

Detecting Fraudulent Certificates of Insurance

“A certificate of insurance is a document, normally issued by an insurance broker, that supposedly verifies the existence and terms of an insurance policy,” write Gene Killian in The Killina Firm’s *Fraud*.

He discusses how “It’s common in the construction industry, where contractors and subcontractors are generally required to carry certain types of coverage, but really, the insurance card in your car is also a kind of certificate of insurance. The certificate of insurance is one of the most important documents that you can review in connection with your business contract, because if something goes wrong, you may need to tap that coverage.”

“The problem is, when it comes to enforcing the terms of the coverage reflected on the certificate of insurance, the certificate of insurance is essentially worthless. It’s just a written statement by an insurance broker, not an actual policy. While it might get the broker or policyholder into trouble for negligence or misrepresentation if it’s not valid, it creates no rights against the insurance company.”

Read the article.