Subcontractors, general contractors, and others are called upon constantly to provide evidence of insurance to others or are requesting it from others. This is accomplished by certificates of insurance, which assure the recipients that liability, workers’ compensation, property, and other insurance coverages exist to satisfy various obligations which may arise as a result of the contractors’ activities or which may have been assumed contractually by the contractor.

Certificates of insurance are not insurance contracts; they are evidence, only, that an insurance contract existed at the time the certificate was issued. They convey information and nothing more. Because the certificate is based on a policy of insurance which may not be renewed or may be canceled, the only certainty you have is that coverage existed at the instant the certificate was issued. If the policy of insurance upon which the certificate is based is canceled by the insurer, the holder of the certificate is supposed to be informed of that fact, but it is not always done. Certificates should indicate the kind of coverage that is needed to protect or has been requested by the certificate receiver. For example, when a contractor provides an owner or principal with a hold-harmless agreement pertaining to the construction work he or she is to perform, to be effective, the certificate should indicate the contractor has the kind of contractual liability insurance needed to respond should a loss occur involving the hold-harmless agreement.

Given these problems inherent in certificates of insurance, what should you do to ensure the certificates you request are useful? If you are going to request certificates of insurance, you should be prepared to maintain adequate records pertaining to them which will include monitoring them as to the renewal of the underlying insurance policies. If you are not prepared, or your insurance representative is not prepared, to engage in the clerical and policing tasks involved with insurance certificates, they will not provide you with the protection you requested. What information should a certificate contain? As a minimum, it should have the following:

--The name and address of the certificate holder.
--The name and address of the insured.
--The location(s) of the operation(s) insured.
--Description of the project insured.
--Description of coverage, including policy numbers, limits, expiration dates, insurers, and any special conditions or extensions of coverage in effect.
--Description of procedures applying to the cancellation, limitation, or expiration without renewal, including notice provision provided to the certificate holder.
--Authorized signature and date.

This list will vary somewhat, depending on your client’s specific certificate needs. It goes without saying that you should not accept and rely on a standard certificate if, in any way, it does not provide the assurance you need and require.

Certificates of insurance are a useful device if you are willing to make sure that they convey the correct information.