

# HOUSE BILL 463

C4

2lr2174  
CF SB 297

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By: **Delegate Rudolph**

Introduced and read first time: February 2, 2012

Assigned to: Economic Matters

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## A BILL ENTITLED

1 AN ACT concerning

2 **Property and Casualty Insurance – Certificates of Insurance and Certificate**  
3 **of Insurance Forms**

4 FOR the purpose of prohibiting a person from preparing or issuing or requiring the  
5 preparation or issuance of a certificate of insurance unless the certificate of  
6 insurance form has been filed with and approved by the Maryland Insurance  
7 Commissioner; providing a certain exception; requiring the Commissioner to  
8 disapprove a certificate of insurance form or withdraw approval of a certificate  
9 of insurance form under certain circumstances; prohibiting a person from  
10 altering or modifying a certificate of insurance; requiring the Commissioner to  
11 adopt certain regulations; and generally relating to certificates of insurance and  
12 certificate of insurance forms.

13 BY repealing and reenacting, with amendments,  
14 Article – Insurance  
15 Section 19–116  
16 Annotated Code of Maryland  
17 (2011 Replacement Volume)

18 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
19 MARYLAND, That the Laws of Maryland read as follows:

20 **Article – Insurance**

21 19–116.

22 (a) (1) In this section the following words have the meanings indicated.

23 (2) “Certificate holder” means any person, other than a policyholder,  
24 that requests, obtains, or possesses a certificate of insurance.

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1           (3)   (i)   “Certificate of insurance” or “certificate” means any  
2 document or instrument, however titled or described, that is prepared or issued by an  
3 insurer or insurance producer as evidence of property insurance or casualty insurance  
4 coverage.

5           (ii)   “Certificate of insurance” or “certificate” does not include a  
6 policy of insurance or an insurance binder.

7           (4)   “Insurer” includes a person that is self-insured.

8           (5)   “Person” includes a unit of State or local government.

9           (6)   “Policyholder” means the owner of a policy of property insurance or  
10 casualty insurance.

11          (b)   (1)   This section applies to all certificate holders, policyholders,  
12 insurers, insurance producers, and certificates of insurance prepared or issued as  
13 evidence of insurance coverage on property, operations, or risks located in the State,  
14 regardless of where the certificate holder, policyholder, insurer, or insurance producer  
15 is located.

16          (2)   This section may not be construed to apply to a statement,  
17 summary, or evidence of property insurance, including a certificate, required by a  
18 lender that holds a loan secured by:

19                   (i)   a mortgage;

20                   (ii)  a lien;

21                   (iii) a deed of trust; or

22                   (iv)  any other security interest in real or personal property as  
23 security for the loan.

24          **(C)   (1)   EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS**  
25 **SUBSECTION, A PERSON MAY NOT PREPARE OR ISSUE OR REQUIRE THE**  
26 **PREPARATION OR ISSUANCE OF A CERTIFICATE OF INSURANCE UNLESS THE**  
27 **CERTIFICATE OF INSURANCE FORM HAS BEEN FILED WITH AND APPROVED BY**  
28 **THE COMMISSIONER.**

29          **(2)   ANY STANDARD CERTIFICATE OF INSURANCE FORM ADOPTED**  
30 **BY THE ASSOCIATION FOR COOPERATIVE OPERATIONS RESEARCH AND**  
31 **DEVELOPMENT (ACORD) OR THE INSURANCE SERVICES OFFICE (ISO) THAT**  
32 **OTHERWISE COMPLIES WITH THE REQUIREMENTS OF THIS SECTION IS DEEMED**  
33 **APPROVED BY THE COMMISSIONER.**

1           **(D) THE COMMISSIONER SHALL DISAPPROVE A CERTIFICATE OF**  
2 **INSURANCE FORM FILED WITH THE COMMISSIONER UNDER THIS SECTION, OR**  
3 **WITHDRAW APPROVAL OF A CERTIFICATE OF INSURANCE FORM, IF THE FORM:**

4                   **(1) IS UNJUST, UNFAIR, MISLEADING, OR DECEPTIVE OR**  
5 **VIOLATES PUBLIC POLICY;**

6                   **(2) FAILS TO COMPLY WITH THE REQUIREMENTS OF THIS**  
7 **SECTION; OR**

8                   **(3) VIOLATES ANY LAW, INCLUDING ANY REGULATION ADOPTED**  
9 **BY THE COMMISSIONER.**

10           **[(c)] (E)** A person may not require an insurer or insurance producer to  
11 prepare or issue, or a policyholder to provide, a certificate of insurance that contains  
12 false or misleading information relating to the policy of insurance referenced in the  
13 certificate.

14           **(F) A PERSON MAY NOT ALTER OR MODIFY A CERTIFICATE OF**  
15 **INSURANCE.**

16           **[(d)] (G)** A person may not prepare or issue a certificate of insurance that  
17 the person knows contains false or misleading information or that purports to amend,  
18 alter, or extend the coverage provided by the policy of insurance referenced in the  
19 certificate.

20           **[(e)] (H)** A person may not prepare, issue, or require, either in addition to or  
21 in lieu of a certificate of insurance, an opinion letter or other document that is  
22 inconsistent with this section.

23           **[(f)] (I)** (1) A certificate of insurance is not a policy of insurance and  
24 does not amend, alter, or extend the coverage provided by the policy of insurance  
25 referenced in the certificate.

26                   (2) A certificate of insurance does not confer on a certificate holder  
27 new or additional coverage beyond the coverage provided in the policy of insurance  
28 referenced in the certificate.

29           **[(g)] (J)** The terms and conditions of a notice of cancellation, nonrenewal,  
30 material change, or other similar matters relating to a policy of insurance referenced  
31 in a certificate of insurance:

32                   (1) shall be governed by the policy of insurance; and

33                   (2) may not be altered by a certificate of insurance.

1           **[(h)] (K)**     A certificate of insurance or any other document prepared, issued,  
2 or required in violation of this section is void and unenforceable.

3           **[(i)] (L)**     The Commissioner may examine and investigate the activities of  
4 any person that the Commissioner reasonably believes has been or is engaged in an  
5 act or practice prohibited by this section.

6           **(M)   THE COMMISSIONER SHALL ADOPT REGULATIONS TO CARRY OUT**  
7 **THIS SECTION, INCLUDING REGULATIONS THAT ESTABLISH AN APPROVAL**  
8 **PROCESS FOR CERTIFICATE OF INSURANCE FORMS.**

9           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
10 October 1, 2012.