

FIRST REGULAR SESSION

HOUSE BILL NO. 407

96TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVES WIELAND (Sponsor), NANCE AND GOSEN (Co-sponsors).

1093L.011

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To amend chapter 379, RSMo, by adding thereto one new section relating to certificates of insurance for property and casualty insurance coverage.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Chapter 379, RSMo, is amended by adding thereto one new section, to be known as section 379.108, to read as follows:

379.108. 1. As used in this section, the following terms shall mean:

(1) **"Certificate of insurance", any document or instrument, no matter how titled or described, which is prepared or issued by an insurer or insurance producer as evidence of property or casualty insurance coverage. Certificate of insurance shall not include a policy of insurance or insurance binder;**

(2) **"Certificate holder", any person, other than a policyholder, that requests, obtains, or possesses a certificate of insurance;**

(3) **"Director", the director of the department of insurance, financial institutions and professional registration;**

(4) **"Insurance producer", the same meaning as such term is defined in section 375.012;**

(5) **"Insurer", any insurance company or mutual formed or regulated under the provisions of chapter 379 or 380, and any other person engaged in the business of making insurance or surety contracts, including self-insurers;**

(6) **"Person", any individual, partnership, corporation, association, or other legal entity, including any government or governmental subdivision or agency;**

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

17 (7) "Policyholder", a person who has contracted with a property or casualty
18 insurer for insurance coverage.

19 2. No person shall prepare, issue, or request the issuance of a certificate of
20 insurance unless the form has been filed with the director. No person shall alter or modify
21 a filed certificate of insurance form.

22 3. Each certificate of insurance shall contain the following or similar statement:
23 "This certificate of insurance is issued as a matter of information only and confers
24 no rights upon the certificate holder. This certificate does not amend, extend, or alter the
25 coverage, terms, exclusions and conditions afforded by the policies referenced herein."

26 4. Standard certificate of insurance forms promulgated by the Association for
27 Cooperative Operations Research and Development or the Insurance Services Office are
28 deemed in compliance when filed with the director and may be adopted and used by any
29 of their respective members.

30 5. No person, wherever located, shall demand or request the issuance of a certificate
31 of insurance from an insurer, insurance producer, or policyholder that contains any false
32 or misleading information concerning the policy of insurance to which the certificate
33 makes reference.

34 6. No person, wherever located, shall knowingly prepare or issue a certificate of
35 insurance that contains any false or misleading information or that purports to
36 affirmatively or negatively alter, amend, or extend the coverage or rights provided by the
37 policy of insurance to which the certificate makes reference.

38 7. No person shall prepare, issue, or request, either in addition to or in lieu of a
39 certificate of insurance, an opinion letter or other document or correspondence that is
40 inconsistent with this section; except that, an insurer or insurance producer may prepare
41 or issue an addendum to a certificate that lists the forms and endorsements by a policy of
42 insurance and otherwise complies with the requirements of this section.

43 8. The provisions of this section shall apply to all certificate holders, policyholders,
44 insurers, insurance producers, and certificate of insurance forms issued as evidence of
45 insurance coverage on property operations or risks located in this state, regardless of
46 where the certificate holder, policyholder, or insurance producer is located.

47 9. A certificate of insurance is not a policy of insurance and does not affirmatively
48 or negatively amend, extend, or alter coverage afforded by the policy to which the
49 certificate of insurance makes reference. A certificate of insurance shall not confer to a
50 certificate holder new or additional rights beyond what the referenced policy of insurance
51 expressly provides.

52 **10. No certificate of insurance shall contain references or opinions on the effect of**
53 **any contracts, including construction or service contracts, other than the referenced**
54 **contract of insurance. Notwithstanding any requirement, term, or condition of any**
55 **contract or other document with respect to which a certificate of insurance may be issued**
56 **or may pertain, the insurance afforded by the referenced policy of insurance is subject to**
57 **all the terms, exclusions, and conditions of the policy itself.**

58 **11. A certificate holder shall only have a legal right to notice of cancellation,**
59 **nonrenewal, or any material change, or any similar notice concerning a policy of insurance**
60 **if the person is named within the policy or any endorsement or rider and the policy or**
61 **endorsement or rider requires notice to be provided. The terms and conditions of the**
62 **notice, including the required timing of the notice, are governed by the policy of insurance**
63 **and shall not be created or altered by a certificate of insurance.**

64 **12. An insurance producer may charge a reasonable service fee for issuing a**
65 **certificate to a policyholder or certificate holder. Such fee shall be considered a**
66 **permissible incidental fee under section 375.052.**

67 **13. Any certificate of insurance or any other document or correspondence**
68 **prepared, issued, or requested in violation of this section shall be null and void and of no**
69 **force and effect.**

70 **14. If the director determines that a person has violated this section, the director**
71 **may issue such administrative orders as authorized under section 374.046. A violation of**
72 **this section is a level two violation under section 374.049.**

73 **15. The director shall have the power to examine and investigate the activities of**
74 **any person that the director reasonably believes has been or is engaged in an act or**
75 **practice prohibited by this section. The director shall have the power to enforce the**
76 **provisions of this section and impose any authorized penalty or remedy against any person**
77 **who violates this section.**

78 **16. The director may promulgate rules to implement the provisions of this section.**
79 **Any rule or portion of a rule, as that term is defined in section 536.010, that is created**
80 **under the authority delegated in this section shall become effective only if it complies with**
81 **and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028.**
82 **This section and chapter 536 are nonseverable and if any of the powers vested with the**
83 **general assembly pursuant to chapter 536 to review, to delay the effective date, or to**
84 **disapprove and annul a rule are subsequently held unconstitutional, then the grant of**
85 **rulemaking authority and any rule proposed or adopted after August 28, 2011, shall be**
86 **invalid and void.**