

# HOUSE RESEARCH

## Bill Summary

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### Overview

This bill regulates the issuance of certificates of insurance to third-parties by insurance companies and insurance agents. For instance, a business or individual contracting with a building contractor to do work on the business or home may require a certificate of insurance from the contractor's insurer or agent. A certificate of insurance is evidence that the insured has a particular type of insurance policy from that insurance company and usually states at least the policy limits.

#### Section

#### 1 Certificates of insurance.

**Subd. 1. Issuance.** Permits insurance companies and insurance agents (now called "producers") to provide a third-party with a certificate as evidence of the insurance their insured has, including the amount of coverage.

**Subd. 2. Prohibition.** Prohibits issuing a certificate of insurance that changes the coverage provided by a policy form filed by the commissioner of commerce.

**Subd. 3. Required statement.** Requires a certificate of property and casualty insurance coverage to state that it does not change the coverage. (It just tries to correctly describe it.)

**Subd. 4. Cancellation notice.** Prohibits a certificate provided to a third-party to state a period for notice of cancellation that is longer than the period of notice the policyholder is entitled to from the insurance company by statute. (A certificate usually (sort of) promises that the insurance company will give the third party prior notice of cancellation of the policy.)

**Subd. 5. Filing.** Requires an insurer that wants to use a form that is not one of two standard certificate of insurance forms to file the form with the commissioner

before using it. Prohibits (apparently agents) from amending a filed form at the request of a third party.

**Subd. 6. Opinion letters.** Prohibits a licensed insurance producer from issuing an opinion letter that is inconsistent with this section.

**Subd. 7. Application.** Provides that the provisions in this section do not affect certain rights of policy holders and third parties.

**2 Certificates of insurance.** Amends the chapter of law that regulates insurance agents to prohibit agents from violating subdivision 2, 4, or 6 of section 1.