

**ASSEMBLY, No. 3731**

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**STATE OF NEW JERSEY**

**215th LEGISLATURE**

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INTRODUCED FEBRUARY 7, 2013

**Sponsored by:**

**Assemblyman GARY S. SCHAER**

**District 36 (Bergen and Passaic)**

**Assemblyman TIMOTHY J. EUSTACE**

**District 38 (Bergen and Passaic)**

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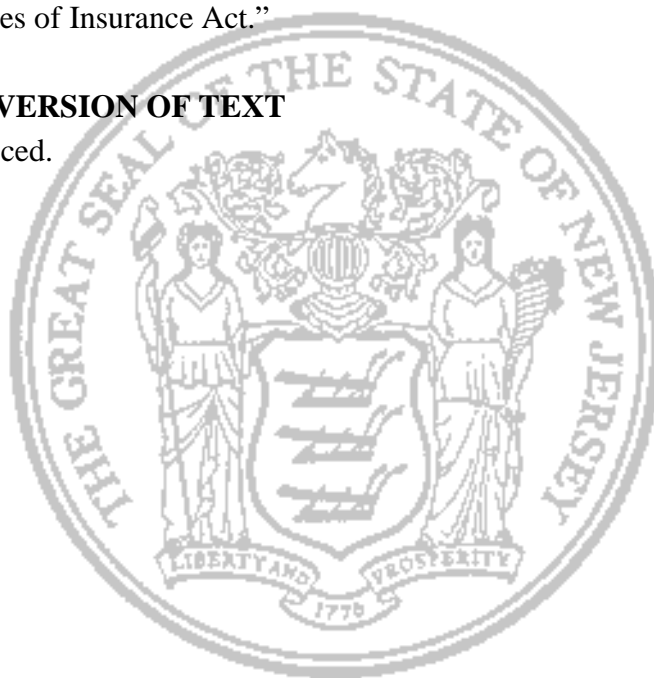
**Assemblyman McKeon**

**SYNOPSIS**

“Certificates of Insurance Act.”

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 9/10/2013)**

1 AN ACT concerning certificates of insurance and supplementing  
2 Title 17 of the Revised Statutes.

3  
4 BE IT ENACTED *by the Senate and General Assembly of the State*  
5 *of New Jersey:*

6  
7 1. This act shall be known and may be cited as the “Certificates  
8 of Insurance Act.”

9  
10 2. As used in this act:

11 “Certificate of insurance” means a document or instrument,  
12 regardless of how titled or described, that is prepared or issued by  
13 an insurer or insurance producer as evidence of property or casualty  
14 insurance coverage. The term shall not include a policy of  
15 insurance, insurance binder, policy endorsement, or automobile  
16 insurance identification or information card.

17 “Commissioner” means the Commissioner of Banking and  
18 Insurance.

19 “Insurance producer” means a person required to be licensed  
20 pursuant to the “New Jersey Insurance Producer Licensing Act of  
21 2001,” P.L.2001, c.210 (C.17:22A-26 et seq.).

22 “Insurer” means an organization that issues property or casualty  
23 insurance.

24  
25 3. a. Except as provided in subsection b. of this section, a  
26 person shall not prepare, issue, request, or require the issuance of a  
27 certificate of insurance on property, operations, or risks located in  
28 this State unless:

29 (1) the certificate of insurance form has been filed with and  
30 approved by the commissioner; or

31 (2) the specific content and wording of the certificate of  
32 insurance form are established by any federal law or regulation or  
33 any law or regulation of this State.

34 b. Notwithstanding the provisions of subsection a. of this  
35 section, the current edition of standard certificate of insurance  
36 forms promulgated by the following organizations are approved and  
37 authorized for use in this State on and after the date that the forms  
38 are filed with the commissioner:

39 (1) the Association for Cooperative Operations Research and  
40 Development (ACORD);

41 (2) the American Association of Insurance Services (AAIS);

42 (3) the Insurance Services Office (ISO).

43 c. The commissioner shall disapprove the use of a certificate of  
44 insurance form if the form is:

45 (1) unfair, misleading, or deceptive, or violates public policy; or

46 (2) in violation of the provisions of any law, including any  
47 regulation promulgated by the commissioner.

1       4. A certificate of insurance shall not be considered to be a  
2 policy of insurance and shall not have the effect of amending,  
3 extending, or altering the coverage provided for in the referenced  
4 policy of insurance. A certificate of insurance shall not confer new  
5 or additional rights to any person beyond those provided for in the  
6 referenced policy of insurance.

7  
8       5. a. A person shall not:

9       (1) Alter or modify a certificate of insurance form filed with the  
10 commissioner;

11       (2) Prepare, issue, request, or require the issuance of a  
12 certificate of insurance that contains any false or misleading  
13 information concerning the referenced policy of insurance; or

14       (3) Prepare, issue, request, or require the issuance of a  
15 certificate of insurance that purports to alter, amend, or extend the  
16 coverage provided by the referenced policy of insurance.

17       b. A certificate of insurance shall not warrant that the policy of  
18 insurance referenced in the certificate complies with the insurance  
19 or indemnification requirements of a contract. The inclusion of a  
20 contract number or description within a certificate of insurance  
21 shall not be interpreted as providing such a warranty.

22  
23       6. A person shall not be entitled to a notice of a cancellation, a  
24 nonrenewal, or a material change, or any similar notice concerning  
25 a policy of insurance, unless the person has a right to that notice  
26 under the terms of the policy of insurance or an endorsement to the  
27 policy, or pursuant to any applicable State law. The terms and  
28 conditions of the notice shall be governed by the policy of  
29 insurance or endorsement and shall not be altered by a certificate of  
30 insurance.

31  
32       7. a. The provisions of this act shall apply to all certificates of  
33 insurance issued in connection with property, operations, or risks  
34 located in this State, regardless of where the policyholder, insurer,  
35 insurance producer, or person requesting or requiring the issuance  
36 of a certificate of insurance is located.

37       b. A certificate of insurance or any other document or  
38 correspondence prepared, issued, requested, or required in violation  
39 of any provision of this act shall be null and void.

40  
41       8. a. The commissioner shall have the authority to examine and  
42 investigate the activities of any person that the commissioner  
43 reasonably believes has been or is engaged in an act or practice  
44 prohibited by this act.

45       b. The commissioner shall have the authority to enforce the  
46 provisions of this act, including the authority to issue orders to  
47 cease and desist and impose other sanctions as provided in the  
48 “New Jersey Insurance Producer Licensing Act of 2001,” P.L.2001,

1 c. 210 (C.17:22A-26 et seq.), or in P.L.1947, c.379 (C.17:29B-1 et  
2 seq.), as the commissioner determines to be applicable.

3 c. The commissioner shall adopt rules and regulations,  
4 pursuant to the “Administrative Procedure Act,” P.L.1968, c.410  
5 (C.52:14B-1 et seq.), necessary to implement the provisions of this  
6 act.

7  
8 9. This act shall take effect on the 90th day next following  
9 enactment.

# 10 11 12 STATEMENT

13  
14 This bill, entitled the “Certificates of Insurance Act,” is based on  
15 the Certificates of Insurance Model Act adopted by the National  
16 Conference of Insurance Legislators.

17 A certificate of insurance is provided by an insurer or an  
18 insurance producer and indicates that a property or casualty  
19 insurance policy has been issued to the insured and that the policy  
20 contains certain coverages and limits. The certificates are typically  
21 used by contractors to demonstrate that they have coverages  
22 required to enter into construction contracts.

23 The bill provides that a person shall not prepare, issue, request,  
24 or require the issuance of a certificate of insurance on property,  
25 operations, or risks located in this State unless: (1) the certificate of  
26 insurance form has been filed with and approved by the  
27 Commissioner of Banking and Insurance; or (2) the specific content  
28 and wording of the certificate of insurance form are established by  
29 any federal law or regulation or any law or regulation of this State.  
30 The bill deems to be approved certificate of insurance forms that are  
31 filed with the commissioner if the forms are issued by certain  
32 organizations: the Association for Cooperative Operations Research  
33 and Development (ACORD); the American Association of  
34 Insurance Services (AAIS); and the Insurance Services Office  
35 (ISO).

36 The bill requires the commissioner to disapprove the use of a  
37 certificate of insurance form if the form is unfair, misleading, or  
38 deceptive, or violates public policy, or is in violation of the  
39 provisions of any law, including any regulation promulgated by the  
40 commissioner.

41 The bill provides that a certificate of insurance shall not be  
42 considered to be a policy of insurance and shall not have the effect  
43 of amending, extending, or altering the coverage provided for in the  
44 referenced policy of insurance. A certificate of insurance shall not  
45 confer new or additional rights to any person beyond those provided  
46 for in the referenced policy of insurance.

47 The bill also provides that a person shall not: (1) alter or modify  
48 a certificate of insurance form filed with the commissioner; (2)

1 prepare, issue, request, or require the issuance of a certificate of  
2 insurance that contains any false or misleading information  
3 concerning the referenced policy of insurance; or (3) prepare, issue,  
4 request, or require the issuance of a certificate of insurance that  
5 purports to alter, amend, or extend the coverage provided by the  
6 referenced policy of insurance.

7 The bill provides that a certificate of insurance shall not warrant  
8 that the policy of insurance referenced in the certificate complies  
9 with the insurance or indemnification requirements of a contract.  
10 The inclusion of a contract number or description within a  
11 certificate of insurance shall not be interpreted as providing such a  
12 warranty.

13 The bill provides that a person shall not be entitled to a notice of  
14 a cancellation, a nonrenewal, or a material change, or any similar  
15 notice concerning a policy of insurance, unless the person has a  
16 right to that notice under the terms of the policy of insurance or an  
17 endorsement to the policy. The terms and conditions of the notice  
18 shall be governed by the policy of insurance or endorsement and  
19 shall not be altered by a certificate of insurance.

20 The bill's provisions apply to all certificates of insurance issued  
21 in connection with property, operations, or risks located in this  
22 State, regardless of where the policyholder, insurer, insurance  
23 producer, or person requesting or requiring the issuance of a  
24 certificate of insurance is located. A certificate of insurance or any  
25 other document or correspondence prepared, issued, requested, or  
26 required in violation of any provision of the bill shall be null and  
27 void.

28 Finally, the bill provides the commissioner with enforcement  
29 powers, including those provided for in existing statutes governing  
30 insurers and insurance producers as determined to be applicable by  
31 the commissioner, and provides that the commissioner shall adopt  
32 rules and regulations necessary to implement the bill's provisions.