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REGULATORY BULLETIN 2011-01¹

TO: Property and Casualty Insurers and Producers Writing Business in Arizona and Other Interested Parties

FROM: Christina Urias
Director of Insurance

DATE: January 11, 2011

RE: CERTIFICATES OF INSURANCE

The purpose of this Regulatory Bulletin is to address the prohibited practice of misrepresenting insurance coverage when insurers or insurance producers issue certificates of insurance. The Arizona Department of Insurance (ADOI) is aware that some licensed insurance producers and/or insurers receive requests to issue preprinted certificate of insurance forms, or other evidence of coverage, which may include language that attempts to amend, extend or alter the coverage of the underlying policy, or inaccurately suggests the existence of certain contractual rights such as "hold harmless" agreements. The industry typically uses certificates of insurance in lieu of providing a full copy of the policy, serving as proof of insurance and summarizing policy forms. Although producers and/or insurers do not file the actual certificate forms or other evidence of coverage with the ADOI, they do file and ADOI approves the policy forms they summarize.

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 or terms of an insurance policy violates Arizona law. When an insurer or insurance producer issues a certificate of insurance or other evidence of coverage that exceeds a mere synopsis of the policy, the insurer or producer risks modifying the policy's terms or conditions. Therefore, an insurance producer may not issue a certificate of insurance that does not accurately represent

¹ This Substantive Policy Statement is advisory only. A Substantive Policy Statement does not include internal procedural documents that only affect the internal procedures of the Agency, and does not impose additional requirements or penalties on regulated parties or include confidential information or rules made in accordance with the Arizona Administrative Procedure Act. If you believe that this Substantive Policy Statement does impose additional requirements or penalties on regulated parties, you may petition the Agency under Arizona Revised Statutes Section 41-1033 for a review of the Statement.

the terms or conditions of the policy without written authority from the insurer to alter the terms or conditions of that policy, or unless the producer has written underwriting authority to do so.

A.R.S. §20-443 (A)(1) prohibits a person from misrepresenting the terms of any policy issued, or to be issued, or misrepresenting the benefits to be received. An insurer or insurance producer who issues a certificate of insurance that misrepresents or obscures the terms or conditions of the underlying policy violates A.R.S. §20-443 and this may result in administrative action for suspension or revocation of a producer's license or an insurer's certificate or authority, civil penalties and, if applicable, restitution. Further, knowingly issuing such certificates of insurance may be prosecuted as a class 5 felony. A.R.S. §20-443.01.

This bulletin is available on the Department's web site, www.azinsurance.gov. For questions about the bulletin, please contact Gerrie Marks, Deputy Director at 602/364-3471, or gmarks@azinsurance.gov