January 13, 2012

VIA ELECTONIC SUBMISSION

Bureau of Consumer Financial Protection
1500 Pennsylvania Avenue, N.W.
Washington, DC  20220

RE:  Comment Request [Docket No. CFPB-2011-0043]

The Property Casualty Insurers Association of America (PCI) appreciates the opportunity to provide comments in response to the Bureau of Consumer Financial Protection (CFPB) Request for Comment regarding the collection of information for use in developing notice forms to assist mortgage servicers in complying with certain notice requirements applicable to them under the Dodd-Frank Act. PCI is composed of more than 1000 member property casualty insurance companies representing the broadest cross-section of insurers of any national trade association. PCI members write over $174 billion in annual premium, representing 37.1 percent of the nation’s property casualty insurance.

PCI’s comments relate to the CFPB’s data collection to develop lender-placed insurance disclosure notices. Several PCI members are among the principal providers of lender-placed coverage, which is an essential product for the mortgage lending industry and, in turn, the real estate market. We note that, while the “business of insurance” was expressly excluded from the jurisdiction of the CFPB, Section 1463 does create a very narrow, limited exception setting forth minimum requirements that lenders must meet before placing insurance coverage on behalf of their mortgagor. While PCI recognizes that it is appropriate for the CFPB to develop rules and procedures to implement the requirements of Section 1463, we trust that the CFPB will otherwise refrain from seeking to regulate lender-placed insurance, which the Congress appropriately left to the jurisdiction of state insurance regulators.

While the data collection activities being proposed for lender-placed insurance are appropriate as far as they go, they are insufficient in that they propose CFPB interaction only with consumers and do not appear to contemplate any formal consultation with the mortgage servicers and related providers who have substantial experience with this coverage. Plain English consumer notices for lender-placed products are already in use in the industry and have been refined and improved over the years as servicers and insurers...
have continually sought to improve these notices and to minimize costly erroneous placements of insurance. The CFPB would benefit from reviewing the disclosure notices now in use and in consulting with servicers and providers about the evolution of those notices. It would be unwise and unnecessary for the CFPB to “start from scratch” in developing consumer notices without considering the extensive history and evolution of several suitable existing disclosures and how they serve the needs of consumers, servicers, and insurers. PCI and its member companies would be pleased to meet with the CFPB and provide samples of existing notices at the CFPB’s convenience.

Finally, while we commend the CFPB for seeking to develop consumer disclosure notices, we recommend that the CFPB publish these as model notices only. Certainly such model notices will be helpful compliance tools and many servicers and insurers may adopt them verbatim, but this should not prevent others from adopting different formats or wordings as long as they meet the minimum requirements of the statute. Requiring universal adherence to a particular form can constrain innovation, prevent disclosures that go beyond legal requirements, and make it difficult for servicers and insurers to respond to changing consumer needs in the marketplace. We note that the model notice approach was taken with respect to consumer privacy notices under Title V of the Gramm-Leach-Bliley Act.

Again, PCI appreciates the opportunity to respond to the CFPB’s comment request. We and our members stand ready to assist the CFPB in any way possible in the development of efficient and useful consumer notices for lender-placed insurance products.

Sincerely,

Robert W. Woody