

DEPARTMENT OF INSURANCE

April 3, 2009

Bulletin 170

Certificate of Insurance Practices

This bulletin is directed to all insurance producers licensed under [IC 27-1-15.6](#) to sell property and casualty products and to all insurers as defined by [IC 27-1-2-3\(x\)](#). Certificates of insurance, evidences of insurance, and similar policy-related documents (collectively, "certificates") serve a valuable informational purpose and provide to an insured or third party a courtesy summary of the terms of an insurance policy on the day it is issued. The Department has become aware that some producers and insurers have been asked to provide certificates that purport to amend, extend, or alter the coverage of the underlying policy. The Department has also become aware that some organizations may be requesting that contractors or other insureds produce certificates that evidence terms or conditions of coverage that may be inconsistent with the underlying policy or contract.

Certificates generally serve only as an informational summary of insurance in lieu of an actual copy of an insurance policy and should not be used to amend, extend, or alter policy terms. Producers confronted with demands or special provisions must refer these demands to the insurer with a request that these provisions be included in the insurance policy. The insurer working in concert with the producer may effectively address the insured's special insurance needs. This requires the producer to work within the authority granted by the insurer.

If an insured requests special insurance provisions, the producer should request that the insurer write a policy that contains the special provisions requested by the insured. If the policy contains such special provisions, it is acceptable for the producer to insert an accurate statement of the special policy provisions in the special provisions block or other appropriate area of the certificate. Distributing a certificate that has been modified without authorization, or the use of a nonstandard certificate not authorized by the insurer, is considered by the Department to be a misrepresentation of the terms of the insurance contract.

To ensure that insureds requesting a certificate are aware that the certificate is neither extending nor restricting coverage, insurers and producers should include on the certificate the following statement or one substantially similar:

This certificate of insurance neither affirmatively nor negatively amends, extends, or alters the coverage afforded by policy number _____ issued by _____ on _____.

A statement substantially similar to that above is included on the form certificates available from ACORD and ISO. Use of the ACORD and ISO forms will be considered by the Department to meet the requirements of this bulletin so long as the forms are not altered to inappropriately modify terms of the policy.

[IC 27-1-15.6-12\(b\)](#) prohibits producers and insurers from misrepresenting the terms of an actual or proposed insurance contract. Violations of this law can result in the suspension or revocation of a license and other administrative penalties. In addition, misrepresentations of the terms of an insurance contract may constitute unfair methods of competition under [IC 27-4-1-4](#) as misrepresentations or restraints of trade. Any person who issues a certificate that amends, extends, or alters the insurance policy referenced, or who otherwise knowingly misstates the terms of the coverage, is subject to administrative proceedings, including monetary fines and license suspension or revocation.

Questions regarding this bulletin should be directed to Bob Reeder, Company Compliance Division, at (317) 232-2424 or rreeder@idoi.in.gov.

Indiana Department of Insurance

James Atterholt, Commissioner

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