

SERFF Tracking Number: ARKS-125405747 State: Arkansas
Filing Company: 00006 - INSURANCE SERVICES OFFICE, INC. State Tracking Number: #104615 \$50
Company Tracking Number: MP 2007-RTRL1
TOI: 33.0 Other Lines of Business Sub-TOI: 33.0001 Other Personal Lines
Product Name: Management Protection
Project Name/Number: /

Filing at a Glance

Company: 00006 - INSURANCE SERVICES OFFICE, INC.

Product Name: Management Protection	SERFF Tr Num: ARKS-125405747	State: Arkansas
TOI: 33.0 Other Lines of Business	SERFF Status: Closed	State Tr Num: #104615 \$50
Sub-TOI: 33.0001 Other Personal Lines	Co Tr Num: MP 2007-RTRL1	State Status: Fees verified and received
Filing Type: Rule	Co Status:	Reviewer(s): Betty Montesi, Edith Roberts, Brittany Yielding
	Author:	Disposition Date: 12/28/2007
	Date Submitted: 12/28/2007	Disposition Status: Filed
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

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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:

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Filing Fees

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

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Correspondence Summary

Dispositions

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

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Product Name: Management Protection
Project Name/Number: /

Disposition

Disposition Date: 12/28/2007

Effective Date (New):

Effective Date (Renewal):

Status: Filed

Comment:

Rate data does NOT apply to filing.

SERFF Tracking Number: ARKS-125405747 State: Arkansas
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Item Type	Item Name	Item Status	Public Access
Supporting Document	Uniform Transmittal Document-Property & Casualty	Filed	No
Supporting Document	NAIC Loss Cost Filing Document for OTHER than Workers' Comp	Filed	No
Supporting Document	NAIC loss cost data entry document	Filed	No
Supporting Document	ARKS-125405747	Approved	No

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Rate Information

Rate data does NOT apply to filing.

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Supporting Document Schedules

Satisfied -Name: ARKS-125405747

Review Status:

Approved

12/31/2007

Comments:

Attachment:

ARKS-125405747.pdf

ER



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CV# 104615

\$ 50.00

ARMS 125

December 19, 2007

FILED

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

Dec 28 2007

RECEIVED

DEC 28 2007

PROPERTY AND CASUALTY
ARKANSAS INSURANCE DEPT.

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

Acknowledged/ Accepted
for informational
purposes

PROPERTY AND CASUALTY DIVISION
ARKANSAS INSURANCE DEPARTMENT

RE: Insurance Services Office, Inc.
MP 2007-RTRL1
Management Protection
Rules Revised in Response to Terrorism Risk Insurance Program
Reauthorization Act of 2007
REFERENCE FILING
State of Arkansas

Closed

Dear Mr. Lacy:

Insurance Services Office, Inc. (ISO) hereby files the captioned revision. The purpose of this filing is to revise certain rules in response to enactment of 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,



Donald J. Beckel, CPCU, ARM
Assistant Regional Manager

DJB:db
Encl.

Rules Revised In Response To Terrorism Risk Insurance Program Reauthorization Act Of 2007

About This Filing

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

Revised Rules

We are revising certain rules in the Management Protection Section of the Commercial Lines Manual Terrorism Supplement.

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 versions to the new versions. Concurrent with implementation, the new versions will supersede the prior versions.

Related Filing(s)

- ◆ Forms Filing MP-2007-OTRL1

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 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 in the past to each of these enactments, with filings of various coverage options and related rules 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, have an impact on ISO terrorism forms (addressed in the companion Forms filing) and the rules associated with those 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

Terrorism Rules

The rules are revised as follows:

- ◆ Revise reference to the criteria for certification of an act of terrorism, by deleting the text relating to "actions committed on behalf of any foreign interest", in line with the revision to Section 102(1)(A)(iv) of the Act.
- ◆ 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.
- ◆ Delete reference, in the Introduction section, to the offer of coverage. The reference to making coverage available comports more closely to the language of the Act.
- ◆ Indicate, in the Introduction section, that the existence of the \$100 billion cap must be disclosed to the policyholder at the time of offer, purchase and renewal of the policy, pursuant to Section 103(b)(3).

- ◆ Editorially revise several of the descriptions of endorsements.
- ◆ Recognize the scheduled termination date of the federal program, that is, December 31, 2014.
- ◆ Revise the Disclosure Of Premium paragraph to indicate that the existence of the \$100 billion cap must be disclosed to the insured as a condition for reimbursement under the federal program, pursuant to Section 103(b)(3). This paragraph has also been revised to more clearly express which disclosure endorsement is applicable for policies that begin prior to the last year of the program and which endorsements are applicable for policies that begin in the last year of the program.
- ◆ Delete reference to endorsements excluding or limiting coverage for "other acts" of terrorism (or certified and other acts combined). The disposition of forms and rules excluding or limiting coverage for "other acts" of terrorism will be addressed in separate filings.

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Important Note

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Current Terrorism Rules

State	MP
Alabama	TE 102
Arizona	TE 102
Arkansas	TE 102
California	TE 102
Colorado	TE 102
Connecticut	TE 102
Delaware	TE 102
District Of Columbia	TE 102
Georgia	TE 115
Hawaii	TE 102
Idaho	TE 102
Illinois	TE 102
Indiana	TE 102
Iowa	TE 102
Kansas	TE 110
Kentucky	TE 102
Louisiana	TE 100
Maine	TE 102
Maryland	TE 102
Massachusetts	TE 102
Michigan	TE 102
Minnesota	TE 102
Mississippi	TE 102

State	MP
Montana	TE 102
Nebraska	TE 102
Nevada	TE 102
New Hampshire	TE 102
New Jersey	TE 107
New Mexico	TE 102
North Carolina	TE 102
North Dakota	TE 102
Ohio	TE 102
Oklahoma	TE 102
Oregon	TE 102
Pennsylvania	TE 102
Rhode Island	TE 102
South Carolina	TE 102
South Dakota	TE 102
Tennessee	TE 102
Texas	TE 102
Utah	TE 102
Washington	TE 117
West Virginia	TE 102
Wisconsin	TE 102
Wyoming	TE 102

NOTE: AK, FL, MO, NY, PR, VT and VA have been omitted from this list due to the fact that they will receive state-specific filings or because filings will follow pending approval of the Management Protection Program.

MANAGEMENT PROTECTION – VERSION TE100

43. TERRORISM

INTRODUCTION

The "Terrorism Risk Insurance Act" ("TRIA") establishes a program within the Department of the Treasury in which the federal government will share the risk of loss from terrorist attacks with the insurance industry. Federal participation will be triggered when the Secretary of the Treasury certifies an act of terrorism, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism committed by an individual(s) acting on behalf of any foreign interest, provided the terrorist act results in aggregate losses in excess of an amount stated in the Act. With respect to insured losses resulting from a certified act of terrorism, the federal government will reimburse individual insurers for a percentage of losses (as stated in the Act) in excess of the insurer's retention, which is based on a specified percentage of the insurer's earned premium for the year preceding the loss. Insured losses covered by the program are capped at \$100 billion per year unless subsequent action of Congress changes that amount; this provision serves to limit insurers' liability for losses. If a terrorism event pierces the cap of a given year, insured losses paid (amounts below the cap) under the federal program may be subject to pro rata allocation in accordance with procedures established by the Treasury. All insurers providing management protection insurance are required to participate in the program to the extent of offering and making available coverage for certified acts of terrorism in accordance with the terms and conditions of coverage which apply to non-terrorism events.

For all new and renewal business, an insurer must make available to insureds coverage for losses caused by certified acts of terrorism. The insurer must disclose to the policyholder the premium for losses covered, and the federal share of compensation for such losses under the program and the existence of the \$100 billion cap, at the time of offer, purchase and renewal of the policy.

A. THE FOLLOWING PARAGRAPHS INSTRUCT ON THE USAGE OF TERRORISM ENDORSEMENT OPTIONS THAT MAY BE ATTACHED TO POLICIES THAT BECOME EFFECTIVE WHILE THE TERRORISM RISK INSURANCE PROGRAM IS IN EFFECT. REFER TO PARAGRAPH B. OF THIS RULE FOR ADDITIONAL INSTRUCTIONS REGARDING THOSE POLICIES THAT WILL CONTINUE PAST THE ANTICIPATED TERMINATION OF THE TERRORISM RISK INSURANCE PROGRAM. POLICIES THAT BEGIN IN THE LAST PROGRAM YEAR OF THE FEDERAL PROGRAM MAY REQUIRE THE USE OF TWO ENDORSEMENTS DUE TO THE ANTICIPATED MID-TERM TERMINATION OF THE TERRORISM RISK INSURANCE PROGRAM.

When coverage for certified acts of terrorism:

1. When coverage for certified acts of terrorism is to be provided, the following options are is available:
 - a. To provide coverage for both certified acts of terrorism and other acts of terrorism (subject to underlying policy provisions), but provide that the insurer will not pay any amount for any certified act of terrorism after the amounts of all such events in a statutory period exceed the cap provided by the Act, use Cap On Losses From Certified Acts Of Terrorism Endorsement MP 21 13.
 - b. To provide coverage for certified acts of terrorism (subject to the cap on liability for losses and subject to underlying policy provisions), and exclude other acts of terrorism, subject to a \$25 million threshold (with no dollar threshold on nuclear, biological or chemical events), use Limited Terrorism Exclusion (Other Than Certified Acts Of Terrorism); Cap On Losses From Certified Acts Of Terrorism Endorsement MP 21 16.
2. When coverage for certified acts of terrorism is not to be provided (or is to be provided with a specific limitation), the following options are is available:
 - a. To exclude coverage for certified acts of terrorism and but provide coverage for other acts of terrorism (subject to underlying policy provisions), use Exclusion Of Certified Acts Of Terrorism Endorsement MP 21 14.
 - b. To exclude all losses arising out of certified acts of terrorism and other acts of terrorism, subject to a \$25 million threshold (with no dollar threshold on nuclear, biological or chemical events), use Exclusion Of Certified Acts Of Terrorism And Other Acts Of Terrorism Endorsement MP 21 15.

~~As condition for federal payment under the Program, subparagraph 103(b)(2) of the Act requires that an insurer must also provide clear and conspicuous disclosure to the policyholder of the premium charged for insured losses covered by the program and the federal share of compensation for insured losses under the program. Section 103(b)(2)(c) requires that an insurer make the required clear and conspicuous disclosures on a "separate line item" in the policy for any policy issued 90 days after the enactment of the Act. To comply with this separate line requirement, the Disclosure Pursuant To Terrorism Risk Insurance Act Endorsement **MP 09 01** may be used.~~

B. THE FOLLOWING PARAGRAPHS INSTRUCT ON THE USAGE OF A CONDITIONAL TERRORISM ENDORSEMENT OPTION FOR:

- **POLICIES THAT BECOME EFFECTIVE DURING THE LAST PROGRAM YEAR OF THE FEDERAL PROGRAM, WITH A POLICY TERM THAT EXTENDS PAST THE TERMINATION DATE OF THAT PROGRAM;**
- **POLICIES WRITTEN TO BECOME EFFECTIVE AFTER THE SCHEDULED TERMINATION DATE OF THE FEDERAL PROGRAM, IF THE DISPOSITION OF SUCH PROGRAM IS UNCERTAIN AT THE TIME THE POLICY IS WRITTEN.**

THIS CONDITIONAL ENDORSEMENT IS DESIGNED TO BE USED IN CONJUNCTION WITH (ON THE SAME POLICY AS) THE ENDORSEMENTS DESCRIBED ABOVE AND CAN ALSO BE USED IN THE ABSENCE OF SUCH ENDORSEMENTS. REFER TO PARAGRAPH C. OF THIS RULE FOR POLICIES THAT BECOME EFFECTIVE AFTER THE TERMINATION OF THE TERRORISM RISK INSURANCE PROGRAM.

The following information is based on a scheduled termination date of December 31, 201407. However, if there is an extension of the federal Program beyond 201407 and this line of business remains subject to TRIA under such extension, then the following information would apply instead to the last Program Year enacted via the extension, provided the federal Program will end on a specified date with respect to all policies for this line of business (a so-called hard ending).

Policies that become effective on or after January 1, 201407 may not have the federal backstop apply throughout the entire policy period. The following conditional endorsement option provides insurers with tools to address terrorism exposures given the anticipated termination of the federal Program, which may occur during the policy period. The provisions of the conditional endorsement will apply commencing when TRIP terminates or is extended without "make available" requirements and with certain changes (revised definition of terrorism; or terrorism coverage made subject to terms or conditions different from those that apply to other events; or increase in insurer retention of or participation in losses). **If the aforementioned conditions do not occur, the provisions of the conditional endorsement will not become effective on the policy.**

To exclude terrorism coverage upon the termination of the federal Terrorism Risk Insurance Program, attach Conditional Exclusion Of Terrorism (Relating To Disposition Of Federal Terrorism Risk Insurance Act) Endorsement **MP 21 20**.

THE FOLLOWING PARAGRAPH INSTRUCTS ON THE USAGE OF THE EXTENDED REPORTING PERIOD FOR TERRORISM COVERAGE ENDORSEMENT ON POLICIES THAT INCLUDE THE CONDITIONAL TERRORISM ENDORSEMENT.

When conditional exclusion Endorsement **MP 21 20** is attached to a policy that is written on a claims-made basis, also attach Extended Reporting Period For Terrorism Coverage Endorsement **MP 28 13**. This endorsement provides the insureds with an extended reporting period (5 years from the date the conditional exclusion went into effect) for claims arising out of an incident of terrorism that occurred prior to the conditional exclusion being triggered. ~~Do NOT attach this endorsement if Exclusion Of Certified Acts Of Terrorism And Other Acts Of Terrorism Endorsement **MP 21 15** is also attached to the policy.~~

C. THE FOLLOWING PARAGRAPH INSTRUCTS ON THE USAGE OF A TERRORISM ENDORSEMENT OPTION THAT MAY BE ATTACHED TO:

POLICIES THAT BECOME EFFECTIVE ON OR AFTER THE DATE WHEN THE TERRORISM RISK INSURANCE PROGRAM HAS TERMINATED; OR

POLICIES THAT BECOME EFFECTIVE ON OR AFTER THE DATE WHEN AN EXTENSION OF THE TERRORISM RISK INSURANCE PROGRAM HAS GONE INTO EFFECT, IF THE PROGRAM WAS EXTENDED WITHOUT MAKE-AVAILABLE REQUIREMENTS AND WITH CERTAIN CHANGES (REVISED DEFINITION OF TERRORISM; OR TERRORISM COVERAGE MADE SUBJECT TO TERMS OR CONDITIONS DIFFERENT FROM THOSE THAT APPLY TO OTHER EVENTS; OR INCREASE IN INSURER RETENTION OF OR PARTICIPATION IN LOSSES).

To exclude terrorism coverage, attach Exclusion Of Terrorism Endorsement MP 21 21.

D. Disclosure Of Premium

1. For Policies That Begin Prior To The Last Program Year Of Federal Program

Disclosure of premium attributable to coverage for certified acts of terrorism, and disclosure of federal participation in payment of potential terrorism losses and existence of the \$100 billion cap, is a condition for reimbursement under the federal program. ~~The following endorsements, Use Disclosure Pursuant To Terrorism Risk Insurance Act Endorsement MP 09 01, which responds to the Treasury Guidance on line item disclosure, may be used.:~~

- ~~1. Use Disclosure Pursuant To Terrorism Risk Insurance Act Endorsement MP 09 01 in accordance with Paragraph A. above unless Paragraph D.2. or D.3. applies.~~

2. For Policies That Begin In The Last Program Year Of Federal Program

- a. Use Disclosure Of Premium Through End Of Year For Certified Acts Of Terrorism Coverage (Pursuant To Terrorism Risk Insurance Act) Endorsement MP 09 03 for policies that begin in the last Program Year of the federal Program and extend into the following year, when a Conditional Exclusion is used and premium is being disclosed only for the period during which the federal Program is in effect. This endorsement recognizes the possibility of a mid-term additional premium charge.
- 3b. Use Disclosure Of Premium And Estimated Premium For Certified Acts Of Terrorism Coverage (Pursuant To Terrorism Risk Insurance Act) Endorsement MP 09 04 for policies that begin in the last Program Year of the federal Program and extend into the following year, when premium is being disclosed for the period during which the federal Program is in effect and estimated premium is being disclosed for the remainder of the policy term. This endorsement recognizes the possibility of a mid-term additional premium charge or return of excess premium

E. Premium Determination

For coverage for acts of terrorism, refer to company for rating. Rule 12. Referrals To Company applies.

VERSION TE102

25. TERRORISM

INTRODUCTION

The "Terrorism Risk Insurance Act" ("TRIA") establishes a program within the Department of the Treasury in which the federal government will share the risk of loss from terrorist attacks with the insurance industry. Federal participation will be triggered when the Secretary of the Treasury certifies an act of terrorism, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism committed by an individual(s) acting on behalf of any foreign interest, provided the terrorist act results in aggregate losses in excess of an amount stated in the Act. With respect to insured losses resulting from a certified act of terrorism, the federal government will reimburse individual insurers for a percentage of losses (as stated in the Act) in excess of the insurer's retention, which is based on a specified percentage of the insurer's earned premium for the year preceding the loss. Insured losses covered by the program are capped at \$100 billion per year unless subsequent action of Congress changes that amount; this provision serves to limit insurers' liability for losses. If a terrorism event pierces the cap of a given year, insured losses paid (amounts below the cap) under the federal program may be subject to pro rata allocation in accordance with procedures established by the Treasury. All insurers providing management protection insurance are required to participate in the program to the extent of offering and making available coverage for certified acts of terrorism in accordance with the terms and conditions of coverage which apply to non-terrorism events.

For all new and renewal business, an insurer must make available to insureds coverage for losses caused by certified acts of terrorism. The insurer must disclose to the policyholder the premium for losses covered, and the federal share of compensation for such losses under the program and the existence of the \$100 billion cap, at the time of offer, purchase and renewal of the policy.

A. THE FOLLOWING PARAGRAPHS INSTRUCT ON THE USAGE OF TERRORISM ENDORSEMENT OPTIONS THAT MAY BE ATTACHED TO POLICIES THAT BECOME EFFECTIVE WHILE THE TERRORISM RISK INSURANCE PROGRAM IS IN EFFECT. REFER TO PARAGRAPH B. OF THIS RULE FOR ADDITIONAL INSTRUCTIONS REGARDING THOSE POLICIES THAT WILL CONTINUE PAST THE ANTICIPATED TERMINATION OF THE TERRORISM RISK INSURANCE PROGRAM. POLICIES THAT BEGIN IN THE LAST PROGRAM YEAR OF THE FEDERAL PROGRAM MAY REQUIRE THE USE OF TWO ENDORSEMENTS DUE TO THE ANTICIPATED MID-TERM TERMINATION OF THE TERRORISM RISK INSURANCE PROGRAM.

When coverage for certified acts of terrorism:

1. When coverage for certified acts of terrorism is to be provided, the following options are is available:
 - a. ~~To provide coverage for both certified acts of terrorism and other acts of terrorism (subject to underlying policy provisions), but provide that the insurer will not pay any amount for any certified act of terrorism after the amounts of all such events in a statutory period exceed the cap provided by the Act, use Cap On Losses From Certified Acts Of Terrorism Endorsement MP 21 13.~~
 - b. ~~To provide coverage for certified acts of terrorism (subject to the cap on liability for losses and subject to underlying policy provisions), and exclude other acts of terrorism, subject to a \$25 million threshold (with no dollar threshold on nuclear, biological or chemical events), use Limited Terrorism Exclusion (Other Than Certified Acts Of Terrorism); Cap On Losses From Certified Acts Of Terrorism Endorsement MP 21 16.~~
2. When coverage for certified acts of terrorism is not to be provided (or is to be provided with a specific limitation), the following options are is available:
 - a. To exclude coverage for certified acts of terrorism ~~and~~ but provide coverage for other acts of terrorism (subject to underlying policy provisions), use Exclusion Of Certified Acts Of Terrorism Endorsement MP 21 14.
 - b. ~~To exclude all losses arising out of certified acts of terrorism and other acts of terrorism, subject to a \$25 million threshold (with no dollar threshold on nuclear, biological or chemical events), use Exclusion Of Certified Acts Of Terrorism And Other Acts Of Terrorism Endorsement MP 21 15.~~

~~As condition for federal payment under the Program, subparagraph 103(b)(2) of the Act requires that an insurer must also provide clear and conspicuous disclosure to the policyholder of the premium charged for insured losses covered by the program and the federal share of compensation for insured losses under the program. Section 103(b)(2)(c) requires that an insurer make the required clear and conspicuous disclosures on a "separate line item" in the policy for any policy issued 90 days after the enactment of the Act. To comply with this separate line requirement, the Disclosure Pursuant To Terrorism Risk Insurance Act Endorsement MP 09 01 may be used.~~

B. THE FOLLOWING PARAGRAPHS INSTRUCT ON THE USAGE OF A CONDITIONAL TERRORISM ENDORSEMENT OPTION FOR:

- **POLICIES THAT BECOME EFFECTIVE DURING THE LAST PROGRAM YEAR OF THE FEDERAL PROGRAM, WITH A POLICY TERM THAT EXTENDS PAST THE TERMINATION DATE OF THAT PROGRAM;**
- **POLICIES WRITTEN TO BECOME EFFECTIVE AFTER THE SCHEDULED TERMINATION DATE OF THE FEDERAL PROGRAM, IF THE DISPOSITION OF SUCH PROGRAM IS UNCERTAIN AT THE TIME THE POLICY IS WRITTEN.**

THIS CONDITIONAL ENDORSEMENT IS DESIGNED TO BE USED IN CONJUNCTION WITH (ON THE SAME POLICY AS) THE ENDORSEMENTS DESCRIBED ABOVE AND CAN ALSO BE USED IN THE ABSENCE OF SUCH ENDORSEMENTS. REFER TO PARAGRAPH C. OF THIS RULE FOR POLICIES THAT BECOME EFFECTIVE AFTER THE TERMINATION OF THE TERRORISM RISK INSURANCE PROGRAM.

The following information is based on a scheduled termination date of December 31, 201407. However, if there is an extension of the federal Program beyond 201407 and this line of business remains subject to TRIA under such extension, then the following information would apply instead to the last Program Year enacted via the extension, provided the federal Program will end on a specified date with respect to all policies for this line of business (a so-called hard ending).

Policies that become effective on or after January 1, 201407 may not have the federal backstop apply throughout the entire policy period. The following conditional endorsement option provides insurers with tools to address terrorism exposures given the anticipated termination of the federal Program, which may occur during the policy period. The provisions of the conditional endorsement will apply commencing when TRIP terminates or is extended without "make available" requirements and with certain changes (revised definition of terrorism; or terrorism coverage made subject to terms or conditions different from those that apply to other events; or increase in insurer retention of or participation in losses). **If the aforementioned conditions do not occur, the provisions of the conditional endorsement will not become effective on the policy.**

To exclude terrorism coverage upon the termination of the federal Terrorism Risk Insurance Program, attach Conditional Exclusion Of Terrorism (Relating To Disposition Of Federal Terrorism Risk Insurance Act) Endorsement MP 21 20.

THE FOLLOWING PARAGRAPH INSTRUCTS ON THE USAGE OF THE EXTENDED REPORTING PERIOD FOR TERRORISM COVERAGE ENDORSEMENT ON POLICIES THAT INCLUDE THE CONDITIONAL TERRORISM ENDORSEMENT.

When conditional exclusion Endorsement MP 21 20 is attached to a policy that is written on a claims-made basis, also attach Extended Reporting Period For Terrorism Coverage Endorsement MP 28 13. This endorsement provides the insureds with an extended reporting period (5 years from the date the conditional exclusion went into effect) for claims arising out of an incident of terrorism that occurred prior to the conditional exclusion being triggered. ~~Do NOT attach this endorsement if Exclusion Of Certified Acts Of Terrorism And Other Acts Of Terrorism Endorsement MP 21 15 is also attached to the policy.~~

C. THE FOLLOWING PARAGRAPH INSTRUCTS ON THE USAGE OF A TERRORISM ENDORSEMENT OPTION THAT MAY BE ATTACHED TO:

POLICIES THAT BECOME EFFECTIVE ON OR AFTER THE DATE WHEN THE TERRORISM RISK INSURANCE PROGRAM HAS TERMINATED; OR

POLICIES THAT BECOME EFFECTIVE ON OR AFTER THE DATE WHEN AN EXTENSION OF THE TERRORISM RISK INSURANCE PROGRAM HAS GONE INTO EFFECT, IF THE PROGRAM WAS EXTENDED WITHOUT MAKE-AVAILABLE REQUIREMENTS AND WITH CERTAIN CHANGES (REVISED DEFINITION OF TERRORISM; OR TERRORISM COVERAGE MADE SUBJECT TO TERMS OR CONDITIONS DIFFERENT FROM THOSE THAT APPLY TO OTHER EVENTS; OR INCREASE IN INSURER RETENTION OF OR PARTICIPATION IN LOSSES).

To exclude terrorism coverage, attach Exclusion Of Terrorism Endorsement MP 21 21.

D. Disclosure Of Premium

1. For Policies That Begin Prior To The Last Program Year Of Federal Program

Disclosure of premium attributable to coverage for certified acts of terrorism, and disclosure of federal participation in payment of potential terrorism losses and existence of the \$100 billion cap, is a condition for reimbursement under the federal program. ~~The following endorsements, Use Disclosure Pursuant To Terrorism Risk Insurance Act Endorsement MP 09 01, which responds to the Treasury Guidance on line item disclosure, may be used:~~

- ~~1. Use Disclosure Pursuant To Terrorism Risk Insurance Act Endorsement MP 09 01 in accordance with Paragraph A. above unless Paragraph D.2. or D.3. applies.~~

2. For Policies That Begin In The Last Program Year Of Federal Program

- 2. a.** Use Disclosure Of Premium Through End Of Year For Certified Acts Of Terrorism Coverage (Pursuant To Terrorism Risk Insurance Act) Endorsement **MP 09 03** for policies that begin in the last Program Year of the federal Program and extend into the following year, when a Conditional Exclusion is used and premium is being disclosed only for the period during which the federal Program is in effect. This endorsement recognizes the possibility of a mid-term additional premium charge.
- 3b.** Use Disclosure Of Premium And Estimated Premium For Certified Acts Of Terrorism Coverage (Pursuant To Terrorism Risk Insurance Act) Endorsement **MP 09 04** for policies that begin in the last Program Year of the federal Program and extend into the following year, when premium is being disclosed for the period during which the federal Program is in effect and estimated premium is being disclosed for the remainder of the policy term. This endorsement recognizes the possibility of a mid-term additional premium charge or return of excess premium

E. Premium Determination

For coverage for acts of terrorism, refer to company for rating. Rule 12. Referrals To Company applies.

VERSION TE107 (NEW JERSEY)

25. TERRORISM

Rule 25. is replaced by the following:

INTRODUCTION

The "Terrorism Risk Insurance Act" ("TRIA") establishes a program within the Department of the Treasury in which the federal government will share the risk of loss from terrorist attacks with the insurance industry. Federal participation will be triggered when the Secretary of the Treasury certifies an act of terrorism, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism committed by an individual(s) acting on behalf of any foreign interest, provided the terrorist act results in aggregate losses in excess of an amount stated in the Act. With respect to insured losses resulting from a certified act of terrorism, the federal government will reimburse individual insurers for a percentage of losses (as stated in the Act) in excess of the insurer's retention, which is based on a specified percentage of the insurer's earned premium for the year preceding the loss. Insured losses covered by the program are capped at \$100 billion per year unless subsequent action of Congress changes that amount; this provision serves to limit insurers' liability for losses. If a terrorism event pierces the cap of a given year, insured losses paid (amounts below the cap) under the federal program may be subject to pro rata allocation in accordance with procedures established by the Treasury. All insurers providing management protection insurance are required to participate in the program to the extent of offering and making available coverage for certified acts of terrorism in accordance with the terms and conditions of coverage which apply to non-terrorism events.

For all new and renewal business, an insurer must make available to insureds coverage for losses caused by certified acts of terrorism. The insurer must disclose to the policyholder the premium for losses covered, and the federal share of compensation for such losses under the program and the existence of the \$100 billion cap, at the time of offer, purchase and renewal of the policy.

A. THE FOLLOWING PARAGRAPHS INSTRUCT ON THE USAGE OF TERRORISM ENDORSEMENT OPTIONS THAT MAY BE ATTACHED TO POLICIES THAT BECOME EFFECTIVE WHILE THE TERRORISM RISK INSURANCE PROGRAM IS IN EFFECT. REFER TO PARAGRAPH B. OF THIS RULE FOR ADDITIONAL INSTRUCTIONS REGARDING THOSE POLICIES THAT WILL CONTINUE PAST THE ANTICIPATED TERMINATION OF THE TERRORISM RISK INSURANCE PROGRAM. POLICIES THAT BEGIN IN THE LAST PROGRAM YEAR OF THE FEDERAL PROGRAM MAY REQUIRE THE USE OF TWO ENDORSEMENTS DUE TO THE ANTICIPATED MID-TERM TERMINATION OF THE TERRORISM RISK INSURANCE PROGRAM.

When coverage for certified acts of terrorism:

1. When coverage for certified acts of terrorism is to be provided, the following options are is available:
 - a. ~~To provide coverage for both certified acts of terrorism and other acts of terrorism (subject to underlying policy provisions), but provide that the insurer will not pay any amount for any certified act of terrorism after the amounts of all such events in a statutory period exceed the cap provided by the Act, use Cap On Losses From Certified Acts Of Terrorism Endorsement MP 21 13.~~
 - b. ~~To provide coverage for certified acts of terrorism (subject to the cap on liability for losses and subject to underlying policy provisions), and exclude other acts of terrorism, subject to a \$25 million threshold (with no dollar threshold on nuclear, biological or chemical events), use Limited Terrorism Exclusion (Other Than Certified Acts Of Terrorism); Cap On Losses From Certified Acts Of Terrorism Endorsement MP 21 16.~~
2. When coverage for certified acts of terrorism is not to be provided (or is to be provided with a specific limitation), the following options are is available:
 - a. ~~To exclude coverage for certified acts of terrorism and but provide coverage for other acts of terrorism (subject to underlying policy provisions), use Exclusion Of Certified Acts Of Terrorism Endorsement MP 21 14.~~
 - b. ~~To exclude all losses arising out of certified acts of terrorism and other acts of terrorism, subject to a \$25 million threshold (with no dollar threshold on nuclear, biological or chemical events), use Exclusion Of Certified Acts Of Terrorism And Other Acts Of Terrorism Endorsement MP 21 15.~~

~~As condition for federal payment under the Program, subparagraph 103(b)(2) of the Act requires that an insurer must also provide clear and conspicuous disclosure to the policyholder of the premium charged for insured losses covered by the program and the federal share of compensation for insured losses under the program. Section 103(b)(2)(c) requires that an insurer make the required clear and conspicuous disclosures on a "separate line item" in the policy for any policy issued 90 days after the enactment of the Act. To comply with this separate line requirement, the Disclosure Pursuant To Terrorism Risk Insurance Act Endorsement **MP 09 01** may be used.~~

B. THE FOLLOWING PARAGRAPHS INSTRUCT ON THE USAGE OF A CONDITIONAL TERRORISM ENDORSEMENT OPTION FOR:

- **POLICIES THAT BECOME EFFECTIVE DURING THE LAST PROGRAM YEAR OF THE FEDERAL PROGRAM, WITH A POLICY TERM THAT EXTENDS PAST THE TERMINATION DATE OF THAT PROGRAM;**
- **POLICIES WRITTEN TO BECOME EFFECTIVE AFTER THE SCHEDULED TERMINATION DATE OF THE FEDERAL PROGRAM, IF THE DISPOSITION OF SUCH PROGRAM IS UNCERTAIN AT THE TIME THE POLICY IS WRITTEN.**

THIS CONDITIONAL ENDORSEMENT IS DESIGNED TO BE USED IN CONJUNCTION WITH (ON THE SAME POLICY AS) THE ENDORSEMENTS DESCRIBED ABOVE AND CAN ALSO BE USED IN THE ABSENCE OF SUCH ENDORSEMENTS. REFER TO PARAGRAPH C. OF THIS RULE FOR POLICIES THAT BECOME EFFECTIVE AFTER THE TERMINATION OF THE TERRORISM RISK INSURANCE PROGRAM.

The following information is based on a scheduled termination date of December 31, 2007~~14~~. However, if there is an extension of the federal Program beyond 2007~~14~~ and this line of business remains subject to TRIA under such extension, then the following information would apply instead to the last Program Year enacted via the extension, provided the federal Program will end on a specified date with respect to all policies for this line of business (a so-called hard ending).

Policies that become effective on or after January 1, 2007-2014 may not have the federal backstop apply throughout the entire policy period. The following conditional endorsement option provides insurers with tools to address terrorism exposures given the anticipated termination of the federal Program, which may occur during the policy period. The provisions of the conditional endorsement will apply commencing when TRIP terminates or is extended without "make available" requirements and with certain changes (revised definition of terrorism; or terrorism coverage made subject to terms or conditions different from those that apply to other events; or increase in insurer retention of or participation in losses). **If the aforementioned conditions do not occur, the provisions of the conditional endorsement will not become effective on the policy.**

To exclude terrorism coverage upon the termination of the federal Terrorism Risk Insurance Program, attach Conditional Exclusion Of Terrorism (Relating To Disposition Of Federal Terrorism Risk Insurance Act) Endorsement **MP 21 20**.

THE FOLLOWING PARAGRAPH INSTRUCTS ON THE USAGE OF THE EXTENDED REPORTING PERIOD FOR TERRORISM COVERAGE ENDORSEMENT ON POLICIES THAT INCLUDE THE CONDITIONAL TERRORISM ENDORSEMENT.

When conditional exclusion Endorsement **MP 21 20** is attached to a policy that is written on a claims-made basis, also attach Extended Reporting Period For Terrorism Coverage Endorsement **MP 28 13**. This endorsement provides the insureds with an extended reporting period (5 years from the date the conditional exclusion went into effect) for claims arising out of an incident of terrorism that occurred prior to the conditional exclusion being triggered. ~~Do NOT attach this endorsement if Exclusion Of Certified Acts Of Terrorism And Other Acts Of Terrorism Endorsement **MP 21 15** is also attached to the policy.~~

C. THE FOLLOWING PARAGRAPH INSTRUCTS ON THE USAGE OF A TERRORISM ENDORSEMENT OPTION THAT MAY BE ATTACHED TO:

POLICIES THAT BECOME EFFECTIVE ON OR AFTER THE DATE WHEN THE TERRORISM RISK INSURANCE PROGRAM HAS TERMINATED; OR

POLICIES THAT BECOME EFFECTIVE ON OR AFTER THE DATE WHEN AN EXTENSION OF THE TERRORISM RISK INSURANCE PROGRAM HAS GONE INTO EFFECT, IF THE PROGRAM WAS EXTENDED WITHOUT MAKE-AVAILABLE REQUIREMENTS AND WITH CERTAIN CHANGES (REVISED DEFINITION OF TERRORISM; OR TERRORISM COVERAGE MADE SUBJECT TO TERMS OR CONDITIONS DIFFERENT FROM THOSE THAT APPLY TO OTHER EVENTS; OR INCREASE IN INSURER RETENTION OF OR PARTICIPATION IN LOSSES).

To exclude terrorism coverage, attach Exclusion Of Terrorism Endorsement **MP 21 21**.

D. Disclosure Of Premium

1. For Policies That Begin Prior To The Last Program Year Of Federal Program

Disclosure of premium attributable to coverage for certified acts of terrorism, and disclosure of federal participation in payment of potential terrorism losses and existence of the \$100 billion cap, is a condition for reimbursement under the federal program. Use Disclosure Pursuant To Terrorism Risk Insurance Act Endorsement MP 09 01 The following endorsements, which responds to the Treasury Guidance on line item disclosure, may be used:

~~1. Use Disclosure Pursuant To Terrorism Risk Insurance Act Endorsement **MP 09 01** in accordance with Paragraph **A.** above unless Paragraph **D.2.** or **D.3.** applies.~~

2. For Policies That Begin In The Last Program Year Of Federal Program

a. Use Disclosure Of Premium Through End Of Year For Certified Acts Of Terrorism Coverage (Pursuant To Terrorism Risk Insurance Act) Endorsement **MP 09 03** for policies that begin in the last Program Year of the federal Program and extend into the following year, when a Conditional Exclusion is used and premium is being disclosed only for the period during which the federal Program is in effect. This endorsement recognizes the possibility of a mid-term additional premium charge.

3b. Use Disclosure Of Premium And Estimated Premium For Certified Acts Of Terrorism Coverage (Pursuant To Terrorism Risk Insurance Act) Endorsement **MP 09 04** for policies that begin in the last Program Year of the federal Program and extend into the following year, when premium is being disclosed for the period during which the federal Program is in effect and estimated premium is being disclosed for the remainder of the policy term. This endorsement recognizes the possibility of a mid-term additional premium charge or return of excess premium.

E. Premium Determination

For coverage for acts of terrorism, refer to company for rating. Rule **12. Referrals To Company** applies. All insurers must provide the New Jersey Department of Banking and Insurance with their rates.

VERSION TE110 (KANSAS)

25. TERRORISM

Rule 25. is replaced by the following:

INTRODUCTION

The "Terrorism Risk Insurance Act" ("TRIA") establishes a program within the Department of the Treasury in which the federal government will share the risk of loss from terrorist attacks with the insurance industry. Federal participation will be triggered when the Secretary of the Treasury certifies an act of terrorism, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism ~~committed by an individual(s) acting on behalf of any foreign interest~~, provided the terrorist act results in aggregate losses in excess of an amount stated in the Act. With respect to insured losses resulting from a certified act of terrorism, the federal government will reimburse individual insurers for a percentage of losses (as stated in the Act) in excess of the insurer's retention, which is based on a specified percentage of the insurer's earned premium for the year preceding the loss. Insured losses covered by the program are capped at \$100 billion per year ~~unless subsequent action of Congress changes that amount~~; this provision serves to limit insurers' liability for losses. If a terrorism event pierces the cap of a given year, insured losses paid (amounts below the cap) under the federal program may be subject to pro rata allocation in accordance with procedures established by the Treasury. All insurers providing management protection insurance are required to participate in the program to the extent of offering ~~and making~~ available coverage for certified acts of terrorism in accordance with the terms and conditions of coverage which apply to non-terrorism events.

For all new and renewal business, an insurer must make available to insureds coverage for losses caused by certified acts of terrorism. The insurer must disclose to the policyholder the premium for losses covered, and the federal share of compensation for such losses under the program and the existence of the \$100 billion cap, at the time of offer, purchase and renewal of the policy.

A. THE FOLLOWING PARAGRAPHS INSTRUCT ON THE USAGE OF TERRORISM ENDORSEMENT OPTIONS THAT MAY BE ATTACHED TO POLICIES THAT BECOME EFFECTIVE WHILE THE TERRORISM RISK INSURANCE PROGRAM IS IN EFFECT.

~~When coverage for certified acts of terrorism:~~

1. When coverage for certified acts of terrorism is to be provided, the following option is available:

To provide coverage for both certified acts of terrorism and other acts of terrorism (subject to underlying policy provisions), but provide that the insurer will not pay any amount for any certified act of terrorism after the amounts of all such events in a statutory period exceed the cap provided by the Act, use Cap On Losses From Certified Acts Of Terrorism Endorsement **MP 21 13**.

2. When coverage for certified acts of terrorism is not to be provided (or is to be provided with a specific limitation), the following option is available:

To exclude coverage for certified acts of terrorism ~~and~~ but provide coverage for other acts of terrorism (subject to underlying policy provisions), use Exclusion Of Certified Acts Of Terrorism Endorsement **MP 21 14**.

~~As condition for federal payment under the Program, subparagraph 103(b)(2) of the Act requires that an insurer must also provide clear and conspicuous disclosure to the policyholder of the premium charged for insured losses covered by the program and the federal share of compensation for insured losses under the program. section 103(b)(2)(c) requires that an insurer make the required clear and conspicuous disclosures on a "separate line item" in the policy for any policy issued 90 days after the enactment of the Act. To comply with this separate line requirement, the Disclosure Pursuant To Terrorism Risk Insurance Act Of 2002 Endorsement **MP 09 01** may be used.~~

B. Disclosure Of Premium

1. For Policies That Begin Prior To The Last Program Year Of Federal Program

Disclosure of premium attributable to coverage for certified acts of terrorism, and disclosure of federal participation in payment of potential terrorism losses and existence of the \$100 billion cap, is a condition for reimbursement under the federal program. Use Disclosure Pursuant To Terrorism Risk Insurance Act Endorsement **MP 09 01** The following endorsements, which responds to the Treasury Guidance on line item disclosure, may be used:

~~1. Use Disclosure Pursuant To Terrorism Risk Insurance Act Endorsement **MP 09 01** in accordance with Paragraph A. above unless Paragraph B.2. or B.3. applies.~~

2. For Policies That Begin In The Last Program Year Of Federal Program

a. Use Disclosure Of Premium Through End Of Year For Certified Acts Of Terrorism Coverage (Pursuant To Terrorism Risk Insurance Act) Endorsement **MP 09 03** for policies that begin in the last Program Year of the federal Program and extend into the following year, when a Conditional Exclusion is used and premium is being disclosed only for the period the federal Program is in effect. This endorsement recognizes the possibility of a mid-term additional premium charge.

3b. Use Disclosure Of Premium And Estimated Premium For Certified Acts Of Terrorism Coverage (Pursuant To Terrorism Risk Insurance Act) Endorsement **MP 09 04** for policies that begin in the last Program Year of the federal Program and extend into the following year, when premium is being disclosed for the period during which the federal Program is in effect and estimated premium is being disclosed for the remainder of the policy term. This endorsement recognizes the possibility of a mid-term additional premium charge or return of excess premium

C. Premium Determination

For coverage for acts of terrorism, refer to company for rating. Rule 12. Referrals To Company applies.

VERSION TE115 (GEORGIA)

25. TERRORISM

Rule 25. is replaced by the following:

INTRODUCTION

The "Terrorism Risk Insurance Act" ("TRIA") establishes a program within the Department of the Treasury in which the federal government will share the risk of loss from terrorist attacks with the insurance industry. Federal participation will be triggered when the Secretary of the Treasury certifies an act of terrorism, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism ~~committed by an individual(s) acting on behalf of any foreign interest~~, provided the terrorist act results in aggregate losses in excess of an amount stated in the Act. With respect to insured losses resulting from a certified act of terrorism, the federal government will reimburse individual insurers for a percentage of losses (as stated in the Act) in excess of the insurer's retention, which is based on a specified percentage of the insurer's earned premium for the year preceding the loss. Insured losses covered by the program are capped at \$100 billion per year ~~unless subsequent action of Congress changes that amount~~; this provision serves to limit insurers' liability for losses. If a terrorism event pierces the cap of a given year, insured losses paid (amounts below the cap) under the federal program may be subject to pro rata allocation in accordance with procedures established by the Treasury. All insurers providing management protection insurance are required to participate in the program to the extent of ~~offering and making available coverage for certified acts of terrorism in accordance with the terms and conditions of coverage which apply to non-terrorism events.~~

A. New And Renewal Business

For all new and renewal business, an insurer must make available to insureds coverage for losses caused by federally certified acts of terrorism, subject to underlying policy provisions. The insurer must disclose to the policyholder the premium for losses covered, ~~and the federal share of compensation for such losses under the Pprogram and the existence of the \$100 billion cap,~~ at the time of offer, purchase and renewal of the policy.

If the named organization:

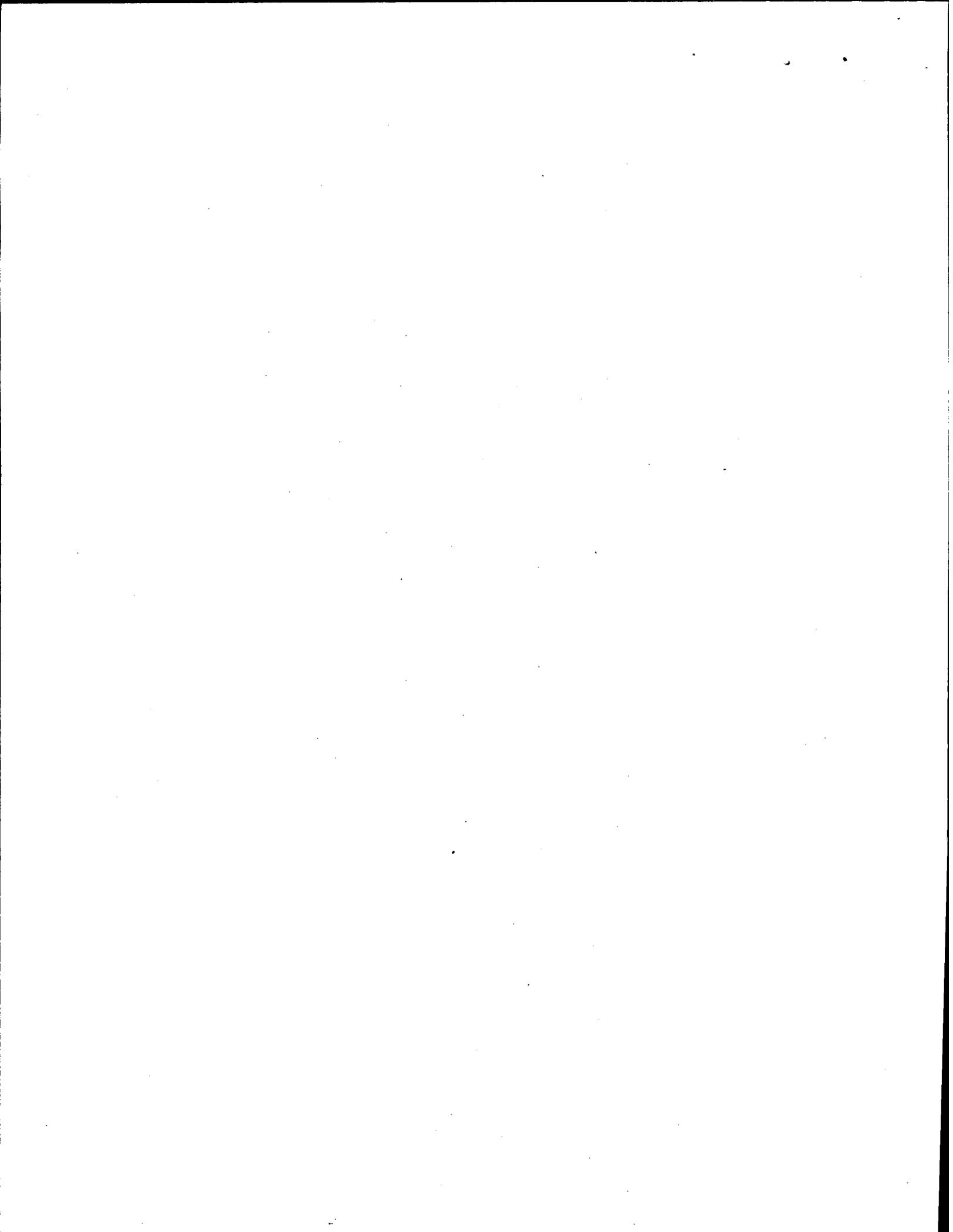
1. If the named organization Acccepts coverage for certified acts of terrorism:

To provide coverage for both certified acts of terrorism and other acts of terrorism (subject to underlying policy provisions), but provide that the insurer will not pay any amount for any certified act of terrorism after the amounts of all such events in a statutory period exceed the cap provided by the Act, use Cap On Losses From Certified Acts Of Terrorism Endorsement **MP 21 13**.

2. If the named organization Rrejects coverage for certified acts of terrorism:

To exclude coverage for certified acts of terrorism ~~and but~~ provide coverage for other acts of terrorism (subject to underlying policy provisions), use Exclusion Of Certified Acts Of Terrorism Endorsement **MP 21 14**.

~~As a condition for federal payment under the Program, subparagraph 103(b)(2) of the Act requires that an insurer must also provide clear and conspicuous disclosure to the policyholder of the premium charged for insured losses covered by the program and the federal share of compensation for insured losses under the program. Section 103(b)(2)(c) requires that an insurer make the required clear and conspicuous disclosures on a "separate line item" in the policy for any policy issued 90 days after the enactment of the Act. To comply with this separate line requirement, the Disclosure Pursuant To Terrorism Risk Insurance Act Endorsement **MP 09 01** may be used.~~



B. Disclosure Of Premium

1. For Policies That Begin Prior To The Last Program Year Of Federal Program

Disclosure of premium attributable to coverage for certified acts of terrorism, and disclosure of federal participation in payment of potential terrorism losses and existence of the \$100 billion cap, is a condition for reimbursement under the federal Pprogram. Use Disclosure Pursuant To Terrorism Risk Insurance Act Endorsement MP 09 01 The following endorsements, which responds to the Treasury Guidance on line item disclosure, may be used:

~~1. Use Disclosure Pursuant To Terrorism Risk Insurance Act Endorsement MP 09 01 unless Paragraph B.2. applies.~~

2. For Policies That Begin In The Last Program Year Of Federal Program

Use Georgia – Disclosure Of Premium And Estimated Premium For Certified Acts Of Terrorism Coverage (Pursuant To Terrorism Risk Insurance Act) Endorsement **MP 09 18** for policies that begin in the last Program Year of the federal Pprogram and extend into the following year, when premium is being disclosed for the period during which the federal Pprogram is in effect and estimated premium is being disclosed for the remainder of the policy term. This endorsement recognizes the possibility of a mid-term additional premium charge or return of excess premium.

C. Premium Determination

For coverage for acts of terrorism, refer to company for rating. Rule 12. Referrals To Company applies.

VERSION TE117 (WASHINGTON)

25. TERRORISM

Rule 25. is replaced by the following:

INTRODUCTION

The "Terrorism Risk Insurance Act" ("TRIA") establishes a program within the Department of the Treasury in which the federal government will share the risk of loss from terrorist attacks with the insurance industry. Federal participation will be triggered when the Secretary of the Treasury certifies an act of terrorism, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism committed by an individual(s) acting on behalf of any foreign interest, provided the terrorist act results in aggregate losses in excess of an amount stated in the Act. With respect to insured losses resulting from a certified act of terrorism, the federal government will reimburse individual insurers for a percentage of losses (as stated in the Act) in excess of the insurer's retention, which is based on a specified percentage of the insurer's earned premium for the year preceding the loss. Insured losses covered by the program are capped at \$100 billion per year unless subsequent action of Congress changes that amount; this provision serves to limit insurers' liability for losses. If a terrorism event pierces the cap of a given year, insured losses paid (amounts below the cap) under the federal program may be subject to pro rata allocation in accordance with procedures established by the Treasury. All insurers providing management protection insurance are required to participate in the program to the extent of offering and making available coverage for certified acts of terrorism in accordance with the terms and conditions of coverage which apply to non-terrorism events.

For all new and renewal business, an insurer must make available to insureds coverage for losses caused by certified acts of terrorism. The insurer must disclose to the policyholder the premium for losses covered, and the federal share of compensation for such losses under the program and the existence of the \$100 billion cap, at the time of offer, purchase and renewal of the policy.

A. THE FOLLOWING PARAGRAPHS INSTRUCT ON THE USAGE OF TERRORISM ENDORSEMENT OPTIONS THAT MAY BE ATTACHED TO POLICIES THAT BECOME EFFECTIVE WHILE THE TERRORISM RISK INSURANCE PROGRAM IS IN EFFECT. REFER TO PARAGRAPH B. OF THIS RULE FOR ADDITIONAL INSTRUCTIONS REGARDING THOSE POLICIES THAT WILL CONTINUE PAST THE ANTICIPATED TERMINATION OF THE TERRORISM RISK INSURANCE PROGRAM. POLICIES THAT BEGIN IN THE LAST PROGRAM YEAR OF THE FEDERAL PROGRAM MAY REQUIRE THE USE OF TWO ENDORSEMENTS DUE TO THE ANTICIPATED MID-TERM TERMINATION OF THE TERRORISM RISK INSURANCE PROGRAM.

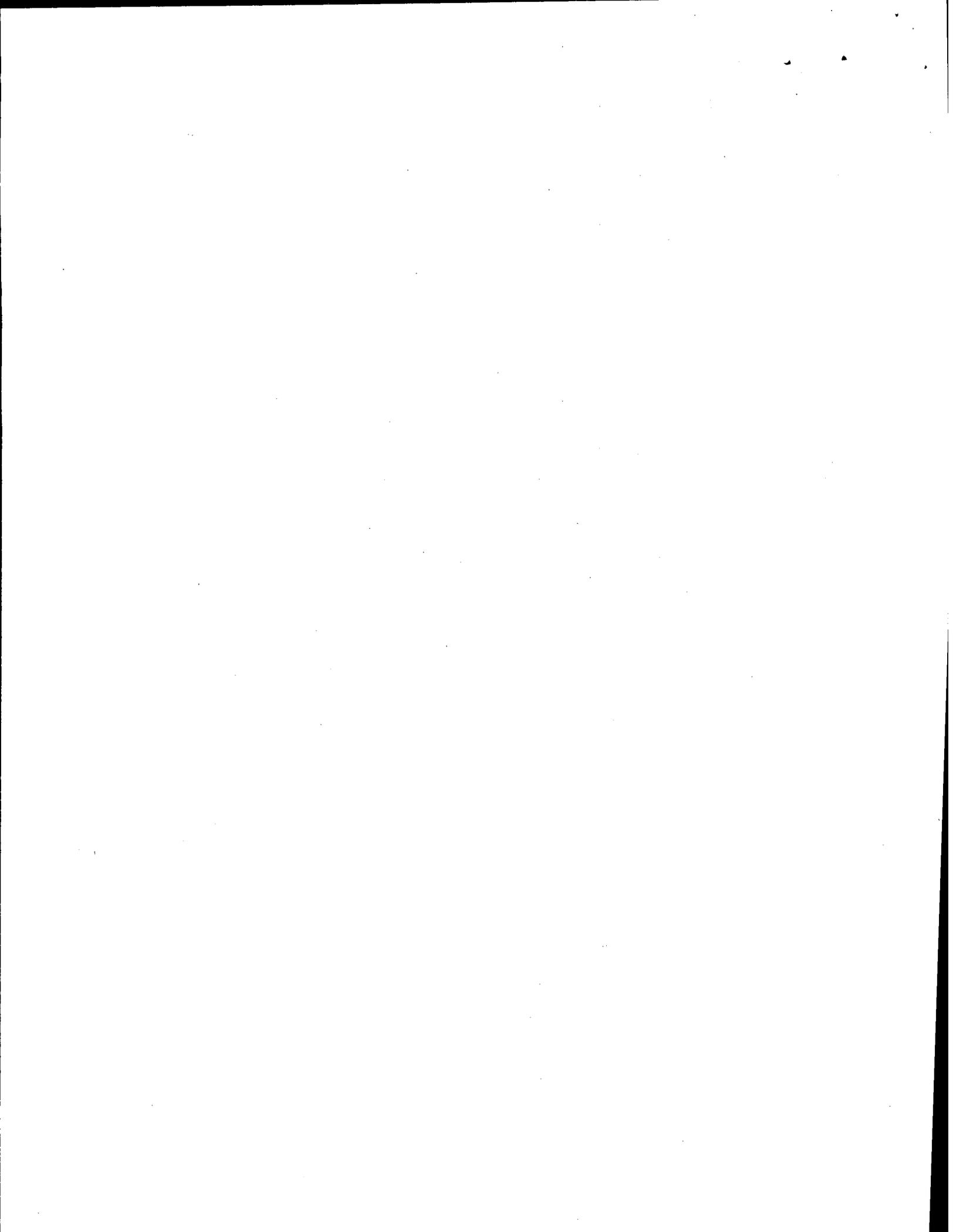
When coverage for certified acts of terrorism:

1. When coverage for certified acts of terrorism is to be provided, the following options are is available:

- a. To provide coverage for both certified acts of terrorism and other acts of terrorism (subject to underlying policy provisions), but provide that the insurer will not pay any amount for any certified act of terrorism after the amounts of all such events in a statutory period exceed the cap provided by the Act, use Cap On Losses From Certified Acts Of Terrorism Endorsement **MP 21 13**.
- b. ~~To provide coverage for certified acts of terrorism (subject to the cap on liability for losses and subject to underlying policy provisions), and exclude other acts of terrorism, subject to a \$25 million threshold (with no dollar threshold on nuclear, biological or chemical events), use Limited Terrorism Exclusion (Other Than Certified Acts Of Terrorism); Cap On Losses From Certified Acts Of Terrorism Endorsement **MP 21 16**.~~

2. When coverage for certified acts of terrorism is not to be provided (or is to be provided with a specific limitation), the following options are is available:

- a. To exclude coverage for certified acts of terrorism ~~and but~~ provide coverage for other acts of terrorism (subject to underlying policy provisions), use Exclusion Of Certified Acts Of Terrorism Endorsement **MP 21 14**.
- b. ~~To exclude all losses arising out of certified acts of terrorism and other acts of terrorism, subject to a \$25 million threshold (with no dollar threshold on nuclear, biological or chemical events), use Exclusion Of Certified Acts Of Terrorism And Other Acts Of Terrorism Endorsement **MP 21 15**.~~



~~As a condition for federal payment under the Program, subparagraph 103(b)(2) of the Act requires that an insurer must also provide clear and conspicuous disclosure to the policyholder of the premium charged for insured losses covered by the program and the federal share of compensation for insured losses under the program. Section 103(b)(2)(c) requires that an insurer make the required clear and conspicuous disclosures on a "separate line item" in the policy for any policy issued 90 days after the enactment of the Act. To comply with this separate line requirement, the Disclosure Pursuant To Terrorism Risk Insurance Act Endorsement MP 09-01 may be used.~~

B. THE FOLLOWING PARAGRAPHS INSTRUCT ON THE USAGE OF A CONDITIONAL TERRORISM ENDORSEMENT OPTION FOR:

- **POLICIES THAT BECOME EFFECTIVE DURING THE LAST PROGRAM YEAR OF THE FEDERAL PROGRAM, WITH A POLICY TERM THAT EXTENDS PAST THE TERMINATION DATE OF THAT PROGRAM;**
- **POLICIES WRITTEN TO BECOME EFFECTIVE AFTER THE SCHEDULED TERMINATION DATE OF THE FEDERAL PROGRAM, IF THE DISPOSITION OF SUCH PROGRAM IS UNCERTAIN AT THE TIME THE POLICY IS WRITTEN.**

THIS CONDITIONAL ENDORSEMENT IS DESIGNED TO BE USED IN CONJUNCTION WITH (ON THE SAME POLICY AS) THE ENDORSEMENTS DESCRIBED ABOVE AND CAN ALSO BE USED IN THE ABSENCE OF SUCH ENDORSEMENTS. REFER TO PARAGRAPH C. OF THIS RULE FOR POLICIES THAT BECOME EFFECTIVE AFTER THE TERMINATION OF THE TERRORISM RISK INSURANCE PROGRAM.

The following information is based on a scheduled termination date of December 31, 2014~~07~~. However, if there is an extension of the federal Program beyond 2014~~07~~ and this line of business remains subject to TRIA under such extension, then the following information would apply instead to the last Program Year enacted via the extension, provided the federal Program will end on a specified date with respect to all policies for this line of business (a so-called hard ending).

Policies that become effective on or after January 1, 2014~~07~~ may not have the federal backstop apply throughout the entire policy period. The following conditional endorsement option provides insurers with tools to address terrorism exposures given the anticipated termination of the federal Program, which may occur during the policy period. The provisions of the conditional endorsement will apply commencing when TRIP terminates or is extended without "make available" requirements and with certain changes (revised definition of terrorism; or terrorism coverage made subject to terms or conditions different from those that apply to other events; or increase in insurer retention of or participation in losses). **If the aforementioned conditions do not occur, the provisions of the conditional endorsement will not become effective on the policy.**

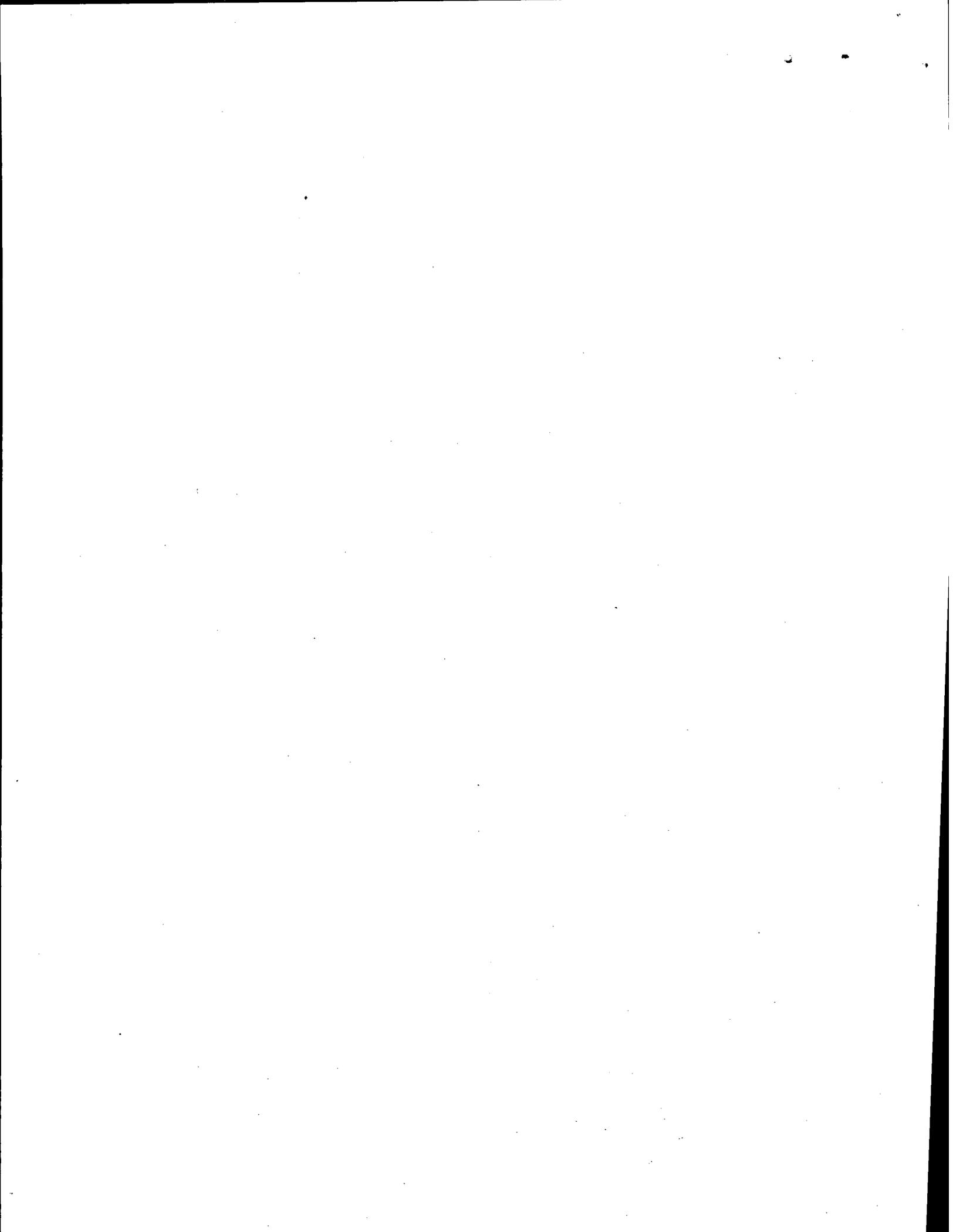
To exclude terrorism coverage upon the termination of the federal Terrorism Risk Insurance Program, attach Washington Conditional Exclusion Of Terrorism (Relating To Disposition Of Federal Terrorism Risk Insurance Act) Endorsement MP 21 24.

THE FOLLOWING PARAGRAPH INSTRUCTS ON THE USAGE OF THE EXTENDED REPORTING PERIOD FOR TERRORISM COVERAGE ENDORSEMENT ON POLICIES THAT INCLUDE THE CONDITIONAL TERRORISM ENDORSEMENT.

When Washington Conditional Exclusion Endorsement MP 21 24 is attached to a policy that is written on a claims-made basis, also attach Extended Reporting Period For Terrorism Coverage Endorsement MP 28 13. This endorsement provides the insureds with an extended reporting period (5 years from the date the conditional exclusion went into effect) for claims arising out of an incident of terrorism that occurred prior to the conditional exclusion being triggered. ~~Do NOT attach this endorsement if Exclusion Of Certified Acts Of Terrorism And Other Acts Of Terrorism Endorsement MP 21 15 is also attached to the policy.~~

C. THE FOLLOWING PARAGRAPH INSTRUCTS ON THE USAGE OF A TERRORISM ENDORSEMENT OPTION THAT MAY BE ATTACHED TO:

POLICIES THAT BECOME EFFECTIVE ON OR AFTER THE DATE WHEN THE TERRORISM RISK INSURANCE PROGRAM HAS TERMINATED; OR



POLICIES THAT BECOME EFFECTIVE ON OR AFTER THE DATE WHEN AN EXTENSION OF THE TERRORISM RISK INSURANCE PROGRAM HAS GONE INTO EFFECT, IF THE PROGRAM WAS EXTENDED WITHOUT MAKE-AVAILABLE REQUIREMENTS AND WITH CERTAIN CHANGES (REVISED DEFINITION OF TERRORISM; OR TERRORISM COVERAGE MADE SUBJECT TO TERMS OR CONDITIONS DIFFERENT FROM THOSE THAT APPLY TO OTHER EVENTS; OR INCREASE IN INSURER RETENTION OF OR PARTICIPATION IN LOSSES).

To exclude terrorism coverage, attach Washington Exclusion Of Terrorism Endorsement **MP 21 25**.

D. Disclosure Of Premium

1. For Policies That Begin Prior To The Last Program Year Of Federal Program

Disclosure of premium attributable to coverage for certified acts of terrorism, and disclosure of federal participation in payment of potential terrorism losses and existence of the \$100 billion cap, is a condition for reimbursement under the federal program. Use Disclosure Pursuant To Terrorism Risk Insurance Act Endorsement MP 09 01 The following endorsements, which responds to the Treasury Guidance on line item disclosure, may be used:

~~1. Use Disclosure Pursuant To Terrorism Risk Insurance Act Endorsement MP 09 01 in accordance with Paragraph A. above unless Paragraph D.2. or D.3. applies.~~

2. For Policies That Begin In The Last Program Year Of Federal Program

a. Use Disclosure Of Premium Through End Of Year For Certified Acts Of Terrorism Coverage (Pursuant To Terrorism Risk Insurance Act) Endorsement **MP 09 03** for policies that begin in the last Program Year of the federal Program and extend into the following year, when a Conditional Exclusion is used and premium is being disclosed only for the period during which the federal Program is in effect. This endorsement recognizes the possibility of a mid-term additional premium charge.

3b. Use Disclosure Of Premium And Estimated Premium For Certified Acts Of Terrorism Coverage (Pursuant To Terrorism Risk Insurance Act) Endorsement **MP 09 04** for policies that begin in the last Program Year of the federal Program and extend into the following year, when premium is being disclosed for the period during which the federal Program is in effect and estimated premium is being disclosed for the remainder of the policy term. This endorsement recognizes the possibility of a mid-term additional premium charge or return of excess premium.

E. Premium Determination

For coverage for acts of terrorism, refer to company for rating. Rule 12. Referrals To Company applies.

