

As Reported by the Senate Insurance Committee

131st General Assembly

Regular Session

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Sub. S. B. No. 115

Senators Bacon, Beagle
Cosponsors: Senators Jones, Gardner, Hottinger

A BILL

To enact sections 3938.01, 3938.02, 3938.03, 1
3938.04, 3938.05, 3938.06, 3938.07, 3938.08, and 2
3938.09 of the Revised Code to regulate 3
certificates of insurance prepared or issued to 4
verify the purchase of property or casualty 5
insurance coverage. 6

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

Section 1. That sections 3938.01, 3938.02, 3938.03, 7
3938.04, 3938.05, 3938.06, 3938.07, 3938.08, and 3938.09 of the 8
Revised Code be enacted to read as follows: 9

Sec. 3938.01. (A) This chapter may be cited as the 10
"Certificates of Insurance Act." 11

(B) As used in this chapter: 12

(1) "Certificate of insurance" means a document or 13
instrument, regardless of how titled or described, that is 14
prepared or issued by an insurer or insurance agent licensed 15
under Chapter 3905. of the Revised Code to verify the purchase 16
of property or casualty insurance coverage. "Certificate of 17
insurance" includes a document issued to a person as 18

verification of purchasing coverage under a master policy. 19
"Certificate of insurance" does not include a policy of 20
insurance, insurance binder, policy endorsement, or automobile 21
identification card, or any document used to provide proof of 22
financial responsibility for purposes of Chapter 4509. of the 23
Revised Code. 24

(2) "Certificate holder" means any person, other than a 25
policyholder, that requests, obtains, or possesses a certificate 26
of insurance. 27

(3) "Person" has the same meaning as in section 1.59 of 28
the Revised Code and includes a limited liability company, the 29
state, and all political subdivisions, authorities, agencies, 30
boards, and commissions of the state. 31

Sec. 3938.02. A certificate of insurance is not a policy 32
of insurance and does not affirmatively or negatively amend, 33
extend, or alter the coverage afforded by the policy. A 34
certificate of insurance shall not confer to any person new or 35
additional rights beyond what the referenced policy of insurance 36
expressly provides. 37

Sec. 3938.03. (A) A certificate of insurance shall not 38
include language that does either of the following: 39

(1) Is unfair, misleading, or deceptive or that violates 40
public policy; 41

(2) Violates any law or any rule promulgated adopted by 42
the superintendent of insurance. 43

(B) A certificate of insurance shall not guarantee that 44
the policy of insurance referenced in the certificate complies 45
with the requirements for a policy of property or casualty 46
insurance under Title XXXIX of the Revised Code. The inclusion 47

of a contract number or policy description in a certificate of 48
insurance is not proof of such a guarantee. 49

Sec. 3938.04. No person shall do either of the following: 50

(A) Prepare, issue, request, or require a certificate of 51
insurance that contains any false or misleading information 52
concerning the policy of insurance referenced in the certificate 53
of insurance; 54

(B) Prepare, issue, request, or require a certificate of 55
insurance that affirmatively or negatively alters, amends, or 56
extends the coverage provided by the policy of insurance 57
referenced in the certificate of insurance. 58

Sec. 3938.05. A certificate holder shall be entitled to 59
notice of cancellation, nonrenewal, or any similar notice 60
concerning a policy of insurance only if the certificate holder 61
is named within the policy or any endorsement to the policy and 62
the policy or endorsement requires notice to be provided to the 63
certificate holder. The terms and conditions of the notice, 64
including the required timing of the notice, are governed by the 65
policy of insurance and cannot be altered by a certificate of 66
insurance. 67

Sec. 3938.06. The provisions of this chapter shall apply 68
to all certificates of insurance issued in connection with 69
property and casualty risks located in this state, regardless of 70
where the policyholder, insurer, insurance agent, or person 71
requesting the certificate of insurance is located. 72

Sec. 3938.07. A certificate of insurance that is issued in 73
violation of this chapter shall be void. 74

Sec. 3938.08. (A) No person shall fail to comply with 75
sections 3938.01 to 3938.07 of the Revised Code. If the 76

superintendent of insurance determines that any person has 77
violated sections 3938.01 to 3938.07 of the Revised Code, the 78
superintendent may take one or more of the following actions: 79

(1) Issue an order requiring the person to cease and 80
desist from the actions constituting the violation; 81

(2) Assess a civil penalty not to exceed one thousand 82
dollars per violation. 83

(B) The superintendent may investigate the activities of 84
any person the superintendent reasonably believes has engaged in 85
or is engaging in an act or practice prohibited by this chapter. 86

(C) Before imposing a penalty under division (A) of this 87
section, the superintendent shall give the person notice and 88
opportunity for a hearing as described in Chapter 119. of the 89
Revised Code. 90

(D) The superintendent shall deposit any penalties 91
assessed under division (A) of this section into the state 92
treasury to the credit of the department of insurance operating 93
fund created in section 3901.021 of the Revised Code. 94

Sec. 3938.09. The superintendent of insurance may adopt 95
rules in accordance with Chapter 119. of the Revised Code as 96
necessary to implement this chapter. 97