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Issue Paper

Certificates of Insurance

August 2014

PIA:

- **Supports protecting insurance producers, promoting proper industry practices and refining state laws and regulations, where needed, to specifically prohibit the improper use and issuance of certificates of insurance.**
- **Supports efforts by state organizations, such as the National Association of Insurance Commissioners (NAIC) and the National Conference of Insurance Legislators (NCOIL), to promote clear state laws and regulations on the use and issuance of certificates of insurance.**

Certificates of insurance are information forms often issued by an insurance producer, on behalf of a carrier, to summarize insurance policies in lieu of providing actual policies to third parties as proof of coverage. A certificate of insurance contains a snapshot of the insured's coverages as of the day of issue. It confers no rights or benefits upon the third party certificate holder to the underlying insurance policy referenced in the certificate.

In some states, insurance producers are being asked, or otherwise pressured, to issue certificates that contain language inconsistent with the underlying insurance policy or that inaccurately suggests the existence of certain contractual rights.

PIA is working with the NAIC, NCOIL, the states and the insurance industry to support clear laws and regulations on the appropriate scope, use and issuance of certificates. Clear laws and regulations enable hardworking agents and brokers to avoid being perceived negatively by their clients when they refuse to issue non-standard certificates of insurance. Such laws also provide penalties for those who attempt to circumvent the law.

In response to widespread misunderstanding over the purpose of certificates of insurance, many states have changed or are considering changes to state laws or regulations. PIA supports the efforts of state legislatures and regulators to ensure that state laws and regulations explicitly make it illegal for any person or government agency to knowingly prepare, request or require the issuance of a certificate that contains any false or misleading information in the referenced insurance policy, or that warrants that a certificate of insurance confers new or additional rights to a third party beyond those included in the underlying insurance policy.

For additional information on this issue, please contact PIA's regulatory affairs department or visit www.pianet.com/issues-of-focus/certificates-of-insurance.