

SERFF Tracking Number: ARKS-125405735 State: Arkansas
Filing Company: 00006 - INSURANCE SERVICES OFFICE, INC. State Tracking Number: #104612 \$300
Company Tracking Number: EC 2007-OTRL1
TOI: 33.0 Other Lines of Business Sub-TOI: 33.0001 Other Personal Lines
Product Name: E-Commerce
Project Name/Number: /

Filing at a Glance

Company: 00006 - INSURANCE SERVICES OFFICE, INC.

Product Name: E-Commerce	SERFF Tr Num: ARKS-125405735	State: Arkansas
TOI: 33.0 Other Lines of Business	SERFF Status: Closed	State Tr Num: #104612 \$300
Sub-TOI: 33.0001 Other Personal Lines	Co Tr Num: EC 2007-OTRL1	State Status: Fees verified and received
Filing Type: Form	Co Status:	Reviewer(s): Betty Montesi, Edith Roberts, Brittany Yielding
	Author:	Disposition Date: 12/31/2007
	Date Submitted: 12/28/2007	Disposition Status: Approved
Effective Date Requested (New):		Effective Date (New):
Effective Date Requested (Renewal):		Effective Date (Renewal):
State Filing Description:		

General Information

Project Name:	Status of Filing in Domicile:
Project Number:	Domicile Status Comments:
Reference Organization:	Reference Number:
Reference Title:	Advisory Org. Circular:
Filing Status Changed: 12/31/2007	
State Status Changed: 12/31/2007	Deemer Date:
Corresponding Filing Tracking Number:	
Filing Description:	

Company and Contact

Filing Contact Information

NA NA,	NA@NA.com
NA	(123) 555-4567 [Phone]
NA, AR 00000	

SERFF Tracking Number: ARKS-125405735 State: Arkansas
Filing Company: 00006 - INSURANCE SERVICES OFFICE, INC. State Tracking Number: #104612 \$300
Company Tracking Number: EC 2007-OTRL1
TOI: 33.0 Other Lines of Business Sub-TOI: 33.0001 Other Personal Lines
Product Name: E-Commerce
Project Name/Number: /

Filing Company Information

00006 - INSURANCE SERVICES OFFICE, CoCode: 6 State of Domicile: Arkansas
INC.
No Address Group Code:
City, AR 99999 Group Name: Company Type:
(999) 999-9999 ext. [Phone] FEIN Number: 99-9999999 State ID Number:

SERFF Tracking Number: ARKS-125405735 State: Arkansas
Filing Company: 00006 - INSURANCE SERVICES OFFICE, INC. State Tracking Number: #104612 \$300
Company Tracking Number: EC 2007-OTRL1
TOI: 33.0 Other Lines of Business Sub-TOI: 33.0001 Other Personal Lines
Product Name: E-Commerce
Project Name/Number: /

Filing Fees

Fee Required? No
Retaliatory? No
Fee Explanation:
Per Company: No

SERFF Tracking Number: ARKS-125405735 State: Arkansas
Filing Company: 00006 - INSURANCE SERVICES OFFICE, INC. State Tracking Number: #104612 \$300
Company Tracking Number: EC 2007-OTRL1
TOI: 33.0 Other Lines of Business Sub-TOI: 33.0001 Other Personal Lines
Product Name: E-Commerce
Project Name/Number: /

Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Approved	Edith Roberts	12/31/2007	12/31/2007

SERFF Tracking Number: ARKS-125405735 State: Arkansas
Filing Company: 00006 - INSURANCE SERVICES OFFICE, INC. State Tracking Number: #104612 \$300
Company Tracking Number: EC 2007-OTRL1
TOI: 33.0 Other Lines of Business Sub-TOI: 33.0001 Other Personal Lines
Product Name: E-Commerce
Project Name/Number: /

Disposition

Disposition Date: 12/31/2007

Effective Date (New):

Effective Date (Renewal):

Status: Approved

Comment:

Rate data does NOT apply to filing.

SERFF Tracking Number: ARKS-125405735 State: Arkansas
 Filing Company: 00006 - INSURANCE SERVICES OFFICE, INC. State Tracking Number: #104612 \$300
 Company Tracking Number: EC 2007-OTRL1
 TOI: 33.0 Other Lines of Business Sub-TOI: 33.0001 Other Personal Lines
 Product Name: E-Commerce
 Project Name/Number: /

Item Type	Item Name	Item Status	Public Access
Supporting Document	Uniform Transmittal Document-Property & Casualty	Approved	Yes
Supporting Document	ARKS-125405735	Approved	No

SERFF Tracking Number: ARKS-125405735 *State:* Arkansas
Filing Company: 00006 - INSURANCE SERVICES OFFICE, INC. *State Tracking Number:* #104612 \$300
Company Tracking Number: EC 2007-OTRL1
TOI: 33.0 Other Lines of Business *Sub-TOI:* 33.0001 Other Personal Lines
Product Name: E-Commerce
Project Name/Number: /

Rate Information

Rate data does NOT apply to filing.

SERFF Tracking Number: ARKS-125405735 State: Arkansas
Filing Company: 00006 - INSURANCE SERVICES OFFICE, INC. State Tracking Number: #104612 \$300
Company Tracking Number: EC 2007-OTRL1
TOI: 33.0 Other Lines of Business Sub-TOI: 33.0001 Other Personal Lines
Product Name: E-Commerce
Project Name/Number: /

Supporting Document Schedules

Satisfied -Name: ARKS-125405735

Review Status:

Approved

12/31/2007

Comments:

Attachment:

ARKS-125405735.pdf

ER



2828 EAST TRINITY MILLS ROAD SUITE 150 CARROLLTON, TX 75006
TEL: (214) 390-1825 FAX: (214) 390-1975

CV# 104612

\$ 300.00

ARKS-175405735

December 20, 2007

Honorable Julie Benafield Bowman
Commissioner of Insurance
Arkansas Insurance Department
1200 West Third Street
Little Rock, Arkansas 72201-1904

Approved until withdrawn
or revoked

Dec. 28 2007

RECEIVED

DEC 28 2007

Arkansas Insurance Department

PROPERTY AND CASUALTY DIVISION
ARKANSAS INSURANCE DEPARTMENT

Attention: William R. Lacy, Director
Property and Casualty Division

By: *Ack/accepted for informational purposes*

RE: Insurance Services Office, Inc.
EC 2007-OTRL1
E-Commerce
Forms Relating to Certified Acts Revised in Response to Terrorism
Risk Insurance Program Reauthorization Act of 2007
State of Arkansas

Used

Dear Mr. Lacy:

On behalf of those participating insurers that have authorized ISO to do so, we hereby file the captioned revision. The purpose of this filing is to introduce changes necessary to bring ISO's forms into compliance with the Terrorism Risk Insurance Program Reauthorization Act of 2007.

This Act extends the federal Terrorism Risk Insurance Program (which was set to expire at the end of December 31, 2007) for a seven-year period, through December 31, 2014. Several other noteworthy changes in the Act include:

- Revision to the criteria for certification of an act to eliminate the requirement that the act be committed on behalf of a foreign person or foreign interest.
- Requirement to provide a clear and conspicuous disclosure of the \$100 billion cap on payments for insured losses, as well as a strengthening of that cap.
- Requirement that the Secretary of the Treasury develop regulations for determining the pro rata share of insured losses to be paid under the program when those insured losses exceed \$100 billion during any one program year.

Insurers are now faced with the task of overhauling policy administration systems to comply with the new requirements, including new policy language reflecting the revised definition of a certified act, additional disclosure requirements, and other issues. For this reason, we are proposing that this revision become effective in accordance with the following rule of application:

These changes are available for insurer use upon your approval.

To provide maximum flexibility to insurers in revising their policy administration systems, we propose that insurers are not required to advise you of the actual date on which they incorporate the attached into their workflow. This will avoid the need for unnecessary filings to delay effective dates, and takes into consideration the fact that insurers have varying system considerations and lead-time requirements.

It is very important that insurers have the tools contained in this filing available for use as soon as practicable. Your prompt approval of this critical filing is appreciated. Should you have any questions on the material contained herein, we would be happy to discuss them with you at your convenience.

Please return an acknowledged copy of this cover letter for our records. An addressed, stamped envelope is enclosed for your convenience.

Very truly yours,

A handwritten signature in black ink, appearing to read "Donald J. Beckel". The signature is fluid and cursive, with the first name "Donald" being the most prominent.

Donald J. Beckel, CPCU, ARM
Assistant Regional Manager

DJB:db
Encl.

Forms Relating To Certified Acts Revised In Response To Terrorism Risk Insurance Program Reauthorization Act Of 2007

About This Filing

This filing revises certain terrorism endorsements in response to enactment of the Terrorism Risk Insurance Program Reauthorization Act of 2007.

Revised Forms

We are revising the following forms:

- ◆ EC 21 01 07 06 Cap On Losses From Certified Acts of Terrorism [new edition is EC 21 07 01 08]
- ◆ EC 21 03 07 06 Exclusion Of Certified Acts Of Terrorism [new edition is EC 21 03 01 08]
- ◆ EC 21 05 07 06 Disclosure Pursuant To Terrorism Risk Insurance Act [new edition is EC 21 05 01 08]

We have used a format of ~~striking through~~ deletions, underlining additions and inserting a revision bar in the left margin to indicate changes from the current editions to the new editions. Concurrent with implementation, the new editions will supersede the prior editions.

Related Filing(s)

Rules Filing EC-2007-RTRL1

Background

The Terrorism Risk Insurance Act (TRIA) of 2002 established a program (Terrorism Risk Insurance Program) within the Department of the Treasury, under which the federal government shares, with the insurance industry, the risk of loss from future terrorist attacks. Pursuant to Section 103(c) of the Act, all insurers providing insurance for applicable lines of business are required to participate in the program by making available coverage for insured losses resulting from an act of terrorism as defined by the Act (so-called certified acts coverage). The enactment of TRIA in 2002 preceded the development and implementation of the Internet Liability And Network Protection Policy.

The Terrorism Risk Insurance Program was extended for two years, until December 31, 2007, by the Terrorism Risk Insurance Extension Act of 2005, which incorporated various changes with respect to federal share of losses and affected lines of business. We responded to the enactment with a filing of disclosure forms and various endorsements addressing the terrorism risk.

Current Environment

The federal Terrorism Risk Insurance Program has been revised and extended by the Terrorism Risk Insurance Program Reauthorization Act of 2007, which incorporates various changes to the Program. Certain changes, summarized as follows and recognized in the next section of this filing document, have an impact on ISO terrorism forms:

- ◆ Under Section 102(1)(A)(iv) of the Act, the definition of an act of terrorism (with respect to certification of such act) is revised by eliminating the criterion that the act be committed on behalf of a foreign person or foreign interest. As revised, the definition, in part, requires the act to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.
- ◆ Section 103(b)(3) of the Act requires disclosure of the existence of the \$100 billion cap on payments by insurers.
- ◆ Section 103(e)(2)(A) of the Act eliminates the provision asserting that Congress may take action to increase the \$100 billion cap in the event that insured losses exceed such cap; and Section 103(e)(2)(B) requires the Secretary of the Treasury to issue regulations for determining the pro rata share of insured losses to be paid under the Program (up to \$100 billion) when insured losses exceed \$100 billion.

Explanation of Changes

Cap On Losses From Certified Acts Of Terrorism Endorsement EC 21 01

Exclusion Of Certified Acts Of Terrorism Endorsement EC 21 03

These endorsements are revised to:

- ◆ Revise the definition of certified act of terrorism to:
 - Delete the text "acting on behalf of any foreign person or foreign interest", in line with the revision to Section 102(1)(A)(iv) of the Act.
 - Reflect the fact that the definition includes appropriate details, but not all of the statutory wording, in setting forth the criteria for a certified act of terrorism.
 - Elaborate on the reference to aggregate losses, which are aggregate insured losses attributable to all types of insurance subject to TRIA.
- ◆ Revise the language expressing the existence and effect of the cap. As revised, the language explicitly refers to the amount of the cap and addresses allocation of insured losses, pursuant to Sections 103(e)(2)(A) and 103(e)(2)(B) of the Act. This revision is not applicable to EC 21 03.
- ◆ Delete the language that refers to the amendment, replacement or extension of TRIA.

Disclosure Pursuant To Terrorism Risk Insurance Act Endorsement EC 21 05

This endorsement is revised as follows:

- ◆ The Schedule entry for disclosure of the federal share of terrorism losses has been removed. Paragraph B. of the endorsement discloses the federal share of 85%. The Schedule entry had accommodated the possibility of change in the federal share for Program Years after 2007. With the 2007 extension of TRIA, the 85% federal share will remain constant for the life of the extension, that is, through December 31, 2014.
- ◆ In compliance with the disclosure requirement of Section 103(b)(3) of the Act, Paragraphs B. and C. of the endorsement have been revised to address the \$100 billion cap. Paragraph C. also advises, in accordance with the provisions of Section 103(e)(2)(B), that all insured losses are subject to pro rata allocation when aggregate insured losses exceed \$100 billion.

Copyright Explanation

The material distributed by Insurance Services Office, Inc. is copyrighted. All rights reserved. Possession of these pages does not confer the right to print, reprint, publish, copy, sell, file or use same in any manner without the written permission of the copyright owner.

Important Note

Insurance Services Office, Inc. (ISO) makes available advisory services to property/casualty insurers. ISO has no adherence requirements. ISO policy forms and explanatory materials are intended solely for the information and use of ISO's participating insurers and their representatives, and insurance regulators. Neither ISO's general explanations of policy intent nor opinions expressed by ISO's staff necessarily reflect every insurer's view or control any insurer's determination of coverage for a specific claim. ISO does not intercede in coverage disputes arising from insurance policies. If there is any conflict between a form and any other part of the attached material, the provisions of the form apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

INTERNET LIABILITY AND NETWORK PROTECTION POLICY

If aggregate insured losses attributable to terrorist acts certified under the federal Terrorism Risk Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31) and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

~~With respect to any one or more "certified acts of terrorism", we will not pay any amounts for which we are not responsible under the terms of the federal Terrorism Risk Insurance Act (including subsequent acts of Congress pursuant to the Act) due to the application of any clause which results in a cap on our liability for payments for terrorism losses.~~

~~"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act and any amendment, extension, or replacement thereof. The criteria contained in the federal Terrorism Risk Insurance Act sets forth the following criteria for a "certified act of terrorism" include the following:~~

- ~~1. The act resulted in aggregate insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and~~

2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals acting on behalf of any foreign person or foreign interest, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

~~If the Act (as amended, extended or replaced) is in effect beyond 2007, the criteria for a "certified act of terrorism" may differ from any of those specified above.~~

R
E
V
I
S
E
D

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

INTERNET LIABILITY AND NETWORK PROTECTION POLICY

A. The following exclusion is added to Section V – Exclusions:

We will not pay for any "loss" resulting from any "claim" based upon, attributable to, or arising, directly or indirectly, out of "a certified act of terrorism".

B. The following definition is added to Section VII – Definitions:

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act and any amendment, extension or replacement thereof. The criteria contained in the federal Terrorism Risk Insurance Act sets forth the following criteria for a "certified act of terrorism" include the following:

1. The act resulted in aggregate insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act, and

2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals ~~acting on behalf of any foreign person or foreign interest~~, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

~~If the Act (as amended, extended or replaced) is in effect beyond 2007, the criteria for a "certified act of terrorism" may differ from any of those specified above.~~

R
E
V
I
S
E
D

DISCLOSURE PURSUANT TO TERRORISM RISK INSURANCE ACT

SCHEDULE

Terrorism Premium (Certified Acts): \$

This premium is the total Certified Acts premium attributable to the Internet Liability And Network Protection Policy.

Additional information, if any, concerning the terrorism premium:

Federal share of terrorism losses % Year: 20 _____

(Refer to Paragraph B. in this endorsement.)

Federal share of terrorism losses % Year: 20 _____

(Refer to Paragraph B. in this endorsement.)

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

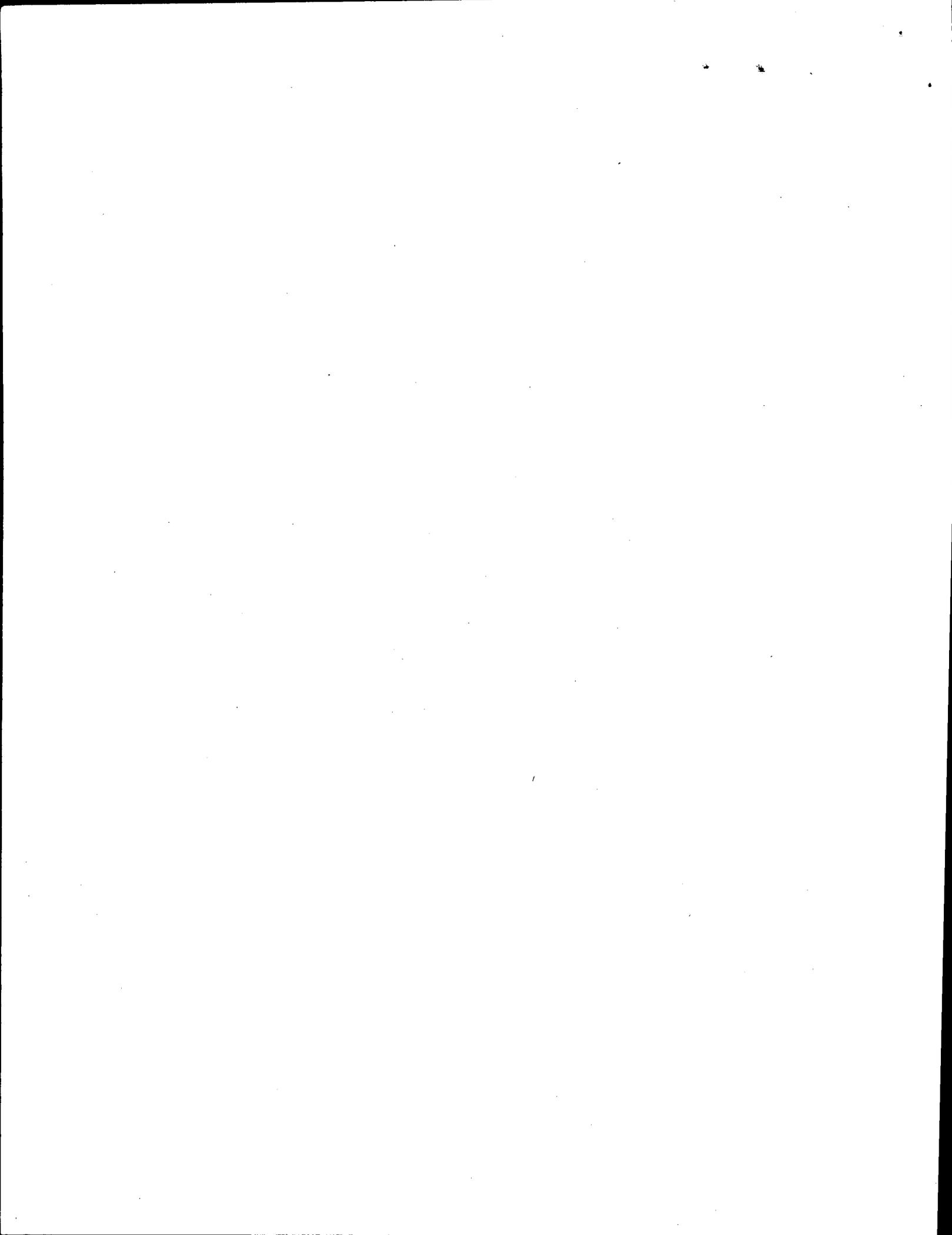
A. Disclosure Of Premium

In accordance with the federal Terrorism Risk Insurance Act, we are required to provide you with a notice disclosing the portion of your premium, if any, attributable to coverage for terrorist acts certified under that the Terrorism Risk Insurance Act. The portion of your premium attributable to such coverage is shown in the Schedule of this endorsement or in the policy Declarations.

B. Disclosure Of Federal Participation In Payment Of Terrorism Losses

The United States Government, Department of the Treasury, will pay a share of terrorism losses insured under the federal program. ~~For losses occurring in 2006, the federal share equals 90% of that portion of the amount of such insured losses that exceeds the applicable insurer retention. For losses occurring in 2007, the federal share equals 85% of that portion of the amount of such insured losses that exceeds the applicable insurer retention. If the federal program is extended beyond 2007, the applicable percentage will be shown in the Schedule of this endorsement or in the policy Declarations. However, if aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31), the Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion.~~

R
E
V
I
S
E
D



**C. Cap On Insurer Participation In Payment Of
Terrorism Losses**

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31) and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

R
E
V
I
S
E
D

