

The Saiber Construction Law Column: January 2025

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Reading Is Fundamental (RIF) was a children’s literacy movement founded in the 1960s, but its message – that reading is fundamental – is one that bears repeating because too often people do not read their contracts, the laws and regulations that affect their business or, in the construction industry, the Certificates of Insurance that a contractor, subcontractor, or supplier may provide.

A Certificate of Insurance (COI) is a document that verifies an insurance policy and summarizes its key details. It often will include, among other information, the policyholder’s name, the policy’s effective and expiration dates, the type of coverage, policy number, coverage limits, and the name of the insurance carrier. The most common COI form often contains important standard language which many contractors do not appreciate. Two typical paragraphs in a COI, which are often overlooked by contractors, provide as follows:

“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.”

and

“IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. . . A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).”

Many contractors receive a COI and simply assume that they have been named as an additional insured on the policy described in the COI. That, however, is not always the case. A contractor who actually wants to be named an additional insured should not only include express language in its contracts requiring the contractor to be included as an additional insured on the other party’s general liability insurance, but also require the insured other party to provide the contractor with a formal endorsement from the insurance carrier reflecting that the contractor has, in fact, been named as additional insured on the applicable policy because the COI itself expressly states that the COI itself “does not confer rights to the certificate holder in lieu of such endorsement(s).”

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Each issue's Saiber Construction Law Column will discuss a recent decision by New Jersey courts (or courts from other states) or other legal topics which may be of interest to people in the construction industry. The information in each article is not intended to be legal advice and may not be used as legal advice. Legal advice must be tailored to the specific circumstances of each case. Every effort has been made to ensure this information is up-to-date. The article is not intended to be a full and exhaustive explanation of the law in any area, nor should it be used to replace the advice of your own legal counsel.

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