

House Bill 3005

Sponsored by Representative GILLIAM

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Sets standards for certificates of insurance. Authorizes Director of Department of Consumer and Business Services to make rules regulating issuance of certificates of insurance. Makes misuse of certificate of insurance violation of Insurance Code.

A BILL FOR AN ACT

1
2 Relating to certificates of insurance.

3 **Be It Enacted by the People of the State of Oregon:**

4 **SECTION 1. Section 2 of this 2011 Act is added to and made a part of the Insurance Code.**

5 **SECTION 2. (1) As used in this section:**

6 (a) "Certificate" or "certificate of insurance" means any document or instrument, no
7 matter how titled or described, that is prepared or issued as evidence of property or casualty
8 insurance coverage. "Certificate" or "certificate of insurance" does not include a policy of
9 insurance or insurance binder.

10 (b) "Certificate holder" means any person, other than a policyholder, who requests, ob-
11 tains or possesses a certificate of insurance.

12 (c) "Policyholder" means a person who has contracted with a property or casualty
13 insurer for insurance coverage.

14 (2) A person may not prepare or issue a certificate of insurance if the form:

15 (a) Is unjust, unfair, misleading or deceptive or violates public policy;

16 (b) Fails to comply with the requirements of subsection (3) of this section; or

17 (c) Violates any law or any rule adopted by the Director of the Department of Consumer
18 and Business Services.

19 (3) Each certificate of insurance must contain the following or similar statement: "This
20 certificate of insurance is issued as a matter of information only and confers no rights upon
21 the certificate holder. This certificate does not amend, extend or alter the coverage, terms,
22 exclusions or conditions afforded by the policies herein. This certificate does not constitute
23 a contract between the issuing insurer or insurers, authorized representative or producer
24 and the certificate holder."

25 (4) The director may designate standard certificate of insurance forms promulgated by
26 national organizations as meeting the requirements under this section and not requiring
27 further approval.

28 (5) A person may not demand or request the issuance of a certificate of insurance from
29 an insurer, insurance producer or policyholder that contains any false or misleading infor-
30 mation concerning the policy of insurance to which the certificate makes reference.

31 (6) A person may not knowingly prepare or issue a certificate of insurance that contains

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted.
New sections are in **boldfaced** type.

1 any false or misleading information or that purports to affirmatively or negatively alter,
 2 amend or extend the coverage provided by the policy of insurance to which the certificate
 3 makes reference.

4 (7) A person may not issue or request, either in addition to or instead of a certificate of
 5 insurance, an opinion letter or other document or correspondence that is inconsistent with
 6 this section. However, an insurer or insurance producer may attach to a certificate copies
 7 of endorsements or other policy provisions that clarify and document the coverages provided
 8 by a policy of insurance.

9 (8) The provisions of this section apply to all certificate holders, policyholders, insurers,
 10 insurance producers and certificate of insurance forms issued as evidence of insurance cov-
 11 erages on property, operations or risks located in this state, regardless of where the certif-
 12 icate holder, policyholder, insurer or insurance producer is located.

13 (9) A certificate of insurance is not a policy of insurance and does not affirmatively or
 14 negatively amend, extend or alter the coverage afforded by the policy to which the certificate
 15 of insurance makes reference. A certificate of insurance does not confer to a certificate
 16 holder new or additional rights beyond what the referenced policy of insurance expressly
 17 provides.

18 (10) A certificate of insurance may contain references to contracts other than the ref-
 19 erenced contracts of insurance, including construction or service contracts, but only for the
 20 purpose of identifying the specific work or operations for which evidence of insurance cov-
 21 erage has been requested and provided.

22 (11) A certificate holder has a legal right to notice of cancellation, nonrenewal, any ma-
 23 terial reduction in coverage or limits or any similar notice concerning a policy of insurance
 24 if the certificate holder is included within the policy or any endorsement, without regard to
 25 the type of endorsement, as an additional insured. Notice shall be provided in accordance
 26 with the terms and conditions of the policy of insurance not less than 10 days prior to can-
 27 cellation for nonpayment of premium and not less than 30 days prior to cancellation,
 28 nonrenewal or material reduction in coverage or limits.

29 (12) An insurance producer may charge a reasonable service fee for issuing a certificate
 30 to a policyholder or certificate holder.

31 (13) Any certificate of insurance or any other document or correspondence prepared, is-
 32 sued or requested in violation of this section is null and void and has no force or effect.

33 (14) The director has the power to examine and investigate the activities of any person
 34 that the director reasonably believes has been or is engaged in an act or practice prohibited
 35 by this section.

36 (15) The director may adopt rules necessary to carry out the provisions of this section.

37 **SECTION 3.** Section 2 of this 2011 Act applies to all certificates of insurance issued on
 38 or after the effective date of this 2011 Act.

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