



Certificates of Insurance

Certificates of Insurance (COIs) are an important tool used often in the contracting, service, and professional worlds. COIs enable customers to verify insurance coverage is in place, and enable contractors or professionals to document that their insurance programs meet the necessary insurance requirements to perform a job or project. The COI is not a replacement for information contained within the actual policy, but is viewed as a reliable source of information regarding insurance coverage.

With certificates being needed so frequently in certain professions, it may seem convenient for a business to publish a copy of their certificate on their website as public proof of adequate insurance. This tactic, while convenient, can have an unexpected downside, and this is where we urge caution.

Fraud Concern – Fraudulent Duplication and/or Misrepresentation

If a document is made available on a public domain without security protocols in place, it can become an easy target for duplication and manipulation. We have seen this many times in the media (particularly social media) with images and even documents which were later identified as 'fake' or 'altered'.

Individuals may download and attempt to manipulate a certificate of insurance document to serve as fraudulent 'proof' that their company is currently and adequately insured. In some cases, the business name can even be duplicated and used, but often in a different geography or territory. This seems harmless at the outset, that is until an accident or loss occurs.

Example

A service company based in New York had a sample Certificate of Insurance published on their website as proof of insurance for potential customers considering hiring their services. The owner of the company later received notice of a claim alleging damages for work performed in California. The certificate of insurance presented for the claim contained the NY business's insurance policy and limit detail, although the business name had been altered. The NY company did not operate in CA, nor was insured to work in that state, so the insurance carrier denied the claim. Several years later, another fraudulent copy of the certificate resurfaced, this time in New Jersey. A fraud investigation was opened with the New Jersey Department of Insurance.

In this example, the New York business was not held financially liable for the claim, however there are additional soft costs of fraud to consider:

- Time spent defending a claim as well as participating in fraud investigations by a state insurance department and/or insurance carrier.
- The cost of potential reputational damage if another company's misrepresentations negatively affect the defrauded business.
- Time spent by the insurance agency of record submitting and participating in fraud investigations.

In this scenario, it is also possible that the business or individual who hired the company in California was left with the financial responsibility and/or liability resulting from the loss.

Tips for Spotting Fraudulent Certificates

Here are a few 'red flags' to watch for when evaluating COIs that could be indicators of fraud:

- A certificate that has been clearly photo copied, is blurry, and may be difficult to read.
- Two or more different fonts are used in the data fields. Certificates of Insurance generated by an agent or carrier should have all entered data printed in a single font type.
- Noticeable smudging, or evidence of text replacement to hide and replace the original content entered with different information.
- A certificate that omits contact information for the agent or producer of record.
- A certificate without a date of issuance noted at the top.

Fraud Prevention

Here are a few tips to help prevent fraudulent duplication of certificates of insurance from occurring.

For contractors and service professionals: Only distribute certificates of insurance upon request through your authorized insurance agent or carrier. Have the certificates sent directly to the requesting party via email or physical mail. In addition to the business, insurer, and coverage detail, ensure the certificate is dated and the 'Certificate Holder' field is pre-filled with the name of the requestor.

For business and consumer customers: Submit requests for certificates directly with a contractor's or professional's insurance agent, broker or insurance carrier. If a certificate is provided directly by the company you are seeking to hire, verify coverage and limits by contacting their insurance agent or broker noted on the COI directly. For businesses who regularly use contractors or subcontractors, a formal certificate management process, a management platform, or even a vendor supported service may be beneficial to help effectively track and keep up with COIs.

Insurance fraud, in its many forms, negatively affects the broader business community by increasing the risk of doing business and subsequent cost for insurance as these increased expenses accumulate. It is up to each person, whether a customer or an insurance professional, to help spot and prevent fraud to help keep insurance affordable. If you have questions or concerns of fraud concerning a certificate of insurance, alert your insurance agent or insurance carrier.

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