



ACORD

Forms Notice

JUNE 28, 2010

ACORD is receiving numerous inquiries regarding the need to use only the most recent version of our forms, including the ACORD 25–Certificate of Liability.

As explained in more detail in the FAQ on U.S. ACORD certificates published on our website earlier this year (http://www.acord.org/standards/forms/Documents/ACORDCertificatesFAQ_201004.pdf), any editions of our forms that have been withdrawn from the forms library are not kept up-to-date as to regulatory requirements, and therefore should not be distributed for use. **It is imperative that all ACORD forms users use the most current versions of our forms.**

A revised edition of the ACORD 25 was published in October 2009. One of the more significant changes was to the language referencing policy cancellation provisions. Here is a comparison of the old and new text:

| <i>Old Text</i> | <i>New Text</i> |
|--|--|
| SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL ___ DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES. | SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. |

The word “endeavor” was removed because policy cancellation provisions generally don’t use the word “endeavor”. Only a policy can obligate an insurer to provide notice of cancellation. Unless a policy’s provisions explicitly provide for notice to a party also listed as the certificate holder on the certificate of insurance, the insurer is not obliged to notify that party.

The new language is compliant with state insurance regulatory requirements in all states, and specifically responsive to bulletins issued last year by the South Dakota Insurance Department. Since the form is national, not state-specific and is filed where required, only the version of the form containing the new language should be used in all states.

Certificates of insurance may be viewed as a summarized reflection of an insurance policy and are only informational. The policy is the definitive source for its provisions, not the certificate. If any party in addition to the first named insured desires a copy of a cancellation notice in the event the policy is cancelled, that party should be expressly endorsed onto the policy as a cancellation notice recipient.

A Certificate of Insurance/Evidence of Insurance form includes, following the “Coverages” section, a field for “Description of Operations” and/or “Remarks”, and that section, or an Additional Remarks Section, as well as the ACORD 101 Additional Remarks Form may be used to copy verbatim information in the policy such as the specific number of days of written notice. **Be aware that using a certificate or other form in an attempt to vary policy terms presents legal risks, including violation of insurance regulatory requirements, and should not be engaged in without prior consultation with insurance carriers, policies and legal counsel.**