



Nationwide®
is on your side

A smart step to protect your business.

An overview of certificates of insurance



It doesn't have to be costly to work with others.

Your operation may rely on working with other businesses in order to succeed. However, this collaboration can also expose you to legal liability if these partners lack sufficient insurance coverage. Doing business with inadequately insured or uninsured vendors, contractors, tenants and suppliers can have implications on your own insurance coverage and pose a serious threat to the financial health of your organization.

To safeguard your business, it's critical to partner with those individuals or businesses who possess adequate insurance and who can provide evidence of its existence. This is where certificates of insurance come in to play.

What is a certificate of insurance?

A certificate of insurance verifies that someone wanting to do business with you has adequate limits of insurance and that the insurance is in force and current. Certificates are usually issued by an insurance agent or broker, but also may be issued directly by an insurance company. A certificate is for informational purposes only and is not an actual contract between the certificate holder and the insurance company. A certificate is not a guarantee that the policy does not contain additional exclusions/coverages.

Any legitimate business should be able to easily obtain a certificate of insurance by contacting his or her agent or broker. Below are real life situations in which you would want to request a certificate from a contractor, vendor or another party.



You are a plumbing contractor and you need to hire a concrete cutting company to core drill through a floor in a high rise, in order to run a pipe.



You lease a portion of your building to metal fabrication business.



You hire a caterer to supply food and beverages for your employee appreciation barbecue.

It's important to make the request.

When you are making the important decision of whether or not to work with a vendor, contractor, tenant or supplier, obtaining a certificate of insurance can provide a level of confidence as you enter into a contract with them. A certificate of insurance contains valuable information that can help businesses avoid a catastrophic loss.

Here are two examples of when asking for a certificate of insurance could've paid off:



EXAMPLE #1:

ABC Plumbing subcontracts to a concrete cutting company to core drill through a floor, in a high rise, in order to run a pipe for their project. The concrete cutting company hits a fire sprinkler line while setting up flooding 7 floors before the water is shut off. The concrete cutting company is under insured for the job and only carries \$500,000 per occurrence limit for General Liability. The loss totals \$750,000 and ABC Plumbing is required to pay the remaining \$250,000.



EXAMPLE #2:

A caterer is hired to provide food and beverages for your employee appreciation barbecue. The caterer provides 5 people to cook and serve food for the barbecue. During cooking operations one of the caterer's employees is severely burned. You later learn the catering company did not carry Workers' Compensation coverage and you are required to pay the catering employees medical bills and lost wages.

In both cases, a certificate of insurance may have revealed the lack of proper insurance or inadequate limits before the accidents occurred.

A man and a woman are standing in a modern office with glass walls and hanging lights. The man, on the left, is wearing a light blue patterned shirt, dark pants, and glasses. He is holding a yellow folder and looking at a document. The woman, on the right, is wearing a grey blazer, white shirt, and white pants. She is also wearing glasses and is looking at the document. The background shows a glass-walled office space with several hanging lights.

Keep the certificate on file.

If a policy is set to expire before a contractor's work is completed, you should request another certificate for the renewal policy.

Make sure to review the certificate.

A standard practice is to include insurance requirements as part of your written contract or include as an addendum. The “Required insurance coverage” below can serve as a guide to establishing minimum limit requirements for contracted work. Always obtain the certificate before any work is performed. Most businesses require certificates before the contractor can even set foot on their property. or jobsite.

After obtaining the certificate, review it for the following information:

- **The name of the insured**
- **The proper coverage(s) being provided**
- **The required limits**
- **The effective dates**
- **Your name as the certificate holder**

Required insurance coverage

Before providing a service or product to you, the party with whom you are doing business must provide a certificate of insurance that names you as the certificate holder and meets the minimum requirements listed below. You may want or need to adjust these minimum limits based on the scope or risk of the services provided or underlying contractual requirements. If uncertain, seek guidance from your agent.

Please note: If the other party either does not provide you with a certificate of insurance or if they provide one with limits lower than the requested minimums, you should discuss this with your agent before work begins.



General liability

\$1 million each occurrence/\$2 million general aggregate/\$2 million products-completed operations aggregate; \$1 million personal and advertising injury each occurrence.



Workers' compensation and employers' liability

\$500,000 bodily injury by accident, each accident; \$500,000 bodily injury by disease, each employee; \$500,000 bodily injury by disease, policy limit.



Auto

\$1 million CSL (combined single limits).



Umbrella liability

\$1 million each occurrence.

For an explanation of how these limits would be applied in the event of an actual loss, consult with your agent.

For tenants, you will want request and verify special limits for damage to rented premises. Discuss minimum limit requirements with your agent or insurance broker.

Other specialty limits that you may encounter and want to verify could include, pollution liability insurance for those contractors or tenants who may be storing, handling or applying items that could be considered a pollutant or professional liability for those contractors rendering a professional service (e.g. architect or engineer). You will want to discuss both of these scenarios with your agent or insurance broker.

What you can learn from a certificate.

Most certificates of insurance are issued on an ACORD 25 form, a standard form used by the insurance industry. Here's a brief description of each section of the form with a sample to review (on the next page):

Identification section

This section identifies the agent/broker, the insured and the insurance company providing coverage.

- 1 The date the certificate was issued by the agent/broker or insurance company.
- 2 The name of the insurance agent/broker. Their address, contact name and phone number should be listed in case you need to ask additional questions or confirm coverage.
- 3 The name of the insured. Be sure to verify that it is an exact match to the name of the person or company you are hiring.
- 4 The names of insurers. One insurer often provides insurance for all coverages, but at times, different insurers are used for different policies.

Coverages section

This section lists the names of the insurers by coverage provided. Make sure the insurers meet your minimum requirements for financial strength and are reputable carriers.

- 5 The insurer for a particular coverage, keyed to the corresponding letter in item #4.
- 6 The type of coverage. Ensure that the person or company you are hiring has, at a minimum, general liability and workers' compensation insurance. Other coverages will be dictated by your individual contract scenario and liability exposures presented (e.g. auto liability if your contractor is using an auto to fulfill scope of work)
- 7 Additional insured column. Verify that a "Y" appears to indicate you have been added as an additional insured for ongoing and products/completed operations. Best practice is to ask for copies of the additional insured endorsement to ensure that coverage complies with your insurance requirements.
- 8 The policy number. Identifies the number of the policy in force between the policy effective date and expiration date listed in the next two columns on the form.
- 9 The policy coverage dates. Check these to ensure they cover the period in which work will be performed. If a policy is set to expire before the job is completed, request another certificate for the renewal policy.
- 10 Coverage limits. Make sure the limits held by the contractor meet the limits you require.
- 11 Description of operations/locations/vehicles. Make sure you understand the meaning of any comments made here and how they may impact your project's insurance program. Ensure you are conducting verification steps for specifics remarks made in this section. For example, if remarks state your organization is covered as an additional insured, require a copy of this endorsement be provided to you to verify in force coverage.

Certificate holder section

- 12 Identification of certificate holder. Make sure your company's name appears here.
- 13 Notification procedures if the policy is canceled. Ask to see the policy provisions or endorsements regarding how notice will be given, to whom, and how many days advance notice will be provided. Make sure they meet your contract requirements.
- 14 Signature of authorized representative. Make sure the certificate is signed here by the agent or other individual representing the person or company you are hiring.



CERTIFICATE OF LIABILITY INSURANCE

DATE (1) (YYY)

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an **ADDITIONAL INSURED**, the policy(ies) must be endorsed. If **SUBROGATION IS WAIVED**, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER 2	CONTACT NAME:	
	PHONE (A/C, No, Ext):	FAX (A/C, No):
INSURED 3	E-MAIL ADDRESS:	
	INSURER(S) AFFORDING COVERAGE	
	INSURER A:	
	INSURER B: 4	
	INSURER C:	
	INSURER D:	
INSURER E:		
INSURER F:		

COVERAGES

CERTIFICATE NUMBER:

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	6 TYPE OF INSURANCE	ADDL SUBR INSD VWD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
5	COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input type="checkbox"/> LOC OTHER:	7	8	9		EACH OCCURRENCE \$
						DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 10
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS					COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
	UMBRELLA LIAB <input type="checkbox"/> OCCUR EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED <input type="checkbox"/> RETENTION \$					EACH OCCURRENCE \$ AGGREGATE \$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) <input type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> N/A If yes, describe under DESCRIPTION OF OPERATIONS below					<input type="checkbox"/> PER STATUTE <input type="checkbox"/> OTHER E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

11

CERTIFICATE HOLDER**CANCELLATION**

12	13
	14

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To learn more about certificates of insurance and why they are important to your business, contact your agent today.



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