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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2013

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A N A C T

RELATING TO INSURANCE -- CERTIFICATES OF INSURANCE MODEL ACT

Introduced By: Representatives Kennedy, Keable, and Marshall

Date Introduced: February 27, 2013

Referred To: House 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 77

4 CERTIFICATES OF INSURANCE MODEL ACT

5 **27-77-1. Short title.** -- This chapter shall be known and may be cited as the "Certificates
6 of Insurance Model Act."

7 **27-77-2. 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 **27-77-3. Certificate forms.** -- (a) A person may not prepare, issue, or request or require
18 the issuance of a certificate of insurance on property, operations, or risks located in this state
19 unless the certificate of insurance form has been filed with the commissioner by or on behalf of

1 an insurer.

2 (b) The commissioner of insurance shall prohibit the use of a certificate of insurance form
3 if the form:

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

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

7 (c) The current edition of standard certificate of insurance forms promulgated and filed
8 with the commissioner by the Association for Cooperative Operations Research and Development
9 (ACORD), the American Association of Insurance Services (AAIS), the Insurance Services
10 Office (ISO) are not required to be filed by individual insurers. Additionally, certificate of
11 insurance forms whose specific content and wording are established by Federal law or regulation,
12 or any law or regulation of this state, are not required to be filed by individual insurers.

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

17 **27-77-4. Limitations on use. --** (a) A person may not:

18 (1) Alter or modify a certificate of insurance form filed with the commissioner;

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

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

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

29 **27-77-5. Notice requirements. --** A person is entitled to notice of cancellation,
30 nonrenewal, or any material change, and to any similar notice concerning a policy of insurance
31 only if the person has such notice rights under the terms of the policy of insurance or any
32 endorsement to the policy. The terms and conditions of the notice are governed by the policy of
33 insurance or endorsement and may not be altered by a certificate of insurance.

34 **27-77-6. Applicability. --** (a) The provisions of this chapter shall apply to all certificates

1 of insurance issued in connection with property, operations, or risks located in this state,
2 regardless of where the policyholder, insurer, insurance producer, or person requesting or
3 requiring the issuance of a certificate of insurance is located.

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

6 **27-77-7. Enforcement and penalties.** -- (a) The commissioner of insurance shall have
7 the power to examine and investigate the activities of any person that the commissioner
8 reasonably believes has been or is engaged in an act or practice prohibited by this chapter.

9 (b) The commissioner of insurance shall have the power to enforce the provisions of this
10 chapter, including the authority to issue orders to cease and desist and to levy a civil penalty not
11 exceeding one thousand dollars (\$1,000) per violation against any person who violates this
12 chapter.

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

15 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

- 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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