

# CERTIFICATES OF INSURANCE 101

## A third-party requests evidence of the fraternity's/sorority's insurance

It is very common for third parties to request a Certificate of Insurance that proves the fraternity/sorority or chapter has purchased insurance coverage. This request can be satisfied by obtaining a Certificate of Insurance that shows your limits and coverages. When a third party asks for evidence of your insurance, you need to complete the Certificate of Insurance Request Form in the appendix of this document or complete the [Certificate/Event Review Request Form on our website](#).

## Is there a contract that you have to sign that contains insurance requirements?

### **If yes, do not sign the contract until you have completed the Certificate/Event Review Request Form.**

If you are unsure if the contract contains insurance requirements, look for the following verbiage examples:

- "The renting party [i.e. the chapter] shall be solely liability and responsible for all costs, expenses, damages, liabilities, claims or suits incurred or resulting from the use of the property rented."
- "The renting party agrees to fully indemnify and save and hold harmless [specific venue/entity name] from and against any and all claims."
- "The renting party shall submit proof of insurance naming [specific name of venue/entity] as additional insured."

While these examples are the most frequently used phrases that cause us concern from an insurance standpoint, contract language is often complicated, so it is always better to be safe and attach the contract in its entirety to the [Certificate/Event Review Request Form on our website](#).

If a third-party is requiring Additional Insured status, they are looking to your organization's policy to defend them and pay claims on their behalf, even if they are negligent in causing a claim. Therefore, these requests are reviewed on an individual basis with our contact at Fraternity/Sorority Headquarters and Certificates will not be issued until a decision is reached. Additional Insured requests relating to social events are heavily scrutinized; therefore, it is important that you allow **two weeks** to allow for the necessary parties to review.

The Certificate/Event Review Request Form at [www.mjsorority.com](http://www.mjsorority.com) must be completed in its entirety for all requests.

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## When should you request a certificate of insurance from a third-party vendor?

**The below suggestions are recommendations only, not requirements. The information below should be kept on file for your records. We do not need copies of this information.**

**Please refer to YOUR organization's risk management policies for specific conditions required by your fraternity/sorority.**

When you rent an establishment or engage the services of someone, it is recommended that you obtain a Certificate of Insurance to ensure they have purchased insurance for their operation. If the third-party vendor does not have insurance, then the fraternity's/sorority's policy may have to respond, which is not preferable. Your agreement with a third party vendor will dictate what coverages should be represented on the Certificate of Insurance. For example:

- If you are renting an establishment, you will need to have evidence of their General Liability coverage.
- If an establishment is providing alcohol related services, you will need to have evidence of their General Liability, Liquor Liability and Workers' Compensation coverages.
- If you are hiring a contractor, you will need to have evidence of their General Liability, Workers' Compensation and Automobile Liability coverages.
- If you are hiring a bus company for group transportation, you will need to have evidence of their Automobile Liability coverage.

As a **guideline**, the following limits of liability are a minimum that you should accept from a third-party:

General Liability	\$1,000,000
Liquor Liability	\$1,000,000
Automobile Liability	\$1,000,000
Workers' Compensation/Employer's Liability	\$100,000/\$500,000/\$100,000

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We have established the above minimum recommendations for the following reasons:

- Increased cost of materials and health care costs have significantly impacted the average cost of a claim.
- If there is bodily injury, the costs could very easily exceed the minimum threshold notes above.
- The cost of the insurance premium for a lower limit of insurance would likely be less than a fifteen percent discount for the contractor or venue. The industry now views the minimum limits above as the minimum they will offer and rarely provides limits lower than \$1M.
- We and our clients believe that those that control the exposure should bear the most responsibility in paying for a claim.

A red flag should arise any time a contractor or venue shows resistance to or hesitation with these minimum limits of insurance, and you may want to reconsider your arrangement. In our experience, if a contractor or venue refuses to provide proof of adequate insurance limits, it is because they do not have any insurance, not because they do not have adequate limits.

Any time a chapter contracts with a venue, contractor or any third-party for services, it should be clear that each party is responsible for the consequences of their performance and/or work and the conditions under which the service will be rendered. This contractual relationship exists so those who are in the best position to control the exposure are also the most likely to incur the liability for those incidents that may occur. In an ideal world, each party's insurance policies would respond to the extent that they are negligent in causing either property damage or bodily injury. The essence of this risk management technique is to transfer the liability to the entity/individual the most able to control the exposure. Establishing a minimum expectation is a reasonable effort to ensure that this transfer happens and that you are doing business with a professional and reputable entity or individual.

FURTHER RESOURCES AVAILABLE AT:

[HTTPS://MJSORORITY.COM/RESOURCES/QUICK-REFERENCE-GUIDES/EVENT-PLANNING](https://mjsorority.com/resources/quick-reference-guides/event-planning)

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## CERTIFICATE OF INSURANCE EXAMPLE

When a Third Party requests evidence of insurance, this is the information that we will need:

CERTIFICATE OF INSURANCE		DATE (MM/DD/YYYY) 5/5/2005			
<b>PRODUCER</b> M-J Insurance, Inc. P.O. Box 50435 Indianapolis, IN 46250-0435 Phone: (888) 442-7470 FAX: (317) 805-7580 ruth_knaauer@mjinsurance.com		THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND, OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.  <input type="checkbox"/> Event Specific			
<b>INSURED</b>  Insured Name & Address		<b>COMPANIES AFFORDING COVERAGE</b>			
		<b>COMPANY A</b> CNA Insurance Companies			
		<b>COMPANY B</b>  <b>COMPANY C</b>			
<b>COVERAGES</b> <small>THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN. THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS, AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.</small>					
CO. LTR.	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE	POLICY EXPIRATION DATE	LIMITS
A	<input checked="" type="checkbox"/> General Liability <input checked="" type="checkbox"/> Commercial General Liability <input checked="" type="checkbox"/> Occurrence <input checked="" type="checkbox"/> Host Liquor Liability <input type="checkbox"/> Automobile Liability <input type="checkbox"/> Any Auto <input type="checkbox"/> All Owned Autos <input type="checkbox"/> Scheduled Autos <input type="checkbox"/> Hired Autos <input type="checkbox"/> Non-Owned Autos <input type="checkbox"/> Garage Liability <input type="checkbox"/> Excess Liability <input type="checkbox"/> Umbrella Form <input type="checkbox"/> Other Than Umbrella Form <input type="checkbox"/> Worker's Compensation And Employers' Liability Other:	9		1/1/2005	General Aggregate Products/Comp/Op Agg. \$2,000,000 Personal & Adv Injury \$2,000,000 Each Occurrence \$1,000,000 Fire Damage(Any one fire) \$1,000,000 Med Expense(Any one person) \$15,000  Combined Single Limit Bodily Injury Person Bodily Injury Accident Property Damage  Each Occurrence Aggregate  Statutory Limits Each Accident Disease Limit Disease Each Employee  Other Limit
<b>Description of Operations / Locations / Vehicles / Special Items:</b> Butler University is an Additional Insureds with respect to liability arising out of the premises leased to the Insured. This insurance does not apply to claims arising out of the sole negligence of the Additional Insured.					
<b>Certificate Holder:</b>  Butler University 4800 Sunset Avenue Indianapolis IN 46220		<b>Cancellation</b> Should any of the above described policies be cancelled before the expiration date thereof, the issuing company will endeavor to mail 30 days written notice or 10 days notice for non-payment of premium, to the certificate holder named to the left, but failure to mail such notice shall impose no obligation or liability of any kind upon the company, its agents or representatives.  Authorized Representative  CINDY H. STELLHORN			

**Contracts:**

Does the contract require the fraternity/sorority or chapter to add the third-party as an Additional Insured or does the contract include a Hold Harmless provision, or some other form of indemnification? **If yes, do not sign the contract until you have contacted MJ Sorority.** If a third party is requiring Additional Insured status, they are looking to the fraternity/sorority's policy to defend them and pay claims on their behalf, even if they are negligent in causing a claim. Therefore, these requests are reviewed on an individual basis with our contact at Fraternity/Sorority Headquarters and Certificates will not be issued until a decision is reached. Additional Insured requests relating to social events are heavily scrutinized; therefore, it is important that you allow two weeks to make alternative arrangements if necessary. If there are no complications to the request, we can give immediate turn around on the Certificate request.

Name & Address of the organization that is requesting the certificate

The date of the event and the type of event that

For Certificate requests, please complete the [Certificate/Event Review Request Form on our website.](#)

