

**STATE OF MICHIGAN
DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES**

Bulletin 2016-18-INS

In the matter of

Certificates of Insurance
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**Issued and entered
This 18th day of July 2016
By Patrick M. McPharlin
Director**

This bulletin supersedes Bulletin No. 2008-11-INS. It has come to the attention of the Department of Insurance and Financial Services (DIFS) that there is widespread misunderstanding regarding the proper use of certificates of insurance, as well as instances of intentional misuse of such certificates. This bulletin reminds insurers, insurance producers, and all persons requesting certificates that certificates cannot be used to amend, extend, or alter the terms of the underlying insurance policy.

Section 2270(a) of the Michigan Insurance Code (Code), MCL 500.2270(a), defines a certificate of insurance as “a document, regardless of how it is titled or described, prepared by an insurer or insurance producer, that is a statement or summary of an insured’s property or casualty insurance coverage.” A certificate of insurance should clearly and accurately describe the coverage provided by the underlying policy, as well as the terms and conditions of such policy. A certificate of insurance cannot modify or amend the underlying policy.

Issuing of certificates of insurance which misrepresent any material term, condition, coverage, or other provision set forth in the underlying policy, or which purport to amend or alter the underlying policy, violates several sections of the Code. Section 1239(1) of the Code, MCL 500.1239(1), prohibits an insurance producer from using fraudulent, coercive, or dishonest practices or demonstrating incompetence, untrustworthiness, or financial irresponsibility in the conduct of business. Section 2005(a) of the Code, MCL 500.2005(a), prohibits any person¹ from misrepresenting the terms of an insurance contract. In addition, Section 2271 of the Code, MCL 500.2271, states that a person² shall not do any of the following:

(a) Issue or deliver a certificate of insurance that purports to affirmatively or

¹ A “person” includes an agent, insurance producer, solicitor, counselor, or adjuster, as well as an individual, insurer, company, association, organization, Lloyds, society, reciprocal or inter-insurance exchange, partnership, syndicate, business trust, corporation, and any other legal entity. See MCL 500.114, MCL 500.2003.

² *Id.*

negatively alter, amend, or extend the coverage provided by an insurance policy referenced in the certificate of insurance.

(b) Prepare or issue a certificate of insurance that contains any false or misleading information concerning an insurance policy referenced in the certificate of insurance.

(c) Demand or require the issuance of a certificate of insurance from an insurer, insurance producer, or policyholder that contains any false or misleading information concerning an insurance policy referenced in the certificate of insurance.

An insurance producer who intentionally misrepresents the terms of an actual or proposed insurance contract by issuing an improper certificate of insurance could be found in violation of Sections 1239(1), 2005(a), and/or 2271 of the Code.

It is imperative that certificates of insurance accurately represent the terms and conditions of the policies as contracted between the insurer and the policyholder. Violations of any of the above-listed Code sections may subject a person to disciplinary action. The Director may order the suspension or revocation of a license and/or issue other administrative penalties and fines for violations of the Code.

DIFS urges all insurers to forward a copy of this bulletin to their insurance producers, as well as to any other persons potentially affected, and remind them of the consequences of providing improper certificates of insurance.

Any questions regarding this bulletin should be directed to:

Department of Insurance and Financial Services
Office of General Counsel
530 W. Allegan St, 8th Floor
P.O. Box 30220
Lansing, Michigan 48933-7720
Toll Free: (877) 999-6442

/s/

Patrick M. McPharlin
Director