

OPTION 1: INSURER ISSUED CANCELLATION ENDORSEMENTS

The best option for Certificate Holders is to obtain a Notice of Cancellation Endorsement from the vendor's Insurer(s) specifically scheduling the Certificate Holder. Endorsements modify the insurance policy contract and if written properly, the vendor's Insurer(s) will provide the desired notice of cancellation.

One such Notice of Cancellation endorsement seen recently reads:

“In the event of cancellation or non-renewal of the insurance afforded by this Coverage Part, we agree to mail prior written notice of cancellation to the person(s) or organization(s) shown in the Schedule.”

The schedule then includes the Certificate Holder's Name, Address where the notice is to be mailed and the number of days advanced notice is to be given.

Another Notice of Cancellation endorsement seen recently from a different Insurer reads:

“This Policy may be canceled by the Company by giving to the Insured and to the additional insureds indicated on the certificates of insurance issued during the term of this policy, at least Sixty (60) days written notice of cancellation or in the case of non-payment of premium, at least ten (10) days' written notice of cancellation.”

Understand that these types of endorsements are not generally available and are used sparingly by Insurers, but we view this as a positive sign that the demand for affirmative Notice of Cancellation by Certificate Holders is impacting Insurers looking for a way to differentiate themselves.

OPTION 2: A MISCELLANEOUS ATTACHMENT TO THE ACORD 25 CERTIFICATE

“Should any of the described policies be cancelled before the expiration date thereof, the issuing Insurer will mail written notice in accordance with the policy provisions to the certificate holder named within the stated time frames of 30 days, except for reason of non-payment of premium at 10 days. Failure to do so shall impose no obligation or liability of any kind upon the Insurer, its Agents or Representatives.”

If this language looks familiar, it is close to how the pre 2009/09 ACORD 25 Certificate CANCELLATION language read. While not as clean cut as the first option, we view this as a positive step in providing the desired Notice of Cancellation to Certificate Holders.