


BOGGS RISK & INSURANCE CONSULTING

Certificates of Insurance and Evidences of Commercial Property Insurance

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Agenda and Topics


- What is a Certificate of Insurance
- COI Information You Must Consider
- How Does a COI Respond to Contractual Risk Transfer
- Listing Certificate Holders
- "BAD" Things to Do
- Addendum Requests
- Common COI Questions
- What is an Evidence of Commercial Property Insurance
- Who Should be Involved in Issuing a COI and/or ECPI



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What is a Certificate of Insurance



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Nuthin' Much!

Certifies to a **third party** what coverage(s) is/are in effect!!



It is a matter of information **ONLY!!**

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“Certificates”

- More weight is given to “Certify” than is owed
- The information within the COI is not “certified”
- Only the existence of the listed policies is “certified”

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A Matter of Information Only

- A COI is a matter of information only
- But here is where the trouble begins
- A COI is intended to present only what is in the policy
- A COI does NOT alter the policy

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A COI is a Great Big Ball Of...

NOTHING!!!

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COI Information You Must Consider

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What Limits Should be Listed in the GL Section?

- Actual policy limits
- Limits requested
- Reduced limits
- Other limits

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What About the BAP Section

- Coverage Symbol
- CSL vs. Split Limits

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What MUST be Correct in the Umbrella Section?

- Umbrella vs. Excess
- Deductible vs. Retention
- What does the Umbrella/Excess sit over

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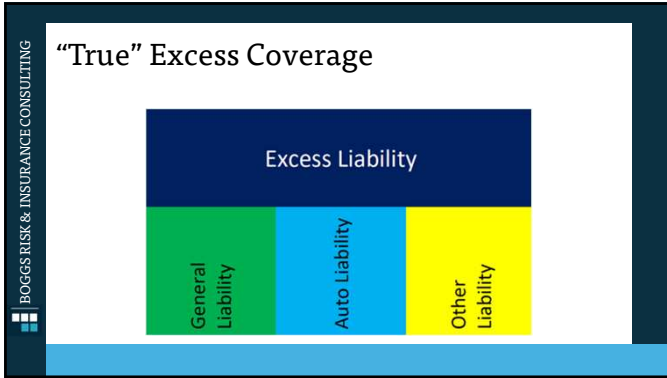
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"True" Umbrella Coverage

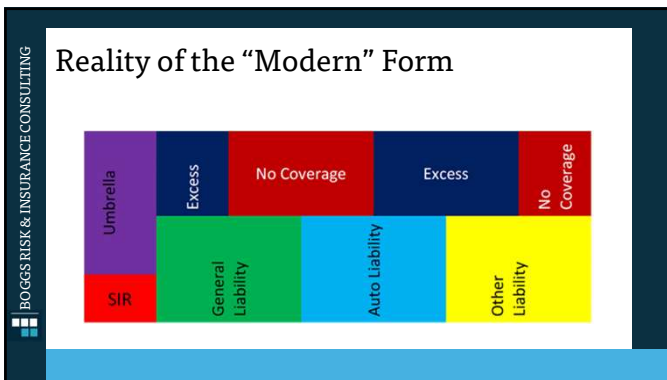
Umbrella Liability

SIR General Liability Auto Liability Other Liability SIR

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What About Workers' Compensation?

- Is anyone excluded?
- Is coverage provided as per statute or on some other basis?
- Employers' Liability limits.
- What about the Experience Mod?

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Acceptable Use of the Description of Operations

- The MOST dangerous section

DESCRIPTION OF OPERATIONS | LOCATIONS | VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

ONLY WHAT CAN BE BACKED UP BY THE POLICY!!!

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How Does a COI Respond to Contractual Risk Transfer

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Why is Contractual Risk Transfer Necessary

Contractual Risk Transfer

Contractual Insurance Requirements

The "Upper Tier" Contractor!
(At ANY "Level")

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CRT and COIs

- Insurance is a “slave” to the contract – sort of!
- The COI can be a “slave” to the law

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CRT and COIs

Two key questions

- What did the insured contractually agree to?
- Does the CRT agreement compel the carrier to do anything?

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Listing Certificate Holders

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Probably Best to Avoid...

- “To Whom it May Concern”
- Leaving the holder BLANK
- Matching contractually-required language

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“BAD” Things to Do

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The MOST Dangerous Phrase

NEVER

NEVER

“As per contact”

NEVER

NEVER

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Other Dangerous Phrases

- "...contains no residential exclusions"
- "Waiver of Subrogation applies in favor of Certificate Holder with respects to General Liability."
- "...as broad as the CG 20 10 11 85"
- "Notwithstanding..."
- "Certificate holder is an Additional Insured."

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Addendum Requests

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Name Insured _____ Effective Work Date(s) _____
 Insuring Company _____ Policy No. _____
 Description of Work Location/Vehicle _____
 AGENCY NAME AND ADDRESS _____

ADDITIONAL INSURED:
 This Agency is licensed in approved offices, officials, employees and volunteers who included in insurance amounts with respect to coverage and defense of claims arising from (Check all that apply):
 (C1) General Liability: an activity performed by or on behalf of the Named Insured, the products and completed operations of the Named Insured, (C2) premises, owned, leased or occupied work, (C3) the Named Insured, (C4) property owned or controlled by the Named Insured. (C5) Auto Liability: the operation, maintenance or use, handling or subleasing of any auto, vehicle, truck, boat or hovercraft by the Named Insured, regardless of whether liability is attributable to the Named Insured or a combination of the Named Insured and the Agency, in regard to approved offices, officials, employees or volunteers.
 (C6) Other: _____

INDIAN NON-CONTRIBUTORY: This insurance is primary and is not additional to any other insurance and no other insurance is to be the result of Additional Insureds.

PROVISIONS REGARDING THE INSURED'S DUTY AFTER ACCIDENT OR LOSS: Any failure to comply with reporting obligations of the policy shall affect coverage provided by the Agency in regard to approved offices, officials, employees or volunteers.

CANCELLATION NOTICE: The insurance afforded by this policy shall not be suspended, limited, canceled, reduced in coverage or in any way other than 30 days prior written notice and 30 days of coverage due to nonpayment by certified mail with return receipt to the Named Insured. Such notice shall be addressed as shown above.

WAIVER OF SUBROGATION: The insured(s) named herein agree to waive all rights of subrogation against the Agency, its agents or approved offices, officials, agents, volunteers and employees for any loss or damage for the term of this policy which arises from work performed by the Named Insured for the Agency.

Nothing herein intended to limit, alter or amend any provisions or conditions of the Policy other than as shown here.

SIGNATURE OF INSURED OR AUTHORIZED REPRESENTATIVE OF THE INSURED: _____
 I hereby warrant insurance coverage and for my signature herein do so bind this company.
 SIGNATURE OF AUTHORIZED REPRESENTATIVE: _____
 ORGANIZATION: _____
 TITLE: _____
 ADDRESS: _____
 TELEPHONE: _____ FAX: _____

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What is an Addendum Request

- The upper tier's attempt to circumvent COI laws
- The upper tier's attempt to get the agent to encapsulate a 123-page policy on one page
- Professional suicide

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Common COI Questions

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COI FAQs

- Is it okay to list WC and GL on the same certificate or should they be listed separately?
- If an insured has a Blanket Additional Insured Endorsement, do we still need to send the company the certificate holder's information to list them on the policy as an Additional Insured?
- How do you cancel a COI?
- If a policy is pending cancellation due to non-payment, but the certificate is requested before the cancellation date - should you still issue the certificate while in pending status?

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COI FAQs

- What about a certificate that is required before renewal? The insured says they are renewing the policy, would you issue before the renewal date?
- What is your opinion on requesting a copy of the insureds contracts to determine coverages needed?
- Should the newest ACORD version always be used?
- Can you tell us how is the best way to handle a COI for an insured with multiple named insureds?

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What is an Evidence of Commercial Property Insurance

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Slightly different than a COI

Although not the intent of the form, it can stand in place of the Property policy until it arrives (takes the place of the policy)



The ECPI provides the holder a high-level overview of the named insured's Commercial Property coverages.

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Key Points of the ECPI

- Every coverage-related line must have at least one choice selected:
 - "Yes"
 - "No"
 - "N/A"
- ACORD 101- Additional Remarks Schedule will likely be required to address issues that cannot be addressed within the ACORD 28

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Pay Special Attention to...

- "COMPANY NAME AND ADDRESS"
- "THIS REPLACES PRIOR EVIDENCE DATED:"
- "ADDITIONAL NAMED INSURED":

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Pay Special Attention to...

- Business Income: Must address the Rental Value box
- Business Income: Must provide limit or state ALS (if ALS - how many months)
- Blanket Coverage: May need to attach the ACORD 101 to state whether a Margin Clause applies
- Agreed Value / Coinsurance: If Agreed Value, Coinsurance is N/A

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Who Should be Involved in Issuing a COI and/or ECPI

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Appropriate Knowledge and Experience Required

- Basic Requests vs. Special Wording
- Who should sign the COI and/or ECPI?
- To whom should the COI and/or ECPI be sent?

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Closing Thoughts

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“Truths” of COIs and ECPIs

- Be truthful.
- The less detail, the better; but, don't be too vague.
- Never commit to anything that can't absolutely be proven with policy language.
- Never generalize coverage.
- Attach a copy of the additional insured (AI) endorsement.
- Attach a listing of all commercial general liability forms and endorsements and let the holder and/or AI ask for what they want to review.

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The Primary “Truth”

If it's not illegal, a misrepresentation of policy terms, or in violation of your agency contract, what is placed on the COI and ECPI is a business decision.

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Questions to Consider

- Do either the COI or ECPI affect coverage?
- What does the Agent owe the holders?

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Simple Warnings

- Always confirm the policy is in effect when the COI or ECPI is issued
- Always confirm coverage amounts are correct
- Confirm any/all policy coverages and/or conditions indicated on the COI or ECPI are actually on the policy
- If the ACORD 101 is used, do not combine Liability and Property on same form. Use separate forms for each
- Confirm any entity you list as an additional insured is actually an additional insured
- Remember to attach the AI endorsement to the COI

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