

IN THE MATTER OF THE
MARYLAND INSURANCE
ADMINISTRATION

v.

CANDICE DOLLIE HOLLIDAY
758 Faraway Court
Bowie, Maryland 20721

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BEFORE THE MARYLAND
INSURANCE COMMISSIONER

CASE NO. : MIA-2019-11-030

Fraud Division File No.: R-2019-3765A

ORDER

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

I. Facts

1. Respondent was a named insured on an automobile insurance policy she had with State Farm Fire and Casualty Company (“State Farm,”) an authorized insurer, for her 2015 Nissan. The lienholder on Respondent’s Nissan was Capital One Auto Finance (“Capital One”). The automobile insurance policy was in effect from October 23, 2018 until March 2, 2019, when State Farm canceled the policy because Respondent failed to pay her insurance premium.

2. On February 15, 2019, State Farm sent Respondent a cancellation notice, which states:

We have not received the payments required to keep the policy in force. In accordance with the cancellation provisions, your policy...is hereby canceled effective 12:01 A.M. standard time [March 2, 2019].

3. On March 6, 2019, at 4:24 P.M., four days after State Farm canceled the policy, Respondent paid her insurance premium, and her automobile insurance policy was reinstated;

coverage became effective on March 6, 2019. State Farm sent a letter to Respondent, which states:

Your policy is hereby reinstated effective Mar 06 2019 12:01 A.M. Standard Time. Note that the reinstatement date is after the Mar 2 2019 Cancellation date. Therefore there is no coverage between the date and time of cancellation and the date and time of reinstatement.

4. On March 7, 2019, Respondent notified State Farm that on March 6, 2019, at about 10:00 P.M., she was operating her insured vehicle on the highway 295, in Laurel, Maryland, when she hit a pothole, lost control, and crashed into the median. Respondent's vehicle was disabled; she requested a rental car, which State Farm authorized. State Farm opened a claim.

5. On March 8, 2019, Respondent retrieved the State Farm authorized rental car, which she used for 13 days, until March 20, 2019, for which State Farm paid \$218.00.

6. On March 12, 2019, State Farm inspected damages to Respondent's insured vehicle, and determined that it was a total loss. Consequently, on April 5, 2019, State Farm issued a payment of \$10,733.64, to Capital One, representing the total loss settlement for the lien on Respondent's Nissan.

7. On April 17, 2019, Pennsylvania National Mutual Casualty Insurance Company ("Penn Natl") notified State Farm, that Respondent had an automobile accident with its insured on March 5, 2019; a U.S. Park Police officer wrote an accident report, which Penn Natl provided to State Farm. The report reflected that Respondent was operating her insured vehicle on March 5, 2019, (one day before she reinstated her State Farm insurance policy,) when she had a motor vehicle accident. A.N.A. Towing towed Respondent's vehicle from the scene. Consequently, State Farm referred Respondent's claim to its Special Investigation Unit.

8. A State Farm investigator concluded that on March 6, 2019, at around 4:00 P.M., Respondent reinstated her State Farm insurance policy. On March 7, 2019, Respondent reported to State Farm that on March 6, 2019, at around 10:00 P.M., she had a single vehicle accident. However, the police accident report confirmed that the accident occurred on March 5, 2019, at 11:53 P.M.

9. On April 30, 2019, State Farm sent a letter to the Respondent, which states, We have completed our investigation as to whether Policy Number * * * applies to the incident that occurred on March 5, 2019 and must inform you we deny any and all coverage because company records show that your policy was not in force for the date of the loss.

10. 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.

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

11. During the course of its investigation, an MIA investigator contacted State Farm and confirmed the facts regarding its handling of the Respondent's claim.

12. On October 17, 2019, an MIA investigator reviewed the facts contained in the U.S. Park Police accident report, as well as State Farm's claim notes. The evidence confirmed that State Farm cancelled Respondent's policy on March 2, 2019. She was involved in an accident, three days later, on March 5, 2019, at about 11:53 P.M. Respondent reinstated her insurance policy on March 6, 2019, about 16 hours after the accident, and on March 7, 2019, Respondent falsely reported to State Farm that she was involved in a single vehicle accident on March 6, 2019, at about 10:00 P.M.

13. On October 18, 2019, an MIA investigator interviewed the office manager for the towing company identified in the police accident report as having towed Respondent's Nissan following the March 5, 2019 accident. The office manager provided a copy of the tow receipt, which confirmed that A.N.A. Towing towed Respondent's Nissan on March 6, 2019, at 12:14 A.M., before she reinstated her State Farm insurance policy.

II. Violation(s)

14. 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:

15. § 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.

16. § 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.

17. By the conduct described herein, Respondent knowingly violated § 27-403. A fraudulent insurance act of making a false statement in support of a claim is complete upon making the false statement and is not dependent on payment being made. Respondent committed a violation of the Insurance Article when she made a false statement to State Farm. As such, Respondent is subject to an administrative penalty under the Insurance Article § 27-408(c).

III. Sanctions

18. Insurance fraud is a serious violation, harmful to consumers because the losses experienced by insurance companies are passed on to consumers in the form of higher premiums. Pursuant to §§ 2-210 (d)(1) and 2-405 of the Insurance Article, the Commissioner has the authority to investigate complaints alleging that a fraudulent claim has been submitted to an insurer.

19. Having considered the factors set forth in § 27-408(c)(2) the MIA has determined that fine of \$3,500.00 is an appropriate penalty.

20. Respondent Candace Dollie Holliday is ordered to pay restitution to State Farm Insurance Company in the amount of \$10,951.64, representing the amount Respondent fraudulently obtained from State Farm by submitting a false claim. State Farm paid \$218.00 for a rental car for Respondent and \$10,733.64, to Capital One, representing the total loss settlement for the lien Respondent had on the vehicle.

21. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2019-3768A) and name (Candace Dollie Holliday). Payment of the administrative penalty shall be sent to the attention of: Associate

Commissioner, Insurance Fraud Division, 200 St. Paul Place, Suite 2700, Baltimore, Maryland 21202. Unpaid penalties will be referred to the Central Collections Unit for collection.

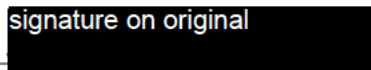
22. This Order does not preclude any potential or pending action by any other person, entity or government authority, regarding any conduct by the Respondent including the conduct that is the subject of this Order.

WHEREFORE, for the reasons set forth above, and subject to the right to request a hearing, it is this 21st day of November 2019, **ORDERED** that:

(1) Candace Dollie Holliday shall pay an administrative penalty of three thousand five hundred dollars (\$3,500.00) within 30 days of the date of this Order.

(2) Candace Dollie Holliday shall pay restitution of \$10,951.64 to State Farm Insurance Company within 30 days of the date of this Order.

ALFRED W. REDMER, JR.
Insurance Commissioner

BY:  _____
STEVE WRIGHT ✓
Associate Commissioner
Insurance Fraud Division

RIGHT TO REQUEST A HEARING

Pursuant to § 2-210 of the Insurance Article and Code of Maryland Regulations (“COMAR”) 31.02.01.03, an aggrieved person may request a hearing on this Order. This request must be in writing and received by the Commissioner within thirty (30) days of the date of the letter accompanying this Order. However, pursuant to § 2-212 of the Article, the Order shall be stayed pending a hearing only if a demand for hearing is received by the Commissioner within ten (10) days after the Order is served. The written request for hearing must be addressed to the Maryland Insurance Administration, 200 St. Paul Place, Suite 2700, Baltimore, Maryland 21202, Attn: Melanie Gross, Executive Assistant to the Deputy Commissioner. The request shall include the following information: (1) the action or non-action of the Commissioner causing the person requesting the hearing to be aggrieved; (2) the facts related to the incident or incidents about which the person requests the Commissioner to act or not act; and (3) the ultimate relief requested. The failure to request a hearing timely or to appear at a scheduled hearing will result in a waiver of your rights to contest this Order and the Order shall be final on its effective date. Please note that if a hearing is requested on this initial Order, the Commissioner may affirm, modify, or nullify an action taken or impose any penalty or remedy authorized by the Insurance Article against the Respondent in a Final Order after hearing.