

HCS HB 407 -- CERTIFICATE OF INSURANCE FOR PROPERTY AND CASUALTY
INSURANCE COVERAGE

This bill prohibits a person from preparing, issuing, or requesting the issuance of a certificate of insurance form regarding property and casualty insurance unless it has been filed with the Director of the Department of Insurance, Financial Institutions and Professional Registration and from altering or modifying a filed certificate of insurance form. A certificate of insurance is not a policy of insurance but for information only and cannot confer to a holder new or additional policy rights beyond what the referenced insurance policy expressly provides and cannot contain references or opinions on the effect of any other contract. A certificate holder has the legal right to notification of the cancellation, non-renewal, or any material change regarding an insurance policy only if he or she is named within the policy and the notification is required to be provided in the policy. A certificate of insurance cannot create or alter the terms and conditions of the notice, including the required timing of the notice. An insurance producer can charge a reasonable fee for issuing a certificate of insurance to a policyholder or certificate holder. Any person violating these provisions will be subject to an administrative order and the imposition of any authorized penalty or remedy from the department director.

No person, wherever located, can demand or request the issuance of or knowingly prepare or issue a certificate of insurance that contains any false or misleading information; and no person can prepare, issue, or request an opinion letter or other document that is inconsistent with these provisions, but an insurer or insurance producer may prepare or issue an addendum to a certificate of insurance that lists the forms and endorsements by an insurance policy. These provisions apply to all certificate holders, policyholders, insurers, insurance producers, and certificate of insurance forms issued as a statement of coverage on property operations or risks located in this state regardless of where the holder or producer is located.

Any lender requesting use of an evidence of commercial property insurance exempted under the provisions of the bill which has not been approved for use by the insurer issuing the insurance policy and the insurance producer has advised the lender in writing that the insurance provider has not been authorized to use the requested evidence of commercial insurance will have no cause of action against an insurance producer arising from the use of the form except for acts of intentional misrepresentation or fraud.