



July 1, 2012

**Administrative Letter 2012-07**

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

**RE: Certificates of Insurance**

**Note: All insurers receiving this administrative letter are expected to instruct their currently appointed agents to review it and familiarize themselves with its contents. The letter may be accessed through the Bureau of Insurance web site at:**

**[Virginia SCC - Letters to Regulated Entities by Topic](#)**

In accordance with legislation enacted by the Virginia General Assembly during its 2012 legislative session, ([House Bill 867](#) and [Senate Bill 47](#)), the Bureau of Insurance (Bureau) will, effective July 1, 2012, enforce the provisions of a new statute within Title 38.2 of the Code of Virginia relating to certificates of insurance. Virginia Code § 38.2-518 prohibits unfair trade practices relating to the issuance of false or misleading certificates of insurance. The language in § 38.2-518 extends the Bureau's authority to *any person* involved with the issuance of a false or misleading certificate of insurance, including certificateholders, policyholders, insurers, and insurance producers.

Insurance producers play a pivotal role in preventing violations of this statute, and educating clients is a key factor in resolving issues without intervention from the Bureau. The Bureau suggests that a copy of this administrative letter be given to any client seeking certificates of insurance at the time of renewal, when a new certificate is requested, or any time the insurance producer believes it is appropriate.

While the law makes it clear that a certificate of insurance must accurately reflect the policy of insurance, there is nothing in the law that prohibits consumers from asking insurance producers for broader insurance coverage, terms, or conditions. There also is no prohibition against consumers seeking out other producers or insurers that may be willing to provide the needed insurance coverage, terms, or conditions. These acts do not constitute a violation of this statute.

The Bureau will not become involved in contractual disputes involving quality of work, deadlines, or any other matter except for a documented request for, or issuance of, a certificate of insurance that contains false or misleading information. Consequently, a fully agreed upon legal contract between persons prior to the provision of goods or services requiring specific insurance coverage, terms, or conditions is not a matter for the Bureau.

When a consumer demands that a certificate of insurance with false or misleading information be produced, the insurance producer should take the followings steps:

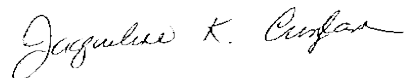
- Talk to the person about why the demand is a violation of Virginia law and offer to give the person a copy of this administrative letter as confirmation of the law's requirements. Encourage the person to contact the Bureau if he has questions.
- Whenever possible, follow-up any verbal communication with written communication documenting the conversation.
- Save all relevant communications from the person demanding a false or misleading certificate of insurance including letters or emails.

The Bureau cannot investigate complaints without specific information regarding the person who is making the demand for a false or misleading certificate of insurance. Anyone who contacts the Bureau to make a formal complaint should be prepared to provide the information in writing.

Questions regarding this administrative letter may be directed to:

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

Sincerely,

A handwritten signature in cursive script, reading "Jacqueline K. Cunningham".

Jacqueline K. Cunningham  
Commissioner of Insurance