

Certificate of Insurance

What is it and how do you read it?

What is a Certificate of Insurance?

A Certificate of Insurance is simply PROOF that insurance coverage exists.

Certificate of Insurance - a form issued by the company to the insured or other interested parties attesting to the fact that coverage is in force. Certificates cannot be used to alter coverage and generally contain disclaimers stating that *certificate holders are not granted any rights under the policy*, and the company has no duty to notify them of cancellation.

Requesting a Certificate of Insurance is a normal part of the process when the College signs contracts and agreements, hires contractual or professional services, allows businesses to rent or use county property, permits the consumption of alcohol on county property, etc.

*For the purposes of this document **all** of the 3rd parties the College might request a Certificate of Insurance from shall be called "the vendor" even though this could be an individual or a company or a contractor or a not-for-profit, etc.*

Simply put, the certificate serves as proof from the vendor's insurance company that the types of insurance the college requires are in place *at the specified limits*.

Some examples of insurance the college may require are general liability, property, professional liability, workers compensation, auto, host liquor, etc.

What does it mean to be “Named as Additional Insured”?

Being named as additional insured provides insurance coverage under the vendor’s policy.

Additional Insured - a person other than the named insured who is protected under an insurance contract (in this case, the College).

The purpose of being named as additional insured is to:

- 1) reinforce the contractual *transfer of risk* away from the College back to the vendor providing the goods or service
- 2) obtain third party rights to *policy defense* in the event of a lawsuit
- 3) *thwart subrogation* attempts by the vendor’s insurance company for claims they had to pay (asking the College for reimbursement)

When the College is named as additional insured on a vendor’s insurance policy it provides the College with insurance coverage and defense costs under *the vendor’s* policy (up to the policy limits) instead of under *the county’s* policy.

This additional level of protection is necessary because we have no control of the vendor’s employees, events, services, products, activities or environments BUT they are working for or on behalf of the college, providing a service for the college or could be occupying college property or transporting college students and employees , so the college *does* have some risk exposure.

How do I read a Certificate of Insurance?

Certificates of Insurance are usually one page and show coverage and limits. Most insurance agencies use a standardized blank form that lists several different types of insurance, so be aware **only those types of insurance checked off in the left column are the policies that are in effect**. The policy limits for those checked items will be specified in the far right column under Limits.

The middle column of the certificate should show the **policy effective dates**. Make sure the certificate you receive and submit to the college is current and not expired. Most certificates expire within 12 months – so the vendor has to ask for a new certificate *every year*.

If the College agreement with the vendor requires the college be named as **additional insured** then the college should see wording to that effect in the Description of Operations/ Locations/ Vehicles/ Special Items section towards the bottom of the certificate. Sample wording could be: “The District Board of Trustees of Florida Community College at Jacksonville is named as additional insured” OR “The Certificate Holder is named as additional insured”.

The bottom left hand corner of the certificate should list Florida Community College at Jacksonville, Purchasing Department, 501 W State St. Jacksonville, FL 32202 *physical address*, as the **Certificate Holder**. Please make sure the colleges business address appears in this box and NOT the vendor’s address. This is the address that the proof of insurance will be mailed to AND this is the box that lists who is named as additional insured.

The certificate should be signed by an agent, broker or other representative authorized to issue certificates (rubber stamp signature is permissible).

It’s not uncommon to have multiple certificates if the college is requiring more than one type of insurance (i.e. not everyone purchases insurance from just *one* insurance company). Proof of *property* coverage and proof of *liability* coverage are commonly shown on two separate certificates.

Review the sample Certificate of Insurance attached. The file name is **Certificate of Insurance – Example.pdf**

