

STATE OF NEBRASKA

DEPARTMENT OF INSURANCE

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Director



December 7, 2010
CB-118 (Amended)

Dave Heineman
Governor

BULLETIN

SUBJECT: ISSUANCE OF CERTIFICATES OF INSURANCE

Certificates of insurance, evidences of insurance, and similar documents (collectively "certificates") serve a valuable purpose by providing a summary of the terms of an insurance policy to a third party. The Nebraska Department of Insurance ("Department") is aware, however, that insurers and insurance producers are asked upon occasion to provide certificates that purport to amend, extend, or alter the coverage of the underlying policy. The purpose of this Bulletin is to advise insurers and insurance producers that certificates are not the proper method by which to amend a policy, that amending such certificates may create an errors and omissions exposure, and that this activity violates a number of provisions of Chapter 44 of the Nebraska Revised Statutes.

Certificates of insurance are not actual policies of insurance, and as certificates of insurance, they do not and cannot amend, extend, or alter insurance coverage afforded by policies or binders themselves.


Nebraska law, specifically Article 75 of Chapter 44 of the Nebraska Revised Statutes, requires insurers to file insurance policies and endorsements intended for use in this state with the Department. When an insurer or insurance producer executes a certificate that attempts to do more than offer a synopsis of the policy, the insurer or producer risks the creation of obligations that are not payable by the underlying policy. This violates Article 75, as insurers are not to enter into insurance obligations, except as provided through properly filed insurance policies.

Furthermore, Nebraska law specifically Neb.Rev.Stat. §44-4059(1)(e), prohibits an insurance producer from "intentionally misrepresenting the terms of an actual or proposed insurance contract", and violations can result in the suspension or revocation of a license and in other administrative penalties of up to one thousand dollars per violation. An insurance producer who issues a certificate that amends, extends, or alters the insurance policy or otherwise intentionally misrepresents the terms of an actual or proposed insurance policy could be subject to license revocation or suspension and face other penalties under this law. Therefore an

insurance producer may not execute a certificate of insurance that includes any statements that purport to amend, extend, or alter coverage or indicate that a certificate holder has a right to notice of cancellation, nonrenewal, or any similar notice not contained in the underlying policy. This prohibition applies to certificates of insurance, as well as other documents that do not purport to be certificates of insurance such as a formal opinion or other document issued or signed by a licensed insurance producer.

The Department urges all insurers to forward a copy of this Bulletin to their appointed producers and customer service representatives and to remind them of the consequences of providing improper certificates. Further, the Department urges all insurers to provide thorough instructions to their appointed producers on how they should meet client expectations, and which expectations they simply cannot meet.

If you have any questions concerning this Bulletin, please contact the Department's Property and Casualty Division at (402) 471-2201.



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