

NUTS AND BOLTS NEWSLETTER FOR BUSY PROFESSIONALS



Beware the new Acord Certificates

Quietly, and without much fanfare, the Association for Cooperative Operations and Research and Development (Acord) has amended the Acord 27 “Evidence of Insurance” for residential properties and the Acord 28 “Evidence of Commercial Property Insurance.”

The recent changes to the Acord 28 and the Acord 27 forms introduced new disclaimers that specifically state that the forms are for information only, and, therefore, threaten the forms use as adequate proof of insurance. The prior version of these forms served as evidence of insurance. In addition, changes to the Acord forms no longer obligate insurers to notify named parties of insurance cancellations. These changes create significant contractual insurance compliance burdens for borrowers, closers, and subsequently, loan service throughout the life of the loan.

These changes to Acord 28 and the Acord 27 forms were made without notification, input, or consent of the real estate finance industry.

These forms were originally developed by Acord as an industry solution to the difficulty of providing an original title policy or binder at the time of closing. However, the recent changes to these forms may have made them unacceptable. It is important to note that these forms confer no benefits and do not contractually bind insurers. In addition, they may not even accurately reflect the true policy coverage and limitations.

Opinions from the New York State Insurance Department have consistently held that an Acord certificate is not required to contain language of notification to a lender or other additional insured. And, in fact, it specifically may not amend, expand or alter the terms of the policies represented on such form. Thus, if a policy does not contain a notice requirement, the Accord certificate should not include such a statement.

Currently, the Mortgage Bankers Association and other industry associations are working with Acord to resolve this issue. However, until such time as new language is agreed to, settlement agents, property owners, landlords, lenders, mortgage servicing agents and closing attorneys representing lenders should require the presentation of an insurance policy and/or in insurance binder at or prior to closing.

Attached to this memo, you will find PDF versions of the old and new Acord 27, and the old and new Acord 28 forms for purposes of comparison.





EVIDENCE OF PROPERTY INSURANCE

DATE (MM/DD/YY)

THIS IS EVIDENCE THAT INSURANCE AS IDENTIFIED BELOW HAS BEEN ISSUED, IS IN FORCE, AND CONVEYS ALL THE RIGHTS AND PRIVILEGES AFFORDED UNDER THE POLICY.

PRODUCER		PHONE (A/C, No, Ext):	COMPANY	
CODE:	SUB CODE:			
AGENCY CUSTOMER ID #:		LOAN NUMBER		POLICY NUMBER
INSURED		EFFECTIVE DATE	EXPIRATION DATE	<input type="checkbox"/> CONTINUED UNTIL TERMINATED IF CHECKED
THIS REPLACES PRIOR EVIDENCE DATED:				

PROPERTY INFORMATION

LOCATION/DESCRIPTION

COVERAGE INFORMATION

COVERAGE/PERILS/FORMS	AMOUNT OF INSURANCE	DEDUCTIBLE

REMARKS (Including Special Conditions)

Acord 27 Old Form

CANCELLATION

THE POLICY IS SUBJECT TO THE PREMIUMS, FORMS, AND RULES IN EFFECT FOR EACH POLICY PERIOD. SHOULD THE POLICY BE TERMINATED, THE COMPANY WILL GIVE THE ADDITIONAL INTEREST IDENTIFIED BELOW _____ DAYS WRITTEN NOTICE, AND WILL SEND NOTIFICATION OF ANY CHANGES TO THE POLICY THAT WOULD AFFECT THAT INTEREST, IN ACCORDANCE WITH THE POLICY PROVISIONS OR AS REQUIRED BY LAW.

ADDITIONAL INTEREST

NAME AND ADDRESS	<input type="checkbox"/> MORTGAGEE	<input type="checkbox"/> ADDITIONAL INSURED
	<input type="checkbox"/> LOSS PAYEE	
	LOAN #	
AUTHORIZED REPRESENTATIVE		



EVIDENCE OF PROPERTY INSURANCE

DATE (MM/DD/YYYY)

THIS EVIDENCE OF PROPERTY INSURANCE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE ADDITIONAL INTEREST NAMED BELOW. THIS EVIDENCE OF PROPERTY INSURANCE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

AGENCY		PHONE (A/C, No, Ext):	COMPANY	
FAX (A/C, No):	E-MAIL ADDRESS:			
CODE:	SUB CODE:			
AGENCY CUSTOMER ID #:		LOAN NUMBER		POLICY NUMBER
INSURED		EFFECTIVE DATE	EXPIRATION DATE	<input type="checkbox"/> CONTINUED UNTIL TERMINATED IF CHECKED
THIS REPLACES PRIOR EVIDENCE DATED:				

PROPERTY INFORMATION

LOCATION/DESCRIPTION

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS EVIDENCE OF PROPERTY INSURANCE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

COVERAGE INFORMATION

COVERAGE / PERILS / FORMS	AMOUNT OF INSURANCE	DEDUCTIBLE

REMARKS (Including Special Conditions)

Acord 27 New Form

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL _____ DAYS WRITTEN NOTICE TO THE ADDITIONAL INTEREST NAMED BELOW, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

ADDITIONAL INTEREST

NAME AND ADDRESS	<input type="checkbox"/> MORTGAGEE	<input type="checkbox"/> ADDITIONAL INSURED
	<input type="checkbox"/> LOSS PAYEE	
	LOAN #	
AUTHORIZED REPRESENTATIVE		

ACORD™ EVIDENCE OF COMMERCIAL PROPERTY INSURANCE

DATE (MM/DD/YYYY)

THIS IS EVIDENCE THAT INSURANCE AS IDENTIFIED BELOW HAS BEEN ISSUED, IS IN FORCE, AND CONVEYS ALL THE RIGHTS AND PRIVILEGES AFFORDED UNDER THE POLICY.

PRODUCER NAME, CONTACT PERSON AND ADDRESS PHONE (A/C, No, Ext): FAX (A/C, No): E-MAIL ADDRESS:		COMPANY NAME AND ADDRESS NAIC NO:	
CODE: AGENCY CUSTOMER ID #:	SUB CODE:	IF MULTIPLE COMPANIES COMPLETE SEPARATE FORM FOR EACH	
NAMED INSURED AND ADDRESS		LOAN NUMBER	POLICY NUMBER
ADDITIONAL NAMED INSURED(S)		EFFECTIVE DATE	EXPIRATION DATE <input type="checkbox"/> CONTINUED UNTIL TERMINATED IF CHECKED
		THIS REPLACES PRIOR EVIDENCE DATED:	

PROPERTY INFORMATION (Use additional sheets if more space is required)

LOCATION/DESCRIPTION

COVERAGE INFORMATION CAUSE OF LOSS FORM BASIC BROAD SPECIAL OTHER

COMMERCIAL PROPERTY COVERAGE AMOUNT OF INSURANCE: \$	DED:
	YES NO
BUSINESS INCOME / RENTAL VALUE	If YES, LIMIT: Actual Loss Sustained # of months:
BLANKET COVERAGE	If YES, indicate amount of insurance on properties identified above: \$
TERRORISM COVERAGE	Attach signed Disclosure Notice / DEC
IS COVERAGE PROVIDED FOR "CERTIFIED ACTS" ONLY?	If YES, SUB LIMIT: DED:
IS COVERAGE A STAND ALONE POLICY?	If YES, LIMIT: DED:
DOES COVERAGE INCLUDE DOMESTIC TERRORISM?	If YES, SUB LIMIT: DED:
COVERAGE FOR MOLD	If YES, LIMIT: DED:
MOLD EXCLUSION (If "YES", specify organization's form used)	
REPLACEMENT COST	
AGREED AMOUNT	
COINSURANCE	If YES, %
EQUIPMENT BREAKDOWN (if Applicable)	If YES, LIMIT: DED:
LAW AND ORDINANCE - Coverage for loss to undamaged portion of building	If YES, LIMIT: DED:
- Demolition Costs	If YES, LIMIT: DED:
- Incr. Cost of Construction	If YES, LIMIT: DED:
EARTHQUAKE (If Applicable)	If YES, LIMIT: DED:
FLOOD (If Applicable)	If YES, LIMIT: DED:
WIND / HAIL (If Separate Policy)	If YES, LIMIT: DED:
PERMISSION TO WAIVE SUBROGATION PRIOR TO LOSS	

REMARKS - Including Special Conditions (Use additional sheets if more space is required)

REMARKS

CANCELLATION

THE POLICY IS SUBJECT TO THE PREMIUMS, FORMS, AND RULES IN EFFECT FOR EACH POLICY PERIOD. SHOULD THE POLICY BE TERMINATED, THE COMPANY WILL GIVE THE ADDITIONAL INTEREST IDENTIFIED BELOW _____ DAYS WRITTEN NOTICE, AND WILL SEND NOTIFICATION OF ANY CHANGES TO THE POLICY THAT WOULD AFFECT THAT INTEREST, IN ACCORDANCE WITH THE POLICY PROVISIONS OR AS REQUIRED BY LAW.

ADDITIONAL INTEREST

NAME AND ADDRESS <p style="text-align: center; font-size: 1.2em;">Acord 28 Old Form</p>	LENDER SERVICING AGENT NAME AND ADDRESS
MORTGAGEE LOSS PAYEE	AUTHORIZED REPRESENTATIVE



EVIDENCE OF COMMERCIAL PROPERTY INSURANCE

DATE (MM/DD/YYYY)

THIS EVIDENCE OF COMMERCIAL PROPERTY INSURANCE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE ADDITIONAL INTEREST NAMED BELOW. THIS EVIDENCE OF COMMERCIAL PROPERTY INSURANCE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

PRODUCER NAME, CONTACT PERSON AND ADDRESS		PHONE (A/C, No., Ext):	COMPANY NAME AND ADDRESS		NAIC NO:
FAX (A/C, No):		E-MAIL ADDRESS:	IF MULTIPLE COMPANIES, COMPLETE SEPARATE FORM FOR EACH		
CODE:	SUB CODE:		POLICY TYPE		
AGENCY CUSTOMER ID #:		LOAN NUMBER		POLICY NUMBER	
NAMED INSURED AND ADDRESS		EFFECTIVE DATE	EXPIRATION DATE	<input type="checkbox"/> CONTINUED UNTIL TERMINATED IF CHECKED	
ADDITIONAL NAMED INSURED(S)		THIS REPLACES PRIOR EVIDENCE DATED:			

PROPERTY INFORMATION (Use REMARKS on page 2, if more space is required) BUILDING OR BUSINESS PERSONAL PROPERTY

LOCATION/DESCRIPTION

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS EVIDENCE OF PROPERTY INSURANCE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

COVERAGE INFORMATION	PERILS INSURED	BASIC	BROAD	SPECIAL	DED:
COMMERCIAL PROPERTY COVERAGE AMOUNT OF INSURANCE: \$	YES	NO	N/A		
<input type="checkbox"/> BUSINESS INCOME <input type="checkbox"/> RENTAL VALUE					Actual Loss Sustained; # of months:
BLANKET COVERAGE					If YES, indicate value(s) reported on property identified above: \$
TERRORISM COVERAGE					Attach Disclosure Notice / DEC
IS THERE A TERRORISM-SPECIFIC EXCLUSION?					
IS DOMESTIC TERRORISM EXCLUDED?					
LIMITED FUNGUS COVERAGE					If YES, LIMIT: DED:
FUNGUS EXCLUSION (If "YES", specify organization's form used)					
REPLACEMENT COST					
AGREED VALUE					
COINSURANCE					If YES, %
EQUIPMENT BREAKDOWN (If Applicable)					If YES, LIMIT: DED:
ORDINANCE OR LAW - Coverage for loss to undamaged portion of bldg					
- Demolition Costs					If YES, LIMIT: DED:
- Incr. Cost of Construction					If YES, LIMIT: DED:
EARTH MOVEMENT (If Applicable)					If YES, LIMIT: DED:
FLOOD (If Applicable)					If YES, LIMIT: DED:
WIND / HAIL (If Subject to Different Provisions)					If YES, LIMIT: DED:
PERMISSION TO WAIVE SUBROGATION IN FAVOR OF MORTGAGE HOLDER PRIOR TO LOSS					

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL _____ DAYS WRITTEN NOTICE TO THE ADDITIONAL INTEREST NAMED BELOW, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

ADDITIONAL INTEREST

<input type="checkbox"/> MORTGAGEE	<input type="checkbox"/> CONTRACT OF SALE	LENDER SERVICING AGENT NAME AND ADDRESS
<input type="checkbox"/> LENDERS LOSS PAYABLE		
NAME AND ADDRESS		AUTHORIZED REPRESENTATIVE

Acord 28 New Form