



Vicarious Liability Risk Mgmt. LLC  
COI Coach / COI Compliance Services

Seattle, Washington

<https://www.linkedin.com/feed/>

206.910.1481

[info@vlrmgt.com](mailto:info@vlrmgt.com)

I was recently informed of a Shipment involving a freight broker and motor carrier. The shipment was **NOT** double brokered.

Over the course of several years, the insurance agent for the motor carrier provided the freight broker with COI's evidencing coverages that were NOT actually provided under the policy. These false statements recently came to light when a cargo claim occurred! The claim was denied.

➡ Authorized insurance agents work for, represent, and sell products for only one insurance company. As a result, the insurance company CAN be held liable for the error's, negligent acts, and or misrepresentations (false statements) made by an authorized insurance agent, directly associated with issuing certificates of insurance.

➡ Insurance brokers do not work for an insurance company. Therefore, an insurance company, in most cases, would not be found liable for the negligent acts of an insurance broker. However, they (the insurance broker) and the insurance brokerage firm they work for, can be held personally liable for the negligent acts directly associated with issuing certificates of insurance.

➡ All states except for Alaska, Maine, South Carolina, and Vermont, and the District of Columbia have adapted some form of legislation that holds insurance agents and insurance brokers accountable for making false statements when issuing COI's. Note: false statements are not confined to the COI. Emails count as well.

➡ The claim mentioned above occurred in the State of Washington. In T-Mobile USA Inc. v. Selective Ins. Co. of Am., 450 P.3d 150 (Wash. 2019) The Washington Supreme Court ruled that an "Authorized Insurance Agent's" representations on a certificate of insurance "**Binds**" (requires) the insurance company to extend coverage to the certificate holder.<sup>1</sup>

<sup>1</sup>Washington Supreme Court Finds Agent's Representations in Certificate of Insurance Bind Insurance Company Insured Coverage, Traub Lieberman <https://www.traublieberman.com/perspectives/washington-supreme-court-finds-agents-representations-in-certificate-of-insurancebindinsurance-company-to-additional-insured-coverage>