

# Insurance Compliance

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# Agenda

## Overview of Insurance

## New Functionality

- Insurance PDF
- Letters
  - Consolidated Compliance letter
  - Expiration Letter

## The Future

# Automate All Aspects of Compliance

Capture required coverages and important property characteristics

Collect comprehensive & historical policy information

Automate the review of lender/investor requirements against policies

Quickly communicate insurance needs to the borrower or broker

Easily assign and track compliance mitigation

# Enhanced Insurance Policy Information

Ability to enter and track more comprehensive policy information

- Policy Interests
- Coverages and qualifiers (form types, deductibles, coinsurance limitations)
- Application displays dynamically – only shows information pertinent to the policy
- Only displays values entered on screen
  - Coverages and qualifiers only show if there is data entered.

# Compliance Monitoring

Nearly 400 rules dedicated to analyzing insurance policies against insurance requirements

- Ability to customize thresholds

Create sets of rules based on investor insurance requirements

- Strategy provides predefined rule sets based on Fannie Mae, Freddie Mac, FHA requirements
- Use a predefined rule set or create your own.

# Communicate Insurance Needs

Creates letter to broker requesting required policies

- One letter, all required policies.

Creates letter to broker listing any and all compliance issues

- One letter, all deficiencies

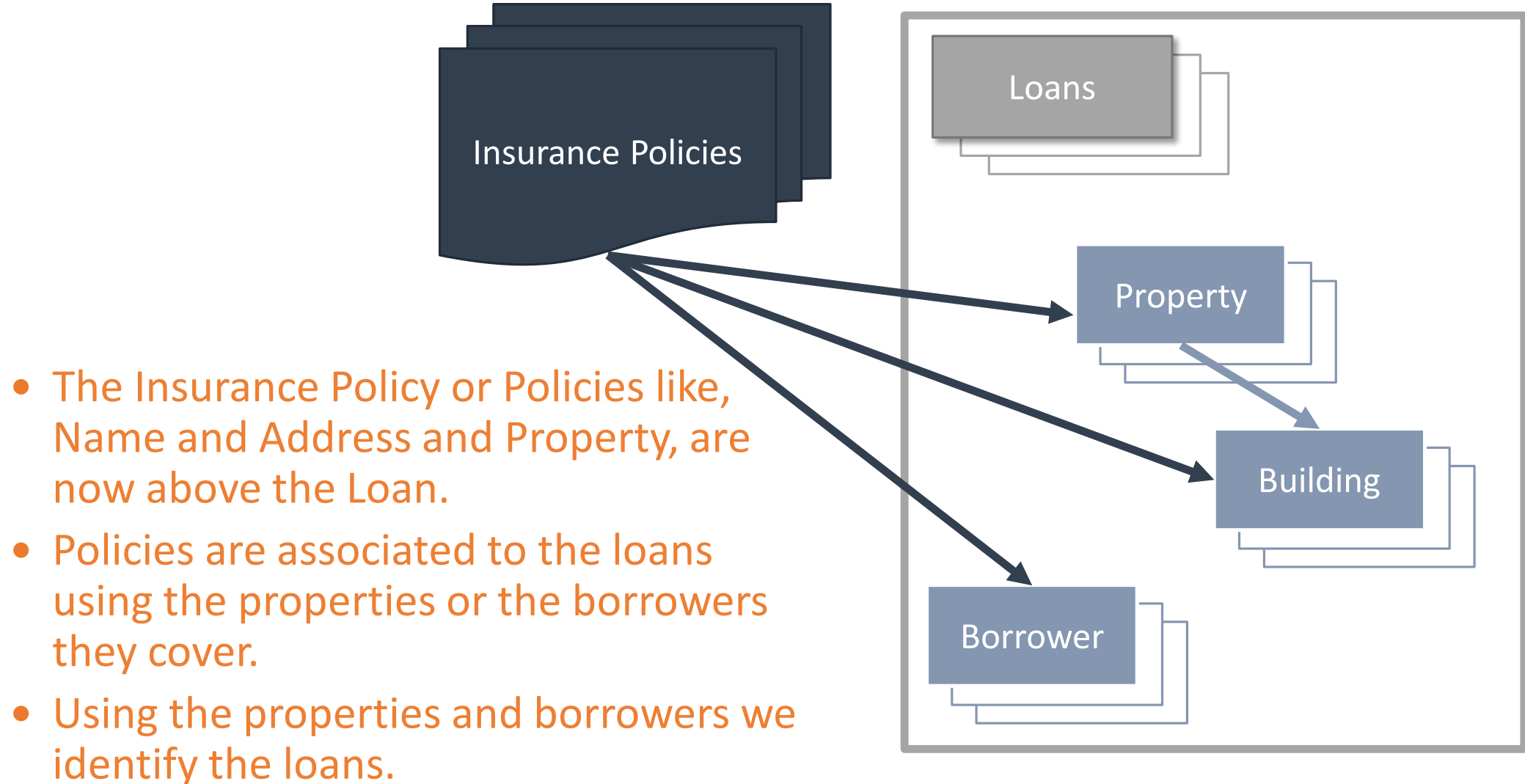
Integrate with workflow capabilities to assign compliance duties

- Work displays in the analyst's work queue

Integrates with Notes functions to document comments and upload evidence of insurance, receipts, policies.



# Data Structure Change



# Insurance – All Policy Types

Boiler & Machinery

Builders Risk Policy

Business Automobile Insurance

Business Income Policy

Commercial Crime Insurance

Commercial General Liability

Commercial Package Policy

Commercial Property Policy

Difference in Conditions

Directors and Officers Liability

Earthquake Policy

Employers Liability

Environmental Liability

Equipment Breakdown

Equipment Floater

Excess Flood Policy

Excess Liability

Excess Property Policy

Fidelity Policy

Flood Policy

Garage Liability

Liquor Liability

Political Risk Insurance

Professional Liability

Terrorism Policy

Umbrella Liability

Windstorm Policy

Workers Compensation

Valuable Papers

Term Life

# PDF reader

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# Upload & store insurance documents

- ACORD forms
- Insurance policies
- System stores Forms in Notes
  - Allows any form/document to be stored

PDF Upload

Select ACORD Form Type

ACORD 25

Choose File 25\_Loan 21020010\_GL.pdf

Upload

Reset

Upload Status

ACORD®		CERTIFICATE OF LIABILITY INSURANCE		DATE (MM/DD/YYYY)		
THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.						
IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).						
PRODUCER		CONTACT				
Brown & Brown of Florida, Inc.		NAME:				
1201 W Cypress Creek Rd # 130		PHONE (A/C, No, Ext): FAX (A/C, No):				
P.O. Box 5727 Ft. Lauderdale, FL 33310-5727		E-MAIL ADDRESS:				
		INSURER(S) AFFORDING COVERAGE		NAIC #		
		INSURER A : Columbia Casualty Company				
		INSURER B : Continental Casualty Company				
		INSURER C : Comp Options Insurance Co.				
		INSURER D : Progressive Express Ins. Co.				
		INSURER E :				
		INSURER F :				
INSURED		CERTIFICATE NUMBER:		REVISION NUMBER:		
Northeastern Real Estate Properties, Inc.						
COVERAGES						
THIS IS TO CERTIFY THAT 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 CERTIFICATE 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.						
INSR LTR	TYPE OF INSURANCE	ADDL SUBR INSD. WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input checked="" type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR  GENT. AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO <input type="checkbox"/> LOC <input type="checkbox"/> OTHER		R4022749546	01/15/2017	01/15/2018	EACH OCCURRENCE \$ 1,000,000 THEORETICALLY UNLIMITED PREMISES (Ea occurrence) \$ 300,000 MED EXP (Any one person) \$ 10,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 3,000,000 PRODUCTS - COM/OP AGG \$ Included \$
D	<input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> NON-OWNED AUTOS		061283809	01/15/2017	01/15/2018	COMBINED SINGLE LIMIT (Ea accident) \$ 300,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
	<input type="checkbox"/> UMBRELLA LIAB <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> DED <input type="checkbox"/> RETENTIONS	<input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS-MADE				EACH OCCURRENCE \$ AGGREGATE \$ \$
C	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N N/A	AWC1074122	01/15/2017	01/15/2018	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTHER E.L. EACH ACCIDENT \$ 500,000 E.L. DISEASE - EA EMPLOYEE \$ 500,000 E.L. DISINF - POLICY LIMIT \$ 500,000
DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)						
Additional Insured Second National Bank						
CERTIFICATE HOLDER				CANCELLATION		
Second National Bank 25 State Street Boston, MA 02109				SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.		
				AUTHORIZED REPRESENTATIVE		

# Validate Uploaded Data

## Policy Information

R4022749547

## New Policys

[Policy Number: R4022749546](#)

[Policy Number: 061283809](#)

[Policy Number: AWC1074122](#)

**Policy Type** Commercial General Liability **Policy Number** R4022749547 **Effective Date** 01/15/2017 **Expiration Date** 01/15/2018 **Continuous Coverage** NO

**Carrier** Columbia Casualty Company

**Rating Agency** A.M. BEST

**Carrier Rating** FAIR B-



**Source of Insurance**

**Paid Receipt**

**Agent** Brown & Brown of Florida, INC.

**Evidence Type**

**Audit Date**

**Status** Active

**Cancellation Date**

**Retro Date**

**Named Insured Includes Borrower**

**Premium** 0

**Claim Trigger**

**Forced Placed** NO

**Evidence Received**

**Statement of Values Received**

**Evidence Expired**

**Days to Cancel** Non-Payment

**Other Reasons**

Edit

View Compliance Checks

View Rules

Add Investors to Policy

View Escrow Information

### Policy Loan Numbers (Expand +/-)

Loan Number

21020010



Excluded Loans

**Most Recent Note**

Received information from Agent



### Policy Interests (Expand +/-)

Loan Number(s)	Name	Mortgagee Clause	Type	Description	Effective Date	Additional Interest Is Correct	Status
21020010	Northeastern Real Estate Properties, Inc. [20]		LEAD NAMED INSURED		01/15/2017		Active

Edit

### Component Coverage (Expand +/-)

General Liability Coverage	General Aggregate Limit	Limit Per Occurrence	Personal and Advertising Injury Limit	Medical Expense Any One Person
01/15/2017	3,000,000	1,000,000	1,000,000	10,000

Status Active



Add Coverage

# Consolidated Compliance letters

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# Define Compliance Checks

- Fannie, Freddie predefined
- Can be copied and modified/limited

Fannie Mae Insurance Compliance 5 Rule Sets found for Job Function: Asset Manager 4

☐ Show Inactive Rule Sets ☒ Show Inactive Rules ☐ Show All Rule Sets

Save Assignment Delete

Rule Name	Type	Rule Description	Value	Rule Actions	Status	Alert Button	Severity	
Collateral Address Correct	INSURANCE	Insurance - Collateral Address is Correct on Insurance Policy. Variable Value: none. Logic: For any active Policy Building records associated with a loan, if the field 'Collateral Address is Correct'		Display Alert Send Email 	<input checked="" type="checkbox"/> Active	Watch List [v]	Medium [v]	
Named Insured Includes Borrowing Entity	INSURANCE	Insurance - Named Insured Includes the Borrowing Entity. Variable Value: none. Logic: For any active Policy associated with the loan(s), if the field 'Named Insured Includes Borrowing Entity'		Display Alert 	<input checked="" type="checkbox"/> Active	Watch List [v]	Medium [v]	
Policy Paid Receipt	INSURANCE	Insurance - Paid Receipt Received. Variable Value: none. Logic: For any active Policy, if the field Paid Receipt PIAUDPOL.IUPRECEIPT is not 'Y', take designated action.		Display Alert 	<input checked="" type="checkbox"/> Active	Watch List [v]	Medium [v]	
Flood Coverage Required	INSURANCE	Insurance - Determine whether flood coverage is required and provided. Variable Value: none. Logic: For any building where flood insurance is required (PCBLDGCVR.P2COVERAGE = 4), look for an active		Display Alert 	<input checked="" type="checkbox"/> Active	Watch List [v]	Medium [v]	
Flood Zone Correct	INSURANCE	Insurance - Flood zone on the policy matches flood zone on the building record. Variable Value: none. Logic: Where building flood coverage is required (PCBLDGCVR.P2COVERAGE = 4) and provided		Display Alert 	<input checked="" type="checkbox"/> Active	Watch List [v]	Medium [v]	
Property Coverage on Building Required	INSURANCE	Insurance - Determine whether Property insurance is provided. Variable Value: none. Logic: If none of the active Policies associated with the building(s) on the loan have Property Coverage		Display Alert Display Alert 	<input checked="" type="checkbox"/> Active	Watch List [v]	Medium [v]	
Property Building Minimum Limit	INSURANCE	Insurance - Property coverage is sufficient. Variable Value: none. Logic: For all buildings on a loan, aggregate the insurable value PCBLDG.P11NSVALUE. For any active Policy on those buildings that include		Display Alert Start Process Start Process 	<input checked="" type="checkbox"/> Active	Watch List [v]	Medium [v]	
Business Income/Loss of Rents Coverage Required	INSURANCE	Insurance - Determine whether Business Income/LOR coverage is required. Variable value: none. Logic: For any active Policy associated with the loan with an active Business Income or LOR Subject of Insurance		Display Alert Send Email 	<input checked="" type="checkbox"/> Active	Watch List [v]	Medium [v]	
General Liability Additional Insured Clause	INSURANCE	Insurance - Determine whether Additional Insured is correct. Variable Value: none. Logic: For any active policy with active general liability coverage PIPOLCOVER.IPVICV### = 6, if a Loss Payee is		Display Alert 	<input checked="" type="checkbox"/> Active	Watch List [v]	Medium [v]	

# Check For Policy/Loan Compliance

## Compliance Rule Violations

[Waive Alert](#)
[Add Manual Alert](#)
[Edit Manual Alert](#)
[Export Alerts to Spreadsheet](#)
[Generate Consolidated Letter](#)

Name	Loan Number	Policy Number	Effective Date	Expiration Date	Alert	Rule Number	Rule Description
Northeastern Real Estate Properties, Inc.	21020010	DSLCommWind2	08/07/2018	08/07/2018	Manual alert for loan 21020010 policy DSLCommWind2		Test adding manual alert, then updating it.
Northeastern Real Estate Properties, Inc.	21020010	15CP987-43-7854	10/01/2013	10/01/2014	Commercial Property Policy 15CP987-43-7854 Warehouse business income/loss of rents extended period of indemnity does not meet requirement	327	Business Income BI/LOR Extended POI # Days
Northeastern Real Estate Properties, Inc.	21020010	15CP987-43-7854	10/01/2013	10/01/2014	Commercial Property Policy 15CP987-43-7854 Warehouse total building deductible amount 10,000.00 exceeds maximum requirement	317	Property Building Max Deductible Amount
Northeastern Real Estate Properties, Inc.	21020010	15CP987-43-7854	10/01/2013	10/01/2014	Commercial Property Policy 15CP987-43-7854 0 days notice of cancellation for other than non-payment does not meet minimum requirement	304	Cancellation Notice Provision
Northeastern Real Estate Properties, Inc.	21020010	15CP987-43-7854	10/01/2013	10/01/2014	Commercial Property Policy 15CP987-43-7854 Warehouse building valuation method Actual Cash Value does not match required value	318	Property Building Valuation Method
Northeastern Real Estate Properties, Inc.	21020010	15CP987-43-7854	10/01/2013	10/01/2014	Commercial Property Policy 15CP987-43-7854 Warehouse building property agreed amount required with coinsurance percentage	320	Property Building Co-insurance % Agreed Amount
Northeastern Real Estate Properties, Inc.	21020010	15CP987-43-7854	10/01/2013	10/01/2014	Commercial Property Policy 15CP987-43-7854 Warehouse property building minimum form type Basic Form is less than required	321	Property Building Minimum Form Type
Northeastern Real Estate Properties, Inc.	21020010	15CP987-43-7854	10/01/2013	10/01/2014	Commercial Property Policy 15CP987-43-7854 Warehouse	322	Property Building Minimum Form Type
Northeastern Real Estate Properties, Inc.	21020010	15GL987-43-7854	07/01/2015	07/01/2016	Commercial Property Policy 15GL987-43-7854 days notice payment due		
Northeastern Real Estate Properties, Inc.	21020010	15GL987-43-7854	07/01/2015	07/01/2016	Commercial Property Policy 15GL987-43-7854 terrorism c		
Northeastern Real Estate Properties, Inc.	21020010	15GL987-43-7854	07/01/2015	07/01/2016	Commercial Property Policy 15GL987-43-7854 general liab exceeds mi		
Northeastern Real Estate Properties, Inc.	21020010	15GL987-43-7854	07/01/2015	07/01/2016	Commercial Property Policy 15GL987-43-7854		

From this screen you can:

- Waive Alerts
- Add Manual Alerts
- Export to Spreadsheet
- Generate Consolidated Letter

# Consolidated Compliance Letter

## Customizable template

- Adjust wording
- Add logo

Downloaded for Review

Emailed

Borrower and/or

Agent

05/06/2020

Northeastern Real Estate Properties, Inc.  
28 Western Road  
Billerica, MA 01821

Subject: Please provide insurance information for the building below

Dear Northeastern Real Estate Properties, Inc.:

Your loan agreement obligates you to maintain insurance on the subject property. Our records show that the current insurance reflects the following non-compliance items. Please contact us via one of the options below to provide us with the resolution to the non-compliance items. If we don't receive proof of your coverage no later than 10 days after 2018-01-15, we may have to force place the coverage and you will be responsible for any costs associated with this new policy.

The insurance we buy may be significantly more expensive than the insurance you can purchase yourself and the coverage may not fully protect you or your building. To avoid this, you should provide us with your insurance information right away. The policy should be effective 2018-01-15, or we'll charge you for the policy we'll buy for the period that you don't have your own coverage.

The Mortgagee/Loss Payee should read as follows: Federal Home Loan Mortgage Corporation, as Master Servicer, on behalf of ABC. Bank National Association, as Trustee, for the benefit of Holders of XYZ Commercial Mortgage Securities Corp., Multifamily Mortgage Pass-Through Certificates, Series 2019-SB64, as their interests appear c/o 5678e Bank, CRE Lending, 94923 Grove Road South, Suite 3200, Boston, MA 06134.

Name	Loan Number	Policy Number	Effective Date	Expiration Date	Alert	Value
Northeastern Real Estate Properties, Inc.	21020010	15CP987-43-7854	10/1/13	10/1/14	Commercial Property Policy 15CP987-43-7854 0 days notice of cancellation for other than non-payment does	20

Northeastern Real Estate Properties, Inc.	21020010	061283810	1/15/17	1/15/18	Business Automobile Insurance 061283810 0 days notice of cancellation for other than non-payment does not meet minimum requirement	20
Northeastern Real Estate Properties, Inc.	21020010	R4022749546	1/15/17	1/15/18	Commercial General Liability R4022749546 0 days notice of cancellation for other than non-payment does not meet minimum	20

# Consolidated Request for expired Insurance letters

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# Create Expiration Letter

Creates letter from template  
to request policies

Displays all insurance  
policies required for loan

8 Suburban Park Drive, Unit #2, Billerica, MA 01821-3903  
978.439.9000: Main Number 978.439.9068: Fax Number  
www.mccrackenfis.com



June 28, 2019

Ms. Susan Carpenter  
USI Insurance Services  
6100 Fairview Road, 10<sup>th</sup> Floor  
Charlotte, NC 28210

Dear Ms. Carpenter:

This is text that you write in Microsoft Word, setting up a merge document incorporating fields from the system. You give the document a name and associate it with a task in your Insurance Compliance task. This template will be used each time the task is executed to create the request for insurance.

Please provide the following policies for <<street #>> <<street name>>, <<town>>, <<state>> <<zipcode>>.

<<policy type>>  
<<policy type>>  
<<policy type>>  
<<policy type>>  
<<policy type>>  
<<policy type>>  
<<policy type>>  
<<policy type>>  
<<policy type>>  
<<policy type>>

Your closing statement following by signature.

Best regards,

<<username>>

# Expiration Letter

- Letter is generated from the checklist
- Generated by Date, Loan, Policy Type
- One letter per Loan
- Customizable

05/06/2020

Eastern Real Estate Properties, Inc.

25 Western Road

Billerica, MA 01821

Loan Number: 10020001

Property:

25 Western Road

BILLERICA, MA MA, 01821

All certificates must have the following mortgagee clause:

This is the Mortgagee Clause for Investor 100. First National Bank.

The following policies are expiring:

Boiler & Machinery	BL564763-05	2017-07-01
Commercial Property Policy	15CP987-43-7853TestLongDescrip	2017-07-01

Sincerely,

TEST ANALYST 1

# Future ideas

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# Future Ideas

- Consolidated Expiration Letters Enhancement-
  - Customers using for additional fields (job 21530 & job pending) if there is no email address those letters should be emailed to the person running the letters in a zip file.
  - Additional Fannie Rules (job# 21576)
  - Expiration Report
- Insurance Compliance - Under Policy Interests / Type, customer needs to have the option to choose ""Lender's Loss Payable"" from the drop down menu. (job 20514)

# Future Ideas

- Simplify renewal- User selects what record they want to renew, and the structure and Escrow records goes with the renewal
- Policy- Cosmetic wording changes on Policy Screen
- Create a program to update policies with both expired status and Mode.
- Get PDF reader and the escrow record
- Portal> Insurance >Policy>View Escrow record

Change the disbursement viewing and scrolling, one customer has 41 escrow records tied to one policy and it very latent and difficult to see all of them"

- Portal>Insurance: Add new Coverage type:

Add Automobile Liability Coverage on General Liability policy when there is one policy for General Liability, Auto Liability and Professional Liability. Currently the user must create a duplicate policy because Auto Liability coverage is not available in the coverage drop down.

# Questions?