



OKLAHOMA INSURANCE DEPARTMENT  
STATE OF OKLAHOMA

## **BULLETIN NO. PC 2008-01**

**TO: ALL PROPERTY & CASUALTY INSURERS  
ALL PROPERTY AND CASUALTY PRODUCERS  
ALL INSURERS ON THE NAIC QUARTERLY LISTING OF ALIEN  
INSURERS**

**RE: CERTIFICATES OF INSURANCE**

**FROM: OKLAHOMA INSURANCE DEPARTMENT**

**DATE: March 13, 2008 (Revised October 12, 2010)**

The Department is aware that some insurance producers or insurers have been asked to sign and issue preprinted certificate of insurance forms which include language that attempts to affirmatively or negatively amend, extend or alter the coverage of the underlying policy. Certificates of insurance are typically used to serve as proof of liability insurance and to summarize the terms of the policy in lieu of providing a full copy of the policy. The purpose of this Bulletin is to clarify the use of certificates of insurance by producers or insurers in Oklahoma.

Certificates of insurance must clearly and accurately state the insurance coverage provided. Any certificate of insurance issued by an insurer or producer that obscures or misrepresents the insurance coverage provided under the insurance policy is a violation of the Oklahoma Insurance Code and may subject the issuer to administrative penalties and/or license suspension or revocation.

Okla. Stat. tit. 36, § 3602 defines "policy" to mean "a contract of or agreement for effecting insurance, or the certificate thereof (emphasis added)." Okla. Stat. tit. 36, § 3610 requires insurers to file policies intended for use in Oklahoma with the Department for review and approval before the policy is used in Oklahoma. Section 3610 does not exempt a certificate of coverage from filing on the basis that it is not a part of the policy; while § 3610 exempts from filing those applications that the insurer does not require to be in writing or made a part of the policy, that exclusion is limited to applications meeting the requirements of the subordinate clause immediately following the words "or application form."

Licensed advisory organizations or individual insurance companies file generic certificate of insurance forms that may be completed with the appropriate policyholder information. Insurance companies may choose to use the approved form of an advisory organization or may choose to

file a generic form of their own. Insurance producers must use the approved form designated by the insurance company listed on the specific certificate of insurance form.

When an insurer or insurance producer acting as the insurer's agent executes a certificate of insurance or other evidence of coverage which goes beyond a mere synopsis of the policy, the insurer or producer may be exceeding the policy language filed with and approved by the Department. If an insurer or its producer includes any statement in the certificate of insurance, the purpose of which is to amend or extend coverage under the underlying policy, including references to construction contracts, service contracts or insurance requirements, the insurer or producer is, in effect, changing the policy terms. By issuing such a certificate, the insurer or producer is in violation of the Oklahoma Insurance Code.

To ensure that consumers as well as third parties requesting a certificate of insurance are aware that the certificate does not expand or restrict coverage, an insurer or producer should include on the certificate a statement such as, "This certificate or memorandum of insurance neither affirmatively nor negatively amends, extends, or alters the coverage afforded by policy number \_\_\_\_\_ issued by \_\_\_\_\_ on \_\_\_\_\_."

Okla. Stat. tit. 36, § 1435.13(A)(5), authorizes the Insurance Commissioner to place on probation, censure, suspend or revoke a producer's license if the producer intentionally misrepresents the terms of an actual or proposed insurance contract. A producer who signs a certificate of insurance or issues an opinion that the producer knows alters or amends the coverages of the underlying policy, may be in violation of this section and thereby be subject to appropriate penalties under the Code.

It should also be noted that reliance upon a certificate of insurance in support of a claim against the underlying policy can raise an issue of criminal fraud. See Okla. Stat. tit. 21, §1662. Thus, insureds should be wary of certificates of insurance not issued directly by the insurer or the insurer's agent or those not issued on a form approved by the Oklahoma Insurance Department.

If an insured wants special insurance provisions, the insured's insurance agent should request that the insurer write an insurance policy which contains those special provisions. Whether this is done through a policy endorsement or through an individual risk policy will depend on the situation. If and only if the policy contains such special provisions may the insurance agent properly insert an accurate statement of the special policy provisions in the special provisions block of the certificate of insurance.

**Questions regarding this bulletin should be directed to Kathie Stepp at [Kathie.Stepp@oid.ok.gov](mailto:Kathie.Stepp@oid.ok.gov) of the Rate and Form Compliance Division or Susan Dobbins at [Susan.Dobbins@oid.ok.gov](mailto:Susan.Dobbins@oid.ok.gov) of the Legal Division of the Oklahoma Insurance Department.**

**The Oklahoma Insurance Department encourages readers of this bulletin to periodically check the Department's web site <http://www.oid.state.ok.us/index.asp> for news and updates to Bulletins and other relevant material.**

CERTIFICATES OF INSURANCE  
FREQUENTLY ASKED QUESTIONS

Q.1. Does P&C Bulletin 2008-01 apply to all lines of P&C insurance?

A.1. Yes.

Q.2. Is the language "This certificate or memorandum of insurance neither affirmatively nor negatively amends, extends, or alters the coverage afforded by policy number\_\_\_\_\_issued by\_\_\_\_\_ on\_\_\_\_\_" mandatory in all certificates?

A.2. No, the language is only a recommendation. Other language to the same effect may be approved. However, it is strongly urged that some kind of language indicating the role of the certificate be included in the form.

Q.3. I own and operate a mono-line workers compensation agency. On occasion, an insured will request that a particular "job number", etc. be inserted on the Certificate of Insurance under "Description of Operations (etc.)....." Is this permitted?

A.3. Yes, placing the particular "job number" in the place provided in a certificate would be acceptable pursuant to PC Bulletin 2008-01. The job number simply identifies the operation for which the certificate is offered.

Q.4. What do I do if a client's customer, for example a general contractor or an oil company, insists that I complete their form?

A.4. Although the customer may see this as a simple matter, it is not, as the customer may actually be asking for terms that are not included in the policy. We suggest that you give the customer a copy of the bulletin, to help educate them that a certificate is part of an insurance policy, that the certificate must be filed before use, and that neither an insurer or producer are free to vary the terms of the filed policy form without re-filing that form.

Q.5. What if the customer won't work with the client unless their form is completed?

A.5. Try to find out what really is the customer's concern. If the customer requires a specific notice that is not included in the policy form, find out if the insurer offers an endorsement on that issue. If the customer is insisting that that the insured have coverage that the insured does not, the insured may be able to work with the insurer to purchase the required coverage.

Q.6. What if my customer's client insists that they must receive notice if the client's insurance is cancelled? How can I handle that, when the insurer's certificate only provides that the insurer will endeavor to give notice to the client?

A.6. A solution is to ask if the insurer is willing to add an endorsement to the policy in which the insurer agrees to provide a 30 day notice of cancellation to an entity other than the named insured. This optional endorsement would not revise the standard Oklahoma cancellation provision contained in most policies. Instead, such an endorsement would expand the policy to provide a 30 day notice of cancellation to an entity other than the named insured. The endorsement would name the client as the additional entity to receive notice of cancellation. Note that if the insurer does not already have such an endorsement on file with OID, the insurer would have to file the endorsement for approval.

Q.7. I am an agent and would like to use a previous version of an approved advisory organization's certificate of insurance. Is that permissible?

A.7. If the advisory organization submitted the new certificate of insurance form to the Oklahoma Insurance Department stating it replaces the previous version, you may not use a previous version unless the specific insurance company reflected on the certificate has made a filing to non-adopt the new version of the form.

Q.8. I am an agent and prefer to use an approved advisory organization's certificate of insurance instead of the insurance company's approved independent form. Is that permissible?

A.8. No.