

The Importance of the COI

As insurance advisors, we navigate a broad spectrum of risks and insurance challenges. Some of these issues may seem complex at first glance, and as you dive deeper, their intricacies only multiply. Others, like the Certificate of Insurance (COI), might initially appear straightforward and inconsequential. However, as you gain a deeper understanding of their role in insurance and risk management, their true importance becomes clear. In fact, you'll realize how frequently COIs are both requested and issued incorrectly. This article is designed to provide a clear overview of COIs and guide you on how to properly request one from your agent or broker.

A COI is a crucial document that proves you have the appropriate insurance coverage for your business, project, or event. Often a prerequisite when entering contracts, leasing property, or working with new clients, a COI assures parties that you possess adequate insurance to mitigate potential risks. However, requesting a COI from your insurance agent or broker can sometimes be more complex than it initially seems.

This article will clarify the COI request process by addressing important topics such as the differences between evidence-only COIs and standard policies, common pitfalls related to master COI templates, and the specific scenarios where COI requests are linked to detailed contractual obligations and policy endorsements. By understanding these elements, you can streamline your COI requests, ensuring that you meet all necessary coverage requirements without unnecessary coverage ambiguities.

Why Does It Matter That Your COI Is Issued Correctly?

Let's face it—if you're like most businesses, insurance likely isn't your area of expertise, and that's perfectly fine. That's why you have an agent or broker—ideally, a knowledgeable one—to handle it for you. After all, in the business world, the only things you can count on are death, taxes, and the inevitable need for a Certificate of Insurance (COI).

Typically, the need for a COI arises from contractual obligations, such as leases, that mandate specific insurance coverage types, amounts, and clauses (such as additional insured status). Failing to meet these insurance requirements can put you in breach of contract. Furthermore, many contracts include indemnification provisions, meaning that if your insurance doesn't respond, the counterparty—for example, a landlord—will seek defense costs and indemnification directly from your business.

Steps to Request a COI from Your Agent or Broker

Understanding the certificate requestor's needs is paramount to getting the correct COI the first time. Requesting a COI from your agent or broker can be a straightforward process, but certain steps must be followed to ensure accuracy and completeness.

1. Understand the Request

The first step is to understand the type of request. Is it an evidence-only request, a standard request, a specific request without a contract, or a request tied to a contract with detailed coverage requirements?

Evidence Only – An “evidence-only” request simply means that the counterparty asks for documentation showing you have insurance coverage, without necessarily needing any specific endorsements or additions like Additional Insured or Waiver of Subrogation status. When making this request, ensure that you provide your agent or broker with the details about what needs to be on the COI including the limits you’d like to show.

Remember, agents and brokers often use templates to issue COIs, so if you don’t want to disclose all coverages or full limits, let the agent or broker know.

Standard Request – A standard request typically arises from a customer contract where the insurance requirements are defined by the insured. In this case, a “master” or template COI, pre-established by your agent or broker, can usually fulfill the coverage requirements as they already know the conforming insurances are in force.

Specific Request Without a Contract - In some situations, counterparties may ask to be listed as “Additional Insured” on your policy, even though no formal contract or agreement exists between the insured and the requesting counterparty. This often occurs with informal relationships, such as when a venue requests coverage as Additional Insured

for a one-time event, or a vendor asks to be covered for a particular small project. The challenge in this situation is that without a formal contract, the terms and scope of coverage required are unclear. As a result, your agent or broker must ensure that the requested coverages—such as Additional Insured (AI) endorsements—are properly worded to meet the counterparty’s needs. Since many AI endorsements require a contract to be in place before AI status can be granted, these requirements must be clearly defined to avoid any gaps in coverage.

Contract with Detailed Insurance Requirements - When a contract is in place, COI requests become more structured due to detailed insurance clauses outlining the required coverage. This is another scenario where the use of template or master certificates can cause problems, as they often fail to align with the specific contractual insurance requirements. Agents and brokers create these master templates to make issuing COI more efficient. However, accuracy diminishes, creating redundant re-issuance work or worse, liability for the insured and agent or broker. To avoid this, you must provide the full contract to your agent or broker, along with a written request for confirmation that the necessary coverages, limits, and endorsements are included and that the COI accurately reflects these requirements. Also, ask the agent or broker to include the necessary endorsements with the COI, further safeguarding your position if the counterparty later questions the coverage.

2. Identify the Requirements

Before you reach out to your agent or broker, you need to understand the specific requirements for the COI. Different situations and parties may have varying needs, so make sure you know:

- **Who needs to be listed on the COI:** Is the requesting party the only one who needs to be covered, or do you need to list others (e.g., Architects, Engineers, Surveyors, Municipalities, or parties without privity of contract) as Additional Insured?
- **What coverages/limits are required:** For example, do they need General Liability, Workers' Compensation, Auto Liability, Cyber, Crime, Umbrella or Excess Liability, etc.? Do they require higher policy limits than you currently have?
- **Any endorsements or special clauses:** Certain situations and/or requirements may require specific endorsements, such as a Waiver of Subrogation, Primary Non-Contributory, or even multiple Additional Insured clause(s).
- **Who needs to receive the COI:** Obtain the names and email/fax number for anyone who needs the COI. This makes distribution easy and COI renewals seamless.

If you're unsure about the specific requirements, ask the requesting party for detailed guidance on what needs to be included on the COI. If they provide form numbers, be sure to also request the edition dates, as coverage can vary significantly between different editions. For example, the

ISO Additional Insured endorsement CG 2010 has multiple edition dates, and the 11/85 version is not equivalent to any other edition in the ISO framework.

3. Be Clear About the Reason for the COI

Be sure to inform your agent or broker about the reason you need the COI and any relevant details. For example, if you're a contractor working in a new State or handling different types of work, it's important they understand the context, as it may require additional coverage or modifications to your existing policies for compliance.

4. Reach Out to Your Agent or Broker

Once you understand the exact requirements, contact your insurance agent or broker to request the COI. It's helpful to provide as much information as possible upfront to avoid any back-and-forth. Here's a checklist of details to include when making your request:

- **The type of insurance required** (e.g., General Liability, Workers' Compensation, Commercial Auto, Umbrella, Cyber).
- **The exact coverage limits** (e.g., \$1M per occurrence, \$3M aggregate, etc.).
- **Any additional insured parties:** Provide the full legal name and address of any party that should be listed on the COI (e.g., client, landlord, bank, etc.).
- **Any other endorsements:** If the requesting party needs any endorsements like Waiver of

Subrogation, Primary and Non-Contributory, make sure to mention it.

- **Specific dates:** If there are deadlines or specific dates when the coverage is needed, be sure to mention them (e.g., "Please provide a COI valid through the project end date of December 31st").
- **Context:** Provide the agent or broker with details about the situation requiring the COI.
- **Contract:** Always provide a copy of the contract, or at least the insurance clause, to your agent or broker. Their role is essential in interpreting the requirements and ensuring they've placed or can quote the coverage necessary to meet the contractual obligations.

5. Review the COI Once It's Issued

Once your agent or broker issues the COI, review it carefully to ensure it meets all the requirements. Check the following:

- **Correct insurance coverage and limits:** Ensure the COI reflects the correct types of coverage and appropriate limits for the request.
- **Additional Insured:** If applicable, verify that the correct parties are listed as Additional Insured, and check that the endorsement wording (like ongoing and completed operations AI endorsements) is consistent with the agreement.
- **Endorsements:** Double-check any specific endorsements (like waiver of subrogation and primary and non-contributory) are included if required.

- **Expiration dates:** Ensure the COI is valid for the required time frame.

If anything is missing or incorrect, notify your agent or broker immediately for corrections.

6. Provide the COI to the Requesting Party

Once you've confirmed that the COI is accurate, you or your agent/broker can forward it to the requesting party(s). Ensure the COI is delivered promptly to avoid delays in your contract payment or project timeline.

7. Follow Up as Needed

Stay on top of expiration dates, especially for long-term projects or contracts, as some counterparties may require updated Certificates of Insurance throughout the agreement. Be proactive in requesting updated COIs from your agent or broker as needed. Many agents and brokers offer online policyholder portals that can track this information, so check with them to see if this option is available.

Tips for a Smooth COI Request Process

To avoid common pitfalls and ensure the COI request process goes smoothly, here are a few additional tips:

- **Plan ahead:** If you know you'll need a COI in the future, don't wait until the last minute. Give your agent or broker sufficient time to process the request.

- **Keep communication clear:** When submitting your request, provide clear and detailed instructions. Any ambiguity can result in delays or mistakes.
- **Understand the limitations:** A COI is not an insurance policy. It only provides proof of coverage as of the date of issuance. It doesn't change the terms of your actual insurance policy, so be sure your coverage meets your needs.
- **Ask for assistance:** If you're unsure about any terms or endorsements, ask your agent or broker for clarification. They can guide you through the process and ensure your COI is correct.
- **Technology:** Customer-focused agents and brokers utilize advanced technology to streamline the COI process, enabling policyholder/certificate holder access, improved accuracy, and greater efficiency for their clients. By partnering with agents or brokers who leverage tools like [Certificate Hero](#), you can generate Certificates of Insurance with greater precision and receive them in a fraction of the time. The reduction in errors and faster turnaround not only improves the experience for policyholders but also benefits certificate holders, ensuring a smoother process for everyone involved.

Conclusion

Requesting a Certificate of Insurance (COI) from your agent or broker is an essential part of ensuring that you meet legal and contractual obligations, as well as protecting your business from potential liabilities. By clearly identifying and understanding the requirements, providing your agent or broker with the necessary details, and reviewing the COI carefully before submitting it, you can streamline the process and avoid mistakes.

Whether you're handling a routine request or navigating a more complex scenario with specific endorsements, thorough preparation and clear communication are key. If you're unfamiliar with or haven't reviewed the contractual insurance requirements, the chances of securing the correct coverage and certificate are slim. However, with the right strategy, you can ensure compliance, satisfy all parties' expectations, and safeguard your business from unnecessary risks.

If you're unsure whether you or your broker are consistently issuing COIs in accordance with the process outlined above, it may be beneficial to consult with an experienced insurance advisor. Certificates are just one piece of the broader insurance and risk management strategy that advisors help their clients develop. A well-designed process not only aims to mitigate insurable risks but also helps minimize avoidable mistakes, ensuring that your approach is both efficient and effective.