

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 522

BY BUSINESS COMMITTEE

AN ACT

RELATING TO CERTIFICATES OF INSURANCE; AMENDING SECTION 41-1850, IDAHO CODE, TO REVISE PROVISIONS REGARDING THE CONTENT OF CERTIFICATES OF INSURANCE AND TO MAKE TECHNICAL CORRECTIONS.

Be It Enacted by the Legislature of the State of Idaho:

SECTION 1. That Section 41-1850, Idaho Code, be, and the same is hereby amended to read as follows:

41-1850. CERTIFICATES OF INSURANCE. (1) For purposes of this section, the following terms have the following meanings:

(a) "Certificate" or "certificate of insurance" means any document or instrument, no matter how titled or described, ~~which that~~ is prepared or issued as evidence of property or casualty insurance coverage. "Certificate" or "certificate of insurance" shall not include a policy of insurance, insurance binder, policy endorsement or automobile insurance identification card.

(b) "Certificate holder" means any person, other than a policyholder, that requests, obtains or possesses a certificate of insurance.

(c) "Insurance producer" has the same meaning as provided for in chapter 10, title 41, Idaho Code, ~~chapter 10, Idaho Code~~.

(d) "Insurer" has the same definition as provided for in section 41-103, Idaho Code.

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

(f) "Policyholder" means a person ~~who~~ that has contracted with a property or casualty insurer for insurance coverage.

(g) "Group master policy" means an insurance policy that provides coverage to eligible persons on a group basis through a group insurance program.

(2) No person, wherever located, may prepare, issue or knowingly request the issuance of a certificate of insurance unless the form has been filed with the director by or on behalf of an insurer. No person, wherever located, may alter or modify a certificate of insurance form unless the alteration or modification has been filed with the director.

(3) The director shall disapprove the use of any form filed under this section, or withdraw approval of a form, if the form:

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

(b) Fails to comply with the requirements of this section; or

(c) Violates any provision of title 41, Idaho Code, including any rule promulgated by the director.

(4) Each certificate of insurance must contain the following or similar statement: "This certificate of insurance is issued as a matter of informa-

1 tion only and confers no rights upon the certificate holder. This certifi-
2 cate does not alter, amend or extend the coverage, terms, exclusions and con-
3 ditions afforded by the policies referenced herein."

4 (5) The current edition of standard certificate of insurance forms pro-
5 mulgated and filed with the director by the association for cooperative op-
6 erations research and development (ACORD) or the insurance services office
7 (ISO) are not required to be refiled by individual insurers.

8 (6) No person, wherever located, shall demand or request the issuance
9 of a certificate of insurance or other document, record or correspondence
10 that the person knows contains any false or misleading information or that
11 purports to affirmatively or negatively alter, amend or extend the cover-
12 age provided by the policy of insurance to which the certificate makes refer-
13 ence.

14 (7) No person, wherever located, may knowingly prepare or issue a cer-
15 tificate of insurance or other document, record or correspondence that con-
16 tains any false or misleading information or that purports to affirmatively
17 or negatively alter, amend or extend the coverage provided by the policy of
18 insurance to which the certificate makes reference.

19 (8) The provisions of this section shall apply to all certificate hold-
20 ers, policyholders, insurers, insurance producers and certificate of insur-
21 ance forms issued as evidence of property or casualty insurance coverages on
22 property, operations or risks located in this state, regardless of where the
23 certificate holder, policyholder, insurer or insurance producer is located.

24 (9) A certificate of insurance is not a policy of insurance and does not
25 affirmatively or negatively alter, amend or extend the coverage afforded by
26 the policy to which the certificate of insurance makes reference. A certifi-
27 cate of insurance shall not confer to a certificate holder new or additional
28 rights beyond what the referenced policy of insurance provides.

29 ~~(10) No certificate of insurance shall contain references to contracts~~
30 ~~other than the underlying contracts of insurance, including construction or~~
31 ~~service contracts~~ A certificate of insurance may not warrant that the pol-
32 icy of insurance referenced in the certificate comply with the insurance or
33 indemnification requirements of a contract, and the inclusion of a contract
34 number or description, or project number or description, within a certifi-
35 cate of insurance may not be interpreted as doing such. Notwithstanding any
36 requirement, term or condition of any contract or other document with re-
37 spect to which a certificate of insurance may be issued or may pertain, the
38 insurance afforded by the referenced policy of insurance is subject to all
39 the terms, exclusions and conditions of the policy itself.

40 (11) A person is entitled to receive notice of cancellation, nonrenewal
41 or any material change or any similar notice concerning a policy of insurance
42 only if the person has such notice rights under the terms of the policy or any
43 endorsement to the policy. The terms and conditions of the notice, including
44 the required timing of the notice, are governed by the policy of insurance or
45 endorsement and may not be altered by a certificate of insurance.

46 (12) Any certificate of insurance or any other document, record or cor-
47 respondence prepared, issued or requested in violation of this section shall
48 be null and void and of no force and effect.

1 (13) Any person ~~who~~ that violates this section shall be subject to an ad-
2 ministrative penalty imposed by the director in an amount as provided for in
3 section 41-117, Idaho Code, per violation.

4 (14) The director shall have the power to examine and investigate the
5 activities of any person that the director believes has been or is engaged
6 in an act or practice prohibited by this section. The director shall have
7 the power to enforce the provisions of this section and impose any authorized
8 penalty or remedy against any person ~~who~~ that violates this section.

9 (15) The director may, in accordance with section 41-211, Idaho Code,
10 adopt reasonable rules as are necessary or proper to carry out the provisions
11 of this section.

12 (16) This section shall not apply to any certificate of insurance pre-
13 pared and/or issued by an insurer pursuant to any federal law, rule or reg-
14 ulation, or any other law, rule or regulation of this state, in which the
15 specific content and form of said certificate is enumerated therein, or a
16 certificate issued to a person or entity that has purchased coverage under a
17 group master policy.