

STATE OF CONNECTICUT

INSURANCE DEPARTMENT

BULLETIN S-14
November 9, 2010

TO: COMPANIES LICENSED IN THE STATE OF CONNECTICUT TO WRITE PROPERTY-CASUALTY INSURANCE AND PRODUCERS LICENSED IN THE STATE OF CONNECTICUT

RE: USE OF CERTIFICATES OF INSURANCE

The purpose of this Bulletin is to outline the proper use of certificates of insurance and also to explicitly state that the improper modification of certificates of insurance is an unacceptable business practice.

Certificates of insurance generally serve only as evidence of insurance in lieu of an actual copy of an insurance policy and are typically requested in connection with insurance-related contractual requirements. Certificates are frequently issued by an insurance producer and they inform a company or individual who is not a party to the insurance policy—called a Certificate Holder—of the coverages under the insurance policy or policies that have been issued.

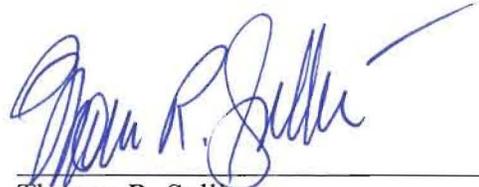
Generally, a certificate of insurance contains a snapshot of the insured's coverages as of the day of issue and it confers no rights or benefits upon the third party certificate holder to the underlying insurance stated in the certificate. This means that a certificate holder is owed no duty to be notified in the event the insurance policy identified on the certificate is cancelled. A certificate of insurance does not have the effect of making the certificate holder an additional insured under the underlying policy. To receive that protection, the certificate holder would need to be named an "Additional Insured" by endorsement or by being named an insured under the terms of the underlying policy. In some cases, there may be a cost for such protection. Certificate holders should seek advice concerning the different types of Additional Insured coverage and the scope of protection they may offer.

It has come to the attention of the Department that some public or commercial organizations may be requesting that contractors and/or insurance producers issue certificates of insurance that evidence terms or conditions of coverage that may be inconsistent with the underlying insurance policy or contract. The Department wishes to inform insurance producers and all other individuals that certificates of insurance cannot be used to amend, expand or alter the terms of the underlying insurance policy.

Insurers and producers are reminded of the provisions of the Connecticut Unfair Insurance Practices Act at Conn. Gen. Stat. Sections 38a-815 and 38a-816(1)(a) which provides that it is an unfair insurance practice to make, issue or circulate a statement that “[m]isrepresents the benefits, advantages, conditions or terms of any insurance policy. . .” Such a violation subjects a person making such a statement to fines, license revocation or suspension and orders of restitution pursuant to Conn. Gen. Stat. Section 38a-817.

Providing a certificate of insurance that misrepresents policy terms or conditions would violate Connecticut law and subject the insurance producer to penalties that may include suspension or revocation of the producer’s license.

The Department urges all insurers to review their oversight procedures regarding the issuance of certificates of insurance in order to avoid misrepresentations of the terms and conditions of their policies and to periodically remind their producers about the consequences of providing improper certificates of insurance to the public.



Thomas R. Sullivan
Insurance Commissioner