



State of Utah

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Governor

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Lieutenant Governor

NEAL T. GOOCH
Insurance Commissioner

Insurance Department

Bulletin 2012-7

TO: Licensed Property and Casualty Insurance Companies and Agents

FROM: Neal T. Gooch, Utah Insurance Commissioner

SUBJECT: Issuance of Certificates of Insurance

This Bulletin supersedes Bulletin 2010-4 dated April 20, 2010.

Certificates of insurance, evidences of insurance, memorandums of insurance, agent opinion letters and similar insurance policy-related documents (collectively "certificates") serve a valuable informational purpose and provide a courtesy summary of the basic coverages and limits of an insurance policy to an insured or third party. The Utah Insurance Department ("Department") is aware, however, that some insurance producers, agencies and insurers are asked to provide certificates of insurance that purport to amend, extend, or alter the terms of the underlying policy, or inaccurately suggest the existence of certain contractual rights.

Pursuant to Utah Code Annotated ("U.C.A.") § 31A-22-1704, a certificate of insurance is not a contract or policy of insurance and cannot legally amend, alter or confer a right that is not provided in the written insurance policy to which the certificate of insurance refers. U.C.A. § 31A-21-201 requires that insurers file all of their insurance policy forms with the Department. This mandate includes certificates of insurance and/or evidences of insurance intended for use in this State. A licensee, or an employee of a licensee, cannot issue any such form(s) until filed with the Department.

It is a violation of U.C.A. § 31A-22-1705 to request, require or issue a certificate of insurance which revises, obscures, misrepresents or expands the written insurance policy language or terms, the obligation of notice by an insurer, or other rights provided under an insurance policy. Such a violation includes providing a customized certificate of insurance form furnished by a proposed certificate holder and/or insured that is not filed with the Department and does not accurately interpret policy terms. Making any statement in a certificate of insurance purporting to amend or extend coverage from the underlying policy, including references to construction contracts, service contracts or insurance requirements, may be a misrepresentation of the policy terms.

Pursuant to U.C.A. § 31A-22-1707, violations of U.C.A. §§ 31A-22-1704 and 31A-22-1705 are subject to administrative and criminal penalties, which include monetary penalties as well as disciplinary action against licensees up to and including revocation of licensure. Further, a certificate of insurance that purports to amend or alter coverage not provided in the written policy is unenforceable and, consequently, may subject the person issuing such a certificate of insurance to civil liability.

The Department recognizes the need for licensed insurance professionals to explain insurance policy terms, coverages and exclusions to their insurance clients. However, when issuing a certificate of insurance the Department strongly cautions Utah licensed insurance professionals *not* to provide a certificate of insurance that extends beyond a fundamental and accurate synopsis of the terms of the insurance policy.

Persons with proof that violations described in this Bulletin should contact the Utah Insurance Department. Comments or questions regarding this Bulletin should be directed to Tracy Klausmeier, Director, Property and Casualty Division at: tklausmeier@utah.gov or (801) 538-3869.

DATED this 20th day of December 2012,



Neal T. Gooch
Insurance Commissioner