

Arkansas Insurance Department

Mike Beebe
Governor



Jay Bradford
Commissioner

December 7, 2010

BULLETIN NO. 7-2010

TO: ALL PROPERTY AND CASUALTY INSURERS AND PRODUCERS
FROM: ARKANSAS INSURANCE DEPARTMENT
RE: CERTIFICATES OF INSURANCE

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It has been called to the attention of this Department that in many instances insurance producers and others have provided policyholders, especially those in the construction industry, with Certificates of Insurance that contain additional representations that are not consistent with the language in the actual insurance policy. Certificates of Insurance and Evidence of Coverage forms are intended to summarize insurance policies including liability limits in lieu of providing the actual policies to insureds or third parties as proof of coverage.

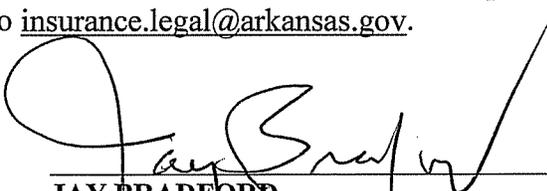
Ark. Code Ann. § 23-79-109 requires that all policies of insurance, as well as riders and endorsements that are issued, delivered, or used in this state shall be filed and approved by the Department with the filing to occur at least thirty (30) days prior to delivery.

Ark. Code Ann. § 23-66-206(8) makes it an unfair trade practice to misrepresent the benefits, advantages, conditions or terms of insurance policies and is a violation of the Arkansas Insurance Code. Additionally, if a policyholder or other person knowingly and intentionally encourages a producer to provide the policyholder or other person a Certificate of Insurance or Evidence of Coverage which misrepresents the benefits, advantages, conditions or terms of his or her insurance, that person may be committing fraud in violation of Arkansas law.

It is the position of this Department that a Certificate of Insurance or Evidence of Insurance form that does more than simply provide a synopsis of the underlying insurance policy may cause an insurer or producer to violate the above provisions. Should the additional terms and conditions be in conflict with the policy the insurer filed and had approved by this Department, the insurer has now issued, delivered or used a policy not filed and approved by the Department, and is, therefore, in violation of the above cited statute. Further, an insurance producer that does not have actual authority to amend the insurance policy has also misrepresented the policy by purporting to change its terms on the Certificate of Insurance or Evidence of Insurance form. Accordingly, no insurer or producer shall issue or use a Certificate of Insurance or Evidence of Insurance form that contains language that conflicts with or purports to alter any policy coverage, exclusion, provision or condition, including, in the case of Evidence of Insurance forms altering the Notice of Cancellation or providing Additional Insured status to the certificate holder except as stated in the insurance policy or in an endorsement. Such misrepresentation is a violation of the Arkansas Insurance Code.

Be advised that should an insurer or producer issue, deliver or use a Certificate of Insurance or Evidence of Insurance form in this State in violation of the position set forth in this Bulletin, the Department may take appropriate administrative action against the insurance company or producer found to be in violation of the above cited statutes.

All insurers are directed to inform their personnel and producers of the contents of this Bulletin. Questions concerning this Bulletin should be directed to the Arkansas Insurance Department's Legal Division at (501) 371-2820 or via e-mail to insurance.legal@arkansas.gov.



JAY BRADFORD
INSURANCE COMMISSIONER
STATE OF ARKANSAS

Dec. 7, 2010
DATE