

SERFF Tracking Number: UNON-125553221 State: Arkansas  
Filing Company: Continental Western Insurance Company State Tracking Number: #10032330 \$50  
Company Tracking Number: 08-CU-FM-14  
TOI: 17.0 Other Liability - Claims Made/Occurrence Sub-TOI: 17.0020 Commercial Umbrella & Excess  
Product Name: 2008 Terrorism Filings  
Project Name/Number: 03-08 AR Umb Terrorism Filings/

## Filing at a Glance

Company: Continental Western Insurance Company

Product Name: 2008 Terrorism Filings SERFF Tr Num: UNON-125553221 State: Arkansas  
TOI: 17.0 Other Liability - Claims SERFF Status: Closed State Tr Num: #10032330 \$50  
Made/Occurrence  
Sub-TOI: 17.0020 Commercial Umbrella & Excess Co Tr Num: 08-CU-FM-14 State Status: Fees verified and received  
Filing Type: Form Co Status: Reviewer(s): Betty Montesi, Edith Roberts, Brittany Yielding  
Disposition Date: 03/21/2008  
Authors: Frances Linker, Mark Jones, Tamara Manuel  
Date Submitted: 03/19/2008 Disposition Status: Accepted For Informational Purposes  
Effective Date Requested (New): On Approval Effective Date (New):  
Effective Date Requested (Renewal): On Approval Effective Date (Renewal):  
State Filing Description:

## General Information

Project Name: 03-08 AR Umb Terrorism Filings

Project Number:

Reference Organization:

Reference Title:

Filing Status Changed: 03/21/2008

State Status Changed: 03/21/2008

Corresponding Filing Tracking Number:

Filing Description:

For all business, the Company proposes to adopt forms similar to those in ISO reference document number CL-2007-OTRL1. Our forms are IL 09 85 01 08, CL CU 99 15 01 08, CL CU 99 16 01 08 and CL CU 99 23 01 08 These forms are in response to the Terrorism Risk Insurance Program Reauthorization Act of 2007.

We also wish to adopt company notices CL PN 01 47 03 08 and CL PN 02 49 03 08.

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Companion rule filings were filed by ISO in filing reference number CL-2007-RTRL1. The Company proposes to adopt the attached rules in place of the ISO rules.

## Company and Contact

### Filing Contact Information

Frances Linker, Compliance Analyst flinker@usic.com  
P. O. Box 152180 (972) 719-2400 [Phone]  
Irving, TX 75015-2180 (972) 719-2301[FAX]

### Filing Company Information

Continental Western Insurance Company CoCode: 10804 State of Domicile: Iowa  
P. O. Box 152180 Group Code: 98 Company Type: P & C  
Irving, TX 75015-2180 Group Name: W. R. Berkley State ID Number:  
(972) 719-2400 ext. 2465[Phone] FEIN Number: 42-0594770  
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## Filing Fees

Fee Required? Yes  
Fee Amount: \$50.00  
Retaliatory? No  
Fee Explanation: \$50 per filing  
Per Company: No

CHECK NUMBER	CHECK AMOUNT	CHECK DATE
0010032330	\$50.00	03/05/2008

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## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Accepted For Edith Roberts Informational Purposes		03/21/2008	03/21/2008

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## **Disposition**

Disposition Date: 03/21/2008

Effective Date (New):

Effective Date (Renewal):

Status: Accepted For Informational Purposes

Comment:

Rate data does NOT apply to filing.

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Item Type	Item Name	Item Status	Public Access
Form	Cap on Losses From Certified Acts	Accepted for Informational Purposes	Yes
Form	Exclusion of Certified Acts of Terrorism	Accepted for Informational Purposes	Yes
Form	Exclusion of Punitive Damages Related To A Certified Act of Terrorism	Accepted for Informational Purposes	Yes
Form	Disclosure Pursuant To Terrorism Risk Insurance Act	Accepted for Informational Purposes	Yes
Form	Policyholder Terrorism Notice - Quote	Accepted for Informational Purposes	Yes
Form	Policyholder Terrorism Notice - Issue	Accepted for Informational Purposes	Yes
Rate	Terrorism Exception Rules	Accepted for Informational Purposes	Yes

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## Form Schedule

Review Status	Form Name	Form #	Edition Date	Form Type Action	Action Specific Data	Readability	Attachment
Accepted for Information Acts al Purposes	Cap on Losses From Certified	CL CU 99 15	01 08	Endorsement/Amendment/Conditions	Replaced Form #:0.00 CL CU 99 19 01 03 Previous Filing #:		CL CU 99 15 01 08, Cap On Losses From Certified Acts.pdf
Accepted for Information Acts al Purposes	Exclusion of Certified Acts of Terrorism	CL CU 99 16	01 08	Endorsement/Amendment/Conditions	Replaced Form #:0.00 CL CU 99 20 01 03 Previous Filing #:		CL CU 99 16 01 08.pdf
Accepted for Information Acts al Purposes	Exclusion of Punitive Damages Related To A Certified Act of Terrorism	CL CU 99 21	01 08	Endorsement/Amendment/Conditions	Replaced Form #:0.00 CL CU 99 21 01 03 Previous Filing #:		CL CU 99 21 01 08.pdf
Accepted for Information Acts al Purposes	Disclosure Pursuant To Terrorism Risk Insurance Act	IL 09 85 01	01 08	Disclosure/ Notice	Replaced Form #:0.00 IL 09 99 01 07 Previous Filing #:		IL 09 85 01 08.pdf
Accepted for Information Acts al Purposes	Policyholder Terrorism Notice - Quote	CL PN 01 47	03 08	Disclosure/ New Notice		0.00	CL PN 01 47 03 08, Initial or Ren Offer PN.pdf
Accepted for Information Acts al Purposes	Policyholder Terrorism Notice - Issue	CL PN 02 49	03 08	Disclosure/ New Notice		0.00	CL PN 02 49 03 08, Terrorism Purchase After Quote PN.pdf

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY**

## **CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM**

This endorsement modifies insurance provided under the following:

### UMBRELLA COVERAGE

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

“Certified act of terrorism” means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act. The criteria contained in the Terrorism Risk Insurance Act for a “certified act of terrorism” include the following:

1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals 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.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EXCLUSION OF CERTIFIED ACTS OF TERRORISM**

This endorsement modifies insurance provided under the following:

### UMBRELLA COVERAGE

**A.** The following exclusion is added:

This insurance does not apply to:

### **TERRORISM**

“Any injury or damage” arising, directly or indirectly, out of a “certified act of terrorism”.

**B.** The following definitions are added:

1. For the purpose of this endorsement, “any injury or damage” means any injury or damage covered under any Coverage Part or underlying insurance to which this endorsement is applicable, and includes but is not limited to “bodily injury”, “property damage”, “personal and advertising injury”, “reduction in value”, “injury” or “environmental damage” as may be defined in any applicable Coverage Part or underlying insurance.
2. “Certified act of terrorism” means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act. The criteria contained in the Terrorism Risk Insurance Act for a “certified act of terrorism” include the following:
  - a. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
  - b. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals 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.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EXCLUSION OF PUNITIVE DAMAGES RELATED TO A CERTIFIED ACT OF TERRORISM**

This endorsement modifies insurance provided under the following:

### **UMBRELLA COVERAGE**

**A.** The following exclusion is added:

This insurance does not apply to:

#### **TERRORISM PUNITIVE DAMAGES**

Damages arising, directly or indirectly, out of a “certified act of terrorism” that are awarded as punitive damages.

**B.** The following definition is added:

“Certified act of terrorism” means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act. The criteria contained in the Terrorism Risk Insurance Act for a “certified act of terrorism” include the following:

1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals 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.

**THIS ENDORSEMENT IS ATTACHED TO AND MADE PART OF YOUR POLICY IN RESPONSE TO THE DISCLOSURE REQUIREMENTS OF THE TERRORISM RISK INSURANCE ACT. THIS ENDORSEMENT DOES NOT GRANT ANY COVERAGE OR CHANGE THE TERMS AND CONDITIONS OF ANY COVERAGE UNDER THE POLICY.**

## **DISCLOSURE PURSUANT TO TERRORISM RISK INSURANCE ACT**

### **SCHEDULE**

**Terrorism Premium (Certified Acts) \$**

**This premium is the total Certified Acts premium attributable to the following Coverage Part(s), Coverage Form(s) and/or Policy(s):**

**Additional information, if any, concerning the terrorism premium:**

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

**A. Disclosure Of Premium**

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

**B. Disclosure Of Federal Participation In Payment Of Terrorism Losses**

The United States Government, Department of the Treasury, will pay a share of terrorism losses insured under the federal program. The federal share equals 85% of that portion of the amount of such insured losses that exceeds the applicable insurer retention. However, if aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31), the Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion.

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

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

<NAMED INSURED>  
<QUOTATION/POLICY NUMBER>  
<EFFECTIVE DATE>

**POLICYHOLDER DISCLOSURE  
NOTICE OF TERRORISM  
INSURANCE COVERAGE**

You are hereby notified that under the Terrorism Risk Insurance Act, as amended, (the "Act"), that you have a right to purchase insurance coverage for losses resulting from acts of terrorism, as defined in Section 102(1) of the Act: The term "act of terrorism" means any act that is certified by the Secretary of the Treasury—in concurrence with the Secretary of State, and the Attorney General of the United States—to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and 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.

Coverage under your \_\_\_\_\_ NEW or \_\_\_\_\_ RENEWAL policy may be affected as follows:

YOU SHOULD KNOW THAT WHERE COVERAGE IS PROVIDED BY THIS POLICY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM, SUCH LOSSES MAY BE PARTIALLY REIMBURSED BY THE UNITED STATES GOVERNMENT UNDER A FORMULA ESTABLISHED BY FEDERAL LAW. HOWEVER, YOUR POLICY MAY CONTAIN OTHER EXCLUSIONS WHICH MIGHT AFFECT YOUR COVERAGE, SUCH AS AN EXCLUSION FOR NUCLEAR EVENTS. UNDER THE FORMULA, THE UNITED STATES GOVERNMENT GENERALLY REIMBURSES 85% OF COVERED TERRORISM LOSSES EXCEEDING THE STATUTORILY ESTABLISHED DEDUCTIBLE PAID BY THE INSURANCE COMPANY PROVIDING THE COVERAGE. THE PREMIUM CHARGED FOR THIS COVERAGE IS PROVIDED BELOW AND DOES NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS THAT MAY BE COVERED BY THE FEDERAL GOVERNMENT UNDER THE ACT.

YOU SHOULD ALSO KNOW THAT THE ACT, CONTAINS A \$100 BILLION CAP THAT LIMITS U.S. GOVERNMENT REIMBURSEMENT AS WELL AS INSURERS' LIABILITY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM WHEN THE AMOUNT OF SUCH LOSSES IN ANY ONE CALENDAR YEAR EXCEEDS \$100 BILLION. IF THE AGGREGATE INSURED LOSSES FOR ALL INSURERS EXCEED \$100 BILLION, YOUR COVERAGE MAY BE REDUCED.

**Acceptance or Rejection of Terrorism Insurance Coverage**

	I hereby elect to purchase terrorism coverage, subject to the limitations of the Act, for acts of terrorism as defined in the Act, for a prospective premium of \$_____.
	I hereby decline to purchase terrorism coverage for certified acts of terrorism. I understand that I will have no coverage for losses resulting from certified acts of terrorism.

\_\_\_\_\_  
Policyholder/Applicant's Signature

\_\_\_\_\_  
Insurance Company

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Policy Number

\_\_\_\_\_  
Date

<NAMED INSURED>  
<QUOTATION/POLICY NUMBER>  
<EFFECTIVE DATE>

**POLICYHOLDER DISCLOSURE  
NOTICE OF TERRORISM  
INSURANCE COVERAGE**

Coverage for acts of terrorism, as defined in the Terrorism Risk Insurance Act, as amended, (the "Act"), is included in your policy. You are hereby notified that under the Act the definition of act of terrorism has changed. As defined in Section 102(1) of the Act: The term "act of terrorism" means any act that is certified by the Secretary of the Treasury—in concurrence with the Secretary of State, and the Attorney General of the United States—to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and 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. Under your coverage, any losses resulting from certified acts of terrorism may be partially reimbursed by the United States Government under a formula established by the Act. However, your policy may contain other exclusions which might affect your coverage, such as an exclusion for nuclear events. Under the formula, the United States Government generally reimburses 85% of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage. The Act contains a \$100 billion cap that limits U.S. Government reimbursement as well as insurers' liability for losses resulting from certified acts of terrorism when the amount of such losses exceeds \$100 billion in any one calendar year. If the aggregate insured losses for all insurers exceed \$100 billion, your coverage may be reduced.

The portion of your annual premium that is attributable to coverage for acts of terrorism as defined in the Act, is \$ \_\_\_\_\_ and does not include any charges for the portion of losses covered by the United States Government under the Act.

Name of Insurer: \_\_\_\_\_  
Policy Number: \_\_\_\_\_

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## **Rate Information**

Rate data does NOT apply to filing.

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## Rate/Rule Schedule

Review Status:	Exhibit Name:	Rule # or Page #:	Rate Action	Previous State Filing Attachments Number:
Accepted for Informational Purposes	Terrorism Exception Rules	Pages 1 and 2	Replacement	03-08 Umb TRules Manual.pdf

# CONTINENTAL WESTERN INSURANCE COMPANY

## COMMERCIAL UMBRELLA PROGRAM

### TERRORISM EXCEPTION RULES -- FEDERAL BACKSTOP

#### ARKANSAS

##### 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 Commercial Umbrella insurance, for risks other than commercial automobiles, 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.

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##### TERRORISM ENDORSEMENT OPTIONS

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**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 UMBRELLA POLICIES.**

When coverage for certified acts of terrorism:

1. 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 [CL CU 99 15](#).
  - b. 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 [CL CU 99 23](#).
2. Is not to be provided (or is to be provided with a specific limitation):

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 [CL CU 99 16](#).

**B. THE TREASURY DEPARTMENT'S FINAL GUIDANCE HAS BEEN THAT COMMERCIAL AUTOMOBILE LOSSES UNDER COMMERCIAL UMBRELLA POLICIES ARE NOT SUBJECT TO BACKSTOP UNDER TRIA.**

To help clarify that Commercial Automobile losses under the Commercial Umbrella policy are not subject to the Backstop under TRIA, and to exclude acts of terrorism with respect to covered autos, subject to a \$25 million threshold (with no dollar threshold on nuclear, biological or chemical events), use Auto Exclusion Of Terrorism Coverage Endorsement, [CL CU 99 38](#).

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**TERRORISM PREMIUM DETERMINATION**

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**A. Certified Acts of Terrorism Premium**

<b>Policy Year</b>	<b>Factor</b>
<b>2008 - 2013</b>	.02
<b>2014</b>	.02
<b>Full (Post-TRIA)</b>	.02

Apply the factors shown above to the applicable Umbrella premium to determine the additional premium for “certified acts of terrorism” for the policy term. However, do not include in this calculation the portion of the Umbrella premium that is attributable to the underlying Automobile / Garage Policy premium. Policy year determination is based upon the effective date of the policy. The factor based on the policy effective year will be used for the entire policy term. These factors recognize federal participation in covering losses.

A factor may also be displayed for the time period following termination of the federal Program; such factor would be designated as a Full factor, to reflect the absence of federal participation in losses. If the federal Program is extended with changes in the backstop, a factor may be displayed for years subsequent to Year 2014. If a Full factor, or a factor for years subsequent to Year 2014, is not provided in the Table above, use the factor shown for Year 2014 instead.

**B. Disclosure Of Premium**

Disclosure of premium attributable to coverage for certified acts of terrorism, disclosure of federal participation in payment of potential terrorism losses, and disclosure of the existence of the \$100 billion cap is a condition for reimbursement under the federal program. Use Disclosure Pursuant To Terrorism Risk Insurance Act Endorsement [IL 09 85](#), which responds to the Treasury Guidance on line item disclosure.