

# SENATE BILL No. 715

December 5, 2013, Introduced by Senators CASPERSON, HUNE, ROBERTSON and SMITH and referred to the Committee on Insurance.

A bill to amend 1956 PA 218, entitled  
"The insurance code of 1956,"  
(MCL 500.100 to 500.8302) by adding chapter 22A.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

CHAPTER 22A

SEC. 2270. AS USED IN THIS CHAPTER:

(A) "CERTIFICATE OF INSURANCE" MEANS A DOCUMENT, REGARDLESS OF HOW TITLED OR DESCRIBED, THAT IS PREPARED BY AN INSURER OR INSURANCE PRODUCER THAT IS A STATEMENT OR SUMMARY OF AN INSURED'S PROPERTY OR CASUALTY INSURANCE COVERAGE. CERTIFICATE OF INSURANCE DOES NOT INCLUDE A POLICY OF INSURANCE, INSURANCE BINDER, POLICY ENDORSEMENT, AUTOMOBILE IDENTIFICATION CARD, CERTIFICATE ISSUED UNDER A GROUP OR MASTER POLICY, OR EVIDENCE OF COVERAGE PROVIDED TO A LENDER IN A LENDING TRANSACTION INVOLVING A MORTGAGE, LIEN, DEED OF TRUST, OR OTHER SECURITY INTEREST IN OR ON ANY REAL OR PERSONAL

1 PROPERTY.

2 (B) "DIRECTOR" MEANS THE DIRECTOR OF THE DEPARTMENT OF  
3 INSURANCE AND FINANCIAL SERVICES.

4 (C) "INSURANCE" MEANS ANY OF THE LINES OF AUTHORITY IN CHAPTER  
5 6.

6 (D) "INSURANCE PRODUCER" MEANS THAT TERM AS DEFINED IN SECTION  
7 1201.

8 SEC. 2271. A PERSON SHALL NOT DO ANY OF THE FOLLOWING:

9 (A) ISSUE OR DELIVER A CERTIFICATE OF INSURANCE THAT PURPORTS  
10 TO AFFIRMATIVELY OR NEGATIVELY ALTER, AMEND, OR EXTEND THE COVERAGE  
11 PROVIDED BY AN INSURANCE POLICY REFERENCED IN THE CERTIFICATE OF  
12 INSURANCE.

13 (B) PREPARE OR ISSUE A CERTIFICATE OF INSURANCE THAT CONTAINS  
14 ANY FALSE OR MISLEADING INFORMATION CONCERNING AN INSURANCE POLICY  
15 REFERENCED IN THE CERTIFICATE OF INSURANCE.

16 (C) DEMAND OR REQUIRE THE ISSUANCE OF A CERTIFICATE OF  
17 INSURANCE FROM AN INSURER, INSURANCE PRODUCER, OR POLICYHOLDER THAT  
18 CONTAINS ANY FALSE OR MISLEADING INFORMATION CONCERNING AN  
19 INSURANCE POLICY REFERENCED IN THE CERTIFICATE OF INSURANCE.

20 SEC. 2272. A PERSON SHALL NOT ISSUE OR DELIVER A CERTIFICATE  
21 OF INSURANCE UNLESS IT CONTAINS THE FOLLOWING OR SIMILAR STATEMENT:

22 "THIS CERTIFICATE OF INSURANCE IS ISSUED AS A MATTER OF  
23 INFORMATION ONLY. IT DOES NOT CONFER RIGHTS UPON A PERSON  
24 REQUESTING THE CERTIFICATE OF INSURANCE BEYOND WHAT AN INSURANCE  
25 POLICY EXPRESSLY PROVIDES. THIS CERTIFICATE OF INSURANCE DOES NOT  
26 EXTEND, AMEND, OR ALTER THE COVERAGE, TERMS, EXCLUSIONS, OR  
27 CONDITIONS AFFORDED BY AN INSURANCE POLICY REFERENCED IN THIS

1 CERTIFICATE OF INSURANCE.".

2 SEC. 2273. EXCEPT AS OTHERWISE PROVIDED IN AN INSURANCE  
3 POLICY, A CERTIFICATE OF INSURANCE DOES NOT REPRESENT AN INSURER'S  
4 OBLIGATION TO GIVE NOTICE OF CANCELLATION OR NONRENEWAL TO A  
5 PERSON.

6 SEC. 2275. A PERSON IS ENTITLED TO NOTICE OF CANCELLATION,  
7 NONRENEWAL, AND ANY SIMILAR NOTICE CONCERNING A POLICY OF INSURANCE  
8 ONLY IF THE PERSON HAS NOTICE RIGHTS UNDER THE TERMS OF A POLICY OF  
9 INSURANCE OR AN ENDORSEMENT TO A POLICY OF INSURANCE. THE TERMS AND  
10 CONDITIONS OF A NOTICE DESCRIBED IN THIS SECTION ARE GOVERNED BY  
11 THE POLICY OF INSURANCE OR ENDORSEMENT. A CERTIFICATE OF INSURANCE  
12 DOES NOT ALTER THE TERMS AND CONDITIONS OF THE NOTICE.

13 SEC. 2277. IF THE DIRECTOR FINDS THAT A PERSON HAS VIOLATED  
14 THIS CHAPTER, AFTER AN OPPORTUNITY FOR A HEARING UNDER THE  
15 ADMINISTRATIVE PROCEDURES ACT OF 1969, 1969 PA 306, MCL 24.201 TO  
16 24.328, THE DIRECTOR SHALL REDUCE THE FINDINGS AND DECISION TO  
17 WRITING AND SHALL ISSUE AND CAUSE TO BE SERVED UPON THE PERSON  
18 CHARGED WITH THE VIOLATION A COPY OF THE FINDINGS AND AN ORDER  
19 REQUIRING THE PERSON TO CEASE AND DESIST FROM THE VIOLATION. IN  
20 ADDITION, THE DIRECTOR MAY ORDER ANY OF THE FOLLOWING:

21 (A) PAYMENT OF A CIVIL FINE OF NOT MORE THAN \$500.00 FOR EACH  
22 VIOLATION. HOWEVER, IF THE PERSON KNEW OR REASONABLY SHOULD HAVE  
23 KNOWN THAT HE OR SHE WAS IN VIOLATION OF THIS CHAPTER, THE DIRECTOR  
24 MAY ORDER THE PAYMENT OF A CIVIL FINE OF NOT MORE THAN \$2,500.00  
25 FOR EACH VIOLATION. AN ORDER OF THE DIRECTOR UNDER THIS SECTION  
26 SHALL NOT REQUIRE THE PAYMENT OF CIVIL FINES EXCEEDING \$25,000.00.  
27 A FINE COLLECTED UNDER THIS SUBDIVISION SHALL BE TURNED OVER TO THE

1 STATE TREASURER AND CREDITED TO THE GENERAL FUND OF THIS STATE.

2 (B) THE DIRECTOR MAY APPLY TO THE CIRCUIT COURT OF INGHAM  
3 COUNTY FOR AN ORDER OF THE COURT ENJOINING A VIOLATION OF THIS  
4 CHAPTER.