

SERFF Tracking Number: ARKS-125477394 State: Arkansas
Filing Company: 00006 - INSURANCE SERVICES OFFICE, INC. State Tracking Number: #104734 \$50
Company Tracking Number: CL 2008-RTOAL
TOI: 17.0 Other Liability - Claims Made/Occurrence Sub-TOI: 17.0000 Other Liability Sub-TOI Combinations
Product Name: General Liability
Project Name/Number: /

Filing at a Glance

Company: 00006 - INSURANCE SERVICES OFFICE, INC.

Product Name: General Liability	SERFF Tr Num: ARKS-125477394	State: Arkansas
TOI: 17.0 Other Liability - Claims Made/Occurrence	SERFF Status: Closed	State Tr Num: #104734 \$50
Sub-TOI: 17.0000 Other Liability Sub-TOI Combinations	Co Tr Num: CL 2008-RTOAL	State Status: Fees verified and received
Filing Type: Rule	Co Status:	Reviewer(s): Betty Montesi, Edith Roberts, Brittany Yielding
	Author:	Disposition Date: 03/11/2008
	Date Submitted: 02/07/2008	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: 03/11/2008	
State Status Changed: 03/11/2008	Deemer Date:
Corresponding Filing Tracking Number:	
Filing Description:	

Company and Contact

Filing Contact Information

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

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NA, AR 00000

Filing Company Information

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

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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	03/11/2008	03/11/2008

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Disposition

Disposition Date: 03/11/2008

Effective Date (New):

Effective Date (Renewal):

Status: Filed

Comment:

Rate data does NOT apply to filing.

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Item Type	Item Name	Item Status	Public Access
Supporting Document	ARKS-125477394		No

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Rate Information

Rate data does NOT apply to filing.

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Product Name: General Liability
Project Name/Number: /

Supporting Document Schedules

Review Status:

Satisfied -Name: ARKS-125477394

03/12/2008

Comments:

Attachments:

ARKS-125477394 1.pdf

ARKS-125477394 2.pdf

CAF 107101

ARKS-125477394

ER

\$50



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

January 31, 2008

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

FILED

RECEIVED

FEB 07 2008

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

PROPERTY AND CASUALTY
ARKANSAS INSURANCE DEPT.

FEB 07 2008
PROPERTY AND CASUALTY DIVISION
ARKANSAS INSURANCE DEPARTMENT

RE: Insurance Services Office, Inc.
CL 2008-RTOAL
General Liability
Commercial Umbrella
Terrorism Endorsement Options Rules Revised in Response to Terrorism Risk
Insurance Program Reauthorization Act of 2007
REFERENCE FILING
State of Arkansas

Dear Mr. Lacy:

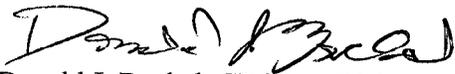
We hereby file the enclosed advisory reference document.

ISO does not establish an effective date for General Liability or Commercial Umbrella rules revisions in Arkansas. Each insurer that elects to utilize this revision is responsible for determining its own effective date and complying with any applicable regulatory requirements. We will distribute this material to our participating insurers and update our electronic deliveries under cover of a Notice bearing a date of June 2008, or the earliest possible subsequent date following your acknowledgement.

Companion forms filing CL 2008-OTOAL is also submitted today under separate cover.

Please return an acknowledged copy of this cover letter for our records. An addressed, stamped envelope is enclosed for your convenience. We have also included an additional copy of this letter and envelope; we request that you return it now with a "received" stamp to confirm that you have received the filing.

Very truly yours,


Donald J. Beckel, CPCU, ARM
Assistant Regional Manager

DJB:db

Encl.

Property & Casualty Transmittal Document

1. Reserved for Insurance Dept. Use Only	2. Insurance Department Use only	
	a. Date the filing is received:	
	b. Analyst:	
	c. Disposition:	
	d. Date of disposition of the filing:	
	e. Effective date of filing:	
	<input type="checkbox"/> New Business	
	<input type="checkbox"/> Renewal Business	
	f. State Filing #:	
	g. SERFF Filing #:	
h. Subject Codes		

3. Group Name	Group NAIC #

4. Company Name(s)	Domicile	NAIC #	FEIN #	State #
Insurance Services Office, Inc.	DE		13-3131412	

RECEIVED

FEB 07 2008

PROPERTY AND CASUALTY DIVISION
ARKANSAS INSURANCE DEPARTMENT

5. Company Tracking Number	CL-2008-RTOAL
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Contact Info of Filer(s) or Corporate Officer(s) [include toll-free number]

6.	Name and address	Title	Telephone #s	FAX #	e-mail
	Donald J. Beckel Insurance Services Office, Inc. 2828 E. Trinity Mills Rd., Ste. 150 Carrollton, TX 75006	Asst. Regional Manager	(214) 390-1825 Ext. 224	(214) 390-1975	DBECKEL@iso.com

Donald Beckel

7. Signature of authorized filer	
8. Please print name of authorized filer	Donald J. Beckel

Filing information (see General Instructions for descriptions of these fields)

9.	Type of Insurance (TOI)	17.0
10.	Sub-Type of Insurance (Sub-TOI)	17.0000
11.	State Specific Product code(s)(if applicable)[See State Specific Requirements]	
12.	Company Program Title (Marketing title)	Commercial Lines
13.	Filing Type	<input type="checkbox"/> Rate/Loss Cost <input checked="" type="checkbox"/> Rules <input type="checkbox"/> Rates/Rules <input type="checkbox"/> Forms <input type="checkbox"/> Combination Rates/Rules/Forms <input type="checkbox"/> Withdrawal <input type="checkbox"/> Other (give description)
14.	Effective Date(s) Requested	New: 06/01/2008 Renewal: 06/01/2008
15.	Reference Filing?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
16.	Reference Organization (if applicable)	Not Applicable
17.	Reference Organization # & Title	Not Applicable
18.	Company's Date of Filing	1/31/08
19.	Status of filing in domicile	<input type="checkbox"/> Not Filed <input checked="" type="checkbox"/> Pending <input type="checkbox"/> Authorized <input type="checkbox"/> Disapproved

Property & Casualty Transmittal Document---

20.	This filing transmittal is part of Company Tracking #	CL-2008-RTOAL
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21.	Filing Description [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]
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This filing revises certain terrorism rules in response to enactment of the Terrorism Risk Insurance Program Reauthorization Act Of 2007.

22.	Filing Fees (Filer must provide check # and fee amount if applicable) [If a state requires you to show how you calculated your filing fees, place that calculation below]
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Check #: 104734
Amount: \$ 50.00

Refer to each state's checklist for additional state specific requirements or instructions on calculating fees.

*****Refer to each state's checklist for additional state specific requirements (i.e. # of additional copies required, other state specific forms, etc.)**

RATE/RULE FILING SCHEDULE

(This form must be provided ONLY when making a filing that includes rate-related items such as Rate; Rule; Rate & Rule; Reference; Loss Cost; Loss Cost & Rule or Rate, etc.)

(Do not refer to the body of the filing for the component/exhibit listing, unless allowed by state.)

1.	This filing transmittal is part of Company Tracking #	CL-2008-RTOAL
2.	This filing corresponds to form filing number (Company tracking number of form filing, if applicable)	CL-2008-OTOAL

Rate Increase Rate Decrease Rate Neutral (0%)

3.	Filing Method (Prior Approval, File & Use, Flex Band, etc.)	File & Use
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4a.	Rate Change by Company (As Proposed)						
Company Name	Overall % Indicated Change (when applicable)	Overall % Rate Impact	Written premium change for this program	# of policyholders affected for this program	Written premium for this program	Maximum % Change (where required)	Minimum % Change (where required)
Insurance Services Office, Inc.	N/A	N/A	N/A	N/A	N/A	N/A	N/A

4b.	Rate Change by Company (As Accepted) For State Use Only						
Company Name	Overall % Indicated Change (when applicable)	Overall % Rate Impact	Written premium change for this program	# of policyholders affected for this program	Written premium for this program	Maximum % Change	Minimum % Change

5. Overall Rate Information (Complete for Multiple Company Filings only)

		COMPANY USE	STATE USE
5a.	Overall percentage rate indication (when applicable)	N/A	
5b.	Overall percentage rate impact for this filing	N/A	
5c.	Effect of Rate Filing – Written premium change for this program	N/A	
5d.	Effect of Rate Filing – Number of policyholders affected	N/A	

6.	Overall percentage of last rate revision	N/A
7.	Effective Date of last rate revision	N/A
8.	Filing Method of Last filing (Prior Approval, File & Use, Flex Band, etc.)	File & Use

9.	Rule # or Page # Submitted for Review	Replacement or Withdrawn?	Previous state filing number, if required by state
01	General Liability Rule 55. Terrorism Endorsement Options	<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
02	Commercial Liability Umbrella Rule 32. Terrorism Endorsement Options	<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
03		<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	

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

Applicable Lines of Business

This filing applies to the following:

- ◆ General Liability
- ◆ Commercial Liability Umbrella

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 the Terrorism Endorsement Options Rules in the General Liability and Commercial Liability Umbrella Sections 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 CL-2008-OTOAL

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.

With the revision to the definition of an act of terrorism (with respect to certification of such act), there is no longer a requirement that the act of terrorism be committed on behalf of a foreign person or foreign interest. However, in order for an act of terrorism to be certified under the Program, the act must be committed within the jurisdictional boundaries of the Program. Acts of terrorism that are committed outside the jurisdictional boundaries of the Program would not be eligible for certification under the Program and thus would not be subject to federal participation in losses. Prior to the enactment of the Reauthorization Act of 2007, the ISO "other acts of terrorism" endorsements were available to address acts of terrorism that were not certified acts of terrorism, including those acts committed outside the United States.

In forms filing CL-2008-OTOAL, we revised endorsements CG 21 71, CG 21 75, CU 21 31 and CU 21 35 to provide underwriters with a tool to exclude acts of terrorism committed outside the jurisdictional boundaries of the federal program for risks which have international exposures. Such acts do not meet the criteria of a certified act of terrorism under the federal Program and thus would not be subject to federal participation in losses.

Explanation of Changes

The General Liability and Commercial-Liability Umbrella Terrorism Endorsement Options Rules have been revised to reference and instruct on the usage of endorsements CG 21 71, CG 21 75, CU 21 31 and CU 21 35.

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Important Note

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Chart I
Current Rules
Terrorism Endorsement Options

State	GL	CU	State	GL	CU
Alabama	TEX 300	TEX 300	Nebraska	TEX 300	TEX 300
Arizona	TEX 300	TEX 300	Nevada	TEX 300	TEX 300
Arkansas	TEX 302	TEX 301	New Hampshire	TEX 300	TEX 300
California	TEX 300	TEX 300	New Jersey	TEX 300	TEX 300
Colorado	TEX 300	TEX 300	New Mexico	TEX 300	TEX 300
Connecticut	TEX 300	TEX 300	North Carolina	TEX 300	TEX 300
Delaware	TEX 300	TEX 300	North Dakota	TEX 300	TEX 300
District Of Columbia	TEX 300	TEX 300	Ohio	TEX 304	TEX 303
Hawaii	TEX 300	TEX 300	Oklahoma	TEX 300	TEX 304
Idaho	TEX 300	TEX 300	Oregon	TEX 300	TEX 300
Illinois	TEX 300	TEX 300	Pennsylvania	TEX 300	TEX 300
Indiana	TEX 300	TEX 300	Rhode Island	TEX 300	TEX 300
Iowa	TEX 300	TEX 300	South Carolina	TEX 300	TEX 300
Kansas	TEX 300	TEX 300	South Dakota	TEX 300	TEX 300
Kentucky	TEX 300	TEX 300	Tennessee	TEX 300	TEX 300
Louisiana	TEX 300	TEX 300	Texas	TEX 305	TEX 308
Maine	TEX 300	TEX 300	Utah	TEX 300	TEX 300
Massachusetts	TEX 300	TEX 300	Vermont	TEX 300	TEX 300
Michigan	TEX 300	TEX 300	Washington	TEX 303	TEX 305
Minnesota	TEX 304	TEX 302	West Virginia	TEX 300	TEX 300
Mississippi	TEX 300	TEX 300	Wisconsin	TEX 300	TEX 300
Missouri	TEX 300	TEX 300	Wyoming	TEX 300	TEX 300
Montana	TEX 300	TEX 300			

NOTE: AK, FL, GA, MD, NY, PR and VA have been omitted from this list due to the fact that they will receive state-specific filings.

GENERAL LIABILITY - VERSION TEX300

55. TERRORISM ENDORSEMENT OPTIONS

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, 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; 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 general liability insurance are required to participate in the program to the extent of 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, 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.

IMPORTANT GENERAL INFORMATION

In the policy Declarations (or by other means at the insurer's option), it is advisable to indicate applicability of terrorism endorsements by line of business. This is especially important for a package policy that includes both TRIA and non-TRIA lines of business.

A. THE FOLLOWING PARAGRAPHS, A.1. AND A.2., 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.

1. When coverage for certified acts of terrorism is to be provided, the following options are 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 injury or damage 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 **CG 21 70**.

b. To provide coverage for acts of terrorism (subject to the cap on liability for losses for certified acts of terrorism and subject to underlying policy provisions), **except** those acts committed outside of the jurisdictional boundaries of the federal program, use Exclusion Of Other Acts Of Terrorism Committed Outside The United States; Cap On Losses From Certified Acts Of Terrorism Endorsement **CG 21 71**. The exclusion for acts of terrorism committed outside the United States is subject to a \$25 million threshold (valued in US dollars) for events other than nuclear, biological, chemical or radiological events. For nuclear, biological, chemical or radiological events, no dollar threshold applies.

bc. To also exclude punitive damages arising out of a certified act of terrorism, use Exclusion Of Punitive Damages Related To A Certified Act Of Terrorism Endorsement **CG 21 76**.

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 available:

a. To exclude coverage for certified acts of terrorism but provide coverage for other acts of terrorism (subject to underlying policy provisions), use Exclusion Of Certified Acts Of Terrorism Endorsement **CG 21 73**.

b. To exclude all losses arising out of certified acts of terrorism and acts of terrorism committed outside the jurisdictional boundaries of the federal program, use Exclusion Of Certified Acts Of Terrorism And Exclusion Of Other Acts Of Terrorism Committed Outside The United States Endorsement **CG 21 75**. The exclusion for acts of terrorism committed outside the United States is subject to a \$25 million threshold (valued in US dollars) for events other than nuclear, biological, chemical or radiological events. For nuclear, biological, chemical or radiological events committed outside the United States, no dollar threshold applies.

bc. To provide coverage for certified acts of terrorism subject to a Certified Acts Of Terrorism Aggregate Limit and provide coverage for other acts of terrorism subject to full policy limits, use Certified Acts Of Terrorism Aggregate Limit; Cap On Losses From Certified Acts Of Terrorism Endorsement **CG 21 80**. (Coverage is subject to the cap on liability for losses and subject to underlying policy provisions.)

To provide this coverage for use with the Products/Completed Operations Liability Coverage Form, use Certified Acts Of Terrorism Aggregate Limit; Cap On Losses From Certified Acts Of Terrorism Endorsement **CG 21 82**.

These options may be offered to the insured, at the insurer's option, only when the insured initially rejects certified acts of terrorism coverage.

cd. To exclude coverage for losses arising out of a certified act of terrorism that involve nuclear, biological, chemical or radiological materials but provide coverage for other acts of terrorism subject to underlying policy provisions, use Exclusion Of Certified Nuclear, Biological, Chemical Or Radiological Acts Of Terrorism; Cap On Losses From Certified Acts Of Terrorism Endorsement **CG 21 84**. Coverage for certified acts of terrorism under this endorsement is subject to the statutory cap on liability for losses provided by the Act.

This option may be offered to the insured, at the insurer's option, only when the insured initially rejects certified acts of terrorism coverage.

de. To also exclude punitive damages arising out of a certified act of terrorism when Endorsement **CG 21 80**, **CG 21 82** or **CG 21 84** is attached to a policy, use Exclusion Of Punitive Damages Related To A Certified Act Of Terrorism Endorsement **CG 21 76**.

B. THE FOLLOWING PARAGRAPHS, B.1. THROUGH B.3., INSTRUCT ON THE USAGE OF CONDITIONAL TERRORISM ENDORSEMENT OPTIONS 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.**

THESE CONDITIONAL ENDORSEMENTS ARE 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. However, if there is an extension of the federal Program beyond 2014 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 may not have the federal backstop apply throughout the entire policy period. The following conditional endorsement options provide 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 the federal Program 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.**

1. To exclude terrorism coverage, attach Conditional Exclusion Of Terrorism (Relating To Disposition Of Federal Terrorism Risk Insurance Act) Endorsement **CG 21 87**.
2. To exclude coverage for terrorism that involves nuclear, biological or chemical materials (thereby leaving intact any underlying coverage for terrorism that does not involve nuclear, biological or chemical material), attach Conditional Exclusion Of Terrorism Involving Nuclear, Biological Or Chemical Terrorism (Relating To Disposition Of Federal Terrorism Risk Insurance Act) Endorsement **CG 21 88**.
3. To provide coverage for terrorism subject to a Terrorism Aggregate Limit (and subject to underlying policy provisions), attach Conditional Limitation Of Coverage For Terrorism On Annual Aggregate Basis (Relating To Disposition Of Federal Terrorism Risk Insurance Act) Endorsement **CG 21 89**.

If this conditional endorsement is used along with terrorism aggregate limit endorsement described in Paragraph **A**, do **not** enter a Terrorism Aggregate Limit amount for the conditional endorsement. A footnote in the Schedule of the conditional endorsement makes reference to relevant text within the endorsement, which in turn explains how the Terrorism Aggregate Limit applies.

When conditional exclusion Endorsement **CG 21 87** or **CG 21 88** is attached to a policy that is written on a claims-made basis, also attach Extended Reporting Period For Terrorism Endorsement **CG 21 93**. This endorsement provides the insured 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.

C. THE FOLLOWING PARAGRAPHS, C.1. THROUGH C.3., INSTRUCT ON THE USAGE OF TERRORISM ENDORSEMENT OPTIONS 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).

1. To exclude terrorism coverage, attach Exclusion Of Terrorism Endorsement **CG 21 90**.
2. To exclude coverage for terrorism that involves nuclear, biological or chemical materials (thereby leaving intact any underlying coverage for terrorism that does not involve nuclear, biological or chemical material), attach Exclusion Of Terrorism Involving Nuclear, Biological Or Chemical Terrorism Endorsement **CG 21 91**.
3. To provide coverage for terrorism subject to a Terrorism Aggregate Limit (and subject to underlying policy provisions), attach Limitation Of Coverage For Terrorism On Annual Aggregate Basis Endorsement **CG 21 92**.

GENERAL LIABILITY - VERSION TEX302

55. TERRORISM ENDORSEMENT OPTIONS

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, 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 insureds 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; 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 general liability insurance are required to participate in the program to the extent of 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, 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.

IMPORTANT GENERAL INFORMATION

In the policy Declarations (or by other means at the insurer's option), it is advisable to indicate applicability of terrorism endorsements by line of business. This is especially important for a package policy that includes both TRIA and non-TRIA lines of business.

A. THE FOLLOWING PARAGRAPHS, A.1. AND A.2., 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.

1. When coverage for certified acts of terrorism is to be provided, the following options are 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 injury or damage 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 **CG 21 70**.
 - b. To provide coverage for acts of terrorism (subject to the cap on liability for losses for certified acts of terrorism and subject to underlying policy provisions), except those acts committed outside of the jurisdictional boundaries of the federal program, use Exclusion Of Other Acts Of Terrorism Committed Outside The United States; Cap On Losses From Certified Acts Of Terrorism Endorsement **CG 21 71**. The exclusion for acts of terrorism committed outside the United States is subject to a \$25 million threshold (valued in US dollars) for events other than nuclear, biological, chemical or radiological events. For nuclear, biological, chemical or radiological events, no dollar threshold applies.
 - bc. To also exclude punitive damages arising out of a certified act of terrorism, use Arkansas Exclusion Of Punitive Damages Related To A Certified Act Of Terrorism Endorsement **CG 26 86**.
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 available:

a. To exclude coverage for certified acts of terrorism but provide coverage for other acts of terrorism (subject to underlying policy provisions), use Exclusion Of Certified Acts Of Terrorism Endorsement **CG 21 73**.

b. To exclude all losses arising out of certified acts of terrorism and acts of terrorism committed outside the jurisdictional boundaries of the federal program, use Exclusion Of Certified Acts Of Terrorism And Exclusion Of Other Acts Of Terrorism Committed Outside The United States Endorsement **CG 21 75**. The exclusion for acts of terrorism committed outside the United States is subject to a \$25 million threshold (valued in US dollars) for events other than nuclear, biological, chemical or radiological events. For nuclear, biological, chemical or radiological events committed outside the United States, no dollar threshold applies.

bc. To provide coverage for certified acts of terrorism subject to a Certified Acts Of Terrorism Aggregate Limit and provide coverage for other acts of terrorism subject to full policy limits, use Certified Acts Of Terrorism Aggregate Limit; Cap On Losses From Certified Acts Of Terrorism Endorsement **CG 21 80**. (Coverage is subject to the cap on liability for losses and subject to underlying policy provisions.)

To provide this coverage for use with the Products/Completed Operations Liability Coverage Form, use Certified Acts Of Terrorism Aggregate Limit; Cap On Losses From Certified Acts Of Terrorism Endorsement **CG 21 82**.

These options may be offered to the insured, at the insurer's option, only when the insured initially rejects certified acts of terrorism coverage.

ed. To exclude coverage for losses arising out of a certified act of terrorism that involve nuclear, biological, chemical or radiological materials but provide coverage for other acts of terrorism subject to underlying policy provisions, use Exclusion Of Certified Nuclear, Biological, Chemical Or Radiological Acts Of Terrorism; Cap On Losses From Certified Acts Of Terrorism Endorsement **CG 21 84**. Coverage for certified acts of terrorism under this endorsement is subject to the statutory cap on liability for losses provided by the Act.

This option may be offered to the insured, at the insurer's option, only when the insured initially rejects certified acts of terrorism coverage.

de. To also exclude punitive damages arising out of a certified act of terrorism when Endorsement **CG 21 80**, **CG 21 82** or **CG 21 84** is attached to a policy, use Arkansas Exclusion Of Punitive Damages Related To A Certified Act Of Terrorism Endorsement **CG 26 86**.

B. THE FOLLOWING PARAGRAPHS, B.1. THROUGH B.3., INSTRUCT ON THE USAGE OF CONDITIONAL TERRORISM ENDORSEMENT OPTIONS 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.**

THESE CONDITIONAL ENDORSEMENTS ARE 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. However, if there is an extension of the federal Program beyond 2014 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 may not have the federal backstop apply throughout the entire policy period. The following conditional endorsement options provide 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 the federal Program 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.**

1. To exclude terrorism coverage, attach Conditional Exclusion Of Terrorism (Relating To Disposition Of Federal Terrorism Risk Insurance Act) Endorsement **CG 21 87**.
2. To exclude coverage for terrorism that involves nuclear, biological or chemical materials (thereby leaving intact any underlying coverage for terrorism that does not involve nuclear, biological or chemical material), attach Conditional Exclusion Of Terrorism Involving Nuclear, Biological Or Chemical Terrorism (Relating To Disposition Of Federal Terrorism Risk Insurance Act) Endorsement **CG 21 88**.
3. To provide coverage for terrorism subject to a Terrorism Aggregate Limit (and subject to underlying policy provisions), attach Conditional Limitation Of Coverage For Terrorism On Annual Aggregate Basis (Relating To Disposition Of Federal Terrorism Risk Insurance Act) Endorsement **CG 21 89**.

If this conditional endorsement is used along with terrorism aggregate limit endorsement described in Paragraph **A**, do **not** enter a Terrorism Aggregate Limit amount for the conditional endorsement. A footnote in the Schedule of the conditional endorsement makes reference to relevant text within the endorsement, which in turn explains how the Terrorism Aggregate Limit applies.

When conditional exclusion Endorsement **CG 21 87** or **CG 21 88** is attached to a policy that is written on a claims-made basis, also attach Extended Reporting Period For Terrorism Endorsement **CG 21 93**. This endorsement provides the insured 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.

C. THE FOLLOWING PARAGRAPHS, C.1. THROUGH C.3., INSTRUCT ON THE USAGE OF TERRORISM ENDORSEMENT OPTIONS 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).

1. To exclude terrorism coverage, attach Exclusion Of Terrorism Endorsement **CG 21 90**.
2. To exclude coverage for terrorism that involves nuclear, biological or chemical materials (thereby leaving intact any underlying coverage for terrorism that does not involve nuclear, biological or chemical material), attach Exclusion Of Terrorism Involving Nuclear, Biological Or Chemical Terrorism Endorsement **CG 21 91**.
3. To provide coverage for terrorism subject to a Terrorism Aggregate Limit (and subject to underlying policy provisions), attach Limitation Of Coverage For Terrorism On Annual Aggregate Basis Endorsement **CG 21 92**.

GENERAL LIABILITY - VERSION TEX303

55. TERRORISM ENDORSEMENT OPTIONS

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, 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; 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 general liability insurance are required to participate in the program to the extent of 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, 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.

IMPORTANT GENERAL INFORMATION

In the policy Declarations (or by other means at the insurer's option), it is advisable to indicate applicability of terrorism endorsements by line of business. This is especially important for a package policy that includes both TRIA and non-TRIA lines of business.

A. THE FOLLOWING PARAGRAPHS, A.1. AND A.2., 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.

1. When coverage for certified acts of terrorism is to be provided, the following options are 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 injury or damage 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 **CG 21 70**.
 - b. To provide coverage for acts of terrorism (subject to the cap on liability for losses for certified acts of terrorism and subject to underlying policy provisions), except those acts committed outside of the jurisdictional boundaries of the federal program, use Exclusion Of Other Acts Of Terrorism Committed Outside The United States; Cap On Losses From Certified Acts Of Terrorism Endorsement **CG 21 71**. The exclusion for acts of terrorism committed outside the United States is subject to a \$25 million threshold (valued in US dollars) for events other than nuclear, biological, chemical or radiological events. For nuclear, biological, chemical or radiological events, no dollar threshold applies.
 - bc. To also exclude punitive damages arising out of a certified act of terrorism, use Exclusion Of Punitive Damages Related To A Certified Act Of Terrorism Endorsement **CG 21 76**.
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 available:

- a. To exclude coverage for certified acts of terrorism but provide coverage for other acts of terrorism (subject to underlying policy provisions), use Exclusion Of Certified Acts Of Terrorism Endorsement **CG 21 73**.
- b. To exclude all losses arising out of certified acts of terrorism and acts of terrorism committed outside the jurisdictional boundaries of the federal program, use Exclusion Of Certified Acts Of Terrorism And Exclusion Of Other Acts Of Terrorism Committed Outside The United States Endorsement **CG 21 75**. The exclusion for acts of terrorism committed outside the United States is subject to a \$25 million threshold (valued in US dollars) for events other than nuclear, biological, chemical or radiological events. For nuclear, biological, chemical or radiological events committed outside the United States, no dollar threshold applies.
- bc. To provide coverage for certified acts of terrorism subject to a Certified Acts Of Terrorism Aggregate Limit and provide coverage for other acts of terrorism subject to full policy limits, use Certified Acts Of Terrorism Aggregate Limit; Cap On Losses From Certified Acts Of Terrorism Endorsement **CG 21 80**. (Coverage is subject to the cap on liability for losses and subject to underlying policy provisions.)

To provide this coverage for use with the Products/Completed Operations Liability Coverage Form, use Certified Acts Of Terrorism Aggregate Limit; Cap On Losses From Certified Acts Of Terrorism Endorsement **CG 21 82**.

These options may be offered to the insured, at the insurer's option, only when the insured initially rejects certified acts of terrorism coverage.

- cd. To exclude coverage for losses arising out of a certified act of terrorism that involve nuclear, biological, chemical or radiological materials but provide coverage for other acts of terrorism subject to underlying policy provisions, use Exclusion Of Certified Nuclear, Biological, Chemical Or Radiological Acts Of Terrorism; Cap On Losses From Certified Acts Of Terrorism Endorsement **CG 21 84**. Coverage for certified acts of terrorism under this endorsement is subject to the statutory cap on liability for losses provided by the Act.

This option may be offered to the insured, at the insurer's option, only when the insured initially rejects certified acts of terrorism coverage.

- de. To also exclude punitive damages arising out of a certified act of terrorism when Endorsement **CG 21 80**, **CG 21 82** or **CG 21 84** is attached to a policy, use Exclusion Of Punitive Damages Related To A Certified Act Of Terrorism Endorsement **CG 21 76**.

B. THE FOLLOWING PARAGRAPHS, B.1. THROUGH B.3., INSTRUCT ON THE USAGE OF CONDITIONAL TERRORISM ENDORSEMENT OPTIONS 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.**

THESE CONDITIONAL ENDORSEMENTS ARE 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. However, if there is an extension of the federal Program beyond 2014 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 may not have the federal backstop apply throughout the entire policy period. The following conditional endorsement options provide 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 the federal Program 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.**

1. To exclude terrorism coverage, attach Washington Conditional Exclusion Of Terrorism (Relating To Disposition Of Federal Terrorism Risk Insurance Act) Endorsement **CG 32 20**.
2. To exclude coverage for terrorism that involves nuclear, biological or chemical materials (thereby leaving intact any underlying coverage for terrorism that does not involve nuclear, biological or chemical material), attach Washington Conditional Exclusion Of Terrorism Involving Nuclear, Biological Or Chemical Terrorism (Relating To Disposition Of Federal Terrorism Risk Insurance Act) Endorsement **CG 32 21**.
3. To provide coverage for terrorism subject to a Terrorism Aggregate Limit (and subject to underlying policy provisions), attach Conditional Limitation Of Coverage For Terrorism On An Annual Aggregate Basis (Relating To Disposition Of Federal Terrorism Risk Insurance Act) Endorsement **CG 21 89**.

If this conditional endorsement is used along with terrorism aggregate limit endorsement described in Paragraph **A**, do **not** enter a Terrorism Aggregate Limit amount for the conditional endorsement. A footnote in the Schedule of the conditional endorsement makes reference to relevant text within the endorsement, which in turn explains how the Terrorism Aggregate Limit applies.

When conditional exclusion Endorsement **CG 32 20** or **CG 32 21** is attached to a policy that is written on a claims-made basis, also attach Extended Reporting Period For Terrorism Endorsement **CG 21 93**. This endorsement provides the insured 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.

C. THE FOLLOWING PARAGRAPHS, C.1. THROUGH C.3., INSTRUCT ON THE USAGE OF TERRORISM ENDORSEMENT OPTIONS 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).

1. To exclude terrorism coverage, attach Washington Exclusion Of Terrorism Endorsement **CG 32 22**.
2. To exclude coverage for terrorism that involves nuclear, biological or chemical materials (thereby leaving intact any underlying coverage for terrorism that does not involve nuclear, biological or chemical material), attach Washington Exclusion Of Terrorism Involving Nuclear, Biological Or Chemical Terrorism Endorsement **CG 32 23**.
3. To provide coverage for terrorism subject to a Terrorism Aggregate Limit (and subject to underlying policy provisions), attach Limitation Of Coverage For Terrorism On Annual Aggregate Basis Endorsement **CG 21 92**.

GENERAL LIABILITY - VERSION TEX304

55. TERRORISM ENDORSEMENT OPTIONS

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, 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; 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 general liability insurance are required to participate in the program to the extent of 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, 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.

IMPORTANT GENERAL INFORMATION

In the policy Declarations (or by other means at the insurer's option), it is advisable to indicate applicability of terrorism endorsements by line of business. This is especially important for a package policy that includes both TRIA and non-TRIA lines of business.

A. THE FOLLOWING PARAGRAPHS, A.1. AND A.2., 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.

1. When coverage for certified acts of terrorism is to be provided, the following options is/are 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 injury or damage 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 **CG 21 70**.
 - b. To provide coverage for acts of terrorism (subject to the cap on liability for losses for certified acts of terrorism and subject to underlying policy provisions), except those acts committed outside of the jurisdictional boundaries of the federal program, use Exclusion Of Other Acts Of Terrorism Committed Outside The United States; Cap On Losses From Certified Acts Of Terrorism Endorsement **CG 21 71**. The exclusion for acts of terrorism committed outside the United States is subject to a \$25 million threshold (valued in US dollars) for events other than nuclear, biological, chemical or radiological events. For nuclear, biological, chemical or radiological events, no dollar threshold applies.
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 available:
 - a. To exclude coverage for certified acts of terrorism but provide coverage for other acts of terrorism (subject to underlying policy provisions), use Exclusion Of Certified Acts Of Terrorism Endorsement **CG 21 73**.

b. To exclude all losses arising out of certified acts of terrorism and acts of terrorism committed outside the jurisdictional boundaries of the federal program, use Exclusion Of Certified Acts Of Terrorism And Exclusion Of Other Acts Of Terrorism Committed Outside The United States Endorsement CG 21 75. The exclusion for acts of terrorism committed outside the United States is subject to a \$25 million threshold (valued in US dollars) for events other than nuclear, biological, chemical or radiological events. For nuclear, biological, chemical or radiological events committed outside the United States, no dollar threshold applies.

bc. To provide coverage for certified acts of terrorism subject to a Certified Acts Of Terrorism Aggregate Limit and provide coverage for other acts of terrorism subject to full policy limits, use Certified Acts Of Terrorism Aggregate Limit; Cap On Losses From Certified Acts Of Terrorism Endorsement CG 21 80. (Coverage is subject to the cap on liability for losses and subject to underlying policy provisions.)

To provide this coverage for use with the Products/Completed Operations Liability Coverage Form, use Certified Acts Of Terrorism Aggregate Limit; Cap On Losses From Certified Acts Of Terrorism Endorsement CG 21 82.

These options may be offered to the insured, at the insurer's option, only when the insured initially rejects certified acts of terrorism coverage.

cd. To exclude coverage for losses arising out of a certified act of terrorism that involve nuclear, biological, chemical or radiological materials but provide coverage for other acts of terrorism subject to underlying policy provisions, use Exclusion Of Certified Nuclear, Biological, Chemical Or Radiological Acts Of Terrorism; Cap On Losses From Certified Acts Of Terrorism Endorsement CG 21 84. Coverage for certified acts of terrorism under this endorsement is subject to the statutory cap on liability for losses provided by the Act.

This option may be offered to the insured, at the insurer's option, only when the insured initially rejects certified acts of terrorism coverage.

B. THE FOLLOWING PARAGRAPHS, B.1. THROUGH B.3., INSTRUCT ON THE USAGE OF CONDITIONAL TERRORISM ENDORSEMENT OPTIONS 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.**

THESE CONDITIONAL ENDORSEMENTS ARE 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. However, if there is an extension of the federal Program beyond 2014 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 may not have the federal backstop apply throughout the entire policy period. The following conditional endorsement options provide 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 the federal Program 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.**

- 1. To exclude terrorism coverage, attach Conditional Exclusion Of Terrorism (Relating To Disposition Of Federal Terrorism Risk Insurance Act) Endorsement CG 21 87.**

2. To exclude coverage for terrorism that involves nuclear, biological or chemical materials (thereby leaving intact any underlying coverage for terrorism that does not involve nuclear, biological or chemical material), attach Conditional Exclusion Of Terrorism Involving Nuclear, Biological Or Chemical Terrorism (Relating To Disposition Of Federal Terrorism Risk Insurance Act) Endorsement **CG 21 88**.
3. To provide coverage for terrorism subject to a Terrorism Aggregate Limit (and subject to underlying policy provisions), attach Conditional Limitation Of Coverage For Terrorism On Annual Aggregate Basis (Relating To Disposition Of Federal Terrorism Risk Insurance Act) Endorsement **CG 21 89**.

If this conditional endorsement is used along with terrorism aggregate limit endorsement described in Paragraph **A**, do **not** enter a Terrorism Aggregate Limit amount for the conditional endorsement. A footnote in the Schedule of the conditional endorsement makes reference to relevant text within the endorsement, which in turn explains how the Terrorism Aggregate Limit applies.

When conditional exclusion Endorsement **CG 21 87** or **CG 21 88** is attached to a policy that is written on a claims-made basis, also attach Extended Reporting Period For Terrorism Endorsement **CG 21 93**. This endorsement provides the insured 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.

C. THE FOLLOWING PARAGRAPHS, C.1. THROUGH C.3., INSTRUCT ON THE USAGE OF TERRORISM ENDORSEMENT OPTIONS 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).

1. To exclude terrorism coverage, attach Exclusion Of Terrorism Endorsement **CG 21 90**.
2. To exclude coverage for terrorism that involves nuclear, biological or chemical materials (thereby leaving intact any underlying coverage for terrorism that does not involve nuclear, biological or chemical material), attach Exclusion Of Terrorism Involving Nuclear, Biological Or Chemical Terrorism Endorsement **CG 21 91**.
3. To provide coverage for terrorism subject to a Terrorism Aggregate Limit (and subject to underlying policy provisions), attach Limitation Of Coverage For Terrorism On Annual Aggregate Basis Endorsement **CG 21 92**.

GENERAL LIABILITY - VERSION TEX305

55. TERRORISM ENDORSEMENT OPTIONS

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, 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; 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 general liability insurance are required to participate in the program to the extent of 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, 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.

IMPORTANT GENERAL INFORMATION

In the policy Declarations (or by other means at the insurer's option), it is advisable to indicate applicability of terrorism endorsements by line of business. This is especially important for a package policy that includes both TRIA and non-TRIA lines of business.

A. THE FOLLOWING PARAGRAPHS, A.1. AND A.2., 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.

1. When coverage for certified acts of terrorism is to be provided, the following options are 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 injury or damage 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 CG 21 70**.
 - b. To provide coverage for acts of terrorism (subject to the cap on liability for losses for certified acts of terrorism and subject to underlying policy provisions), except those acts committed outside of the jurisdictional boundaries of the federal program, use **Exclusion Of Other Acts Of Terrorism Committed Outside The United States; Cap On Losses From Certified Acts Of Terrorism Endorsement CG 21 71**. The exclusion for acts of terrorism committed outside the United States is subject to a \$25 million threshold (valued in US dollars) for events other than nuclear, biological, chemical or radiological events. For nuclear, biological, chemical or radiological events, no dollar threshold applies.
 - bc. To also exclude punitive damages arising out of a certified act of terrorism, use **Exclusion Of Punitive Damages Related To A Certified Act Of Terrorism Endorsement CG 21 76**.
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 available:

a. To exclude coverage for certified acts of terrorism but provide coverage for other acts of terrorism (subject to underlying policy provisions), use Exclusion Of Certified Acts Of Terrorism Endorsement **CG 21 73**.

b. To exclude all losses arising out of certified acts of terrorism and acts of terrorism committed outside the jurisdictional boundaries of the federal program, use Exclusion Of Certified Acts Of Terrorism And Exclusion Of Other Acts Of Terrorism Committed Outside The United States Endorsement **CG 21 75**. The exclusion for acts of terrorism committed outside the United States is subject to a \$25 million threshold (valued in US dollars) for events other than nuclear, biological, chemical or radiological events. For nuclear, biological, chemical or radiological events committed outside the United States, no dollar threshold applies.

bc. To provide coverage for certified acts of terrorism subject to a Certified Acts Of Terrorism Aggregate Limit and provide coverage for other acts of terrorism subject to full policy limits, use Certified Acts Of Terrorism Aggregate Limit; Cap On Losses From Certified Acts Of Terrorism Endorsement **CG 21 80**. (Coverage is subject to the cap on liability for losses and subject to underlying policy provisions.)

To provide this coverage for use with the Products/Completed Operations Liability Coverage Form, use Certified Acts Of Terrorism Aggregate Limit; Cap On Losses From Certified Acts Of Terrorism Endorsement **CG 21 82**.

These options may be offered to the insured, at the insurer's option, only when the insured initially rejects certified acts of terrorism coverage.

cd. To exclude coverage for losses arising out of a certified act of terrorism that involve nuclear, biological, chemical or radiological materials but provide coverage for other acts of terrorism subject to underlying policy provisions, use Exclusion Of Certified Nuclear, Biological, Chemical Or Radiological Acts Of Terrorism; Cap On Losses From Certified Acts Of Terrorism Endorsement **CG 21 84**. Coverage for certified acts of terrorism under this endorsement is subject to the statutory cap on liability for losses provided by the Act.

This option may be offered to the insured, at the insurer's option, only when the insured initially rejects certified acts of terrorism coverage.

de. To also exclude punitive damages arising out of a certified act of terrorism when Endorsement **CG 21 80**, **CG 21 82** or **CG 21 84** is attached to a policy, use Exclusion Of Punitive Damages Related To A Certified Act Of Terrorism Endorsement **CG 21 76**.

B. THE FOLLOWING PARAGRAPHS, B.1. THROUGH B.3., INSTRUCT ON THE USAGE OF CONDITIONAL TERRORISM ENDORSEMENT OPTIONS 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.**

THESE CONDITIONAL ENDORSEMENTS ARE 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. However, if there is an extension of the federal Program beyond 2014 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 may not have the federal backstop apply throughout the entire policy period. The following conditional endorsement options provide 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 the federal Program 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.**

1. To exclude terrorism coverage, attach Conditional Exclusion Of Terrorism (Relating To Disposition Of Federal Terrorism Risk Insurance Act) Endorsement **CG 21 87**.
2. To exclude coverage for terrorism that involves nuclear, biological or chemical materials (thereby leaving intact any underlying coverage for terrorism that does not involve nuclear, biological or chemical material), attach Conditional Exclusion Of Terrorism Involving Nuclear, Biological Or Chemical Terrorism (Relating To Disposition Of Federal Terrorism Risk Insurance Act) Endorsement **CG 21 88**.
3. To provide coverage for terrorism subject to a Terrorism Aggregate Limit (and subject to underlying policy provisions), attach Conditional Limitation Of Coverage For Terrorism On Annual Aggregate Basis (Relating To Disposition Of Federal Terrorism Risk Insurance Act) Endorsement **CG 21 89**.

If this conditional endorsement is used along with terrorism aggregate limit endorsement described in Paragraph A, do **not** enter a Terrorism Aggregate Limit amount for the conditional endorsement. A footnote in the Schedule of the conditional endorsement makes reference to relevant text within the endorsement, which in turn explains how the Terrorism Aggregate Limit applies.

C. THE FOLLOWING PARAGRAPHS, C.1. THROUGH C.3., INSTRUCT ON THE USAGE OF TERRORISM ENDORSEMENT OPTIONS 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).

1. To exclude terrorism coverage, attach Exclusion Of Terrorism Endorsement **CG 21 90**.
2. To exclude coverage for terrorism that involves nuclear, biological or chemical materials (thereby leaving intact any underlying coverage for terrorism that does not involve nuclear, biological or chemical material), attach Exclusion Of Terrorism Involving Nuclear, Biological Or Chemical Terrorism Endorsement **CG 21 91**.
3. To provide coverage for terrorism subject to a Terrorism Aggregate Limit (and subject to underlying policy provisions), attach Limitation Of Coverage For Terrorism On Annual Aggregate Basis Endorsement **CG 21 92**.

COMMERCIAL LIABILITY UMBRELLA - VERSION TEX300

32. TERRORISM ENDORSEMENT OPTIONS

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, 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; 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 general liability insurance are required to participate in the program to the extent of 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, 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.

IMPORTANT GENERAL INFORMATION

In the policy Declarations (or by other means at the insurer's option), it is advisable to indicate applicability of terrorism endorsements by line of business. This is especially important for a package policy that includes both TRIA and non-TRIA lines of business.

A. THE FOLLOWING PARAGRAPHS, A.1. AND A.2., 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 THE TREATMENT OF COVERED AUTOS UNDER COMMERCIAL LIABILITY UMBRELLA POLICIES. REFER TO PARAGRAPH C. 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.

1. When coverage for certified acts of terrorism is to be provided, the following options are 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 injury or damage 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 **CU 21 30**.
 - b. To provide coverage for acts of terrorism (subject to the cap on liability for losses for certified acts of terrorism and subject to underlying policy provisions), except those acts committed outside of the jurisdictional boundaries of the federal program, use Exclusion Of Other Acts Of Terrorism Committed Outside The United States; Cap On Losses From Certified Acts Of Terrorism Endorsement **CU 21 31**. The exclusion for acts of terrorism committed outside the United States is subject to a \$25 million threshold (valued in US dollars) for events other than nuclear, biological, chemical or radiological events. For nuclear, biological, chemical or radiological events, no dollar threshold applies.
 - bc. To also exclude punitive damages arising out of a certified act of terrorism, use Exclusion Of Punitive Damages Related To A Certified Act Of Terrorism Endorsement **CU 21 36**.
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 available:

- a. To exclude coverage for certified acts of terrorism but provide coverage for other acts of terrorism (subject to underlying policy provisions), use Exclusion Of Certified Acts Of Terrorism Endorsement **CU 21 33**.
 - b. To exclude all losses arising out of certified acts of terrorism and acts of terrorism committed outside the jurisdictional boundaries of the federal program, use Exclusion Of Certified Acts Of Terrorism And Exclusion Of Other Acts Of Terrorism Committed Outside The United States Endorsement **CU 21 35**. The exclusion for acts of terrorism committed outside the United States is subject to a \$25 million threshold (valued in US dollars) for events other than nuclear, biological, chemical or radiological events. For nuclear, biological, chemical or radiological events committed outside the United States, no dollar threshold applies.
 - bc. To exclude coverage for losses arising out of a certified act of terrorism that involve nuclear, biological, chemical or radiological materials but provide coverage for other acts of terrorism subject to underlying policy provisions, use Exclusion Of Certified Nuclear, Biological, Chemical Or Radiological Acts Of Terrorism; Cap On Losses From Certified Acts Of Terrorism Endorsement **CU 21 40**. Coverage for certified acts of terrorism under this endorsement is subject to the statutory cap on liability for losses provided by the Act.
This option may be offered to the insured, at the insurer's option, only when the insured initially rejects certified acts of terrorism coverage.
 - ed. To also exclude punitive damages arising out of a certified act of terrorism when Endorsement **CU 21 40** is attached to a policy, use Exclusion Of Punitive Damages Related To A Certified Act Of Terrorism Endorsement **CU 21 36**.
- B. THE TREASURY DEPARTMENT'S GUIDANCE HAS BEEN THAT COMMERCIAL AUTOMOBILE LOSSES UNDER COMMERCIAL LIABILITY UMBRELLA POLICIES ARE NOT SUBJECT TO BACKSTOP UNDER TRIA. THE FOLLOWING PARAGRAPHS, B.1., B.2. AND B.3. INSTRUCT ON THE USAGE OF TERRORISM ENDORSEMENT OPTIONS, WITH RESPECT TO THE TREATMENT OF COVERED AUTOS, THAT MAY BE ATTACHED TO COMMERCIAL LIABILITY UMBRELLA POLICIES:**
- 1. To:
 - a. Follow the provisions, exclusions and limitations of the underlying Commercial Auto policy, with respect to coverage for acts of terrorism arising out of the ownership, maintenance or use of any covered auto; and
 - b. Indicate that the endorsements described in Paragraphs **A.1.b.**, **A.1.c.** and **A.2.** (if attached to the policy) do not apply to losses arising out of involving the ownership, maintenance or use of any covered auto;
use Amended Terrorism Coverage – Covered Auto Endorsement **CU 21 55**.
 - 2. To exclude coverage for terrorism involving any covered autos, use Auto Exclusion Of Terrorism Coverage Endorsement **CU 21 56**. This endorsement should only be used under the following scenario:
 - a. The Commercial Liability Umbrella policy provides Terrorism coverage for General Liability;
 - b. The underlying Commercial Auto policy provides Terrorism coverage; and
 - c. The Commercial Liability Umbrella Policy is not being written to follow the provisions of the underlying Commercial Auto policy, but instead is to exclude Terrorism coverage for covered autos under the Commercial Liability Umbrella policy.
 - 3. Endorsements **CU 21 55** and **CU 21 56** must not be attached to the same policy.

C. THE FOLLOWING PARAGRAPHS, C.1. AND C.2., INSTRUCT ON THE USAGE OF CONDITIONAL TERRORISM ENDORSEMENT OPTIONS 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.**

THESE CONDITIONAL ENDORSEMENTS ARE 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 D. 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. However, if there is an extension of the federal Program beyond 2014 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 may not have the federal backstop apply throughout the entire policy period. The following conditional endorsement options provide 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 the federal Program 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.**

1. To exclude terrorism coverage, attach Conditional Exclusion Of Terrorism (Relating To Disposition Of Federal Terrorism Risk Insurance Act) Endorsement **CU 21 44**.
2. To exclude coverage for terrorism that involves nuclear, biological or chemical materials (thereby leaving intact any underlying coverage for terrorism that does not involve nuclear, biological or chemical material), attach Conditional Exclusion Of Terrorism Involving Nuclear, Biological Or Chemical Terrorism (Relating To Disposition Of Federal Terrorism Risk Insurance Act) Endorsement **CU 21 45**.

When conditional exclusion Endorsement **CU 21 44** or **CU 21 45** is attached to a policy, and any underlying insurance is written on a claims-made basis, also attach Extended Reporting Period For Terrorism Endorsement **CU 21 48**. This endorsement provides the insured 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.

D. THE FOLLOWING PARAGRAPHS, D.1. AND D.2., INSTRUCT ON THE USAGE OF TERRORISM ENDORSEMENT OPTIONS 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).

1. To exclude terrorism coverage, attach Exclusion Of Terrorism Endorsement **CU 21 46**.
2. To exclude coverage for terrorism that involves nuclear, biological or chemical materials (thereby leaving intact any underlying coverage for terrorism that does not involve nuclear, biological or chemical material), attach Exclusion Of Terrorism Involving Nuclear, Biological Or Chemical Terrorism Endorsement **CU 21 47**.

COMMERCIAL LIABILITY UMBRELLA - VERSION TEX301

32. TERRORISM ENDORSEMENT OPTIONS

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, 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; 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 general liability insurance are required to participate in the program to the extent of 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, 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.

IMPORTANT GENERAL INFORMATION

In the policy Declarations (or by other means at the insurer's option), it is advisable to indicate applicability of terrorism endorsements by line of business. This is especially important for a package policy that includes both TRIA and non-TRIA lines of business.

A. THE FOLLOWING PARAGRAPHS, A.1. AND A.2., 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 THE TREATMENT OF COVERED AUTOS UNDER COMMERCIAL LIABILITY UMBRELLA POLICIES. REFER TO PARAGRAPH C. 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.

1. When coverage for certified acts of terrorism is to be provided, the following options are 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 injury or damage 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 **CU 21 30**.
 - b. To provide coverage for acts of terrorism (subject to the cap on liability for losses for certified acts of terrorism and subject to underlying policy provisions), except those acts committed outside of the jurisdictional boundaries of the federal program, use Exclusion Of Other Acts Of Terrorism Committed Outside The United States; Cap On Losses From Certified Acts Of Terrorism Endorsement **CU 21 31**. The exclusion for acts of terrorism committed outside the United States is subject to a \$25 million threshold (valued in US dollars) for events other than nuclear, biological, chemical or radiological events. For nuclear, biological, chemical or radiological events, no dollar threshold applies.
 - bc.** To also exclude punitive damages arising out of a certified act of terrorism, use Arkansas Exclusion Of Punitive Damages Related To A Certified Act Of Terrorism Endorsement **CU 01 61**.
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 available:

- a. To exclude coverage for certified acts of terrorism but provide coverage for other acts of terrorism (subject to underlying policy provisions), use Exclusion Of Certified Acts Of Terrorism Endorsement **CU 21 33**.
- b. To exclude all losses arising out of certified acts of terrorism and acts of terrorism committed outside the jurisdictional boundaries of the federal program, use Exclusion Of Certified Acts Of Terrorism And Exclusion Of Other Acts Of Terrorism Committed Outside The United States Endorsement **CU 21 35**. The exclusion for acts of terrorism committed outside the United States is subject to a \$25 million threshold (valued in US dollars) for events other than nuclear, biological, chemical or radiological events. For nuclear, biological, chemical or radiological events committed outside the United States, no dollar threshold applies.
- bc. To exclude coverage for losses arising out of a certified act of terrorism that involve nuclear, biological, chemical or radiological materials but provide coverage for other acts of terrorism subject to underlying policy provisions, use Exclusion Of Certified Nuclear, Biological, Chemical Or Radiological Acts Of Terrorism; Cap On Losses From Certified Acts Of Terrorism Endorsement **CU 21 40**. Coverage for certified acts of terrorism under this endorsement is subject to the statutory cap on liability for losses provided by the Act.
This option may be offered to the insured, at the insurer's option, only when the insured initially rejects certified acts of terrorism coverage.
- ed. To also exclude punitive damages arising out of a certified act of terrorism when Endorsement **CU 21 40** is attached to a policy, use Arkansas Exclusion Of Punitive Damages Related To A Certified Act Of Terrorism Endorsement **CU 01 61**.

B. THE TREASURY DEPARTMENT'S GUIDANCE HAS BEEN THAT COMMERCIAL AUTOMOBILE LOSSES UNDER COMMERCIAL LIABILITY UMBRELLA POLICIES ARE NOT SUBJECT TO BACKSTOP UNDER TRIA. THE FOLLOWING PARAGRAPHS, B.1., B.2. AND B.3. INSTRUCT ON THE USAGE OF TERRORISM ENDORSEMENT OPTIONS, WITH RESPECT TO THE TREATMENT OF COVERED AUTOS, THAT MAY BE ATTACHED TO COMMERCIAL LIABILITY UMBRELLA POLICIES:

- 1. To:
 - a. Follow the provisions, exclusions and limitations of the underlying Commercial Auto policy, with respect to coverage for acts of terrorism arising out of the ownership, maintenance or use of any covered auto; and
 - b. Indicate that the endorsements described in Paragraphs **A.1.b.**, **A.1.c.** and **A.2.** (if attached to the policy) do not apply to losses arising out of involving the ownership, maintenance or use of any covered auto;
use Arkansas Amended Terrorism Coverage – Coverage Auto Endorsement **CU 21 65**.
- 2. To exclude coverage for terrorism involving any covered autos, use Auto Exclusion Of Terrorism Coverage Endorsement **CU 21 56**. This endorsement should only be used under the following scenario:
 - a. The Commercial Liability Umbrella policy provides Terrorism coverage for General Liability;
 - b. The underlying Commercial Auto policy provides Terrorism coverage; and
 - c. The Commercial Liability Umbrella Policy is not being written to follow the provisions of the underlying Commercial Auto policy, but instead is to exclude Terrorism coverage for covered autos under the Commercial Liability Umbrella policy.
- 3. Endorsements **CU 21 65** and **CU 21 56** must not be attached to the same policy.

C. THE FOLLOWING PARAGRAPHS, C.1. AND C.2., INSTRUCT ON THE USAGE OF CONDITIONAL TERRORISM ENDORSEMENT OPTIONS 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.**

THESE CONDITIONAL ENDORSEMENTS ARE 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 D. 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. However, if there is an extension of the federal Program beyond 2014 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 may not have the federal backstop apply throughout the entire policy period. The following conditional endorsement options provide 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 the federal Program 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.**

1. To exclude terrorism coverage, attach Conditional Exclusion Of Terrorism (Relating To Disposition Of Federal Terrorism Risk Insurance Act) Endorsement **CU 21 44**.
2. To exclude coverage for terrorism that involves nuclear, biological or chemical materials (thereby leaving intact any underlying coverage for terrorism that does not involve nuclear, biological or chemical material), attach Conditional Exclusion Of Terrorism Involving Nuclear, Biological Or Chemical Terrorism (Relating To Disposition Of Federal Terrorism Risk Insurance Act) Endorsement **CU 21 45**.

When conditional exclusion Endorsement **CU 21 44** or **CU 21 45** is attached to a policy, and any underlying insurance is written on a claims-made basis, also attach Extended Reporting Period For Terrorism Endorsement **CU 21 48**. This endorsement provides the insured 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.

D. THE FOLLOWING PARAGRAPHS, D.1. AND D.2., INSTRUCT ON THE USAGE OF TERRORISM ENDORSEMENT OPTIONS 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).

1. To exclude terrorism coverage, attach Exclusion Of Terrorism Endorsement **CU 21 46**.
2. To exclude coverage for terrorism that involves nuclear, biological or chemical materials (thereby leaving intact any underlying coverage for terrorism that does not involve nuclear, biological or chemical material), attach Exclusion Of Terrorism Involving Nuclear, Biological Or Chemical Terrorism Endorsement **CU 21 47**.

COMMERCIAL LIABILITY UMBRELLA - VERSION TEX302

32. TERRORISM ENDORSEMENT OPTIONS

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, 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; 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 general liability insurance are required to participate in the program to the extent of 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, 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.

IMPORTANT GENERAL INFORMATION

In the policy Declarations (or by other means at the insurer's option), it is advisable to indicate applicability of terrorism endorsements by line of business. This is especially important for a package policy that includes both TRIA and non-TRIA lines of business.

A. THE FOLLOWING PARAGRAPHS, A.1. AND A.2., 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 THE TREATMENT OF COVERED AUTOS UNDER COMMERCIAL LIABILITY UMBRELLA POLICIES. REFER TO PARAGRAPH C. 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.

1. When coverage for certified acts of terrorism is to be provided, the following options is/are 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 injury or damage 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 **CU 21 30**.

b. To provide coverage for acts of terrorism (subject to the cap on liability for losses for certified acts of terrorism and subject to underlying policy provisions), **except** those acts committed outside of the jurisdictional boundaries of the federal program, use Exclusion Of Other Acts Of Terrorism Committed Outside The United States; Cap On Losses From Certified Acts Of Terrorism Endorsement **CU 21 31**. The exclusion for acts of terrorism committed outside the United States is subject to a \$25 million threshold (valued in US dollars) for events other than nuclear, biological, chemical or radiological events. For nuclear, biological, chemical or radiological events, no dollar threshold applies.

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 available:

- a. To exclude coverage for certified acts of terrorism but provide coverage for other acts of terrorism (subject to underlying policy provisions), use Exclusion Of Certified Acts Of Terrorism Endorsement **CU 21 33**.
- b. To exclude all losses arising out of certified acts of terrorism and acts of terrorism committed outside the jurisdictional boundaries of the federal program, use Exclusion Of Certified Acts Of Terrorism And Exclusion Of Other Acts Of Terrorism Committed Outside The United States Endorsement **CU 21 35**. The exclusion for acts of terrorism committed outside the United States is subject to a \$25 million threshold (valued in US dollars) for events other than nuclear, biological, chemical or radiological events. For nuclear, biological, chemical or radiological events committed outside the United States, no dollar threshold applies.
- bc. To exclude coverage for losses arising out of a certified act of terrorism that involve nuclear, biological, chemical or radiological materials but provide coverage for other acts of terrorism subject to underlying policy provisions, use Exclusion Of Certified Nuclear, Biological, Chemical Or Radiological Acts Of Terrorism; Cap On Losses From Certified Acts Of Terrorism Endorsement **CU 21 40**. Coverage for certified acts of terrorism under this endorsement is subject to the statutory cap on liability for losses provided by the Act.

This option may be offered to the insured, at the insurer's option, only when the insured initially rejects certified acts of terrorism coverage.

B. THE TREASURY DEPARTMENT'S GUIDANCE HAS BEEN THAT COMMERCIAL AUTOMOBILE LOSSES UNDER COMMERCIAL LIABILITY UMBRELLA POLICIES ARE NOT SUBJECT TO BACKSTOP UNDER TRIA. THE FOLLOWING PARAGRAPHS, B.1., B.2. AND B.3. INSTRUCT ON THE USAGE OF TERRORISM ENDORSEMENT OPTIONS, WITH RESPECT TO THE TREATMENT OF COVERED AUTOS, THAT MAY BE ATTACHED TO COMMERCIAL LIABILITY UMBRELLA POLICIES:

1. To:
 - a. Follow the provisions, exclusions and limitations of the underlying Commercial Auto policy, with respect to coverage for acts of terrorism arising out of the ownership, maintenance or use of any covered auto; and
 - b. Indicate that the endorsements described in Paragraphs **A.1.b.** and **A.2.** (if attached to the policy) do not apply to losses arising out of involving the ownership, maintenance or use of any covered auto;
use Amended Terrorism Coverage – Coverage Auto Endorsement **CU 21 55**.
2. To exclude coverage for terrorism involving any covered autos, use Auto Exclusion Of Terrorism Coverage Endorsement **CU 21 56**. This endorsement should only be used under the following scenario:
 - a. The Commercial Liability Umbrella policy provides Terrorism coverage for General Liability;
 - b. The underlying Commercial Auto policy provides Terrorism coverage; and
 - c. The Commercial Liability Umbrella Policy is not being written to follow the provisions of the underlying Commercial Auto policy, but instead is to exclude Terrorism coverage for covered autos under the Commercial Liability Umbrella policy.
3. Endorsements **CU 21 55** and **CU 21 56** must not be attached to the same policy.

C. THE FOLLOWING PARAGRAPHS, C.1. AND C.2., INSTRUCT ON THE USAGE OF CONDITIONAL TERRORISM ENDORSEMENT OPTIONS 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.**

THESE CONDITIONAL ENDORSEMENTS ARE 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 D. 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. However, if there is an extension of the federal Program beyond 2014 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 may not have the federal backstop apply throughout the entire policy period. The following conditional endorsement options provide 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 the federal Program 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.**

1. To exclude terrorism coverage, attach Conditional Exclusion Of Terrorism (Relating To Disposition Of Federal Terrorism Risk Insurance Act) Endorsement **CU 21 44**.
2. To exclude coverage for terrorism that involves nuclear, biological or chemical materials (thereby leaving intact any underlying coverage for terrorism that does not involve nuclear, biological or chemical material), attach Conditional Exclusion Of Terrorism Involving Nuclear, Biological Or Chemical Terrorism (Relating To Disposition Of Federal Terrorism Risk Insurance Act) Endorsement **CU 21 45**.

When conditional exclusion Endorsement **CU 21 44** or **CU 21 45** is attached to a policy, and any underlying insurance is written on a claims-made basis, also attach Extended Reporting Period For Terrorism Endorsement **CU 21 48**. This endorsement provides the insured 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.

D. THE FOLLOWING PARAGRAPHS, D.1. AND D.2., INSTRUCT ON THE USAGE OF TERRORISM ENDORSEMENT OPTIONS 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).

1. To exclude terrorism coverage, attach Exclusion Of Terrorism Endorsement **CU 21 46**.
2. To exclude coverage for terrorism that involves nuclear, biological or chemical materials (thereby leaving intact any underlying coverage for terrorism that does not involve nuclear, biological or chemical material), attach Exclusion Of Terrorism Involving Nuclear, Biological Or Chemical Terrorism Endorsement **CU 21 47**.

COMMERCIAL LIABILITY UMBRELLA - VERSION TEX303

32. TERRORISM ENDORSEMENT OPTIONS

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, 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; 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 general liability insurance are required to participate in the program to the extent of 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, 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.

IMPORTANT GENERAL INFORMATION

In the policy Declarations (or by other means at the insurer's option), it is advisable to indicate applicability of terrorism endorsements by line of business. This is especially important for a package policy that includes both TRIA and non-TRIA lines of business.

A. THE FOLLOWING PARAGRAPHS, A.1. AND A.2., 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 THE TREATMENT OF COVERED AUTOS UNDER COMMERCIAL LIABILITY UMBRELLA POLICIES. REFER TO PARAGRAPH C. 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.

1. When coverage for certified acts of terrorism is to be provided, the following options ~~is~~are 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 injury or damage 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 **CU 21 30**.

b. To provide coverage for acts of terrorism (subject to the cap on liability for losses for certified acts of terrorism and subject to underlying policy provisions), **except** those acts committed outside of the jurisdictional boundaries of the federal program, use Exclusion Of Other Acts Of Terrorism Committed Outside The United States; Cap On Losses From Certified Acts Of Terrorism Endorsement **CU 21 31**. The exclusion for acts of terrorism committed outside the United States is subject to a \$25 million threshold (valued in US dollars) for events other than nuclear, biological, chemical or radiological events. For nuclear, biological, chemical or radiological events, no dollar threshold applies.

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 available:

- a. To exclude coverage for certified acts of terrorism but provide coverage for other acts of terrorism (subject to underlying policy provisions); use Exclusion Of Certified Acts Of Terrorism Endorsement **CU 21 33**.
- b. To exclude all losses arising out of certified acts of terrorism and acts of terrorism committed outside the jurisdictional boundaries of the federal program, use Exclusion Of Certified Acts Of Terrorism And Exclusion Of Other Acts Of Terrorism Committed Outside The United States Endorsement **CU 21 35**. The exclusion for acts of terrorism committed outside the United States is subject to a \$25 million threshold (valued in US dollars) for events other than nuclear, biological, chemical or radiological events. For nuclear, biological, chemical or radiological events committed outside the United States, no dollar threshold applies.
- bc. To exclude coverage for losses arising out of a certified act of terrorism that involve nuclear, biological, chemical or radiological materials but provide coverage for other acts of terrorism subject to underlying policy provisions, use Exclusion Of Certified Nuclear, Biological, Chemical Or Radiological Acts Of Terrorism; Cap On Losses From Certified Acts Of Terrorism Endorsement **CU 21 40**. Coverage for certified acts of terrorism under this endorsement is subject to the statutory cap on liability for losses provided by the Act.

This option may be offered to the insured, at the insurer's option, only when the insured initially rejects certified acts of terrorism coverage.

B. THE TREASURY DEPARTMENT'S GUIDANCE HAS BEEN THAT COMMERCIAL AUTOMOBILE LOSSES UNDER COMMERCIAL LIABILITY UMBRELLA POLICIES ARE NOT SUBJECT TO BACKSTOP UNDER TRIA. THE FOLLOWING PARAGRAPHS, B.1., B.2. AND B.3. INSTRUCT ON THE USAGE OF TERRORISM ENDORSEMENT OPTIONS, WITH RESPECT TO THE TREATMENT OF COVERED AUTOS, THAT MAY BE ATTACHED TO COMMERCIAL LIABILITY UMBRELLA POLICIES:

1. To:
 - a. Follow the provisions, exclusions and limitations of the underlying Commercial Auto policy, with respect to coverage for acts of terrorism arising out of the ownership, maintenance or use of any covered auto; and
 - b. Indicate that the endorsements described in Paragraphs **A.1.b.** and **A.2.** (if attached to the policy) do not apply to losses arising out of involving the ownership, maintenance or use of any covered auto;
use Amended Terrorism Coverage – Coverage Auto Endorsement **CU 21 55**.
2. To exclude coverage for terrorism involving any covered autos, use Auto Exclusion Of Terrorism Coverage Endorsement **CU 21 56**. This endorsement should only be used under the following scenario:
 - a. The Commercial Liability Umbrella policy provides Terrorism coverage for General Liability;
 - b. The underlying Commercial Auto policy provides Terrorism coverage; and
 - c. The Commercial Liability Umbrella Policy is not being written to follow the provisions of the underlying Commercial Auto policy, but instead is to exclude Terrorism coverage for covered autos under the Commercial Liability Umbrella policy.
3. Endorsements **CU 21 55** and **CU 21 56** must not be attached to the same policy.

C. THE FOLLOWING PARAGRAPHS, C.1. AND C.2., INSTRUCT ON THE USAGE OF CONDITIONAL TERRORISM ENDORSEMENT OPTIONS 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.**

THESE CONDITIONAL ENDORSEMENTS ARE 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 D. 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. However, if there is an extension of the federal Program beyond 2014 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 may not have the federal backstop apply throughout the entire policy period. The following conditional endorsement options provide 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 the federal Program 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.**

1. To exclude terrorism coverage, attach Conditional Exclusion Of Terrorism (Relating To Disposition Of Federal Terrorism Risk Insurance Act) Endorsement **CU 21 44**.
2. To exclude coverage for terrorism that involves nuclear, biological or chemical materials (thereby leaving intact any underlying coverage for terrorism that does not involve nuclear, biological or chemical material), attach Conditional Exclusion Of Terrorism Involving Nuclear, Biological Or Chemical Terrorism (Relating To Disposition Of Federal Terrorism Risk Insurance Act) Endorsement **CU 21 45**.

When conditional exclusion Endorsement **CU 21 44** or **CU 21 45** is attached to a policy, and any underlying insurance is written on a claims-made basis, also attach Extended Reporting Period For Terrorism Endorsement **CU 21 48**. This endorsement provides the insured 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.

D. THE FOLLOWING PARAGRAPHS, D.1. AND D.2., INSTRUCT ON THE USAGE OF TERRORISM ENDORSEMENT OPTIONS 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).

1. To exclude terrorism coverage, attach Exclusion Of Terrorism Endorsement **CU 21 46**.
2. To exclude coverage for terrorism that involves nuclear, biological or chemical materials (thereby leaving intact any underlying coverage for terrorism that does not involve nuclear, biological or chemical material), attach Exclusion Of Terrorism Involving Nuclear, Biological Or Chemical Terrorism Endorsement **CU 21 47**.

COMMERCIAL LIABILITY UMBRELLA - VERSION TEX304

32. TERRORISM ENDORSEMENT OPTIONS

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, 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; 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 general liability insurance are required to participate in the program to the extent of 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, 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.

IMPORTANT GENERAL INFORMATION

In the policy Declarations (or by other means at the insurer's option), it is advisable to indicate applicability of terrorism endorsements by line of business. This is especially important for a package policy that includes both TRIA and non-TRIA lines of business.

A. THE FOLLOWING PARAGRAPHS, A.1. AND A.2., 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 THE TREATMENT OF COVERED AUTOS UNDER COMMERCIAL LIABILITY UMBRELLA POLICIES. REFER TO PARAGRAPH C. 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.

1. When coverage for certified acts of terrorism is to be provided, the following options are 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 injury or damage 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 **CU 21 30**.
 - b. To provide coverage for acts of terrorism (subject to the cap on liability for losses for certified acts of terrorism and subject to underlying policy provisions), **except** those acts committed outside of the jurisdictional boundaries of the federal program, use Exclusion Of Other Acts Of Terrorism Committed Outside The United States; Cap On Losses From Certified Acts Of Terrorism Endorsement **CU 21 31**. The exclusion for acts of terrorism committed outside the United States is subject to a \$25 million threshold (valued in US dollars) for events other than nuclear, biological, chemical or radiological events. For nuclear, biological, chemical or radiological events, no dollar threshold applies.
 - bc. To also exclude punitive damages arising out of a certified act of terrorism, use Exclusion Of Punitive Damages Related To A Certified Act Of Terrorism Endorsement **CU 21 36**.

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 available:
 - a. To exclude coverage for certified acts of terrorism but provide coverage for other acts of terrorism (subject to underlying policy provisions), use Exclusion Of Certified Acts Of Terrorism Endorsement **CU 21 33**.
 - b. To exclude all losses arising out of certified acts of terrorism and acts of terrorism committed outside the jurisdictional boundaries of the federal program, use Exclusion Of Certified Acts Of Terrorism And Exclusion Of Other Acts Of Terrorism Committed Outside The United States Endorsement **CU 21 35**. The exclusion for acts of terrorism committed outside the United States is subject to a \$25 million threshold (valued in US dollars) for events other than nuclear, biological, chemical or radiological events. For nuclear, biological, chemical or radiological events committed outside the United States, no dollar threshold applies.
 - bc. To exclude coverage for losses arising out of a certified act of terrorism that involve nuclear, biological, chemical or radiological materials but provide coverage for other acts of terrorism subject to underlying policy provisions, use Exclusion Of Certified Nuclear, Biological, Chemical Or Radiological Acts Of Terrorism; Cap On Losses From Certified Acts Of Terrorism Endorsement **CU 21 40**. Coverage for certified acts of terrorism under this endorsement is subject to the statutory cap on liability for losses provided by the Act.
This option may be offered to the insured, at the insurer's option, only when the insured initially rejects certified acts of terrorism coverage.
 - ed. To also exclude punitive damages arising out of a certified act of terrorism when Endorsement **CU 21 40** is attached to a policy, use Exclusion Of Punitive Damages Related To A Certified Act Of Terrorism Endorsement **CU 21 36**.

B. THE TREASURY DEPARTMENT'S GUIDANCE HAS BEEN THAT COMMERCIAL AUTOMOBILE LOSSES UNDER COMMERCIAL LIABILITY UMBRELLA POLICIES ARE NOT SUBJECT TO BACKSTOP UNDER TRIA. THE FOLLOWING PARAGRAPHS, B.1., B.2. AND B.3. INSTRUCT ON THE USAGE OF TERRORISM ENDORSEMENT OPTIONS, WITH RESPECT TO THE TREATMENT OF COVERED AUTOS, THAT MAY BE ATTACHED TO COMMERCIAL LIABILITY UMBRELLA POLICIES:

1. To:
 - a. Follow the provisions, exclusions and limitations of the underlying Commercial Auto policy, with respect to coverage for acts of terrorism arising out of the ownership, maintenance or use of any covered auto; and
 - b. Indicate that the endorsements described in Paragraphs **A.1.b.**, **A.1.c.** and **A.2.** (if attached to the policy) do not apply to losses arising out of involving the ownership, maintenance or use of any covered auto;
use Amended Terrorism Coverage – Covered Auto Endorsement **CU 21 55**.
2. To exclude coverage for terrorism involving any covered autos, use Oklahoma Auto Exclusion Of Terrorism Coverage – Underlying Auto Coverage Excludes Terrorism Above Minimum Statutory Limits Endorsement **CU 21 62**. This endorsement should only be used under the following scenario:
 - a. The Commercial Liability Umbrella policy provides Terrorism coverage for General Liability;
 - b. The underlying Commercial Auto policy provides Terrorism coverage; and
 - c. The Commercial Liability Umbrella Policy is not being written to follow the provisions of the underlying Commercial Auto policy, but instead is to exclude Terrorism coverage for covered autos under the Commercial Liability Umbrella policy.
3. Endorsements **CU 21 55** and **CU 21 62** must not be attached to the same policy.

C. THE FOLLOWING PARAGRAPHS, C.1. AND C.2., INSTRUCT ON THE USAGE OF CONDITIONAL TERRORISM ENDORSEMENT OPTIONS 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.**

THESE CONDITIONAL ENDORSEMENTS ARE 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 D. 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. However, if there is an extension of the federal Program beyond 2014 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 may not have the federal backstop apply throughout the entire policy period. The following conditional endorsement options provide 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 the federal Program 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.**

1. To exclude terrorism coverage, attach Conditional Exclusion Of Terrorism (Relating To Disposition Of Federal Terrorism Risk Insurance Act) Endorsement **CU 21 44**.
2. To exclude coverage for terrorism that involves nuclear, biological or chemical materials (thereby leaving intact any underlying coverage for terrorism that does not involve nuclear, biological or chemical material), attach Conditional Exclusion Of Terrorism Involving Nuclear, Biological Or Chemical Terrorism (Relating To Disposition Of Federal Terrorism Risk Insurance Act) Endorsement **CU 21 45**.

When conditional exclusion Endorsement **CU 21 44** or **CU 21 45** is attached to a policy, and any underlying insurance is written on a claims-made basis, also attach Extended Reporting Period For Terrorism Endorsement **CU 21 48**. This endorsement provides the insured 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.

D. THE FOLLOWING PARAGRAPHS, D.1. AND D.2., INSTRUCT ON THE USAGE OF TERRORISM ENDORSEMENT OPTIONS 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).

1. To exclude terrorism coverage, attach Exclusion Of Terrorism Endorsement **CU 21 46**.
2. To exclude coverage for terrorism that involves nuclear, biological or chemical materials (thereby leaving intact any underlying coverage for terrorism that does not involve nuclear, biological or chemical material), attach Exclusion Of Terrorism Involving Nuclear, Biological Or Chemical Terrorism Endorsement **CU 21 47**.

COMMERCIAL LIABILITY UMBRELLA - VERSION TEX305

32. TERRORISM ENDORSEMENT OPTIONS

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, 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; 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 general liability insurance are required to participate in the program to the extent of 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, 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.

IMPORTANT GENERAL INFORMATION

In the policy Declarations (or by other means at the insurer's option), it is advisable to indicate applicability of terrorism endorsements by line of business. This is especially important for a package policy that includes both TRIA and non-TRIA lines of business.

A. THE FOLLOWING PARAGRAPHS, A.1. AND A.2., 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 THE TREATMENT OF COVERED AUTOS UNDER COMMERCIAL LIABILITY UMBRELLA POLICIES. REFER TO PARAGRAPH C. 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.

1. When coverage for certified acts of terrorism is to be provided, the following options are 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 injury or damage 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 **CU 21 30**.
 - b. To provide coverage for acts of terrorism (subject to the cap on liability for losses for certified acts of terrorism and subject to underlying policy provisions), **except** those acts committed outside of the jurisdictional boundaries of the federal program, use Exclusion Of Other Acts Of Terrorism Committed Outside The United States; Cap On Losses From Certified Acts Of Terrorism Endorsement **CU 21 31**. The exclusion for acts of terrorism committed outside the United States is subject to a \$25 million threshold (valued in US dollars) for events other than nuclear, biological, chemical or radiological events. For nuclear, biological, chemical or radiological events, no dollar threshold applies.
 - bc. To also exclude punitive damages arising out of a certified act of terrorism, use Exclusion Of Punitive Damages Related To A Certified Act Of Terrorism Endorsement **CU 21 36**.

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 available:
 - a. To exclude coverage for certified acts of terrorism but provide coverage for other acts of terrorism (subject to underlying policy provisions), use Exclusion Of Certified Acts Of Terrorism Endorsement **CU 21 33**.
 - b. To exclude all losses arising out of certified acts of terrorism and acts of terrorism committed outside the jurisdictional boundaries of the federal program, use Exclusion Of Certified Acts Of Terrorism And Exclusion Of Other Acts Of Terrorism Committed Outside The United States Endorsement **CU 21 35**. The exclusion for acts of terrorism committed outside the United States is subject to a \$25 million threshold (valued in US dollars) for events other than nuclear, biological, chemical or radiological events. For nuclear, biological, chemical or radiological events committed outside the United States, no dollar threshold applies.
 - bc. To exclude coverage for losses arising out of a certified act of terrorism that involve nuclear, biological, chemical or radiological materials but provide coverage for other acts of terrorism subject to underlying policy provisions, use Exclusion Of Certified Nuclear, Biological, Chemical Or Radiological Acts Of Terrorism; Cap On Losses From Certified Acts Of Terrorism Endorsement **CU 21 40**. Coverage for certified acts of terrorism under this endorsement is subject to the statutory cap on liability for losses provided by the Act.
This option may be offered to the insured, at the insurer's option, only when the insured initially rejects certified acts of terrorism coverage.
 - ed. To also exclude punitive damages arising out of a certified act of terrorism when Endorsement **CU 21 40** is attached to a policy, use Exclusion Of Punitive Damages Related To A Certified Act Of Terrorism Endorsement **CU 21 36**.

B. THE TREASURY DEPARTMENT'S GUIDANCE HAS BEEN THAT COMMERCIAL AUTOMOBILE LOSSES UNDER COMMERCIAL LIABILITY UMBRELLA POLICIES ARE NOT SUBJECT TO BACKSTOP UNDER TRIA. THE FOLLOWING PARAGRAPHS, B.1., B.2. AND B.3. INSTRUCT ON THE USAGE OF TERRORISM ENDORSEMENT OPTIONS, WITH RESPECT TO THE TREATMENT OF COVERED AUTOS, THAT MAY BE ATTACHED TO COMMERCIAL LIABILITY UMBRELLA POLICIES:

1. To:
 - a. Follow the provisions, exclusions and limitations of the underlying Commercial Auto policy, with respect to coverage for acts of terrorism arising out of the ownership, maintenance or use of any covered auto; and
 - b. Indicate that the endorsements described in Paragraphs **A.1.b.**, **A.1.c.** and **A.2.** (if attached to the policy) do not apply to losses arising out of involving the ownership, maintenance or use of any covered auto;
use Amended Terrorism Coverage – Coverage Auto Endorsement **CU 21 55**.
2. To exclude coverage for terrorism involving any covered autos, use Washington Auto Exclusion Of Terrorism Coverage Endorsement **CU 21 63**. This endorsement should only be used under the following scenario:
 - a. The Commercial Liability Umbrella policy provides Terrorism coverage for General Liability;
 - b. The underlying Commercial Auto policy provides Terrorism coverage; and
 - c. The Commercial Liability Umbrella Policy is not being written to follow the provisions of the underlying Commercial Auto policy, but instead is to exclude Terrorism coverage for covered autos under the Commercial Liability Umbrella policy.
3. Endorsements **CU 21 55** and **CU 21 63** must not be attached to the same policy.

C. THE FOLLOWING PARAGRAPHS, C.1. AND C.2., INSTRUCT ON THE USAGE OF CONDITIONAL TERRORISM ENDORSEMENT OPTIONS FOR:

- **POLICIES THAT BECAME 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.**

THESE CONDITIONAL ENDORSEMENTS ARE 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 D. OF THIS RULE FOR POLICIES THAT BECAME EFFECTIVE AFTER THE TERMINATION OF THE TERRORISM RISK INSURANCE PROGRAM.

The following information is based on a scheduled termination date of December 31, 2014. However, if there is an extension of the federal Program beyond 2014 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 may not have the federal backstop apply throughout the entire policy period. The following conditional endorsement options provide 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 the federal Program 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.**

1. To exclude terrorism coverage, attach Washington Conditional Exclusion Of Terrorism (Relating To Disposition Of Federal Terrorism Risk Insurance Act) Endorsement **CU 01 86**.
2. To exclude coverage for terrorism that involves nuclear, biological or chemical materials (thereby leaving intact any underlying coverage for terrorism that does not involve nuclear, biological or chemical material), attach Washington Conditional Exclusion Of Terrorism Involving Nuclear, Biological Or Chemical Terrorism (Relating To Disposition Of Federal Terrorism Risk Insurance Act) Endorsement **CU 01 87**.

When conditional exclusion Endorsement **CU 01 86** or **CU 01 87** is attached to a policy, and any underlying insurance is written on a claims-made basis, also attach Extended Reporting Period For Terrorism Endorsement **CU 21 48**. This endorsement provides the insured 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.

D. THE FOLLOWING PARAGRAPHS, D.1. AND D.2., INSTRUCT ON THE USAGE OF TERRORISM ENDORSEMENT OPTIONS THAT MAY BE ATTACHED TO:

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

POLICIES THAT BECAME 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).

1. To exclude terrorism coverage, attach Washington Exclusion Of Terrorism Endorsement **CU 01 88**.
2. To exclude coverage for terrorism that involves nuclear, biological or chemical materials (thereby leaving intact any underlying coverage for terrorism that does not involve nuclear, biological or chemical material), attach Washington Exclusion Of Terrorism Involving Nuclear, Biological Or Chemical Terrorism Endorsement **CU 01 89**.

COMMERCIAL LIABILITY UMBRELLA - VERSION TEX308

32. TERRORISM ENDORSEMENT OPTIONS

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, 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; 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 general liability insurance are required to participate in the program to the extent of 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, 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.

IMPORTANT GENERAL INFORMATION

In the policy Declarations (or by other means at the insurer's option), it is advisable to indicate applicability of terrorism endorsements by line of business. This is especially important for a package policy that includes both TRIA and non-TRIA lines of business.

A. THE FOLLOWING PARAGRAPHS, A.1. AND A.2., 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.

1. When coverage for certified acts of terrorism is to be provided, the following options are 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 injury or damage 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 CU 21 30**.
 - b. To provide coverage for acts of terrorism (subject to the cap on liability for losses for certified acts of terrorism and subject to underlying policy provisions), **except** those acts committed outside of the jurisdictional boundaries of the federal program, use **Exclusion Of Other Acts Of Terrorism Committed Outside The United States; Cap On Losses From Certified Acts Of Terrorism Endorsement CU 21 31**. The exclusion for acts of terrorism committed outside the United States is subject to a \$25 million threshold (valued in US dollars) for events other than nuclear, biological, chemical or radiological events. For nuclear, biological, chemical or radiological events, no dollar threshold applies.
 - bc. To also exclude punitive damages arising out of a certified act of terrorism, use **Exclusion Of Punitive Damages Related To A Certified Act Of Terrorism Endorsement CU 21 36**.
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 available:

- a. To exclude coverage for certified acts of terrorism but provide coverage for other acts of terrorism (subject to underlying policy provisions), use Exclusion Of Certified Acts Of Terrorism Endorsement **CU 21 33**.
- b. To exclude all losses arising out of certified acts of terrorism and acts of terrorism committed outside the jurisdictional boundaries of the federal program, use Exclusion Of Certified Acts Of Terrorism And Exclusion Of Other Acts Of Terrorism Committed Outside The United States Endorsement **CU 21 35**. The exclusion for acts of terrorism committed outside the United States is subject to a \$25 million threshold (valued in US dollars) for events other than nuclear, biological, chemical or radiological events. For nuclear, biological, chemical or radiological events committed outside the United States, no dollar threshold applies.
- bc. To exclude coverage for losses arising out of a certified act of terrorism that involve nuclear, biological, chemical or radiological materials but provide coverage for other acts of terrorism subject to underlying policy provisions, use Exclusion Of Certified Nuclear, Biological, Chemical Or Radiological Acts Of Terrorism; Cap On Losses From Certified Acts Of Terrorism Endorsement **CU 21 40**. Coverage for certified acts of terrorism under this endorsement is subject to the statutory cap on liability for losses provided by the Act.

This option may be offered to the insured, at the insurer's option, only when the insured initially rejects certified acts of terrorism coverage.
- cd. To also exclude punitive damages arising out of a certified act of terrorism when Endorsement **CU 21 40** is attached to a policy, use Exclusion Of Punitive Damages Related To A Certified Act Of Terrorism Endorsement **CU 21 36**.

B. THE FOLLOWING PARAGRAPHS, B.1. AND B.2., INSTRUCT ON THE USAGE OF CONDITIONAL TERRORISM ENDORSEMENT OPTIONS 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.**

THESE CONDITIONAL ENDORSEMENTS ARE 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. However, if there is an extension of the federal Program beyond 2014 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 may not have the federal backstop apply throughout the entire policy period. The following conditional endorsement options provide 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 the federal Program 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.**

1. To exclude terrorism coverage, attach Conditional Exclusion Of Terrorism (Relating To Disposition Of Federal Terrorism Risk Insurance Act) Endorsement **CU 21 44**.
2. To exclude coverage for terrorism that involves nuclear, biological or chemical materials (thereby leaving intact any underlying coverage for terrorism that does not involve nuclear, biological or chemical material), attach Conditional Exclusion Of Terrorism Involving Nuclear, Biological Or Chemical Terrorism (Relating To Disposition Of Federal Terrorism Risk Insurance Act) Endorsement **CU 21 45**.

C. THE FOLLOWING PARAGRAPHS, C.1. AND C.2., INSTRUCT ON THE USAGE OF TERRORISM ENDORSEMENT OPTIONS 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).

- 1. To exclude terrorism coverage, attach Exclusion Of Terrorism Endorsement CU 21 46.**
- 2. To exclude coverage for terrorism that involves nuclear, biological or chemical materials (thereby leaving intact any underlying coverage for terrorism that does not involve nuclear, biological or chemical material), attach Exclusion Of Terrorism Involving Nuclear, Biological Or Chemical Terrorism Endorsement CU 21 47.**