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To Our Valued Clients:

April 2015

New Certificate of Insurance Law

For Operations Or Risks Located In Massachusetts

To include on Certificates of Insurance all of the requirements that Certificate Holders demand can sometimes be a challenge. A challenge because a Certificate of Insurance is issued as a matter of information only to evidence that specific policies have been issued and does not amend, extend or alter the coverage afforded by the policies it references. To imply that coverage is broader than what actually exists would be unethical and misleading, and now it is actually against the law.

Effective April 7, 2015, Chapter 175L regulates Certificates of Insurance for the first time in Massachusetts. A Certificate of Insurance, as defined by the law, includes any document evidencing coverage. The law not only prohibits any person from preparing or issuing a Certificate of Insurance (Certificate) that contains false or misleading information, or that purports to affirmatively or negatively alter, amend or extend the coverage provided by the referenced policies, it also prohibits any person from requesting or requiring such a Certificate be issued.

The new law specifically prohibits a Certificate of Insurance (or any document) from warranting that policies comply with the insurance or indemnification requirements of a contract and the inclusion of a contract number or description within a Certificate of Insurance cannot be interpreted as doing so.

In addition, under the new statute a cancellation notice referenced on the Certificate 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 to the policy so provide. The terms and conditions of the notice shall be governed by the policy or endorsement and shall not be altered by a Certificate.

Any Certificate, document or correspondence issued, requested or required in violation of Chapter 175L, as determined by the commissioner, shall be null and void. The commissioner will also examine and investigate anyone believed to be acting in violation of this chapter, including third parties who make such requests. The commissioner shall enforce this chapter, may issue orders to cease and desist, and impose fines of up to \$500 per violation.

Very truly yours,

DeSanctis Insurance Agency, Inc.