

## **Memorandum 01-2007**

To: Insurance Companies and Producers

From: Ken Vines, Wyoming Insurance Commissioner

Date: June 19, 2007

Re: Certificates of Insurance

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 may 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 Memorandum is to clarify the use of certificates of insurance by producers or insurers in Wyoming.

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 Wyoming Insurance Code and may subject the issuer to administrative penalties and/or license suspension or revocation.

Wyoming Statute § 26-15-110 requires insurers to file policies intended for use in Wyoming with the Department for review. A policy form cannot be used in Wyoming until the Department approves the 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 Wyoming 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 \_\_\_\_\_.” A similar statement is included on the preprinted certificate of insurance forms available from ACORD and ISO. The ACORD and ISO forms are acceptable to the Department so long as the preprinted forms are not altered to modify the terms of the underlying policy.

The Wyoming Insurance Code, in Wyo. Stat. § 26-9-211, authorizes the Insurance Commissioner to place on probation, 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.

The following guidelines should be reviewed and adhered to by insurers and producers when issuing certificates of insurance:

1. No licensed insurer or its licensed producer may issue a binder, certificate of insurance or indemnity agreement or any other type of instrument which either affirmatively or negatively amends, extends or alters the coverage provided by its approved policy forms and endorsements.

2. Each certificate or memorandum of property or casualty insurance issued should contain the following or similar statement: “This certificate or memorandum of insurance neither affirmatively nor negatively amends, extends, or alters the coverage afforded by policy number \_\_\_\_\_ issued by \_\_\_\_\_ on \_\_\_\_\_.

3. No certificate of insurance shall contain references to construction contracts, service contracts or insurance requirements for the purpose of amending coverage afforded by the policies to which the certificate makes reference. No certificate of insurance may be used to amend, extend, restrict or alter coverage afforded by the policies to which the certificate of insurance makes reference.

4. No licensed insurer or its producer licensed to do business in Wyoming shall have the authority to issue an “Agent’s Opinion Letter” or any other correspondence purporting an insurance policy provides coverages which the policy does not provide.

If you have any questions regarding the information in this memorandum, you may contact Donna Stewart, Insurance Standards Consultant, at (307) 777-7308.