

## FOR IMMEDIATE RELEASE

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### NCOIL DEBATES CERTIFICATES OF INSURANCE, PURSUES MODEL LEGISLATION

**Newport, Rhode Island, July 17, 2011**—After receiving varying and opposing perspectives on a *Certificates of Insurance Model Act*, legislators gathered at the NCOIL Summer Meeting determined to explore development of legislative language to address the controversial issue. Debate on the model law—which aims to clarify limits on the certificates that third parties use to verify insurance coverage—hinged on whether a certificate is purely for “information only”—or whether it is the more substantial proof of insurance that commercial lenders expect. Consideration of the proposed bill was a highlight of the highly attended Sunday morning Property-Casualty Insurance Committee meeting in Newport, Rhode Island.

Rep. Chuck Kleckley (LA), chair of the Committee, said that “As in Louisiana last year, when we considered certificate of insurance legislation, the NCOIL meeting proved that there’s no easy way to address the concerns of p-c agents and insurers, as well as those of lenders. Our Committee calls during the next few months may help us—with the input of contractor, realtor, title insurer, and other interests—find a way to provide long-overdue clarity.”

“I have real concerns,” commented Rep. George Keiser (ND), NCOIL President and sponsor of the proposed model, “about efforts to undermine state policy decisions on this issue, and I think that NCOIL will play a vital role in cutting through the mystery of insurance certificates. The draft NCOIL bill is a critical starting point for examining how the certificate forms are developed, how policy binders factor in, and what states might do to answer the calls of myriad stakeholders.”

The draft *Certificates of Insurance Model Act* requires insurance department approval of all certificate forms, mandates “information only” disclosure at the top of each form, and prohibits altering a certificate or including false or misleading information on one. The proposed model bans certificates from saying that a policy meets the contractual requirements of a third-party. The bill also stresses that a certificate confers no rights beyond what’s in the policy.

Proposed amendments submitted, but not yet debated, would add a carve-out for commercial lenders, indemnify producers from civil liability related to preparing the forms and, among other things, require a lender to accept an insurance binder as evidence of coverage.

The 2011 Summer Meeting took place from July 14 through 17 at the Newport Marriott.

NCOIL is an organization of state legislators whose main area of public policy interest is insurance legislation and regulation. Most legislators active in NCOIL either chair or are members of the committees responsible for insurance legislation in their respective state houses across the country. More information is available at [www.ncoil.org](http://www.ncoil.org).

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