

Certificates of insurance

What is a certificate of insurance?

A certificate of insurance is a document that summarizes the terms, conditions and duration of an insurance contract, but it is not the contract itself. It is a document that shows what type of insurance is in place at the time it is requested. It does not tell you what is in place a month from now or a year from now. This is why it is commonly referred to as a "point in time" or a "snapshot in time" document. It was originally created to serve as an outline of coverages in place and was used in lieu of producing the entire policy for review.

What can it NOT do?

A certificate cannot alter, amend or change any coverages that are currently in place. No changes can be made to the policy by way of using the certificate to manuscript coverages. If any provision in a certificate of insurance purports to alter or otherwise alter the terms of an insurance policy, then the certificate becomes a policy form that must be filed with the superintendent in accordance with New Hampshire Statute Section

What rights or coverages does a certificate holder have?

None. If a certificate holder is not listed on the policy as an additional insured, the certificate gives no coverage to the certificate holder. The certificate holder can be listed as an additional insured by endorsing the original policy. The certificate, accompanied by the original policy, is not part of the policy. A certificate holder cannot endorse a certificate of insurance.

What can I do now say about my certificate?

Bradley Real Estate Trust, et al. v. Plummer & Rowe Insurance Agency, Inc., 609 A2d 1233 (Sup. Ct. NH, 1992). The New Hampshire Supreme Court: "The certificate is a summary document; it does not certify that insurance coverages were in place at the time the certificate was issued. It is not a contract and it is not enforceable. It is a document that is used to rectify inequities in the insurance process." [Bradley Real Estate Trust, et al. v. Plummer & Rowe Insurance Agency, Inc., 609 A2d 1233 (Sup. Ct. NH, 1992)].

What is my insurance agent allowed to do for me?

Your insurance agent can give you a completed certificate of insurance that acknowledges effective dates, what coverages or policies, endorsements and limits are in place at the time of the request.

Conversion of coverage CANNOT:

- add language at the time of the certificate holder when it does not exist in the policy (for example, a primary or non-admitted agency clause, waiver of subrogation, hold-harmless agreement);
- convert coverage to someone who is not designated in the policy as an insured entitled to coverage; or
- provide notice of policy cancellation to someone who is not designated in the policy as entitled to such notice.

The following are cases where courts have refused to permit the coverages implied on a certificate of insurance:

United States Pipe & Foundry Co. v. United States Fidelity & Guaranty Co., 505 F.2d 88 (5th Cir. 1974);

Lezak & Levy Wholesale Meats Inc. v. Illinois Employees Insurance Co., 460 N.E.2d 475 (Ill. Ct. App. 1984);

Pekin Insurance Co. v. American Country Insurance Co., 572 N.E.2d 1112 (Ill. Ct. App. 1991);

Bradley Real Estate Trust, et al. v. Plummer & Rowe Insurance Agency Inc., 609 A2d 1233 (Sup. Ct. NH, 1992); and

Glynn v. United House of Prayer For All People, 741, N.Y.S.2d 499 (N.Y. App. Div., 2002).

(Continued on next page.)





The State of New Hampshire
Insurance Department
21 South Fruit Street, Suite 14
Concord, NH 03301

Roger A. Sevigny
Commissioner

Alexander E. DeVebe
Deputy Commissioner

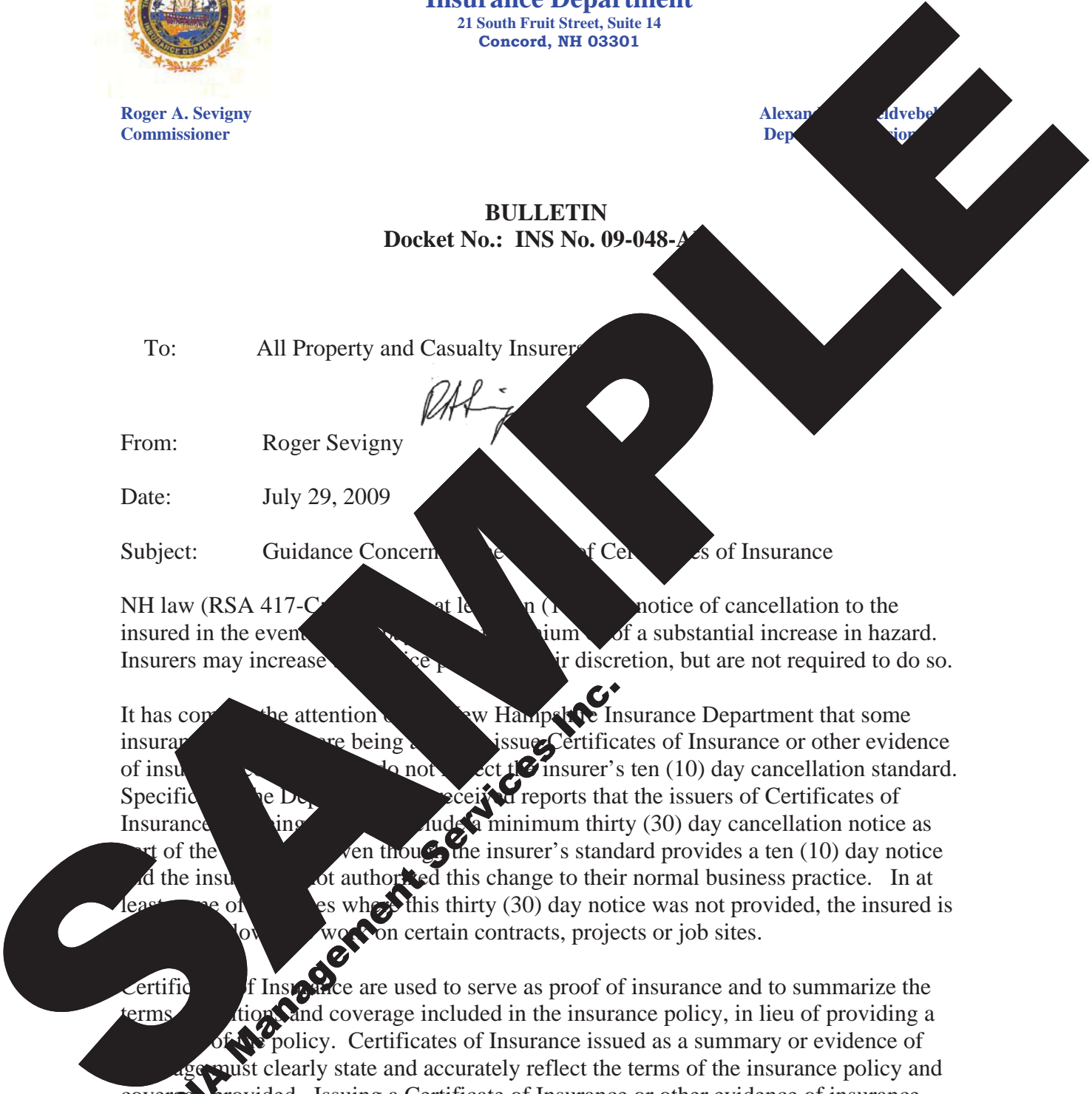
BULLETIN
Docket No.: INS No. 09-048-A

To: All Property and Casualty Insurers
From: Roger Sevigny
Date: July 29, 2009
Subject: Guidance Concerning the Issuance of Certificates of Insurance

NH law (RSA 417-C:1) requires that an insurer provide notice of cancellation to the insured in the event of a substantial increase in hazard. Insurers may increase their cancellation notice period in their discretion, but are not required to do so.

It has come to the attention of the New Hampshire Insurance Department that some insurers are being advised to issue Certificates of Insurance or other evidence of insurance that do not reflect the insurer's ten (10) day cancellation standard. Specifically, the Department received reports that the issuers of Certificates of Insurance are including a minimum thirty (30) day cancellation notice as part of the certificate, even though the insurer's standard provides a ten (10) day notice and the insurer has not authorized this change to their normal business practice. In at least one of the cases where this thirty (30) day notice was not provided, the insured is now having difficulty working on certain contracts, projects or job sites.

Certificates of Insurance are used to serve as proof of insurance and to summarize the terms, conditions and coverage included in the insurance policy, in lieu of providing a copy of the policy. Certificates of Insurance issued as a summary or evidence of insurance must clearly state and accurately reflect the terms of the insurance policy and coverage provided. Issuing a Certificate of Insurance or other evidence of insurance coverage that misrepresents the policy terms, conditions or coverage is a violation of producer licensing laws and may subject the producer to license revocation. A producer issuing a Certificate of Insurance or other evidence of insurance coverage that provides



for a longer notice period than the insurer provides (for example, an increase of the minimum ten (10) day notice to thirty (30) days) without authority from the insurance company may also be subjecting his or her agency to an E&O exposure.

Each Certificate of Insurance or other evidence of insurance coverage shall include the following statement or one substantively similar: “This certificate is issued for information only and confers no rights upon the certificate holder. This certificate does not amend, extend or alter the coverage afforded by the policies referenced herein.”

For further questions or information on Certificates of Insurance, please contact [redacted] Stone at the New Hampshire Insurance Department at 1-603-71-2261 or visit the Department’s website at www.nh.gov/insurance.

SAMPLE
©PIA Management Services Inc.