

# SENATE . . . . . No. 486

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## The Commonwealth of Massachusetts

PRESENTED BY:

***Michael J. Rodrigues***

*To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:*

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act relative to certificates of insurance.

PETITION OF:

NAME:

*Michael J. Rodrigues*

DISTRICT/ADDRESS:

*First Bristol and Plymouth*

**SENATE . . . . . No. 486**

By Mr. Rodrigues, a petition (accompanied by bill, Senate, No. 486) of Michael J. Rodrigues for legislation relative to certificates of insurance. Financial Services.

The Commonwealth of Massachusetts

## In the Year Two Thousand Thirteen

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:*

SECTION 1. The General Laws are hereby amended by inserting after Chapter 175K the following new chapter: -

## Chapter 175 L

## CERTIFICATES OF INSURANCE

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

“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.

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

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

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

Section 2. 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.

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

- 21 (1) Is unfair, misleading, or deceptive, or violates public policy; or  
22 (2) Violates any law, including any regulation promulgated by the  
23 commissioner of insurance.

24 C. The current edition of standard certificate of insurance forms promulgated and  
25 filed with the commissioner by the Association for Cooperative Operations Research and  
26 Development (ACORD), the American Association of Insurance Services (AAIS), and the  
27 Insurance Services Office (ISO) are not required to be filed by individual insurers.

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

33 Section 3. A. A person may not:

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

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

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

51 Section 5. A. The provisions of the Chapter shall apply to all certificates of insurance  
52 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 Chapter shall be null and void.

Section 6. 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 Chapter.

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

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