

**IN THE MATTER OF THE
MARYLAND INSURANCE
ADMINISTRATION**

v.

**Makaila Renee Drummond
2808 Halcyon Ave
Baltimore, Maryland 21214**

* **BEFORE THE MARYLAND**
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* **INSURANCE COMMISSIONER**
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* **CASE NO.: MIA- 2023-06-026**
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* **Fraud Division File No.: R-2023-2088A**
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ORDER

This Order is issued by the Maryland Insurance Administration (the “MIA”) against Makaila Renee Drummond (“Respondent”) 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. On October 28, 2022, Respondent obtained an online automobile insurance quote from American Family Connect Property and Casualty Insurance Company ("American Family"), an authorized insurer, for a policy that would cover a 2018 Hyundai. Respondent requested that her American Family automobile insurance policy take effect on November 7, 2022.

2. On November 2, 2022, a claimant notified American Family that earlier that day, Respondent was operating the Hyundai, in Baltimore, Maryland when Respondent struck the claimant's car. American Family opened a claim. An American Family representative examined Respondent's policy application, and concluded that Respondent's American Family policy was not scheduled to go into effect until November 7, 2022.

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

3. On November 4, 2023, an American Family representative sent an email to Respondent, wherein he stated:

It's my understanding that you signed up for the policy online. Did you receive any paperwork by email from us showing the date that the coverage would be bound? Check that because the date I'm showing is 11/7/22, but if that date is 10/28 I'd want to see it.

In Response, Respondent provided a copy of an American Family insurance identification card which reflected that her American Family insurance policy went into effect on October 28, 2022.

Respondent stated:

I downloaded the documents directly from my account. However, now it is saying it isn't in affect [sic] until the 7th. Im [sic] very confused.

4. On November 4, 2022, American Family sent a letter to Respondent, denying her claim as the "accident occurred on 11/2/22, which is prior to the 11/7/22 policy inception date."

5. On November 9, 2022, American Family referred Respondent's claim to its Special Investigations Unit ("SIU"), to further investigate the dates on the American Family insurance card.

6. An American Family investigator compared the copy of the American Family insurance card submitted by Respondent, with an authentic copy issued by American Family, and identified the following irregularities:

- The letter "J" in the vehicle identification number "VIN" was lower case on the copy provided by Respondent, but upper case on the actual insurance card;
- The number "9" on the copy provided by Respondent was a different font than on the actual insurance card;
- The spacing and the font of the effective date were different;
- The 1's and the 0's are a different font, the angle of the slash marks is different.

The investigator concluded that "it's apparent that the insured [Respondent] altered/forged the card."

7. On November 18, 2022, an attorney contacted American Family and advised that she was representing Easterns Automotive Group ("Easterns"), the car dealership from where Respondent purchased the Hyundai. The attorney reported that she was in possession of a "binder" [policy declaration page], which Respondent provided to the dealership at the time she purchased the Hyundai. The attorney provided American Family with the dealership's copy of the insurance policy declaration page, and insurance identification card, which reflected that the policy period was October 28, 2022 to April 28, 2023. An American Family representative examined the declaration page and concluded it was false, citing the format, font and spacing was different than the actual declaration page prepared by American Family.

8. On November 18, 2022, an American Family representative sent a letter to Respondent which stated:

...We have completed an additional review of your claim based on the information you provided. The insurance card that you submitted has been reviewed by our policy holder service team, and we can confirm that the card was altered and is not accurate.
Please be advised the denial that was previously issued to you for your claim stands...

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.

American Family, having a good faith belief that Respondent committed insurance fraud, referred the matter to the MIA, Fraud and Enforcement Division, which opened an investigation.

The MIA's Investigation

10. An MIA investigator interviewed the General Manager for Easterns who advised that Respondent provided Easterns with a computer generated copy of an insurance card and

declaration page, which reflected that the American Family policy period was October 28, 2022 to April 28, 2023. An examination of the "bill of sale" revealed that Respondent purchased the Hyundai on October 27, 2022.

11. An MIA investigator compared the actual American Family declaration page with the declaration page Respondent provided to Easterns. The actual declaration page stated the Respondent's policy was in effect from "11/07/2022 - 05/07/2023," whereas the declaration page Respondent gave to Easterns stated that the policy was in effect from "10/28/2022 - 04/28/2023." The spacing and font type were different. An MIA investigator compared the actual American Family insurance card with the insurance card Respondent alleged she received from American Family. The actual insurance card reflected that the policy was in effect from "11/07/2022 - 05/07/2023." The vehicle ID number was type-written with all uppercase letters. The number nine was typed as "9." The insurance card Respondent alleged she received from American Family reflected that the policy was in effect from "10/28/2022 -04/28/2023." The letter j in vehicle ID number was lower case, and the number nine was typed as "9."

II. VIOLATION(S)

12. 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:

§ 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.

§ 27-406

(5) with intent to deceive, knowingly to exhibit a false account, document, or advertisement about the affairs of an insurer.

§ 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.

13. By the conduct described herein, Respondent knowingly violated §§ 27-403 and 27-406(5).

The fraudulent insurance act of making a false statement and submitting false documents in support of a claim was complete upon making the false statement and submitting the false documents, and was not dependent on payment being made. The Respondent violated the Insurance Article when she submitted false documents in support of a claim and falsely advised that she was insured by American Family. As such, Respondent is subject to an administrative penalty under the Insurance Article § 27-408(c).

III. SANCTIONS

14. 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.

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

16. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2023-2088A) and name (Makaila R. Drummond). Payment of the administrative penalty shall be sent to the attention of: Joseph E. Smith, Acting Associate Commissioner, Insurance Fraud & Enforcement Division, 200 St. Paul Place, Suite 2700, Baltimore, Maryland 21202. Unpaid penalties will be referred to the Central Collections Unit for collection.

17. 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 13th day of June 2023, **ORDERED** that:

Makaila Renee Drummond shall pay an administrative penalty of Two Thousand Dollars (\$2,000.00) within 30 days of the date of this Order.

KATHLEEN A. BIRRANE
Insurance Commissioner

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