

A certificate of insurance provides proof to a third party that a vendor or other business has adequate insurance coverage. Many organizations need to limit their liability when hiring outside vendors or contractors, and a certificate of insurance helps them place liability for injuries or damages back onto the vendor.

Certificates of insurance are designed to prove your insurance status and amount of coverage while limiting the liability of the other company you are working with. These certificates are most common when two businesses or organizations are working together, specifically if one business is using the equipment or space of another. For example, if you want to sell hot dogs from your food cart on a college campus, the college is likely to request a certificate of insurance. This helps place the insurance burden on you if someone becomes sick from your hot dogs or if someone trips over your power cord and gets hurt.

Certificates of insurance do not just prove you have insurance. They also show what types of coverage you have and the coverage limits. If you are the only employee of your company, you may qualify as a vendor for an organization if you do not have workers'

