



DEPARTMENT OF INSURANCE, FINANCIAL
INSTITUTIONS AND PROFESSIONAL REGISTRATION

P.O. Box 690, Jefferson City, Mo. 65102-0690

INSURANCE BULLETIN 10-02

Certificates of insurance

Issued Feb. 8, 2010

To: All insurance producers, insurance agencies and insurers licensed to sell property and casualty insurance.

From: John M. Huff, Director

Re: Certificates of insurance

The Missouri Department of Insurance, Financial Institutions and Professional Registration (DIFP) has recently received information that some producers have been asked to alter standard certificates of insurance without the knowledge or consent of the insurer. The purpose of this bulletin is to remind licensed property and casualty producers, insurance agencies and insurers of their responsibilities to comply with Missouri law when issuing certificates of insurance.

Generally speaking, certificates of insurance serve only as evidence of insurance in lieu of an actual copy of an insurance policy. Distribution of a certificate of insurance which has been modified without authorization from the insurer or which alters the provisions of the underlying policy violates the Unfair Trade Practices Act (§§375.930 – 375.948, RSMo). Specifically, §375.936(6)(a), RSMo, prohibits an insurer from misrepresenting “the benefits, advantages, conditions, or terms of any policy.” A certificate of insurance that does not match the policy it evidences may be interpreted to add or enhance benefits that are not actually included in the policy of insurance. This can lead to a misunderstanding by the policyholder of the scope and limitations of his or her actual coverage. The only way an insurance producer can be certain that he or she has not varied or misrepresented the terms of the policy is to use the form certificate of insurance authorized by the insurer or to secure the insurer’s pre-approval of the altered certificate.

If the Director determines or believes that an insurer, which under §375.932(3), RSMo, includes individual producers, “has engaged, is engaging in, or has taken a substantial step toward engaging in an act, practice, or course of business constituting a violation” of

the Unfair Trade Practices Act, the Director may take administrative or civil enforcement action “for relief authorized under” either §374.046 or §374.048, RSMo. Each practice in violation of the Unfair Trade Practices Act is deemed a level two violation under §374.049, RSMo.

If you have any questions regarding this communication, please contact DIFP at <http://insurance.mo.gov/help/comments.htm> or call toll-free at 800-726-7390.