



Australian Government

Department of Defence

GUIDANCE NOTE – INSURANCE CERTIFICATES OF CURRENCY

WHAT IS A CERTIFICATE OF CURRENCY?

A certificate of currency is a document designed to confirm that a particular policy of insurance is in force. It can be issued at any time during the period of the policy of insurance.

A certificate of currency may be issued by the insurer of the insurance policy or, more usually, by the broker who placed the insurance policy on behalf of the insured (the insured's agent).

A certificate of currency does not form part of an insurance policy and to the extent that there is a discrepancy between the information on the certificate of currency and the policy, the terms of the policy will usually prevail.

A certificate of currency will not provide details of the full terms, conditions and exclusions of cover. It is only evidence that a policy is in force as at the date the certificate has been issued. A certificate of currency will not necessarily provide adequate evidence that appropriate cover has been placed, and that the cover is not materially derogated by an exclusion or other policy terms.

Any policy limits stated in the certificate of currency will generally be the policy limits effected at the commencement of the policy period. The certificate of currency does not mean that those limits have not been depleted or exhausted by claims made during the policy period.

Where the certificate of currency is issued for a particular purpose, such as providing evidence of compliance with an obligation in a contract to maintain insurance, the certificate of currency may not state the whole limit of the insurance policy, only the limit required by the contract. Similarly, it may record only relevant insureds, not all insureds.

It will not always be appropriate to rely on a certificate of currency alone as evidence that the contractor holds the insurances required. In relation to statutory workers' compensation policies, a certificate of insurance is generally sufficient evidence that appropriate insurance is held as the terms of the policy are determined by statute. In other cases it may be appropriate obtain full copies of all or some of the contractor's insurance policies and to review them for compliance. Whether or not a certificate of currency can be solely relied upon in respect of a particular contract is a value judgement that should take into account a number of factors including, among others, the nature and complexity of the contract and of the required insurance policy, whether the insurance policy is contract specific, and the risks to the Commonwealth where the contractor is non-compliant.

Remember that most insurances are renewed annually, so it may be necessary to obtain certificates of currency each year to confirm the ongoing compliance of the contractor with its insurance obligations.

WHAT INFORMATION SHOULD BE CONTAINED IN A CERTIFICATE OF CURRENCY?

Certificates of currency usually include information such as the identity of the insurer, the policy period, the insured, a brief description of the cover provided by the policy and the limit of liability. They can be very brief and not particularly helpful in determining contractor compliance.

Certificates of currency issued overseas, particularly in North America will often be on the "Accord" template. The Accord certificates generally do not contain enough information for Commonwealth purposes. Projects should request a certificate, or a letter from a broker setting out the details of the policy as set out below.

Projects should ensure that certificates of currency provided by contractors include the following information:

- the date of issue of the certificates of currency.
- the identity of the insurer(s) of the policy.
- a description of the cover the policy provides.
- the limit(s) of liability of the policy (including all sub-limits).
- the policy period.
- the person(s) insured under the policy.
- any applicable excess, self-insured retention or deductible.
- relevant exclusions.

Depending on the circumstances, Projects may need to request **additional information** such as:

- the insurer's financial security rating.
- the policyholder.
- the policy number.
- confirmation that any particular coverage requirements required by the contract are included.
- evidence that the Commonwealth is insured for its vicarious liability or its interest in insured property is insured under the policy if required by the contract.
- the territorial and jurisdictional limits of the policy.

In respect of **public and products liability** policies, the following additional information is required:

- the definition of the insured's business.
- confirmation that the policy is written on an occurrence basis.

In respect of **motor vehicle liability** policies, the following additional information is required:

- details of whether the policy includes cover for the use of unregistered vehicles.

In respect of **professional indemnity** policies, the following additional information is required:

- the definition of professional services.
- the retroactive date.

In respect of **property** policies, the following additional information is required:

- the basis of settlement.
- if cover includes business interruption loss – the applicable indemnity period for that cover and types of losses covered.
- details of whether the policy includes an average provision.

If Projects have any questions or comments regarding this guidance note or a particular certificate of currency, or the insurances in question are complex (such as aviation, construction or marine) please contact the ACIP Management Team at ACIP.ManagementTeam@defence.gov.au.

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