

# SPECIAL REPORT

## CERTIFICATES OF INSURANCE: WHAT ARE THEY GOOD FOR?

**(09/25/2014)**

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This Special Report was written by Daniel P. Hale, J.D., CPCU, ARM, CRM, LIC, AIC, AIS, API of Marsh & McLennan Agency LLC. Mr. Dan Hale can be contacted at 734-525-2429 or dhale@mma-mi.com. More Special Reports are available at [www.mma-mi.com](http://www.mma-mi.com).

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Many businesses spend a great deal of time requesting and monitoring the certificates of insurance for their vendors and sub-contractors. Although these certificates serve a number of important purposes, they have no legal value when it comes to any assurance of coverage under those policies.

### ***Did you know...***

- A certificate does not extend any coverage or rights to the certificate holder.
- There is no guarantee that the holder will be notified if or when coverage has been cancelled.
- There is no guarantee that the holder will be notified that coverage has been changed or substantially modified.
- Even if the policy does cover the holder as an additional insured, no coverage is extended for products or completed operations expo-sures.
- The terms of coverage are not effected by what is written on a certificate.
- Crossing out the disclaimers on a certificate has no legal impact on the insurance company.
- Certificates do not reveal any information about coverage terms, exclusions, or limitations.

The purpose of this Special Report is to review some of the common misconceptions associated with certificates of insurance and provide guidance for businesses in establishing an effective program for requesting and maintaining evidence of insurance from vendors, subcontractors, tenants and others.

## **INTRODUCTION**

Many organizations are under the false impression that a certificate of insurance guarantees certain insurance coverage. In fact, nothing could be further from the truth.

In *United States Pipe & Foundry Co v United States Fidelity & Guar Co*,<sup>1</sup> the federal court for the 5<sup>th</sup> Circuit ruled that **a certificate is not a contract between the holder and the insurer. It only provides information to an interested third party that insurance is in force at the time of issuance.** This has generally been accepted as the industry rule when it comes to liability for certificates of insurance.

Certificate requests often arise from contractual relationships where one party promises to indemnify and defend the other party for any claims arising out of the contract. The purpose of requesting a certificate of insurance is to ensure that the indemnitor has the financial resources to satisfy their contractual indemnity obligation in the event of a loss. As a general rule, organizations should not rely solely on a third party's certificate as a guarantee of coverage but rather should rely on its own insurance program with the third party's coverage as a supplement.

## **CERTIFICATES**

### **Why Are We Asking For A Certificate?**

Most business contracts include language where one party has agreed to maintain certain types of insurance coverage and to indemnify, defend and hold harmless the other party to the contract. Ultimately, it is these three obligations, among others, that give rise to the insurance requirements.

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<sup>1</sup> 505 F2d 88 (5th Cir 1974)

*Indemnification* means that the party agrees to pay the other party for certain damages or injuries that they incur as a result of the operations or activities arising out of the agreement.

*Defend* means that the party agrees to pay for the other party's attorney fees and court costs if they are sued because of claims arising out of the contract.

*Hold harmless* means that the party agrees not to sue the other party if they suffer injury or damage as a result of activities arising out of the contract.

To explain these principles, consider the case of a homeowner who enters into a contract with a building contractor to replace the shingles on the roof of their home. During the project, the roofer's employee falls from the roof and breaks their back. If the worker decided to sue the homeowner for their injuries, the building contractor would be required to: (1) indemnify the homeowner if that homeowner were forced to pay a judgment; (2) defend the homeowner by paying for their attorney fees and defense costs; and (3) hold the homeowner harmless by not suing them for any damages suffered by the building contractor as a result of the employee's fall.

The purpose of requesting a certificate of insurance coverage is to verify that the indemnifying party has adequate financial resources to comply with their contractual obligations. **An indemnification and hold harmless clause is only effective to the extent it is actually collectible.** If the indemnifying party did not have adequate insurance or any collectible assets, the indemnification provision would be of little use, especially in the case of a limited liability corporation or other corporation.

Thus, the purpose of a certificate of insurance is to provide a third party with information about the insured's insurance program. The information on the certificate is then compared to the contract to determine whether all insurance requirements have been satisfied.

### **Are There Any Disclaimers on the Certificate?**

The standard certificate of insurance contains five express disclaimers. Consistent with the court's holding in *United State Pipe and Foundry Co.*, these disclaimers have been designed to eliminate any argument by the

certificate holder that the certificate created a contract or gave them certain rights or benefits. Almost every certificate of insurance will contain the following disclaimers.

### The “Information only” Disclaimer

The first disclaimer appears in the upper right hand corner of the certificate and provides as follows:

**DISCLAIMER #1**

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

Certificate of Liability Insurance (ACORD25 2009/01)

This disclaimer serves two purposes. First, it declares that the certificate is to be used for purposes of information only and is not intended to create a contract or confer rights on the holder. Second, the disclaimer states that the actual policy will not be amended, extended, or altered based upon the data contained in the certificate. Ultimately, the policy and its endorsement will define the coverage, not the certificate.

### The “Terms and Conditions” Disclaimer

Even though policy language varies greatly between each insurance carrier, the majority of all insurance agents use the same certificate of insurance form. (Accord 25 (20 09/01)). Despite the numerous terms and conditions of each policy, the certificate does not provide any indication of those terms. In some cases, the policies may contain strict conditions which may entirely void all coverage if the insured was not in full compliance at the time of the loss. The Terms and Conditions disclaimer provides that regardless of the information on the certificate, all policy requirements, terms and conditions will apply.

## DISCLAIMER #2

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED, NOT-WITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

Certificate of Liability Insurance (ACORD25 2009/01)

For example, let us assume that your company receives a certificate of insurance for its snowplow contractor showing \$1,000,000 in coverage for both general liability and automobile liability. What you may not know is that the snowplow company's policy might contain an endorsement excluding all coverage for certain drivers or types of operations. If the snowplow company accidentally hits one of your customers and you are sued as the property owner, the insurance company will not provide coverage if the accident occurred while the excluded driver was operating the vehicle. In essence, the insured's acts could void all coverage for the additional insured. The same can be said if the insured failed to pay their premium, or perhaps made a material misrepresentation on their application for insurance.

The Terms and Conditions disclaimer also points out that the limits of insurance indicated on the certificate may not be the actual limit available in the event of a loss. Policies often include aggregate limits which cap the amount that an insurance company will pay during any one policy year. If the insured had a \$1,000,000 aggregate limit yet had already paid \$800,000 in losses, a mere \$200,000 in coverage would be available despite what the certificate may say.

### The "Notice of Cancellation" Provision

Many contracts require some sort of written notice of policy cancellation or coverage changes. It is typical to see contractual language such as, "The

*certificate shall also provide that at least 30 days prior notice of cancellation or material change shall be provided to the owner.”*

Although the certificate includes a section that discusses written notice of cancellation, a close analysis of the language reveals that neither the insurance company nor the agent is under any legal obligation to provide notice. Note that the disclaimer includes a blank space for the issuing agent to write in the appropriate amount of notice.

**DISCLAIMER #3**

SHOULD ANY OF THE ABOVE-DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL \_\_\_\_\_ DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.

Certificate of Liability Insurance (ACORD22 1/95)

The fact that the certificate uses the word “endeavor to” suggests that if notice is not sent, then the issuing agent will have no liability.

In *United States Pipe & Foundry Co*, cited above, the court stated, “...**the provision regarding notification in the event of cancellation is a mere promise, unsupported by any consideration.**” Although some companies provide notice of cancellation to certificate holders, they are not obliged to do so, since the holder is not a party to the contract.

### **What’s your status?**

Each entity’s coverage under a policy depends on their individual status. The name that appears on the declaration page is referred to as the *named insured* and usually referred to as the “*You*” in the policy language. The named insured usually has the highest status with the broadest coverage. Only those entities that share 51% common ownership can be listed as a named insured.

An *additional insured* is an individual or entity that is not automatically included as an insured under the policy of another, but for whom the named insured's policy provides a certain degree of protection. Additional insured coverage is different than "*additional named insured*" coverage, and the two should not be confused. An "*additional named insured*" usually is an affiliate of the primary insured. Most contracts include language requiring that the contracting party be included as an "*additional insured*" on the other party's insurance policy. The extent of an additional insured's coverage depends upon which additional insured endorsement is used. We will review some of the various additional insured endorsements later in this article.

A *loss payee* is the lowest of all insured status. In short, the only benefit to being a loss payee is that your name will be included on the settlement check. Loss payees are not entitled to any liability or defense coverage. Even worse, the loss payee's property coverage is derivative of the named insured. For example, if the insured intentionally burns down the property, the insurance claim will be denied based on the intentional acts exclusion. Since the loss payee has no greater rights than that of the insured, the loss payee's claim for property coverage will also be denied due to the acts of the insured.

### The "Additional Insured" Disclaimer

An endorsement is typically required to affect additional insured status. This means that the original policy must be physically amended in order for an additional insured to be covered under the policy. These endorsements amend the language of the "Who is an Insured" section of the policy.

Considering the requirement that the policy be endorsed for additional insured, the certificate includes the following disclaimer:

**DISCLAIMER #4**

**IMPORTANT**

If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

Even if the certificate shows the holder as an additional insured, no coverage is afforded unless the policy is endorsed to include that additional insured.

There are a wide variety of additional insured endorsement's available, each one providing different coverages. Even if you are listed as an additional insured, there is no way to know which endorsement has been added to the policy and what coverage is being provided unless you analyze the actual policy forms.

The following are just a few examples of additional insured endorsements:

#### **ADDITIONAL INSURED ENDORSEMENTS**

- Additional Insured-Club Members
- Additional Insured-Concessionaires Trading Under Your Name
- Additional Insured-Condominium Unit Owners
- Additional Insured-Controlling Interest
- Additional Insured-Engineers, Architects, Surveyors
- Additional Insured-Users of Golfmobiles
- Additional Insured-Owners, Lessees or Contractors
- Additional Insured-Managers or Lessors of Premises
- Additional Insured-State or Governmental Agency or Subdivision or Political Subdivision-Permits or Authorizations
- Additional Insured-State or Governmental Agency or Subdivision or Political Subdivision-Permits or Authorizations Relating to Premises
- Additional Insured-Users of Teams, Draft or Saddle Animals
- Additional Insured-Vendors
- Additional Insured-Townhouse Associations
- Additional Insured-Mortgagee, Assignee, or Receiver
- Additional Insured-Charitable Institutions
- Additional Insured-Church Members & Officers
- Additional Insured-Executors, Administrators, Trustees or Beneficiaries
- Additional Insured-Owners or Other Interests From Whom Land Has Been Leased
- Additional Insured-Elective or Appointive Executive Officers of Public Corporations
- Additional Insured-Designated Person or Organization



- Additional Insured-Co-Owner of Insured Premises
- Additional Insured-Lessor of Leased Equipment
- Additional Insured-Grantor of Franchise
- Additional Insured-Engineers, Architects or Surveyors
- Additional Insured-Engineers, Architects or Surveyors Not Engaged by The Named Insured
- Additional Insured-Owners, Lessees or Contractors
- Additional Insured-Lessor of Leased Equipment
- Additional Insured-Grantor of Licenses-Automatic Status
- Additional Insured-Grantor of Licenses
- Additional Insured-Owners, Lessees or Contractors

Wherever possible, the additional insured should request a copy of the actual policy itself as well as the additional insured endorsement in order to determine the extent of their coverage.

### The “Waiver of Subrogation” Disclaimer

Subrogation is a tool that insurance companies use in order to recover money from the negligent party for those damages the insurer paid under the policy. For example, if a business hires an electrician to install new light fixtures and the faulty installation causes the building to burn down, the building owner’s property insurance must pay to repair the damage to the building. Through subrogation, the insurer can bring a lawsuit against the negligent electrician in order to recover the amount paid to repair the building.

In certain instances, the parties may wish to limit or waive their insurer’s right of subrogation in advance of a loss. One example is that of landlords and tenants. If the tenant causes a fire which burns down the building, the landlord’s insurance company would be barred from suing the tenant to recover the amounts that it paid under the insurance policy, and vice versa. This principle also applies in the context of a workers’ compensation claim involving a third party over actions.

In order for a subrogation waiver to apply, the policy must be specifically endorsed to reflect the waiver of subrogation against that party. Some policies will include a blanket waiver of subrogation, which will release all claims as long as there is a written waiver agreement prior to the loss.

On the issue of subrogation, certificates include the following disclaimer:

**DISCLAIMER #5**

If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

**The Ongoing vs. Completed Operations Problem**

The coverage for an additional insured generally extends to liability arising out of the insureds ongoing operations performed for that additional insured. Coverage does not extend to any completed operations or claims arising out of products claims.

For example, let us assume that your company hires a subcontractor to build a fence around your parking lot. The agreement requires that the contractor name your company as an additional insured on their liability insurance policy. Three months after the job was completed, the fence falls down and damages a number of vehicles in your parking lot. Since the accident occurred after the contractor had completed their operations, the additional insured endorsement no longer extends coverage to your company. This is referred to as the “completed operations problem.”

The following is common additional insured language that illustrates the coverage limitation:

**WHO IS AN INSURED**

(Section II) is amended to include as an insured the person or organization shown in the Schedule, but only with respect to liability arising out of your ongoing operations performed for that insured and then only as respects any claim, loss or liability arising out of the operations of the Named Insured, and only if such claim, loss or liability is determined to be solely the negligence or responsibility of the Named Insured.

In *Pardee Construction v. Insurance Co of the West*,<sup>2</sup> the court explained that the revision of the endorsement to specifically include *ongoing*

<sup>2</sup> 92 Cal Rptr 2d 443 456 (Cal App 2000)

*operations* “effectively precludes application of coverage to completed operations losses.”

In *Lafarge Midwest, Inc v Frankenmuth Mut Ins Co*,<sup>3</sup> the Michigan Court of Appeals held that the additional insured endorsement only extends coverage to *ongoing operations performed for that insured*. In *Lafarge*, the insurance company tried to argue that since the subcontractor’s trucking employee was injured when he went inside a building to get a cup of coffee, the injury did not arise out of the insureds trucking operations, but rather during the employee’s personal frolic. Although the court did recognize the ongoing operations limitation, they determined that this particular injury did arise out of the ongoing operations.

**Does it matter who sends us the certificate? Does it have to be from the insurance agent or can I just get it from the insured?**

In *Michigan Tooling Ass'n Workers Comp Fund v Farmington Ins Agency, LLC*,<sup>4</sup> the Court determined that an independent insurance agent has a duty to foreseeable third-parties to prepare and issue accurate certificates of insurance. In that case, the agency forwarded a certificate of insurance to a third-party as evidence that the insured had secured workers’ compensation insurance. That third-party then shared this information with an unrelated corporation. The Michigan Supreme Court subsequently held that an insurance agent does not owe a duty to any company that it could not have reasonably foreseen would rely on a certificate of insurance. Here the agent did not provide the certificate first-hand. Based on this case, you should only accept certificates issued directly to you by the insurance agent.

**Relevant Cases**

***Minges Creek, L.L.C. v. Royal Ins. Co. of America***<sup>5</sup>

In this case, the landlord leased space to a card shop. The tenant was required “to keep in full force and affect a policy of public liability and property damage insurance with respect to the leased premises, and the business operated by Tenant and any subtenants of Tenant in the leased

<sup>3</sup> 2005 WL 1923158, Mich App, August 11, 2005 (NO. 253591)

<sup>4</sup> *Michigan Tooling Ass'n Workers Comp Fund v Farmington Ins Agency, LLC*, 474 Mich 878; 704 NW2d 696 (2005).

<sup>5</sup> 442 F3d 953 (Mich 2006)

premises...The policy shall name Landlord, any other parties in interest designated by Landlord, and Tenant as insured....” The Landlord received a certificate of insurance verifying that these coverages were in place.

A patron of the card shop slipped and fell on the sidewalk outside the tenant’s store. The landlord sought indemnification for the cost of defending and settling the bodily injury action. The tenant’s policy covered any person or organization the tenant was required by a written contract to name as an insured but only with respect to liability arising out of *premises* owned or used by the tenant.

The insurance company argued that the sidewalk was the landlord’s premises, not the tenant’s premises, and refused to extend coverage. The court held that since the lease did not define the leased premises to include those areas outside the immediate control of the tenant, the sidewalk was not covered under the tenant’s liability policy.

*St. Paul Fire & Marine Ins. Co. v. Ingall*<sup>6</sup>

In this case, the insurance agent sent the contractor a copy of the subcontractor’s certificate of liability insurance. The certificate showed that a workers’ compensation policy was in place even though the agent knew that it was not. The agent testified that he planned on issuing a workers’ compensation policy shortly after he issued the certificate. The subcontractor’s employee was injured on the job before the policy was issued. The contractor was obligated to pay for the injured employee’s benefits and sought recovery of the damages from the insurance company listed on the certificate. The court held that the insurance company was not obligated to pay benefits regardless of what was indicated on the certificate. The independent agent was the agent of insured, not the insurer, and therefore the insurer was not vicariously liable for the agent’s actions, even though the agent issued a certificate of insurance in that insurer’s name.

*Kmart Corp v Fireman's Fund Ins Co*<sup>7</sup>

In this case, Kmart received a certificate of insurance from their vendor indicating that Kmart was covered as an additional insured. Later, Kmart

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<sup>6</sup> 228 Mich App 101, 577 NW2d 188 (MichApp 1998)

<sup>7</sup> 88 Fsupp 2d 767 (EDMich 2000)

was sued by certain customers when the vendor's lawn chairs collapsed causing injuries. Kmart sought coverage under the vendor's policy by way of their additional insured endorsement. It was later determined that the policy included a number of coverage limitations which were not listed on the certificate of insurance. Ultimately, Kmart was unable to obtain coverage despite their additional insured status.

*Michigan Heritage Bank v Federal Ins Co*<sup>8</sup>

In this case, the insured instructed the insurance agent to modify their insurance policy to cover the plaintiff's (lessor) interest in the computer equipment. Defendant received this request, but admitted that it had inadvertently failed to formally endorse plaintiff under the insurance policy. The insurance company was not obligated to honor the lessor's request for coverage despite the agent's failure to endorse the policy.

**What if we require the issuing agent to cross out the disclaimers or otherwise amend the face of the certificate?**

In Michigan, the insurance agent is the agent of the insured, not the insurance company. Therefore, statements of the agent are generally not binding on the insurance company. Thus, if an agent crosses out any of the disclaimers or otherwise manipulates the certificate of insurance, it becomes the agent's obligation to comply with the new notice requirements, not the insurance company. Any revision to the certificate of insurance will not bind the insurance company, change the terms of coverage, or create any additional rights for the holder.

**Does the Certificate tell me anything about the terms of coverage?**

As with most complex legal contracts, the devil is in the details. Insurance policies are no different. Policies usually contain coinsurance clauses, protective safeguards provisions, vacancy conditions, coverage limitations, warranties, and exclusions that could affect the certificate holder's ability to collect under the policy. Typically, the certificate holder is not made aware of these limitations since they are not disclosed on the certificate.

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<sup>8</sup> 2004 WL 1801031 (MichApp 2004)

In order to safeguard against hidden coverage limitations, the certificate holder should seek to review copies of the actual policies or at the least a specimen policy. Either way, the certificate holder must determine whether any coverage provisions apply which could potentially interfere with their right to recover under the policy.

Recently, we were asked to audit the insurance requirements for a construction contract. The property owner had signed agreements with the architect, engineer and general contractor for the construction of their new building. The contract required the property owner to maintain builders risk insurance during the course of construction and further required that the insurance company waive its right of subrogation against all three parties. The policy in question included a blanket waiver of subrogation but specifically provided that the waiver would not apply to architects. The construction contract with the architect provided that if the property owner failed to acquire the appropriate insurance and the architect was damaged as a result, the property owner would indemnify the architect for the loss. In essence, this nullified the property owner's coverage with respect to the architect since the builders risk coverage form did not comply with the contractual requirements.

### **Certificates of Insurance DO protect against workers' compensation premium charges on audit.**

Workers' compensation premiums are determined based upon an organization's total employee payroll. The more payroll a business has, the higher the premium. Since payrolls may fluctuate during the year, the insurance company will usually perform an audit at the end of the policy term in order to determine the actual payroll amount. If the actual payrolls were higher than that which was disclosed by the insured at the beginning of the policy, the insurance company will bill the insured for the additional premium. If the payrolls were lower, the insured will receive a premium refund.

During the audit, the insurance company will obtain information on all independent contractors and then look for a corresponding certificate of insurance for that contractor showing workers' compensation coverage. If a certificate is not on file, the amount that was paid to the independent contractor will be imputed to the insured as payroll and additional premium charges will apply.

One of the main benefits of administering a certificate of insurance program is that it safeguards the insured against workers' compensation premium charges during audits. This same concept applies to liability insurance audits in contracting situations.

**Certificates provide important contact and policy information for subrogation and recovery efforts.**

Despite the many disclaimers, certificates of insurance can provide relevant contact information for the issuing insurance agent and insurance company. This might allow the claimant to pursue the insurance company directly, assuming the independent contractor is no longer in business or otherwise unreachable.

Even if the subcontractor has been dissolved, the insurance company still has a duty to honor its policy and provide coverage.

**Certificates might provide some source of recovery against the issuing agent.**

Even though a certificate of insurance does not bind the insurance company to any coverage representations, the certificate may bind the issuing insurance agent.

***GHD Operating, LLC v Emerson Prew, Inc***<sup>9</sup>

In this case, the insurance agent issued a certificate of insurance to its insured showing property coverage. Even though the certificate was issued, no policy was ever ordered from the insurance company. The building burned to the ground and no policy was in place. As a result, the insured suffered personal bankruptcy and it took more than three years of litigation to recover damages from the agent who negligently issued the certificate.

**CONCLUSION**

Certificates of insurance, while important, have no legal value when it comes to the obligations of an insurance company. In fact, the only way to guarantee coverage is to purchase your own insurance and rely on the

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<sup>9</sup> 2009 WL 249399 (Mich App 2009)

insurance of others as a supplement. When reviewing a certificate, it is necessary to obtain the actual policy language and have it analyzed by someone experienced in insurance policy reviews in order to determine the actual extent of your coverage.

## SAMPLE CHECKLIST FOR CERTIFICATES OF INSURANCE

<input type="checkbox"/>	1.	All relevant policy numbers were included
<input type="checkbox"/>	2.	Our entity was correctly indicated in the lower left corner as the certificate holder
<input type="checkbox"/>	3.	The policy effective & expiration dates are sufficient, at least an annual term
<input type="checkbox"/>	4.	The limit of liability shall be \$1,000,000 combined single limit per occurrence, a general aggregate limit of at least \$2,000,000 and a products/completed operations aggregate of at least \$2,000,000.
<input type="checkbox"/>	5.	Automobile Liability insurance indicates a limit of at least \$1,000,000 as a combined single limit.
<input type="checkbox"/>	6.	Statutory workers' compensation insurance
<input type="checkbox"/>	7.	Employers' liability insurance with \$500,000 limit per occurrence
<input type="checkbox"/>	8.	All insurance companies were disclosed under the insurer section with a corresponding letter next to each policy.
<input type="checkbox"/>	9.	The certificate was signed by the issuing agent and their typed name also appears
<input type="checkbox"/>	10.	Completed operations must be covered in the endorsement.
<input type="checkbox"/>	11.	Certificate allows for at least 10-days notice of cancellation.
<input type="checkbox"/>	12.	The certificate identifies our entity as an additional insured and the remarks section of the certificate indicates the endorsement name and form number used by the insurance company to effectuate additional insured status.
<input type="checkbox"/>	13.	A copy of the actual or sample additional insured endorsement accompanied the certificate.
<input type="checkbox"/>	14.	The certificate includes a waiver of subrogation against our entity and the remarks section of the certificate indicates the endorsement name and form number used to effectuate the waiver of subrogation.
<input type="checkbox"/>	15.	A copy of the actual or sample waiver of subrogation language accompanied the certificate.
<input type="checkbox"/>	16.	The certificate was received directly from the issuing agent.
<input type="checkbox"/>	17.	The upper right hand corner of the certificate includes the issue date.



## SAMPLE REQUEST FOR INSURANCE CERTIFICATE

Directed To: \_\_\_\_\_  
Owner's Name and Address: \_\_\_\_\_  
Requested By: \_\_\_\_\_

Please provide a certificate of insurance to the owner as follows:

The Minimum insurance requirements listed below shall be placed through an insurer with an A.M. Best rating of "A" or better:

- A. Workers' Compensation and Employers' Liability coverage covering the statutory requirements of the state where the work is being performed, and insuring the contractor including a waiver of subrogation in favor of the owner and \$500,000 employers liability coverage.
  
- B. "Occurrence" based Commercial General Liability insurance to cover liability arising out of the operations of the independent contractor.
  - 1) The limit of liability shall be at a minimum \$1,000,000 combined single limit per occurrence, a general aggregate limit of at least \$2,000,000 and a products/completed operations aggregate of at least \$2,000,000.
  - 2) The policy shall have an endorsement applying the policy's aggregate limits by location or project.
  - 3) Coverage shall not exclude products and completed operations insurance.
  - 4) Products and completed operations insurance shall be maintained for at least three years after final payment to the contractor.
  - 5) Insurance shall cover the contractual liability assumed by the contractor in the "Agreement to Defend, Indemnify and Hold Harmless" that is part of this Agreement.
  - 6) The owner of the property, its officers, directors and employees shall be included as additional insureds. Such an additional insured

endorsement shall not limit coverage for any additional insured to the negligent acts or omissions of the named insured, the work of the named insured, or the ongoing operations of the named insured. Such policy shall stipulate that the insurance afforded by the independent contractor for the owner, its officers, directors and employees shall be primary insurance and that any insurance carried by the owner, its officers or employees shall be excess and not contributing.

- 7) The independent contractor shall also require that each of its subcontractors execute and comply with the insurance requirements herein and shall also require that the owner, its officers, directors and employees shall be named as additional insureds on each of the subcontractor's commercial general liability policies in the manner provided by this Section II(B).
- 8) Insurance shall be provided for damage to XXXXX Company's personal property during the preparation for moving, moving, and installation process in an amount equal to the replacement cost of the property up to \$200,000. This insurance shall be primary to any insurance maintained by XXXXX Company.
- 9) The policy should include a waiver of subrogation against XXXXX Company.

C. Automobile liability insurance shall be maintained by the independent contractor for all owned, non-owned and hired vehicles with a limit of at least \$1,000,000 combined single limit for bodily injury or property damage. The owner, its officers and employees shall be named as additional insureds on such a policy and the independent contractor's policy shall be primary.

D. All policies must provide XXXXX Company no less than 30 days advance written notice of any material change, cancellation, or nonrenewal.

The issuing agent should fax a copy to the owner at FAX NUMBER and mail the original certificate along with a copy of the additional insured endorsement along with the endorsed waiver of subrogation to the following address: \_\_\_\_\_

**SAMPLE**



**CERTIFICATE OF LIABILITY INSURANCE**

DATE (MM/DD/YYYY)  
ISSUE DATE

<b>PRODUCER</b> Insurance agent's Info	<b>THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.</b>												
<b>INSURED</b> Policyholder's Info	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;"><b>INSURERS AFFORDING COVERAGE</b></td> <td style="width: 20%;"><b>NAIC #</b></td> </tr> <tr> <td>INSURER A: NAME OF INSURANCE CO</td> <td></td> </tr> <tr> <td>INSURER B:</td> <td></td> </tr> <tr> <td>INSURER C:</td> <td></td> </tr> <tr> <td>INSURER D:</td> <td></td> </tr> <tr> <td>INSURER E:</td> <td></td> </tr> </table>	<b>INSURERS AFFORDING COVERAGE</b>	<b>NAIC #</b>	INSURER A: NAME OF INSURANCE CO		INSURER B:		INSURER C:		INSURER D:		INSURER E:	
<b>INSURERS AFFORDING COVERAGE</b>	<b>NAIC #</b>												
INSURER A: NAME OF INSURANCE CO													
INSURER B:													
INSURER C:													
INSURER D:													
INSURER E:													

**COVERAGES**

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR	ADD'L	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YYYY)	POLICY EXPIRATION DATE (MM/DD/YYYY)	LIMITS																
A		<b>GENERAL LIABILITY</b> <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR <hr/> GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC	POLICY #	Sufficient effective dates		EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 300,000 MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 1,000,000																
A		<b>AUTOMOBILE LIABILITY</b> <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS	POLICY #			COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$																
		<b>GARAGE LIABILITY</b> <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$ OTHER THAN EA ACC \$ AUTO ONLY: AGG \$																
		<b>EXCESS / UMBRELLA LIABILITY</b> <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE <hr/> DEDUCTIBLE \$ RETENTION \$				EACH OCCURRENCE \$ AGGREGATE \$ \$ \$ \$																
A		<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under SPECIAL PROVISIONS below	POLICY #			<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 5%;"></td> <td style="width: 15%;">WC STATU-TORY LIMITS</td> <td style="width: 10%;">OTH-ER</td> <td style="width: 70%;"></td> </tr> <tr> <td></td> <td>E.L. EACH ACCIDENT</td> <td></td> <td>\$ 500,000</td> </tr> <tr> <td></td> <td>E.L. DISEASE - EA EMPLOYEE</td> <td></td> <td>\$ 500,000</td> </tr> <tr> <td></td> <td>E.L. DISEASE - POLICY LIMIT</td> <td></td> <td>\$ 500,000</td> </tr> </table>		WC STATU-TORY LIMITS	OTH-ER			E.L. EACH ACCIDENT		\$ 500,000		E.L. DISEASE - EA EMPLOYEE		\$ 500,000		E.L. DISEASE - POLICY LIMIT		\$ 500,000
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	E.L. DISEASE - POLICY LIMIT		\$ 500,000																			
		<b>OTHER</b>																				

**DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS**  
 Certificate holder is an additional under the general liability policy by way of endorsement # \_\_\_\_\_ which is attached to this certificate. The general liability insurer has waived its right of subrogation against the certificate holder by way of endorsement # \_\_\_\_\_ which is attached to this certificate. The workers' compensation carrier has waived its right of subrogation against the certificate holder by way of endorsement # \_\_\_\_\_ which is attached to this certificate.

<b>CERTIFICATE HOLDER</b>	<b>CANCELLATION</b>
Name and address of certificate holder	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL <u>  ?  </u> DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES. AUTHORIZED REPRESENTATIVE SIGNED BY ISSUING AGENT

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