

Certificates of Insurance

The North Carolina Department of Insurance has a longstanding position that insurance agents may not alter Certificates of Insurance. This position is based in part on North Carolina General Statute 58-3-150(a) which states "It is unlawful for any insurance company licensed and admitted to do business in this State to issue, sell, or dispose of any policy, contract, or certificate, or use applications in connection therewith, until the forms of the same have been submitted to and approved by the Commissioner, and copies filed in the Department..."

An altered form or certificate may not be used until it has been filed and approved by the Commissioner. The Department has been made aware that some agents are altering the approved Certificates of Insurance filed by ACORD and various insurers.

Please advise your appointed agents that Agent Services Division is investigating all complaints relative to this concern. Alteration of insurance certificates can have serious ramifications for agents. Such alterations may give rise to adverse administrative proceedings being initiated against an agent's insurance licenses. These proceedings would be based in part on the following statutes:

NCGS 58-33-46(a)(5): "The Commissioner may place on probation, suspend, revoke, or refuse to renew any license issued under this Article, in accordance with the provisions of Article 3A of Chapter 150B of the General Statutes, for intentionally misrepresenting the terms of an actual or proposed insurance contract or application for insurance."

NCGS 58-33-46(a)(8): The Commissioner may place on probation, suspend, revoke, or refuse to renew any license issued under this Article, in accordance with the provisions of Article 3A of Chapter 150B of the General Statutes, for using fraudulent, coercive, or dishonest practices, or demonstrating incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in this State or elsewhere.

It should also be noted that certain alterations of certificates of insurance may also raise issues of possible criminal misconduct under a variety of criminal fraud statutes.

The bottom line is no agent should engage in alterations of insurance certificates.