



State of New Jersey

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BULLETIN NO. 11-04

TO: ALL AUTHORIZED AND ADMITTED
PROPERTY/CASUALTY INSURERS AND ALL LICENSED
INSURANCE PRODUCERS IN THIS STATE WITH ADMITTED
MARKETS

FROM: THOMAS B. CONSIDINE, COMMISSIONER

RE: CERTIFICATES OF INSURANCE

Certificates of insurance are used in many commercial contexts as proof that a policy of insurance is in effect, and usually summarize the essential terms, conditions and duration of the policy. Certificate forms are not filed with the Department of Banking and Insurance ("Department"), even though the policy forms they summarize are filed and deemed approved by the Department pursuant to the Commercial Insurance Deregulation Act, N.J.S.A. 17:29AA-1 et seq. Use of certificates of insurance is particularly prevalent to provide proof of liability and workers' compensation coverages.

It had previously come to the attention of the Department that some public or commercial organizations might be requesting contractors to produce certificates of insurance that evidence terms or conditions of coverage that might be inconsistent with the underlying policy or contract. In response thereto, the Department issued Bulletin No. 98-05. It appears that this practice may continue to exist. The purpose of this Bulletin is to remind producers that certificates of insurance should be used only to provide evidence of

insurance in lieu of a copy of the actual policy, and cannot be used to amend, expand or alter its terms.

N.J.S.A. 17:22A-40a(5) prohibits intentional misrepresentation of the terms of an actual insurance contract, policy or application of insurance. Providing a certificate of insurance that materially misrepresents policy terms or conditions would violate that statute and subject a producer to penalties that may include suspension or revocation of the producer's license. Additionally, if the producer providing an improper certificate of insurance were an agent of the insurer, civil liabilities may be created.

As it did through Bulletin No. 98-05, the Department continues to urge all insurers to review their oversight procedures regarding certificates of insurance in order to avoid misrepresentations of the terms and conditions of their policies, and to remind their producers about the consequences of providing improper certificates.

All insurers are encouraged to provide copies of this Bulletin to all of their appointed agents and employee producers, if any.

February 28, 2011

Date



Thomas B. Considine
Commissioner

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