

COI's: The Bad and the Ugly ("Cause there Ain't No "Good")

Christopher J. Boggs, CPCU, ARM, ALCM, LPCS, AAI, APA, CWCA, CRIS, AINS
Executive Director Risk Management and Education

 Independent Insurance Agents
& Brokers of America, Inc.

BIG i
VIRTUAL UNIVERSITY

1

Today's Agenda

- What is a Certificate of Insurance (COI)
- COI Information and Questions You Must Consider
- How Does a COI Respond to Contractual Risk Transfer
- How Should an Additional Insured be Listed
- Certificate Holders: How Should they be Listed
- Adding and Altering Wording on the COI
- Does the COI Affect Coverage
- What is a Memorandum of Coverage/Insurance
- Addendum Requests
- Who Should be Involved in Issuing a COI and Closing Recommendations
- Common COI Questions

BIG "I" VIRTUAL UNIVERSITY

2



What is a Certificate of Insurance?

BIG "I" VIRTUAL UNIVERSITY

3

What is a COI

BIG "I" VIRTUAL UNIVERSITY

4

What is a COI

NOTHING!!

BIG "I" VIRTUAL UNIVERSITY


5

What is a COI

- A COI certifies to a third party that:
 - The named insured has liability coverage
 - Coverage is provided by specified insurance carriers
- A COI is a matter of information **ONLY**

BIG "I" VIRTUAL UNIVERSITY

6



**COI Information and Questions
You Must Consider**

BIG "I" VIRTUAL UNIVERSITY

7

Information & Questions to Consider

What limits should be listed in the CGL section?

- Actual policy limits
- Limits requested
- Reduced limits
- Policy vs. Per Project vs. Per Location
- 2013 AI wording changes

BIG "I" VIRTUAL UNIVERSITY

8

Information & Questions to Consider

What has to be correct in the Umbrella section?

- Umbrella vs. Excess
- Deductible vs. Retention

BIG "I" VIRTUAL UNIVERSITY

9

“Traditional” Umbrella Coverage



BIG "I" VIRTUAL UNIVERSITY

10

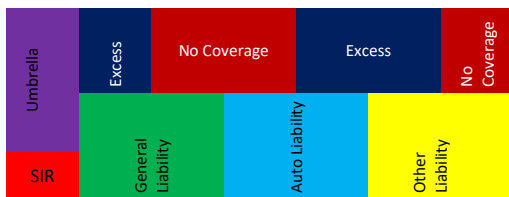
“Traditional” Excess Coverage



BIG "I" VIRTUAL UNIVERSITY

11

“Modern” Umbrella/Excess Coverage



BIG "I" VIRTUAL UNIVERSITY

12

Information & Questions to Consider

What has to be correct in the Umbrella section?

- Umbrella vs. Excess
- Deductible vs. Retention

BIG "I" VIRTUAL UNIVERSITY

13

What is Important in the WC Section

- Is anyone excluded?
- Is coverage provided as per statute or on some other basis?
- Employers' Liability limits.

BIG "I" VIRTUAL UNIVERSITY

14

Description of Operations

What is acceptable language in the Description of Operations?

BIG "I" VIRTUAL UNIVERSITY

15

Signing the COI

Who should/can sign the COI?

BIG "I" VIRTUAL UNIVERSITY

16

To Whom Should the COI be Sent

Certificate holder?

Named insured?

Insurance company?

BIG "I" VIRTUAL UNIVERSITY

17



**How does a Certificate of Insurance
Respond to Contractual Risk
Transfer (CRT)?**

BIG "I" VIRTUAL UNIVERSITY

18

COIs and CRT

- Insurance is a “slave” to the contract
- The COI can be a slave to the law

BIG “I” VIRTUAL UNIVERSITY

19

COIs and CRT

- What did the insured contractually agree to?
- Does the contractual risk transfer agreement compel the insurer to comply?

BIG “I” VIRTUAL UNIVERSITY

20



Listing Additional Insureds

BIG “I” VIRTUAL UNIVERSITY

21

Listing Additional Insureds

- What did the contract require?
- What are the carrier guidelines?
- Does the additional insured endorsement match the contractual requirements?
- What if the carrier can't/won't comply?

BIG "I" VIRTUAL UNIVERSITY

22



Listing Certificate Holders

BIG "I" VIRTUAL UNIVERSITY

23

Listing Certificate Holders

"To Whom It May Concern"

BIG "I" VIRTUAL UNIVERSITY

24

Listing Certificate Holders

Leaving the holder BLANK

BIG "I" VIRTUAL UNIVERSITY

25

Listing Certificate Holders

Matching contractually-required language

BIG "I" VIRTUAL UNIVERSITY

26



Altering the Certificate of Insurance

BIG "I" VIRTUAL UNIVERSITY

27

Altering the COI

- What did the contract require?
- What are the carrier guidelines?
- Is it allowed by law?

BIG "I" VIRTUAL UNIVERSITY

28

Danger, Danger!

- What is the most dangerous phrase to use on a COI?

BIG "I" VIRTUAL UNIVERSITY

29

Examples of Other **Dangerous** Requests

- "...contains no residential exclusions"
- "Waiver of Subrogation applies in favor of Certificate Holder with respects to General Liability."
- "...as broad as the CG 20 10 11 85"
- "Notwithstanding..."
- "Certificate holder is an Additional Insured."

BIG "I" VIRTUAL UNIVERSITY

30

Altering the COI

- If it's not illegal, a misrepresentation of policy terms, or in violation of your agency contract, what is placed on the COI is a business decision.

INSURANCE	TYPE OF INSURANCE	ADDITIONAL INFORMATION
	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"/> PROJECT	<input type="checkbox"/> LOC
OTHER:		

BIG "I" VIRTUAL UNIVERSITY

31



Does the COI Affect Coverage?

BIG "I" VIRTUAL UNIVERSITY

32


Does the COI Affect Coverage

Technically – No

Practically – Maybe, depending on what is typed in the Description of Operations

BIG "I" VIRTUAL UNIVERSITY

33



A Memorandum of Coverage/Insurance

BIG "I" VIRTUAL UNIVERSITY

34

Memoranda of Coverage/Insurance

- Checklists of applicable coverages
 - Often "yes" or "no" check boxes – very dangerous
- Recently national brokers have produced summaries of insurance coverages available to the authorized parties.
 - Essentially, a generic document similar to a COI but provided to parties authorizes by broker and named insured apparently as a substitute for an individually prepared COI

BIG "I" VIRTUAL UNIVERSITY

35



Addendum Requests

BIG "I" VIRTUAL UNIVERSITY

36

Who Should be Involved

- Basic request
- Anything other than “basic” request?
 - Some with sufficient insurance knowledge to understand the implications of specific requests

BIG “I” VIRTUAL UNIVERSITY

40



Common COI Questions

BIG “I” VIRTUAL UNIVERSITY

41

Listing Multiple Insureds on 1 COI?

Is it okay to list WC and GL on the same certificate or should they be listed separate?

BIG “I” VIRTUAL UNIVERSITY

42

Handling "Blanket" Als

If an insured has a Blanket Additional Insured Endorsement, do we still need to send the company the certificate holder's information to list them on the policy as an Additional Insured?

BIG "I" VIRTUAL UNIVERSITY

43

Cancelling a COI

How do you cancel a COI?

BIG "I" VIRTUAL UNIVERSITY

44

Pending Cancellation

If a policy is pending cancellation due to non-payment, but the certificate is requested before the cancellation date - should you still issue the certificate while in pending status?

BIG "I" VIRTUAL UNIVERSITY

45

Renewal COIs

What about a certificate that is required before renewal? The insured says they are renewing the policy, would you issue before the renewal date?

BIG "I" VIRTUAL UNIVERSITY

46

Contracts

What is your opinion on requesting a copy of the insureds contracts to determine coverages needed?

BIG "I" VIRTUAL UNIVERSITY

47

ACORD Version

One argument in process is what Accord version should be used. Our management system, Applied TAM, allows for three different options. Should the newest version always be used? Some like the wording of the older versions and think we should use them. What's your opinion and why?

BIG "I" VIRTUAL UNIVERSITY

48

Multiple Named Insureds

Can you tell us how is the best way to handle a COI for an insured with multiple named insured's? The general liability/package policy has the multiple names listed as insureds. However, we may be asked for a COI for one of the insured names only. How is the best way to handle this since in essence all the named insured's listed on the policy share the GL/Auto, etc limits.

BIG "I" VIRTUAL UNIVERSITY

49



Final Thoughts

BIG "I" VIRTUAL UNIVERSITY

50

What are the "Truths" of COIs

- Be truthful.
- The less detail, the better; but, don't be too vague.
- Never commit to anything that can't absolutely be proven with policy language.
- Never generalize coverage.
- Attach a copy of the additional insured (AI) endorsement.
- Attach a listing of all commercial general liability forms and endorsements and let the holder and/or AI ask for what they want to review.

BIG "I" VIRTUAL UNIVERSITY

51

What Does the Agent Owe the Certificate Holder?

- **Nothing!!** There is no contractual relationship between the agent and the holder.

Except:

- Truthfulness
- Responsiveness

BIG "I" VIRTUAL UNIVERSITY

52

Simple Warnings

- Always confirm the policy is in effect when the COI is issued;
- Always confirm coverage amounts are correct;
- Confirm any/all policy coverages and/or conditions indicated on the COI are actually on the policy;
- Confirm any entity you list as an additional insured is actually an additional insured; and
- Remember to attach the AI endorsement to the COI.

BIG "I" VIRTUAL UNIVERSITY

53

Christopher J. Boggs,

CPCU, ARM, ALCM, LPCS, AAI, APA, CWCA, CRIS, AINS

Executive Director Risk Management and Education

Chris.boggs@iiaba.net

54
