

FLASH BULLETIN

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Certificate of Insurance Law – Effective April 7, 2015

Through the lobbying efforts of MAIA, there is now a law on the books, Chapter 175L that governs Certificates of Insurance. This new law is based upon the National Conference of Insurance Legislators' Model Act, which has now been adopted in 24 states.

One of the most common concerns we receive from our members regards certificates of insurance (COI). These concerns revolve around requests to the agency by potential certificate holders to alter, amend or extend provisions or coverages afforded by the insurance policy. A bulletin issued by the Division of Insurance (DOI) in 2011 helped, but not enough. The bulletin cautioned that such requests and/or the fulfillment of such requests by agents or companies, could be a violation of the law. But the bulletin didn't carry the weight of law. Well, there now is a law, effective April 7, 2015. This is what it provides:

- The law prohibits any person from preparing or issuing a certificate of insurance that contains false or misleading information concerning the underlying policy or one that purports to alter, amend or extend coverage. A certificate also may not warrant that the policy referenced in the certificate complies with the insurance or indemnification requirements of a particular contract.
- In an effort to help eliminate or reduce requests for improper or misleading certificates, the law applies specific requirements and extends the jurisdictional reach of the Commissioner of Insurance to third parties, who make such requests. Specifically, the law prohibits a person from requiring the issuance of a certificate that contains false or misleading information concerning the underlying policy; purports to alter, amend or extend coverage. The Insurance Commissioner is also given the authority to issue cease and desist orders and levy fines of \$500 per violation against third parties who violate these requirements.
- In an effort to further reduce any incentive that a party might have to request an improper certificate, the law confirms that a certificate is distinct from an insurance policy and codifies the principle that a certificate does not alter, amend or extend coverage or independently confer rights. The law also provides that any certificate issued in violation of its provision is null and void.

Please click [here](#) for a copy of the new law along with a "sample letter" that can be used to send to an individual, business or state agency that makes a request for a Certificate of Insurance (COI) that is not permitted in accordance with the provisions of the new law.

If you have any questions, please contact Dan Foley at the MAIA offices by phone at 800.972.9312 or 508.634.2900 or dfoley@massagent.com. Thank you.



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