

HOW TO READ AND REVIEW CERTIFICATES OF INSURANCE

PURPOSE

This document is designed to provide college administrators the necessary tools to review and evaluate Certificates of Insurance that are provided by third parties.

DIRECTIONS FOR USE

Review the attached Sample Certificate of Insurance. Note the numbers in red on the Sample Certificate at the end of this document. The number will correspond with a numbered paragraph in the following document. Each paragraph includes a description of the information provided in the section, as well as additional information as to the meaning or importance of the section.

READING AND REVIEWING CERTIFICATES OF INSURANCE:

A Certificate of Insurance is a very important document in a contract. It is intended to confirm that the Contractor can meet its financial obligations to pay for any losses that the contracting party might be responsible for, under the terms of the contract. The term "Contractor" is used to describe any type of contracting party, including vendors, facility users, construction contractors or subcontractors, consultants

If possible, have the Agreement (or the Insurance Clause of the Agreement) that the College has with the Contractor who is providing the certificate, and use it to confirm various points corresponding to the numbers in red on the Sample Certificate of Insurance as described below.

1) **Title: Certificate of Liability Insurance**

ACORD issues other types of Certificates, so *verify* that the certificate is the one requested.

- ACORD 20 - Certificate of Aviation Liability Insurance
- ACORD 21 - Certificate of Aircraft Insurance
- ACORD 22 - Intermodal Interchange Certificate of Insurance
- ACORD 23 - Automobile Certificate of Insurance
- ACORD 24 - Certificate of Property Insurance
- ACORD 25 - Certificate of Liability Insurance
- ACORD 27 - Evidence of Property Insurance
- ACORD 28 - Evidence of Commercial Property Insurance

These forms are updated periodically, but agents and brokers may use older forms than the current year. Older forms may be accepted.

2) **Date**

Check the date the certificate was issued. It should be current. Missing or old dates may be a sign of a forged certificate.

3) **Notice (reformatted to sentence case for ease of reading)**

This certificate is issued as a matter of information only and confers no rights upon the certificate holder. This certificate does not affirmatively or negatively amend, extend or alter the coverage afforded by the policies below. This certificate of insurance does not constitute a contract between the issuing insurer(s), authorized representative or producer, and the certificate holder.

This Notice clarifies that the Certificate of Insurance merely shows the Certificate Holder that the insured has purchased the insurance coverages stated on the Certificate. It stipulates that

- the Certificate Holder has no legal right to be covered by the insurance indicated;
- the only coverage terms and conditions that are applicable are those stated on the actual insurance policies; and
- the Certificate does *not* legally change or alter the actual insurance policy.

This means that the Certificate does not convey Additional Insured status. This may be conveyed only by endorsement which adds the University as an additional insured *on the actual policy*; without the endorsement, the University may have no legal rights or access to the stated coverages. [Check](#) the Agreement for any requirement that the Contractor has to provide Additional Insured status on its insurance policies.

4) **Notice**

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

This notice warns the Certificate Holder to check the Contract and to make sure that if Additional Insured Status is required by the Contract, to be sure to get a copy of the Endorsement. An Endorsement is an addendum to the insurance policy that changes the coverage, in this case, by adding the University as an Additional Insured or that Subrogation is waived.

“Additional Insured” means that the insurance company will defend and indemnify the University for claims made against the University because of the negligence of the Insured.

“Subrogation is Waived” means that the insurance company will not prosecute the University if their Insured suffers a claim or loss because of the acts or negligence of the University.

[Check](#) the Agreement for any requirement that the Contractor has to provide Additional Insured or Subrogation is Waived status on its insurance policies.

5) **Producer**

The Producer is the insurance agent or broker that arranged the insurance coverage for the Named Insured (the party providing the Certificate of Insurance. With few exceptions you will want to make sure that the Producer has issued and sent the Certificate. This greatly reduces the likelihood of getting a forged certificate. The Producer issues the Certificate on behalf of the *Insurance Company*.

Check who sent the Certificate by noting the email or fax number of the sender; it should correspond to the Producer information. The Contact name may not always be provided; it is not a critical part of the Certificate but is very helpful if you have any questions on anything on the certificate, as the Producer is the party to contact.

6) **Insured**

The Insured is the organization that has purchased the insurance coverages shown on the Certificate of Insurance and is a Named Insured. Other parties, such as subsidiaries or affiliates, may also be Named Insureds under the policies listed.

Check to make sure that the party shown in this box is the contractor or other party that has been requested to provide coverage. Make sure that it includes the full name and address of the contractor. If the named party is not the same as in the contract, “red flag” it to the project or contract manager for clarification.

7) **Companies/Insurers Affording Coverage**

The insurance companies issuing the policies listed in Coverages (6) are each given an alphabetical identification so that the reader can see which insurance company is issuing what policies. See INSR LTR (6a) in left column on certificate.

Check the A.M. Best Rating for each insurer if a requirement is stipulated in the Contract. It is recommended that each insurer have a Best Rating of A-, VII or higher to be deemed acceptable. These may be checked on the insurer’s web site, or your own insurance agent may check Best’s Ratings for you.

8) **NAIC #**

The NAIC number is a number that the National Association of Insurance Commissioner's (NAIC) assigns to each individual underwriting company.

If provided, the NAIC# may be used to research complaints made to the NAIC about the Insurance Company. It can be helpful when companies have similar names or subsidiaries. It is not essential.

9) **Coverages Notice (reformatted to sentence case for ease of reading)**

This is to certify that the policies of insurance listed below have been issued to the insured named above for the policy period indicated. Notwithstanding any requirement, term or condition of any contract or other document with respect to which this certificate may be issued or may pertain, the insurance afforded by the policies described herein is subject to all the terms, exclusions and conditions of such policies. Limits shown may have been reduced by paid claims.

This statement confirms that the insurance policies listed were issued to the insured for the period indicated. The rest of it serves as disclaimer, to warn the Certificate Holder that

- the Certificate does not guarantee any coverage specifics even if those specifics are outlined in the Contract for Services; and
- the insurance limits may not actually be available to the Certificate Holder because they may have been used to pay other claims.

The University can manage these risks by including in the Contract the right to request a certified copy of the policy and by requiring per-project or per-event limits. This is rather rare on ordinary contracts, but is common on high-risk construction projects or other high-risk contracts.

- 10) **Certificate Number / Revision Number:** This is a unique number assigned by the Producer. Not essential, but helpful for reference.
- 11) **Coverages Header**
- a) **INSR** – A letter will appear in the boxes below that correspond to the Insurers listed in (7) Insurers Affording Coverage *Check to make sure that a letter appears for each coverage that is required.*
 - b) **Type of Insurance** – each type of insurance is described in the boxes in this column
 - c) **ADDL INSD** – “Additional Insured” – an “X” will appear in this column if Additional Insured status is provided – See (3) above; *check for the endorsement* if required. If not provided, follow up with the Producer for a copy. If the endorsement is not provided in a reasonable time period, notify the Contract Manager or Project Manager; failure to provide the endorsement is a breach of contract.
 - d) **SUBR WVD** – “Subrogation Waived” – an “X” will appear in this column if Additional Insured status is provided – See (4) above; *check for the endorsement* if required. If not provided, follow up with the Producer for a copy. If the endorsement is not provided in a reasonable time period, notify the Contract Manager or Project Manager; failure to provide the endorsement is a breach of contract.
 - e) **Policy Number** – this is the number assigned to the Insurance Policy shown and is its identifier. This is sometimes left blank – *check for and insist that all policy numbers be listed.*
 - f) **Policy Effective Date** – this is the date the policy became effective, i.e. the date coverage started. *Check* to make sure that the effective date is appropriate to the contractual requirements.
 - g) **Policy Expiration Date** – this is the date that the insurance policy coverage will end. *Check* to make sure that the expiration date is appropriate to the contractual requirements. If the policy will expire before the contractual obligation will end, diary the certificate to 30 days before the expiry date and request a renewal certificate from the Producer or Insured.
 - h) **Limits** – this is how much money the insurance policy will pay if there is a claim or a loss. Each limit will be addressed for the coverage provided, see below.

Apart from obtaining a certified copy of the insurance policy, there is little that the certificate holder can do to verify the accuracy of the information provided. However, insurance agents have professional standards and obligations, which is another reason to always require that the certificate be provided by the Producer and not the Insured.

- 12) **General Liability**
- General Liability Insurance (GL) covers the Insured’s liability arising out of the insured’s premises or operations, products and completed operations.
- a) Coverage Particulars – *Check the Contract for these details*
 - i. Commercial General Liability or CGL is the current proper name for General Liability coverage exposures arising out of a business operation. This box should be marked with an “X” if the coverage is provided

- ii. "Claims-made" and "Occurrence" (OCCUR) are two types of general liability insurance forms. Check to see if the Contract specifies "Occurrence Form"; if not, either will do.
 - iii. Other (blank line) – most common is an Owners and Contractors Protective Liability policy. This would be required by Contract to provide separate coverage limits that are contract or job specific. These policies can also be issued to the property owner as the named insured. Coverage is very limited. A specific coverage in the GL policy might also be indicated, for example, a box might be checked "X" and "Molestation Coverage included" be indicated on the line opposite.
 - iv. "GEN'L AGGREGATE LIMIT APPLIES PER:" – This section provides information about the aggregate limit of the policy. The aggregate limit is the highest amount of money that the insurance policy will pay no matter how many claims are filed. *Check* the contract to see if it stipulates whether the aggregate limit must be provided per project or location (terms favorable to the University); otherwise, aggregate limit per policy is most common.
 - v. OTHER – as stipulated, usually by contract.
- b) Limits – *Check the Contract for the amount require for each of these categories*
- i. "Each Occurrence" means how much money the insurance policy will pay for a single loss. Common limits are \$1,000,000 or \$2,000,000.
 - ii. "Damage to Rented Premises" means how much money the insurance policy will pay for damage that the insured causes to premises it rents. Common limits are \$50,000 or Occurrence limits.
 - iii. "Med Exp[ense] (Any One Person)" means the amount of money that will be paid for documented medical expenses if someone is hurt or injured on the Insured's premises or by their Operations, without regard for negligence of the Insured. If more money is needed, the claimant usually has to prove negligence. Common limits range from \$1,000 to \$10,000.
 - iv. "Personal & Adv[ertising] Injury" is a kind general liability coverage that covers personal injury (i.e., slander, libel, wrongful eviction, false arrest, malicious prosecution, invasion of privacy) or similar offenses in connection with the insured's operations advertising of its goods or services: libel, slander, invasion of privacy, copyright infringement, and misappropriation of advertising ideas. Common limits are Occurrence Limits. Typically, the University requires insurance to cover third party claims of bodily injury or property damage; this insurance is not usually of concern.
 - v. General Aggregate is the highest amount of money that the insurance policy will pay no matter how many claims are filed. Common limits are the Occurrence Limit or multiples, up to \$5,000,000. Usually for limits in excess of \$5,000,000, an Excess policy is needed.
 - vi. "Products – Comp/Op Agg" means "Products Liability or Completed Operations Aggregate", and is the most that the policy will pay for all claims arising out of the Insured's defective products or work. It is very common for construction projects to require extended Completed Operations Insurance for a period from one to three years following the completion of the work. *Check* the contract and if applicable, diary the certificate for annual renewals throughout the extension period.

13) **Automobile Liability**

Coverage is provided for protection from liability arising out of negligent operation, maintenance or use of a covered auto, which results in bodily injury or property damage to a third party.

The University does not need to be named as additional insured on the contractor's auto liability policy. One reason for this is that the definition of an insured, on an ISO CA 0001 Business Auto

Policy, states that "Anyone liable for the conduct of insured" is also considered an insured. Also, Auto Insurers will not add any other party as additional insured.

a) Coverage Particulars

- i. Any Auto (symbol 1 on auto policy) means that any auto driven by the Insured or its employees is covered regardless who owns it.
- ii. All Owned Autos (symbol 2 on auto policy) means that only the autos the Insured owns and any trailers they don't own that are attached to the owned autos are covered.
- iii. Scheduled Autos (symbol 7 on auto policy) means that only autos actually listed in the Policy Declaration's section are covered in addition to any non-owned trailers while attached to covered (scheduled) autos.
- iv. Hired Autos (symbol 8 on auto policy) means that only those autos the insured has leased, hired, rented or borrowed are covered. This coverage is not afforded for autos of employees, partners or their families.
- v. Non-Owned Autos (symbol 9 on auto policy) means state that only autos the insured does not own, lease, hire, rent or borrow are covered when used for insurer's business use. This also includes coverage for autos of the insurer's employees, partners and their families for business or personal use. This coverage is commonly purchased by business that do not own any autos.

Check the contract to determine what coverage was required if anything other than "Any Auto" is checked.

b) Limits

- i. Combined Single Limit is the most the policy will pay for third party bodily injury and property damage combined for each accident.
- ii. Bodily Injury (per person) would be the most the policy would pay for bodily injury to one person from each accident.
- iii. Bodily Injury (per accident) would be the most the policy would pay for bodily injury from each accident, regardless of the number of persons injured.
- iv. Property Damage would be the most the policy would pay for third party property damage resulting from one accident.

Check the contract to determine what coverage was required if anything other than "Combined Single Limit" is checked.

14) Excess Liability/Umbrella Liability

Coverage is provided for Liability in addition to or on top of one or more of the liability policies listed on the Certificate.

a) Coverage Particulars

- i. Excess Liability insurance usually provides additional coverage only for the Contractor's General Liability insurance, though other lines of insurance, such as Auto, may also be scheduled on the policy.
- ii. Umbrella Liability insurance provides excess over multiple lines of insurance, including General Liability, Auto, and Employers Liability (found in the Worker's Compensation coverage). Coverage may be broader than the underlying policies, or may insure liabilities not otherwise insured, which is why there may be a deductible or retention shown.
- iii. Either type of policy may be issued on an "Occurrence" or "Claims-made" form. (See (12) General Liability for more information.

- iv. DED means “Deductible”; “Retention” is similar to a deductible – this is the amount that the Insured will have to pay for a loss before the Insurer pays. It is not essential that this be completed.

Check the contract to determine what coverage was required if anything other than “Umbrella” is checked. *Check* the contract to determine what coverage was required if anything other than “OCCUR” is checked.

b) Limits

- i. “Each Occurrence” means how much money the insurance policy will pay for a single loss. Common limits are \$5,000,000 or higher.
- ii. General Aggregate is the highest amount of money that the insurance policy will pay no matter how many claims are filed. Common limits are the Occurrence Limit or multiples.

Check the Agreement to verify the Occurrence and Aggregate limits required.

15) **Workers Compensation and Employers Liability**

Workers Compensation is statutory coverage that pays for the Insured’s employees’ medical expenses and lost wages because of injuries or diseases sustained in the course and scope of their employment. Employers Liability is used to cover liability actions brought by a Contractor’s employee against the University (a third party) that the Insured is contractually liable for.

- a) Any Proprietor/Partners/Executive Officers/Member Excluded – this typically arises with small contractors whose principals are not insured under the Workers Compensation policy. This statement verifies whether or not the insured/contractor’s owners and officers are covered under their Workers Compensation policy. MA does not require that owners or officers be covered for Workers Compensation. If any owner or officer of a contractor will be working on your contract or project, then they should be covered for Workers Compensation coverage to avoid any possibility of the exposure being transferred to the University if he/she is seriously injured.
- b) Statutory Limits indicates that the benefits meet the Workers Compensation coverage requirements for the state in which the injury occurs. *Check* to make sure that the PER STATUTE box is checked. If OTHER is checked, refer to the Contract for terms.
- c) Each Accident/Disease-Policy Limit/Disease-Each Employee indicates the employers’ liability coverage limits or Coverage B of the Workers Compensation policy. *Check* the limits shown against the Contract. Typical limits are \$500,000 / \$1,000,000 / \$500,000 or \$1,000,000 across all sections.

16) **Other**

This space may be used to list other types of coverage not shown above. Common coverages are Professional Liability, Pollution Liability, or other specialty coverages that may be needed due to the nature of the work being performed or operations. *Check* the Agreement to determine if any specialty insurance is needed.

17) **Description Of Operations/Locations/Vehicles (ACORD 101, Additional Remarks Schedule...)**

This section can be used to describe special operations, identify a specific job site/location or contract number as well as indicate additional insured to the liability coverage. Note, indicating Additional Insured Status here does not replace the need for an Endorsement.

18) **Certificate Holder**

This is the entity to which the Certificate of Coverage is issued, i.e., the University. *Check* to make sure that it is issued to the contracting entity (e.g., Trustees of XX University) not a department or individual.

19) **Cancellation**

Older forms may have a specified period, such as 30 days' notice. Because the Certificate does not amend policy terms, the new wording is used. Without a copy of the policy, the Certificate Holder cannot know what the terms are, but they are likely that "the insurance companies will "endeavor" to provide to the Certificate Holder on cancellation of the policies", as they do not want to create liability because of a promise to give notice. This may be amended in the endorsement providing Additional Insured status. *Check* the Agreement terms for specifics. Also note that most insurance companies can cancel a policy with only 10 days written notice for non-payment of premiums by the insured.

20. **Authorized Representative**

This is the insurance company representative or producer/broker who has been authorized to sign the Certificate.

Special Note: It is important that all Certificates of Insurance are received, reviewed and approved prior to the start of any work.



1 CERTIFICATE OF LIABILITY INSURANCE

2

DATE (MM/DD/YYYY)

3 THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

4 IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

5 PRODUCER	CONTACT NAME:		
	PHONE (A/C, No, Ext):	FAX (A/C, No):	
	E-MAIL ADDRESS:		
	INSURER(S) AFFORDING COVERAGE		NAIC #
6 INSURED	INSURER A:		
	INSURER B:		
	INSURER C: 7		
	INSURER D:		
	INSURER E:		
	INSURER F:		

COVERAGES 9

CERTIFICATE NUMBER:

- 10 - REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	11	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
12		COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR (a) GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:						(b)→	EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMP/OP AGG \$ \$
13		AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO (a) <input type="checkbox"/> OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> ONLY HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS ONLY						(b)→	COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
14		UMBRELLA LIAB <input type="checkbox"/> OCCUR EXCESS/LIAE (a) <input type="checkbox"/> CLAIMS- DED RETENTION \$						(b)→	EACH OCCURRENCE \$ AGGREGATE \$ \$
15		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) (a) <input type="checkbox"/> Y/N If yes, describe under DESCRIPTION OF OPERATIONS below						(b)→ (c)→	PER STATUTE OTH-ER E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
16									

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

17

CERTIFICATE HOLDER

CANCELLATION

18

19

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

20

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POLICY NUMBER:

COMMERCIAL GENERAL LIABILITY
CG 20 10 07 04

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**ADDITIONAL INSURED – OWNERS, LESSEES OR
CONTRACTORS – SCHEDULED PERSON OR
ORGANIZATION**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name Of Additional Insured Person(s) Or Organization(s):	Location(s) Of Covered Operations
<h1>SAMPLE FORM</h1>	
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

A. Section II – Who Is An Insured is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by:

1. Your acts or omissions; or
2. The acts or omissions of those acting on your behalf;

in the performance of your ongoing operations for the additional insured(s) at the location(s) designated above.

B. With respect to the insurance afforded to these additional insureds, the following additional exclusions apply:

This insurance does not apply to "bodily injury" or "property damage" occurring after:

1. All work, including materials, parts or equipment furnished in connection with such work, on the project (other than service, maintenance or repairs) to be performed by or on behalf of the additional insured(s) at the location of the covered operations has been completed; or
2. That portion of "your work" out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as a part of the same project.