

IN THE MATTER OF THE
MARYLAND INSURANCE
ADMINISTRATION

v.

JANETTE HOPE HO
7733 Acrocomia Drive
Hanover, Maryland 21076

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BEFORE THE MARYLAND
INSURANCE COMMISSIONER

CASE NO.: MIA-2020-10-006

Fraud Division File No.: R-2020-2214A

ORDER

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

I. Facts

1. Respondent was the named insured on a homeowner’s insurance policy with United Services Automobile Association Insurance Company (“USAA”), an authorized insurer, for her home at 7733 Acrocomia Drive, Hanover, Maryland. The policy was in effect from January 23, 2018 until July 28, 2018.
2. On July 24, 2018, Respondent notified USAA that her insured property suffered water damage. USAA opened a claim.
3. On July 25, 2018, a USAA representative spoke to Respondent who advised that she had contacted a water mitigation company.
4. On July 26, 2018, a USAA representative inspected Respondent’s home and completed a repair estimate.

5. Relying on information provided by Respondent, USAA issued Respondent three payments totaling \$13,170.57, for dwelling repair and to replace personal property. This payment did not include the cost of water mitigation.

6. On July 30, 2018, a USAA representative asked Respondent for the water mitigation bill in order to process that part of the claim, to which, Respondent replied that she will email it to USAA.

7. On August 6, 2018, a USAA representative asked Respondent for an itemized water mitigation invoice, to which Respondent replied, "Absolutely, I've been asking about it and they should be getting it to me shortly ..." On the same day, in violation of § 27-403(2), Respondent submitted to USAA an image of an apparent email ostensibly sent to her by a water mitigation company, which stated, in part, your basement water mitigation...will cost \$3,480.00, and ...We will be out tonight. The signature line of the text message identified the water mitigation company representative, having a Maryland business telephone number ending in 2500. As detailed below, this submission was false and material to the claim, and Respondent knew that it was false and material to the claim when she submitted it.

8. On August 14 and 21, 2018, a USSA representative again asked for Respondent to submit the water mitigation invoice.

9. On August 28, 2018, USAA closed Respondent's claim, as it had not received a water mitigation invoice.

10. On November 1, 2019, Respondent sent an email to USAA, from, janettehho@gmail.com, which stated:

"Sorry its [sic] all wrinkled. Finally found it while cleaning off the top of my refrigerator. If you need the original I can send that too. I'll also reply with a photo of the letter since my scanner isn't [sic] great. Thanks Janette"

Attached to the email was a water mitigation invoice, which stated that all mitigation services were completed on July 24, 2018, for \$3,480.00; paid in cash by the homeowners. The phone number for the water mitigation company was a Maryland telephone number, ending in 2600, as opposed to the email sent to USAA by Respondent on August 6, 2018, wherein the telephone number ended in 2500. The invoice was purportedly signed by a water mitigation company representative.

11. On November 1, 2019, a USAA representative called the water mitigation company, identified on the invoice submitted by Respondent and learned that the mitigation company never worked at Respondent's home, although in December, 2018, it had completed an inspection of Respondent's home, for which it prepared an estimate.

12. On November 7, 2019, a USAA representative followed up with the water mitigation company. A representative confirmed the company did not complete work on Respondent's home. Consequently, USAA referred Respondent's claim to its Special Investigations Unit ("SIU"), for further investigation.

13. On November 14, 2019, a water mitigation company representative advised the USAA investigator that the email Respondent sent to USAA on August 6, 2018, reportedly sent to Respondent by the water mitigation company was false, as among other things, the water mitigation company phone number did not end in 2500. In addition, the representative examined the \$3,480.00 water mitigation invoice Respondent submitted to USAA on November 1, 2019. The representative concluded that the document was also false, as the signature line did not match the signature line of its employee.

14. On November 18, 2019, a USAA investigator asked Respondent for a copy of the actual email sent to her by the water mitigation company, which she submitted to USAA as an image on August 6, 2018. In response, Respondent submitted images of two emails. One was the

purported email Respondent sent to USAA on August 6, 2018, and the other email referenced a \$3,500.00 charge for water mitigation. Neither email was dated.

15. On November 18, 2019, a USAA investigator obtained a recorded statement from Respondent during which she reported that four water mitigation employees worked at her home all night on July 24, 2018. They arrived in company vehicles. Respondent advised that at the conclusion of their services, she paid \$3,480.00 cash, for which she received an invoice. The investigator asked Respondent to check her email account, and provide him with the actual email from the water mitigation company.

16. On December 3, 2019, a USAA investigator again contacted the water mitigation company, and asked a representative to authenticate the email purportedly sent to Respondent on July 24, 2018 for water mitigation services, totaling \$3,480.00. The representative searched the email account of the named employee and identified only one email sent to Respondent by that employee on July 30, 2018, seven days after Respondent alleged water mitigation services were performed; the email stated:

“[Y]our basement water mitigation of apx 250 sq ft [*sic*] would cost a minimum of \$2000. There is no way of giving an exact number up front as you do not know how much material will have to be removed until you start removing it and you do not know how long the equipment will be on site drying because every job dries at different speeds. Please let me know if you have any further questions.”

17. On December 5, 2019, a USAA investigator spoke with Respondent who stated that the water mitigation services at her home were an unauthorized side job, and there was a conspiracy to cover it up, including deleting emails. The investigator requested to meet with Respondent to review her email account. The Respondent stated, she was very busy, and asked to withdraw the claim.

18. On December 5, 2019, a USAA investigator interviewed the water mitigation company representative whose name appeared as the sender in two emails alleged to have been sent to Respondent. The representative had no knowledge of any emails sent by her to Respondent on July 24, 2018, nor did she have knowledge of any side jobs being performed by the water mitigation company.

19. On January 22, 2020, USAA sent a letter to its primary policyholder, Respondent's husband, denying the claim which stated, in part:

“Based on the facts and the policy information above, USAA GIC determined that your wife, Janette Ho [Respondent], misrepresented material facts in the presentation of this claim. As a result, there is no further coverage for you in this loss.”

20. 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.

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

21. During the course of its investigation, the MIA contacted USAA and confirmed the facts regarding its handling of Respondent's claim.

22. An MIA investigator contacted the water mitigation company, named in the emails and invoice Respondent submitted to USAA. A company representative examined the documents and confirmed they were false, citing the font and layout of the invoice was not consistent with an actual company invoice. With regard to the emails, the signature line did not match the actual emails of the named employee, and the phone number ending in 2500, was not the company phone number. Further, the water mitigation company examined its vehicles' Global Positioning Satellite

("GPS") records, which its company vehicles are equipped with; those records confirmed that none of its vehicles were at Respondent's home on July 24, 2018.

23. The MIA investigator performed an internet search for the Maryland phone number ending in 2500, as reflected in an email Respondent submitted to USAA. Through that investigation, the MIA learned that the number is for a pharmacy, not a water mitigation company.

II. Violation(s)

24. In addition to all relevant sections of the Insurance Article, the Administration relies on the following pertinent sections in finding that Respondent has violated Maryland's insurance laws:

25. § 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.

26. § 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.

27. By the conduct described herein, Respondent violated § 27-403. A fraudulent insurance act of making false statements and submitting false documents in support of a claim is

complete upon making the false statements and submitting the false documents and is not dependent on payment being made. Respondent committed a violation of the Insurance Article when she made a false statement and submitted false documents to USAA. As such, Respondent is subject to an administrative penalty under the Insurance Article § 27-408(c).

III. Sanctions

28. 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.

29. Having considered the factors set forth in § 27-408(c)(2) the MIA has determined that a fine of \$3,000.00 is an appropriate penalty.

30. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2020-2214A) and name (Janette Hope Ho). 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.

31. 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 7th day of October 2020, **ORDERED** that:

Janette Hope Ho shall pay an administrative penalty of three thousand dollars (\$3,000.00) within 30 days of the date of this Order.

KATHLEEN A. BIRRANE
Insurance Commissioner

BY: signature on original
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.