



# Ohio Legislative Service Commission

## Bill Analysis

Nick Thomas

### Sub. S.B. 115

131st General Assembly  
(As Reported by S. Insurance)

**Sens.** Bacon and Beagle, Jones, Gardner, Hottinger

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## BILL SUMMARY

- Provides for certificates of insurance (COI), which are certain types of documents that verify the purchase of property and casualty insurance.
- Stipulates that if there is a conflict between a COI and the related policy, the policy controls.
- Prohibits unfair or deceptive language, or language that is in violation of rule or law, from being included in a COI.
- Prohibits certain actions in relation to a COI.
- Authorizes the Superintendent of Insurance to issue cease and desist orders and assess civil penalties to enforce the bill.
- Prescribes when notification of cancellation or nonrenewal of a policy is required to be given to a holder of a COI.

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## CONTENT AND OPERATION

The bill provides for certificates of insurance (COI), which is essentially a document providing verification of property and casualty insurance. The bill applies to all COIs issued in relation to property, operations, or risks located in Ohio, regardless of where the policy holder, insurer, insurance agent, or person requesting the COI is located.<sup>1</sup> Also, any COI issued in violation of the requirements of the bill is void.<sup>2</sup>

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<sup>1</sup> R.C. 3938.06.

<sup>2</sup> R.C. 3938.07.

## **COI v. policy of insurance**

The bill draws a distinction between a COI and a policy of insurance, stating that a COI is not a policy, does not affirmatively or negatively alter the coverage of which the COI provides proof, and cannot confer any new rights to a covered individual beyond what is provided in the policy. In essence, the bill states that if there is a conflict between a COI and its respective policy, the policy is what ultimately prescribes the coverage provided.<sup>3</sup>

### **Prohibited content**

The bill prohibits certain content from being included in a COI. Language in a COI is prohibited from being either of the following:

- Unfair, misleading, deceptive, or in violation of public policy;
- In violation of any law or Department of Insurance rule.

A COI cannot state that the related policy of insurance complies with the requirements for a policy of property or casualty insurance, and the inclusion of a contract number or policy description in a COI is not proof of such a guarantee.<sup>4</sup>

### **Prohibited actions**

The bill prohibits certain actions in relation to a COI. A person is prohibited from doing any of the following in relation to a COI:

- Preparing, issuing, requesting, or requiring a COI that contains any false or misleading information concerning the related policy of insurance;
- Preparing, issuing, requesting, or requiring a COI that affirmatively or negatively alters the coverage provided by the policy of insurance referenced in the COI.<sup>5</sup>

### **Enforcement**

The bill prohibits a person from failing to comply with COI Law and authorizes the Superintendent of Insurance to investigate the activities of any person the Superintendent reasonably believes has engaged in or is engaging in an act or practice

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<sup>3</sup> R.C. 3938.02.

<sup>4</sup> R.C. 3938.03.

<sup>5</sup> R.C. 3938.04.



prohibited by that Law. If the Superintendent determines that any person has violated that Law, the Superintendent may take one or more of the following actions:

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

(2) Assess a civil penalty not to exceed \$1,000 per violation.

Before imposing the penalty, the Superintendent must give the person notice and opportunity for a hearing under the Administrative Procedure Act. The Superintendent must deposit any civil penalties assessed into the state treasury to the credit of the Department of Insurance Operating Fund.<sup>6</sup>

## **Notification**

The bill specifies that a COI holder is entitled to notification of cancellation, nonrenewal, or a similar notice concerning a policy, only if the COI is named in the policy and the policy requires such notification to be given. Furthermore, the bill states that any such notice is to be provided according to the policy, regardless of the contents of the COI.<sup>7</sup>

## **Rules**

The Superintendent of Insurance may adopt rules in accordance with the Administrative Procedure Act as necessary to implement the bill.<sup>8</sup>

## **Definitions**

The bill defines the following terms:

"Certificate of insurance" means a document or instrument, regardless of how titled or described, that is prepared or issued by an insurer or licensed insurance agent to verify the purchase of property or casualty insurance coverage. "Certificate of insurance" includes a document issued to a person as verification of purchasing coverage under a master policy. "Certificate of insurance" does not include a policy of insurance, insurance binder, policy endorsement, or automobile identification card, or any document used to provide proof of financial responsibility with regard to automobile insurance.

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<sup>6</sup> R.C. 3938.08.

<sup>7</sup> R.C. 3938.05.

<sup>8</sup> R.C. 3938.09.



"Certificate holder" means any person, other than a policyholder, that requests, obtains, or possesses a certificate of insurance.

"Person" means an individual, corporation, business trust, partnership, and association. It also includes a limited liability company, the state, and all political subdivisions, authorities, agencies, boards, and commissions of the state.<sup>9</sup>

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## HISTORY

ACTION	DATE
Introduced	03-09-15
Reported, S. Insurance	06-16-15

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<sup>9</sup> R.C. 3938.01.

