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# The Difference Between Certificate Holder & Additional Insured

Certificate holders hold proof of insurance, or certificates of insurance (COIs), from insureds they are working with while additional insureds are those who have coverage extended to them through the "named insured's" policy.

Knowing the difference between what it means to be a policyholder, a certificate holder, or an additional insured is critical to ensuring your company has protection from claims and whether you are covered. Learn what each one of these terms means, the differences between them, and how you can ensure you are not the one paying for claims. But first let us talk about the basics of certificate holder insurance: general liability insurance and the COI.

HOW TO ENSURE INSURANCE PROTECTION

## General Liability Insurance

General liability insurance is a policy that covers your business for things like bodily injuries and property damage to third parties. This type of coverage is necessary for every type of business because it helps cover the costs associated with expenses from accidents, like medical bills, attorneys' fees, or damages.

Requesting COIs from those you work with is important when trying to assure they are covered under a general liability policy. Doing so can help assure you will not be responsible for any claims made against them.

## Certificate of Insurance

A certificate of insurance is a short form that shows insurance coverage and the important things in an insurance policy such as dates, coverage limits, and who has coverage under a policy. Certificate holders request COIs for proof that the insureds they are working with have the correct coverage and limits.

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COIs allow certificate holders to ensure their vendors, contractors, subcontractors, tenants, etc. have the coverage needed to subrogate claims so their insurance will payout and the certificate holder is not held liable.

## Policy Holder

A policy holder is a person whose name is on the insurance policy and who directly benefits from its coverage. This is the person who purchased the policy and is sometimes also referred to as the “named insured.”

## Certificate Holder

The certificate holder is the person who is receiving the COI from the insured. The insured is giving the COI to the certificate holder to prove they have proper coverage. COIs do not change an insurance policy in any way or give the certificate holder the ability to make a claim on the policy; they simply show proof of coverage at that moment.

Checking COIs on a regular basis is important because policyholders can cancel or reduce their coverage at any time. Without requesting a renewal COI, a certificate holder would never know if coverage is still in place.

## Additional Insured

An additional insured is somebody who benefits from the coverage of another’s policy; this includes the ability to make claims under the policy. A certificate holder can request to be an additional insured on the policyholder’s policy and this would be shown in the COI.

General descriptions also qualify as an additional insured through a “blanket additional insured endorsement.” Investopedia explains this as [“an insurance policy endorsement that automatically provides coverage to any party to which the named insured is contractually required to provide coverage.”](#)

**But what does adding an additional insured mean for the policyholder?** Next Insurance explains that when an additional insured is added to your policy, [“the additional insured can turn to your insurance policy in case they are sued for your actions, and are covered according to your policy.”](#) This means your policy will payout for any claims or damages related to the additional insured.

**Bottom Line:** Additional insured status gives coverage to parties not originally named in the policy.

## How Much Does an Additional Insured Endorsement Cost?

In most cases, the cost of adding an additional insured to a policy is low. The cost to add an additional insured is low because most insurers consider adding additional insureds a marginal cost, but there is some debate about what coverage an additional insured receives. Issues about coverage often arise when determining whether an additional insured has coverage for their negligence or only liabilities caused by the named insured.

## Certificate Holder vs. Additional Insured

**A certificate holder does not enjoy the benefit of a policyholder’s insurance unless they’re also named as an additional insured on the COI.**

Holding a certificate that you are not named on simply shows the certificate holder that the person they received the certificate from has insurance and the correct coverage at that time.

To assure your company is protected you should request a COI from every vendor you work with and request they add you as an additional insured. This way, if a claim is made, you have coverage under their policy and their insurance is the first to payout.

**Bottom Line:** A certificate holder is not covered by the policy shown on the COI, they only hold the certificate to assure the policyholder they are working with has their own coverage. An additional insured is covered under the policy on a COI but was not originally included under the policy; [they were added to the policy through an endorsement.](#)