

NOTICE OF AGENCY'S FINAL DECISION

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Case Name: [REDACTED] vs. Allstate Insurance

ALJ: Cancienne Decision Date: 7/13/2021

Case No.: MIA - CC - 33 - 21 - 09648

Agency Case No. (if applicable):

Document Name (CRS):

Please check one:

- AFFIRMED
- AFFIRMED w/ comment
- MODIFIED
- REVERSED
- OTHER

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MARYLAND INSURANCE

ADMINISTRATION

EX REL.



COMPLAINANT

v.

ALLSTATE INDEMNITY

COMPANY,

LICENSEE

* BEFORE ERIN H. CANCIENNE,
* AN ADMINISTRATIVE LAW JUDGE
* OF THE MARYLAND OFFICE
* OF ADMINISTRATIVE HEARINGS

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*
*

* OAH No.: MIA-CC-33-21-09648

* MIA No.:

* * * * *

PROPOSED DECISION

STATEMENT OF THE CASE
ISSUE
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FINDINGS OF FACT
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PROPOSED ORDER

STATEMENT OF THE CASE

On January 2, 2020, the Maryland Insurance Administration (MIA) received a complaint from the Complainant alleging Allstate Indemnity Company (Licensee) erred in the revision of the cancellation effective date and the calculation of the earned premium amount of her policy. Specifically, the Complainant alleges that the Licensee tripled the renewal rate without any cause, sent a bill after it terminated her policy, would not credit her policy for the correct termination date, and reported her bill to a credit agency affecting her credit.

After an investigation, the MIA found that the Licensee did not violate sections 11-230, 11-341, and 27-216 of the Insurance Article and notified the Complainant of its finding by a letter dated January 22, 2021. On January 26, 2021, the Complainant requested a hearing. On April 19, 2021, the MIA transmitted the matter to the Office of Administrative Hearings (OAH) to conduct a contested case hearing. In its transmittal, the MIA delegated to the OAH authority to issue a proposed decision.¹

On June 24, 2021, I held a remote hearing via the Webex videoconference platform. Md. Code Ann., Ins. §§ 2-210, 2-213 (2017);² COMAR 28.02.01.20B; COMAR 31.15.07. The Complainant appeared without representation. [REDACTED], Esquire, represented the Licensee.

The contested case provisions of the Administrative Procedure Act, the MIA's hearing regulations, and the OAH's Rules of Procedure govern procedure in this case. Md. Code Ann., State Gov't §§ 10-201 through 10-226 (2014 & Supp. 2020); COMAR 31.02.01; and COMAR 28.02.01.

ISSUE

Did the Licensee's premium collection actions violate Maryland insurance law?

SUMMARY OF THE EVIDENCE

Exhibits

I incorporated the entire MIA file into the record as follows:

1. Complaint Summary, January 2, 2020, pp. 1-2, with attachments:
 - Notice of Outstanding Balance, July 22, 2019, p. 3
 - [REDACTED] December 21, 2019, p. 4
 - Amica Mutual Insurance Company insurance card, effective date April 24, 2019, pp. 5-6

¹ The Insurance Commissioner may delegate to the OAH the authority to issue: (a) proposed or final findings of fact; (b) proposed or final conclusions of law; (c) proposed or final findings of fact and conclusions of law; or (d) a proposed or final order. Code of Maryland Regulations (COMAR) 31.02.01.04-1A.

² Unless otherwise noted, all references hereinafter to the Insurance Article are to the 2017 Replacement Volume of the Maryland Annotated Code.

2. Letter from the MIA to the Licensee, January 3, 2020, pp. 7-8
3. Letter from the MIA to the Licensee, January 29, 2020, p. 9
4. Letter from the MIA to the Licensee, March 20, 2020, p. 10
5. Letter from the Licensee to the MIA, March 23, 2020, p. 11, with attachments:
 - Renewal Notice, January 28, 2019, pp. 12-15, with: Proof of Insurance ID Cards, effective date March 20, 2019, pp. 16-17; Policy Declarations, January 28, 2019, pp. 18-22; Auto Policy, effective March 20, 2019, pp. 23-38; Policy Endorsements, effective date March 20, 2019, pp. 39-50; Important notices, effective date March 20, 2019, pp. 51-69.
 - Screen shots of Account Activity for the Policy, policy terminated May 20, 2019, pp. 70-74
 - Screen shots of relationship history, dates between September 16, 2018 and , pp. 75-80
6. Letter from the MIA to the Licensee, June 12, 2020, p. 81
7. Letter from the Licensee to the MIA, June 14, 2020, p. 82, with attachment: Screen shots of Account Activity for the Policy, policy terminated May 20, 2019, pp. 83-85
8. Letter from the MIA to the Licensee, July 30, 2020, p. 86
9. Letter from the MIA to the Licensee, October 20, 2020, p. 87
10. Letter from the Licensee to the MIA, August 20, 2020, p. 88, with attachments:
 - Statement of Account, balance as of May 16, 2019, p. 89
 - New Business Package, as of September 10, 2018, pp. 90-91, with: Proof of Insurance ID Cards, effective date September 20, 2018, pp. 92-93; Policy Declarations, as of September 10, 2018, pp. 94-98; Auto Policy, effective September 20, 2018, pp. 99-115; Policy Endorsements, effective date September 20, 2018, p. 116; Important notices, effective date September 20, 2018, pp. 117-127; Privacy Statement, effective date September 20, 2018, pp. 128-129.
 - Renewal Package, as of January 28, 2019, pp. 130-133, Proof of Insurance ID Cards, effective date March 20, 2019, pp. 134-135; Policy Declarations, as of January 28, 2019, pp. 136-140; Auto Policy, effective March 20, 2019, pp. 141-156; Policy Endorsements, effective date March 20, 2019, pp. 157-168; Important notices, effective date March 20, 2019, pp. 169-187
11. Letter from the MIA to the Licensee, October 29, 2020, p. 188
12. Letter from the MIA to the Licensee, December 10, 2020, p. 189

13. Letter from the Licensee to the MIA, December 16, 2020, p. 190, with attachments:
 - Statement of Account, as of January 27, 2019, p. 191
 - Statement of Account, as of May 16, 2019, p. 192
14. Letter from MIA to the Complainant, January 22, 2021, pp. 193-195, with COMAR 3.02.01.03, undated, p. 196
15. Letter from the Complainant to the MIA, January 26, 2021, p. 197, with attachments:
 - Request for hearing, January 26, 2021, p. 198
 - Proof of Insurance Cards, effective March 20, 2019, p. 199
 - Personalized Insurance Proposal, August 24, 2018, pp. 200-203
 - Confirmation of Electronic Withdrawal Payment, as of September 11, 2018, p. 204
 - Auto Policy Collection Notice, as of August 6, 2019, p. 205
 - Letter from the Licensee to the Complainant, July 26, 2019, p. 206
 - Notice of Outstanding Balance, as of July 22, 2019, p. 207
 - Auto Policy Refund, as of April 12, 2019, p. 208
16. Letter from the MIA to the Complainant and the Licensee, January 27, 2021, p. 209
17. MIA Notice of Hearing, March 11, 2021³
18. MIA Interoffice Memorandum, March 11, 2021

The Complainant did not offer any exhibits.

I admitted the following exhibits on behalf of the Licensee:

- Lic. Ex. 1 - Statement of Account (redlined),⁴ as of January 27, 2019⁵
- Lic. Ex. 2 - Fault determination for Loss Date January 25, 2019
- Lic. Ex. 3 - Notice of Policy Change, February 22, 2019
- Lic. Ex. 4 - Notice of Policy Change, March 14, 2019

³ The MIA Notice of Hearing and Interoffice Memorandum were in a separate file from the other MIA exhibits and did not have page numbers. During the hearing, I marked the MIA Notice of Hearing and Interoffice Memorandum as the next two exhibit numbers.

⁴ On the statement of account, there was a change to the entries of February 4, 2019 and March 14, 2019. The revisions were explained in the testimony provided by [REDACTED]

⁵ The document states this is the "Balance as of: 1/27/19"; however, there are entries on this statement from January 28, 2019 through March 23, 2020.

Lic. Ex. 5 - Screenshot of Activity History of Policy, various dates

Lic. Ex. 6 - Auto Policy Bill, March 30, 2019

Lic. Ex. 7 - Request to Void and Reissue Check, requested January 26, 2021

Testimony

The Complainant testified and did not present other witnesses.

[REDACTED] Product and Risk Management Litigation Consultant, testified for the Licensee.

FINDINGS OF FACT

I find the following facts by a preponderance of the evidence:

1. The Licensee provided private passenger automobile liability insurance to the Complainant under a policy with an effective date of September 20, 2018 (Policy⁶).
2. As of September 20, 2018, the Policy insured the following vehicles: 2005 Honda Civic, and 2011 Mazda 6.
3. As of September 20, 2018, the Policy included the following discounts: Allstate Easy Pay Plan, Safe Driving Club, Multiple Policy, Full Pay, Homeowner, Preferred package, Smart Student, and Allstate eSmart.
4. As of September 20, 2018, the Policy included lesser personal injury protection (PIP) coverage.⁷ The Complainant had actually applied for higher PIP coverage, and the lower coverage was included by mistake of the Licensee.
5. The initial Policy period was a 6-month period.
6. The 2005 Honda Civic was removed from the Policy and replaced by a 2015 Kia Optima, effective December 19, 2018. This caused an increase in the premium for the Policy.

⁶ Policy refers to both the initial 6-month period of the Policy (September 20, 2018 – March 20, 2019), and the renewal of the Policy starting on March 20, 2019.

⁷ The exact amount of PIP coverage and the premium for that coverage was not in evidence.

7. On January 28, 2019, the Licensee sent a renewal packet to the Complainant, effective March 20, 2019, for six months. As of January 28, 2019, the Policy insured two vehicles, a 2011 Mazda 6 and a 2015 Kia Optima, and two listed drivers, the Complainant and the Complainant's son, [REDACTED]. As of January 28, 2019, the proposed renewal policy showed policy discounts for Allstate Easy Pay, Safe Driving Club, and Homeowner.⁸ The total six-month premium for the renewal policy, if paid in full was \$2,564.44. If the premium for the renewal policy was paid in monthly installments, the total premium was \$2,821.50. MIA Ex. 5, p. 17.

8. The Policy was included in the January 28, 2019 renewal packet. It discusses Premium Changes and states, in pertinent part:

Changes which result in a premium adjustment are described in our rules. These changes include, but are not limited to:

1. autos insured by the policy, including changes in use;
2. drivers residing in your household, their ages or marital status;
3. coverages or coverage limits;
4. rating territory; and
5. discount or surcharge applicability.

Any calculation or adjustment of your premium will be made using the rules, rates, and forms in effect, and on file if required, for our use in your state.

MIA Ex. 5, p. 26.

9. The multiple policy discount was not included in the renewal effective March 20, 2019.⁹

10. The January 28, 2019 renewal packet included Important Notices, which informed the Complainant that the Smart Student Discount¹⁰ was removed, and provided information regarding requirements to regain the discount. MIA Ex. 5, pp. 62-63.

⁸ There were also vehicle specific discounts which are not at issue in this decision.

⁹ The Complainant had applied for a homeowner's policy with the Licensee at or around September 2018, but that policy was never issued. The Complainant had a landlord policy with the Licensee, but landlord policies are not considered with determining multiple policy discounts. See MIA Ex. 10, p. 124.

¹⁰ The Smart Student Discount is given when there is an unmarried driver under the age of 25 on the policy who meets academic criteria, attends a school that is 100 miles or more away from the primary residence or has successfully completed an Allstate driver safety program. MIA Ex. 5, pp. 62-63.

11. The Important Notices also informed the Complainant that the renewal policy no longer included the Allstate eSmart Discount.¹¹

12. On February 4, 2019, the Licensee determined there was an error in the PIP coverage on the Policy and corrected that mistake retroactively. This change increased the premium for the Policy.

13. On February 22, 2019, the 2015 Kia Optima was removed from the Policy. This removal was retroactive to January 26, 2019 as the vehicle had been totaled in an accident (Accident). The Accident occurred on January 25, 2019.

14. [REDACTED] was the driver of the 2015 Kia Optima at the time of the Accident. The Licensee found [REDACTED] not at fault for the Accident.

15. No surcharge or premium increase was added to the Policy based on the Accident.

16. The removal of the 2015 Kia Optima from the Policy reduced the premium.

17. On March 14, 2019, the Complainant changed her account to remove easy pay. Removing easy pay also removed a discount, and caused the premium for the Policy to increase.

18. On March 14, 2019, the Complainant made a credit card payment of \$265.67 to the Licensee. This payment was not the full amount of the premium for the 6-month term.

19. On March 20, 2019, the Policy was not eligible for a preferred package discount, as it did not have two vehicles on the policy, and the policy was no longer enrolled in Allstate eBill.

20. Prior to March 20, 2019, neither the Licensee nor the Complainant cancelled the Policy. Therefore, on March 20, 2019, all coverages listed in the renewal package, except those noted, became effective.

¹¹ The eSmart discount is given for having an online account, and opting into receiving documents electronically.

21. On March 28, 2019 (effective March 29, 2019), a 2016 Kia Optima was added to the Policy. This increased the Policy premium.
22. On March 30, 2019, the Licensee sent an auto policy bill to the Complainant with a minimum payment amount of \$558.04.
23. On April 11, 2019, the 2016 Kia Optima was removed from the Policy. This decreased the Policy premium overall.
24. On April 11, 2019, the Licensee improperly terminated the Policy, effective March 6, 2019.¹²
25. On April 12, 2019, the Licensee issued a check to the Complainant for a refund of \$330.17. This check was not cashed by the Complainant.
26. On April 18, 2019, the Complainant called the Licensee to discuss the incorrect termination of the Policy.
27. On April 24, 2019, the Licensee realized the error in terminating the Policy and reinstated the Policy, effective March 6, 2019. There was no lapse in coverage.
28. Effective April 24, 2019, the Complainant obtained a private passenger automobile liability policy from Amica Mutual Insurance Company. The Amica policy insured two vehicles, a 2016 Kia Optima and a 2011 Mazda 6.
29. On May 20, 2019, the Complainant obtained a private passenger automobile liability policy with State Farm.
30. On July 20, 2019, the Complainant called the Licensee to complain. Complainant stated she had requested the Policy be terminated in May 2019, when she obtained a new policy of insurance, and requested cancellation to be retroactive to May 20, 2019.
31. On July 22, 2019, the Licensee terminated the Policy, effective June 20, 2019.

¹² The Complainant had requested that another policy with the Licensee be terminated. The auto policy was terminated incorrectly.

32. On July 22, 2019, the Licensee mailed a Notice of Outstanding Balance to the Complainant, stating that the Complainant owed \$902.92 for coverage provided prior to the Policy termination.

33. On July 24, 2019, the Licensee verified the Complainant's State Farm policy, and the Licensee changed the effective date of the termination of the Policy to May 20, 2019.

34. As of July 26, 2019, the Complainant had not provided the Licensee a copy of the Amica Mutual Insurance Company proof of insurance card.

35. On August 6, 2019, the Licensee sent an Auto Policy Collection Notice to the Complainant, demanding \$626.69 in premiums for coverage that was provided prior to the Policy termination, effective May 20, 2019.

36. On October 10, 2019, the Licensee reissued the refund check of \$330.17 to the Complainant as the Complainant had not cashed the original refund check and requested a new check. The reissued refund check was cashed on October 24, 2019.

37. In December 2019, a debt collector attempted to collect the alleged outstanding premium (\$626.69) from the Complainant.

38. After a complaint was filed with the MIA, on March 23, 2020, the Licensee changed the effective date of the termination of the Policy to April 24, 2019.

39. As of March 23, 2020, there is an outstanding balance on the Complainant's account of \$393.21.

40. On January 26, 2021, the Complainant requested that the refund check be reissued. The Licensee denied this request as the refund check previously issued had already been cashed by the Complainant.

DISCUSSION

When the MIA referred this case to the OAH, it directed the Administrative Law Judge conducting the hearing to pay specific attention to sections 11-230, 11-341 and 27-216 of the Insurance Article.¹³ Under section 11-230, an insurer may not knowingly issue or deliver a policy, except in accordance with the filings that are in effect for the insurer. Under section 11-341, an insurer may not make or issue an insurance contract or policy of insurance, except in accordance with the filing that are in effect for the insurer. Section 27-216(b)(1) states:

A person may not willfully collect a premium or charge for insurance that:

- (i) exceeds or is less than the premium or charge applicable to that insurance under the applicable classifications and rates as filed with and approved by the Commissioner; or
- (ii) if classifications, premiums, or rates are not required by this article to be filed with and approved by the Commissioner, exceeds or is less than the premium or charge specified in the policy and set by the insurer.

Under Maryland insurance law, an insurer is required to comply with its filed plan regarding delivering, issuing and making policies as well as charging rates. An insurer cannot make an exception to that practice.

When not otherwise provided by statute or regulation, the standard of proof in a contested case hearing before the OAH is a preponderance of the evidence, and the burden of proof rests on the party making an assertion or a claim. Md. Code Ann., State Gov't § 10-217 (2014); COMAR 28.02.01.21K. To prove an assertion or a claim by a preponderance of the evidence means to show that it is "more likely so than not so" when all the evidence is considered. *Coleman v. Anne Arundel Cty. Police Dep't*, 369 Md. 108, 125 n.16 (2002). In this case, the Complainant, as the party asserting the affirmative on the issue of the improper imposition of a

¹³ In the MIA's letter dated January 22, 2021, there is a statement that the MIA "can only declare unlawful those actions by an insurer that are shown to be arbitrary, capricious, discriminatory, or not reasonably related to the insurance company's economic and business purposes." While that is the standard in unfair claims settlement practices under Md. Code, Ins. § 27-303, I could find no similar standard under any of the sections specifically referenced by the MIA in this case. Therefore, I will not discuss the arbitrary and capricious standard any further in this decision.

premium by the Licensee, has the burden of proving by the preponderance of the evidence that the Licensee failed to follow its filed rating plan. COMAR 28.02.01.21K(1), (2)(a).

The Complainant's first policy with Allstate went into effect on September 20, 2018. The Complainant testified that she has a clean driving record and no moving violations since 2010. Therefore, she does not understand why the premiums increased so significantly at the renewal, with the effective date March 20, 2019. The Complainant testified that the premium at the renewal was almost three times the original premium charged for the Policy. There were no at fault accidents for any driver on the policy. The Complainant testified that she did pay the premium for the first month of the renewal, but she wanted to look around for a better premium rate. The Complainant obtained an insurance policy with Amica, which was effective in April 2019. The Complainant testified that she had already shown her agent the coverage with Amica prior to filing a complaint with the MIA on January 2, 2020. However, she contends that she was told the Licensee would not make the termination retroactive that many months. On cross examination, the Complainant contends that she sent Amica insurance cards prior to July 26, 2019; however, she could not explain why the letter from the Licensee stated that they had not received the Amica cards.

Ms. [REDACTED] ([REDACTED]), product and risk management litigation consultant, testified at length for the Licensee. Ms. [REDACTED] has been employed by the Licensee for thirty-one years. Her current position requires her to oversee different insurance complaints, underwriting, pricing and sales issues. She was an underwriter for the Licensee for approximately twenty years before taking her current position.

Ms. [REDACTED] discussed that Maryland is a "file and use" state. She explained that this means that the Licensee must file a rating plan with the state and that the Licensee is then required to use that rating plan for everyone. Ms. [REDACTED] reviewed the Complaint and

attached documents filed by the Complainant with MIA, as well as the account history for the Complainant's account to respond to the MIA's requests for information in this matter. During her testimony, Ms. [REDACTED] spent a considerable amount of time reviewing Licensee Exhibit 1, to explain each entry. The following timeline of events on the account are based on both the testimony of Ms. [REDACTED] and exhibits, which will be referenced as applicable.

According to Ms. [REDACTED] the Policy was first issued September 20, 2018 and was effective for 6 months. MIA 10, New Business Package, pp. 90-129. At the time it was issued, the Policy contained a 2011 Mazda and a 2005 Honda. The Policy premium for the 6-month period was \$1,171.52, with all discounts applied. The Policy included the following discounts, multi policy, smart student, eSmart, preferred policy, and full pay discount.¹⁴ The Policy's premium was paid in full, and the Complainant received a discount for paying the Policy in full.

Effective on or about December 18, 2018, the 2005 Honda on the Policy was replaced with a 2015 Kia. This increased the premium \$292.82 from the period of the change to the end of the 6-month term of the Policy. Lic. Ex. 1. On January 25, 2019, [REDACTED] was in the Accident. The Licensee determined that [REDACTED] was 0% at fault, and that there was no surcharge or premium increase as a result of the Accident. Lic. Ex. 2.

The renewal offer is sent at least forty-five days in advance of the effective date for the renewal Policy. On January 28, 2019, the Licensee mailed a renewal offer to the Complainant with an effective date for March 20, 2019. MIA 5, pp. 12-69. As of January 28, 2019, the total premium if paid in full was \$2,564.44, and if paid in installments was \$2,821.50.

On February 4, 2019, the Licensee determined that there was an error regarding PIP coverage on the Policy. Initially, the Complainant had requested certain PIP coverage, but when the Policy was issued in September 2018, it was not included. When [REDACTED] had his accident, and

¹⁴ The various discounts are described in detail in the Important Notices. MIA 5, pp. 117-127.

the Policy was being reviewed, the Licensee determined that the PIP coverage had not been included properly. As it was the Licensee's mistake, the coverage was added retroactive to the effective date of the Policy, September 20, 2018; however, that increased the premium for the Policy. Lic. Ex. 1. At the same time, the Licensee determined that the Complainant was not entitled to a Multiple Policy Discount. When the Policy was issued, the Complainant had applied for homeowner's insurance with the Licensee, which would have entitled the Complainant to a Multiple Policy Discount. During underwriting for the homeowner's policy, the Licensee decided not to issue a homeowner's policy to the Complainant and the Complainant no longer qualified for the Multiple Policy Discount. The loss of the Multiple Policy Discount as well as the increase in the PIP coverage increased the premium by \$251.23. Lic. Ex. 1.

On February 22, 2019, the 2015 Kia Optima was removed from the Policy, effective January 26, 2019 because it was totaled. This reduced the premium by \$279.88. Lic. Ex. 1.

According to Ms. [REDACTED] when a policy is changed between billing cycles, the premium change will not appear until the next bill. The bill is sent twenty days before it is due. The Complainant's premiums were due on the twentieth of each month, and therefore, bills were mailed on or about the last day of each month. Lic. Ex. 1.

On February 28, 2019, a was sent with a premium of \$1,461.20 if paid in full, and \$1,594.04 if paid in monthly installments. The increase in the premium between full payment and installment payments was from both a loss of a full pay discount and an installment fee being imposed.

On March 14, 2019, the Complainant removed the Policy from Easy Pay, which also removed a discount of \$66.49. Lic. Exs. 1 and 5. At that time, if the Complainant paid the full amount of the policy, the premium was \$1,504.77 and if she paid in installments, it was \$1,644.20. On March 20, 2019, the Complainant sent in a payment of \$265.67 via credit card.

Lic. Ex. 1. As this was not a payment in full, the full pay discount was removed. On March 28, 2019, a 2016 Kia Optima was added, effective March 29, 2019. The premium was increased by \$1,377.80 for adding the 2016 Kia for almost the entire 6-month period. Lic. Ex. 1. On March 30, 2019, the License mailed a regular bill to the Complainant for minimum amount due \$558.04 and to pay in full a premium of \$2,772.66. Lic. Exs. 1 and 6.

On April 11, 2019, the Licensee terminated the Policy effective March 6, 2019. This was an error. The Complainant had another policy with the Licensee that she requested to terminate. However, the Licensee terminated the Policy instead. As a result of that termination, and the Complainant having paid a month's premium already, the Licensee issued a refund check to the Complainant on April 12, 2019. Lic. Ex. 1. The first refund check issued was not cashed by the Complainant. On or about April 18, 2019, the Complainant called regarding the incorrect termination of the Policy. MIA Ex. 5, p. 76. She requested an investigation into the termination of the Policy. After an investigation, the Policy was reinstated on April 24, 2019 with an effective date of March 6, 2019. This prevented any lapse in coverage.

On October 10, 2019, the Licensee reissued the refund check for \$330.17 and the Complainant cashed that check on October 24, 2019. This replacement check had been requested by the Complainant. The Complainant then requested the check be reissued again on January 27, 2020. This request was denied as the Complainant had already received the refund check and cashed a refund check. Lic. Ex. 7.

On July 20, 2019, the Complainant requested that the policy be terminated. MIA Ex. 5, p. 76. The Licensee's log notes read, in pertinent part, "request[e]d policy be terminated in May 2019 and was never done and is now in cancellation status would like back dated to May 20, when she got new policy with different insurance company." *Id.*¹⁵ There is no indication in the

¹⁵ Capitalization changed for easier readability.

documents that the Complainant referenced an Amica policy with an effective date of April 24, 2019 on the July 2019 call. On July 22, 2019, in response to the call, the Licensee terminated the Policy as of June 20, 2019. Lic. Ex. 1. The policy of the Licensee is to only backdate termination of a policy by thirty days, except when there has been an error through the agent or the Licensee. A collection notice was mailed on the same date for \$902.92 for the premium owed for the months of coverage (March 20, 2019 to June 20, 2019). However, on July 24, 2019, the Licensee confirmed valid insurance for the Complainant through State Farm starting on May 20, 2019, and therefore, the Licensee made the effective date of the termination May 20, 2019. Lic. Ex. 1. On July 26, 2019, the Licensee sent a letter to the Complainant indicating that proof of insurance from Amica had not been provided, but would be reviewed if provided by the Complainant. MIA 15, p. 206. On August 6, 2019 and again on August 21, 2019, the Licensee sent a collection notice to the Complainant for \$626.69 for the premium for the months of coverage (March 20, 2019 to May 20, 2019). At the time the Complainant sent in her complaint to the MIA, the Licensee still sought \$626.69 in unpaid premiums for the Policy.

When the Licensee received the complaint from the MIA with the attached documentation, the proof of insurance cards for the Amica policy were included. There is no indication in the Licensee's records that these insurance cards were previously provided to the Licensee. On March 23, 2020, the Licensee again changed the effective date of the termination to April 24, 2019. Lic. Ex. 1. This reduced the outstanding premium to \$393.21. *Id.* At the time of the hearing, and at the time the MIA finished reviewing this matter, the Licensee contends that only \$393.21 of the premium is outstanding. Ms. [REDACTED] noted that the amount of premium outstanding is only slightly more than the refund check that the Complainant received during the improper termination of the Policy in April 2019, which termination was later corrected.

During her testimony, Ms. [REDACTED] provided references to explanations of the various discounts and how to maintain the discounts. She pointed out the information contained in the renewal packet and specifically the Important Notices. MIA 5, pp. 51-69. The Complainant did not state she did not receive that information, but instead asserted that the packet was too long and she never went through each and every page. The Complainant asked Ms. [REDACTED] repeatedly whether the Licensee requested certain documents to maintain the discount. However, the Complainant had not read what was already provided to her, which explained how to maintain the discounts.

Ms. [REDACTED] also explained that while any one change to the policy affects the premium, an individual cannot necessarily take each lost discount to add it up and find the new premium. The calculation of the premium considers numerous factors regarding the drivers, and vehicles. Further, most of the discounts are based on a percentage of the premium, which is contained in the plan filed with the State. Therefore, if the premium is changed for another reason (such as adding a vehicle or changing a vehicle), the discount would change.

After considering all of the testimony and documents in this case, I find that the Complainant has not met her burden of proof to show that the Licensee violated any section of the Insurance Article. The Licensee provided extensive documentation regarding the numerous changes to the policy in a relatively short period of time. These changes included replacing a vehicle, adding vehicles, and removing a vehicle. There also were multiple discounts that were lost, including the Easy Pay Plan, Multiple Policy, Full Pay, Preferred Package, Smart Student and eSmart discounts. On the whole, these changes increased the premium for the Policy significantly. While the Complainant complained that these increases were, in her view, unfair,

she did not provide any evidence, through testimony or documents that the Licensee failed to follow its filed rating plan in determining the premium on the Policy, or that the Licensee made, issued or delivered a policy that did not comply with its filed rating plan.

The Complainant also asserted that the Licensee should not have attempted to collect any premium after she terminated the Policy. Her argument on this issue relied on two bases, 1) that the Licensee did not give the correct effective date to the termination, and 2) that the Licensee should not have issued a refund if there was a premium still owed. As to the first basis, the Licensee originally did not retroactively terminate the policy to April 24, 2019. However, the Licensee explained the various steps it took to determine the appropriate termination date.

Initially, the Licensee provided a 30-day retroactive period to June 20, 2019 as this is the Licensee's policy on retroactive termination dates. Then when the Licensee confirmed there was insurance from State Farm as early as May 20, 2019, the Licensee retroactively terminated the Policy as of that date. Finally, when the Licensee received proof of insurance cards for the Amica policy effective on April 24, 2019, the Licensee again retroactively terminated the Policy as of that date. On each of these revisions of the termination date, the Licensee followed clear policies and considered the information that was provided at that time. As of today, the Policy is considered terminated as of April 24, 2019, which was what the Complainant had initially sought. Further, the Licensee reduced the outstanding premium due based on the termination dates. I do not find that the Licensee's actions regarding the termination dates and the subsequent reductions to the outstanding premium to violate any section of the Insurance Article.

The second basis raised by the Complainant is centered on a refund payment. The Licensee was the catalyst for this issue because it mistakenly terminated the Policy, effective

March 6, 2019. When that mistaken termination occurred, the Complainant's account with the Licensee showed that she was entitled to a refund, and the check was issued the day after the termination date, April 12, 2019. However, the Complainant was aware that the policy was mistakenly terminated. Further, the initial check issued on April 12, 2019 was never cashed. The Complainant could have returned that check when the policy was reinstated. Instead, the Complainant requested a new check in October 2019, and again in January 2020. The Complainant also cashed the check from October 2019. While the Licensee made a mistake in terminating the policy on April 11, 2019 with effective date March 6, 2019, it corrected its mistake and prevented any lapse in coverage. The Licensee's payment of a refund was automatically issued based on the termination and its inability to keep premiums which were not in accordance with its filed rating plan. Md. Code Ann., Ins. § 27-216(b)(1). The Complainant, however, allowed that check to lapse, knew that the termination was in error, and still requested that the refund check be reissued (twice), even though she also knew that the Licensee was seeking payment for unpaid premiums. I do not find that the Licensee's reissuance of the refund check, upon the Complainant's request, violated any provision of the Maryland Insurance Article.

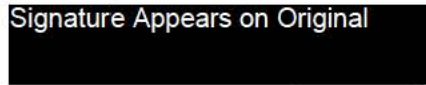
CONCLUSION OF LAW

I conclude as a matter of law that the Licensee did not fail to comply with its filed rating plan in making, issuing or delivering a policy, or in collecting or charging premiums for insurance. Md. Code Ann., Ins. §§ 11-230, 11-341, and 27-216(b)(1) (2017).

PROPOSED ORDER

Based upon the above Findings of Fact, Discussion, and Conclusion of Law, I

PROPOSE that the Licensee not be found in violation of sections 11-230, 11-341 and 27-216(b)(1) of the Insurance Article and that the charges made by the Complainant be **DENIED AND DISMISSED.**

Signature Appears on Original


July 13, 2021
Date Decision Mailed

Erin H. Cancienne
Administrative Law Judge

EHC/da
#193026

RIGHT TO FILE EXCEPTIONS

Upon receipt of this proposed decision, affected parties have twenty (20) days to file exceptions with the Insurance Commissioner. COMAR 31.02.01.10-1B(1). If a party wishes to receive a transcript of the hearing before filing exceptions, the party has ten (10) days from receipt of the decision to either: 1) file a written request for a transcript with the Insurance Commissioner, or 2) request a transcript of the hearing from a private stenographer and file a copy of their written request to a private stenographer with the Insurance Commissioner. COMAR 31.02.01.10-1B(2). If a transcript is requested, the transcript must be filed with the Commissioner within sixty (60) days of the request, and then a party has thirty (30) days after the filing of the transcript to file exceptions. COMAR 31.02.01.10-1D. Written exceptions and requests for transcripts should be addressed to Hearing and Appeals Coordinator, Maryland Insurance Administration, 200 St. Paul Place, Suite 2700, Baltimore, MD 21202. The Office of Administrative Hearings is not a party to any review process.

Copies Mailed To:

Complainant

