

As Introduced

131st General Assembly

Regular Session

2015-2016

S. B. No. 115

**Senators Bacon, Beagle
Cosponsors: Senators Jones, Gardner**

A BILL

To enact sections 3938.01, 3938.02, 3938.03, 1
3938.04, 3938.05, 3938.06, 3938.07, 3938.08, and 2
3938.09 of the Revised Code to regulate 3
certificates of insurance prepared or issued as 4
evidence of property or casualty insurance 5
coverage. 6

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

Section 1. That sections 3938.01, 3938.02, 3938.03, 7
3938.04, 3938.05, 3938.06, 3938.07, 3938.08, and 3938.09 of the 8
Revised Code be enacted to read as follows: 9

Sec. 3938.01. (A) This chapter may be cited as the 10
"Certificates of Insurance Act." 11

(B) As used in this chapter: 12

(1) "Certificate of insurance" means a document or 13
instrument, regardless of how titled or described, that is 14
prepared or issued by an insurer or insurance agent licensed 15
under Chapter 3905. of the Revised Code as evidence of property 16
or casualty insurance coverage. "Certificate of insurance" 17
includes a document issued to an individual as evidence of 18

purchasing coverage under a master policy. "Certificate of 19
insurance" does not include a policy of insurance, insurance 20
binder, policy endorsement, or automobile identification card, 21
or any document used to provide proof of financial 22
responsibility for purposes of Chapter 4509. of the Revised 23
Code. 24

(2) "Certificate holder" means any person, other than a 25
policyholder, that requests, obtains, or possesses a certificate 26
of insurance. 27

(3) "Person" has the same meaning as in section 1.59 of 28
the Revised Code and includes a limited liability company, the 29
state, and all political subdivisions, authorities, agencies, 30
boards, and commissions of the state. 31

Sec. 3938.02. A certificate of insurance is not a policy 32
of insurance and does not affirmatively or negatively amend, 33
extend, or alter the coverage afforded by the policy of which 34
the certificate of insurance provides evidence. A certificate of 35
insurance shall not confer to any person new or additional 36
rights beyond what the referenced policy of insurance expressly 37
provides. 38

Sec. 3938.03. (A) A certificate of insurance shall not 39
include language that does either of the following: 40

(1) Is unfair, misleading, or deceptive or that violates 41
public policy; 42

(2) Violates any law or any rule promulgated adopted by 43
the superintendent of insurance. 44

(B) A certificate of insurance shall not guarantee that 45
the policy of insurance referenced in the certificate complies 46
with the requirements for a policy of property or casualty 47

insurance under Title XXXIX of the Revised Code. The inclusion 48
of a contract number or policy description in a certificate of 49
insurance is not evidence of such a guarantee. 50

Sec. 3938.04. No person shall do either of the following: 51

(A) Prepare, issue, request, or require a certificate of 52
insurance that contains any false or misleading information 53
concerning the policy of insurance referenced in the certificate 54
of insurance; 55

(B) Prepare, issue, request, or require a certificate of 56
insurance that affirmatively or negatively alters, amends, or 57
extends the coverage provided by the policy of insurance 58
referenced in the certificate of insurance. 59

Sec. 3938.05. A certificate holder shall have a legal 60
right to notice of cancellation, nonrenewal, or any material 61
change, or any similar notice concerning a policy of insurance 62
only if the certificate holder is named within the policy or any 63
endorsement to the policy and the policy or endorsement requires 64
notice to be provided to the certificate holder. The terms and 65
conditions of the notice, including the required timing of the 66
notice, are governed by the policy of insurance and cannot be 67
altered by a certificate of insurance. 68

Sec. 3938.06. The provisions of this chapter shall apply 69
to all certificates of insurance issued in connection with 70
property, operations, or risks located in this state, regardless 71
of where the policyholder, insurer, insurance agent, or person 72
requesting the certificate of insurance is located. 73

Sec. 3938.07. A certificate of insurance that is issued in 74
violation of this chapter shall be void. 75

Sec. 3938.08. (A) No person shall fail to comply with 76

sections 3938.01 to 3938.09 of the Revised Code. If the 77
superintendent of insurance determines that any person has 78
violated sections 3938.01 to 3938.09 of the Revised Code, the 79
superintendent may take one or more of the following actions: 80

(1) Issue an order requiring the person to cease and 81
desist from the actions constituting the violation; 82

(2) Assess a civil penalty not to exceed one thousand 83
dollars per violation. 84

(B) The superintendent may investigate the activities of 85
any person the superintendent reasonably believes has engaged in 86
or is engaging in an act or practice prohibited by this chapter. 87

(C) Before imposing a penalty under division (A) of this 88
section, the superintendent shall give the person notice and 89
opportunity for a hearing as described in Chapter 119. of the 90
Revised Code. 91

(D) The superintendent shall deposit any penalties 92
assessed under division (A) of this section into the state 93
treasury to the credit of the department of insurance operating 94
fund created in section 3901.021 of the Revised Code. 95

Sec. 3938.09. The superintendent of insurance may adopt 96
rules in accordance with Chapter 119. of the Revised Code as 97
necessary to implement this chapter. 98