

SENATE No. 2077

The Commonwealth of Massachusetts

In the Year Two Thousand Fourteen

An Act relative to certificates of insurance.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. The General Laws are hereby amended by inserting after Chapter 175K the
2 following new chapter: Chapter 175 L CERTIFICATE OF INSURANCE

3 Section 1. As used in this chapter the following words, unless the context clearly requires
4 otherwise, have the following meanings:

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

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

11 "Insurer" means any organization that issues property or casualty insurance.

12 "Person" means any individual, partnership, corporation, association, or other legal
13 entity, including any government or governmental subdivision or agency.

14 Section 2. A. The commissioner of insurance shall prohibit the use of a certificate form if
15 the form:

- 16 (1) Is unfair, misleading, or deceptive, or violates public policy; or
- 17 (2) Violates any law, including any regulation promulgated by the
- 18 commissioner of
- 19 insurance.

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

25 Section 3. A. A person may not:

26 (1) Prepare, issue, or request or require the issuance of a certificate of
27 insurance that contains any false or misleading information concerning the policy of insurance to
28 which the certificate of insurance makes reference; or,

29 (2) Prepare, issue, or request or require the issuance that purports to
30 affirmatively or negatively alter, amend, or extend the coverage provided by the policy of
31 insurance to which the certificate of insurance makes reference.

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

36 Section 4. A person is entitled to notice of cancellation, nonrenewal, or any material
37 change, and to any similar notice concerning a policy of insurance only if the person has such
38 notice rights, under the terms of the policy of insurance or any endorsement to the policy. The
39 terms and conditions of the notice are governed by the policy of insurance or endorsement and
40 may not be altered by a certificate of insurance.

41 Section 5. A. The provisions of the Chapter shall apply to all certificates of insurance
42 issued in connection with property, operations, or risks located in this state, regardless of where
43 the policyholder, insurer, insurance producer, or person requesting or requiring the issuance of a
44 certificate of insurance is located.

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

47 Section 6. A. The commissioner of insurance shall have the power to examine and
48 investigate the activities of any person that the commissioner reasonably believes has been or is
49 engaged in an act or practice prohibited by this Chapter.

50 B. The commissioner of insurance shall have the power to enforce the provisions
51 of the Chapter including the authority to issue orders to cease and desist and to impose a fine of
52 up to five hundred dollars per violation against any person who violates the Chapter.

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