

## Chapter 480

(House Bill 463)

AN ACT concerning

### Property and Casualty Insurance – Certificates of Insurance and Certificate of Insurance Forms

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

BY repealing and reenacting, with amendments,

Article – Insurance

Section 19–116

Annotated Code of Maryland  
(2011 Replacement Volume)

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

#### Article – Insurance

19–116.

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

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

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

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

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

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

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

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

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

(i) a mortgage;

(ii) a lien;

(iii) a deed of trust; or

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

**(C) (1) EXCEPT AS PROVIDED IN ~~PARAGRAPH (2)~~ PARAGRAPHS (2) AND (3) OF THIS SUBSECTION, A PERSON MAY NOT PREPARE OR ISSUE OR REQUIRE THE PREPARATION OR ISSUANCE OF A CERTIFICATE OF INSURANCE UNLESS THE CERTIFICATE OF INSURANCE FORM HAS BEEN FILED WITH AND APPROVED BY THE COMMISSIONER.**

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

**(3) THE COMMISSIONER MAY DESIGNATE A CERTIFICATE OF INSURANCE FORM REQUIRED BY A FEDERAL AGENCY AS DEEMED APPROVED.**

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

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

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

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

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

**(F) A PERSON MAY NOT ALTER OR MODIFY ~~A~~ AN APPROVED CERTIFICATE OF INSURANCE.**

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

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

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

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

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

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

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

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

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

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

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

**Approved by the Governor, May 22, 2012.**