February 15, 2013

HOUSE BILL No. 1322

DIGEST OF HB 1322 (Updated February 13, 2013 12:38 pm - DI 97)

Citations Affected: IC 27-1.

Synopsis: Certificates of insurance. Specifies requirements related to a certificate of insurance issued in connection with a contract related to property, operations, or risks located in Indiana.

Effective: July 1, 2013.

Lehman

January 17, 2013, read first time and referred to Committee on Insurance.
February 14, 2013, amended, reported — Do Pass.

C o p y

February 15, 2013

First Regular Session 118th General Assembly (2013)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type.~~

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~*this style type*~~ reconciles conflicts between statutes enacted by the 2012 Regular Session of the General Assembly.

C o p y

HOUSE BILL No. 1322

A BILL FOR AN ACT to amend the Indiana Code concerning insurance.

Be it enacted by the General Assembly of the State of Indiana:

SECTION 1. IC 27-1-42 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]:

Chapter 42. Certificates of Insurance

Sec. 1. This chapter applies to a certificate of insurance that is issued in connection with a contract related to property, operations, or risks located in Indiana, regardless of the location of the policyholder, insurer, insurance producer, or person that requests or requires the issuance of the certificate of insurance.

Sec. 2. (a) As used in this chapter, "certificate of insurance" means a document prepared by an insurer or insurance producer as evidence of property or casualty insurance coverage.

(b) The term does not include a policy of insurance, an insurance binder, a policy endorsement, or a motor vehicle insurance identification or information card.

Sec. 3. As used in this chapter, "commissioner" refers to the insurance commissioner appointed under IC 27-1-1-2.

Sec. 4. As used in this chapter, "department" refers to the department of insurance created by IC 27-1-1-1.

Sec. 5. As used in this chapter, "insurance producer" has the meaning set forth in IC 27-1-15.6-2.

Sec. 6. As used in this chapter, "insurer" refers to an insurer (as defined in IC 27-1-2-3) that issues a policy of property or casualty insurance.

Sec. 7. As used in this chapter, "person" has the meaning set forth in IC 27-1-2-3.

Sec. 8. As used in this chapter, "property or casualty insurance" means one (1) or more of the kinds of insurance described in Class 2 and Class 3 of IC 27-1-5-1.

Sec. 9. (a) The use of a certificate of insurance form that:

(1) is unfair, misleading, or deceptive; or

(2) violates any law;

is an unfair and deceptive act or practice in the business of insurance under IC 27-4-1-4.

(b) If:

(1) the commissioner has reason to believe that a certificate of insurance form is described in subsection (a)(1) or (a)(2); and

(2) the certificate of insurance form was provided by a financial institution;

the commissioner may refer the matter to the department of financial institutions for review under IC 28.

Sec. 10. A certificate of insurance does not:

(1) amend, extend, or alter the coverage provided under; or

(2) confer to a person any rights in addition to the rights expressly provided in;

the policy of property or casualty insurance to which the certificate of insurance refers.

Sec. 11. A person may not prepare or issue, or request or require the issuance of, a certificate of insurance that:

(1) contains false or misleading information concerning; or

(2) alters, amends, or extends the coverage provided by;

the policy of property or casualty insurance to which the certificate of insurance refers.

Sec. 12. (a) A certificate of insurance must not contain a warranty that the policy of property or casualty insurance to which the certificate of insurance refers complies with the insurance or indemnification requirements of a contract.

(b) The inclusion of a contract number or contract description in a certificate of insurance does not warrant that the policy of

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property or casualty insurance to which the certificate of insurance refers complies with the insurance or indemnification requirements of the contract.

Sec. 13. (a) A person is not entitled to notice of:

(1) cancellation of;

(2) nonrenewal of; or

(3) a material change in;

a policy of property or casualty insurance unless the person has notice rights under the terms of the policy of property or casualty insurance or an endorsement to the policy.

(b) The terms and conditions of notice described in subsection (a) are governed by the policy of property or casualty insurance or an endorsement to the policy and are not altered by a certificate of insurance.

Sec. 14. A certificate of insurance or any other document that is prepared, issued, requested, or required in violation of this chapter is void.

Sec. 15. (a) The commissioner may examine and investigate the activities of a person that the commissioner reasonably believes has violated this chapter.

(b) The commissioner may issue a cease and desist order or impose a civil penalty of not more than one thousand dollars ($1,000) for each violation of this chapter.

Sec. 16. The department may adopt rules under IC 4-22-2 to implement this chapter.

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Insurance, to which was referred House Bill 1322, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 2, delete lines 13 through 29.

Page 2, line 30, delete "(b) The commissioner shall prohibit the" and insert "**Sec. 9. (a) The**".

Page 2, line 31, delete "filed as described in subsection (a)(1) if the form:" and insert "**that:**".

Page 2, line 33, delete "." and insert "**;**

is an unfair and deceptive act or practice in the business of insurance under IC 27-4-1-4.

(b) If:

(1) the commissioner has reason to believe that a certificate of insurance form is described in subsection (a)(1) or (a)(2); and

(2) the certificate of insurance form was provided by a financial institution;

the commissioner may refer the matter to the department of financial institutions for review under IC 28.".

Page 2, line 40, delete "do any of the following:" and insert "**prepare or issue, or request or require the issuance of, a certificate of insurance that:**

(1) contains false or misleading information concerning; or

(2) alters, amends, or extends the coverage provided by;

the policy of property or casualty insurance to which the certificate of insurance refers.".

Page 2, delete lines 41 through 42.

Page 3, delete lines 1 through 7.

Page 3, line 11, delete "related to property," and insert "**.**".

Page 3, delete line 12.

and when so amended that said bill do pass.

(Reference is to HB 1322 as introduced.)

LEHMAN, Chair

Committee Vote: yeas 12, nays 0.

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