
Certificates of insurance

What is a certificate of insurance and what can it do?

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. The certificate 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 the certificate of insurance purports to amend, expand or otherwise alter the terms of an applicable insurance policy, then the certificate becomes a policy form that must be filed with the superintendent in accordance with New York State Insurance Law Section 2307(b).

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 or rights to the certificate holder. The only way that someone can be listed as an additional insured is by endorsing the original policy. The certificate, according to its clear wording, is not part of the policy; you cannot endorse a certificate of insurance.

What does the law say about it?

Per the New York State Office of General Counsel Opinion No. 08-05-13:

“... A producer violates the Insurance Law if the producer amends, expands or alters the terms of a policy without authorization from the insurer and, where required, approval from this department. As stated in the department’s Circular Letter No. 15 (1997), the department may pursue disciplinary measures against any producer who acts in this manner. Consequently, it is prudent to review the entire policy to ensure that the certificate of insurance prepared by the producer actually reflects the terms of the policy.”

Legally then, what is my insurance agent allowed to do for me?

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

Conversely, your agent *cannot*:

- add language at the request of the certificate holder when it does not exist in the policy (for example, a primary and noncontributory clause, waiver of subrogation or hold harmless agreement);
- provide 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 cases are examples where rulings have been made regarding the courts refusing 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);
- *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.)





**STATE OF NEW YORK
INSURANCE DEPARTMENT
25 BEAVER STREET
NEW YORK, NEW YORK 10013**

**Circular Letter No. 15 (1997)
January 27, 1998**

**TO: All New York State licensed producers, property/casualty insurers and
City, State and Municipal Agencies and other Public Authorities and
Corporations**

RE: The Use of Certificates of Insurance as Evidence of Insurance Coverages

This supplements Circular Letter No. 8, June 7, 1995.

It has come to our attention that city, state and municipal agencies and other public authorities and corporations require, as a condition of doing business, that insured parties supply evidence of insurance on preprinted forms supplied by the agency. These forms may appear to alter, expand or modify the terms of the subject insurance policy. In other cases, the government agency may require the insured to add terms to the standard ACORD certificate of insurance form which do not appear in the insurance policy.

In addition, it has come to our attention that some licensed producers may complete these certificate of insurance forms on behalf of their clients and add terms or clauses that the public entity requires but which are not contained in the insurance policy.

A certificate of insurance which lists the pertinent coverage terms as they appear in the actual policy is not considered a policy form that requires the Superintendent's prior approval. However, any document that amends, expands or otherwise alters the terms of the applicable insurance policy constitutes a policy form which must be filed with the Superintendent of Insurance in accordance with Section 2307(b) of the Insurance Law.

Licensed producers are advised that they may not add terms or clauses to a certificate of insurance which alter, expand or otherwise modify the terms of the actual policy unless authorized by the insurer which has filed an appropriate endorsement with the Superintendent of Insurance and obtained prior approval, if required. The Department may seek disciplinary measures against producers who continue this practice without authorization from the insurer.

City, state and municipal agencies, and other public authorities and corporations are advised that a certificate of insurance, even one completed by a licensed producer, is not the best evidence of the terms of an insurance policy and may not accurately reflect the actual terms of the policy.

Very truly yours,

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