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June 26, 2012

R. Kevin Clinton
Commissioner
Office of Financial and Insurance Regulation
611 W. Ottawa
3rd Floor Ottawa Building
Lansing, MI 48909

Re: Certificates of Insurance/MDOT

Dear Commissioner Clinton,

Thank you as always for being open to our comments and feedback on insurance issues in Michigan. The National Association of Mutual Insurance Companies (NAMIC) is the largest and most diverse national property/casualty insurance trade and political advocacy association in the United States. Its 1,400 member companies write all lines of property/casualty insurance business and include small, single-state, regional, and national carriers accounting for 50 percent of the automobile/ homeowners market and 31 percent of the business insurance market. NAMIC has been advocating for a strong and vibrant insurance industry since its inception in 1895. In Michigan, 150 member companies, including 55 domiciled companies, underwrite property/casualty insurance business.

I recently attended a meeting hosted by Senior Deputy Commissioner Morante in which we discussed the recent change in policy enforcement undertaken by MDOT as it pertains to certificates of insurance. As we understand it, MDOT has ceased to accept the industry standard ACORD form in favor two of their own forms that they designed in house. I had a chance to look at the forms at the OFIR meeting, and I was struck by both the inconsistency within the two forms themselves as well as the problematic language that could conflict with policy language. Most notably, I was dismayed to read the closing sentence on one form that states that the form, and not the policy, shall be the prevailing proof of coverage on that project.

Nationally, the issue of certificates of insurance has garnered much debate. Lenders are calling for unnecessary expansion of certificate forms while insurers and agents explain the precarious nature of such a form especially without involvement by insurance experts. At NAMIC, we have seen a surge of COI related legislation in 2012, most requiring that certificates be reviewed and approved by the Insurance Commissioner to ensure their

appropriateness and confirm its role simply as an informative tool and not a replacement for the policy.

MDOT's approach gives us much heartburn in that they have not involved OFIR in the development of their forms, and they're greatly deviating from the standard ACORD forms creating divergence from other states and possibly deterring business growth. Additionally, NAMIC insists that if any entity is involved in certificates of insurance it should be the Insurance Department and certainly not an agency that may lack the necessary insurance expertise to devise such a form.

Commissioner, we ask you to engage MDOT leadership as soon as possible to resolve this situation and assert that it is OFIR's role to regulate any document that acts as a statement of insurance coverage. Deputy Commissioner Morante has mentioned her efforts to set a meeting between OFIR, MDOT, and the industry. We'd very much appreciate the opportunity to participate in that discourse and offer any information about this issue on the national level as we are able. We would also encourage you to involve the Governor's office in such a discussion as this issue is a poignant example of hurdles to business development in Michigan.

If NAMIC can be of any assistance to you on this or any other issue, please don't hesitate to contact us. Thank you again for the opportunity to comment on this issue, and for the dedication on the part of you and your staff to seek industry input and involvement on certificates of insurance.

Sincerely,

Erin Collins

State Affairs Manager