

TRANSMITTAL SHEET FOR
NOTICE OF INTENDED ACTION

Control 482 Department or Agency Department of Insurance*

Rule No. Rule 482-1-062-.03

Rule Title: Requirement (for General Property/Casualty Binders, Certificates of Insurance or Indemnity Agreements).

New Amend Repeal Adopt by Reference

Would the absence of the proposed rule significantly harm or endanger the public health, welfare, or safety? N/A*

Is there a reasonable relationship between the state's police power and the protection of the public health, safety, or welfare? N/A*

Is there another, less restrictive method of regulation available that could adequately protect the public? N/A*

Does the proposed rule have the effect of directly or indirectly increasing the costs of any goods or services involved and, if so, to what degree? N/A*

Is the increase in costs, if any, more harmful to the public than the harm that might result from the absence of the proposed rule? N/A*

Are all facets of the rulemaking process designed solely for the purpose of, and so they have, as their primary effect, the protection of the public? N/A*

Does the proposed rule have an economic impact? N/A*

If the proposed rule has an economic impact, the proposed rule is required to be accompanied by a fiscal note prepared in accordance with subsection (f) of Section 41-22-23, Code of Alabama 1975.

Certification of Authorized Official

I certify that the attached proposed rule has been proposed in full compliance with the requirements of Sections 27-2-17 and 27-7-43, Code of Alabama 1975, and that it complies with all applicable filing requirements of the Alabama Insurance Code.*

Signature of certifying officer Jim L. Ridling
Jim L. Ridling
Commissioner of Insurance

Date: June 17, 2014

*Note: *The Alabama Department of Insurance is exempt from the Alabama Administrative Procedures Act pursuant to Section 41-22-2(e), Code of Alabama 1975.*

Alabama Department of Insurance

NOTICE OF INTENDED ACTION

AGENCY NAME: Alabama Department of Insurance

RULE NO. & TITLE: Rule 482-1-062-.03: Requirement (for General Property/Casualty Binders, Certificates of Insurance or Indemnity Agreements).

INTENDED ACTION: Amend rule.

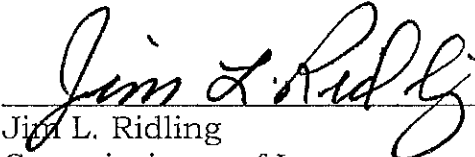
SUBSTANCE OF PROPOSED ACTION: The Commissioner of Insurance is proposing to make various minor changes to the regulation with clarifies and sets out basic responsibilities of producers and licensed insurers using binders, certificates of insurance, and any other type instrument so as to not extend or restrict the coverage provided under property and casualty insurance coverages.

TIME, PLACE, MANNER OF PRESENTING VIEWS: Interested persons may submit data, views, or arguments in writing at any time prior to the date stated below to the Alabama Department of Insurance, Attention: Legal Division, Post Office Box 303351, Montgomery, Alabama 36130-3351, or orally by appearing at the public hearing, Suite 502, RSA Tower, 201 Monroe Street, Montgomery, Alabama, beginning at 10:00 AM, August 6, 2014.

FINAL DATE FOR COMMENT AND COMPLETION OF NOTICE:

August 6, 2014

CONTACT PERSON AT AGENCY: Reyn Norman
General Counsel



Jim L. Ridling
Commissioner of Insurance

1 **482-1-062-.03 Requirement.**

2 (1) As used in this rule, a "certificate of insurance" or
3 "binder" is an instrument, however titled and in any format,
4 which provides summary information about an insurance policy
5 or evidence of the existence of insurance coverage in
6 specified amounts and with specified terms, conditions, and
7 limitations.

8 (2) Use of a certificate form shall have been approved or
9 authorized by the insurer or insurers identified in the
10 certificate. Pre-printed wording on standardized certificate
11 forms published by but not limited to ACORD or ISO shall not
12 be altered unless the alteration is approved or authorized by
13 the insurer or insurers identified in the certificate and the
14 alteration is consistent with the terms, conditions, and
15 limitations contained in the insurance policy or policies to
16 which the certificate refers.

17 (2) Certificate forms shall not be filed with the
18 Commissioner. An insurer or a producer shall not represent or
19 imply that a certificate form has been approved or required by
20 the Commissioner or the Department.

1 ~~(1)~~(3) No licensed insurer or its licensed producer may
2 issue a binder, certificate of insurance or indemnity
3 agreement or any other type instrument which either
4 affirmatively or negatively amends, extends or alters the
5 coverage provided by ~~it's~~ the insurer's approved policy forms
6 and endorsements ~~without the written approval of the~~
7 ~~Commissioner of Insurance.~~

8 ~~(2)~~(4) Each certificate or memorandum of property or
9 casualty insurance when issued to any person other than the
10 policyholder shall contain the following or similar statement:
11 "This certificate or memorandum of insurance neither
12 affirmatively nor negatively amends, extends, or alters the
13 coverage afforded by policy number _____ issued by
14 _____."

15 ~~(3)~~(5) No certificate of insurance shall contain
16 references to construction or service contracts or insurance
17 requirements for the purpose of amending coverage afforded by
18 the policies to which the certificate makes reference. No
19 certificate of insurance may be used to amend, extend,
20 restrict or alter coverage afforded by the policies to which
21 the certificate of insurance makes reference.

1 ~~(4) Prior to its use, each insurer not using the standard~~
2 ~~ACORD or ISO Form "Certificate of Insurance" shall file with~~
3 ~~the Commissioner the form of certificate or memorandum of~~
4 ~~insurance which will be used by such insurer.~~

5 ~~(5)~~ (6) No licensed insurer or its producer licensed to do
6 business in Alabama shall have the authority to issue an
7 "Agent's Opinion Letter" or any other correspondence
8 purporting an insurance policy provides coverages which the
9 policy does not provide.

10 **Author:** Commissioner of Insurance
11 **Statutory Authority:** Code of Alabama 1975, §§ 27-2-17 & 27-
12 14-8, et seq.
13 **History:** New February 28, 1977, Effective March 10, 1977;
14 Revised May 25, 2004, Effective June 5, 2004; Revised _____,
15 2014, Effective _____, 2014