

COMMONWEALTH OF VIRGINIA

JACQUELINE K. CUNNINGHAM
COMMISSIONER OF INSURANCE
STATE CORPORATION COMMISSION
BUREAU OF INSURANCE



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April 21, 2011

Administrative Letter 2011-02

To: All Insurers Licensed to Write Property and Casualty Insurance in Virginia and All Interested Parties

Re: Certificates of Insurance

NOTE: EACH INSURER RECEIVING THIS ADMINISTRATIVE LETTER IS INSTRUCTED TO PROVIDE A COPY TO EACH OF ITS CURRENTLY APPOINTED AGENTS AND TO EACH NEWLY APPOINTED AGENT.

It has come to the attention of the Bureau of Insurance that widespread misunderstanding regarding the proper use of certificates of insurance, as well as the intentional misuse of such certificates, persists. For example, the Bureau has become aware that some private and public entities are requesting insurers and producers to issue certificates of insurance that are inconsistent with the underlying insurance policy or contract. For purposes of this administrative letter, the term "certificate" or "certificate of insurance" (regardless of how it is titled or described) means any document prepared or issued by an insurer or insurance producer as evidence of property and casualty insurance coverage.

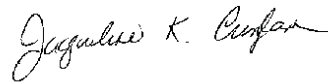
A certificate of insurance is a summary of the referenced insurance policy and does not modify or amend the referenced policy or confer any right upon the certificate holder. The Bureau cautions insurers, producers, and all persons requesting certificates that certificates of insurance cannot be used to amend, expand, or alter the terms of the underlying insurance policy. Certificates should reflect clearly and accurately the coverage provided by the underlying policy as well as the terms and conditions of such policy. For example, it is improper for a producer to indicate in a certificate of insurance that a person is an additional insured contrary to the terms of the policy. Likewise, it is improper to state on a certificate of insurance that a party will be notified if the underlying policy is cancelled if that party is not entitled to notice under the terms of the policy.

Certificates of insurance that misrepresent any material term, condition, coverage, or other provision set forth in the underlying policy, or purport to amend or alter the underlying insurance policy violate the Virginia Insurance Code and subject producers and insurers to possible disciplinary action. It is imperative that producers and insurers issue certificates of insurance that accurately represent the terms and conditions of the policies as contracted between the insurer and the policyholder.

Questions relating to this administrative letter should be directed to:

Manager
P&C Consumer Services Section
Bureau of Insurance
P. O. Box 1157
Richmond, VA 23218
804-371-9185 (Telephone)
804-371-9349 (Facsimile)

Sincerely,

A handwritten signature in cursive script, appearing to read "Jacqueline K. Cunningham".

Jacqueline K. Cunningham
Commissioner of Insurance

JKC/mb