

COMMONWEALTH OF MASSACHUSETTS
Office of Consumer Affairs and Business Regulation
DIVISION OF INSURANCE

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BULLETIN 2015-02

To: Insurance Companies Offering Insurance Policies in Massachusetts and
Insurance Producers

From: Daniel R. Judson, Commissioner of Insurance 

Date: May 8, 2015

Re: Implementation of Massachusetts General Laws Chapter 175L, Concerning
Certificates of Insurance

The Division of Insurance (“Division”) issues Bulletin 2015-02 (“Bulletin”) to provide guidance with respect to the implementation of Massachusetts General Laws Chapter (“Chapter”) 175L, concerning the issuance of a certificates of insurance in the Commonwealth.

Background and Summary

Chapter 175L becomes effective on April 7, 2015. The purpose of this law is to regulate and standardize the practice of using certificates of insurance. Chapter 175L defines a certificate of insurance as “a document or instrument, regardless of how titled or described, that is prepared or issued by an insurer or insurance producer as evidence of property or casualty insurance coverage. The term shall not include a policy of insurance, insurance binder, policy endorsement or automobile insurance identification or information card.” Chapter 175L explicitly regulates certificates of insurance for the first time in Massachusetts.

Chapter 175L codifies that the long-time rule that insurance certificates may not modify the terms or conditions of the underlying insurance policies that they evidence. In this regard, Chapter 175L requires that all certificates of insurance must be both true and accurately reflect the policy they represent, and mandates that no one may knowingly prepare, issue or require the issuance of a certificate of insurance that contains any false or misleading information or that alters, amends or extends the coverage provided by the underlying referenced policy. This law applies to all certificates issued in connection with property, operations or risks located in Massachusetts, regardless of where the certificate holder, policy holder, insurer, or insurance agent is located.

A certificate of insurance that violates the requirement of Chapter 175L will be deemed to be null and void. Under the law, the Commissioner of Insurance (“Commissioner”) is authorized to examine and investigate the activities of any person that the Commissioner reasonably believes has been or currently is engaged in an act prohibited by Chapter 175L. Additionally, Chapter 175L grants the Commissioner the authority to enforce the law by imposing a fine of up to \$500 per violation.

Key Provisions of Chapter 175L

- A certificate of insurance encompasses any document or instrument evidencing property or casualty insurance coverage issued by an insurer or insurance producer;
- A certificate of insurance may not “amend, extend or alter the coverage afforded by the policy it evidences;”
- A certificate cannot create any new or additional rights outside the referenced policy;
- No one may knowingly prepare, issue, request or require any false or misleading information in the certificate of insurance concerning the policy;
- No one may prepare, issue, request or require certificate of insurance that purports to affirmatively or negatively reference insurance outside the coverage provided by the underlying policy;
- A certificate of insurance may not warrant that any insurance or indemnification requirements of a contract are fulfilled by the underlying policy of insurance;
- A cancellation notice reference on the certificate of insurance does not create any right to receive notice of cancellation, non-renewal or material changes to a policy unless the terms of the policy or endorsement so provide.

The Division suggests that producers and others that prepare certificates of insurance establish specific procedures to ensure that all certificates of insurance that are issued accurately evidence the property or casualty insurance coverage at issue, and do not alter, amend or extend the coverage provided by the underlying referenced policies. In this regard, the Division further notes that Chapter 175L extends the jurisdictional authority of the Commissioner to third parties and prohibits such third parties from requesting or requiring that a Certificate of Insurance contain false or misleading coverage.

Any questions regarding this Bulletin should be directed to Robert A. Whitney, Deputy Commissioner and General Counsel, at (617) 521-7308, or robert.a.whitney@state.ma.us.