

NATIONAL CONFERENCE OF INSURANCE LEGISLATORS
Certificates of Insurance Model Act

Adopted by the NCOIL Property-Casualty Insurance and Executive Committees on November 18, 2012. Sponsored for discussion by Rep. Steve Riggs (KY)

Section 1. Short Title

This Act shall be known as the “*Certificates of Insurance Model Act*.”

Section 2. Definitions

For purposes of this Act:

A. “Certificate of insurance” means a document or instrument, regardless of how titled or described, that is prepared or issued by an insurer or insurance producer as evidence of property or casualty insurance coverage. The term does not include a policy of insurance, insurance binder, policy endorsement, or automobile insurance identification or information card.

B. “Insurance producer” means a person required to be licensed under the laws of this state to sell, solicit, or negotiate property or casualty insurance.

C. “Insurer” means any organization that issues property or casualty insurance.

D. “Person” means any individual, partnership, corporation, association, or other legal entity, including any government or governmental subdivision or agency.

Section 3. Certificate Forms

A. A person may not prepare, issue, or request or require the issuance of a certificate of insurance on property, operations, or risks located in this state unless the certificate of insurance form has been filed with the commissioner by or on behalf of an insurer.

B. The commissioner of insurance shall prohibit the use of a certificate of insurance form if the form:

(1) Is unfair, misleading, or deceptive, or violates public policy; or

(2) Violates any law, including any regulation promulgated by the commissioner of insurance.

C. The current edition of standard certificate of insurance forms promulgated and filed with the commissioner by the Association for Cooperative Operations Research and Development (ACORD), the American Association of Insurance Services (AAIS), the Insurance Services Office (ISO) are not required to be filed by individual insurers. Additionally, certificate of insurance forms whose specific content and wording are established by Federal law or regulation, or any law or regulation of this State, are not required to be filed by individual insurers.

D. A certificate of insurance is not a policy of insurance and does not affirmatively or negatively amend, extend, or alter the coverage afforded by the policy to which the certificate of insurance makes reference. A certificate of insurance shall not confer to any person new or additional rights beyond what the referenced policy of insurance expressly provides.

Section 4. Limitations on Use

A. A person may not:

- (1) Alter or modify a certificate of insurance form filed with the commissioner;
- (2) Prepare, issue, or request or require the issuance of a certificate of insurance that contains any false or misleading information concerning the policy of insurance to which the certificate of insurance makes reference; or
- (3) Prepare, issue, or request or require the issuance of a certificate of insurance that purports to affirmatively or negatively alter, amend, or extend the coverage provided by the policy of insurance to which the certificate of insurance makes reference.

B. A certificate of insurance may not warrant that the policy of insurance referenced in the certificate comply with the insurance or indemnification requirements of a contract and the inclusion of a contract number or description within a certificate of insurance may not be interpreted as doing such.

Section 5. Notice Requirements

A person is entitled to notice of cancellation, nonrenewal, or any material change, and to any similar notice concerning a policy of insurance only if the person has such notice rights under the terms of the policy of insurance or any endorsement to the policy. The terms and conditions of the notice are governed by the policy of insurance or endorsement and may not be altered by a certificate of insurance.

Section 6. Applicability

A. The provisions of this Act shall apply to all certificates of insurance issued in connection with property, operations, or risks located in this state, regardless of where the policyholder, insurer, insurance producer, or person requesting or requiring the issuance of a certificate of insurance is located.

B. A certificate of insurance or any other document or correspondence prepared, issued, requested, or required in violation of this Act shall be null and void.

Section 7. Enforcement and Penalties

A. The commissioner of insurance shall have the power to examine and investigate the activities of any person that the commissioner reasonably believes has been or is engaged in an act or practice prohibited by this Act.

B. The commissioner of insurance shall have the power to enforce the provisions of this Act, including the authority to issue orders to cease and desist and to impose a fine of up to *[insert amount]* per violation against any person who violates this Act up to *[insert amount]* per violation.

C. The commissioner of insurance may adopt reasonable rules and regulations as are necessary or proper to carry out the provisions of this Act.

Section 8. Effective Date

This Act shall take effect 90 days after enactment.