



Independent Insurance Agents



Brokers of America, Inc.



**IIABA POLICY STATEMENT**  
**ON**  
**CERTIFICATES OF INSURANCE AND EVIDENCES OF INSURANCE**

**Adopted by the IIABA Board of Directors on September 29, 2007**

Certificates of insurance, evidences of insurance, and other documents developed to accomplish the same purpose (collectively “Certificates”) play a critical role in business transactions to provide information to third parties about the existence and amount of insurance issued to a named insured. The need for Certificates often arises from a contract between a named insured and another party which requires that the named insured have and maintain a particular amount and type of insurance for a specified period of time. Certificates also are sometimes requested by third parties seeking to confirm some interest in an insurance policy of a named insured.

To fulfill their intended purpose with accuracy and integrity, it is important that Certificates be used appropriately. However, multiple issues involving Certificates create challenges for agents/brokers, carriers, insureds, and third parties. These issues include form selection; content; preparation, maintenance and notice; and misrepresentation or fraud in connection with Certificates. The increasing complexity of transactions for which Certificates are requested, volume of Certificates requested, and speed required for Certificates issuance contribute to the difficulty the industry faces in efficiently and effectively meeting the growing demand for Certificates.

IIABA advocates for constructive dialogue by agents, carriers, and others affected by or influencing these issues so that the solutions are aligned to the responsibilities of each, and urges all affected insurance industry participants to take proactive steps to address these issues with pragmatic business practices, as follows:

**1. Form Selection**

Those preparing Certificates are often subjected to undue pressure from insureds to use Certificates and policy forms that are improper for the requests made, or forms that have been withdrawn or replaced. This may arise in a number of ways, such as through requests from parties without specific rights under a policy, or from insureds or others seeking confirmation of coverage that is not available or in place.

The industry should only support the use of Certificates that are approved by carriers for policies they issue, and that comply with applicable contractual and legal/regulatory requirements. Agents and brokers should not be subjected to the risk

of losing business for refusing to use unapproved Certificates forms, and should adhere to the requirements of their appointment contracts with carriers as well as the law with respect to Certificates they use. Approved Certificates forms should be reviewed and updated regularly to remain responsive to changing business needs.

## **2. Content**

Those preparing Certificates are often subjected to undue pressure to alter the content of Certificates. This may arise through requests for deletions, additions or other changes to the forms used, including customization of Certificates to meet the specific or unique needs or desires of an insured or other party.

The industry should implement business practices that support enforcement of laws/regulations prohibiting modification, alteration or amendment of Certificates or underlying insurance coverages except to the extent permitted by law and approved by the carrier issuing the policy. The industry also should support the use of uniform language on any forms used to respond to policyholders' needs about insurance coverages in place so that the requirements of underlying policies with respect to notification on cancellation, nonrenewal and/or material changes in risk are not altered. Agents and brokers should not be asked to modify, alter or amend Certificates, such as by purporting to indicate coverage that is not in place, waive rights, quote contract language, or alter language approved by required insurers and/or regulators, or amend policies or endorsements. Carriers should be responsive to requests for customized Certificates when and as needed, consistent with applicable legal requirements. Regulators should be clear in their communications with the industry and public about the legal requirements for Certificates and penalties for failing to adhere to those requirements.

## **3. Preparation, Maintenance and Notices**

The preparation of Certificates has shifted in recent years from carriers to agents and brokers. Certificates requests must each be handled individually through a largely manual process, and can be quite time consuming and thus quite costly, particularly for agents and brokers with a significant number of insureds that have construction policies in force. The additional manual processes typically required to maintain and provide notices under Certificates is substantial from a time and cost perspective, so many carriers seek to have it performed by agents and brokers, despite the knowledge that agents and brokers are not staffed or compensated to undertake these tasks.

The industry should support efficiency in meeting the needs fulfilled by Certificates, including the development of automated online tools to provide appropriate parties with policy information in a timely and accurate way. This could obviate the need for Certificates to be prepared, so there would be no Certificates to maintain or notice to be provided. It could be done in a way that would enhance responsiveness to policyholder needs in real-time, while providing safeguards against the use of withdrawn or replaced Certificates, as well as improper modification, alteration or

amendment of Certificates without required approvals from insurers and/or regulators. This would improve workflows and customer service; enhance accuracy; end the use of withdrawn or replaced forms; eliminate requests for modifications, alterations or amendments that are not approved by insurers and regulators; eliminate requests for modifications, alterations or amendments that are not aligned with coverage in place; reduce costs of meeting Certificates requests; and enable agents and brokers to remain focused on sales and service, to the benefit of carriers and customers.

#### **4. Misrepresentation or Fraud**

When insureds are unable to obtain the desired Certificates, some have prepared their own form or revised a form provided to them. This kind of activity typically involves misrepresentation and/or fraud, and as such, is illegal. It undermines the proper use, integrity and reliability of Certificates, creates pressure on agents and brokers to assist in the improper preparation of Certificates, and opens the door to a plethora of litigation spawned by inaccurate information about insurance policies. It also unfairly exposes the industry as a whole to negative positioning in the press and with the public due to the intentional misconduct of others.

The industry should support enforcement of all laws/regulations prohibiting misrepresentation and/or fraud in connection with the preparation, dissemination and/or use of Certificates or other information concerning insurance policies. Information on the importance of accuracy with respect to representations concerning insurance policies should be made available to industry participants and those seeking Certificates through articles, position papers, Best Practices information, and other materials. Insureds and their representatives also should be provided with information about their legal obligations not to misrepresent any of their insurance coverages to others.

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