

Broker's Notes

Certificates of Insurance

As there is no contract and no binding authority agreement between Simmlands and any other insurance broker / agent we are often asked if a retail broker can sign a Certificate of Insurance.

The simple answer is, **Yes**. In fact it is the retail broker's responsibility to do so.

A Certificate of Insurance is not part of the insurance contract. It does not change or amend the contract in any way. A certificate of Insurance is only a confirmation that a particular insurance coverage is in effect at the time of issue.

We see no reason why a licensed broker / agent would be barred from issuing such a document.

Unfortunately most requests for a certificate of insurance are made by people who know little about insurance contracts and are really not interested in learning. They have leased equipment or loaned money to the Insured and their contract includes a number of "insurance conditions" including the provision of a certificate.

All of that said, the following are a few points and suggestions from our perspective:

Signing Certificates:

As the certificate is not part of the insurance contract, it really does not need to be signed by anyone. If it is your corporate practice to sign certificates, then please do so only in **your own name**. Please do not sign certificates "per" or "on behalf of" Simmlands. You have no authority to sign anything on our behalf.

Third Party Certificates:

It is our corporate policy not to sign any certificates of insurance except our own. If a third party absolutely insists on having "their" form signed, and your office does not wish to sign it, then we will have to submit to our underwriters for their signatures.

As we use a consortium of insurers this process can take some time and depending upon the wording of the certificate, may not be approved. Just because the Insured agreed to terms in his/her contract with the Third Party, the insurers are not obliged to meet or honour them.

Wordings:

We strongly recommend that you ensure than any certificate that your office signs includes very clear notice to the reader / holder that the certificate is for confirmation purposes only and does not amend the policy terms in any way, nor does the certificate

provide any rights or privileges to the holder. Most standard certificates (IBC, IAO, CSIO, etc) tend to include wording to this effect, but we often see customized certificates without it.

Conflicting Terms:

We often see lease, rental or service contracts which include insurance conditions that are not only highly onerous but are in fact well outside the scope of coverage provided by the policy wordings, and / or which include obligations well beyond what is offered by the insurance contract.

We strongly recommend that you carefully review any certificates that you sign which include "blanket" clauses like ".per the agreement..." or "... per by-law # xxxx...", or include notice of cancellation, change or especially lapses or non-renewals of coverage. The insurers have no control over whether or not the Insured renews the policy nor are the insurers bound by any agreements other than the insurance contract.

Insureds should be cautioned about the risks of signing contracts which include clauses requiring obligations or commitments from anyone who is not a party to the contract.

When signing certificates of insurance, remember that any terms or conditions that you agree to which are beyond the scope of the policy are your obligation, not the Insurers'.

Privacy:

Not all commercial Insureds are corporations. Many are sole proprietorships and the individual's information is subject to the P.I.P.E.D. Act. We often see requests for information from lending institutions or leasing companies that are not supported by authorization from the Insured.

We believe that without direct permission from our Insured, we are not allowed to release private information to other parties. We will not provide private information to third parties. We assume that your office has its own rules and procedures in place to conform to the Privacy Legislation, both Federal & Provincial and we leave that choice up to you.

Our Privacy Policy is posted on our website.