

**NAIC MARKET CONDUCT ANNUAL STATEMENT BLANKS (D) WORKING GROUP
Changes/Additions to Approved Blanks and Data Call and Definitions
Proposal Submission Form**

NAIC USE ONLY

Proposal Submission Date: 2/28/2025	
Proposed Effective Data Year for Reporting: 2025 Data Year	
Proposed <input checked="" type="checkbox"/> Substantive Change <input type="checkbox"/> Non-Substantive Change/Clarification	
Proposal Number	2025.1
Proposal Status	<u>All Submissions</u> <input type="checkbox"/> Received – Date Click or tap to enter a date. <input type="checkbox"/> Accepted <input type="checkbox"/> Rejected by MCAS Blanks WG Chair <input type="checkbox"/> Posted to Web Page for Public Exposure/Comment – Date Click or tap to enter a date. <input type="checkbox"/> Referred to Another NAIC Group – Date Click or tap to enter a date. – Name of Group Click or tap here to enter text. <input type="checkbox"/> Adopted <input type="checkbox"/> Modified <input type="checkbox"/> Rejected <input type="checkbox"/> Deferred by WG – Date Click or tap to enter a date. <u>Substantive Revisions</u> <input type="checkbox"/> Adopted <input type="checkbox"/> Rejected by D Committee – Date Click or tap to enter a date. <input type="checkbox"/> Adopted <input type="checkbox"/> Rejected by EX/Plenary – Date Click or tap to enter a date. <input type="checkbox"/> Other – Date Click or tap to enter a date. Specify Click or tap here to enter text.
NAIC Staff Input	Click or tap here to enter text.

Proposal Contact Information

Name of Contact Person	Birny Birnbaum
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PROPOSAL IS FOR: Data Element Data Definitions Data Validation

APPLICABLE LINE(S) OF BUSINESS:

<input type="checkbox"/> Annuity	<input checked="" type="checkbox"/> Lender Placed Auto and Home	<input type="checkbox"/> Private Flood
<input type="checkbox"/> Disability Income	<input type="checkbox"/> Life	<input type="checkbox"/> Private Passenger Auto
<input type="checkbox"/> Health	<input type="checkbox"/> Long-Term Care	<input type="checkbox"/> Travel
<input type="checkbox"/> Homeowners	<input type="checkbox"/> Other Health	<input type="checkbox"/> STLD
<input type="checkbox"/> Pet		

PROVIDE A CONCISE STATEMENT OF THE PROPOSED CHANGE:

There has been confusion about how an insurer should report the issuance of a subsequent LPI individual policy or certificate on the same property following the expiration of the term of the previous individual policy or certificate. The proposal clarifies that such policies do not involve cancellations and adds data elements to further clarify reporting. See attached memo for details.

PROVIDE THE REASON FOR THE CHANGE:

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See concise statement

IF ADDITIONAL DOCUMENTS CONTAIN DEFINITIONS, BLANK MOCK-UPS, ETC, PROVIDE A LISTING OF THESE DOCUMENTS BELOW. SEND THE LISTED DOCUMENTS TO NAIC STAFF ALONG WITH THE COMPLETED FORM:

See attached explanation.

**Proposal from the Center for Economic Justice to
Address End of Coverage Issues on the Lender-Placed MCAS**

February 28, 2025

Background

LPI coverage typically comes in two forms. One form of LPI is a blanket group policy issued to a lender or loan servicer providing coverage for all vehicles or properties in the loan portfolio. Under a blanket policy, the premium charged to the lender / loan servicer is based on the total number of vehicles or properties insured or the total amount of outstanding debt on the loans in the covered loan portfolio. If there are LPI charges by the lender or loan servicer to individual borrowers, it would typically be the same amount across borrowers at the loan issuance.

The second form is the more common method used for LPI home insurance in which coverage is issued under the group policy if the lender / loan servicer identifies a lapse in coverage. (Note: the lender / loan servicer often hires the LPI insurer or affiliate of the LPI insurer for insurance tracking services. While the LPI insurer or its affiliate may perform the loan tracking, including sending letters to borrowers regarding missing evidence of insurance and issuance of LPI coverage, the responsibility remains with the lender / loan servicer and the insurance tracking correspondence contains the name of the lender / loan servicer and not the LPI insurer or affiliate performing the tracking services.)

With the second form of LPI, if the borrower fails to provide evidence of required insurance, the lender / loan servicer directs the LPI insurer to issue coverage (e.g. a certificate) under the group policy. The LPI insurer then charges the lender / loan servicer a premium based on the rating factors filed in a rate filing by the LPI insurer. Such rating factors are typically limited to amount of coverage and any additional coverages offered to and selected by the lender / loan servicer or the borrower. The lender / loan servicer then makes a charge to the affected borrower styled as insurance typically in the same amount charged by the LPI insurer to the lender / loan servicer.

Coverage Cancellation and New Coverage Issuance

The typical home certificate under this individualized premium charge form of LPI has a coverage term of 12 months. The majority of such certificates are cancelled by the lender / loan servicer and LPI insurer before the end of the term of coverage due to insurance being falsely force-placed due to tracking records (a “flat cancel”) or because the borrower obtains voluntary market insurance before the end of the 12-month term of the LPI.

In some markets and some situations, individualized premium LPI coverage extends beyond the initial 12-month term of coverage because the borrower either cannot obtain voluntary coverage or simply fails to take action to obtain voluntary market coverage. In these types of situations, the initial LPI coverage ends at the end of coverage term and another LPI coverage (certificate) is issued by the LPI insurer.

The MCAS blank includes data elements and interrogatories in three categories of policy types – group policy, certificates under group policies and individual policies. In a few states, individualized premium LPI is provided through an individual policy and not as a certificate under a group policy. For purposes of MCAS analysis, individual policies and certificates under group policies are comparable.

Based on the above, we offer the following definitions and additional data elements for the LPI MCAS:

Proposed New or Revised Definitions

Cancellations – Includes all cancellations of the policies/certificates where the cancellation was executed during the reporting year regardless of the date of placement of the coverage. Coverage under an individual policy or a certificate under a group policy ending at the end of the term of coverage is not a cancellation, even if the coverage is renewed through a subsequent individual policy or certificate. See also Flat Cancellation

Coverage Renewed – Includes only those new coverage individual policies and certificates issued for the same property at the end of the term of coverage for the prior individual policy or certificate on that property. Include Coverage Renewed individual policies and certificates in individual policies written and certificates written during the period, respectively.

Term of Coverage Completed – Include individual policies and certificates for which the term of coverage was completed and ended during the period.

Individual Policies Written During the Period – Include all individual policies issued during the period before any flat or other cancellations, even if issued in error. Include all individual policies with Coverage Renewed.

Certificates Written During the Period – Include all certificates issued during the period before any flat or other cancellations, even if issued in error. Include all certificates with Coverage Renewed.

Proposed New Data Elements

3-59A Number of certificates for which Term of Coverage Completed during the period

3-59B Number of certificates issued for Coverage Renewed during the period

3-67A Number of individual policies for which Term of Coverage Completed during the period

3-67B Number of individual policies issued for Coverage Renewed during the period