

NWC ALLIANCE NEWSLETTER

Standing together



Have you ever lost a contracting account to another producer who did a better job addressing COIs? That can be a painful experience, but it doesn't have to happen again. If you work with the right broker, who knows how to access the right carriers in the right ways, and if you have the right resources in place, you can become the producer who wins contracting accounts when competing with producers who are not as effectively resourced as you are.



The Functionality of Certificates of Insurance:

As you know, COIs are not just limited to general liability. Often contractual requirements include items such as:

- Additional Insured/Waiver of Subrogation for Auto Liability
- Waiver of Subrogation/Waiver of Transfer of Rights to Others for Work Comp
- Increased Employer Liability limits
- Excess Liability limits
- Pollution coverage

Certificate holders require COIs to indicate that contractual requirements are being met. In some cases, banks and lien holders may require Evidence of Insurance (slightly different than COI) and/or Loss Payable designations on matters of Property, Business Personal Property or Inland Marine coverages such as Builder's Risk.

Representing coverage of any kind only by way of a Certificate of Insurance can pose challenges. Many Certificate Holders have refused them unless you also provide referenced endorsements and full policy copies. Some Certificate Holders are carefully reviewing all the requirements and have a keen eye for any pertinent exclusions or limitations.

As the market hardens, it will become increasingly important for agencies specializing in construction to focus on COIs. Insurers will be changing terms and making endorsements inconvenient. Many carriers may likely start charging for endorsements individually. How will this affect your client retention and agency profitability?



Agency Best Practices with Certificates of Insurance

How you handle COIs will be one of the things that sets you apart from other producers, especially as the market continues to harden. Here are some best practices that will help set you apart:

- Make sure you are working with carriers that allow automatic issuance of certificates for needed endorsements “by written contract” without additional charges or special approval.
- Make sure you have a process by which you have a trained member of your agency review the forms list on every new and renewal quote, to insure that the carrier hasn’t added restrictive forms that limit or exclude coverage.
- Make sure that you don’t add additional language to the COI without carrier approval. Your insured’s coverage and your E&O may be at risk.
 - Make sure that you send out copies of the relevant endorsements and/or full policy copy when you send out COIs.
 - Make sure you work with a construction-only wholesaler who helps solve these issues upfront by how they package and price coverage.

If your current construction-only wholesaler isn’t helping you with this already, you need to ask why not? You may be losing business to somebody else whose broker does.

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