

**OFFICE OF THE INSURANCE COMMISSIONER  
MARYLAND INSURANCE ADMINISTRATION**

**MARYLAND INSURANCE  
ADMINISTRATION  
EX. REL. T.J.<sup>1</sup>,**

**Complainant**

v.

**Case No. MIA 2021-11-003**

**FIREMAN’S FUND INSURANCE COMPANY  
& R.V. NUCCIO AND ASSOCIATES  
INSURANCE BROKERS, INC.,**

**Licensees.**

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**MEMORANDUM AND FINAL ORDER**

Pursuant to §§ 2-204 and 2-214 of the Insurance Article of the Annotated Code of Maryland,<sup>2</sup> the Undersigned concludes that Fireman’s Fund Insurance Company (“Fireman’s Fund”) and R.V. Nuccio and Associates Insurance Brokers, Inc. (“R.V. Nuccio”) (collectively referred to as “Licensees”) did not violate the Insurance Article in their handling of T.J.’s (“Complainant”) event insurance policies or in their denial of his claims; however, I find that Fireman’s Fund did violate the Code of Maryland Regulations (“COMAR”) in its delay in handling Complainant’s claims.

**STATEMENT OF THE CASE**

This matter arose from an administrative complaint (“Complaint”) filed by Complainant with the Maryland Insurance Administration (“MIA”) on July 8, 2020. (MIA Exhibit (“Ex.”) 1.) Complainant’s Complaint avers that Licensees acted improperly in handling his event insurance

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<sup>1</sup> The MIA uses initials to identify a Complainant and to protect the privacy of the Parties.

<sup>2</sup> Unless otherwise noted, all statutory citations are to the Insurance Article of the Annotated Code of Maryland.

policies and denying his claims. (*Id.*) Specifically, Complainant argues that Licensees improperly denied his request to change the dates of coverage on his event insurance policies as the policies had expired. (*Id.*) Additionally, Complainant avers that Licensees subsequently improperly denied his claims under his event insurance policies. (*Id.*) After investigating the Complaint, the MIA determined that Licensees had not violated the Insurance Article and notified the Parties of its findings by letter dated April 9, 2021 (“Determination”). (MIA Ex. 14.) The Determination included a notice of hearing rights for the Parties. (*Id.*) Complainant disagreed with this determination and filed a timely request for a hearing, which was granted. (MIA Exs. 15, 16, 17, & 18.)

#### **ISSUE**

The issue presented in this case is whether Licensees violated the Insurance Article in their handling of Complainant’s event insurance policies or in their denial of his claims.

#### **SUMMARY OF THE EVIDENCE**

##### **A. Testimony**

A hearing was held in person on May 12, 2022, and continued on October 13, 2022.

Complainant represented himself and provided sworn testimony on his own behalf. In addition, Complainant called John Aellen, Complainant’s insurance producer as a witness and he provided sworn testimony on Complainant’s behalf.

Licensees were represented by Gabriela Richeimer, Esquire, with the law offices of Clyde & Company, LLP. Additionally, Licensees called Carol Driscoll, Claims Team Leader with Allianz Global Corporate & Specialty (“Allianz”)<sup>3</sup>, Kerri McDonald, Director of Operations for

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<sup>3</sup> Licensee Fireman’s Fund is owned by, and is one of Allianz’s underwriting companies.

R.V. Nuccio, and Heather Snow, the Technical Operations Manager for R.V. Nuccio, as witnesses and they provided sworn testimony on Licensees' behalf.

**B. Exhibits**

*MIA Exhibits<sup>4</sup> (In Record)*

1. Initial Complaint from Complainant to MIA, received July 8, 2020
2. Letter from MIA to Licensee Fireman's Fund regarding Complaint, dated July 13, 2020
3. Response from Licensee Fireman's Fund to MIA, dated August 3, 2020
4. Additional information from Licensee Fireman's Fund to MIA, received August 14, 2020
5. Request for additional information from MIA to Licensee Fireman's Fund, dated December 15, 2020
6. Additional information from Licensee Fireman's Fund to MIA, received December 29, 2020
7. Correspondence from MIA to Complainant, dated February 3, 2021
8. Correspondence from MIA to Licensee Fireman's Fund, dated February 3, 2021
9. Correspondence from Complainant to MIA, received February 9, 2021
10. Correspondence from Complainant to MIA, received February 17, 2021
11. Correspondence from MIA to Licensee Fireman's Fund, dated February 17, 2021
12. Correspondence from Licensee Fireman's Fund to MIA, received February 18, 2021
13. Correspondence from MIA to Licensee R.V. Nuccio dated March 24, 2021
14. Determination letter from MIA to Parties, dated April 9, 2021
15. Correspondence from MIA to Complainant, dated April 28, 2021
16. Correspondence from Complainant to MIA, dated April 28, 2021
17. Request for a hearing from Complainant to MIA, received April 29, 2021
18. Letter granting hearing request from MIA to Parties, dated April 30, 2021

*Complainant's Exhibits*

1. RVNA Venue Package Liability Documents, undated
2. Inbox list of emails from unnamed mailbox
3. Email from Complainant to MIA and Licensees' representatives, dated May 4, 2022
4. Private Event Insurance Invoice, dated March 12, 2020
5. Copy of event insurance policy under policy number OLP1048025

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<sup>4</sup> At the start of the Hearing, the Parties stipulated to the admission of all of the MIA Exhibits.

6. Copy of event insurance policy under policy number OLP065977

*Licensees' Exhibits*

1. Copy of Policy OLP065977, inception date March 12, 2020
2. Copy of Policy OLP1048025, inception date March 13, 2020
3. Screen shot of COVID-19 message from Licensee R.V. Nuccio's website from March 2020
4. Email from Licensee R.V. Nuccio to John Aellen, dated Mary 12, 2020
5. Licensee R.V. Nuccio note from telephone call with Complainant, dated May 28, 2020
6. Email from John Aellen to Licensee R.V. Nuccio, dated June 2, 2020
7. Email from Licensee R.V. Nuccio to John Aellen, dated June 3, 2020
8. Email from John Aellen to Licensee R.V. Nuccio, dated June 8, 2020
9. Forensic analysis of email that was allegedly sent on June 4, 2020
10. Telephone call notes taken by Licensee R.V. Nuccio after telephone call with John Aellen, dated June 8, 2020
11. Email from John Aellen to Licensee R.V. Nuccio, dated June 9, 2020
12. Email from Complainant to Licensee R.V. Nuccio, dated July 9, 2020
13. Licensee R.V. Nuccio's transmittal of Loss Notice to Allianz for policy number OLP065977
14. Licensee R.V. Nuccio's transmittal of Loss Notice to Allianz for policy number OLP1048025
15. Sedgwick's first report to Allianz, dated July 25, 2020
16. Sedgwick's second report to Allianz, dated October 17, 2020
17. Email from Complainant to Allianz, dated October 25, 2020
18. Sedgwick's third report to Allianz, dated December 19, 2020
19. Letter from Licensee Fireman's Fund to Complainant, dated January 29, 2021
20. Sedgwick's [fourth] report to Allianz, dated January 28, 2021
21. Letter from Allianz to Complainant, dated February 11, 2021

**FINDINGS OF FACT**

These findings of fact are based upon a complete and thorough review of the entire record in this case, including the Hearing transcripts and all exhibits and documentation provided by the Parties. The credibility of the Witnesses has been assessed based upon the substance of their testimony, their demeanor, and other relevant factors. To the extent that there are any facts in dispute, the following facts are found to be true by a preponderance of the evidence. Citations to

particular parts of the record are for ease of reference and are not intended to exclude, and do not exclude, reliance on the entire record.

1. Although insurance producer John Aellen (“Producer Aellen”), who is an independent retail insurance broker, is not employed by R.V. Nuccio, he occasionally places business for his clients through R.V. Nuccio’s office. (Transcript for October 13, 2022 Hearing (“Tr. 2”) at 8.) Producer Aellen has purchased approximately fifty (50) policies since 2010 through R.V. Nuccio’s system. (Tr. 2 at 9.) R.V. Nuccio, a licensed insurance producer, underwrites and issues policies on behalf of many insurance insurers, including Licensee Fireman’s Fund, with whom it is appointed. (Tr. 1 at 179-180.)

2. On March 11, 2020, Producer Aellen logged onto R.V. Nuccio’s website to purchase an event insurance policy for Complainant. (MIA Ex. 3; Transcript for May 12, 2022 Hearing (“Tr. 1”) at 92-93, Tr. 2 at 8.) Fireman’s Fund provided the actual coverage under policy number OLP065977 (“Policy 977”). (MIA Ex. 3, Complainant Exhibit (“Comp. Ex.”) 6, Licensees’ Exhibit (“Lic. Ex.”) 1.) Policy 977 had a coverage period beginning on March 12, 2020 and was set to expire on June 6, 2020 at 12:01 a.m. (MIA Ex. 3, Lic. Ex. 1; Tr. 1 at 139.) Policy 977 provided coverage for a pre-wedding party that was scheduled to take place on June 4, 2020, at the Kimpton Epic Hotel in Miami, Florida in honor of Complainant’s son and fiancée. (MIA Ex. 3, Lic. Ex. 1; Tr. 1 at 96, 139.)

3. On March 12, 2020, Producer Aellen logged into R.V. Nuccio’s website to purchase a second event insurance policy for Complainant. (MIA Ex. 3; Tr. 2 at 8.) Fireman’s Fund provided the actual coverage under the policy and issued this coverage under policy number OLP1048025 (“Policy 025”). (MIA Ex. 3, Comp. Ex. 5, Lic. Ex. 2.) Coverage under Policy 025 began on March 13, 2020 and expired on June 8, 2020 at 12:01 a.m. (MIA Ex. 3, Lic. Ex. 2; Tr.

1 at 141.) Policy 025 provided coverage for the Complainant's son and fiancée's wedding rehearsal and the rehearsal dinner on June 5, 2020, and wedding ceremony and reception scheduled for June 6, 2020, in Miami, Florida. (MIA Ex. 3, Lic. Ex. 2; Tr. 1 at 97.)

4. Producer Aellen testified that when he went online to procure Policy 977 and Policy 025 (collectively referred to as the "Policies"), he called R.V. Nuccio and asked for advice on how to enter the dates of the events as there were multiple wedding events taking place on multiple days. (Tr. 1 at 98.) Producer Aellen testified that R.V. Nuccio told him to include the dates and locations for each individual event and to list them out separately on the declarations page. (*Id.*) The declarations page for Policy 977 stated it was for a family party taking place on June 4, 2020 at the Kimpton Epic Hotel in Miami, Florida. (MIA Ex. 3, Lic. Ex. 1.) The declarations page for Policy 025 stated that: the rehearsal was being held on June 5, 2020 at Saint Francis De Sales Church in Miami, Florida; the rehearsal dinner was being held on June 5, 2020 at the Bonau family residence; the ceremony was being held on June 6, 2020 at Saint Francis De Sales Church in Miami, Florida; and the reception was being held on June 6, 2020 at the Penthouse at Riverside Wharf in Miami, Florida. (MIA Ex. 3, Lic. Ex. 2.)

5. The Policies had the same terms and conditions and identical language, which read, in pertinent parts:

**PRIVATE EVENT CANCELLATION INSURANCE**

**B. Definitions**

Throughout this policy, the words "you" and "your" refer to the **Named Insured** shown in the Declarations. "You" and "your" also refer to the legal spouse of the **Named Insured**, if a resident of the same household. The words "we", "us" and "our" refer to the insurance company providing this insurance. Other words and phrases appear in bold face type have special meaning.

They are defined as follows:

\* \* \*

25. **Private Event** means the private party or festivity described in

the Declarations which is scheduled to take place at the date and place shown in the Declarations. It includes only those activities that are described in the Declarations as taking place at a specific place and date.

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30. **Special Attire** means the clothing, including but not limited to hats, gloves and shoes that you or the **Honoree** buy or rent specifically, to be worn at the **Private Event** by:

- a. You;
- b. The **Honoree**; or
- c. Any attendants of the **Honoree**.

**Special Attire** does not include watches, jewelry or precious or semi-precious gemstones or pearls, even when attached to clothing.

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## SECTION I PRIVATE EVENT CANCELATION INSURANCE PROPERTY COVERAGE

### A. Property Coverage

#### 01. Cancellation or Postponement Coverage

We cover the nonrefundable expenses you or the **Honoree** have incurred in connection with the **Private Event** if it must be **Canceled** or **Postponed** as a result of a cause of loss not excluded.

a. **What We Will Pay Under Cancellation or Postponement Coverage**

We will pay, up to the limit of insurance, the following costs you or the **Honoree** incurred in connection with the **Private Event** up to the time it was **Canceled** or **Postponed**, and which you or the **Honoree** cannot have refunded by the vendor:

- (01) costs to rent the premises where the **Private Event** was to be held;
- (02) transportation costs, such as limousines and air fares incurred in connection with the **Private Event**;
- (03) cost of **Professional** catering services;
- (04) cost of hotel accommodations incurred in connection with the **Private Event**;
- (05) **Professional** photographers' fees, **Professional** musicians' fees, and **Professional** florists' fees;
- (06) **Professional** dressmakers' fees, **Professional** tailors' fees, and cost to rent **Special Attire**. But we will not pay dressmakers' fees or tailors' fees for any **Special Attire** which is retained by you, the **Honoree**, or any attendants of the **Honoree**;
- (07) if the **Private Event** is a wedding, cost of transportation and hotel accommodations or any similar non-refundable

costs incurred in connection with the honeymoon; and  
(08) any similar nonrefundable costs you or the **Honoree** incur  
in connection with the **Private Event**.

b. **Exclusions- What We Do Not Cover Under Cancellation  
Or Postponement Coverage**

\* \* \*

(05) Decisions of You Or The Honoree

We do not cover any expenses incurred if the **Private Event** is  
**Canceled** or **Postponed** due to a decision by you or the  
**Honoree** not to proceed with or take part in the **Private Event**  
or any accompanying ceremony or ritual. But this does not  
apply to **Change Of Heart** by an **Honoree** if all of the  
following conditions have been met:

- (a) the person(s) responsible for financing the **Private  
Event** are not the **Honoree** and had no prior knowledge  
of a pending **Change Of Heart** by the **Honoree**;
- (b) the **Private Event** is **Canceled** no less than the number  
of days shown under the **Change Of Heart** coverage on  
the Declarations page prior to the date the first **Private  
Event**, as shown on the Declarations page, is scheduled  
to take place; and
- (c) A limit is shown for **Change Of Heart** coverage on the  
Declarations page.

The amount we will pay for **Change Of Heart** coverage is  
included within and is not in addition to the Cancellation Or  
Postponement limit of insurance.

\* \* \*

(07) Known Circumstances

We do not cover any expenses incurred if the **Private Event**  
is **Canceled** or **Postponed** due to circumstances which you or  
the **Honoree** knew at the time you applied for this policy were  
likely to cause the **Private Event** to be **Canceled** or **Postponed**

\* \* \*

(11) Regulation Or Law

We do not cover any expenses incurred if the **Private Event** is  
**Canceled** or **Postponed** due to any regulation or law of any  
local, state or federal authority.

\* \* \* \*

(MIA Ex. 3, Comp. Exs. 5, 6, Lic. Exs. 1, 2.)

Additional coverage was available for purchase to cover special attire purchases, but  
Complainant failed to obtain that additional coverage. (MIA Ex. 3.)



6. At the time Complainant purchased both of the Policies, Governor Ron DeSantis in Florida and Governor Larry Hogan in Maryland had both issued public health emergency orders relating to the COVID-19 pandemic. (MIA Ex. 6, Lic. Ex. 13; Tr. 1 at 162-163.) Additionally, on March 5, 2020, Governor Hogan declared a State of Emergency due to the COVID-19 pandemic and on March 9, 2020, Governor DeSantis declared a State of Emergency regarding the COVID-19 pandemic. (*Id.*) Furthermore, on March 17, 2020, the State of Florida passed an executive order requiring social distancing and on April 1, 2020, the State of Florida passed an executive order prohibiting and limiting gathering size of persons, including parties, celebrations or other social events and mandated that all “non-essential businesses” close. (MIA Ex. 4.) Subsequently, on April 29, 2020, Governor DeSantis issued executive order 20-112, which stated that all persons in Florida should avoid congregating in large groups, local jurisdictions should ensure that groups of no more than 10 people are not permitted to congregate in any public space that does not allow for social distancing, to avoid nonessential travel, to quarantine for 14 days upon arrival in Florida, that restaurants could open with 25% capacity, and that gyms should remain closed. (MIA Ex. 7.)

7. At the Hearing, Complainant testified that COVID-19 was not a big issue at the time he purchased the Policies, and he was unaware that it would cause the events to be cancelled. (Tr. 1 at 19.) Complainant and Producer Aellen also stated that there was nothing on the R.V. Nuccio website that popped up stating that COVID-19 was not a covered peril at the time the Policies were purchased. (Tr. 1 at 19, 88.)

8. On March 11, 2020, R.V. Nuccio added a warning on its website that indicated COVID-19 is considered a known circumstance and coverage would not be provided for events cancelled or postponed on the basis of COVID-19. (Lic. Ex. 3; Tr. 1 at 186, Tr. 2 at 19-20.)

9. On May 12, 2020, Producer Aellen emailed R.V. Nuccio asking about filing a potential claim for Complainant as the wedding currently scheduled for June 2020 had to be postponed until January 2021 because of COVID-19. (MIA Ex. 3, Lic. Ex. 4; Tr. 1 at 187-188.) A representative with R.V. Nuccio responded that day and attached an incident report for Complainant to fill out. (*Id.*) Producer Aellen did not respond at that time. (*Id.*)

10. On May 26, 2020, Producer Aellen sent an email regarding a change in dates for these Policies to R.V. Nuccio. (Comp. Exs. 2, 3; Tr. 1 at 78.) Producer Aellen testified that he received an automated response to his email, stating that R.V. Nuccio was “experiencing unusually high call volume and response times may be longer than normal.” (MIA Ex. 3, Comp. Ex. 3.)

11. On May 28, 2020, a representative for R.V. Nuccio called Complainant regarding the Policies. (MIA Ex. 3, 4, Lic. Ex. 5; Tr. 1 at 43, 189-191.) At that time, R.V. Nuccio’s representative told Complainant he had three options regarding the possible cancellation or rescheduling of the wedding events: (1) he could file a claim; (2) request a refund of the premium paid under the Policies; or (3) request that the dates of the events on the Policies be changed. (*Id.*) The representative further advised Complainant that he could either file a claim or change the dates of coverage, but could not exercise both options. (*Id.*) The representative also advised him that if he wanted to change the dates of coverage on the Policies to do so soon as the event date was coming up and the dates could not be changed after the Policies expired. (*Id.*) Heather Snow, the Technical Operations Manager for R.V. Nuccio (“Manager Snow”) testified that R.V. Nuccio could change the effective dates on the policies as long as the date change request was processed prior to the date that the policies actually expired. (Tr. 2 at 10.)

12. On June 2, 2020, Producer Aellen emailed R.V. Nuccio requesting date changes for both Policies. (MIA Ex. 3, 4, Lic. Ex. 6; Tr. 1 at 40, 77, 86, 191-192.) This email stated, in pertinent part:

OLP0655977 New dates of this event: January 7-10, 2021, no other changes are needed  
OLP1048025 New dates of this event: January 8-9, 2021, no other changes are needed [.]  
\* \* \* \*

(MIA Ex. 3, Lic. Ex. 6; Tr. at 40.)

13. On June 3, 2020, R.V. Nuccio responded to Producer Aellen's email. (MIA Ex. 3, Lic. Ex. 7; Tr. 1 at 41.) The response email stated, in pertinent part:

[f]or policy OLP1048025 please confirm the new date for each of the events (rehearsal, rehearsal diner, ceremony, and reception).  
For Policy OLP065977 please confirm the new date of the family party.  
\* \* \* \*

(MIA Ex. 3, Lic. Ex. 7; Tr. 1 at 41, 104.)

Kerri McDonald, Director of Operations for R.V. Nuccio ("Director McDonald") testified that there is no way to add a date range to the policy declarations page, and that each individual event has to have an individual date filled in under the section for the policy information. (Tr. 1 at 193-194.)

14. Producer Aellen responded to the June 3, 2020 email on June 8, 2020 at 6:05 a.m. (MIA Ex. 3, Lic. Ex. 8; Tr. 1 at 41-42, 105, Tr. 2 at 14.) In that email, Producer Aellen provided the dates for the rescheduled events as follows:

[r]ehearsal & dinner on Jan 8, 2021, ceremony and reception on Jan 9, 2021  
[f]amily party- there is one on Jan 7, 2021, and another on Jan 10, 2021, - at the hotel.  
\* \* \* \*

(MIA Ex. 3.)

15. On June 8, 2020, R.V. Nuccio responded to Producer Aellen's June 8, 2020 email and asked that he clarify what date the family party will be held on since his original email stated one party was on January 7, 2021, and another one would be held on January 10, 2021. (MIA Ex. 3.) Producer Aellen responded that day stating, "[t]his question has already been answered – but it is on January 10<sup>th</sup> at the hotel." (*Id.*) That day, Producer Aellen also called R.V. Nuccio multiple times regarding the date changes, and a representative for R.V. Nuccio explained that its system does not allow any changes to be made to expired policies. (MIA Ex. 3.) At that time, R.V. Nuccio offered to cancel the Policies and refund the premiums paid. (MIA Ex. 3; Tr. 2 at 16-17.) Manager Snow testified that since the Policies had expired before Producer Aellen sent his response, R.V. Nuccio had no way of changing the dates on the Policies. (Tr. 1 at 198, Tr. 2 at 14.) Manager Snow testified that the Licensee's system was designed to not allow a date change after a policy has expired due to potential fraud issues, such as a client trying to obtain coverage for a loss that they know already occurred. (Tr. 2 at 15-16.)

16. On June 8, 2020, Complainant also called and spoke to R.V. Nuccio regarding these Policies. (MIA Ex. 4.) During that telephone conversation, R.V. Nuccio's representative informed Complainant that the Policies had expired, and since the Policies had expired, the dates for coverage could not be changed. (*Id.*)

17. On July 8, 2020, R.V. Nuccio sent an email to both Complainant and Producer Aellen stating that it was unable to change the dates on the Policies, but that Complainant could fill out an incident report form to file a claim if he wished and it would be reviewed. (MIA Ex. 3.)

18. Manager Snow testified at the Hearing that Complainant could have requested a refund of premiums, purchased new policies to provide coverage for new dates, or filed a claim after the Policies expired. (Tr. 2 at 16-17.)

19. On July 9, 2020, Complainant submitted the completed claim forms via email, asserting losses under both Policies. (*Id.*) These forms stated that the wedding/event was cancelled, the reason for filing the claim was “losses”, and that “RV Nuccio would not change dates as requested.” (*Id.*) Later that day, R.V. Nuccio emailed Complainant back seeking additional information on the claims. (MIA Ex. 4.)

20. On July 9, 2020, Complainant emailed R.V. Nuccio stating that he had filled out the claims form that Licensee had sent to him, and that the rest of the paperwork would be sent when a claims representative reached out to him. (MIA Ex. 4.)

21. On July 14, 2020, R.V. Nuccio forwarded the claim forms to Allianz, who handles claims submitted under policies issued by Fireman’s Fund. (MIA Ex. 3, Lic. Ex. 13.)

22. On July 16, 2020, Allianz sent a claims acknowledgement email to R.V. Nuccio. (MIA Exs. 3, 4.)

23. Upon receipt of the claims, Allianz assigned two separate claims numbers; one for Policy 997, which was assigned claim number 00520392388 (“Claim 2388”), and one for Policy 025, which was assigned claim number 005220392384 (“Claim 2384”). (MIA Ex. 6.) Allianz assigned both claims to Sedgwick, an independent adjuster to handle. (*Id.*) A Sedgwick adjuster was assigned and began the claim investigation process. (MIA Ex. 6; Tr. 1 at 146.) At the time of assignment, it was believed that Claim 2388 was a duplicate of Claim 2384. (MIA Ex. 6.)

24. On July 16, 2020, the assigned adjuster contacted Complainant via telephone to discuss the details of Claim 2384. (MIA Ex. 6, Lic. Ex. 15; Tr. 1 at 61, 146.) Complainant

stated that the wedding had to be postponed because the hotel and venue were shut down due to COVID-19 mandates issued by Governor DeSantis, and that the venue and hotel were still charging him to postpone the events. (MIA Ex. 6.) Complainant stated that he had asked R.V. Nuccio to change the dates of coverage on the Policies, but that R.V. Nuccio has refused to do so. (*Id.*) Complainant stated that if R.V. Nuccio continues to refuse to change the dates, he would submit all contracts and documentation, and file a claim for the loss. (*Id.*)

25. On July 25, 2020, Sedgwick issued its first report referencing Claim 2384 and summarizing its investigation (“First Report”). (MIA Ex. 6, Lic. Ex. 15.) The First Report focused on the entire wedding weekend generally. (*Id.*)

26. On October 17, 2020, Sedgwick issued its second report referencing Claim 2384 (“Second Report”). (MIA Ex. 6, Lic. Ex. 16.) The Second Report stated that no new information had been provided to date. (*Id.*)

27. On October 25, 2020, Complainant emailed Allianz stating that he wanted to proceed with filing a claim and asking what the next steps were in the process. (MIA Ex. 6, Lic. Ex. 17; Tr. 1 at 63, 154.) At that time, Allianz determined that another interview was needed, as well as a list of costs Complainant was claiming. (*Id.*)

28. On November 19, 2020, a representative with Allianz spoke with Complainant again regarding Claim 2384. (MIA Ex. 6; Tr. 1 at 64.) At that time, Complainant stated that the venue deposit of \$4,339.16 has not been returned, the hotel charged him for a block of rooms, and he received an invoice for \$11,534.00. (MIA Ex. 6.) Complainant also submitted an invoice for his wife’s dress, which totaled \$1,558.07. (*Id.*) Complainant also stated that he had charges totaling \$1,714.82 for RSVP cards, stamps, invitations, wedding program cards, invitation belly bands, and his annual membership from Minted. (*Id.*) Complainant also said that he had charges

totaling \$22.36 and \$264.46 from Shutterfly for envelopes, address stickers, and magnets. (*Id.*) Finally, Complainant contended that he owed \$2,500 for the bride's wedding dress, and paid \$1,500 for the church ceremony fee. (*Id.*) Complainant also confirmed that his son and fiancée got married in a small ceremony in Jacksonville, Florida. (*Id.*) Complainant submitted an invoice for an Airbnb rental for his son and fiancée in the amount of \$1,003.59, and an invoice for his hotel stay in the amount of \$2,018.95 for the small wedding ceremony. (*Id.*)

29. Complainant submitted invoices and documentation supporting all of his claimed expenses, except for his claim of \$2,500 for the wedding dress, or \$1,500 for the church fee in reference to Claim 2384. (MIA Ex. 6.)

30. On December 19, 2020, Sedgwick sent a third report to Allianz regarding Claim 2384 ("Third Report"). (Lic. Ex. 18; Tr. 1 at 155.) The Third Report included copies of multiple invoices that had been submitted by Complainant. (*Id.*)

31. On December 28, 2020, an email was sent by Allianz Global to the Sedgwick investigator stating that the loss was actually supposed to be handled as two separate claims: Claim 2384 and Claim 2388. (MIA Ex. 6.) It was requested that an investigation be performed as soon as possible regarding Claim 2388. (*Id.*)

32. On January 28, 2021, Sedgwick issued a report separately addressing Claim 2388 ("Fourth Report"). (Lic. Ex. 20.) This Report confirmed the two conversations between Sedgwick and Complainant that took place on July 16, 2020 and November 19, 2020. (*Id.*)

33. On January 29, 2021, Allianz, on behalf of Fireman's Fund, sent a letter denying coverage for all of the claimed losses under Claim 2384. (MIA Ex. 7, Lic, Ex. 19.) This letter stated in part:

[u]nfortunately, there does not appear to be coverage for this Claim as

you have not demonstrated that you incurred a loss under the Policies and the Known Circumstances exclusion applies to preclude coverage.

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#### Discussion

The Policies provide coverage for expenses you or the Honorees incurred in connection with the cancellation or postponement of the Private Event. You have not provided any documentation, however, demonstrating that you incurred any expenses under the terms of the Policy. Without any documentation showing proof of payment, none of the expenses claimed are recoverable.

The Policies further state that they do not provide reimbursement for special attire. Because the Honoree's dresses and the mother of the groom's dress are special attire as described in the Policies, those expenses are not recoverable.

The claim also included an annual membership fee to Minted. This is not an expense incurred in connection with the cancellation of the Private Event and is therefore not recoverable under the Policies.

Additionally, the Policies only cover expenses incurred in connection with the Private Event, as described in the declarations. The invoice for the venue states that the date of the event is 9 January 2021 and the invoice for the hotel states that the date was for 31 January 2021, neither of which are a listed event described on the declarations. Therefore, these expenses are not recoverable under the Policy.

Further, it appears that you are claiming the expenses incurred for the 18 June 2020 wedding as an additional expense. The Policies cover expenses incurred to arrange alternate services for the Private Event in order to prevent a covered cause of loss. Those costs were not incurred in order to prevent a covered cause of loss, however, and are therefore not recoverable under the Policies.

However, should you be able to demonstrate that you incurred expenses of the type contemplated under the Policies and for the dates as described in the declarations, multiple exclusions would still apply to preclude coverage.

At the time you purchased the Policies, COVID-19 was a known event. A state of emergency had been declared in both Florida and Maryland, and the R.V. Nuccio & Associates website contained a disclaimer stating that COVID-19 was a known circumstance, and therefore any loss resulting from COVID-19 would not be covered. Therefore, to the extent that the postponement of the Private Event was due to COVID-19, the Known Circumstances exclusion is triggered to preclude coverage. Additionally, you stated that you postponed the Private Event due to the restrictions imposed by government orders. You told Ms. Ryerson [Sedgwick Adjuster] that the Private Event was postponed because the hotel and venue were shut down as a result of COVID-19 mandates passed by the Governor of Florida. Therefore, to the extent that the



Private Event was postponed as a result of government orders, the Regulation Or Law exclusion would apply to preclude coverage.

\* \* \* \*

(MIA Ex. 7.)

34. On February 11, 2021, Allianz, on behalf of Fireman’s Fund, issued a denial letter for Claim 2388, involving coverage for the pre-wedding party that was scheduled at the EPIC Hotel in Miami, Florida. (MIA Ex. 10, Lic. Ex. 21.) This denial letter read, in pertinent part:

[b]ecause the postponement or cancellation of the wedding was due to the Governor’s “lockdown” orders and gathering size restrictions, the loss falls within the “Regulation Or Law” exclusion. To the extent that you decided to cancel the event instead of rescheduling, the “Decision of You Or The Honoree” exclusion applies as well. Additionally, no documentation was provided showing the payment that was made to EPIC Hotel for the block of rooms. As such, we are unable to confirm that you experienced a loss. After carefully reviewing the facts of this claim and the circumstances of this claim, Fireman’s Fund Insurance Company must therefore advise that we will be unable to provide coverage, indemnity and/or defense under the above referenced policy.

\* \* \* \*

(MIA Ex. 10.)

35. Complainant testified that his son and fiancée eventually had the wedding, and that by that time, the initial receipts and stuff that he had submitted for his claims were no longer accurate and valid because the expenses and losses had changed since his initial submission. (Tr. 1 at 25.) Complainant explained by way of example that while he had initially claimed a loss for the bride’s wedding dress, by the time the wedding was held, the wedding dress had been received. (*Id.*)

36. On July 8, 2020, the MIA received Complainant’s Complaint. (MIA Ex. 1.)

37. The MIA investigated the Complaint and determined that the Licensees had not violated the Insurance Article in their handling of Complainant's event insurance policies or denial of his claims. (MIA Ex. 14.)

38. Complainant was not satisfied with the MIA's determination and requested the instant Hearing. (MIA Ex. 17.) The Hearing was granted in this matter by letter dated April 30, 2021. (MIA Ex. 18.)

## **DISCUSSION**

### **A. Positions of the Parties.**

Complainant argues that he and Producer Aellen timely requested date changes on the Policies, and that R.V. Nuccio failed to timely make the date changes which led to the Policies expiring. Complainant further argues that R.V. Nuccio should have honored his request to change the dates on the Policies and that its failure to do so was improper. Finally, Complainant avers that Fireman's Fund did not timely review and handle his claims.

Licensee Fireman's Fund avers that it properly investigated and handled Complainant's claims, but ultimately decided that the claims are not covered under the terms of the Policies. Additionally, R.V. Nuccio contends that it did not receive a proper request to change the policy dates prior to the expiration of the Policies. Finally, Licensees argues that the Complainant has failed to provide any proof that they violated Maryland insurance laws in their handling of Complainant's Policies or claims.

### **B. Statutory Framework**

The Notice of Hearing in this case states that specific attention at the Hearing shall be directed to Sections 4-113 and 27-303 of the Insurance Article.

Section 4-113 states in pertinent part:

(b) The Commissioner may deny a certificate of authority to an applicant or, subject to the hearing provisions of Title 2 of this article, refuse to renew, suspend, or revoke a certificate of authority if the applicant or holder of the certificate of authority:

\* \* \*

(5) refuses or delays payment of amounts due claimants without just cause [.]

\* \* \* \*

(LexisNexis 2022.)

Section 27-303 states in pertinent part:

It is an unfair claim settlement practice and a violation of this subtitle for an insurer, nonprofit health service plan, or health maintenance organization to:

(1) misrepresent pertinent facts or policy provisions that relate to the claim or coverage at issue;

(2) refuse to pay a claim for an arbitrary or capricious reason based on all available information;

\* \* \*

(6) fail to provide promptly on request a reasonable explanation of the basis for a denial of a claim [.]

\* \* \* \*

(LexisNexis 2022.)

In *Berkshire Life Insurance Co. v. Maryland Insurance Administration*, the Appellate Court of Maryland adopted the Insurance Commissioner's interpretation of the "arbitrary and capricious" standard as articulated in an earlier case. *See* 142 Md. App. 628 (2002). As the Court explained:

The Commissioner has previously construed [Section] 27-303(2) as requiring a licensee insurer to show that it refused to pay the claim at issue based on: (1) an otherwise lawful principle or standard which the insurer applies across the board to all claimants; and (2) reasonable consideration of "all available information."

*Id.* at 671 (*internal citations omitted*).

The Court further explained:

[A] claimant must prove that the insurer acted based on "arbitrary and capricious reasons." The word "arbitrary" means a denial subject to individual judgment or discretion, ... and made without adequate determination of principle. .... The

word "capricious" is used to describe a refusal to pay a claim based on an unpredictable whim. .... Thus, under Ins. Art. [Section] 27-303, an insurer may properly deny a claim if the insurer has an otherwise lawful principle or standard which it applies across the board to all claimants and pursuant to which the insurer has acted reasonably or rationally based on "all available information."

*Id.* at 671-72 (*citations omitted*).

In other words, "arbitrary and capricious" means to act in a, "'nonrational' and '[w]illful and unreasoning... [manner] without consideration and regard for facts and circumstances presented' . . . ." *Hurl v. Board of Educ. of Howard Co.*, 107 Md. App. 286, 306, 667 A.2d 970, 980(1995) (*quoting Black's Law Dictionary*, 6th Ed.).

Additionally, COMAR 31.15.07.04 may affect the disposition of this matter.

COMAR 31.15.07.04 provides, in pertinent part:

B. If an insurer has not completed its investigation of a first party claim within 45 days of notification, the insurer shall promptly notify the first-party claimant, in writing, of the actual reason that additional time is necessary to complete the investigation. Notice shall be sent to the first-party claimant after each additional 45-day period until the insurer either affirms or denies coverage and damages.

\* \* \*

D. An insurer that denies a claim on the grounds of a specific policy provision, condition, or exclusion shall advise the claimant as to the provision, condition, or exclusion on which the denial is based.

(LexisNexis 2022).

The Complainant, as the party asserting the affirmative on the issue before an administrative body, has the burden of proof in this matter. *Comm'r of Labor & Indus. Bethlehem Steel Corp.*, 344 Md. 17, 34 (1996).). The burden of proof rests with Complainant to demonstrate by a preponderance of the evidence that a violation of the Insurance Article has occurred. Md. Code Ann., State Gov't § 10-217 (LexisNexis 2022); *Berkshire*, 142 Md. App

at 672. To prove something by a “preponderance of the evidence” means “to prove that something is more likely so than not so” when all of the evidence is considered. *Coleman v. Anne Arundel County Police Dep’t*, 369 Md. 108, 125 n. 16 (2002) (quoting Maryland Pattern Jury Instructions) (*internal citations omitted*). Under this Standard, if the supporting and opposing evidence is evenly balanced on an issue, the finding on that issue must be against the party who bears the burden of proof. *Id.*

**C. Licensees did not violate Sections 4-113 or 27-303 in their issuance of the insurance policies or handling of the claims; however, I find that Licensee Fireman’s Fund Insurance Company did violate COMAR 31.15.07.04 in its delay in handling Complainant’s claims.**

After investigating Complainant’s Complaint concerning Licensees’ handling of his insurance policies and claims, the MIA determined that Licensees did not violate the Insurance Article. For the reasons set forth below, I affirm in part, and reverse in part.

*Licensee R.V. Nuccio’s Actions*

My determination in this matter is based on whether the Licensees properly handled Complainant’s insurance policies and had a reasonable basis for their eventual denial of Complainant’s event insurance claims. Here, Complainant purchased two event insurance policies; the first on March 11, 2020 and the second on March 12, 2020. These Policies were purchased to provide coverage for events related to Complainant’s son’s wedding, which was originally scheduled to take place on June 6, 2020 in Miami, Florida. At the time the Policies were purchased, COVID-19 was just beginning to affect the United States and both Maryland’s and Florida’s governors had already declared a State of Emergency recognizing COVID-19 as a public health emergency. Notably, on March 11, 2020, R.V. Nuccio added a warning on its

website that stated COVID-19 is considered a known circumstance and coverage would not be provided for events cancelled or postponed on the basis of COVID-19.

On May 12, 2020, Producer Aellen reached out to R.V. Nuccio, who was appointed by Fireman's Fund<sup>5</sup>, asking about filing a potential claim under these Policies as the wedding originally scheduled for June had to be postponed. That day, a representative with R.V. Nuccio sent Producer Aellen an incident report form for Complainant to fill out if he wished to file a claim. Producer Aellen did not respond until May 26, 2020.

Producer Aellen received an automated response from R.V. Nuccio in response to his May 26, 2020 email, stating that they were experiencing high call volume and that response times may be longer than usual. Two days later, a representative from R.V. Nuccio called Complainant regarding these Policies. At that time, the representative from R.V. Nuccio told Complainant that he had three options regarding these Policies: (1) to file a claim; (2) request a change in dates; or (3) request a refund of the premiums he had paid. The representative also told Complainant that if he wished to change the dates on the Policies, he needed to make sure to do so prior to the expiration of the Policies.

On June 2, 2020, Producer Aellen emailed R.V. Nuccio requesting date changes for both Policies and provided a range of dates for events under both Policies. The very next day, R.V. Nuccio responded, asking that Producer Aellen clarify the specific dates for each event. Producer Aellen did not respond until June 8, 2020 at 6:05 a.m.; he also made repeated phone calls to R.V. Nuccio that same day in an effort to change the dates. Notably, the email was sent after both Policies had expired; Policy 997 had an effective date of March 12, 2020 to June 6, 2020 at 12:01 a.m., and Policy 025 had an effective date of March 13, 2022 to June 8, 2020 at

12:01 a.m. On June 8, 2020, Complainant also called and spoke to R.V. Nuccio regarding these Policies. (MIA Ex. 4.) Both Producer Aellen and Complainant were advised by a representative for R.V. Nuccio that since the Policies had expired, the dates on the Policies could no longer be changed, and that, instead, Complainant could request a refund of premiums, purchase new policies to provide coverage for new dates, or file a claim. Complainant and Producer Aellen were not satisfied with that response, so they requested multiple times that the dates on the Policies be changed.

At the Hearing, Complainant argued that once Producer Aellen put in the request for the date change, R.V. Nuccio should have made the change or at least held the Policies “open” so that the specific dates for each event could be added.

I find this argument problematic. The Policies declaration pages specifically stated what date, location, and event were covered. Additionally, the Policies specifically define “private event” to mean a private party or festivity described in the declarations which is scheduled to take place *at the date and place shown in the Declarations*. (Emphasis added). Furthermore, the Policies provide coverage for a private event if it had to be canceled or postponed as a result of a loss that was covered. At the Hearing, Director McDonald testified that there is no way to add a date range to the policy declarations page, and that each individual event has to have an individual date filled in under the section for the policy information. (Tr. 1 at 193-194.) The email that Producer Aellen provided requesting that the days be changed, which only provided a range of dates, with no clarification of which event was to be held on which date or at what location, would not be acceptable for R.V. Nuccio to provide coverage. Additionally, Producer Aellen testified that when he first purchased these Policies, he was unsure how to enter the dates

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<sup>5</sup> Since R.V. Nuccio was appointed by Fireman’s Fund, and acted on its behalf in issuing the Policies, its actions in

since there were multiple events and that he was told by R.V. Nuccio to enter the dates and locations for each individual event and list them out separately on the declarations page. Therefore, it appears that Producer Aellen was aware that he needed to provide the specific dates and locations for each individual event when he wanted to change the dates on the Policies.

Furthermore, both Manager Snow and Director McDonald testified that R.V. Nuccio cannot change dates on policies after the policies have expired. Manager Snow explained that the reason for this is because there could be an issue with fraud, and more specifically, with clients fraudulently filing a claim after a loss has occurred. This explanation is, in my view, reasonable and I, therefore, find that it is a valid reason for not allowing date changes to be made to policies after the policies have expired. Therefore, I find there has been no evidence presented that R.V. Nuccio or Fireman's Fund violated the Insurance Article in its handling of Complainant's insurance Policies.

#### Licensee Fireman Fund's Actions

On July 9, 2020, after Complainant determined that R.V. Nuccio was not going to change the dates on his Policies, he filed a claim with R.V. Nuccio. The claim forms stated that R.V. Nuccio would not change the dates as requested and that Complainant suffered "losses". After receiving these forms, R.V. Nuccio forwarded the claims forms onto Allianz, and Allianz assigned both of the claims to Sedgwick to perform an investigation. At that time of assignment, Sedgwick incorrectly thought Claim 2388 was a duplicate of Claim 2384, and subsequently only initially investigated Claim 2384. On July 16, 2020, the assigned adjuster for Sedgwick spoke to Complainant regarding Claim 2384. At that time, Complainant stated that the wedding had to be postponed because the hotel and venue were shut down due to the COVID-19 mandate issued by

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this matter are attributable to the insurer, Licensee Fireman's Fund.



Florida's governor. Complainant also stated that he was being charged by the hotel and venue for changing the dates of the events. Complainant stated that if R.V. Nuccio continued to deny his request to change the policy dates, he would submit all contracts and documentation to file a claim. It was not until October 25, 2020 that Complainant followed up and stated that he wanted to proceed with filing a claim. On November 19, 2020, a representative from Sedgwick spoke to Complainant again regarding these claims. At that time, Complainant submitted copies of invoices for several of the costs associated with the wedding.

On January 29, 2021, Allianz, on behalf of Fireman's Fund, sent a letter denying coverage for Claim 2384, which claimed losses under Policy 025. This letter indicated the basis for the claim denial and cited to specific policy provisions that applied to this loss. Specifically, the letter explained:

[u]nfortunately, there does not appear to be coverage for this Claim as you have not demonstrated that you incurred a loss under the Policies and the Known Circumstances exclusion applies to preclude coverage.

\*\*\*

#### Discussion

The Policies provide coverage for expenses you or the Honorees incurred in connection with the cancellation or postponement of the Private Event. You have not provided any documentation, however, demonstrating that you incurred any expenses under the terms of the Policy. Without any documentation showing proof of payment, none of the expenses claimed are recoverable.

The Policies further state that they do not provide reimbursement for special attire. Because the Honoree's dresses and the mother of the groom's dress are special attire as described in the Policies, those expenses are not recoverable.

The claim also included an annual membership fee to Minted. This is not an expense incurred in connection with the cancellation of the Private Event and is therefore not recoverable under the Policies.

Additionally, the Policies only cover expenses incurred in connection with the Private Event, as described in the declarations. The invoice for the venue states that the date of the event is 9 January 2021 and the invoice for the hotel states that the date was for 31 January 2021, neither of which are a listed event described on the declarations. Therefore, these

expenses are not recoverable under the Policy.

Further, it appears that you are claiming the expenses incurred for the 18 June 2020 wedding as an additional expense. The Policies cover expenses incurred to arrange alternate services for the Private Event in order to prevent a covered cause of loss. Those costs were not incurred in order to prevent a covered cause of loss, however, and are therefore not recoverable under the Policies.

However, should you be able to demonstrate that you incurred expenses of the type contemplated under the Policies and for the dates as described in the declarations, multiple exclusions would still apply to preclude coverage.

At the time you purchased the Policies, COVID-19 was a known event. A state of emergency had been declared in both Florida and Maryland, and the R.V. Nuccio & Associates website contained a disclaimer stating that COVID-19 was a known circumstance, and therefore any loss resulting from COVID-19 would not be covered. Therefore, to the extent that the postponement of the Private Event was due to COVID-19, the Known Circumstances exclusion is triggered to preclude coverage. Additionally, you stated that you postponed the Private Event due to the restrictions imposed by government orders. You told Ms. Ryerson [Sedgwick Adjuster] that the Private Event was postponed because the hotel and venue were shut down as a result of COVID-19 mandates passed by the Governor of Florida. Therefore, to the extent that the Private Event was postponed as a result of government orders, the Regulation Or Law exclusion would apply to preclude coverage.

\* \* \* \*

(MIA Ex. 7.)

Additionally, on February 11, 2021, Allianz sent another denial letter to Complainant regarding Claim 2388. This letter stated in pertinent part:

[b]ecause the postponement or cancellation of the wedding was due to the Governor's "lockdown" orders and gathering size restrictions, the loss falls within the "Regulation Or Law" exclusion. To the extent that you decided to cancel the event instead of rescheduling, the "Decision of You Or The Honoree" exclusion applies as well. Additionally, no documentation was provided showing the payment that was made to EPIC Hotel for the block of rooms. As such, we are unable to confirm that you experienced a loss. After carefully reviewing the facts of this claim and the circumstances of this claim, Fireman's Fund Insurance Company must therefore advise that we will be unable to provide coverage, indemnity and/or defense under the above referenced policy.

\* \* \* \*

Furthermore, the Policies specifically state:

**c. Exclusions- What We Do Not Cover Under Cancellation  
Or Postponement Coverage**

\* \* \*

(05) Decisions of You Or The Honoree

We do not cover any expenses incurred if the **Private Event** is **Canceled** or **Postponed** due to a decision by you or the **Honoree** not to proceed with or take part in the **Private Event** or any accompanying ceremony or ritual. But this does not apply to **Change Of Heart** by an **Honoree** if all of the following conditions have been met:

- (d) the person(s) responsible for financing the **Private Event** are not the **Honoree** and had no prior knowledge of a pending **Change Of Heart** by the **Honoree**;
- (e) the **Private Event** is **Canceled** no less than the number of days shown under the **Change Of Heart** coverage on the Declarations page prior to the date the first **Private Event**, as shown on the Declarations page, is scheduled to take place; and
- (f) A limit is shown for **Change Of Heart** coverage on the Declarations page.

The amount we will pay for **Change Of Heart** coverage is included within and is not in addition to the Cancellation Or Postponement limit of insurance.

\* \* \*

(07) Known Circumstances

We do not cover any expenses incurred if the **Private Event** is **Canceled** or **Postponed** due to circumstances which you or the **Honoree** knew at the time you applied for this policy were likely to cause the **Private Event** to be **Canceled** or **Postponed**

\* \* \*

(11) Regulation Or Law

We do not cover any expenses incurred if the **Private Event** is **Canceled** or **Postponed** due to any regulation or law of any local, state or federal authority.

(MIA Ex. 4)

While Complainant may disagree with the Fireman's Fund denial, the Company based its denial on the information that Complainant provided to Sedgwick during multiple interviews, including

that the events were postponed due to COVID-19, the invoices Complainant provided to Sedgwick, and Sedgwick's reports and investigation which included consideration of the surrounding events at the time dealing with the COVID-19 pandemic. Notably, the Policy specifically excludes coverage for a cancellation or postponement due to any regulation or law of any State, as well as for known circumstances. At the time the Policies were purchased, both the State of Maryland and State of Florida had already declared a State of Emergency due to the COVID-19 pandemic, and R.V. Nuccio had posted a notice on its website that COVID-19 was a known circumstance and coverage did not include cancellations or postponement due to COVID-19. Therefore, I find that Fireman's Fund had a reasonable basis for its denial of these claims and did not act arbitrary or capricious in its claim denial.

Additionally, in regard to Claim 2388, Fireman's Fund sent another denial letter which noted that the Complainant had stated during interviews with the adjuster that the wedding was being postponed due to the COVID-19 pandemic. This letter stated that the Policies had an exclusion for Decisions of You Or The Honoree. In this instance, the executive orders in place at the time of the original wedding date prevented the venue from opening for the event, so Fireman's Fund found that to the extent Complainant, his son, or his son's fiancée decided to cancel the wedding at that time rather than reschedule it, the exclusion for Decisions of You Or The Honoree would apply. Specifically, in this instance, it appears that Complainant's son and fiancée got married in a smaller ceremony on June 18, 2020, so it appears that Complainant's son and Complainant's son's fiancée cancelled their original plans to have the wedding on the originally planned dates and locations and decided to hold a whole other celebration on another date and at another location. Therefore, I find that Firemen Fund's application of this exclusion was justified, and, therefore, a reasonable basis existed for the denial of claim 2388 as well.

I also find that Fireman's Fund did not misrepresent pertinent facts or policy provisions that relate to the claims in violation of Section 27-303(1). Here, Fireman's Fund investigated Complainant's claims and reviewed interview notes from Complainant, reports from Sedgwick, and documentation regarding the COVID-19 pandemic at the time and denied coverage for Complainant's claims. In accordance with the terms of the Policies, Fireman's Fund denied the claims as it determined that multiple exclusions applied to the claims. Therefore, I find that there were no misrepresentations of pertinent facts or policy provisions related to the claims.

I also find that Fireman's Fund did not fail to promptly provide on request a reasonable explanation of the basis for denial of the claims in violation of Section 27-303(6) of the Insurance Article. The record before me demonstrates that Firemen Fund's mailed Complainant two denial letters: one dated January 29, 2021, and one dated February 11, 2021. Both of these letters included an explanation for the decision to deny the claims and included pertinent policy provisions that applied to the facts of the loss for each claim individually.

Additionally, Complainant argued that Fireman's Fund failed to timely handle his claims. COMAR 31.15.07.04 requires that the insurer complete its investigation within 45 days of being notified of the claim, unless it properly notifies the claimant as to why additional time is needed. In this instance, Complainant filed the claims with R.V. Nuccio on July 9, 2020, who then forwarded them to Allianz on July 14; Allianz sent an email acknowledging receipt of the claims on July 16, 2020. Sedgwick interviewed Complainant on July 25, 2020. At that time, Complainant stated that he was still trying to work things out with R.V. Nuccio, and would follow up if he wanted to pursue the claims. It was not until October 25, 2020, that Complainant stated that he wanted to file a claim and, thereafter, on November 19, 2020, the representative from Sedgwick had another interview with him regarding his claims. At that time, Complainant

submitted some invoices to Sedgwick for review and consideration. Allianz, acting on behalf of Fireman's Fund subsequently issued a claim denial letter on January 29, 2021 regarding Claim 2384. Even assuming for discussion purposes that Allianz did not have notice of the claim until October 25, 2020 when Complainant stated he wanted to move forward with the claims process, the investigation was not completed within 45 days of the insurer being notified of the claim and no notice was sent to Complainant explaining why additional time was needed; in fact, 97 days passed from that time to the date the first denial letter was issued on January 29, 2021. Additionally, in regard to Claim 2388, it appears that Sedgwick made a mistake and treated the claims as one initially, and therefore did not even begin the investigation into Claim 2388 for several months after Complainant stated he wanted to pursue it. Furthermore, the denial letter regarding Claim 2388 was not sent until February 11, 2021. There is no evidence in the record showing that Fireman's Fund sent a letter to Complainant indicating additional time was needed to investigate either of the Claims, and, therefore, denial letters should have been sent within 45 days of the claim submission. Thus, I find in this instance that Fireman's Fund violated COMAR 31.15.07.04.

Finally, I find that Fireman's Fund did not refuse or delay payment of amounts due to the Complainant without just cause in violation of Section 4-113(b)(5). In this case, Fireman's Fund explained to Complainant from the beginning of the claims process what information it needed to consider the claims. Specifically, Fireman's Fund requested receipts, and invoices to prove that Complainant actually paid out money he was seeking reimbursement for. For Claim 2384, Complainant presented some documentation to support that he had paid out some money, but failed to substantiate all of the damages he was seeking reimbursement for; specifically, he did not provide documentation supporting any payment to the church or wedding dress.

Additionally, at the Hearing, Complainant testified that the expenses have changed since the wedding has now occurred and therefore the documentation he submitted to Allianz in support of the original claim is no longer correct. In reference to Claim 2388, Complainant failed to provide any documentation that money was actually paid out by him for the block of hotel rooms. Therefore, even if it was determined that coverage was not excluded, Fireman's Fund was not able to provide payment to the Complainant. While the Parties might not agree on the handling of the claims and the ultimate denial, Fireman's Fund had a reasonable basis for denying Complainant's claims and did not refuse or delay payment of amounts due without just cause. Therefore, I find that Fireman's Fund did not violate Section 4-113(b)(5).

#### **CONCLUSIONS OF LAW**

Based upon the foregoing Findings of Fact and Discussion, it is found as a matter of law that Licensees did not improperly handle Complainant's policies or improperly deny Complainant's claims in violation of Sections 4-113 or 27-303. However, in this instance I do find that Firemen Fund's violated COMAR 31.15.07.04 in its delayed handling of Complainant's claims.

#### **FINAL ORDER**

**IT IS HEREBY ORDERED** that the determination issued by the Maryland Insurance Administration is **AFFIRMED** in part and **REVERSED** in part; and it is further

**ORDERED** that Licensee, Fireman's Fund Insurance Company, is hereby ordered to pay an administrative penalty in the amount of \$250.00 within 30 days of the date of this Final Order; and

**ORDERED** that the records and publications of the Maryland Insurance Administration reflect this decision.

It is so **ORDERED** this 5<sup>th</sup> day of January, 2023.

**KATHLEEN A. BIRRANE**  
Insurance Commissioner

/S/ Lisa Larson  
LISA LARSON  
Director of Hearings

**Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by case number, and name. Unpaid penalties will be referred to the Central Collection Unit for collections. Payment of the administrative penalty shall be sent to attention of Angelique Jones, Clerk Office of Hearings, Maryland Insurance Administration, 200 St. Paul Place, Suite 2700, Baltimore, MD 21202.**