Robinson+Cole

Construction

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Connecticut Court Again Holds That Certificates of Insurance Do Not Confer Rights

A Connecticut Superior Court has further clarified the construction industry whether a certificate of insurance naming a party as an additional insured confers any rights on that party. In *Hobbs, Inc. v. Charter Oak Fire Insurance Co.*,[1] a subcontractor's employee was injured at a construction site and brought suit against the prime contractor, among others, for those injuries. The prime contractor, in turn, sought coverage from the subcontractor's commercial general liability insurer, as the prime contractor was named on a certificate of insurance provided by the subcontractor's insurance agent. It is fairly common practice in the construction industry for a contractor to treat as binding such certificates, even if the certificate contains a disclaimer that it does not change or add to the policy or confer any rights upon the certificate recipient. The commercial general liability insurer in this case, however, was never notified of the desired coverage and disclaimed coverage on that basis, even though the certificate stated otherwise. The court, relying on Connecticut Supreme Court precedent, held that a certificate of insurance, absent knowledge of the insurer, conveys no rights on the prime contractor.

What does this mean for you?

The outcome of this case *may* have been different if evidence of insurance had come directly from the insurer, not the agent. The important lesson is for contractors to confirm that the insurance coverages required under contract have been provided by obtaining independent and unqualified verification directly from the insurer, preferably in the form of an endorsement or endorsed copy of the policy.

[1] 2014 Conn. Super. LEXIS 833 (April 8, 2014)

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