



**Nationwide®**  
is on your side

A smart step  
to protect your business.

An overview of certificates of insurance



# It doesn't have to be costly to work with others.

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Your business may rely on working with other businesses in order to succeed. But that can leave you exposed because you can be held legally liable for damages if they do not have adequate insurance coverage. Doing business with vendors, buyers, contractors/subcontractors, tenants/landlords and suppliers can have implications on your own insurance coverage and pose a serious threat to the financial health of your organization.

To protect your business, it is important for you to work with only those who are adequately insured and can prove that coverage exists. And that's where certificates of insurance apply.

## What is a certificate of insurance?

A certificate of insurance verifies that someone wanting to do business with you has adequate limits of insurance and that the insurance is in force and current. Certificates are usually issued by an insurance agent or broker, but also may be issued directly by an insurance company. A certificate is for informational purposes only and is not an actual contract between the certificate holder and the insurance company. A certificate is not a guarantee that the policy does not contain additional exclusions/coverages.

Any contractor should be able to easily obtain a certificate of insurance by contacting his or her agent or broker. Below are real life situations in which you would want to request a certificate from a contractor, vendor or another party.



You own and operate flower shops at three locations in your city, and you want to hire a driver from a temp agency to help with making deliveries during peak periods.



You own a three-story apartment house, and you need to hire an HVAC contractor to completely overhaul your building's 30-year old heating/air conditioning system.



You own a shopping center, housing a supermarket and several retail stores, and you need to hire a contractor to handle snow and ice removal from your parking lot and access roads.

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# It's important to make the request.

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When you are making the important decision of whether or not to work with a vendor, buyer, contractor/subcontractor, tenant/landlord or supplier, obtaining a certificate of insurance can provide a level of confidence as you enter into a contract with them. A certificate of insurance contains valuable information that can help businesses avoid major losses.

Here are two examples of when asking for a certificate of insurance could've paid off:



## EXAMPLE #1:

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Painters were hired to improve the exterior of an upscale apartment building. A certificate of insurance was not obtained. When scaffolding unexpectedly collapsed, several workers were injured and one permanently disabled. There was also damage to the building's façade. The painters had no insurance. The building owner was ordered to pay workers' compensation benefits in addition to paying \$300,000 to repair the building.



## EXAMPLE #2:

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A florist hired a local company with a fleet of trucks to deliver its flowers. A certificate of insurance was not obtained. While making a delivery, a fleet driver was involved in an accident. The driver of the second vehicle was killed and a passenger severely injured. The delivery company's liability limits were inadequate to pay the judgment of \$5 million dollars, so the florist was ordered to pay the remaining \$3.5 million.

In both cases, a certificate of insurance may have revealed the lack of proper insurance or inadequate limits before the accidents occurred.



**Keep the certificate on file.**

If a policy is set to expire before a contractor's work is completed, you should request another certificate for the renewal policy.

# Make sure to review the certificate.

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Insurance requirements will often be written into a contract, but you may also want to supply a required insurance coverage form to the contractor or other party (see “Required insurance coverage” section below). Always obtain the certificate before any work is performed. Most businesses require certificates before the contractor can even set foot on their property.

After obtaining the certificate, review it for the following information:

- **The name of the insured**
- **The proper coverage(s) being provided**
- **The required limits**
- **The effective dates**
- **Your name as the certificate holder**

## Required insurance coverage.

Before providing a service or product to you, the party with whom you are doing business must provide a certificate of insurance that names you as the certificate holder and meets the minimum requirements listed below.

Please note: If the other party either does not provide you with a certificate of insurance or if they provide one with limits lower than the requested minimums, you should discuss this with your agent before work begins.



### General liability

\$1 million each occurrence/\$2 million general aggregate/\$2 million products-completed operations aggregate; \$1 million personal and advertising injury each occurrence.



### Workers' compensation and employers' liability

\$500,000 bodily injury by accident, each accident; \$500,000 bodily injury by disease, each employee; \$500,000 bodily injury by disease, policy limit.



### Auto

\$1 million CSL (combined single limits).



### Umbrella liability

\$1 million each occurrence.

For an explanation of how these limits would be applied in the event of an actual loss, consult with your agent.

# What you can learn from a certificate.

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Most certificates of insurance are issued on an ACORD 25 form, a standard form used by the insurance industry. Here's a brief description of each section of the form with a sample to review (on the next page):

## Identification section.

This section identifies the agent/broker, the insured and the insurance company providing coverage.

- 1 The date the certificate was issued by the agent/broker or insurance company.
- 2 The name of the insurance agent/broker. Their address, contact name and phone number should be listed in case you need to ask additional questions or confirm coverage.
- 3 The name of the insured. Be sure to verify that it is an exact match to the name of the person or company you are hiring.
- 4 The names of insurers. One insurer often provides insurance for all coverages, but at times, different insurers are used for different policies.

## Coverages section.

This section lists the names of the insurers by coverage provided. Make sure the insurers meet your minimum requirements for financial strength and are reputable carriers.

- 5 The insurer for a particular coverage, keyed to the corresponding letter in item #4.
- 6 The type of coverage. Ensure that the person or company you are hiring has, at a minimum, general liability and workers' compensation insurance.
- 7 Additional insured column. Verify that a "Y" appears to indicate you have been added as an additional insured for ongoing and products/completed operations. Best practice is to ask for copies of the additional insured endorsement to ensure that coverage complies with your insurance requirements.
- 8 The policy number. Identifies the number of the policy in force between the policy effective date and expiration date listed in the next two columns on the form.
- 9 The policy coverage dates. Check these to ensure they cover the period in which work will be performed. If a policy is set to expire before the job is completed, request another certificate for the renewal policy.
- 10 Coverage limits. Make sure the limits held by the contractor meet the limits you require.
- 11 Description of operations/locations/vehicles. Make sure you understand the meaning of any comments made here and how they may impact your project's insurance program.

## Certificate holder section.

- 12 Identification of certificate holder. Make sure your company's name appears here.
- 13 Notification procedures if the policy is canceled. Ask to see the policy provisions or endorsements regarding how notice will be given, to whom, and how many days advance notice will be provided. Make sure they meet your contract requirements.
- 14 Signature of authorized representative. Make sure the certificate is signed here by the agent or other individual representing the person or company you are hiring.



# CERTIFICATE OF LIABILITY INSURANCE

DATE 1 (YYYY)

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

**IMPORTANT:** If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER <b>2</b>	CONTACT NAME:	
	PHONE (A/C, No, Ext):	FAX (A/C, No):
	E-MAIL ADDRESS:	
	INSURER(S) AFFORDING COVERAGE	NAIC #
INSURED <b>3</b>	INSURER A:	<b>4</b>
	INSURER B:	
	INSURER C:	
	INSURER D:	
	INSURER E:	

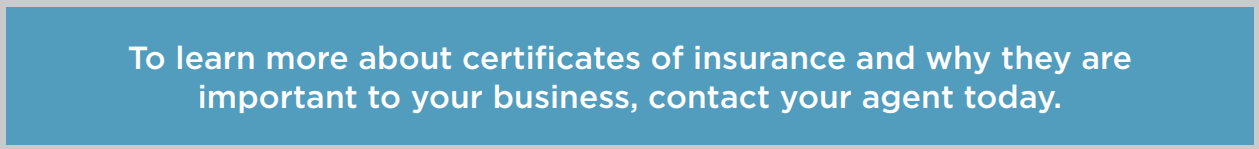
COVERAGES CERTIFICATE NUMBER: REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
<b>5</b>	<b>6</b> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR GENL AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:			<b>8</b>		<b>9</b>	<b>10</b> EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMP/OP AGG \$
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> NON-OWNED AUTOS						COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
	UMBRELLA LIAB EXCESS LIAB <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS-MADE DED RETENTION \$						EACH OCCURRENCE \$ AGGREGATE \$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below						<input type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)  
**11**

<b>CERTIFICATE HOLDER</b> <b>12</b>	<b>CANCELLATION</b> <b>13</b> WOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE <b>14</b>





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