



AN ACT CREATING THE CERTIFICATES OF INSURANCE MODEL ACT; GRANTING RULEMAKING AUTHORITY TO THE STATE AUDITOR ACTING AS COMMISSIONER OF INSURANCE; AND PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Short title. [Sections 1 through 7] may be cited as the "Certificates of Insurance Model Act".

Section 2. Definitions. As used in [sections 1 through 7], the following definitions apply:

(1) "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.

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

(3) "Insurer" means an organization that issues property or casualty insurance.

(4) "Person" means an individual, partnership, corporation, association, or other legal entity, including any government or governmental subdivision or agency.

Section 3. Certificate forms. (1) Except as provided in subsection (3), a person may not prepare, issue, 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.

(2) The commissioner shall prohibit the use of a certificate of insurance form if the form is unfair, misleading, or deceptive or violates public policy or law, including rules adopted by the commissioner.

(3) Insurers are not required to file the current standard certificate of insurance forms promulgated and filed with the commissioner by the Association for Cooperative Operations Research and Development, the

American Association of Insurance Services, or the Insurance Services Office, Inc., or certificate of insurance forms whose specific content and wording are established by federal law or regulation or by any law or rule of this state.

(4) 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 may not confer to any person new or additional rights beyond what the referenced policy of insurance expressly provides.

Section 4. Limitations on use. (1) A person may not:

- (a) alter or modify a certificate of insurance form filed with the commissioner;
- (b) prepare, issue, 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
- (c) prepare, issue, 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.

(2) A certificate of insurance may not warrant that the policy of insurance referenced in the certificate complies with the insurance or indemnification requirements of a contract, and the inclusion of a contract number or description in the certificate of insurance may not be interpreted as warranting compliance with the insurance or indemnification requirements of a contract.

Section 5. Notice requirements. A person is entitled to notice of cancellation, nonrenewal, or other material change concerning a policy of insurance only if the person has 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. Scope -- voidness. (1) The provisions of [sections 1 through 7] 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 the certificate of

insurance is located.

(2) A certificate of insurance or any other document or correspondence prepared, issued, requested, or required in violation of [sections 1 through 7] is void.

Section 7. Enforcement and penalties -- rulemaking. (1) The commissioner may 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 [sections 1 through 7].

(2) The commissioner may enforce the provisions of [sections 1 through 7] by issuing cease and desist orders and by imposing a fine not to exceed \$1,000 for each violation.

(3) The commissioner may adopt rules to implement the provisions of [sections 1 through 7].

Section 8. Codification instruction. [Sections 1 through 7] are intended to be codified as an integral part of Title 33, chapter 2, and the provisions of Title 33, chapter 2, apply to [sections 1 through 7].

Section 9. Effective date. [This act] is effective July 1, 2013.

Section 10. Applicability. [This act] applies to certificates of insurance that are prepared, issued, requested, or required on property, operations, or risks located in this state on or after October 1, 2013.

- END -

I hereby certify that the within bill,
SB 0158, originated in the Senate.

Secretary of the Senate

President of the Senate

Signed this _____ day
of _____, 2013.

Speaker of the House

Signed this _____ day
of _____, 2013.

SENATE BILL NO. 158

INTRODUCED BY THOMAS, BERRY, VAN DYK

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