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**NCOIL LEGISLATORS URGE P-C INDUSTRY/LENDER
COMPROMISE ON NEW INSURANCE BINDER FORM**

Troy, New York, March 14, 2013—In their latest effort to resolve a lender/property-casualty industry dispute over the forms that lenders use to verify insurance coverage, legislators at the NCOIL Spring Meeting urged interested parties to develop an expanded ACORD binder form rather than resurrect debate over a 2012 NCOIL binder model law. The Property-Casualty Insurance Committee, led by its Chair, asked to see a final version of the controversial ACORD document—tentatively called an ACORD 875—at the July NCOIL Summer Meeting.

According to Chair Rep. Matt Lehman (IN) following the Committee's March 10 session, "What we tried to do was get the parties back on track to develop an enhanced binder form rather than reopen a model that we passed unanimously. An ACORD 875 should resolve differences between lenders and the p-c industry—and bring conclusion to long-running NCOIL debate."

As highlighted at the meeting, the proposed ACORD 875 is viewed as a compromise because it would meld an ACORD 28 insurance certificate, which the p-c industry asserts is purely informational, with an ACORD 75 binder form, which is less detailed but does count as official proof of coverage before a policy is issued. Lenders argued when NCOIL was considering a *Certificates of Insurance Model Act* in 2011 and 2012 that certificates could not be for "info only" because, if a policy is not available, then lenders need some other detailed form to prove coverage before closing on a loan.

Not content with simply standing by and waiting for industry members to take action, Rep. Lehman on March 10 committed his own time to participate in future ACORD efforts in order to jump start negotiations—and secured tentative commitments from p-c representatives that they would work toward a final ACORD form by the Summer Meeting. Lenders asked to see what objections the p-c industry had raised in previous 875 efforts before lenders also could commit to such a timeframe.

Interested parties at the meeting acknowledged that development of the enhanced ACORD form, including the extent to which lenders have a say in negotiations, has been fraught with controversy. ACORD members defeated an initial version of the proposed 875 document in September 2012.

The NCOIL *Model Act Regarding Use of Insurance Binders as Evidence of Coverage*—adopted in response to lender concerns with the NCOIL certificates model—keeps binders in force until a policy is issued or cancelled by an insurer.

Proposed amendments that the Committee set aside at the Spring Meeting in order to promote development of the enhanced ACORD form were submitted by Prudential Financial and sponsored for discussion by Rep. Lehman. The amendments would have, among other things:

- required a binder to include details regarding limits, sub-limits, exclusions, and deductibles
- required an agent or broker (or insurer if no agent or broker is involved) to deliver a policy or binder to both the insured and the lender within five business days following an insured or lender request

- established that a lender could still require a borrower to give the lender a copy of the policy or proof of coverage as a condition of making the loan

The NCOIL Spring Meeting took place from March 8 to 10 in Washington, DC. The Summer Meeting is slated for July 11 through 14 in Philadelphia, Pennsylvania.

NCOIL is an organization of state legislators whose main area of public policy interest is insurance legislation and regulation. Most legislators active in NCOIL either chair or are members of the committees responsible for insurance legislation in their respective state houses across the country. More information is available at www.ncoil.org.

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