL shingle manufacturers.

...

In light of new evidence brought to our attention, the official position of Pitt Bros Casas Del Sol, LLC is as follows:

...Erie Insurance has continued their hardline denial of the supplement, an action Pitt Bros considered to be **Bad Faith Negotiation of an Insurance Claim**. [emphasis added]

12. On October 7, 2022, at 3:19 PM, an Erie representative made the following claim log note:

The insured's contractor has been very aggressive regarding a supplement for plywood. This was discussed with our PFT and reviewed his submitting paperwork for plywood across the roof. We originally told him that he submitted the supplement after the roof was put on and none of the pictures showed why it was needed. He said because the plywood was splintering and worn from several roofs being put on and taken off. We informed him that the supplement is being refused because of policy language that was discussed with the insured. It was because we did not have an opportunity to inspect and the need for replacement was because of age, marring and wear and tear. The contractor insisted he has the authorization to act in the insured's behalf and that policy should be discussed with him. I explained that he does not

unless he has a PA license, but that we can discuss scope of work. I explained again to him that he never let us inspect, he then talked about hypotheticals like us taking weeks to get out there and the whole roof being exposed and will we pay trip charges. I explained we are to discuss the facts only. I told him he made no effort for an inspection and could have even offered to Facetime the adjuster, but did not do that. I told him our decision isn't [*sic*] just lack of inspection time of his supplement, but also for the reasons he quoted of long term wear and tear. He then stated it is now deck spacing and he is filing a complaint with the MIA...

13. An investigator for the MIA examined Erie's homeowner insurance policy, which was in place for coverage under claim number A*****2143. The policy specifically stipulated:

Assignment

"Interest in this policy may be transferred only with "our" written consent. "We" may require evidence that all "Named Insureds" approve the assignment."

II. MARYLAND INSURANCE LAWS:

14. In addition to all other relevant sections of the Insurance Article, the Administration relies on the following provisions of the Insurance Article, which apply to acts and omissions of the Respondents in the State.⁴

Section 10-401(g)(1) of the Insurance Article provides, in pertinent part:

(g)(1) "Public adjuster" means a person who for compensation or any other thing of value:

(i) acts or aids, solely in relation to first-party claims arising under an insurance policy that insures the real or personal property of the insured, on behalf of the insured in negotiating for, or effecting the settlement of, a claim for loss or damage covered by an insurance policy;

(ii) except as provided in § 10-403 of this subtitle, directly or indirectly solicits for employment as a public adjuster of insurance claims, solicits business, or represents oneself to the public as a public adjuster of first-party insurance claims for losses or damages arising out of insurance policies that insure real or personal property; or

(iii) investigates or adjusts losses, or advises an insured about first-party claims for losses or damages arising out of an insurance policy that insures real or personal property for another person engaged in the business of adjusting losses or damages covered by an insurance policy, for the insured.

⁴ The failure to designate a particular provision in this proposed Order does not deprive the Commissioner of the right to rely on that provision. The Order also does not contain references to regulations contained in Title 31 (Maryland Insurance Administration) of the Code of Maryland Regulations (COMAR), which may be applicable.

Section 10-403 of the Insurance Article provides, in pertinent part:

- (a) Except as otherwise provided in this subtitle, a person must obtain a license before the person acts as a public adjuster in the State.

Section 27-405 of the Insurance Article provides, in pertinent part:

- (a) It is a fraudulent insurance act for a person to act as or represent to the public that the person is:

- (1) an insurance producer or a public adjuster in the State if the person has not received the appropriate license under or otherwise complied with Title 10 of this article[.]

Section 4-205(b) of the Insurance Article provides, in pertinent part:

- (b) An insurer or other person may not, directly or indirectly, do any of the acts of an insurance business set forth in subsection (c) of this section, except as provided by and in accordance with the specific authorization of statute.

Section 4-205(c) of the Insurance Article provides, in pertinent part:

- (c) Any of the following acts in the State, effected by mail or otherwise, is considered to be doing an insurance business in the State:

- ...(6) except as provided in subsection (d) of this section, with respect to a subject of insurance resident, located, or to be performed in the State, directly or indirectly acting as an insurance producer for, or otherwise representing or helping on behalf of another, an insurer or other person to:

- ...
 - (vii) investigate or adjust claims or losses;...
 - (ix) in any other manner represent or help an insurer or other person to transact insurance business;

- (7) doing any kind of insurance business specifically recognized as doing an insurance business under statutes relating to insurance;

- (8) doing or proposing to do any insurance business that is substantially equivalent to any act listed in this subsection in a manner designed to evade the statutes relating to insurance;

Section 4-212 of the Insurance Article provides, in pertinent part:

An unauthorized insurer or person that violates this subtitle is subject to a civil penalty of not less than \$100 but not exceeding \$50,000 for each violation.

Section 27-408(c) of the Insurance Article provides, in pertinent part:

(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.

III. VIOLATIONS:

15. Respondents' agreement with the homeowner purports to entitle Respondents to all rights, benefits, proceeds, and any causes of action under the homeowner's policy with Erie. However, the insurance policy issued by Erie to the homeowners provides that "Interest in this policy may be transferred only with 'our' written consent." Erie never provided written consent to any assignment of the policy or any interest therein.

16. Under Maryland law, this provision in the insurance policy is lawful and enforceable, and invalidates any attempt by Respondents to obtain an interest in the policy. *MIA Ex. Rel. Featherfall Restoration Vs. Travelers Home And Marine Insurance Company.*

17. With no interest in the policy or in any rights or benefits related to the policy, Respondents' position is simply that of a paid professional seeking to adjust a claim and advocate for the homeowners in a coverage dispute with the insurer. Such a position requires licensure as a public adjuster.

18. By the conduct set forth above, Respondents violated the Insurance Article by acting as a PA, despite lacking the requisite licenses to do so. In particular, Respondents:

- Entered into a contract to accept authority to file and negotiate a claim directly with the insurance company;

- Stated Respondents have the ability to manage your entire claim;
- Offered to take the complete burden of dealing with your insurance;
- Offered to file and negotiate a claim directly with the insurance company;
- Offered to make sure your entire claim process is handled from start to finish;
- Contacted Erie insisting Pitt Bros had the authorization to act on the insured's behalf and that the policy should be discussed; and
- Stated Pitt Bros considered Erie's position to be “Bad Faith Negotiation of an Insurance Claim.”

19. The public justifiably expects the MIA to ensure that only competent and trustworthy PAs are permitted to conduct the business of insurance in the State and with Maryland. Respondents’ conduct violated §§ 27-405(a)(1), 10-403(a), and 4-205(b) of the Insurance Article.

IV. SANCTIONS

20. It is clear that the violations identified herein were knowing and willful, and indicative of Respondents’ disregard for the laws of this State.

21. In consideration of the violations set forth above, the seriousness of those violations, and the need to protect the public by enforcement of the Insurance Article, the Administration issues the following directives and imposes the following sanctions:

- (a) Respondents shall immediately **DISCONTINUE** all business activities in the State of Maryland that fall within the scope of activities defined in § 10-401(g)(1);
- (b) Respondents shall immediately **DISCONTINUE** making any written contract or agreement with any Maryland policyholder related to home repair or remodeling services for damages to a private residence for which the homeowner has or will make an insurance claim which:
 - (i) Authorizes or permits the Respondents to prepare and submit appraisals or estimates, or to meet or discuss or negotiate the value of damages sustained by insured property in connection with a first-party insurance claim, except through a person or entity licensed to act as a public adjuster in the State;

(c) Respondents shall immediately **DISCONTINUE** holding themselves out as persons or entities qualified to act on behalf of Maryland policyholders in the evaluation, appraisal, estimation or negotiation of the cost to repair damages covered by a policy of insurance.

22. In addition, having considered the factors set forth in § 27-408(c)(2), the MIA imposes an administrative penalty in the amount of \$5,000.00 against Pitt Bros and an administrative penalty in the amount of \$1,500.00 against Harrington.

23. The aforesaid administrative penalties shall be paid within thirty (30) days of the date of this Order to the Maryland Insurance Administration. Payments shall be made by immediately payable funds and shall identify the case by number (T-23-0089) and Respondents' names (Pitt Bros. Casas Del Sol, LLC & Jeremy Logan Harrington). Payment of the administrative penalty shall be sent to the attention of: Acting Associate Commissioner Joseph Smith, Insurance Fraud and Producer Enforcement Division, 200 St. Paul Place, Suite 2700, Baltimore, Maryland 21202. Unpaid penalties will be referred to the Central Collections Unit for collection.

24. Effective the date of this Order, Respondents shall not engage in any public adjuster business activity within the State of Maryland.

25. This Order does not preclude any potential or pending action by any other person, entity, or government authority, regarding any conduct by the Respondents 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 7th day of March 2023, **ORDERED** that:

- (1) Pitt Bros. Casas Del Sol, LLC shall pay an administrative penalty of Five Thousand dollars (\$5,000.00) within 30 days of the date of this Order;
- (2) Jeremy Logan Harrington shall pay an administrative penalty of One Thousand Five Hundred dollars (\$1,500.00) within 30 days of the date of this Order;
- (3) Pitt Bros. Casas Del Sol, LLC shall amend all contracts within fifteen (15) days of the date of this Order, removing language wherein it represents a homeowner in negotiating a homeowner's insurance claim; and
- (4) Pitt Bros. Casas Del Sol, LLC shall otherwise fully and completely comply with Paragraph 21 of this Order.

KATHLEEN A. BIRRANE
Insurance Commissioner

BY: signature on original
JOSEPH E. SMITH
Acting Associate Commissioner
Insurance Fraud and Enforcement 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.