

IN THE MATTER OF THE
MARYLAND INSURANCE
ADMINISTRATION

v.

TIMOTHY BYRD
5295 85th Avenue, Apt. 104
New Carrollton, Maryland 20784

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BEFORE THE MARYLAND
INSURANCE COMMISSIONER

CASE NO. : MIA- 2016 - 05 - 003
Fraud Division File No.: R-2016-1896A

ORDER

This Order is entered by the Maryland Insurance Administration (“MIA”) against Timothy Byrd (or “Respondent”) pursuant to §§ 2-108, 2-201, 2-204 and 2-405 of the Insurance Article, Annotated Code of Maryland (“the Insurance Article”).

I. Facts

1. A “certificate of insurance” (“COI”) is a document that is prepared and provided by an insurer or insurance producer as evidence of property or casualty insurance coverage. Insurance Article § 19-116(a)(3)(i). Section 19-116(g) of the Insurance Article states that “a person may not prepare or issue a certificate of insurance that the person knows contains false or misleading information or that purports to amend, alter, or extend the coverage provided by the policy of insurance referenced in the certificate.”

2. The COI is an important document in that it serves as evidence to customers, contractors or other third parties that the insured has obtained insurance to protect those who may come to harm through the insured’s negligence.

3. Concept Plus LLC (“Concept”) is a technology service company that occupies office space managed by Rim Pacific Management (“RPM”), a property management company.

4. Concept solicited a proposal for work to be performed by Respondent's company, DMV Express Movers & Handyman Services, LLC ("DMV"). As part of the approval process, RPM requires contractors performing work on property it manages to submit a COI as proof of liability insurance.

5. On March 10, 2015, Respondent faxed a COI to Concept for submission to RPM. The COI reflected that from January 1, 2015 to January 1, 2016, DMV had commercial liability insurance with Travelers Indemnity and Property and Casualty Insurance Company ("Travelers"), an authorized insurer. The COI also reflected for the same time frame, DMV had umbrella liability insurance with Continental Casualty Company ("Continental"), an authorized insurer.

6. Concept submitted the COI to RPM which contacted Travelers to verify the information on the COI. Travelers informed RPM that it did not insure DMV. Consequently, Travelers referred the matter to its Special Investigations Unit ("SIU") for investigation.

7. According to Travelers' corporate database, the policy numbers on the COI corresponded to a Travelers' insured, but not DMV. Travelers' SIU contacted its insured and confirmed it was not associated with Respondent or his company, DMV. Traveler's SIU concluded that although the COI reflected an actual Travelers' policy number, the COI was fraudulent, as Travelers did not insure DMV.

8. Section 27-802(a)(1) of the Insurance Article states, "An authorized insurer, its employees, fund producers, 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.” Travelers, having a good faith belief that insurance fraud was committed, referred the following matter to the MIA’s Fraud Division on December 11, 2015.

9. MIA contacted Travelers and confirmed its handling of the investigation. Travelers confirmed it did not insure DMV.

10. On February 3, 2016, MIA interviewed a representative of Concept who stated she received the COI from Respondent via fax on March 10, 2015. Further, she communicated with Respondent via email regarding the COI.

11. On February 18, 2016, MIA served Concept with an order to produce correspondence between Respondent and Concept. In response, MIA received the fax cover sheet dated March 10, 2015, which accompanied the COI. The fax cover sheet displayed the handwritten name “Timothy Byrd” in the “From” line and was addressed to Concept’s representative.

12. On April 11, 2016, MIA contacted Continental and learned that the policy number on the COI corresponded to one of its insured companies; however, it did not insure Respondent or DMV.

II. Violation(s)

13. The Administration relies on the following pertinent sections in finding that the Respondent violated Maryland’s insurance laws:

14. **§ 27-406(5)**

It is a fraudulent insurance act for a person:

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

15. § 19-116(g)

A person may not prepare or issue a certificate of insurance that the person knows contains false or misleading information or that purports to amend, alter, or extend the coverage provided by the policy of insurance referenced in the certificate.

16. § 27-408(c)

In addition to any criminal penalties that may be imposed under this section, on a showing by clear and convincing evidence that a violation of this subtitle has occurred, the Commissioner may:

(i) impose an administrative penalty not exceeding \$25,000 for each act of insurance fraud; and

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(2) In determining the amount of an administrative penalty, the Commissioner shall consider:

- (i) the nature, circumstances, extent, gravity, and number of violations;
- (ii) the degree of culpability of the violator;
- (iii) prior offenses and repeated violations of the violator; and
- (iv) any other matter that the Commissioner considers appropriate and relevant.

17. By the conduct described herein, Respondent violated § 27-406(5) and is subject to an administrative penalty under the Insurance Article § 27-408.

III. Sanctions

18. Respondent violated the Insurance Article with the intent to deceive when he knowingly presented a fraudulent COI to Concept, falsely representing that his company, DMV, had the requisite insurance with Travelers and Continental, when in fact it did not. Having considered the factors set forth in § 27-408(c)(2), MIA has determined that \$7,500.00 is an appropriate penalty.

19. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2016-1896A) and name (Timothy Byrd). Unpaid penalties will be referred to the Central Collections Unit for collection. Payment of the

administrative penalty shall be sent to the attention of: Associate Commissioner, Insurance Fraud Division, 200 St. Paul Place, Suite 2700, Baltimore, Maryland 21202.

20. This Order does not preclude any potential or pending action by any other person, entity or government authority, regarding any conduct by Respondent, including the conduct that is the subject of this Order.

WHEREFORE, for the reasons set forth above, and subject to the right to request a hearing, it is this 3rd day of May 2016, **ORDERED** that:

Timothy Byrd pay an administrative penalty of \$7,500.00 within 30 days of the date of this Order.

ALFRED W. REDMER, JR.
Insurance Commissioner

signature on original

BY:

NANCY GRODIN
Deputy Commissioner

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 issued. The written request for hearing must be addressed to the Maryland Insurance Administration, 200 St. Paul Place, Suite 2700, Baltimore, Maryland 21202, Attn: Appeals Clerk. 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.