

SENATE BILL 2849

By Bailey

AN ACT to amend Tennessee Code Annotated, Title 8 and
Title 56, relative to certificates of insurance.

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

SECTION 1. Tennessee Code Annotated, Title 56, Chapter 7, Part 1, is amended by
adding the following as a new section:

(a) For purposes of this section:

(1) "Certificate of insurance":

(A) Means a document or instrument prepared or issued by an
insurer or insurance producer as evidence of property or casualty
insurance coverage; and

(B) Does not include a policy of insurance, insurance binder,
policy endorsement, or automobile insurance identification or information
card;

(2) "Governmental entity" means any political subdivision of this state,
including, but not limited to, any incorporated city or town, metropolitan
government, county, utility district, or school district;

(3) "Insurance producer" means a person licensed to sell, solicit, or
negotiate property or casualty insurance under the laws of this state;

(4) "Insurer" means a person, firm, association, or corporation duly
licensed to transact a property or casualty insurance business in this state; and

(5) "Person" means any individual, partnership, corporation, association,
or other legal entity, including any governmental entity.

(b) A certificate of insurance is not a policy of insurance and does not amend, extend, or alter the coverage afforded by the policy to which the certificate of insurance refers. A certificate of insurance does not confer any rights beyond what the referenced policy of insurance expressly provides.

(c) The commissioner of commerce and insurance shall promulgate rules to prohibit the use of a certificate of insurance, or any certificate of insurance form, that:

(1) Is unfair, misleading, deceptive, or violates public policy as described in rule; or

(2) Violates any law or any rule promulgated by the department of commerce and insurance.

(d) A person shall not:

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

(2) Prepare, issue, request, or require the issuance of a certificate of insurance that purports to alter, amend, or extend the coverage provided by the policy of insurance referenced in the certificate of insurance; or

(3) Alter or modify a certificate of insurance after issuance.

(e) A certificate of insurance must not warrant that the policy of insurance referenced in the certificate of insurance complies with the insurance or indemnification requirements of a contract. The inclusion of a contract number or description within a certificate of insurance may not be interpreted as warranting that the policy of insurance referenced in the certificate of insurance complies with the insurance or indemnification requirements of a contract.

(f) An insurer must provide a policy holder with notice of any cancellation, nonrenewal, material change, or any similar notice concerning a policy of insurance only if the policy holder has a right to the notice under the terms of the policy of insurance, an

endorsement to the policy, or state law. The policy of insurance, an endorsement to a policy of insurance, and state law govern the terms and conditions of any notice under this subsection (f), including the required timing of the notice.

(g) This section applies to all certificates of insurance issued in connection with property and casualty risks located in this state, regardless of where the policyholder, insurer, insurance producer, or person requesting or requiring the issuance of a certificate of insurance is located.

(h) A certificate of insurance, or any other document or correspondence prepared, issued, requested, or required in violation of this section is void.

(i) The commissioner of commerce and insurance may examine and investigate the activities of any person that the commissioner reasonably believes engaged in, or is currently engaging in, an act or practice prohibited by this section.

(j) If a person violates this section, then the commissioner of commerce and insurance may take any of the following actions:

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

(2) Assess a civil penalty of not more than one thousand dollars (\$1,000) per violation.

(k) This section does not limit the authority of the commissioner of commerce and insurance to investigate, enforce, or issue penalties under this title.

(l) The commissioner of commerce and insurance may promulgate rules pursuant to the Uniform Administrative Procedures Act, compiled in title 4, chapter 5, to carry out this section.

SECTION 2. For the purpose of promulgating rules, this act shall take effect upon becoming a law, the public welfare requiring it. For all other purposes, this act shall take effect

July 1, 2020, the public welfare requiring it, and applies to certificates of insurance executed, amended, or renewed on or after that date.