

2013 -- S 0387 SUBSTITUTE A

LC01164/SUB A

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2013

A N A C T

RELATING TO INSURANCE -- CERTIFICATES OF INSURANCE MODEL ACT

Introduced By: Senators Bates, Picard, and Walaska

Date Introduced: February 26, 2013

Referred To: Senate Corporations

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 27 of the General Laws entitled "INSURANCE" is hereby amended  
2 by adding thereto the following chapter:

3 CHAPTER 78

4 CERTIFICATES OF INSURANCE MODEL ACT

5 **27-78-1. Short title.** -- This chapter shall be known and may be cited as the "Certificates  
6 of Insurance Model Act."

7 **27-78-2. Definitions.** -- For purposes of this chapter:

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

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

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

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

17 **27-78-3. Certificate forms.** -- (a) The commissioner of insurance shall prohibit the use of  
18 a certificate of insurance form if the form:

19 (1) Is unfair, misleading, or deceptive, or violates public policy; or

1 (2) Violates any law, including any regulation promulgated by the commissioner of  
2 insurance.

3 (b) A certificate of insurance is not a policy of insurance and does not affirmatively or  
4 negatively amend, extend, or alter the coverage afforded by the policy to which the certificate of  
5 insurance makes reference. A certificate of insurance shall not confer to any person new or  
6 additional rights beyond what the referenced policy of insurance expressly provides.

7 **27-78-4. Limitations on use.** -- (a) A person may not:

8 (1) Alter or modify a certificate of insurance after issuance by a producer or insurer;

9 (2) Prepare, issue, or request or require the issuance of a certificate of insurance that  
10 contains any false or misleading information concerning the policy of insurance to which the  
11 certificate of insurance makes reference; or

12 (3) Prepare, issue, or request or require the issuance of a certificate of insurance that  
13 purports to affirmatively or negatively alter, amend, or extend the coverage provided by the  
14 policy of insurance to which the certificate of insurance makes reference.

15 (b) A certificate of insurance may not warrant that the policy of insurance referenced in  
16 the certificate comply with the insurance or indemnification requirements of a contract and the  
17 inclusion of a contract number or description within a certificate of insurance may not be  
18 interpreted as doing such.

19 **27-78-5. Notice requirements.** -- A person is entitled to notice of cancellation,  
20 nonrenewal, or any material change, and to any similar notice concerning a policy of insurance  
21 only if the person has such notice rights under the terms of the policy of insurance or any  
22 endorsement to the policy. The terms and conditions of the notice are governed by the policy of  
23 insurance or endorsement and may not be altered by a certificate of insurance.

24 **27-78-6. Applicability.** -- (a) The provisions of this chapter shall apply to all certificates  
25 of insurance issued in connection with property, operations, or risks located in this state,  
26 regardless of where the policyholder, insurer, insurance producer, or person requesting or  
27 requiring the issuance of a certificate of insurance is located.

28 (b) A certificate of insurance or any other document or correspondence prepared, issued,  
29 requested, or required in violation of this chapter shall be null and void.

30 **27-78-7. Enforcement and penalties.** -- (a) The commissioner of insurance shall have  
31 the power to examine and investigate the activities of any person that the commissioner  
32 reasonably believes has been or is engaged in an act or practice prohibited by this chapter.

33 (b) The commissioner of insurance shall have the power to enforce the provisions of this  
34 chapter in accordance with section 42-14-16.

1           (c) The commissioner of insurance may adopt reasonable rules and regulations as are  
2 necessary or proper to carry out the provisions of this chapter.

3           SECTION 2. This act shall take effect ninety (90) days after passage.

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF  
A N A C T  
RELATING TO INSURANCE -- CERTIFICATES OF INSURANCE MODEL ACT

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- 1 This act would enact the Certificates of Insurance Model Act.
- 2 This act would take effect ninety (90) days after passage.

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