

# SENATE BILL 297

C4

(2lr1807)

## *ENROLLED BILL*

— *Finance/Economic Matters* —

Introduced by **Senator Kelley**

Read and Examined by Proofreaders:

\_\_\_\_\_  
Proofreader.

\_\_\_\_\_  
Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this

\_\_\_\_\_ day of \_\_\_\_\_ at \_\_\_\_\_ o'clock, \_\_\_\_\_ M.

\_\_\_\_\_  
President.

### CHAPTER \_\_\_\_\_

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

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#### EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.

*Italics* indicate opposite chamber/conference committee amendments.



1 Section 19–116  
2 Annotated Code of Maryland  
3 (2011 Replacement Volume)

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

6 **Article – Insurance**

7 19–116.

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

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

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

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

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

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

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

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

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

29 (i) a mortgage;

30 (ii) a lien;

31 (iii) a deed of trust; or

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Approved:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.