

Best Practices *for*
CERTIFICATES
of
INSURANCE

JANUARY 2007

A publication of
Independent Insurance Agents of Texas

Best Practices *for* CERTIFICATES *of* INSURANCE



JANUARY 2007

A publication of
Independent Insurance Agents of Texas

Independent Insurance Agents of Texas

© 2007

P.O. Box 684487

Austin, Texas 78768

800.880.7428 • fax 512.469.9512

iiat.org

Table of Contents

	PAGE
Acknowledgments	1
Introduction	3
Rules and Regulations Regarding Certificates of Insurance	5
E&O Claims Involving Certificates of Insurance	7
Task Force Recommendations	11
Standard Certificates of Liability Insurance	13
Non-Standard Certificates of Insurance and Questionnaires	35
Additional Insureds	37
Contractual Liability	43
Waiver of Subrogation	45
Sending Certificates to Companies	49
Notice of Cancellation to Certificate Holders	51
Reviewing Contracts for Insureds	53
Automated Certificate Systems	55
Certificates on Policies Written Through Wholesalers	57
Charging Fees for Certificates	59
Appendix	61

ACKNOWLEDGMENTS

IIAT expresses its appreciation to the following members of the IIAT Task Force on Certificates of Insurance who contributed their time and thoughts to this project.

David Wood, Chair Bogan, Dunlap, & Wood Insurance Odessa	Randy Lee Swantner and Gordon Insurance Corpus Christi
Tom Ellis McQueary Henry Bowles Troy, LLP Dallas	Gina Jones Anco Insurance Services of Austin Austin
Bob Holloway USI Southwest Houston	Bob Bentley Upshaw Insurance Agency, Inc. Amarillo
Jeff Jordan First Texas Insurance Services, LC Arlington	Todd Teitell Colemont Insurance Brokers Dallas
Dwayne Baker Capitol City Insurance Agency Austin	Phil Hagan Crump Insurance Services of Texas Dallas
Joe Clayburne IBTX Risk Services San Antonio	Marty Michell Admiral Insurance Company Austin
Becky Chapa Amerisure Insurance Dallas	David Surles IIAT Staff Liaison Austin

INTRODUCTION

CERTIFICATE OF INSURANCE

A document issued by or on behalf of an insurance company to a third party who has not contracted with the insurer to purchase an insurance policy. The most common type of certificate is that provided for informational purposes to advise a third party of the existence and amount of insurance issued to the named insured.” (Allan D. Windt, Insurance Claims and Disputes, 4th ed., 2001)

The processing of requests for certificates of insurance is arguably the most troublesome task performed by insurance agencies today. The task can be time-consuming and labor-intensive. If not handled properly, the process can create significant E&O exposures for the agency. And in most agencies, even those that issue thousands of certificates each year, the job is done without additional compensation to the agency.

Certificate holders often request special wording or unique forms as evidence of insurance. When an agent or CSR prepares a special certificate form or uses special wording, the actual coverage provided by the policy may be misrepresented or obscured – either accidentally or intentionally.

Customers or certificate holders often want a certificate of insurance “yesterday.”

An agent is caught between a rock – the desire to serve the client – and a hard place – the need to follow procedures designed to avoid liability, as well as laws and regulations regarding certificates of insurance.

This dilemma must be resolved in a way that minimizes E&O exposures and complies with laws and regulations, while allowing a client to maintain business relationships.

With these issues in mind, the board of directors of the Independent Insurance Agents of Texas authorized formation of the Task Force on Certificates of Insurance in March 2006. The task force was charged with addressing problems encountered by independent agents and their customers with the use of certificates of insurance, including, but not limited to:

- Defining specific problems experienced by agents with certificate use
- Identifying the practices and requirements imposed on agents and customers by specific industries
- Identifying possible solutions to those practices or requirements which create liability for agents and customers
- Proposing coalitions with other industry groups to accomplish needed changes

Task Force members met in August 2006. This publication is the result of recommendations put forth by members of the Task Force and IIAT staff.

RULES AND REGULATIONS REGARDING CERTIFICATES OF INSURANCE

What are an agent's legal duties regarding certificates of insurance, as far as Texas law and Texas Department of Insurance rules are concerned?

There is no specific law in Texas that regulates certificates of insurance.

In the Insurance section of the Texas Administrative Code, rule number 5.203 requires certificates issued for automobile insurance to contain the following statement or a statement which is substantially the same as the following:

This certificate of insurance neither affirmatively or negatively amends, extends, or alters the coverage afforded by any policy listed hereon.”

This wording is indeed similar to the wording found in at least three locations on the standard ACORD certificate form.

Rule number 5.203 has been on the books since 1983, but it is not known why it was adopted in the first place or why it applies only to automobile insurance.

On September 8, 2006, the Texas Department of Insurance issued Commissioner's Bulletin No. B-0035-06. (See Appendix to read the bulletin.) In this bulletin, the Commissioner reminded insurers and agents that a certificate of insurance must clearly and accurately state the insurance coverage provided. The Commissioner specified the following laws that apply to an agent who obscures or misrepresents insurance coverage or alters the terms or conditions of a policy:

Insurance Code section 541.051 – Misrepresentation Regarding Policy or Insurer

This law prohibits unfair methods of competition or unfair or deceptive acts or practices in the business of insurance, including issuance of a document that misrepresents the terms of a policy.

Insurance Code section 541.061 – Misrepresentation of Insurance Policy

This law defines unfair methods of competition and unfair or deceptive acts or practices to include the following:

- Making an untrue statement of material fact;
- Failing to state a material fact necessary to make other statements made not misleading, considering the circumstances under which the statements were made;
- Making a statement in a manner that would mislead a reasonably prudent person to a false conclusion of a material fact;

- Making a material misstatement of law; or
- Failing to disclose a matter required by law to be disclosed, including failing to make a disclosure in accordance with another provision of the Insurance Code.

Insurance Code sections 4001.051(c) and 4001.052(b) – Acts Constituting Acting As Agent

These laws prohibits agents from altering or waiving a term or condition of an insurance policy orally or in writing.

Violations of Chapters 541 and 4001 of the Insurance Code can result in monetary penalties and revocation of the agent’s license.

In addition, another party who has been injured by a violation of Chapter 541 can file a civil suit for damages. If successful, the third party can collect damages plus attorney’s fees.

If the court finds that the agent knowingly committed the violation, the court may award three times the amount of actual damages.

E&O CLAIMS INVOLVING CERTIFICATES OF INSURANCE

As noted in the previous section, certificates of insurance must include a statement making it clear the certificate is issued for information purposes only and does not change the coverage provided by the policy. While this statement generally protects the insurance company from incurring liability when a certificate contains incorrect information, it has not always protected an insurance agency when an employee of the agency makes an error on a certificate.

The following claims handled by the E&O program endorsed by IIAT and underwritten by Westport Insurance Corporation illustrate the danger to an agency when an employee doesn't follow proper procedures and issues an incorrect certificate.

Just Doing a Favor for a Former Customer

The agency's client was a Professional Employer Organization (PEO) that leased employees to over 4,000 businesses. When the company writing the PEO's workers' compensation decided not to renew the policy, the producer was unable to find another company to replace the policy.

An executive of the PEO attended a seminar sponsored by a brokerage firm specializing in placing workers' compensation coverage for PEOs and asked the producer to place the coverage through this program. However, the insurance company was rated "C-" by A.M. Best Company, and the agency owner would not allow the producer to place coverage with any company rated less than "B+." The PEO placed its coverage directly with the insurer.

The insurer did not have the facilities to prepare certificates of insurance, so the agency producer agreed to issue 4,000 certificates from the agency's management system as a favor to his former client. Shortly after the certificates were issued, the PEO and the insurance company had a disagreement and the insurance company sent notice to all certificate holders that no binder had ever gone into effect and no coverage was in force. Between the time the certificates were issued and the insurer sent notice, several employees of the PEO's customers were injured on the job and one employee was killed under extremely devastating circumstances. Multiple lawsuits were filed against the PEO by injured employees in a Texas county known for its harsh treatment of insurance companies and agents. The PEO sued the insurance company and the agency, claiming to have lost all contracts and in excess of \$20 million in profits. Meanwhile, the insurer in the case was declared insolvent and went into liquidation.

The lawsuit filed against the agency included allegations of fraud, breach of contract, negligence and violation of the unfair practices section of the Texas Insurance Code. Faced with the aggravating circumstances and finding it representing the only plaintiff left in the case with any assets, the E&O carrier decided to settle the case.

Result: \$9,730,000 paid claim and \$560,000 paid claim expenses

“Certificate Holder Is Hereby Added as an Additional Insured”

In this case, the agency CSR entered the above wording in the remarks section of the certificate of insurance. Unfortunately, the certificate holder had NOT been added as an additional insured on the policy by endorsement.

When a lawsuit was filed against the certificate holder after an accident on the job site, they demanded a defense from the insured’s general liability policy. The insurance company declined to defend or indemnify because the certificate holder was not an insured. When the plaintiff produced the certificate of insurance with the additional insured wording, the insurance company pointed to the disclaimer language on the certificate.

The agent’s E&O carrier took over defense of the case because the agency had obviously committed an error on the certificate and ultimately settled the underlying lawsuit.

Result: \$100,000 paid claim and \$80,000 paid claim expenses

The Big Ones Get Complicated

What do you get when you mix together following?

- A certificate of insurance that shows the general contractor is an additional insured on the CGL and excess GL;
- A CGL policy that contains a “blanket” additional insured endorsement requiring a written contract;
- No written contract;
- An excess GL policy that says nothing about additional insureds;
- An accident involving catastrophic injuries and an underlying judgment of \$10 million against the general contractor; and
- An insurance agents E&O policy with a \$1,000,000 limit.

You get a big, messy E&O claim no matter how well the agent handled the account or how many legal defenses might be available for the agent. Sometimes it just doesn’t matter, and this turned out to be one of those claims.

The E&O carrier decided to settle prior to a potentially very expensive trial.

Result: \$350,000 paid claim and \$95,000 paid claim expenses

National E&O Statistics & Case Studies

(Portions of this section were provided by the IIABA Virtual University.)

Based on the past year of data collection by Westport in the national program, E&O claims involving certificates of insurance have increased 28 percent.

About one in 25 E&O claims involves a certificate of insurance, with over half of all claims arising from an error or omission by a CSR. About 75 percent of E&O claims for certificates involve a CGL policy, with the next highest category being workers compensation at 10 percent.

The two main sources of certificate E&O claims are failure to add, or improperly identifying, additional insureds (36 percent) and misrepresenting coverage on the certificate that doesn't actually exist (21 percent). CSRs are primarily responsible for the former and producers for the latter.

Agents often fall into a routine with policyholders that frequently require certificates. In these situations, the agent can become lax in checking to make sure that the coverage hasn't changed. E&O claims have arisen from certificates issued on policies that have lapsed or certificates that indicate a specific type of coverage is in place when, in fact, the insured recently dropped it. This problem is more prevalent in larger agencies where the personnel issuing certificates is different from those making policy changes. It is important that the agency maintain and enforce procedures that require staff to confirm all coverages before issuing a certificate.

In one recent case, the agent placed a CGL policy for a contractor that had successfully bid a project with the federal government. The agent issued a certificate to the government reflecting coverages as of a certain date. Shortly thereafter, the contractor allowed its coverage to lapse due to nonpayment of premium. Subsequently, the contractor negligently caused damage to government property. The government sued the agent for failing to advise of the cancellation.

Although a certificate is intended to be snapshot of coverages as of the date of issuance, some non-ACORD certificates require notice of cancellation. Since the agent had unilaterally issued the certificate, the government argued that the language created a duty on the part of the agent. The government also argued that certain federal regulations imposed a duty on the agent to update the certificate for the lapse of coverage.

The Problem With Certificates

Actually, there are three primary reasons E&O claims arise out of certificates of insurance issued by an agency:

1. Producers and CSRs can be put under intense pressure to issue certificates that satisfy a customer's demand to get a job or get paid for a job. As a result, they intentionally issue certificates that reflect or imply non-existent coverages or other provisions.
2. Producers and CSRs mistakenly issue certificates that reflect or imply non-existent coverages or other provisions because they are not familiar enough with the certificate holder's requirements or the actual policy coverages.
3. Producers and CSRs mistakenly issue certificates that imply the insurer will send notice of cancellation, or will endeavor to send notice of cancellation, and then take no steps to be sure the certificate holder receives notice when the policy is actually canceled.

The Solutions

- Agency managers must gain control of the certificates of insurance issued by agency personnel.
- They must develop and implement procedures to ensure that certificates are checked and double-checked before they leave the office.
- They must educate policyholders and certificate holders that certificates of insurance issued by the agency, and the policies described thereon, cannot always satisfy the certificate holder's requests.

By implementing the recommendations of the IIAT Task Force and using the tools and sample wording described in this publication, agency managers can begin to gain control of the certificate process and avoid costly errors and omissions claims against the agency.

TASK FORCE RECOMMENDATIONS

The following general recommendations for handling certificates, and the recommendations for specific processes involving certificates found in other sections of this publication, were put forth by members of the IIAT task force.

Task force members were not unanimous in their endorsement of these recommendations, but there was consensus that the recommendations should be considered by IIAT members when establishing procedures for handling certificates of insurance.

TASK FORCE RECOMMENDATIONS – GENERAL

1. Establish written procedures for agency staff to follow when processing certificates of insurance. See the Appendix for Sample Procedures.
2. Perform a self-audit on your agency's certificate handling procedures. See the Appendix for a sample Self-Audit form.
3. Follow the ACORD Forms Instruction Guide when preparing ACORD certificates.
4. Follow the Task Force recommendations found in other sections of this publication.
5. Do not alter wording on an ACORD or other printed certificate form.
6. Follow insurance company guidelines and your authority regarding certificates.
7. Document who requested the certificate and what was requested. If requested by a certificate holder, obtained the insured's permission before issuing the certificate.
8. Require CSRs and producers to use a checklist when processing a request for a certificate. See the Appendix for a sample checklist.
9. Designate one (or more) technically proficient person(s) to double-check each certificate before it is delivered.

STANDARD CERTIFICATES OF LIABILITY INSURANCE

ACORD Certificate of Liability Insurance

The most commonly used certificate of insurance for casualty insurance is the ACORD 25 (2001/08), published and distributed by the ACORD Corporation.

ACORD (short for Association for Cooperative Operations Research and Development) was established in 1970 to facilitate the development and use of standards for the insurance industry. The first standard forms were released in 1972 for use by the industry.

In addition to the actual forms, ACORD publishes a Forms Instruction Guide.

If your agency uses ACORD forms, you should subscribe to the ACORD Agency Advantage program. Your subscription provides access to the most recent editions of all ACORD forms, including “fillable” forms, as well as the Forms Instruction Guide. In addition, the subscription includes access to studies, tools and newsletters published by AUGIE – the ACORD User Groups Information Exchange. ACORD Advantage membership entitles all employees at your location to 12 months of services and products for a flat fee of \$139. For more information, go to the ACORD website at www.acordadvantage.org.

A sample ACORD 25 is reproduced on the next page, followed by discussion of each section. Within the discussion of each section, we have included language from the ACORD Forms Instruction Guide and the task force recommendations for Best Practices for that section of the ACORD 25.

ISO Certificate of Commercial Liability Insurance

ISO also publishes a standard certificate of insurance. A sample certificate and instructional supplement is included in the Appendix.

ACORD™ CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

PRODUCER	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.	
INSURED	INSURERS AFFORDING COVERAGE	NAIC #
	INSURER A:	
	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 LTR	ADD'L INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
		GENERAL LIABILITY <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC				EACH OCCURRENCE	\$
						DAMAGE TO RENTED PREMISES (Ea occurrence)	\$
						MED EXP (Any one person)	\$
						PERSONAL & ADV INJURY	\$
						GENERAL AGGREGATE	\$
						PRODUCTS - COMP/OP AGG	\$
		AUTOMOBILE LIABILITY <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				COMBINED SINGLE LIMIT (Ea accident)	\$
						BODILY INJURY (Per person)	\$
						BODILY INJURY (Per accident)	\$
						PROPERTY DAMAGE (Per accident)	\$
		GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT	\$
						OTHER THAN AUTO ONLY: EA ACC	\$
						AGG	\$
		EXCESS/UMBRELLA LIABILITY <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> DEDUCTIBLE <input type="checkbox"/> RETENTION \$				EACH OCCURRENCE	\$
						AGGREGATE	\$
							\$
							\$
		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below				<input type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTHER	
						E.L. EACH ACCIDENT	\$
						E.L. DISEASE - EA EMPLOYEE	\$
						E.L. DISEASE - POLICY LIMIT	\$
		OTHER					

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

CERTIFICATE HOLDER

CANCELLATION

	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL _____ 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

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).

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).

DISCLAIMER

The Certificate of Insurance on the reverse side of this form does not constitute a contract between the issuing insurer(s), authorized representative or producer, and the certificate holder, nor does it affirmatively or negatively amend, extend or alter the coverage afforded by the policies listed thereon.

ACORD 25 – Certificate of Liability Insurance

ACORD FORMS INSTRUCTION GUIDE

The Certificate of Insurance ACORD 25 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 policies".

The above information is included in the opening statement of the form.

If the receiver of the form wants to verify that liability coverage exists on a policy and has no direct interest in the policy, use the certificate of insurance. However, if the receiver of the form does have a verifiable interest in the policy, such as an additional insured, the liability policy must be amended by endorsement, to provide the appropriate coverage for the interested party prior to issuing a certificate of insurance (since the certificate confers no rights upon the holder and does not amend the policy).

ACORD 25 was designed to collect policy limit information based on the ISO commercial lines program. It addresses both Claims Made and Occurrence policies.

The purpose of the Certificate of Liability has been the topic of frequent discussions throughout the industry. Attention centers around the true purpose of a certificate and the rights, if any, it conveys to a certificate holder. In 1974, the Court of Appeals, Fifth District 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. The court also stated: "The provision regarding notification in the event of cancellation is a mere promise, unsupported by any consideration." Although many 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. Agents or brokers should not change any provision on this form without prior consent of the issuing company.

The Certificate of Liability Insurance is used for most casualty situations in which the insured has requested certification to a third party of issued casualty coverages. The uses of the Certificate can include large and small contracting or manufacturing risks, lessor/lessee agreements, or other areas of liability certification. The ACORD Certificate should be issued only in compliance with company instructions.

ACORD recommends that the Certificate NOT be used in the following situations:

- To waive rights
- To provide information to the owner of a leased motor vehicle or the lender about both liability and physical damage coverages applying to the vehicle (ACORD 23, Leased Auto Certificate of Insurance, should be used for this)
- To quote wording from a contract
- To attach to an endorsement
- To quote any wording which amends a policy unless the policy itself has been amended

TASK FORCE RECOMMENDATIONS – GENERAL USE OF THE ACORD FORM

1. Follow the ACORD Forms Instruction Guide
2. Use the ACORD Form 25 (2001/08) – Certificate of Liability Insurance for all lines of casualty insurance, unless the certificate holder requires a different form.
3. Do not use the ACORD Form 25 to certify coverage on any type of property or inland marine policy.
4. Do not alter any wording on the ACORD form.

ACORD 25 – Certificate of Liability Insurance

INSURED

ACORD Forms Instruction Guide

Insured's name and address as they appear on the policy declarations page.

TASK FORCE RECOMMENDATIONS – INSUREDS

1. Follow the ACORD Forms Instruction Guide
2. Check the policy to be sure the name entered on the certificate is a named insured on the policy, either in the declarations or on a separate endorsement that includes a list of named insureds.
3. Do not enter a name that is added to the policy as an additional insured.

ACORD 25 – Certificate of Liability Insurance

INSURERS AFFORDING COVERAGE
INSURER A:
INSURER B:
INSURER C:
INSURER D:
INSURER E:

ACORD Forms Instruction Guide

This section is designed for use in certifying coverage issued by many as five companies. Enter only full legal company name(s) as found in the file copy of the policy. Do not enter group or trade names.

TASK FORCE RECOMMENDATIONS – INSURERS AFFORDING COVERAGE

1. Follow the ACORD Forms Instruction Guide
2. Enter the exact name of each insurance company on the policies or binders for the policies to be entered in the Coverages section. Do not enter a company group or trade name, or a wholesaler or broker.

ACORD 25 – Certificate of Liability Insurance

INSR LTR

ACORD Forms Instruction Guide

Enter the Company Letter of the company, as identified in the Insurers Affording Coverage section, next to the appropriate coverage(s).

TASK FORCE RECOMMENDATIONS – ADDITIONAL INSURED

1. Follow the ACORD Forms Instruction Guide

ACORD 25 – Certificate of Liability Insurance

ADD'L INSRD

ACORD Forms Instruction Guide

Use this column if the certificate holder has been named as an additional insured for any of the coverages described in the certificate. Place a check mark next to each coverage where an additional insured endorsement has been issued.

TASK FORCE RECOMMENDATIONS – ADDITIONAL INSURED

1. Follow the ACORD Forms Instruction Guide
2. See “Additional Insureds” in this publication for detailed information and recommendations regarding this section.

ACORD 25 – Certificate of Liability Insurance

POLICY NUMBER

ACORD Forms Instruction Guide

Show the number exactly as it appears on the policy, including prefix and suffix symbols for each "Type of Insurance".

TASK FORCE RECOMMENDATIONS – POLICY NUMBER

1. Follow the ACORD Forms Instruction Guide
2. If the insurer has not issued a policy number yet, show "Policy Number Pending Issuance of Policy" or "Binder #____" and suspense to send another certificate when the policy number becomes available. Do not put a binder number here unless you identify it as a binder; in other words, do not represent a number to be the policy number when it is not.

ACORD 25 – Certificate of Liability Insurance

POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)

ACORD Forms Instruction Guide

Date on which the terms of the policy commenced. Date on which the terms and conditions of the policy expire.

TASK FORCE RECOMMENDATIONS – POLICY EFFECTIVE AND EXPIRATION DATES

1. Follow the ACORD Forms Instruction Guide
2. If the policy has been ordered and bound but not issued yet, show the requested policy inception and expiration dates, not the binder dates.

ACORD 25 – Certificate of Liability Insurance

General Liability

LIMITS	
EACH OCCURRENCE	\$
DAMAGE TO RENTED PREMISES (Ea occurrence)	\$
MED EXP (Any one person)	\$
PERSONAL & ADV INJURY	\$
GENERAL AGGREGATE	\$
PRODUCTS – COMP/OP AGG	\$

Automobile Liability

LIMITS	
COMBINED SINGLE LIMIT (Ea accident)	\$
BODILY INJURY (Per person)	\$
BODILY INJURY (Per accident)	\$
PROPERTY DAMAGE (Per accident)	\$

Garage Liability

LIMITS		
AUTO ONLY – EA ACCIDENT		\$
OTHER THAN AUTO ONLY:	EA ACC	\$
	AGG	\$

Excess/Umbrella Liability

LIMITS	
EACH OCCURRENCE	\$
AGGREGATE	\$

Workers Compensation and Employers' Liability

LIMITS			
	WC STATU- TORY LIMITS	OTH- ER	
E.L. EACH ACCIDENT			\$
E.L. EA EMPLOYEE			\$
E.L. DISEASE – POLICY LIMIT			\$

ACORD Forms Instruction Guide

All limits should be listed as whole dollar amounts. Enter limits corresponding to those found on the policy declarations page. Any questions about appropriate limits or applicable policy coverage(s) should be answered by the issuing insurer(s).

TASK FORCE RECOMMENDATIONS – LIMITS

1. Follow the ACORD Forms Instruction Guide
2. Some businessowners policies (BOPs) show only the each-occurrence liability limit on the policy declarations page, and do not show the aggregate limits. If the limits required on the certificate are not on the declarations page, DON'T GUESS. Read the policy language regarding limits of liability and determine what the appropriate entries should be, or ask the insurer, or leave it blank on the certificate.
3. Because of the disclaimer wording on the certificate, it is not necessary to disclose that the aggregate limit has been reduced by paid claims when a certificate is issued during the policy period, even when that information is known by the agent.
4. If products / completed operations liability or personal / advertising injury or medical expense is excluded by endorsement, enter "Not Covered" on those lines.

ACORD 25 – Certificate of Liability Insurance

TYPE OF INSURANCE		
GENERAL LIABILITY		
<input type="checkbox"/>	COMMERCIAL GENERAL LIABILITY	
<input type="checkbox"/>	<input type="checkbox"/> CLAIMS MADE	<input type="checkbox"/> OCCUR
<input type="checkbox"/>	_____	
<input type="checkbox"/>	_____	
GEN'L AGGREGATE LIMIT APPLIES PER:		
<input type="checkbox"/>	POLICY	<input type="checkbox"/> PROJECT
<input type="checkbox"/>	LOC	

ACORD Forms Instruction Guide

Complete this section if you are certifying general liability coverage. Check the box for Commercial General Liability (CGL) and one of the corresponding boxes to designate the type of policy issued, Claims Made, or Occurrence (Occur). The two open option boxes available allow listing of liability coverages not found on this form. List the coverage type next to the available box. An example of this would be issuing a certificate for Comprehensive Personal Liability. The first box would be checked and "Comprehensive Personal Liability" would be inserted on the line after the box. Check the appropriate box to indicate if the general aggregate limit applies per policy, per project, or per location.

TASK FORCE RECOMMENDATIONS – TYPE OF INSURANCE – GENERAL LIABILITY

1. Follow the ACORD Forms Instruction Guide

2. Most agency personnel do not handle "claims-made" CGL policies on a regular basis. They need special handling. Designate one person in the agency as the "claims-made expert." Stamp "Claims Made Policy" on the file jacket and policy declarations. Develop procedures to offer "tail" coverage if needed when a policy is canceled, not renewed, or moved to a different insurer.

ACORD 25 – Certificate of Liability Insurance

TYPE OF INSURANCE	
AUTOMOBILE LIABILITY	
<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
<input type="checkbox"/>	
<input type="checkbox"/>	

ACORD Forms Instruction Guide

Complete this section if you are certifying automobile liability. Check all appropriate boxes to correspond with the covered auto symbols found on the policy declarations page. The last available option box allows listing an automobile liability coverage not found on this form. List the coverage type next to this optional box. If the certificate is being issued to the owner of a leased vehicle, DO NOT USE THIS FORM. Use ACORD 23, Leased Auto Certificate of Insurance.

TASK FORCE RECOMMENDATIONS – TYPE OF INSURANCE – AUTOMOBILE LIABILITY

1. Follow the ACORD Forms Instruction Guide
2. The following covered auto symbols correspond to the wording on the certificate:

Any Auto = 1

All Owned Autos = 2

Scheduled Autos = 7

Hired Autos = 8

Non-Owned Autos = 9

ACORD 25 – Certificate of Liability Insurance

TYPE OF INSURANCE	
GARAGE LIABILITY	
<input type="checkbox"/>	ANY AUTO
<input type="checkbox"/>	

ACORD Forms Instruction Guide

Complete this section if you are certifying garage liability. Use the available lines or the “Any Auto” option to indicate coverage specifics.

TASK FORCE RECOMMENDATIONS – TYPE OF INSURANCE – GARAGE LIABILITY

1. Follow the ACORD Forms Instruction Guide
2. Use the “Any Auto” selection only when the policy provides such coverage, usually with a covered auto symbol 21.

ACORD 25 – Certificate of Liability Insurance

TYPE OF INSURANCE	
EXCESS/UMBRELLA LIABILITY	
<input type="checkbox"/> OCCUR	<input type="checkbox"/> CLAIMS MADE
<input type="checkbox"/> DEDUCTIBLE	\$
<input type="checkbox"/> RETENTION	\$

ACORD Forms Instruction Guide

Complete this section if you are certifying some type of excess or umbrella liability. Check the appropriate box to indicate whether the “coverage trigger” is on a claims made or an occurrence basis. Also show any deductible or retention amount.

TASK FORCE RECOMMENDATIONS – TYPE OF INSURANCE – EXCESS/UMBRELLA LIABILITY

1. Follow the ACORD Forms Instruction Guide
2. Most agency personnel do not handle “claims-made” umbrella policies on a regular basis. They need special handling. Designate one person in the agency as the “claims-made expert.” Stamp “Claims Made Policy” on the file jacket and policy declarations. Develop procedures to offer “tail” coverage if needed when a policy is canceled, not renewed, or moved to a different insurer.
3. If the General Liability “occurrence” box is checked and the Umbrella Liability “claims-made” box is checked, it is probably a mistake and should be reviewed carefully.

ACORD 25 – Certificate of Liability Insurance

TYPE OF INSURANCE
WORKERS COMPENSATION AND EMPLOYERS' LIABILITY
ANY PROPRIETOR/ PARTNER/ EXECUTIVE OFFICER/ MEMBER EXCLUDED?
If yes, describe under SPECIAL PROVISIONS below

ACORD Forms Instruction Guide

If workers' compensation coverage is based on statutory limits, check the appropriate box within the limit section. If other limits apply, check the appropriate box and show the limits in the "Other" section. If Employers' Liability is to be certified, show the limits applicable to "Each Accident", "Disease-Each Employee" and "Disease-Policy Limit".

TASK FORCE RECOMMENDATIONS – TYPE OF INSURANCE – WORKERS' COMPENSATION AND EMPLOYERS' LIABILITY

1. Follow the ACORD Forms Instruction Guide
2. Do not use this section for occupational accident and employers' liability written for non-subscribers. Use the OTHER section instead.
3. Always answer the question concerning exclusions for principals of the business, and give names or a general description (such as "all executive officers") in the Special Provisions section.
4. Note that there is no "Additional Insured" box to check in this section. There is no provision for adding additional insureds on workers' compensation policies. If the Alternate Employer endorsement is attached to the policy in favor of the certificate holder, indicate this information in the Special Provisions section.

ACORD 25 – Certificate of Liability Insurance

TYPE OF INSURANCE
OTHER

ACORD Forms Instruction Guide

This section certifies other coverages that are not listed on the form. The type of insurance, policy number, policy effective date, policy expiration date and limits sections should be completed.

TASK FORCE RECOMMENDATIONS – TYPE OF INSURANCE – OTHER

1. Follow the ACORD Forms Instruction Guide
2. Use this section for miscellaneous liability policies, such as professional liability or bailee liability.
3. Enter the exact name of the policy – like “Bailee Customer Liability” – rather than attempt to describe the coverage.

ACORD 25 – Certificate of Liability Insurance

Description of Operations / Locations / Vehicles / Exclusions Added By Endorsement / Special Provisions

ACORD Forms Instruction Guide

Record information necessary to identify the operations, locations or vehicles for which the certificate was issued. Any exclusion endorsement or special policy conditions should also be indicated. Information about additional insureds should also be shown here. However, if it is necessary to show several additional insureds for liability coverages (e.g., mortgagees, vendors, landlords, etc.), and there is not enough room on the form, use the Descriptions box to indicate "see Additional Interest form, ACORD 45, attached" and use ACORD 45 to show the information pertinent to the additional insureds.

TASK FORCE RECOMMENDATIONS – TYPE OF INSURANCE – DESCRIPTION

1. Follow the ACORD Forms Instruction Guide
2. When entering special exclusions or other endorsements, enter the exact title, form number and edition date of the endorsement.
3. Enter as little information in this section as possible. What you enter here can and will be used against you in a court of law!

ACORD 25 – Certificate of Liability Insurance

CERTIFICATE HOLDER

ACORD Forms Instruction Guide

Name and mailing address of the individual or entity for which the certificate is being prepared.

TASK FORCE RECOMMENDATIONS – CERTIFICATE HOLDER

1. Follow the ACORD Forms Instruction Guide

ACORD 25 – Certificate of Liability Insurance

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL ____ 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.

ACORD Forms Instruction Guide

Number of days in which the company will endeavor to mail a written cancellation notice. This amount is subject to approval by the company(ies).

TASK FORCE RECOMMENDATIONS – CANCELLATION

1. Follow the ACORD Forms Instruction Guide
2. Note the Instructions: The number of days entered here must be approved by the company. Most companies don't approve anything and don't want anything to do with notice of cancellation to certificate holders. See "Notice of Cancellation to Certificate Holders" in this publication for a complete discussion on this section.

ACORD 25 – Certificate of Liability Insurance

AUTHORIZED REPRESENTATIVE

ACORD Forms Instruction Guide

Form must be signed by an agent, broker, or other representative authorized by all companies to issue certificates.

TASK FORCE RECOMMENDATIONS – AUTHORIZED REPRESENTATIVE

1. Follow the ACORD Forms Instruction Guide
2. Facsimile or electronic signature of an authorized representative is permitted.
3. For an admitted insurer with which your agency is appointed, the authorized representative can be (1) an agency principal (owner, partner or executive officer); (2) an employee with a general lines license who has been appointed by the agency (at the time the individual was originally licensed, or by filing form TDI-501 with TDI) and has been authorized by an agency principal to execute certificates; or, an employee with an ISR license who has been appointed by the agency (at the time the individual was originally licensed, or by filing ISR Transfer form with TDI) and has been authorized by an agency principal to execute certificates.
4. For an admitted insurer with which your agency is not appointed, the authorized representative must be a licensed agent who is appointed by the insurer – usually the managing general agency or wholesaler. For more information see “Certificates on Policies Written Through Wholesalers” in this publication.
5. For a non-admitted (surplus lines) insurer, the authorized representative must be a licensed surplus lines agent who has been authorized by the originating surplus lines agent or the insurer to execute certificates of insurance. For more information see “Certificates on Policies Written Through Wholesalers” in this publication.
6. If you are the authorized representative for one insurer entered on the certificate but not for another insurer, you must prepare two certificates and obtain the signature of an authorized representative for the other insurer.

ACORD 25 – Certificate of Liability Insurance

The second page (or reverse side) of the ACORD certificate contains some very important disclaimer language:

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).

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).

DISCLAIMER

The Certificate of Insurance on the reverse side of this form does not constitute a contract between the issuing insurer(s), authorized representative or producer, and the certificate holder, nor does it affirmatively or negatively amend, extend or alter the coverage afforded by the policies listed thereon.

TASK FORCE RECOMMENDATIONS – REVERSE SIDE (PAGE 2)

1. Always send the reverse side (page 2) of the ACORD certificate to the insured and the certificate holder.

NON-STANDARD CERTIFICATES OF INSURANCE AND QUESTIONNAIRES

If E&O exposures related to issuing standard ACORD certificates are considered significant, then consider the exponential increase in that exposure when an agency is asked to execute a non-standard certificate.

Large oil companies, general contractors and home builders are notorious for using the power of their market position to demand special certificates, as well as supplemental questionnaires. Some of these documents require the agent to certify coverages that are not available – either from the insurer writing the account or in the marketplace generally – or cause the unsuspecting agent to misrepresent coverage provided on the policy.

The best advice, of course, is to always use standard certificates (like the ACORD 25) and not alter the wording. In reality, a certificate holder may require a special certificate before the client can go to work or get paid for the job.

(See the Appendix for samples of special certificates and supplements.)

For example, one supplemental questionnaire asks the agent to answer “yes” or “no” as to whether the general liability policy covers punitive damages. This is not a question that can be answered “yes” or “no” – as long as there is no specific exclusion of punitive damages – because Texas courts have issued various opinions on this issue. Punitive damages may not be insurable at all, depending on the circumstances of a particular claim.

TASK FORCE RECOMMENDATIONS – NON-STANDARD CERTIFICATES AND QUESTIONNAIRES

1. Do not prepare certificates of insurance other than the standard ACORD form without receiving specific authorization from the insurer or wholesaler.
2. Send non-standard certificates and questionnaires to the insurer or wholesaler for review and completion or authorization.
3. If you are unable to furnish the certificate or questionnaire required by the certificate holder, send an ACORD certificate and transmit it to the certificate holder using the sample wording in Exhibit # 1.
4. If you are unable to comply with any items requested on the certificate or to answer any question on a questionnaire, tell the insured and the certificate holder which items and why. See sample wording in Exhibit # 2.
5. Consider developing and using your own template of coverage details to provide certificate holders when a special questionnaire is requested. See the Appendix for a sample.

Exhibit # 1: Sample wording to certificate holder when you are unable to furnish the certificate or questionnaire required by the certificate holder.

We are pleased to attach an industry-standard ACORD certificate of insurance issued on your behalf for the captioned client. The insurance company will not execute, and would not authorize our agency to execute, the special certificate of insurance or questionnaire you requested. Upon your request and if authorized by our insured, we will be happy to provide you with certified copies of all liability insurance policies in force for our insured that are relevant to your contract.

Exhibit # 2: Sample wording to certificate holder when you are unable to comply with any items requested on a special certificate or to answer any question on a questionnaire.

We are pleased to attach the certificate of insurance issued on your behalf for the captioned client. The insurance company will not answer, and would not authorize our agency to answer, the following items.

ADDITIONAL INSUREDS

From an E&O standpoint, the most significant exposure to errors on certificates of insurance involves a certificate holder's request for additional insured status on a customer's policies. Page 2 of the ACORD certificate contains an important disclaimer, as well as a warning for the agent who is preparing the certificate:

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).

An additional insured isn't added to the policy just because the certificate says the certificate holder is an additional insured.

Another problem arises when an additional insured endorsement is added to the policy and it doesn't match the certificate holder's expectations or contractual requirements. It is the agent's responsibility to inform the customer and the certificate holder when the insurer is unable or unwilling to provide the requested coverage.

Introduction

In the construction industry, a general contractor will often require a subcontractor to provide coverage for the general contractor coverage under the subcontractor's liability policy. The general contractor has overall responsibility for the project and activities at the construction site, yet most likely has little, if any, actual involvement in subcontractor's work. The purpose behind securing both additional insured coverage and contractual liability coverage in the construction context is to pass the cost, and risk of loss, to the subcontractor who has active involvement and control of its operations and its employees.

The general contractor and subcontractor negotiate this risk transfer to the subcontractor in the contract between the parties. It may be required that the subcontractor procure not only contractual liability coverage to secure the indemnity obligations, but also make the general contractor an additional insured under the subcontractor's general liability policy - a "belt and suspenders" approach to risk allocation. Problems arise when the parties and the courts attempt to determine the scope of coverage available to the additional insured. There are a myriad of forms providing additional insured coverage. The most commonly used forms are discussed below.

Additional Insured Endorsement (no qualifications)

The following is the broadest form of additional insured endorsement:

WHO IS AN INSURED (Section II) is amended to include as an insured the person or organization shown in the schedule as an insured.

This endorsement is extremely broad and does not attempt to limit coverage. A general contractor insured under this type of endorsement is covered for its sole negligence, its own activities and any joint and several liability it may be assessed. Additional insured coverage under this endorsement is not restricted or limited to a particular construction project or related to the work of the named insured subcontractor.

Additional Insured (qualified)

WHO IS AN INSURED 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. (ISO endorsement CG 20 10)

This is one of the most common endorsements in the construction industry. The scope of coverage for the additional insured (general contractor) is determined by the named insured's (subcontractor's) "ongoing" operations. The "ongoing" language was added to the most recent version of the endorsement to clarify the intent of insurers to cover a general contractor only while the subcontractor is working on the project. In other words, once the subcontractor's work is complete, the general contractor no longer has coverage under the policy. Remember that "you" and "your" only refer to the named insured, not the additional insured.

"Ongoing Operations" Exposures and the CG 20 10

The CGL additional insured endorsements were revised in 1993 to state that coverage applies to the additional insured only during the "ongoing operations" of the named insured. ISO called the endorsement revision a "clarification," but many in the industry saw it as a reduction in coverage, because previous editions of the endorsements were assumed to cover the additional insured for completed operations, at least during the policy period. The revised endorsements terminate coverage during the policy period, once operations are completed.

Work agreements occasionally call for the previous edition of this endorsement in order to avoid what is seen as a restriction. If your insured gets such a request, you will have to request the earlier edition from the carrier, assuming it has not withdrawn the filing.

One other solution is to use the CG 20 26 (Designated Person or Organization, which contains no limiting wording - but that endorsement is broader than the standard endorsements in many ways and the carrier may be reluctant to use it in construction situations.

Perhaps the best solution is to request a relatively new endorsement CG 20 37 (Additional Insured – Owners, Lessees or Contractors – Completed Operations), designed specifically to cover the additional insured for completed operations.

Additional Insureds — 2004 Endorsements

The Insurance Services Office (ISO) revised its additional insured endorsements in 2004 to counter court decisions that broadly interpreted the language in the older forms to find coverage for the sole negligence of the additional insured.

Since that was never the original intent, the new forms restrict coverage to liability “caused in whole or in part” by the acts or omissions of the named insured or those acting on behalf of the named insured.

The 2004 edition of CG 20 10, commonly used to schedule a specific person or organization, also requires that locations where work is being performed be listed on the endorsement.

Automatic (Blanket) Additional Insured Endorsements

In years past, CGL policyholders who needed to add additional insureds to their policy were required to notify the agent or company so the policy could be endorsed to name each additional insured. Company-specific “automatic” additional insured endorsements appeared a few years ago and became so popular that ISO introduced its own versions of these endorsements in 1997.

These forms have peculiar provisions that require close attention. For example, ISO endorsement CG 20 33 and most company-specific forms provide insured status to:

Any person or organization for whom you are performing operations when you and such person or organization have agreed in writing in a contract or agreement that such person or organization be added as an additional insured on your policy.

With this wording, you must verify that there is a contract between your insured and the entity requesting additional insured status. If you don’t and you issue a certificate of insurance showing the entity as an additional insured when there is no contract, you have taken one step on the road to the courthouse. If the additional insured endorsement does not cover that entity as an additional insured because there is no contract, you have obligated your company (and perhaps ultimately your E&O carrier) to defend and cover any lawsuits against the entity you have named on the certificate.

Lengthy Lists

Occasionally a contract contains a lengthy list of persons to whom additional insured status is to be granted. (Example: ABC General Contractors, Inc., its subsidiaries and affiliates, and its co-lessees and joint venturers, and their directors, officers and employees.) Insurers are reluctant to comply with this type of request because the list doesn’t limit the extension of coverage to persons directly related to the work being performed. In addition, none of the standard additional insured endorsements contain the appropriate wording, so an endorsement must be “manuscripted” in order to comply.

Primary and Non-Contributory

When your insured tells you that his general contractor wants to be added as an additional insured and he wants your insured’s policy to be primary and non-contributory, what does that mean?

It means that the general contractor wants your insured’s policy to be the primary source of recovery and not contribute to defense or indemnification should the general contractor be sued as the result of an accident caused by your insured. The general contractor doesn’t want to tap into his own CGL policy unless and until your subcontractor’s policy limit is exhausted. What do you do?

First, here's what not to do: Don't just add primary and non-contributory wording to the certificate of insurance. Your insured's CGL may not be primary and non-contributory and you can't make it happen just by saying so on the certificate.

Besides, whether your insured's CGL is primary may depend entirely on the wording in the general contractor's CGL! If the general contractor's policy is a 1998 or later edition of the ISO CGL, it includes the following wording:

This insurance is excess over any other primary insurance available to you covering liability for damages arising out of the premises or operations for which you have been added as an additional insured by attachment of an endorsement.

If the general contractor's policy includes this wording, he (or his lawyer or his insurance agent) is asking for the primary and non-contributory wording out of ignorance of the wording in his own policy.

Additional Insureds on the Business Auto Policy

Most parties that request additional insured status on business auto policies are in fact already considered additional insureds by the terms of the policy. In the Who Is an Insured section, paragraph "c" includes:

Anyone liable for the conduct of an insured described above but only to the extent of that liability.

The additional insured endorsements available for attachment to the BAP do nothing to enhance this status – if the person or entity named in the endorsement is not already an insured by the terms of paragraph "c", then the endorsement does not make them an additional insured.

- Endorsement CA 04 03 Texas Additional Insured (ISO BACF) names an additional insured for liability coverage and allows for a 10-day notice of cancellation to the additional insured.
- Endorsement CA 20 48 Designated Insured (ISO BACF) Designates a person or entity listed in the endorsement as an insured, but only to the extent that person or entity already qualifies as an insured in the Who Is an Insured provision.
- Endorsement TE 99 01 Additional Insured (Texas BAP) names an additional insured for liability coverage and allows for a 10-day notice of cancellation to the additional insured.

A certificate holder's request that the insured's policy be primary and non-contributory is just as much a problem on the BAP as it is on the CGL. For the most common exposure – a certificate holder's vicarious liability arising out of the named insured's use of an auto owned by the named insured – the auto policy takes care of this automatically. The "Other Insurance" provision of the General Conditions section on the business auto policy provides primary insurance for any covered accident involving an auto owned by the named insured. For other exposures, such as non-owned autos, there is no way to endorse the policy to provide a certificate holder with primary liability coverage.

Additional Insureds on Employers' Liability Policies

There is no provision for adding an additional insured to employers' liability coverage. The closest thing is endorsement WC 00 03 01 (Alternate Employer). This form is used when the named insured has agreed to provide workers' compensation and employers' liability coverage for claims made by an employee of the named insured against a "special" or "temporary" employer (called the alternate employer for the purposes of this endorsement).

In this situation, Texas law may consider both to be co-employers, especially when the alternate employer has a right to direct and control the details of the work being performed. Examples: (1) an employee leasing company or temporary help company agrees to provide coverage for leased or temporary employees; (2) an oil field contractor agrees to protect the oil company from claims brought by the contractor's employees; (3) a property manager agrees to protect the property owner from claims brought by the insured's employees while working at the owner's property.

The coverage afforded by the endorsement is not intended to satisfy the alternate employer's duty to secure its obligations under the workers' compensation law, and the carrier is not required to file any such evidence with the workers' compensation regulatory authority.

There are two primary functions for the endorsement: (1) it directs the named insured's workers' compensation policy to respond to an employee injury, even if the alternate employer also has a workers' compensation policy; and (2) the employers' liability portion of the named insured's policy will respond if the injured employee or a deceased employee's survivors sue the alternate employer.

TASK FORCE RECOMMENDATIONS – ADDITIONAL INSUREDS

1. Check the box for "Additional Insured" in each section of COVERAGES when an endorsement is attached for that particular policy. Do not check the box when the policy includes a blanket automatic additional insured endorsement that provides additional insured status only when there is a written contract between the insured and the certificate holder. Use the transmittal wording in Exhibit # 3 when the policy includes a blanket additional insured endorsement.
2. Do not enter anything in the DESCRIPTION section concerning additional insureds.
3. When a policy doesn't include a blanket additional insured endorsement, request the appropriate additional insured endorsement from the company and obtain written confirmation that the endorsement has been or is being issued before releasing a certificate of insurance.
4. Use the transmittal wording in Exhibit # 4 when you know the additional insured endorsement doesn't match the certificate holder's requirements.

Exhibit # 3: Sample wording to certificate holder when the policy includes a blanket additional insured endorsement.

We are pleased to attach a certificate of insurance issued on your behalf for the captioned client. Please take note of the following:

- The general liability policy includes a blanket automatic additional insured endorsement that provides additional insured status only when there is a written contract between the named insured and the certificate holder that requires such status.

Exhibit # 4: Sample wording to certificate holder when the additional insured endorsement doesn't match requirements.

We are pleased to attach a certificate of insurance issued on your behalf for the captioned client. We are unable to issue the certificate of insurance as requested for the following reasons:

- The insurance company does not allow the inclusion of “Primary and Noncontributory” wording on the certificate.
- Due to filing requirements of the Texas Department of Insurance, the insurance company is only permitted to use additional insured endorsement # (number, edition date).
- The insurance company allows only the certificate holder to be shown as an additional insured and does not allow the listing of multiple persons as additional insureds.

CONTRACTUAL LIABILITY

In the context of risk allocation, no single issue may be of more significance than contractual liability insurance coverage. This is because an indemnity agreement is the foundation of contractual liability coverage and can potentially saddle a subcontractor with tremendous additional exposure that was not contemplated at the time the policy was issued and premium dollars were accepted.

Conversely, a valid indemnity agreement may be of little practical benefit to the general contractor if contractual liability insurance does not support the indemnity obligation.

In a commercial general liability policy, contractual liability coverage is normally provided through an exception to an exclusion.

This insurance does not apply to: “Bodily injury” or “property damage” for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement.

This exclusion does not apply to liability for damages assumed in a contract or agreement that is an “insured contract”, provided the “bodily injury” or “property damage” occurs subsequent to the execution of the contract or agreement; or that the insured would have in the absence of the contract or agreement.

The term “insured contract” has several meanings under the standard ISO commercial liability coverage form, including contracts for lease of premises, sidetrack agreements, and elevator maintenance agreements. Frequently, however, in the context of a construction agreement the relevant portion of the definition is as follows:

That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for “bodily injury” or “property damage” to a third person or organization. Tort liability means a liability that would be imposed by law in the absence of the contract or agreement.

The most important aspect of contractual liability coverage is whether the party seeking indemnity (the “indemnitee”) has contractually required the other party (the “indemnitor”) to “assume the tort liability” of the indemnitee to pay for “bodily injury” or “property damage” to a third party; if not, no contractual liability coverage is afforded. In order to make a determination of this issue, an examination of the contractual arrangement between the indemnitor and indemnitee is required.

To make matters potentially even worse, ISO introduced what it calls an “optional underwriting tool” in 2004 that further restricts contractual liability coverage. Endorsement CG 24 26 07 04 (Amendment of Insured Contract Definition) adds language that excludes coverage for the sole liability of a third party, even when it is assumed by insured contract.

Contractual liability coverage generally involves complicated issues, not only from the standpoint of determining whether the indemnity agreement is valid, but in evaluating whether coverage is afforded under the policy. The answers to many of the questions are fact-intensive, and often there are no easy answers. Even courts have difficulty assessing these issues and have often reached inconsistent conclusions.

It may be safe to say that no liability policy can possibly cover everything a contractor generally agrees to in an indemnity agreement. For this reason, agents must be careful not to give the impression that a policy does just that.

TASK FORCE RECOMMENDATIONS – CONTRACTUAL LIABILITY

1. Do not enter anything in the DESCRIPTION section regarding contractual liability.
2. Use the transmittal wording in Exhibit # 5 when you know the contractual liability coverage on the policy doesn't match the certificate holder's requirements.
3. Use the transmittal wording in Exhibit # 6 when endorsement CG 24 26 07 04 (Amendment of Insured Contract Definition) is attached to the policy.

Exhibit # 5: Sample wording to certificate holder when you know the contractual liability coverage does not match the certificate holder's requirements and/or does not cover all liabilities assumed under the contract.

We are pleased to attach a certificate of insurance issued on your behalf for the captioned client. Please take note of the following:

- The contractual liability coverage provided by the policies is standard and may not cover all liabilities assumed by the named insured under its contract with the certificate holder.

Exhibit # 6: Sample wording to certificate holder when endorsement CG 24 26 07 04 (or equivalent) is attached to the policy.

We are pleased to attach a certificate of insurance issued on your behalf for the captioned client. Please take note of the following:

- The general liability policy includes endorsement CG 24 26 07 04 that eliminates coverage for the sole negligence of a third party assumed by contract.

WAIVER OF SUBROGATION

(Much of the material in the following report was reprinted with permission of the Virtual University, copyright 1999-2005 by the Independent Insurance Agents & Brokers of America.)

One of the most common contractual requirements your commercial insureds face is a requirement to waive a right of subrogation. Most often, these waivers are one-sided when it comes to general liability, business auto, and workers compensation.

Certificate holders sometimes ask for policies to include a waiver of subrogation in the certificate holder's favor. Page 2 of the ACORD certificate contains an important disclaimer, as well as a warning for the agent who is preparing the certificate:

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).

If the policy doesn't permit the insured to waive rights to subrogation, the waiver can't be added to the policy just because the certificate says the policy includes a waiver.

It is the agent's responsibility to inform the customer and the certificate holder when the insurer is unable or unwilling to waive subrogation by endorsement.

Subrogation Waivers in General

Losses are often caused by someone's negligence. In general, and as a matter of equity, the negligent party should be liable for the consequences of such negligence.

For example, a general contractor's employee is primarily responsible for bodily injury or property damage at the jobsite, but the subcontractor is included in legal action brought by the injured party. The subcontractor's liability insurer pays an amount to settle the claim against the subcontractor. When payment is made, the subcontractor is typically required to transfer rights of recovery against the negligent party to the insurer who then "subrogates" to recover the amount paid.

However, if the subcontractor has agreed in a provision of the construction agreement to waive any right of recovery against the general contractor, the insurer loses the right to subrogate. Insurance policies deal with this in different ways.

General Liability

The ISO CGL policy grants the insurer the following right of subrogation:

If the insured has rights to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring “suit” or transfer those rights to us and help us enforce them.

Note that this subrogation right only applies to acts that take place “after loss.” There is otherwise no explicit grant of subrogation right to the insurer, and likewise no prohibition of the insured’s right to waive the right of subrogation BEFORE a loss, and no requirement that it be in writing.

In practice and in common law, insurers have a right to recover paid losses from negligent third parties. In order to clarify this and provide a means to designate a person or entity in the policy, ISO provides endorsement CG 24 04 (Waiver of Transfer of Rights of Recovery Against Others To Us), which reads as follows:

We waive any right of recovery we may have against the person or organization shown in the Schedule above because of payments we make for injury or damage arising out of your ongoing operations or “your work” done under a contract with that person or organization and included in the “products-completed operations hazard”. This waiver applies only to the person or organization shown in the Schedule above.

Some insurers provide “blanket” waiver of subrogation endorsements that automatically provide the waiver when required by a written contract.

Business Auto

The Business Auto policy includes the following subrogation provision:

If any person or organization to or for whom we make payment under this Coverage Form has rights to recover damages from another, those rights are transferred to us. That person or organization must do everything necessary to secure our rights and must do nothing after “accident” or “loss” to impair them.

Note that, similar to the CGL policy, this subrogation right only applies to acts that take place “after loss.” In order to clarify and provide a means to designate a person or entity in the policy, ISO provides endorsement CA 20 89 (Texas Changes in Transfer of Rights of Recovery – Waiver of Subrogation), and the Texas standard BAP provides endorsement TE 20 46 (Changes in Transfer of Rights of Recovery) which read as follows:

The Condition entitled “Transfer of Rights of Recovery Against Others To Us” does not apply to ...

Workers' Compensation Insurance

Here is a typical scenario: An insured is doing work for another firm when one of the insured's employees is injured on the job. The insured's workers' compensation insurer pays the claim, then seeks recovery from the firm for whom the work is being performed on the basis that it was liable in some way for the injury.

In order to avoid such claims being brought or joined by the employer, the contract between the parties stipulates that the insured employer will waive rights of recovery against the firm if the insured's employees are injured on the job.

The workers' compensation policy grants the insurer the right of subrogation.

We have your rights to recover our payment from anyone liable for an injury covered by this insurance. You will do everything necessary to protect those rights for us and to help us enforce them.

Whether or not the insured can waive the insurer's right of subrogation is often governed by state law. Texas law permits such waivers, but other states do not. Whether a waiver is possible may also depend on the relationship between the injured party and the customer at the time of the accident, along with the unique circumstances of the situation. The typical contractual provision requires that subrogation be waived "to the extent provided by law" so that, if permitted, there will be no subrogation.

There is no provision for waiver of subrogation in the policy. It must be provided by endorsement – WC 42 03 04 (Texas Waiver of Our Right to Recover From Others) for operations in Texas or WC 00 03 13 (Waiver of Our Right to Recover From Others) for work in other states:

We have the right to recover our payments from anyone liable for an injury covered by this policy. We will not enforce our right against the person or organization named in the Schedule. This agreement applies only to the extent that you perform work under a written contract that requires you to obtain this agreement from us. This benefit shall not operate directly or indirectly to benefit anyone not named in the Schedule.

Keep in mind, though, that just because a waiver of subrogation is permitted by manual rule, and required by the general contractor, the insurer may not be compelled to do so.

Unlike the CGL and BAP, subrogation under the workers' compensation policy cannot be waived without the carrier's permission. The subrogation provision does not include the classic "after loss" language that allows waivers without the carrier's permission in other lines.

TASK FORCE RECOMMENDATIONS – WAIVER OF SUBROGATION

1. Do not enter anything in the DESCRIPTION section regarding waiver of subrogation.
2. Use the transmittal wording in Exhibit # 7 when a waiver of subrogation endorsement isn't attached to a policy in accordance with the certificate holder's requirements.
3. When a policy doesn't include a blanket waiver of subrogation endorsement, request the appropriate endorsement from the company and obtain written confirmation that the endorsement has been or is being issued before releasing a certificate of insurance.
4. Use the transmittal wording in Exhibit # 8 when you know the waiver of subrogation endorsement doesn't match the certificate holder's requirements.
5. Use the transmittal wording in Exhibit # 9 when the policy includes a blanket automatic waiver of subrogation endorsement.

Exhibit # 7: Sample wording to certificate holder when a waiver of subrogation endorsement is not attached to the policy in accordance with the certificate holder's requirements.

We are pleased to attach a certificate of insurance issued on your behalf for the captioned client. Please take note of the following:

- The insurance company does not allow a waiver of subrogation endorsement on the (specify) policy.

Exhibit # 8: Sample wording to certificate holder when the waiver of subrogation endorsement doesn't match the certificate holder's requirements.

We are pleased to attach a certificate of insurance issued on your behalf for the captioned client. Please take note of the following:

- Due to filing requirements of the Texas Department of Insurance, the insurance company is only permitted to use waiver of subrogation endorsement # (number, edition date).

Exhibit # 9: Sample wording to certificate holder when the policy includes a blanket waiver of subrogation endorsement.

We are pleased to attach a certificate of insurance issued on your behalf for the captioned client. Please take note of the following:

- The general liability policy includes a blanket automatic waiver of subrogation endorsement that provides this feature only when there is a written contract between the named insured and the certificate holder that requires it.

SENDING CERTIFICATES TO COMPANIES

Many insurers and wholesalers say they don't want to see certificates of insurance issued by the agency. Task force members believe this is a short-sighted approach.

Insurers can determine a great deal about an account by reviewing issued certificates. And even more important, how can an insurer fulfill its obligation to "endeavor" to mail written notice of cancellation to a certificate holder if it never sees the certificate?

TASK FORCE RECOMMENDATIONS – SENDING CERTIFICATES TO COMPANIES

1. Agents should send certificates of insurance to insurers, even after the insurer says it doesn't want them. If the insurer returns certificates to the agency, the agent should document the file accordingly.

NOTICE OF CANCELLATION TO CERTIFICATE HOLDERS

The most frequent error committed by agents on certificates of insurance is entering a number of days in the cancellation section. Let's take another look at that section and the ACORD Forms Instruction Guide.

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL ____ 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.

ACORD Forms Instruction Guide

Number of days in which the company will endeavor to mail a written cancellation notice. This amount is subject to approval by the company(ies).

The Instruction Guide says the number of days entered here must be approved by the company. Most companies don't approve anything and don't want anything to do with notice of cancellation to certificate holders. Many don't even want to see the certificates issued by agents and throw them in the trash when received.

How can an agent, who is the authorized representative of the insurer, certify that the insurer will endeavor to send notice to the certificate holder, when the agent knows for a fact that the insurer won't do any such thing? Isn't this an intentional misrepresentation by definition?

The insurance policy itself says that only the first named insured (and sometimes lien holders) will receive notice of cancellation. If the certificate holder insists on receiving a notice, the policy must be endorsed. The appropriate standard endorsements for this purpose are:

- Commercial General Liability: CG 02 05 (Amendment of Cancellation Provisions or Coverage Change)
- ISO Business Auto: CA 02 44 (Texas Cancellation Provision or Coverage Change)
- Workers' Compensation: WC 42 06 01 (Texas Notice of Material Change)

Some certificate holders take the request a step further and want notice if the policy is not renewed or is materially changed during the policy period. There is no standard endorsement to provide notice of non-renewal. If the certificate holder insists on this provision, the insurer will generally have to "manuscript" an endorsement. Few companies are willing to do this.

TASK FORCE RECOMMENDATIONS – NOTICE OF CANCELLATION TO CERTIFICATE HOLDERS

1. Leave the number of days blank (or enter 0) if the certificate holder doesn't insist on receiving notice.
2. Do not strike through the word "endeavor" even when the policy is endorsed to provide for notice of cancellation to the certificate holder. An ACORD certificate is a copyrighted form and should not be altered in this or any other way.
3. If the certificate holder insists on receiving notice, request the appropriate endorsement from the insurer and obtain written confirmation that the endorsement has been or is being issued before releasing a certificate of insurance. Use the sample wording in Exhibit # 10 when an endorsement is attached.
4. If the insurer declines to provide the requested endorsement and says it won't send notice of cancellation to certificate holders, use the transmittal wording in Exhibit # 11.
5. When a policy is canceled, verify that the company has notified certificate holders. If it has not, for the sake of courtesy as well as E&O loss control, send a letter (or a copy of the certificate with a "CANCELED" stamp on it) to the certificate holders to advise them that the policy has been canceled. (Note: this applies only if the policy is truly canceled and you are not expecting reinstatement; don't feel obligated to notify certificate holders every time the premium finance company sends out a notice of intent to cancel.)

Exhibit # 10: Sample wording to certificate holder when the insurer provides a cancellation endorsement.

We are pleased to attach a certificate of insurance issued on your behalf for the captioned client. Please note the following:

- The policy includes an endorsement providing that ___ days' notice of cancellation or coverage change will be furnished to the certificate holder.

Exhibit # 11: Sample wording to certificate holder when the insurer declines to provide a cancellation endorsement and says it won't send notice of cancellation to certificate holders.

We are pleased to attach a certificate of insurance issued on your behalf for the captioned client. We are unable to issue the certificate of insurance as requested for the following reasons:

- The insurance company does not allow 30 day notice of cancellation.
- The insurance company will not provide notice of cancellation to certificate holders.
- The insurance company does not allow the certificate to be altered by removing the word "endeavor" from the cancellation wording.

REVIEWING CONTRACTS FOR INSUREDS

As every E&O attorney knows, there are a sizeable number of E&O claims against agents that arise out of the agent trying to do a favor for an insured. For agents that insure contractors, that “favor” often involves reading or reviewing contracts signed by the contractor. Many agents review other kinds of contracts, such as property leases.

Agents are caught in a Catch-22 when reviewing contracts signed by policyholders. To run from the task would call into question the agent’s professional service. On the other hand, to tackle the project with no written guidelines or disclaimers could be disastrous for the agent and agency. The most commonsense approach, and one that is recommended by E&O attorneys, is the middle ground: review the contracts with disclosures and disclaimers.

Of primary importance is to state in writing that the agent is only reviewing the insurance requirements of the contract and is not providing legal advice.

A disclaimer should be provided at least annually to policyholders for which the agent frequently and routinely reviews contracts. For situations where a contract review is done only infrequently, it is recommended that the disclaimer be provided to the policyholder each time. E&O experts who favor a conservative approach recommend using the written disclaimer each time a contract is reviewed, no matter how many contracts are reviewed for a policyholder each year.

TASK FORCE RECOMMENDATIONS – REVIEWING CONTRACTS FOR INSUREDS

1. Use the sample language in Exhibit # 12 when presenting your findings following a contract review of insurance specifications.

Exhibit # 12: Sample wording to insured when presenting your findings following a contract review of insurance specifications.

Our agency has, upon your request, reviewed the contract indicated above. Specifically, we reviewed only the insurance requirements as contained in Section ____, Page ____.

The scope of our review was to determine if the current insurance program which you have placed through our agency addresses the types and amounts of insurance coverage referenced by the contract. We have identified the significant insurance obligations, and have attached a summary of the changes required in your current insurance program to meet the requirements of the contract. Upon your authorization, we will make the necessary changes.

We will also be available to discuss any insurance requirements of the contract with your attorney, if desired.

In performing this review, our Agency is not providing legal advice or a legal opinion concerning any portion of the contract. In addition, our Agency is not undertaking to identify all potential liabilities that may arise under this contract. This review is provided for your information, and should not be relied upon by third parties. Any descriptions of the insurance coverages are subject to the terms, conditions, exclusions and other provisions of the policies and any applicable regulations, rating rules or plans.

AUTOMATED CERTIFICATE SYSTEMS

Agency Automation Systems and Certificates

Agency automation systems have made the issuance of certificates a relatively easy task for most agencies. Perhaps too easy.

When setting up certificates on your agency management system, you should follow the basic procedures and recommendations detailed in this publication.

Most systems permit the administrator to limit access to the certificates function to specific users and to customize the level of access to specific functions.

TASK FORCE RECOMMENDATIONS – AGENCY AUTOMATION SYSTEMS AND CERTIFICATES

1. Review your agency management system authorization levels and limit access to the certificate function to specific users. Customize the level of access to specific functions in order to minimize the risk of unauthorized access and use.
2. One person in management should review system reports of certificate issuance on a monthly basis in order to detect any unusual or unauthorized access or use.

Providing Customer Access to Certificates

(This article was reprinted with permission of The Automated Agency Report (www.taareport.com). The article refers to one vendor providing automated certificate access for customers. The comments in general apply to all such products from other vendors.)

A recent survey commissioned by IIABA provides strong evidence that clients want to use the Internet as a way to interact with us. When asked how important online access to account information was when deciding who they would purchase their insurance from, 59 percent of personal lines consumers and 47 percent of small business consumers said it was very or extremely important. When agents were asked the same question, only 6 percent thought it was important to their clients. Your clients want to be able to use the Internet to do business with you. Are you ready?

An easy place for any agency to start providing self-service options for their clients is with Certificates of Insurance. Certificates are a non-revenue generating activity for agents and a constant source of irritation for clients who can't get them when they need them. Agents who are already allowing clients to issue their own certificates tell us that clients really like the ability to get certificates when they need them, not just when the agent's office is open. This type of self-service gives agents and brokers a competitive advantage by providing 24x7 service without additional staff.

ConfirmNet's CertificatesNow service is a good example of how to use the power of the Internet to deliver service. The CertificatesNow service gives agents and their clients the tools necessary to manage and deliver Certificates of Insurance. The service is delivered as an ASP (Application Service Provider), which means there is no software to load on your (or your client's) computer to use the service. All that is required is an Internet connection.

Don't worry, the agency always maintains complete control of the policy and coverage information. Clients can never change policy dates or coverage on a certificate. Agency staff creates Master Certificate templates that clients are allowed to access to add certificate holder information. The agency determines what information the client can complete. For example, in the description of operations field there are five lines of text available. When the CSR creates the master, she determines if any boilerplate text is included (that the client can't change) and how many (if any) of the five lines are available for the client to complete.

The service also allows you to attach any required ISO endorsement forms to the certificate when it is delivered. The agency can choose to receive an email notification whenever a client completes a certificate so the activity can be tracked. You can even automatically send a copy of the certificate to the insurance company as an attachment to an email.

Every certificate issued is maintained in a database and can be retrieved at any time to view or resend if necessary. Three delivery options are available: email with an Adobe Acrobat file as an attachment, fax, and U.S. mail. Being able to send paper certificates sets this service apart. Users of the service will find online screens that look similar to the paper forms they use today, with added capabilities to modify form fields or add custom fields. ConfirmNet is working with several agency management system vendors to allow insured and certificate holder information to be shared to eliminate double entry of this information.

An agency should also consider using the service to replace its current internal certificate processing. CertificatesNow greatly simplifies and streamlines processing renewal certificates both for the agency and their clients. To send renewals, the agency simply updates the policy information on the existing certificates using a "renewal" process. Then the agency or the client updates the certificate holder list. With a click on the "Renewal" button, all certificates are created and delivered using the delivery method selected for each holder. Certificate parties are a thing of the past! This can literally save hours of work for every renewal with a large number of certificates.

TASK FORCE RECOMMENDATIONS – PROVIDING CUSTOMER ACCESS TO CERTIFICATES

1. Make only one line in the DESCRIPTION section available for customer use and instruct customers it is to be used only for project numbers or similar information to identify the job.

CERTIFICATES ON POLICIES WRITTEN THROUGH WHOLESALERS

(The following information was reproduced from the IIAT publication, Best Practices for Working Relationships Between Wholesalers and Retailers.)

When a certificate of insurance is needed on a policy written through a wholesaler, an entirely new set of issues arises for the retail agent.

(Note: For the purpose of this publication, the term “wholesaler” means any insurance entity that serves as an intermediary between a “retailer” – an agency that has direct contact with an insurance policyholder or prospect – and the insurance company that serves as the risk-taker on an insurance policy. Wholesalers are known by a variety of titles, both by themselves and the rest of the insurance industry, including broker, managing general agent, surplus lines agent or broker, and program underwriting manager. In this context, it can even mean a retail agent that allows another retail agent to “broker” a policy with the former, because the latter doesn’t have a market for the account.)

Many wholesalers do not have the authority to issue certificates of insurance for at least some of the companies they represent. In conversations with several wholesalers, the Task Force learned that some wholesalers do not issue certificates because they don’t want to – they either refuse to provide certificate service or they tell the retailer to issue certificates as needed.

Some retailers apparently are under the mistaken impression that they have the authority to issue certificates of insurance on business written through wholesalers, when in fact they do not.

Another complication in the area of certificates is Rule 19.905 in the Texas Administrative Code:

Texas Administrative Code - Chapter 19, Rule 19.905

When a licensed local recording agent who does not have an appointment from a particular insurance company has referred an application for insurance to a local recording agent or managing general agent who does have an appointment with that company and the referral has resulted in the issuance of a policy of insurance written by that company, the agent who has the appointment may share the commission with the agent who does not have an appointment. The local recording agent, without an appointment from the company which takes the risk or issues a policy, may prepare an application for insurance, may collect and remit premium due to the agent issuing any such policy, and may deliver the policy and any endorsements to the insured and shall as to such activities be regarded as the agent of the insured and shall not be considered to be the agent of the company for any purpose. Upon making such referral, the local recording agent without an appointment from the company which takes the risk shall make written disclosure to the insured that such agent is not authorized to bind coverage or to execute or issue a policy for the subject risk. An agent without an appointment from a particular insurer may not sign or execute policies or issue binders, endorsements, or any other indication of coverage on behalf of that insurer.

Based on this rule, a retailer is never authorized to sign or issue certificates of insurance unless the agent or agency has an appointment with the insurance company.

With regard to business placed with a surplus lines insurer, the Texas Department of Insurance provided the following statement in a recent bulletin:

Agents should not sign certificates of insurance or other documents evidencing coverage issued by an eligible surplus lines insurer unless the agent holds a surplus lines license.

The ACORD instruction guide includes the following statement concerning the Authorized Representative section of the certificate:

Form must be signed by an agent, broker, or other representative authorized by all companies to issue certificates.

TASK FORCE RECOMMENDATIONS – Certificates on Policies Written Through Wholesalers

1. Retailers should not issue certificates on policies written through wholesalers without written authorization from the wholesaler or the insurer.
2. An agent should not sign a certificate of insurance on a surplus lines policy unless the agent has a surplus lines license.
3. Retailers should take the initiative to ask wholesalers about certificate procedures on each account.
4. The Task Force acknowledges the wide variance of current practices among wholesalers and retailers regarding issuance of certificates of insurance. The retail members of the Task Force believe that wholesalers are responsible for furnishing certificates of insurance to retailers in a timely manner upon request. The wholesale members of the Task Force are reluctant to recommend any single Best Practice that some wholesalers could not or would not perform. Accordingly, the Task Force developed the following optional recommendations, shown below in the order of preference:
 - Wholesaler issues a master certificate on the account at the time it is written, completes a specific certificate with job-specific data when requested by the retailer, and faxes, e-mails or mails the completed certificate to the retailer within 24 hours of request.
 - Retailer issue certificates as needed and faxes or e-mails to wholesaler for signature. Wholesaler faxes, e-mails or mails the signed certificate to the retailer within 24 hours of request.
 - Wholesaler gives retailer written authority to issue certificates, either on a general or specific basis. Retailer sends copy of completed certificate to wholesaler.
 - Wholesaler gives retailer oral authority to issue certificates on a specific basis. Retailer confirms this oral authority in writing to the wholesaler. Retailer sends copy of completed certificate to wholesaler.

CHARGING FEES FOR CERTIFICATES

One agency management consultant has estimated the cost of preparing a single certificate can be as high as \$7, even when the certificate is prepared on the agency's automated management system. If an account needs hundreds of certificates each year, it's easy to see that the commission earned on such an account can be quickly consumed. An agency should consider the feasibility of charging fees to policyholders to offset the cost of issuing certificates.

Some agency managers are reluctant to charge fees for certificates. They consider certificate issuance to be a cost of doing business which is compensated by the commission earned on an account. But face it: an account that produces \$1,000 in commission income for the agency and requires 100 certificates each year receives the same service as an account that produces \$10,000 in commission income and also requires 100 certificates each year. But the agency is actually losing money on the smaller account. Why would an agency manager put up with that? The alternative is to decline to write the smaller account and risk an unwanted reputation in the community. It is not unfair to ask a business to pay a small fee for the service he needs to run the business.

One way to look at a fee schedule is to base the charge on the account or policy premium. (If you're going to publish your fee schedule or share it with policyholders, it's probably best to base it on premium, rather than commission income.) For example, consider the following fee schedule:

Premium Size	Cost per certificate based on number of certificates issued annually			
	1 - 10	11 - 50	51 - 100	Over 100
\$1 - 100,000	No charge	\$10	\$10	\$10
\$100,001 - 250,000	No charge	No charge	\$10	\$10
\$250,001 - 500,000	No charge	No charge	No charge	\$10
Over \$500,000	No charge	No charge	No charge	No charge

The Texas Insurance Code and TDI rules permit agents to charge fees for services not contemplated in the commission received on the account. When an agent charges a fee for services and also receives commission paid by the insurer or other third party (including compensation received under contingent commission or profit sharing agreements), the agent must disclose this fact and obtain the customer's documented acknowledgment before the insurance is purchased. The disclosure must provide a description of the methods and factors used to compute the compensation to be received from the insurer or other third party. The IIAT Sample Disclosure Form (see Appendix) includes the information needed to comply with this law. The fee for certificate issuance is not subject to sales tax.

TASK FORCE RECOMMENDATIONS – Charging Fees for Certificates

1. Consider charging fees for accounts that request an excessive number of certificates compared to the commission earned on the account.
2. Follow TDI rules regarding charging fees, including the requirement to obtain the customer's written consent prior to charging the fees.

APPENDIX

	PAGE
Commissioner's Bulletin No. B0035-06	A - 1
Agency Self-Audit for Certificates	A - 2
Checklist for Certificates	A - 3
ISO Certificate of Insurance and Instructions	A - 4
Non-Standard Certificates	A - 10
Sample Form for Policy Details	A - 20
Fee Disclosure Form	A - 23
Sample Procedures for Certificates	A - 24

September 8, 2006

TO: ALL COMPANIES, CORPORATIONS, EXCHANGES, MUTUALS, RECIPROCAL, ASSOCIATIONS, LLOYDS, OR OTHER INSURERS WRITING PROPERTY AND CASUALTY INSURANCE, INCLUDING WORKERS' COMPENSATION INSURANCE, IN THE STATE OF TEXAS; AGENTS AND REPRESENTATIVES; AND THE PUBLIC GENERALLY

RE: CERTIFICATES OF INSURANCE

The Department reminds all carriers and agents that a certificate of insurance must clearly and accurately state the insurance coverage provided. A certificate of insurance that obscures or misrepresents the insurance coverage provided under the insurance policy is a violation of the Insurance Code, including §§541.051, 541.061, and 4005.101(b)(5) and (6). Additionally, agents are reminded that they are prohibited from altering the terms or conditions of a policy under Insurance Code §§4001.051(c) and 4001.052(b). Violation of the provisions of Chapter 541, 4001, or 4005 may result in administrative penalties and/or license revocation.

The Department is issuing this bulletin because it has received information that indicates some certificates of insurance provided to contractors are either obscure as to the types of coverage contained in the policy or misrepresent the coverage under the policy.

As provided in the Department's previously issued General Casualty Bulletin No. 369, Automobile Series No. 417, and W.C. Circular Letter No. 392, dated February 1, 1968, the Department again highlights sample language that may be used on each certificate of insurance issued:

In compliance with Texas law, this Certificate of Insurance
neither amends, extends, or alters any term or condition of the
coverage afforded by Policy No. _____ issued by
_____ on _____ (date).

Instances of a company or agent issuing or executing a certificate of insurance that obscures or misrepresents coverage under the insurance policy should be reported to the Consumer Protection Division of the Texas Department of Insurance at 1-800-252-3439 or ConsumerProtection@tdi.state.tx.us.

Questions regarding this bulletin may be directed to David Nardecchia, CPCU, Director, Personal and Commercial Lines Division at David.Nardecchia@tdi.state.tx.us.

Link for: General Casualty Bulletin No. 369

Mike Geeslin
Commissioner of Insurance
For more information contact: ChiefClerk@tdi.state.tx.us

CERTIFICATES SELF-AUDIT

	Always 4	Often 3	Seldom 2	Never 1	ACTION REQUIRED
1. We refuse to alter wording on the ACORD certificate.					
2. We use the proper ACORD form.					
3. We obtain the insurer's permission to issue non-ACORD certificates.					
4. We stay within the authority granted to us in our agency agreements.					
5. We have only an authorized person sign certificates of insurance.					
6. We document who requested a certificate and what was requested.					
7. We comply with the carrier's request for a list of certificates issued or additional insureds added when operating under a blanket additional insured endorsement.					
8. We examine the contracts when using third-party vendors to determine that we are held harmless for errors or omissions.					
9. We use a standard checklist to prepare a master certificate of insurance and to prepare certificates as they are requested.					

TOTAL SCORE (maximum of 36): _____

Any score of less than 4 indicates that an action must be taken to reduce E&O exposures in that area.

Certificate of Insurance Checklist

Instructions: Use Part I of this form when an account is set up as new business, and each time the account is renewed, or the first time a certificate of insurance is requested. Use Part II each time a certificate is requested on the account.

Part I

Account Name: _____ Effective Date: _____

Lines of business:	<input type="checkbox"/> Commercial General Liability <input type="checkbox"/> Commercial Auto <input type="checkbox"/> Workers Compensation
Does the CGL policy include: (attach copy of endorsement to form when policy is issued)	<input type="checkbox"/> Blanket additional insured endorsement? <input type="checkbox"/> Blanket waiver of subrogation? <input type="checkbox"/> Blanket 30-day notice of cancellation provision? <input type="checkbox"/> Other? (Specify: _____)
Does the Commercial auto policy include: (attach copy of endorsement to form when policy is issued)	<input type="checkbox"/> Blanket additional insured endorsement? <input type="checkbox"/> Blanket waiver of subrogation? <input type="checkbox"/> Blanket 30-day notice of cancellation provision? <input type="checkbox"/> Other? (Specify: _____)
Does the Workers Compensation policy include: (attach copy of endorsement to form when policy is issued)	<input type="checkbox"/> Alternate employer endorsement? <input type="checkbox"/> Blanket waiver of subrogation? <input type="checkbox"/> Blanket 30-day notice of cancellation provision? <input type="checkbox"/> Other? (Specify: _____)

Prepare a master certificate. If none of the above endorsements are attached to the policy, don't add any wording to the master certificate and insert 10 days in the cancellation block. Attach the master certificate to this form and forward to your supervisor for approval.

Checked by supervisor: _____ Date: _____

Part II

Certificate requested by: _____ of _____

If requested by someone other than the insured, confirmed with insured (name) _____

Date requested: _____

Handler Certification:

- Blanket endorsements are attached to the policy:
 - I attached copies of the endorsements to the certificate.
- I did not change any wording on the master certificate.
- I changed wording on the certificate as follows:
 - Certificate holder as an additional insured:
 - I specified the policies on which the additional insured was added
 - I specified the name and number of the endorsement used
 - I requested an endorsement from the company on each policy
 - Waiver of subrogation:
 - I specified the policies on which a waiver was added
 - I requested an endorsement from the company on each policy
 - 30-day notice of cancellation:
 - I requested an endorsement from the company on each policy
 - Other – specify _____
 - I requested an endorsement from the company on each policy
 - I specified the name and number of the endorsement used
- I sent a copy of the certificate to the insurance companies.

Handler Signature: _____ Date: _____

CERTIFICATE OF COMMERCIAL LIABILITY INSURANCE

This certificate is issued for informational purposes only. It certifies that the policies listed in this document have been issued to the Named Insured. It does not grant any rights to any party nor can it be used, in any way, to modify coverage provided by such policies. Alteration of this certificate does not change the terms, exclusions or conditions of such policies. Coverage is subject to the provisions of the policies, including any exclusions or conditions, regardless of the provisions of any other contract, such as between the certificate holder and the Named Insured. The limits shown below are the limits provided at the policy inception. Subsequent paid claims may reduce these limits.

Producer:	Named Insured:
------------------	-----------------------

General Liability			
Insurer Name:			
Policy Number:			
Type of Coverage:	Occurrence	Claims-made	Retroactive Date (if claims-made):
Policy Effective Date:		Policy Expiration Date:	
Limits of Insurance:	\$	Each Occurrence	
	\$	Damage To Premises Rented To You (any one premises)	
	\$	Medical Expense (any one person)	
	\$	Personal And Advertising Injury	
	\$	General Aggregate	
	\$	Products/Completed Aggregate	
General Aggregate Limit applies per:		Policy	Project
			Location

Automobile Liability			
Insurer Name:			
Policy Number:			
1 – Any Auto	2 – Owned Autos Only	3 – Owned Priv. Pass. Autos Only	
4 – Owned Autos Other Than Priv. Pass. Autos Only	5 – Owned Autos Subject to No Fault	6 – Owned Autos Subject to a Compulsory UM Law	
7 – Specifically Described Autos	8 – Hired Autos Only	9 – Nonowned Autos Only	
Policy Effective Date:		Policy Expiration Date:	
Limits of Insurance:	\$	Combined Single Limit (each accident)	
	\$	BI Per Person	\$ BI Per Accident
		\$	PD Per Accident

Umbrella Liability			
Insurer Name:			
Policy Number:			
Type of Coverage:	Occurrence	Claims-made	Retroactive Date (if claims-made):
Policy Effective Date:		Policy Expiration Date:	
Deductible:		Self-Insured Retention:	
Limits of Insurance:	\$	Each Occurrence	
	\$	Personal And Advertising Injury	
	\$	General Aggregate (other than a covered auto)	

Workers' Compensation And Employer's Liability				
Insurer Name:				
Policy Number:				
Proprietors/partners/executive officers are:		Included		Excluded
Policy Effective Date:			Policy Expiration Date:	
Limits of Insurance:	Workers' Compensation:	Statutory	Other:	
	Employer's Liability:	\$	Employer's Liability – Disease Policy Limit	
		\$	Employer's Liability – Disease (Each Employee) Limit	
\$		Employer's Liability – Each Accident Limit		

Professional Liability				
Insurer Name:				
Description of Coverage:				
Policy Number:				
Type of Coverage:	Occurrence	Claims-made	Retroactive Date (if claims-made):	
Policy Effective Date:			Policy Expiration Date:	
Limits of Insurance:	\$	Each Occurrence		
	\$	Aggregate		

Description of Operations/Locations/Vehicles/Endorsements/Special Provisions

Additional Insured Status				
General Liability	Automobile Liability	Umbrella Liability	Professional Liability	
THIS CERTIFICATE DOES NOT GRANT ANY COVERAGE OR RIGHTS TO THE CERTIFICATE HOLDER. IF THIS CERTIFICATE INDICATES THAT THE CERTIFICATE HOLDER IS AN ADDITIONAL INSURED, THE POLICY(IES) MUST EITHER BE ENDORSED OR CONTAIN SPECIFIC LANGUAGE PROVIDING THE CERTIFICATE HOLDER WITH ADDITIONAL INSURED STATUS. THE CERTIFICATE HOLDER IS AN ADDITIONAL INSURED ONLY TO THE EXTENT INDICATED IN SUCH POLICY LANGUAGE OR ENDORSEMENT.				

Cancellation
In the event of cancellation of any policy described above, the insurer will attempt to mail ____ days written notice to the certificate holder prior to the effective date of cancellation. However, failure to do so will not impose any duty or liability upon the insurer, its agents or representatives, nor will it delay cancellation.

Certificate Holder:	
Authorized Representative:	
	Date:

INSTRUCTIONS FOR USE OF CERTIFICATE OF COMMERCIAL LIABILITY INSURANCE
FORM IL C 001 09 03

General Instructions

1. Use this form to provide evidence of insurance for General Liability, Automobile Liability, Umbrella Liability, Workers' Compensation/Employer's Liability and/or Professional Liability. This certificate does not apply to:
 - Motor carrier risks.
 - Commercial automobile risks for the purpose of filing a certificate of insurance with a state division of motor vehicles to satisfy financial responsibility requirements.
 - Risks involved in the transportation of hazardous waste or owners and operators of hazardous waste treatment, storage and disposal facilities.
 - Owners of underground storage tanks.
2. Provide the name of the producer and named insured. Then complete each section of the certificate for which evidence of insurance is requested and insurance is provided.
3. General Liability:
 - Fill in the name of the insurer providing the insurance coverage.
 - Fill in the policy number.
 - Indicate whether the insurance provided is on an occurrence or claims-made basis. If coverage is provided on a claims-made basis, a retroactive date should be added. If there is no retroactive date, fill in "none".
 - Fill in the effective date and the expiration date of the policy.
 - Fill in the limits of insurance.
 - Indicate whether the aggregate limit applies to a per policy, per project or per location basis.
4. Automobile Liability:
 - Fill in the name of the insurer providing the insurance coverage.
 - Fill in the policy number.
 - Indicate the appropriate symbol used on the policy.
 - Fill in the effective date and the expiration date of the policy.
 - Fill in the limits of insurance.
5. Umbrella Liability:
 - Fill in the name of the insurer providing the insurance coverage.
 - Fill in the policy number.
 - Indicate whether the insurance provided is on an occurrence or claims-made basis. If coverage is provided on a claims-made basis, a retroactive date should be added. If there is no retroactive date, fill in "none".
 - Fill in the effective date and the expiration date of the policy.
 - Fill in the Deductible amount and the amount of Self-Insured Retention.
 - Fill in the limits of insurance.
6. Workers' Compensation And Employer's Liability:
 - Fill in the name of the insurer providing the insurance coverage.
 - Fill in the policy number.
 - Indicate whether proprietors, partners or executive officers are included or excluded in the coverage.
 - Fill in the effective date and the expiration date of the policy.
 - Fill in the limits of insurance.
7. Professional Liability (such as architects, engineers and surveyors errors and omissions insurance):
 - Fill in the name of the insurer providing the insurance coverage.

Describe the type of professional coverage to which the insurance applies.

Fill in the policy number.

Indicate whether the insurance provided is on an occurrence or claims-made basis. If coverage is provided on a claims-made basis, a retroactive date should be added. If there is no retroactive date, fill in "none".

Fill in the effective date and the expiration date of the policy.

Fill in the limits of insurance.

8. Description Of Operations/Locations/Vehicles/Endorsements/Special Provisions:

Provide any additional descriptions of any operations, locations or vehicles for which any of the insurance above pertains. Include a listing and description of any special provisions, exclusions, coverages and/or additional insured endorsements.

9. Additional Insured Status:

Indicate if the certificate holder is included as an additional insured on the General Liability, Automobile Liability, Umbrella Liability and/or the Professional Liability policies.

10. Fill in the name of the certificate holder and the authorized representative filling out the certificate. Include the date.

ALABAMA EXCEPTIONS

- General contractors, when applying for new or renewal licenses with the State of Alabama Licensing Board For General Contractors, must use a certificate supplied by the Board in accordance with Alabama Administrative Code 23-X-1-.32.

ALASKA EXCEPTIONS

- For security guards and security guard agencies, refer to Alaska Administrative Code 13 AAC 60.120 for specific requirements with respect to the application for a license.

ARKANSAS EXCEPTIONS

- For vendees, mortgagees or pledgees of any property or motor vehicle, see specific certificate of insurance requirements under Arkansas Insurance Code 23-79-121.
- For pest control services risks, refer to Arkansas Statute 17-37-210 for specific certificate of insurance requirements with respect to the application of a license.
- With respect to taxicab registration and licensing, see specific certificate of insurance requirements under Arkansas Statute 27-14-1501.

COLORADO EXCEPTIONS

- Towing carriers are required to file specific certificates of insurance with the Public Utilities Commission according to the Code of Colorado Regulations 4 CCR 723-9, Rule 11.

CONNECTICUT EXCEPTIONS

- Van pools are required to submit a specific certificate of insurance to the Commissioner of Motor Vehicles as required in the Connecticut Insurance Department Bulletin PC-41 issued on December 20, 2000.

DELAWARE EXCEPTIONS

- For risks with amusement rides, refer to Code of Delaware Regulations SFP 4 s 4-4 for specific insurance and certificate requirements.

DISTRICT OF COLUMBIA EXCEPTIONS

- Taxicabs and public vehicles for hire, should file a specific certificate of insurance with the Commissioner of Insurance and Securities as required by District of Columbia Municipal Regulations 31 DCMR 900.

HAWAII EXCEPTIONS

- With respect to motor vehicles operated at airports, refer to Hawaii Administrative Rules 19-15.1-18 for specific certificate of insurance requirements.
- With respect to the permits for oversized and overweight vehicles, refer to Hawaii Administrative Rules

19-105-9 for specific certificate of insurance requirements when applying for permits.

KENTUCKY EXCEPTIONS

- For LP gas dealers, refer to Kentucky Administrative Regulations 815 KAR 30:010 for specific certificate of insurance requirements with respect to licensing.

MAINE EXCEPTIONS

- Any risk with bungee jumping operations should refer to Maine Administrative Code 16-219 s 37-17 for specific certificate of insurance requirements.

MISSOURI EXCEPTIONS

- With respect to commercial pesticide applicators, Missouri Code of State Regulations 2 CSR 70-25.065 provides specific requirements for the certificates of insurance provided to the Missouri Department of Agriculture which include, in addition to other information that can be provided in corresponding sections of the ISO certificate of insurance, a signed statement from the insurance representative affirming that the insured's policy meets the requirements of section 281.065.

NEVADA EXCEPTIONS

- Per Nevada Administrative Code NAC 687B.415, companies shall deliver a copy of the policy or a memorandum or certificate of insurance to each insured person. The certificate of insurance must indicate the kind and amount of coverage, term of the coverage, amount of premium for each coverage provided and name and address of the company issuing the coverage.
- With respect to alcohol or drug treatment facilities, Nevada Administrative Code NAC 449.105 requires a certificate of insurance be furnished to the Health Division of the Department of Human Resources. The certificate must include a provision for 30 days notice to the division of cancellation or nonrenewal of the liability policy issued to such risk.
- With respect to commercial displays of fireworks, refer to Nevada Administrative Code NAC 477.621 for specific certificate of insurance requirements.

NEW HAMPSHIRE EXCEPTIONS

- New Hampshire Code of Administrative Rules Lab 405.03 requires that a self-insured for workers compensation obtain a certificate of insurance for excess coverage, and that form WCSI-4, pursuant to Lab 407.04, be used.

NEW MEXICO EXCEPTIONS

- In accordance with New Mexico's workers' compensation laws 52-1-4 and 52-3-9, insurance carriers shall file with the director evidence of worker's compensation coverage and workers' occupational disease insurance coverage in the form of a certificate containing information required by regulation of the director.

NORTH CAROLINA EXCEPTIONS

- With respect to Commercial Driver Training Schools and Instructions and Commercial Truck Driver Training Schools and Instructors, North Carolina Administrative Code 19A NCAC 2I .0402 and 3J .0402 require that a certificate of insurance coverage be filed by the insurance underwriter with the Division of Motor Vehicles.

OKLAHOMA EXCEPTIONS

- With respect to any permanent amusement park ride owner or operator, Oklahoma statutes 40 s 463 requires the filing of a certificate of insurance with the Commissioner of Labor and should reflect the safety inspection requirements for obtaining such insurance and the date of the last inspection.

PUERTO RICO EXCEPTIONS

- Puerto Rico Insurance Regulation Rule LV Art. 2 and 12 provide specific cancellation requirements with respect to certificates of insurance.

RHODE ISLAND EXCEPTIONS

- With respect to private security guard businesses, Rhode Island Insurance Law 5-5.1-22 requires that a certificate of insurance be filed with the general treasurer, and that the certificate provide that

the insurance is not modified or cancelled unless thirty (30) days prior notice is given to the general treasurer.

- With respect to professional service corporations, Rhode Island Insurance Law 7-5.1-8 requires that every insurance company providing professional liability coverage shall furnish a certificate of insurance to the incorporators. The certificate shall recite that the application for insurance has been duly made and that a policy of insurance as required will be issued, the amount of coverage to be provided, and the expiration date of the policy.
- With respect to mechanics or other employees of any automobile shop, body shop, automobile dealer, service station, inspection station or parking facility driving a customer's automobile must carry a card or a certificate of insurance showing the employer has a policy covering employees while driving customers' vehicles in accordance with Code of Rhode Island Rules R31-47-004.

SOUTH DAKOTA EXCEPTIONS

- South Dakota Insurance Code Sect. 58-11-9.2 requires a certificate of insurance that is issued on any automobile registered or principally garaged in South Dakota and which does not provide bodily injury and property damage liability insurance, shall contain notice of such as specified under 58-11-9.2.
- South Dakota Law 62-5-9 requires the insurance company writing workers' compensation insurance to file a certificate with the Department of Labor.

TENNESSEE EXCEPTIONS

- With respect to risks providing private protective services, Tennessee Law Sect. 62-25-114 requires that the certificates shall provide that the insurance shall not be modified or cancelled without thirty days' prior notice to the commissioner of commerce and insurance.
- Tennessee Rules of the Department of Commerce and Insurance, Administrative Rule 0780-1-22-.02 requires that a certificate of insurance designate the property insured.
- With respect to risks dealing with radiological materials, Tennessee Rules of the Department of Commerce and Insurance Administrative Rule 1200-2-10-.12 requires that an insurance policy, accompanied by a certificate whose wording must be identical to that provided in the administrative rule, be filed with the director of the Division of Radiological Health.

VERMONT EXCEPTIONS

- With respect to workers' compensation and employer's liability insurance, Vermont Insurance Law T. 21 s 690 requires a certificate of insurance be filed with the commissioner of labor and industry in the form prescribed by the commissioner.
- With respect to workers' compensation insurance, Vermont Administrative Code Lab 94-1 Rule 23.0000 requires that certificates of insurance be filed with the National Council of Compensation Insurance (NCCI) no later than 30 days following a policy's issuance, renewal and/or reinstatement.

VIRGINIA EXCEPTIONS

- With respect to pesticide applicators, Virginia Administrative Code 2 VAC 20-40-80 requires a certificate of insurance to include any exclusions relating to damage arising from the use of pesticides.

Subcontractor's Certificate of Insurance

EXHIBIT "C"

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 LISTED BELOW.

NAME AND ADDRESS OF AGENCY

COMPANIES AFFORDING COVERAGES

Company Letter **A**

Company Letter **B**

Company Letter **C**

Company Letter **D**

Company Letter **E**

NAME AND ADDRESS OF INSURED:

PHONE NO.

This is to certify that 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.

CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE	POLICY EXPIRATION DATE	Limits of Liability in Thousands (000)		
					GENERAL AGGREGATE-BI/PD \$1,000*		
	GENERAL LIABILITY 1, 2 COMMERCIAL GENERAL LIABILITY <input checked="" type="checkbox"/> OCCURRENCE (REQUIRED) ANY EXCLUSION TO THE BASIC FORM TO BE NOTED BELOW <hr/> <hr/>				PRODUCTS-COMP/OPS AGGREGATE	\$1,000	
					PERSONAL & ADVERTISING INJURY	\$1,000	
					EACH OCCURRENCE	\$1,000	
					FIRE DAMAGE (ANY ONE FIRE)	\$50	
					MEDICAL EXPENSE (ANY ONE PERSON)	\$5	
					The above are REQUIRED limits		
					* APPLIES PER PROJECT		
	AUTOMOBILE LIABILITY 1, 2 <input type="checkbox"/> ANY AUTO <input checked="" type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS				Bodily Injury and Property Damage Combined	\$1,000 (Required)	
					Bodily Injury (Each Person)	\$ _____	
					Bodily Injury (Each Occurrence)	\$ _____	
					Property Damage	\$ _____	
	EXCESS LIABILITY 1, 2 <input checked="" type="checkbox"/> UMBRELLA FORM <input type="checkbox"/> OTHER THAN UMBRELLA FORM	--if necessary			BODILY INJURY AND PROPERTY DAMAGE COMBINED	† EACH OCCURRENCE \$	† AGGREGATE \$
	WORKER'S COMPENSATION and EMPLOYER'S LIABILITY 1				STATUTORY		
					\$1,000 (REQUIRED) Each Accident		
					\$1,000 (REQUIRED) Disease-POLICY LIMIT		
					\$1,000 (REQUIRED) Disease-EACH EMPLOYEE		
	CONTRACTORS EQUIPMENT 1						
	OTHER						

SPECIAL CONDITIONS:

- Policy is endorsed to provide that the carrier waives its right of subrogation against HCBeck, Ltd., Beck HCB Management GP, Inc., H. C. Beck Partners, Ltd. and the Owner.
- Policy is endorsed to name HCBeck, Ltd., Beck HCB Management GP, Inc., H. C. Beck Partners, Ltd. and the Owner as additional insureds, and that the policy is primary over any other applicable insurance.

† AMOUNT TO COVER DIFFERENCE IN LIMITS WHEN COMPARED TO MINIMUM COVERAGE REQUIRED.

CANCELLATION: The above policies have been endorsed to provide thirty (30) days written notice of cancellation to the Certificate Holder designated below.

The insurance, special conditions and limits apply to any work or job done by the name insured for HCBeck, Ltd.

NAME AND ADDRESS OF CERTIFICATE HOLDER

HCBECK, Ltd.
 6500 West Loop S., Zone 1.2
 Bellaire, TX 77401
 Attn: Melissa Cartwright

DATE ISSUED

AUTHORIZED SIGNATURE (sign in blue ink)

DETAILS OF INSURANCE

Agent's Instructions:

Only answer the questions which pertain to the coverages the Insured carries. Leave the remaining columns blank.

Place an X (or \$ amount) in the appropriate "Y" or "N" box for each question under each coverage that you are certifying.

Please mark an X in the "Y" (Yes) or "N" (No) box for each applicable coverage question.

Insured:	Certificate Holder(s): List all that apply to this insurance.	CGL	Auto	Excess Liability	Work, Comp./ Empl. Liability	Maritime	Contractor's Property	Aircraft	Protection & Indemnity	Hull & Machinery
		Y N	Y N	Y N	Y N	Y N	Y N	Y N	Y N	Y N

ADDITIONAL INSURED

<p>1 The Contractual requirements call for the Certificate Holder to be named as Additional Insured. Has this been done with either a blanket endorsement or a specific endorsement?</p> <p>a) Does this cover Certificate Holder without restrictions or limitations based on negligence? If No, attach copy of Additional Insured endorsement.</p> <p>b) Does the "Other Insurance" clause in the policy state that this insurance is primary (standard ISO wording)?</p>									
--	--	--	--	--	--	--	--	--	--

WAIVER OF SUBROGATION

<p>2 Does the policy allow for the waive of rights of subrogation in favor of Certificate Holder prior to a loss?</p>									
--	--	--	--	--	--	--	--	--	--

LIABILITY POLICIES

<p>3 Does the "insured contract" definition include contracts under which you assume the tort liability of another party?</p> <p>a) If not, has the contract with Certificate Holder been reported to and approved by the underwriters?</p>									
<p>4 Where liability is assumed under an insured contract, does the policy provide coverage for claims against Cert. Holder brought by the Insured's employees? (Sometimes referred to as "Action Over" suits.)</p>									
<p>5 Is the CGL aggregate per project/location? (If not, evidence the Excess Liability on the Accord form)</p>									
<p>6 Are there any claims (pending or paid) that could significantly reduce the aggregate?</p>									
<p>7 If the Aggregate is reduced or depleted, will the excess liability "drop down"?</p>									
<p>8 Does the policy cover the following?:</p> <p>a) Independent contractors?</p> <p>b) Blowout & Cratering?</p> <p>c) Explosion, Collapse and Underground coverage ("x", "c", and "u")?</p> <p>d) Punitive Damages? (i.e. There is no specific exclusion for Punitive Damages.)</p> <p>e) Personal Injury?</p> <p>f) Non-Owned Watercraft over 26' or separate Charterer's Legal Liability Policy</p> <p>g) In Rem?</p>									

Producer	COMPANIES AFFORDING COVERAGE
Insured	Company Letter <u> A </u>
	Company Letter <u> B </u>
	Company Letter <u> C </u>
	Company Letter <u> D </u>
	Company Letter <u> E </u>

Coverages: This Certificate of Insurance neither affirmatively nor negatively amends, extends or alters the coverage afforded by the policies listed on this Certificate, except as described below.

Cancellation: If any of the policies are cancelled or materially changed, Insurer or its agent must give Linbeck Construction Corporation a 30 (thirty) day written notice by certified mail of such cancellation or change: P.O. Box 22500 Houston, Texas 77227.

Co Ltr	Type of Insurance	Policy Number	Policy Effective Date (MM/DD/YY)	Policy Expiration Date (MM/DD/YY)	All Limits in Thousands	
	General Liability <input type="checkbox"/> Commercial General Liability <input type="checkbox"/> Claims Made <input type="checkbox"/> Occurrence <input type="checkbox"/> Owner & Contractor Protective <input type="checkbox"/> General Aggregate per Project				General Aggregate	\$
					Products-Comp/Ops Aggregate	\$
					Each Occurrence	\$
					Personal & Advertising Injury	\$
					Fire Damage (Any one fire)	\$
					Med. Expense (Any one person)	\$
	Automobile Liability <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				Combined Single Limit	\$
					Bodily Injury (Per Person)	\$
					Bodily Injury (Per Accident)	\$
					Property Damage	\$
	Excess Liability <input type="checkbox"/> Umbrella Form <input type="checkbox"/> Other Than Umbrella Form				Each Occurrence	\$
					Aggregate	\$
					Statutory Limits	\$
	Worker's Compensation and Employer's Liability				Each Accident	\$
					Discase--Policy Limit	\$
					Discase--Each Employee	\$
	Other					

Description of Operations/Locations/Vehicles/Special Items

- Owner is defined as *St. Luke's Episcopal Hospital and Texas Medical Center*
- Project is defined as *Flood Protection Improvements Phase III A & III B- Linbeck Job # 01260*

Please confirm the following required COVERAGES and ENDORSEMENTS:

- (1) Coverage for the U. S. Longshoremen's and Harbor Workers' Act.
- (2) Coverage for damage caused by blasting, collapse or structural injury, or damage to underground utilities.
- (3) Coverage for contractual liability in connection with the Insured's operations.
- (4) Coverage for the Insured's products or completed operations.
- (5) Coverage for all owned, hired, or non-owned automotive equipment used in connection with the Insured's operations.
- (6) Coverage for all of the Insured's jobsite employees.
- (7) Insured's policies are primary and non-contributory to those of Linbeck Construction Corporation & Owner (G/L, A/L, Ex/L).
- (8) Waiver of all subrogation rights in favor of Linbeck Construction Corporation & Owner (G/L, A/L, Ex/L & W/C).
- (9) Additional Insured coverage in favor of Linbeck Construction Corporation & Owner (G/L, A/L & Ex/L).

Confirm

NEWFIELD EXPLORATION COMPANY

363 North Sam Houston Parkway, East

Suite 2020

Houston, Texas 77060

Tel (281) 405-4216

Fax 281-405-4285

Attn: Cindy A. Washington

Certificate of Insurance

This is to certify that the following insurance policies are in full force and effect. The insurance companies listed below agree that in the event of cancellation, reduction of limits or liability or material change in coverage, that written notice will be given to Newfield Exploration Company thirty (30) days prior to the effective date thereof.

Name of Insured _____

Address of Insured _____

Phone # of Insured _____

Description of Operations _____

	<u>Coverage</u>	<u>Limits of Liability</u>	<u>Policy No. & Company</u>	<u>Policy Period</u>
A.	Workers' Compensation	Statutory		
	Employer's Liability			
	Bodily Injury by Accident	_____	each person	
	Bodily Injury by Disease	_____	policy limit	
	Bodily Injury by Disease	_____	each employee	

	<u>Coverage</u>	<u>Limits of Liability</u>	<u>Policy No. & Company</u>	<u>Policy Period</u>
B.	Business Automobile Liability			
	Bodily Injury & Property Damage	_____	Combined Single Limit	

	<u>Coverage</u>	<u>Limits of Liability</u>	<u>Policy No. & Company</u>	<u>Policy Period</u>
C.	General Liability			
	Please indicate the policy form coverage is provided on:			
	1973 ISO _____	1986 ISO _____	London _____	
	Other, please describe: _____			
	Is coverage provided on an Occurrence Form? _____			
	If Claims Made, please provide	Retroactive Date: _____	Discovery Period _____	
	Please complete the following as respects Limits of Liability. For those forms which do not include items such as a General Aggregate, please state "N/A".			
	Each occurrence	\$ _____		
	Products/Completed Operations Agg	\$ _____		
	General Aggregate, Annual	\$ _____		
	Personal & Advertising Limit	\$ _____		
	Bodily Injury/Property Damage	\$ _____	Combined Single Limit	

Please note any Deductibles and/or Self Insured Retentions: _____

(Note: Any Deductibles and/or Self Insured Retentions will be for the account of the Named Insured)

	<u>Coverage</u>	<u>Limits of Liability</u>	<u>Policy No. & Company</u>	<u>Policy Period</u>
D.	Hull and Machinery	attach schedule		

	<u>Coverage</u>	<u>Limits of Liability</u>	<u>Policy No. & Company</u>	<u>Policy Period</u>
E.	Protection and Indemnity	attach schedule		

	<u>Coverage</u>	<u>Limits of Liability</u>	<u>Policy No. & Company</u>	<u>Policy Period</u>
F.	Excess P & I or Excess Maritime Employers Liability			
	\$ _____	any one accident or occurrence		

	Coverage	Limits of Liability	Policy No. & Company	Policy Period
G.	Maritime Employers Liability			
	\$ _____	each occurrence		

	Coverage	Limits of Liability	Policy No. & Company	Policy Period
H.	Aircraft Liability			
	\$ _____	Combined Single Limit –bodily injury, property damage		

	Coverage	Limits of Liability	Policy No. & Company	Policy Period
I.	Umbrella/Bumbershoot Liability			
	\$ _____	Limit per occurrence		
	\$ _____	Annual Aggregate (if any)		

Please disclose any provisions, exclusions or limitations in the Umbrella/Bumbershoot policy(ies) that do not provide at least as broad a coverage as that of the Primary policy(ies):

Please answer the following questions regarding the policies listed:

A.	Workers' Compensation & Employers Liability	Yes	No
1.	Longshore & Harbor Workers' Compensation Act	()	()
2.	Outer Continental Shelf Lands Act	()	()
3.	"In Rem" Endorsement	()	()
4.	Alternate Employer/Borrowed Servant endorsement	()	()
5.	Death on the High Seas Act	()	()
6.	Amendments to Coverage B – Maritime Employers Liability	()	()
	a. Transportation, Wages, Maintenance and Cure	()	()
	b. Limits of Liability \$ _____ each person	()	()
7.	If Marine coverage for employees is not provided hereunder, state policy or policies where coverage is provided.		

B.	Business Automobile Liability	Yes	No
1.	Coverage for all Owned, Hired and Non-Owned Vehicles	()	()

C.	General Liability	Yes	No
1.	Premises and Operations	()	()
2.	Contractual Liability	()	()
3.	Independent Contractors	()	()
4.	Blowout and Cratering	()	()
5.	Liability for "X, C & U" (Explosion, Collapse and Underground)	()	()
6.	"In Rem" Endorsement	()	()
7.	Watercraft Exclusion deleted	()	()
8.	Broad Form Property Damage	()	()
9.	Personal Injury Liability	()	()
10.	Products Liability as a result of Food Preparation and Serving	()	()
11.	Products and Completed Operations	()	()
12.	Severability of Interest (Separation of Insureds)	()	()
13.	Punitive Damages	()	()
14.	Does the contractual liability cover injury to the Named Insured's employees where liability has been assumed in an insured contract? (could be referred to as "Action Over" suits)	()	()
15.	Underground Resources and equipment	()	()
16.	Seepage and Pollution- sudden and accidental	()	()
17.	Saline Substance endorsement	()	()

D.	Hull and Machinery	Yes	No
1.	Vessel value subject to AIHC form or equivalent	()	()
2.	If towing vessel – full Tower's Liability with sistership clause unamended	()	()
3.	Collision Liability	()	()
4.	Has any "as owner" clause and any other language which purports to limit coverage to liability of an insured "as owner of the vessel" been deleted	()	()
5.	Has any language in any policy of insurance which limits coverage for Newfield Exploration Company in the event of the applicability of the Limitation of Liability Statute been deleted	()	()

E. Protection and Indemnity		Yes	No
1.	SP-23 clauses or equivalent	()	()
2.	Does the policy cover:		
a.	Captain and crew of the vessel	()	()
	If No, is it provided under A. above	()	()
b.	Collision Liability if not in the Hull policy	()	()
c.	Contractual Liability	()	()
d.	Excess Collision	()	()
e.	Tower's Liability	()	()
f.	Clean-up per Water Quality Improvement Act	()	()
g.	Third party bodily injury and property damage pollution liability	()	()
3.	Has any "as owner" clause and any other language which purports to limit coverage to liability of an insured "as owner of the vessel" been deleted.	()	()
4.	Has any language in any policy of insurance which limits coverage for Newfield Exploration Company in the event of the applicability of the Limitation of Liability Statute been deleted	()	()

F. Aircraft Liability		Yes	No
1.	Does the policy cover all owned and non-owned aircraft	()	()
2.	Does the policy cover rotary and fixed wing aircraft	()	()
3.	Is Contractual Liability coverage provided for contracts with Newfield Exploration Company	()	()

G. Umbrella/Bumbershoot Liability		Yes	No
Does the policy cover excess of:			
1.	Employers Liability	()	()
2.	Maritime Employers Liability	()	()
3.	Comprehensive General Liability	()	()
4.	Business Automobile Liability	()	()
5.	Vessels (P&I Collision, Towers, Pollution, Removal of Wreck)	()	()
6.	Aircraft Liability	()	()
7.	Follow terms and conditions of above underlying coverages	()	()
8.	Is the coverage on an Occurrence form	()	()

Please answer the following:		Yes	No
1.	Are Newfield Exploration Company, its subsidiaries and affiliates, and its co-lessees and joint venturers named as Additional Insureds on all policies above (except Workers' Compensation and Employers Liability)?	()	()
2.	Do all policies contain provisions that the insurance companies shall have no right of recovery or subrogation against Newfield Exploration Company, its affiliates, and subsidiary companies, its co-lessees and joint ventures and its agents, directors, officers, employees and servants?	()	()
3.	Coverage under all insurance required to be carried by Contractor will be primary insurance and exclusive of any other existing valid and collectible insurance	()	()
4.	All policies described above shall have adequate territorial and navigation limits for the location of the work, including operations in the Gulf of Mexico	()	()

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 above.

Agency: _____

Address: _____

Date: _____

Authorized Representative

() _____
Telephone Number

Texas Department of Transportation (TxDOT) CERTIFICATE OF INSURANCE

Prior to the beginning of work, the Contractor shall obtain the minimum insurance and endorsements specified. Only the TxDOT certificate of insurance form is acceptable as proof of insurance for department contracts. Agents should complete the form providing all requested information then either fax or mail this form directly to the address listed on the back of this form. Copies of endorsements listed below are not required as attachments to this certificate.

Insured: _____
 Street/Mailing Address: _____
 City/State/Zip: _____
 Phone Number: _____ Area Code (_____)

WORKERS' COMPENSATION INSURANCE COVERAGE:

Endorsed with a Waiver of Subrogation in favor of TxDOT.

Carrier Name:			Carrier Phone #:	
Address:			City, State, Zip:	
Type of Insurance	Policy Number	Effective Date	Expiration Date	Limits of Liability:
Workers' Compensation				Not Less Than: Statutory – Texas

COMPREHENSIVE GENERAL LIABILITY INSURANCE:

Endorsed with TxDOT as Additional Insured and with a Waiver of Subrogation in favor of TxDOT.

Carrier Name:			Carrier Phone #:	
Address:			City, State, Zip:	
Type of Insurance:	Policy Number:	Effective Date:	Expiration Date:	Limits of Liability:
Comprehensive General Liability Insurance Bodily Injury Property Damage OR Commercial General Liability Insurance				Not Less Than: \$ 500,000 each occurrence \$ 100,000 each occurrence \$ 100,000 for aggregate OR \$ 600,000 combined single limit

COMPREHENSIVE AUTOMOBILE LIABILITY INSURANCE:

Endorsed with TxDOT as Additional Insured and with a Waiver of Subrogation in favor of TxDOT.

Carrier Name:			Carrier Phone #:	
Address:			City, State, Zip:	
Type of Insurance:	Policy Number:	Effective Date:	Expiration Date:	Limits of Liability:
Comprehensive Automobile Liability Insurance OR Texas Business Automobile Policy Bodily Injury Property Damage				Not Less Than: \$ 250,000 each person \$ 500,000 each occurrence \$ 100,000 each occurrence

UMBRELLA POLICY (if applicable):

Carrier Name:			Carrier Phone #:	
Address:			City, State, Zip:	
Type of Insurance:	Policy Number:	Effective Date:	Expiration Date:	Limits of Liability:
Umbrella Policy				

Agency Name	Address	City, State Zip Code

Area Code (_____)	Authorized Agent's Phone Number	Authorized Agent Original Signature	Date

This Certificate of Insurance neither affirmatively nor negatively amends, extends, or alters the coverage afforded by the above insurance policies issued by the named insurance company. Cancellation of the insurance policies shall not be made until THIRTY DAYS AFTER the agent or the insurance company has sent written notice by certified mail to the contractor and the Texas Department of Transportation.

THIS IS TO CERTIFY to the Texas Department of Transportation acting on behalf of the State of Texas that the insurance policies named meet all the requirements stipulated and such policies are in full force and effect. *If this form is sent by facsimile machine (fax), the sender adopts the document received by TxDOT as a duplicate original and adopts the signature produced by the receiving fax machine as the sender's original signature.*

The Texas Department of Transportation maintains the information collected through this form. With few exceptions, you are entitled on request to be informed about the information that we collect about you. Under sections 552.021 and 552.023 of the Texas Government Code, you also are entitled to receive and review the information. Under section 559.004 of the Government Code, you are also entitled to have us correct information about you that is incorrect.

Texas Department of Transportation

NOTES TO AGENTS:

Agents must provide all requested information then either fax or mail this form directly to the address listed below.

Pre-printed limits are the minimum required, if higher limits are provided by the policy, enter the higher limit amount and strike-through or cross-out the pre-printed limit.

To avoid work suspension, an updated insurance form must reach the address listed below **one business day prior** to the expiration date. **Insurance must be in force in order to perform any work.**

Binder numbers are not acceptable for policy numbers.

The certificate of insurance, once on file with the department, is adequate for subsequent department contracts provided adequate coverage is still in effect. Do not refer to specific projects/contracts on this form.

The TxDOT certificate of insurance form is the only acceptable proof of insurance for department contracts.

List the contractor's legal company name, including the DBA (doing business as) name as the insured or list both the contractor and staff leasing service as insured when a staff leasing service is providing insurance.

Over-stamping and/or over-typing entries on the certificate of insurance are not acceptable if such entries change the provisions of the certificate in any manner.

This form may be reproduced.

The SIGNATURE of the agent is required. Stamped/typed/printed signatures are not acceptable.

CERTIFICATE OF INSURANCE REQUIREMENTS:

WORKERS' COMPENSATION INSURANCE:

The contractor is required to have Workers' Compensation Insurance if the contractor has any employees including relatives.

The word STATUTORY, under limits of liability, means that the insurer would pay benefits allowed under the Texas Workers' Compensation Law.

GROUP HEALTH or ACCIDENT INSURANCE is not an acceptable substitute for Workers' Compensation.

COMPREHENSIVE GENERAL LIABILITY INSURANCE or COMMERCIAL GENERAL LIABILITY INSURANCE:

If coverages are specified separately, they must be at least these amounts:

Bodily Injury	\$500,000 each occurrence
Property Damage	\$100,000 each occurrence
	\$100,000 for aggregate

MANUFACTURERS' or CONTRACTOR LIABILITY INSURANCE is not an acceptable substitute for Comprehensive General Liability Insurance or Commercial General Liability Insurance.

COMPREHENSIVE AUTOMOBILE LIABILITY INSURANCE or TEXAS BUSINESS AUTOMOBILE POLICY:

The coverage amount for a Texas Business Automobile Policy or Comprehensive Automobile Liability may be shown as a minimum of \$600,000 Combined Single Limit by a typed or printed entry and deletion of the specific amounts listed for Bodily Injury and Property Damage.

BASIC AUTOMOBILE LIABILITY INSURANCE is not an acceptable substitute for Comprehensive Automobile Liability Insurance or Texas Business Automobile Policy.

MAIL ALL CERTIFICATES TO :

Texas Department of Transportation
CST – Contract Processing Unit (RA/200 – 1st Fl.)
125 E. 11th Street
Austin TX 78701-2483
(512) 416-2429 (V), (512) 416-2536 (F)



CERTIFICATE OF INSURANCE

The Master Plumber shall furnish the Texas State Board of Plumbing Examiners with a currently completed Certificate of Insurance not later than 15 days after the expiration of this Certificate of Insurance. This Certificate of Insurance expires on the date that the below named policy expires. This certificate is issued as a matter of information only and confers no rights upon the certificate holder. This Certificate of Insurance neither affirmatively or negatively amends, extends, or alters the coverage afforded by the policy specified herein.

Master Plumber: _____ Business Name: _____ Business Address: _____ Physical Number and Street _____ Mailing Address (if different) _____ City, State, Zip Code _____ Business Phone: () _____	Master Plumber License #: _____ Insurance Company: _____ Policy Number: _____ (Binders not accepted) Term Dates: _____ / _____ Effective / Expiration List all exclusions (other than standard) and all deductibles on the back of this page, or state here "THERE ARE NONE." _____
---	--

Name of Insurance Agency: _____	Name of Agent: _____
Insurance Agency Address: _____	Agent Phone: () _____
City: _____	State: _____ Zip Code: _____

By my signature below, as an authorized insurance agent licensed to do business in the State of Texas, I hereby sign this certificate of insurance stating that the above policy meets the following minimum standards:

- (1) provides for commercial general liability insurance for the above named Master Plumber for claims for property damage or bodily injury, regardless of whether the claim arises from a negligence claim or on a contract claim; and
- (2) is in a coverage amount of not less than \$300,000 for all claims arising in any one-year period.

Signature of insurance agent licensed to do business in Texas	Printed Name	Date
---	--------------	------

CERTIFICATE HOLDER:
 Texas State Board of Plumbing Examiners
 P.O. Box 4200
 Austin, Texas 78765-4200
 PHONE: (512) 936-5200 FAX (512) 450-0637

CANCELLATION
 Should any of the above described policies be cancelled or reduced, the insurance agent shall notify the Texas State Board of Plumbing Examiners (Certificate Holder) not more than 10 days after non-renewal or cancellation by the insured.

(Use a form similar to this one instead of a special questionnaire requested by the certificate holder.)

Sample Form for Policy Details

Certificate Checklist

Supplemental information for certificate of insurance issued to: _____

Named Insured: _____

General Liability

Insurer Best rating: ____

CGL coverage form number and edition date: _____

This form includes the following standard coverages, subject to standard exclusions, limitations and conditions, with limits shown on certificate, unless an exception is noted below:

- Premises and operations
- Products and completed operations
- Independent contractors
- Contractual liability
- Personal and Advertising Injury

Exceptions:

- Additional Insured endorsement number and edition date: _____
 - Automatic when required by written contract
- Waiver of Subrogation endorsement number and edition date: _____
 - Automatic when required by written contract
- Contractual Liability Limitation endorsement number and edition date: _____
- Classification Limitation endorsement number and edition date: _____
- Explosion hazard excluded or limited
 - Excluded
 - Subject to sub limit: \$ _____
- Collapse hazard excluded or limited
 - Excluded
 - Subject to sub limit: \$ _____
- Underground property damage hazard excluded or limited
 - Excluded
 - Subject to sub limit: \$ _____
- Underground Resources and Equipment Coverage endorsement
 - Subject to sub limit: \$ _____
- Punitive Damages excluded by endorsement
- In Rem endorsement
- Notice of cancellation and coverage change to certificate holder endorsement
 - Number of days: ____
- Other (describe): _____

Business Automobile

Insurer Best rating: ____

Business Auto coverage form number and edition date: _____

This form includes standard coverages, subject to standard exclusions, limitations and conditions, with limits shown on certificate, unless an exception is noted below:

Exceptions:

- Pollution Liability Broadening Coverage for Autos endorsement number ____
- MCS 90
- Additional Insured endorsement number and edition date: _____
 - Automatic when required by written contract:
- Waiver of Subrogation endorsement number and edition date: _____
 - Automatic when required by written contract
- Notice of cancellation and coverage change to certificate holder endorsement
Number of days: ____
- Other (describe):

Workers' Compensation

Insurer Best rating: ____

This form includes the following standard coverages, subject to standard exclusions, limitations and conditions, with limits shown on certificate, unless an exception is noted below:

- Statutory workers' compensation
- Employers liability

States listed for Coverage A: _____

States listed for Coverage C: _____

Exceptions:

- Other States endorsement (Texas Mutual Insurance Company only)
- Voluntary Compensation endorsement
- Alternate Employer endorsement with certificate holder named
- Waiver of Subrogation endorsement
- Automatic when required by written contract
- Notice of cancellation and coverage change to certificate holder endorsement
Number of days: ____
- USL&HW coverage endorsement
- Outer Continental Shelf Lands Act endorsement
- Gulf of Mexico Territorial Extension endorsement
- Maritime Coverage endorsement
- In Rem endorsement
- Other (describe):

This checklist is issued as a matter of information only and confers no rights upon the certificate holder. This checklist does not amend, extend or alter the coverage afforded by the policies listed herein. This checklist does not constitute a contract between the insurer or the insurance agency and the certificate holder.

Person preparing this certificate: _____

Agency: _____

Date issued: _____

Disclosure Statement Service Fees and Reimbursements

Our agency may provide certain services that you request or that are necessary to place or maintain your insurance. Sections 550.001, 4005.003 and 4005.004 of the Texas Insurance Code authorize us to charge a fee for services if we obtain your written consent prior to providing the service or incurring the expense. The fee may be charged in addition to any commission we may receive from the insurance company providing the insurance coverage. In some cases where we charge a fee and also receive compensation from an insurer or other third party, we are required to disclose this fact to you and provide a description of the method and factors used to compute the compensation. The purpose of this Disclosure Statement is to comply with these requirements and agree with you that if we perform any of the following services on your behalf, you agree to pay the amount indicated as compensation for the services provided or expenses incurred.

You may call the Texas Department of Insurance at 800/252-3439 to obtain information on how to file a complaint if you have a complaint regarding these fees.

Category of Services	Description of Services to be Provided	Fee for Each Service
Printing or Reproduction		\$
Electronic Mail or Telephone Transmission		\$
Special Delivery or Postal		\$
Costs Similar to the Above Services		\$
Motor Vehicle Records	We will provide a copy of the record(s) to you.	\$ (actual cost only)
Photographs of Property		\$ (actual cost only)
Application Fee		\$
Inspection Fee		\$
Agent Fee (in addition to commission)*		\$
Agent Fee (in lieu of commission)		\$
	TOTAL FEES	\$
	Sales Tax (if applicable)	\$
	TOTAL CHARGE	\$

* When this box is checked, we disclose to you that our agency or an affiliate of our agency receives compensation from an insurer or other third party. The compensation we receive includes the following if one or more boxes is checked:

- Commission computed as a percentage of the premium you pay for the insurance.
- Contingent commission, profit sharing or nonfinancial rewards, computed annually and based on the amount of premium and profitability of all the insurance business we place through the insurer. This compensation is not guaranteed.
- Other:

I agree to pay the fees specified above to _____.
(agency name)

Signed _____ Date _____

(Customize these sample procedures for your own agency.)

Sample Procedures for Certificates of Insurance

- A Certificate of Liability or Certificate of Property is used unless the mortgagee requires an Evidence of Property.
- Certificates will be issued the same day, unless the request is received after 3:00PM in which case certificate will be issued by Noon the following day. Note that the certificate may be delayed due to extensive contract and/or coverage review.
- Secure approval from the client to issue certificates requested by third parties when additional insured or waiver of subrogation is requested.
- The Account Manager must approve a Certificate Master for each account.
- All certificates will be issued on the ACORD form in (your agency management system) unless a specific form is requested by the client; or carrier requires use of their website. All ACORD certificates will be issued with the second (back) page as part of the certificate. Non ACORD certificate forms must be approved by the carrier. Standard wording on ACORD certificates may not be amended without written approval from the carrier. It is the Account Manager's responsibility to secure these approvals and to document appropriately in (your agency management system).
- Certificates for each client are issued either in (your agency management system) or by the client in CSR 24/7. If issued in CSR 24/7, note in (your agency management system) on the Stick-c-note on the client's card file; that all certificates will be found in CSR 24/7. If client is issuing certificates in (your agency management system) client access, this should be noted in the same manner.
- Certificates for policies issued by non-contract carriers, i.e. surplus lines through brokers, must be requested from the broker if agency does not have written permission document on file. This is the responsibility of the Account Manager. If permission is on an individual policy or account basis, the written approval is attached to the policy or client through (your agency management system) Attachments. If blanket permission of some type attach to broker or carrier.
- When certificates result in an endorsement(s); follow the endorsement process for requesting the endorsement. Follow steps in Certificate of Insurance Workflows-Delivering Certificates to deliver to certificate holder and client.
- If the account manager receives the request by phone, the Account Manager completes the certificate of insurance. All mail (mail or e-mail/CSR24/7) or faxed-in requests will go to the account administrator/coordinator for completion.
- If the certificate request is outside the documented coverages, the account administrator will confer with the account manager to resolve. This includes request for Notice of Cancellation to the certificate holder. It is the responsibility of the Account Manager to document instructions in an Action Item assigned to the Account Administrator/Coordinator/Info Services.

- If a certificate issued by the client in CSR24/7 or (your agency management system) client access is not correct, print the certificate to PaperPort, type VOID in large letters across the certificate. Issue a correct certificate in CSR24/7 or (your agency management system) and forward the voided, incorrect certificate copy along with the replacement certificate to the certificate holder and client with appropriate cover letter.
- The Reference field on a certificate holder is to be used for indicating those certificates that have been VOIDed and those that are no longer needed by the client.
- Renewal certificate masters are only set up once all policy numbers for that master are received from the carriers. Once this is in place then certificates for the renewal may be issued.
- Most accounts will have only one certificate master. The full policy limits will be on all certificates. Issuance of certificates for limits or periods less than reflected on the client's policies can only be issued by written request from the client. There may be a need for multiple masters when a client has multiple named insureds and certificates need to be issued accordingly. There may be other reasons for multiple masters. Please consider carefully the need before setting up in this manner.
- When an account has non-concurrent policies, a new master will be created as each policy renews. This process will also be used when a master is revised for any reason. It is necessary to change the status on the certificate master that is being replaced to "Inactive" so that it no longer appears in the active list.
- It is the responsibility of a carrier to issue notices of cancellation to certificate holders when they cancel a policy. However, most carriers do not retain copies of the certificates that the agency sends to them. Therefore, the agency will notify certificate holders by sending voided certificates when a policy has been cancelled and is not going to be reinstated.

Documentation Guidelines

- Fax, email or mail requests are attached in (your agency management system) via the attachment feature. Any handwritten notes for phone requests or from account executive meeting are discarded after information is entered into a certificate action.
- If special wording or coverages are requested confer with the client, if necessary. Document in a certificate action.

Distribution Guidelines

- On-Demand Certificates are emailed or faxed via a (your agency management system) delivery unless instructed otherwise by the client.
- A copy of all certificates issues will be sent to the carrier or surplus lines broker. A renewal list along with the master will be sent to the carrier or surplus lines broker at renewal time. If the carrier or surplus lines broker does not require, send anyway. It is their option to discard.

