

6545--A

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I N S E N A T E

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Introduced by Sens. SEWARD, LATIMER, MARTINS -- read twice and ordered printed, and when printed to be committed to the Committee on Insurance -- reported favorably from said committee, ordered to first and second report, ordered to a third reading, amended and ordered reprinted, retaining its place in the order of third reading

AN ACT to amend the insurance law, in relation to certificates of insurance

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 Section 1. The insurance law is amended by adding a new article 5 to  
2 read as follows:

3 ARTICLE 5

4 CERTIFICATES OF INSURANCE

5 SECTION 501. DEFINITIONS.

6 502. PROHIBITIONS.

7 503. APPLICABILITY.

8 504. ENFORCEMENT.

9 505. RULES AND REGULATIONS.

10 S 501. DEFINITIONS. FOR PURPOSES OF THIS SECTION:

11 (A) "CERTIFICATE" OR "CERTIFICATE OF INSURANCE" MEANS ANY DOCUMENT OR  
12 INSTRUMENT, NO MATTER HOW TITLED OR DESCRIBED, WHICH IS PREPARED OR  
13 ISSUED BY AN INSURER OR INSURANCE PRODUCER AS EVIDENCE OF PROPERTY OR  
14 CASUALTY INSURANCE COVERAGE. "CERTIFICATE" OR "CERTIFICATE OF INSURANCE"  
15 SHALL NOT INCLUDE A POLICY OF INSURANCE OR INSURANCE BINDER, AND DOES  
16 NOT AMEND, EXTEND OR ALTER THE COVERAGE PROVIDED BY THE POLICY OF INSUR-  
17 ANCE TO WHICH THE CERTIFICATE MAKES REFERENCE, AND IS SUBJECT TO ALL THE  
18 TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICY. A CERTIFICATE OF  
19 INSURANCE SHALL NOT CONFER TO ANY PERSON NEW OR ADDITIONAL RIGHTS BEYOND  
20 WHAT THE REFERENCED POLICY OF INSURANCE EXPRESSLY PROVIDES.

21 (B) "CERTIFICATE HOLDER" MEANS ANY PERSON, OTHER THAN A POLICYHOLDER,  
22 THAT IS IDENTIFIED ON THE CERTIFICATE AS A CERTIFICATE HOLDER.

23 (C) "INSURANCE PRODUCER" HAS THE MEANING ASCRIBED TO IT BY SUBSECTION  
24 (K) OF SECTION TWO THOUSAND ONE HUNDRED ONE OF THIS CHAPTER.

EXPLANATION--Matter in ITALICS (underscored) is new; matter in brackets  
[ ] is old law to be omitted.

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1 (D) "INSURER" MEANS ANY PERSON "DOING AN INSURANCE BUSINESS" AS SUCH  
2 PHRASE IS DEFINED IN SECTION ONE THOUSAND ONE HUNDRED ONE OF THIS CHAP-  
3 TER.

4 (E) "PERSON" MEANS ANY INDIVIDUAL, PARTNERSHIP, CORPORATION, ASSOCI-  
5 ATION, OR OTHER LEGAL ENTITY, BUT SHALL NOT INCLUDE ANY GOVERNMENTAL  
6 ENTITY, AS THAT TERM IS DEFINED IN THIS SECTION.

7 (F) "GOVERNMENTAL ENTITY" MEANS ANY PUBLIC ENTITY AS DEFINED IN PARA-  
8 GRAPH FIFTY-ONE OF SUBSECTION (A) OF SECTION ONE HUNDRED SEVEN OF THIS  
9 CHAPTER, ANY STATE AUTHORITY AS DEFINED IN SUBDIVISION ONE OF SECTION  
10 TWO OF THE PUBLIC AUTHORITIES LAW, ANY LOCAL AUTHORITY AS DEFINED IN  
11 SUBDIVISION TWO OF SECTION TWO OF THE PUBLIC AUTHORITIES LAW, AND ANY  
12 INTERSTATE OR INTERNATIONAL AUTHORITY AS DEFINED IN SUBDIVISION THREE OF  
13 SECTION TWO OF THE PUBLIC AUTHORITIES LAW.

14 (G) "POLICYHOLDER" MEANS A PERSON WHO HAS CONTRACTED WITH A PROPERTY  
15 OR CASUALTY INSURER FOR INSURANCE COVERAGE.

16 S 502. PROHIBITIONS. (A) NO PERSON OR GOVERNMENTAL ENTITY SHALL  
17 PREPARE, ISSUE, REQUEST, OR REQUIRE THE ISSUANCE OF A CERTIFICATE IF  
18 SUCH PERSON OR GOVERNMENTAL ENTITY KNOWS THAT SUCH CERTIFICATE DOES NOT  
19 COMPLY WITH THE FOLLOWING PROVISIONS:

20 (1) THE CERTIFICATE IS A STANDARD CERTIFICATE OF INSURANCE FORM  
21 PROMULGATED AND AUTHORIZED FOR USE BY THE ASSOCIATION FOR COOPERATIVE  
22 OPERATIONS RESEARCH AND DEVELOPMENT (ACORD) OR THE INSURANCE SERVICES  
23 OFFICE (ISO);

24 (2) THE CERTIFICATE IS A FORM PROMULGATED BY THE INSURANCE COMPANY  
25 THAT HAS UNDERWRITTEN THE POLICY REFERENCED IN THE CERTIFICATE OF INSUR-  
26 ANCE; OR

27 (3) THE CERTIFICATE IS A FORM PREPARED, ISSUED, OR REQUESTED AS  
28 EVIDENCE OF INSURANCE IN CONNECTION WITH A COMMERCIAL LENDING TRANS-  
29 ACTION IN WHICH THE UNDERLYING PROPERTY SERVES AS THE PRIMARY COLLATERAL  
30 SECURING THE BORROWER'S REPAYMENT OF THE LOAN, INCLUDING, BUT NOT LIMIT-  
31 ED TO A FORM PROMULGATED BY THE MORTGAGE BANKERS ASSOCIATION (MBA).

32 (4) THE CERTIFICATE IS A FORM PROMULGATED BY A GOVERNMENTAL ENTITY  
33 THAT IS CONSIDERED A COVERED AGENCY UNDER SECTION FIFTY-ONE OF THE EXEC-  
34 UTIVE LAW, PROVIDED SUCH FORM HAS BEEN APPROVED FOR USE BY THE SUPER-  
35 INTENDENT.

36 (B) NO PERSON OR GOVERNMENTAL ENTITY SHALL ALTER, MODIFY, REQUEST, OR  
37 REQUIRE THE ALTERATION OF A CERTIFICATE OF INSURANCE FORM WHEN SUCH  
38 PERSON OR GOVERNMENTAL ENTITY KNOWS THAT SUCH ALTERATION, MODIFICATION,  
39 REQUEST OR REQUIREMENT IS IN VIOLATION OF THIS ARTICLE.

40 (C) NO PERSON OR GOVERNMENTAL ENTITY SHALL REQUEST OR REQUIRE THAT A  
41 CERTIFICATE OF INSURANCE FORM CONTAIN ADDITIONAL TERMS, CONDITIONS, OR  
42 LANGUAGE OF ANY KIND NOT FOUND IN THE INSURANCE POLICY TO WHICH THE  
43 CERTIFICATE MAKES REFERENCE OR TO AN ENDORSEMENT TO SUCH POLICY WHEN  
44 SUCH PERSON OR GOVERNMENTAL ENTITY KNOWS SUCH REQUEST OR REQUIREMENT IS  
45 IN VIOLATION OF THIS ARTICLE.

46 (D) NO PERSON OR GOVERNMENTAL ENTITY SHALL REQUEST OR REQUIRE EITHER  
47 IN ADDITION TO OR IN LIEU OF A CERTIFICATE OF INSURANCE, AN OPINION  
48 LETTER, WARRANT, STATEMENT, SUPPLEMENTAL CERTIFICATE OR ANY OTHER DOCU-  
49 MENT OR CORRESPONDENCE THAT SUCH PERSON OR GOVERNMENTAL ENTITY KNOWS TO  
50 BE INCONSISTENT WITH THE PROHIBITIONS OF THIS SECTION. HOWEVER, AN  
51 INSURER OR INSURANCE PRODUCER MAY PREPARE OR ISSUE AN ADDENDUM TO A  
52 CERTIFICATE THAT CLARIFIES AND EXPLAINS THE COVERAGE PROVIDED BY A POLI-  
53 CY OF INSURANCE AND OTHERWISE COMPLIES WITH THE REQUIREMENTS OF THIS  
54 SECTION, PROVIDED SUCH AUTHORITY IS GRANTED TO THE PRODUCER BY THE  
55 INSURER.

1 (E) NO PERSON OR GOVERNMENTAL ENTITY SHALL REQUEST OR REQUIRE A  
2 CERTIFICATE OF INSURANCE THAT SUCH PERSON OR GOVERNMENTAL ENTITY KNOWS  
3 CONTAINS REFERENCES TO A CONTRACT OTHER THAN THE INSURANCE POLICY, OR  
4 WARRANTS THAT THE INSURANCE POLICIES REFERENCED IN THE CERTIFICATE  
5 COMPLY WITH THE REQUIREMENTS OF A PARTICULAR CONTRACT PROVIDED HOWEVER A  
6 CERTIFICATE MAY INCLUDE A CONTRACT TITLE OR DESCRIPTION FOR THE SOLE  
7 PURPOSE OF IDENTIFYING THE PROJECT FOR WHICH THE CERTIFICATE WAS ISSUED,  
8 BUT SUCH INCLUSION SHALL NOT BE INTERPRETED AS WARRANTING THAT THE  
9 INSURANCE POLICIES REFERENCED IN THE CERTIFICATE COMPLY WITH THE  
10 REQUIREMENTS OF SUCH CONTRACT.

11 (F) NO PERSON OR GOVERNMENTAL ENTITY SHALL REQUEST OR REQUIRE, PREPARE  
12 OR ISSUE A CERTIFICATE OF INSURANCE THAT SUCH PERSON OR GOVERNMENTAL  
13 ENTITY KNOWS: (I) DOES NOT ACCURATELY STATE THE TERMS OF COVERAGE  
14 PROVIDED BY THE POLICY OR POLICIES OF INSURANCE TO WHICH THE CERTIFICATE  
15 MAKES REFERENCE; (II) PURPORTS TO ALTER, AMEND, EXTEND, OR MISREPRESENT  
16 THE TERMS OF COVERAGE TO WHICH THE CERTIFICATE MAKES REFERENCE; OR (III)  
17 PURPORTS TO CONFER TO ANY PERSON NEW OR ADDITIONAL RIGHTS BEYOND WHAT  
18 THE REFERENCED POLICY OF INSURANCE EXPRESSLY PROVIDES.

19 S 503. APPLICABILITY. THE PROVISIONS OF THIS SECTION SHALL APPLY TO  
20 ALL CERTIFICATE HOLDERS, POLICYHOLDERS, INSURERS, INSURANCE PRODUCERS,  
21 OR ANY OTHER PERSON AND TO CERTIFICATE OF INSURANCE FORMS ISSUED AS  
22 EVIDENCE OF INSURANCE COVERAGES ON PROPERTY, OPERATIONS, OR RISKS  
23 LOCATED IN THIS STATE, REGARDLESS OF WHERE THE CERTIFICATE HOLDER, POLI-  
24 CYHOLDER, INSURER, OR INSURANCE PRODUCER IS LOCATED.

25 S 504. ENFORCEMENT. (A) THE SUPERINTENDENT SHALL HAVE THE POWER UNDER  
26 SECTION FOUR HUNDRED FOUR OF THE FINANCIAL SERVICES LAW TO EXAMINE AND  
27 INVESTIGATE THE ACTIVITIES OF ANY PERSON THAT THE SUPERINTENDENT REASON-  
28 ABLY BELIEVES HAS BEEN OR IS ENGAGED IN AN ACT OR PRACTICE PROHIBITED BY  
29 THIS ARTICLE. THE SUPERINTENDENT SHALL HAVE THE POWER TO ENFORCE THE  
30 PROVISIONS OF THIS SECTION AND IMPOSE ANY AUTHORIZED PENALTY OR REMEDY  
31 AS PROVIDED UNDER SECTION FOUR HUNDRED EIGHT OF THE FINANCIAL SERVICES  
32 LAW AGAINST ANY PERSON WHO VIOLATES THIS ARTICLE.

33 (B) THE OFFICE OF THE STATE INSPECTOR GENERAL SHALL HAVE THE POWER  
34 PURSUANT TO SECTION FIFTY-THREE OF THE EXECUTIVE LAW TO INVESTIGATE ANY  
35 GOVERNMENTAL ENTITY THAT IS CONSIDERED A COVERED AGENCY UNDER SECTION  
36 FIFTY-ONE OF THE EXECUTIVE LAW THAT HAS BEEN OR IS ENGAGED IN AN ACT OR  
37 PRACTICE PROHIBITED BY THIS ARTICLE. IF A GOVERNMENTAL ENTITY NOT  
38 CONSIDERED A COVERED AGENCY UNDER SECTION FIFTY-ONE OF THE EXECUTIVE LAW  
39 HAS BEEN OR IS ENGAGED IN AN ACT OR PRACTICE PROHIBITED BY THIS ARTICLE,  
40 THAT ENTITY'S INSPECTOR GENERAL, OTHER COMPLIANCE OR INTERNAL INVESTI-  
41 GATIVE UNIT OR OTHER OFFICIAL OR ENTITY WITH PROPER AUTHORITY SHALL HAVE  
42 THE POWER TO INVESTIGATE SUCH ENTITY.

43 S 505. RULES AND REGULATIONS. THE SUPERINTENDENT MAY ADOPT RULES OR  
44 REGULATIONS AS HE OR SHE CONSIDERS APPROPRIATE TO CARRY OUT THE  
45 PROVISIONS OF THIS ARTICLE.

46 S 2. This act shall take effect on the ninetieth day after it shall  
47 have become a law.