

Nebraska Department of Insurance
Guidance Document
IGD - - D3

Title: Issuance of Certificates of Insurance

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Notice: This guidance document is advisory in nature but is binding on an agency until amended by such agency. A guidance document does not include internal procedural documents that only affect the internal operations of the agency and does not impose additional requirements or penalties on regulated parties or include confidential information or rules and regulations made in accordance with the Administrative Procedure Act. If you believe that this guidance document imposes additional requirements or penalties on regulated parties, you may request a review of the document.

Certificates of insurance, evidence of insurance, and similar documents (collectively “certificates”) serves a valuable purpose by providing a summary of the terms of an insurance policy to a third party. The Nebraska Department of Insurance (NDOI) is aware, however, that insurers and insurance producers are asked upon occasion to provide certificates that purport to amend, extend, or alter the coverage of the underlying policy. This guidance document advises insurers and insurance producers that certificates are not the proper method to amend a policy, that amending such certificates may create errors and omissions exposure, and that this activity violates a number of provisions of Chapter 44 of the Nebraska Revised Statutes.

Certificates of insurance are not actual policies of insurance, and they do not and cannot amend, extend, or alter insurance coverage afforded by policies or binders themselves.

Nebraska law, specifically Article 75 of Chapter 44 of the Nebraska Revised Statutes, requires insurers to file insurance policies and endorsements intended for use in this state with the NDOI . When an insurer or insurance producer executes a certificate that attempts to do more than offer a synopsis of the policy, the insurer or producer risks the creation of obligations that are not payable by the underlying policy. This violates Article 75, as insurers are not to enter into insurance obligations, except as provided through properly filed insurance policies.

NEB.REV.STAT § 44-4059(1)(e), prohibits an insurance producer from “intentionally misrepresenting the terms of an actual or proposed insurance contract,” and violations can result in the suspension or revocation of a license and penalties of up to one thousand dollars per violation. An insurance producer who issues a certificate that amends, extends, or alters the insurance policy or otherwise intentionally misrepresents the terms of an actual or proposed insurance policy could be subject to license revocation or suspension and face other penalties under this law. An insurance producer may not execute a certificate of insurance that includes any statements that purport to amend, extend, or alter coverage or indicate that a certificate holder has a right to notice of cancellation, nonrenewal, or any similar notice not contained in the underlying policy. This prohibition applies to certificates of

insurance, as well as other documents that do not purport to be certificates of insurance such as a formal opinion or other document issued or signed by a licensed insurance producer.

The NDOI urges all insurers to forward a copy of this guidance document to their appointed producers and customer service representatives to remind them of the consequences of providing instructions to their appointed producers on how they should meet client expectations, and which expectations they simply cannot meet.

If you have any questions concerning this guidance document, please contact the Legal Division at (402) 471-2201.