

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

**MARYLAND INSURANCE
ADMINISTRATION
EX. REL. M.P.¹,**

Complainant

v.

Case No. MIA 2022-09-008

**INDEPENDENT MUTUAL FIRE
INSURANCE COMPANY &,
EASTAND J. ROYAL, SR,**

Licensees.

* * * * *

MEMORANDUM AND FINAL ORDER

Pursuant to §§ 2-204 and 2-214 of the Insurance Article of the Annotated Code of Maryland,² the Undersigned concludes that Independent Mutual Fire Insurance Company and Eastand J. Royal, Sr. (collectively referred as “Licensees”) did not violate the Insurance Article in their handling of M.P.’s (“Complainant”) personal property damage claim.

STATEMENT OF THE CASE

This matter arose from an administrative complaint (“Complaint”) filed by Complainant with the Maryland Insurance Administration (the “MIA”) on November 9, 2022. (MIA Exhibit (“Ex.”) 3.) Complainant brought her Complaint regarding Licensees’ denial of her insurance claim for payment of damages other than her personal property as a result of a fire. (MIA Exs. 3, 16.) Additionally, Complainant argues that her insurance producer, Eastand J. Royal (“Licensee Royal”), improperly issued her a contents only insurance policy rather than a homeowner’s

insurance policy for her home. (MIA Ex. 1.) 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 August 3, 2022 (“Determination”). (MIA Exs. 16, 17.) 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. 18, 19.)

ISSUE

The issue presented in this case is whether Licensees violated the Insurance Article in their issuance of Complainant’s contents only policy or in their handling of Complainant’s insurance claim.

SUMMARY OF THE EVIDENCE

A. Testimony

A hearing was held using remote video technology on December 6, 2022.

Complainant represented herself and provided sworn testimony on her own behalf.

Licensee Independent Mutual Fire Insurance Company (“Licensee Mutual”) was represented by Kimberly Brady, Licensee Mutual’s Chief President of Operations, who provided sworn testimony on Licensee Mutual’s behalf. Additionally, Timothy Hall, Licensee Mutual’s President and CEO, appeared on behalf of Licensee Mutual, but did not testify.

Licensee Royal failed to appear at the hearing and therefore was unable to provide any testimony on his own behalf.

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

B. Exhibits

MIA Exhibits³ (In Record)

1. Cancellation Notice and Policy Information, dated October 28, 2021
2. Letter from MIA to Licensee Regarding Complaint, dated November 19, 2021
3. Information Request from MIA to Complainant, dated November 17, 2021
4. Complaint from Complainant to MIA and Policy Information, dated November 9, 2021
5. Letter from MIA to Licensee regarding Complaint, dated December 9, 2021
6. Response from Licensee to MIA and Supporting Documents, dated January 3, 2022
7. Correspondence Between MIA and Licensee, dated January 4, 2022
8. MIA Request for Information from Licensee, dated January 4, 2022
9. Response from Licensee to MIA and Additional Documents, dated January 10, 2022
10. Letter from MIA to Estand J. Royal Regarding Complaint, dated March 11, 2022
11. Correspondences Between Mia and Licensee, dated March 17, 2022
12. MIA Request for Information from Estand J. Royal, dated June 6, 2022
13. Correspondences Between Mia and Licensee, dated June 4, 2022
14. Correspondences Between Mia and Licensee, dated July 21, 2022
15. Correspondences Between Mia and Licensee, dated July 27, 2022
16. Determination letter from MIA to Parties, dated August 3, 2022
17. Copy of Determination letter from MIA to Parties, dated August 3, 2022
18. Request for a Hearing from Complainant, dated August 26, 2022
19. Letter Granting Hearing Request from MIA to Parties, dated September 13, 2022

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 transcript 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

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

³ At the start of the Hearing, the Parties stipulated to the admission of all of the MIA exhibits.

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. At all relevant times, Licensee Mutual held, and currently holds, a Certificate of Authority from the State of Maryland to act as a property and casualty insurer. Additionally, Licensee Royal is a licensed insurance producer; however, as he was not at the Hearing, his specific lines of authority are unknown.

2. On April 23, 2009, Complainant met with Licensee Royal and applied for a contents only insurance policy. (MIA Ex. 1.) The application was filled out by Complainant and signed and dated by her that day. (*Id.*) At the top of the application, it states “Contents Only Application”. (*Id.*) Thereafter, Licensee Royal submitted the application to Licensee Mutual to issue the policy. (MIA Exs. 3, 4, 6.) That day, Licensee Mutual issued Complainant the policy under policy number 0000802MD (“Policy”). (*Id.*) This Policy provided coverage for Complainant’s personal property if a loss occurred as a result of a specifically named peril. (MIA Exs. 3, 4, 6; Transcript (“Tr.”). at 12.) The declarations page accompanying the Policy stated it was a “Contents Only Declaration Page” and showed that the Policy provided coverage for personal property (contents) up to a limit of \$20,000. (*Id.*) The Policy provided as follows regarding personal property coverage:

PERSONAL PROPERTY COVERAGE

We cover Personal Property usual to the occupancy as a dwelling and owned by you, the named insured, your spouse, and your minor dependent children who reside with you while such property is on the described location. The named insured, spouse, and minor dependent children must reside on permanent, full time basis at the address shown on the Declaration Page of this policy. It is understood that Personal Property contained or located within any part-time or seasonal residences is not covered.

(*Id.*)

3. On May 27, 2021, a fire occurred at Complainant's home. (MIA Ex. 6.) On this day, Complainant was sleeping when she woke up to smoke, which prompted her to exit the house and call 9-1-1. (*Id.*) The fire department was able to subdue the fire but caused damage to the ceiling and a window in the process. (*Id.*) Other residents of the home at the time of the loss included Complainant's adult daughter, adult son, and adult brother. (*Id.*)

4. The next day, on May 28, 2021, Complainant contacted Licensee Mutual to report the fire damage and initiate a claim. (MIA Ex. 6.) Licensee Mutual then opened a claim and began its investigation. (*Id.*)

5. On that same day, Licensee Mutual retained the services of the independent adjusting firm, Crawford & Company ("Crawford"), to inspect and investigate Complainant's personal property claim only since the Policy did not include dwelling coverage or additional living expenses coverage. (MIA Ex. 6, 16.)

6. On June 1, 2021, Licensee Mutual called Complainant to discuss the claim and take a statement from Complainant. (MIA Ex. 6.) During this call, Complainant recounted the events of the fire, and noted that the fire department told her the fire appeared to be electrical. (*Id.*) Complainant also disclosed that her adult children and brother were also living in the house. (*Id.*) Licensee Mutual advised Complainant that her Policy would not cover her adult children or brother as the Policy coverage was limited to a spouse and minor children only. (MIA Exs. 3, 4, 6.)

7. Also on June 1, 2021, Crawford performed its inspection and documented its findings. (MIA Ex. 6.)

8. On June 7, 2021, Licensee Mutual ran an insurance service office (“ISO”) report and found that Complainant’s daughter had filed a claim with her own insurance carrier, State Farm, for the same address and date of loss. (MIA Ex. 6.)

9. On June 8, 2021, Crawford and Licensee Mutual discussed the findings of the inspection. (MIA Ex. 6.) Specifically, Crawford advised Licensee Mutual that Complainant’s house had signs of ongoing issues, like water damage and electrical problems. (*Id.*)

10. Also on June 8, 2021, Licensee Mutual contacted State Farm to inform it of the claim for the same fire. (MIA Ex. 6.) Additionally, Licensee Mutual noted that Complainant’s Policy did not cover her children or brother, and only covered personal property. (*Id.*) Furthermore, Licensee Mutual and State Farm agreed to follow up once the contents inventory was received from each of their insureds. (*Id.*)

11. On June 9, 2021, per Complainant’s request, Licensee Mutual sent her a copy of the Policy. (MIA Ex. 6.) Licensee Mutual also sent Complainant a copy of an inventory report that Complainant had submitted to Licensee Mutual during her initial interview. (*Id.*)

12. Also on June 9, 2021, Licensee Mutual received a report and photographs from Crawford. (MIA Ex. 6.) This report demonstrated that the house conditions and previous damage made it difficult to distinguish what was new damage caused by the fire versus what was old damage. (*Id.*)

13. On June 30, 2021, Licensee Mutual spoke with its internal claims adjuster, who advised Licensee Mutual that the adjuster would add up all the covered items, minus anything that belonged to the other adults staying in the house, so that Licensee Mutual could determine a compromised settlement offer. (MIA Ex. 6.)

14. On July 1, 2021, Licensee Mutual provided Complainant with an update and advised her that it was still reviewing the claim and waiting for the fire report. (MIA Ex. 6.)

15. On August 4, 2021, Complainant sent Licensee Mutual a copy of the fire report from the fire department. (MIA Ex. 6.) This report noted that the small fire was found in the rear bedroom and started from an electrical outlet behind a dresser, as shown by the scorched and melted outlet. (*Id.*) The report also stated that the fire department removed extensive burned contents in the process of tending to the fire. (*Id.*)

16. On August 12, 2021, Licensee Mutual and Complainant went over the claim and Licensee Mutual's investigation. (MIA Ex. 6.) Specifically, Licensee Mutual advised Complainant that her Policy would not cover the damaged items belonging to her adult children or brother. (*Id.*) Licensee Mutual also informed Complainant that its investigation concluded that the cost of the damage was determined to be around \$1,500, but Licensee Mutual was going to offer a compromised settlement of \$4,000 because it was hard for Crawford to tell what items had been damaged by the fire and what items had previous damage. (MIA Ex. 6; Tr. at 13.) Complainant felt she deserved more and asked for \$6,000; Licensee Mutual countered with an offer of \$5,000 given the condition of the contents. (MIA Ex. 6.) Complainant said she would get back to Licensee Mutual regarding its offer. (*Id.*)

17. The next day, on August 13, 2021, Complainant called Licensee Mutual and accepted the \$5,000 settlement offer. (MIA Ex. 6.) Therefore, that day, Licensee Mutual sent Complainant a release of claims form and explained to Complainant that she would need to sign, notarize, and return the release of claims form. (*Id.*)

18. On August 16, 2021, Complainant and her niece called Licensee Mutual with concerns about how the claim was handled and requested a copy of the Policy. (MIA Ex. 6; Tr.

at 10.) Licensee Mutual mailed Complainant a copy of the Policy and a copy of her original signed application. (MIA Ex. 6.)

19. On September 14, 2021, because Complainant had not returned the release of claims form yet, Licensee Mutual sent another copy of the release of claims form and letter to the Complainant. (MIA Ex. 6.)

20. On October 18, 2021, Licensee Mutual had still not received the release of claims form, so it sent Complainant the settlement check and a follow-up letter. (MIA Ex. 6.)

21. On November 9, 2021, Complainant submitted her initial Complaint to the MIA. (MIA Ex. 6.)

22. On March 17, 2022, Licensee Mutual contacted the MIA and advised that at the moment Complainant had neither cashed the \$5,000 settlement offer check, nor had she returned the settlement agreements that Licensee Mutual had mailed to her multiple times. (MIA Ex. 11; Tr. at 13.)

23. On June 14, 2022, Licensee Mutual again advised the MIA that the settlement check had not been cashed and Complainant had not submitted the claims release form. (MIA Ex. 13.)

24. On July 21, 2022, Licensee Mutual issued a replacement check for the \$5,000 settlement offer and alerted the MIA to this action. (MIA Ex. 14.)

25. On August 3, 2022, the MIA sent the Parties a Determination letter and concluded its investigation into Complainant's Complaint. (MIA Ex. 16, 17.) The MIA determined that Licensees had not violated the Insurance Article in their issuance of Complainant's Policy or in their handling of Complainant's claim. (*Id.*)

26. On August 26, 2022, Complainant was not satisfied with the MIA's determination and requested the instant hearing. (MIA Ex. 18.) The hearing was granted in this matter by letter dated September 13, 2022. (MIA Ex. 19.)

DISCUSSION

A. Positions of the Parties.

Complainant argues that, under the Policy, she is entitled to additional payment from Licensee Mutual for property damage resulting from the fire. Specifically, Complainant contends that Licensee Mutual should pay for the damage to the house, and Complainant's personal property. Lastly, Complainant avers that Licensee Royal did not properly explain that the Policy was a contents only policy at the time she applied for the Policy and that Licensee Royal failed to provide her with the type of policy she actually needed as a homeowner.

Licensee Mutual argues that it properly handled Complainant's claim after performing a full investigation. Licensee Mutual contends that, after completing its investigation, it properly determined that the coverage under the Policy would be limited to Complainant's personal property only and would not cover any other subsequent damage at the residence. Lastly, Licensee Mutual avers that Complainant has failed to meet her burden to show that the claim was improperly handled in this case.

Licensee Royal failed to appear at the Hearing, so his contentions are unknown.

B. Statutory Framework

The Notice of Hearing in this case states that specific attention at the hearing shall be directed to §§ 4-113, 10-126, and 27-303 of the Insurance Article. Additionally, special attention will also be focused on 31.09.12.10 of the Code of Maryland Regulations ("COMAR").

Section 10-126 states, in pertinent part:

- (a) The Commissioner may deny a license to an applicant under §§ 2-210 through 2-214 of this article, or suspend, revoke, or refuse to renew or reinstate a license after notice and opportunity for hearing under §§ 2-210 through 2-214 of this article if the applicant or holder of the license:

* * *

- (5) has willfully and materially misrepresented the provisions of a policy;

* * * *

(LexisNexis 2022.)

COMAR 31.09.12.10 states, in pertinent part:

- A. Insurers, general agents, independent agencies, and producers shall maintain or be able to make available to the Commissioner records of the information collected from the consumer and other information used in making the recommendations that were the basis for insurance transactions for 7 years after the insurance transaction is completed by the insurer.

* * * *

(LexisNexis 2022.)

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 Court of Special Appeals 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*). Complainant bears the burden of proof. The Court explained a Complainant's burden of proof as follows:

[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. § 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*).

Therefore, "[t]he claimant must... prove by a preponderance of the evidence that the insurer acted arbitrarily and capriciously." *Id.* at 672. In other words, the burden of proof rests with Complainant to demonstrate by a preponderance of the evidence that Licensee acted without adequate factual support, 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] (1995) (quoting Black's Law Dictionary, 6th Ed.). *See also Comm'r of Labor & Indus. v. Bethlehem Steel Corp.*, 344 Md.

17, 34 (1996); Md. Code Ann., State Gov't § 10-217 (LexisNexis 2022); and *Berkshire*, *supra*, 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 §§ 4-113, 10-126, or 27-303, or COMAR 31.09.12.10 in their issuance of Complainant’s Policy or in their handling of Complainant’s personal property claim.

After investigating Complainant’s Complaint concerning Licensees’ issuance of her insurance policy and handling of her personal property insurance claim, the MIA determined that the Licensees did not violate the Insurance Article. For the reasons set forth below, I affirm.

Complainant reported this claim to Licensee Mutual on May 28, 2021, the date after the loss occurred. Licensee Mutual immediately began an investigation of the claim by retaining Crawford to perform an inspection of the residence.

On June 1, 2021, Licensee Mutual took a statement from Complainant, which recounted her recollection of the fire. During this call, Licensee Mutual also advised Complainant that her Policy only covered her personal property and would not cover property damage for items belonging to the other adults living at the residence. On June 9, 2021, per Complainant’s request, Licensee Mutual sent her a copy of the Policy.

On August 12, 2021, Licensee Mutual again advised Complainant that her contents only Policy would not cover damage to items belonging to her adult children or brother. At that time,

Licensee Mutual offered a compromised settlement of \$5,000. The next day Complainant accepted the offer, and Licensee Mutual sent a claims release form to the Complainant.

On August 16, 2021, Complainant contacted Licensee Mutual with concerns about her claim and Policy coverage. In response, Licensee Mutual sent Complainant a copy of the Policy and a copy of Complainant's original signed application.

On September 14, 2021, Licensee Mutual re-mailed the claims release form to Complainant since Licensee Mutual had not received it back. Similarly, on October 18, 2021, still having not received the claims release form, Licensee Mutual sent Complainant the \$5,000 settlement check and a follow-up letter.

On July 21, 2022, Licensee Mutual issued a replacement settlement check to Complainant. To date, Complainant has not returned a completed claims release form.

My determination in this matter is whether Licensee Mutual had a reasonable basis for its partial denial of Complainant's claim. Here, Complainant requested that Licensee Mutual investigate her claim for fire damage to her residence. Initially, Licensee Mutual investigated this claim by retaining Crawford on May 28, 2021, to do an inspection of the damage, and by taking a statement from Complainant on June 1, 2021. After taking this statement, Licensee Mutual advised Complainant that her Policy was a contents only policy and therefore would not cover damages to Complainant's dwelling and would not cover damages to property belonging to the other adults living at the residence. At the conclusion of its investigation, on August 12, 2021, Licensee Mutual again discussed with Complainant that the Policy only provided coverage for damage to her own personal property and did not provide coverage for the personal property belonging to Complainant's adult children or brother. Specifically, Licensee Mutual explained that its investigation found that the total damage amount was approximately \$1,500 but it

decided to offer a compromised settlement of \$4,000 because it was hard to tell what items were damaged by the fire and which items were previously damaged. However, Licensee Mutual and Complainant eventually agreed verbally to a \$5,000 settlement. Therefore, I find that Licensee Mutual had a reasonable basis for its decision on Complainant's claim and did not act in an arbitrary or capricious manner, and therefore did not violate § 27-303(2).

I also find that Licensee Mutual did not fail to promptly provide on request a reasonable explanation of the basis for its handling of the claim in violation of § 27-303(6) of the Insurance Article. The record before me demonstrates that Licensee Mutual communicated with Complainant multiple times over the course of three months before reaching its final decision. Part of this communication included explaining the terms of the Policy to Complainant. Specifically, on June 1, 2021, Licensee Mutual first contacted Complainant to get her statement and go over the specific details of the Policy in relation to her claim. Here, Licensee Mutual explained to Complainant that she had a contents only policy and reviewed what that meant as far as her recovery.

Additionally, on June 9, 2021, when Complainant requested a copy of her Policy and the damage report, Licensee Mutual promptly sent those materials to her that same day. On July 1, 2021, Licensee Mutual provided Complainant with an update on her claim while it was waiting to receive a copy of the fire report. Furthermore, on August 12, 2021, Licensee Mutual advised Complainant that because the Policy was a contents only policy, and because it was hard for Licensee Mutual to determine the actual extent of the damages, Licensee Mutual was going to offer a compromised settlement of \$4,000. Licensee Mutual also recounted the Policy coverage when the accepted settlement offer of \$5,000 was suggested. Lastly, on August 16, 2021, when Complainant had concerns about the handling of her claim, Licensee Mutual immediately sent

Complainant another copy of the Policy as she requested and a copy of the original signed application. Therefore, I find that Licensee did not violate § 27-303(6).

Next, I find that Licensee Mutual did not misrepresent pertinent facts or policy provisions that relate to the claim in violation of § 27-303(1). The language of the Policy in this case reads:

PERSONAL PROPERTY COVERAGE

We cover Personal Property usual to the occupancy as a dwelling and owned by you, the named insured, your spouse, and your minor dependent children who reside with you while such property is on the described location. The named insured, spouse, and minor dependent children must reside on permanent, full time basis at the address shown on the Declaration Page of this policy. It is understood that Personal Property contained or located within any part-time or seasonal residences is not covered.

Here, the Policy specifically states that coverage is limited to personal property of the insured, their spouse, and their minor dependent children who live at the residence. In this case, through Licensee Mutual's investigation, it determined the total cost of damage by looking solely at the Complainant's personal property and excluding the property damage of the other adult residents. Thus, Licensee Mutual reached a finalized cost of damage based on the parameters stated in the Complainant's Policy. As noted above, Licensee Mutual explained to Complainant that her Policy coverage was limited to her personal property only on multiple occasions, including on June 1, 2021, and August 12, 2021, and sent her copies of the Policy on June 9, 2021, and August 16, 2021. Therefore, I find that there was no misrepresentation of the Policy provisions related to the claim, and Licensee Mutual did not violate § 27-303(1).

I also find that Licensee Mutual did not refuse or delay payment of amounts due to the Complainant without just cause in violation of § 4-113(b)(5). In this case, Licensee Mutual clearly explained to Complainant multiple times the reasoning for the amount it was offering to pay Complainant. Licensee Mutual first explained via phone call on June 1, 2021, that

Complainant's Policy is a contents only policy, and therefore damages other than her personal property would not be covered. Specifically, Licensee Mutual explained that neither damage to the dwelling nor damage to the other adult residents' personal property would be covered under Complainant's Policy. On June 9, 2021, per Complainant's request, Licensee Mutual sent her a copy of the Policy. Furthermore, on August 12, 2021, Licensee Mutual again explained that the Policy was contents only and would not cover anything other than Complainant's personal property. Per Complainant's request, on August 16, 2021, Licensee Mutual sent Complainant another copy of the contents only Policy and her signed application. Moreover, on August 13, 2021, Complainant verbally agreed to the settlement amount of \$5,000. While the Parties might not agree on the outcome of the claim, Licensee Mutual had a reasonable basis for not issuing additional payments to Complainant as requested in this case. Therefore, I find that Licensee Mutual did not violate § 4-113(b)(5).

Next, I find that Licensees did not willfully and materially misrepresent the provisions of the Policy in violation of § 10-126(a)(5). Here, before Complainant obtained coverage, she met with Licensee Royal to fill out an application for coverage. This application clearly stated the Policy was a contents only policy. In addition, the Policy itself was clearly marked as contents only, and the language of this Policy specifically stated that the Policy only covered personal property of Complainant as well as the personal property of a spouse and minor dependent children that resided in the dwelling. Even after reviewing the application, Complainant decided to procure the contents only Policy on April 23, 2009.

Furthermore, throughout Complainant's claim, Licensees have provided an accurate and fair representation of the Policy terms on multiple occasions. First, on June 1, 2021, Licensee Mutual explained to Complainant that her policy was contents only and would exclusively cover

her personal property damage, thus excluding damage to the dwelling or damage to the other adult residents' property. Second, on June 9, 2021, per Complainant's request, Licensee Mutual sent her a copy of the Policy that explained the limits of coverage. Third, on August 12, 2021, Licensee Mutual advised Complainant again that the Policy would only provide coverage for her own personal property and would not extend to the dwelling or her adult children or brother. Lastly, on August 16, 2021, Licensee Mutual sent Complainant another copy of the contents only Policy. Therefore, I find that Licensees did not violate § 10-126(a)(5).

Lastly, I find that Licensees did not fail to properly keep records for seven years in violation of COMAR 31.09.12.10. Under Maryland law, Licensees are required to keep records of their insurance transactions for only seven years. In this case, Complainant's application was dated April 23, 2009, and her claim was not initiated with Licensees until 12 years later on May 28, 2021. Since the timeframe was more than seven years, Licensees were not required to keep records of this transaction with Complainant. Therefore, I find that Licensees did not violate COMAR 31.09.12.10.

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 issue Complainant's insurance policy or improperly handle her personal property claim in violation of §§ 4-113, 10-126, and 27-303, and COMAR 31.09.12.10, or otherwise violate the Insurance Article.

FINAL ORDER

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

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

It is so **ORDERED** this 5th day of January, 2023.

KATHLEEN A. BIRRANE
Insurance Commissioner

/S/ Lisa Larson
LISA LARSON
Director of Hearings