

Certificate of Insurance

by Charles Cox

Certificates of insurance are valuable to rink owners and operators, but it is vital to recognize their limitations. Most standard certificates, and the Acord certificate in particular, have always contained language on the front of the certificate warning that the certificate is issued as a matter of information only and that it does not confer any rights upon the certificate holder. The Acord warning goes on to state that the certificate does not amend, extend or alter the coverage that is provided by the policies shown on the certificate.

As long as the certificate of insurance is being used to evidence the existence of someone else's insurance, this language is generally not objectionable. The language becomes more of a concern to the certificate holder when the policies shown on the certificate require specific endorsements to effect what you require. The most obvious examples are the certificate holder's status as an Additional Insured and the requirement that the certificate holder be provided with a specific notice of cancellation. Unless the policies have been expressly endorsed to provide these extensions, the certificate of insurance may provide a false sense of security.

What, then, should you look for when reviewing a certificate of insurance? Let's start with some basics. The names of the insurance companies providing the coverages are generally shown in the upper right-hand corner of the certificate. You can reasonably verify that the insurance companies are financially stable by checking their A.M. Best rating, which can be done via the A.M. Best Internet Website (www.ambest.com).

The "Insured" is usually found in the upper left-hand corner of the certificate. It's important to be sure that the Insured named on the certificate is the entity using your rink or otherwise contracting with your company. Don't assume the entity you are contracting with is insured unless it is shown on the certificate as the Insured.

After checking these basics, review the coverages and limits that are shown. Whenever General Liability or Excess Liability coverage is being evidenced, every attempt should be made to require and obtain evidence of occurrence form coverage. If claims-made coverage is shown to be in place, be aware that there are several potentially serious problems with that form of coverage. You will want to seek some guidance from your own insurance professional if that form of coverage is to be accepted. If Automobile Liability coverage is being evidenced, coverage should apply to "Any Auto." You may encounter some resistance to this if the other party has no owned autos, in which case, the "Hired Autos" and "Non-Owned Autos" boxes should be checked.

Under most circumstances, rink users, as well as contractors performing work for you or on your behalf, should be required to name you, the owner/operator, as an Additional Insured on their General and Excess Liability policies. Getting clear evidence of that, however, may prove to be difficult. First, being shown as a certificate holder on the certificate of insurance is not the same as being included as an Additional Insured. If you are seeking "Additional Insured" status on the other party's insurance, this must be specifically stated on the certificate (usually in the "special provisions" section near the bottom of the certificate). Take care that the language specifies the policies on which you have been so named.

Lastly, you may be satisfied to find that the Cancellation provision at the bottom of the certificate has been completed to indicate that 30 days notice will be provided. Take note, however, of a couple

of potential problems. First, the Acord certificate, and most others, states that the insurer will "endeavor to mail" notice "but failure to do so shall impose no obligation or liability of any kind upon the insurer, its agents or representatives." These are hardly comforting words.

Getting this language removed from the certificate is sometimes possible, but, unless the policies themselves have been endorsed to provide you with prior notice of cancellation, there are no assurances that such notice will be provided.

Making matters worse (or at least confirming how bad they already are) are fairly recent changes to the Acord certificate of insurance. Acord has now added additional warning language to the reverse side of their certificates. Essentially, the new language states that if the certificate holder is an Additional Insured, the policy must be endorsed to provide that coverage regardless of what the certificate may indicate. The language goes on further to state that if subrogation has been waived, certain policies may require endorsement and regardless of what the certificate may indicate, nothing amends the policy except an endorsement. In addition, the new language goes a step further to clarify that the certificate does not constitute a contract between the issuing insurer(s), the authorized representative or producer, and the certificate holder, nor does it affirmatively or negatively amend, extend or alter the coverage provided by the policies shown on the certificate.

The inclusion of this new language should, at the very least, raise the consciousness level of certificate holders as to the limited value of certificates of insurance. The obscure location of the language is also reason for concern. By the time the certificate is provided to you, it has frequently been photocopied and the reverse side language omitted. In other cases, insurance agency certificate software systems may not have the capability to print out the second page or, if they do, agency personnel may simply fail to provide the second page to the certificate holder.

Can anything be done? Once you understand the limited value of the certificate, you can accept it as is and presume that any needed policy amendments have been made. Alternatively, you could insist on receiving copies of the policies or the endorsements thereto that have effected the amendments of which you want evidence. This would, admittedly, create an administrative burden, so this will not likely be appropriate for all circumstances. It is, nonetheless, the only way to be certain that any needed coverage amendments have actually been made.

In many cases, the coverages and limits being evidenced will be a function of what is required in your ice rental agreement or requirements you establish in other contracts. Establishing the coverage and limit requirements in such contracts will make verification of certificates and enforcement of the requirements much easier.

Finally, once you have an acceptable certificate of insurance in hand, you need to have a suspense system in place so that you are alerted when the evidenced coverages expire and you have to follow up for renewal certificates. In addition, you will need to establish a policy that details just how long certificates should be retained. Certificates that evidence coverage of others, where you are an Additional Insured, should be treated as you would your own insurance policies: they should be retained indefinitely. All other certificates evidencing a form of Liability coverage or Workers' Compensation should be retained for at least seven years.

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