

SERFF Tracking Number: QBEC-125573953 State: Arkansas
 First Filing Company: QBE Insurance Corporation, ... State Tracking Number: EFT \$25
 Company Tracking Number: 08-109-003-IL-AR-R
 TOI: 35.0 Interline Filings Sub-TOI: 35.0002 Commercial Interline Filings
 Product Name: Terrorism Risk Reauthorization Act of 2007
 Project Name/Number: /

Filing at a Glance

Companies: QBE Insurance Corporation, Praetorian Insurance Company, Redland Insurance Company

Product Name: Terrorism Risk Reauthorization Act of 2007 SERFF Tr Num: QBEC-125573953 State: Arkansas

Act of 2007

TOI: 35.0 Interline Filings

SERFF Status: Closed

State Tr Num: EFT \$25

Sub-TOI: 35.0002 Commercial Interline Filings Co Tr Num: 08-109-003-IL-AR-R

State Status: Fees verified and received

Filing Type: Rule

Co Status:

Reviewer(s): Betty Montesi, Llyweyia Rawlins, Brittany Yielding

Authors: Kristen Garraffa, Danelle Hill

Disposition Date: 04/08/2008

Date Submitted: 03/31/2008

Disposition Status: Exempt from Review

Effective Date Requested (New): 03/31/2008

Effective Date (New): 03/31/2008

Effective Date Requested (Renewal): 03/31/2008

Effective Date (Renewal): 03/31/2008

State Filing Description:

General Information

Project Name:

Status of Filing in Domicile:

Project Number:

Domicile Status Comments:

Reference Organization: N/A

Reference Number: N/A

Reference Title: N/A

Advisory Org. Circular: N/A

Filing Status Changed: 04/08/2008

State Status Changed: 04/08/2008

Deemer Date:

Corresponding Filing Tracking Number: QBEC-125573952

Filing Description:

Due to the Terrorism Risk Reauthorization Act of 2007, QBE Specialty Insurance which includes QBE Insurance Corporation, Praetorian Insurance Company and Redland Insurance Company is introducing an Interline rule manual with instructions for form usage. This manual addresses QBE's position on terrorism for those Partners / Programs utilizing ISO and/or AAIS terrorism rules. The basis of our rule is the ISO terrorism supplement approved in your

<i>SERFF Tracking Number:</i>	<i>QBEC-125573953</i>	<i>State:</i>	<i>Arkansas</i>
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<i>Project Name/Number:</i>	/		

jurisdiction.

The introduction of these rules have no rate impact on the current terrorism pricing approved in your jurisdiction.

Company and Contact

Filing Contact Information

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88 Pine Street, 16th Floor	(212) 805-9879 [Phone]
New York, NY 10005	(212) 805-9809[FAX]

Filing Company Information

QBE Insurance Corporation	CoCode: 39217	State of Domicile: Pennsylvania
88 Pine Street - 16th Floor	Group Code: 796	Company Type:
New York, NY 10005	Group Name: QBE Insurance Group	State ID Number:
(212) 422-9888 ext. [Phone]	FEIN Number: 22-2311816	

Praetorian Insurance Company	CoCode: 37257	State of Domicile: Illinois
88 Pine Street - 16th Floor	Group Code: 796	Company Type:
New York , NY 10005	Group Name: QBE Insurance Group	State ID Number:
(212) 422-9888 ext. [Phone]	FEIN Number: 36-3030511	

Redland Insurance Company	CoCode: 37303	State of Domicile: New Jersey
88 Pine Street - 16th Floor	Group Code: 796	Company Type:
New York , NY 10005	Group Name: QBE Insurance Group	State ID Number:
(212) 422-9888 ext. [Phone]	FEIN Number: 42-1113749	

Filing Fees

Fee Required?	Yes
Fee Amount:	\$25.00
Retaliatory?	No

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Fee Explanation: Rule filings have a \$25 fee in Arkansas.
Per Company: No

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COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Praetorian Insurance Company	\$0.00	03/31/2008	
QBE Insurance Corporation	\$25.00	03/31/2008	19153667
Redland Insurance Company	\$0.00	03/31/2008	

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Exempt from Review	Llyweyia Rawlins	04/08/2008	04/08/2008

Amendments

Item	Schedule	Created By	Created On	Date Submitted
CW TerrorismRate Manual (Ed. 01/08)		Danelle Hill	04/07/2008	04/07/2008

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Disposition

Disposition Date: 04/08/2008

Effective Date (New): 03/31/2008

Effective Date (Renewal): 03/31/2008

Status: Exempt from Review

Comment:

This line is exempt from filing rates/rules in compliance with ACA 23-67-206 which states that P&C insurance for commercial risks, excluding workers' compensation, employers' liability and professional liability insurance, including but not limited to, medical malpractice insurance, are exempted from the rates/rules filing and review requirements.

Rate data does NOT apply to filing.

Overall Rate Information for Multiple Company Filings

Overall Percentage Rate Indicated For This Filing	0.000%
Overall Percentage Rate Impact For This Filing	0.000%
Effect of Rate Filing-Written Premium Change For This Program	\$0
Effect of Rate Filing - Number of Policyholders Affected	0

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Item Type	Item Name	Item Status	Public Access
Supporting Document	Expedited Terrorism Transmittal	Accepted for Informational Purposes	Yes
Rate (revised)	CW Terrorism Manual (Ed. 01/08)	Accepted for Informational Purposes	Yes
Rate	QBE Terrorism Manual (Ed. 12/07)	Accepted for Informational Purposes	Yes

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Amendment Letter

Amendment Date:
Submitted Date: 04/07/2008

Comments:

We wish to revise the Terrorism Manual due to the recent approval of ISO Terrorism related forms in your state. I apologize for any inconvenience this may cause. Thank you for your time & attention to this matter.

Changed Items:

Rate/Rule Schedule Item Changes:

Exhibit Name:	Rule # or Page #:	Rate Action:	Previous State Filing Numbers:	Attach Document:
CW Terrorism Manual (Ed. 01/08)	QBE-TRIA Pages 1-49	New		CW TRIPRA Manual V-6.pdf

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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	CW Terrorism Manual (Ed. 01/08)	QBE-TRIA Pages 1-49	New	CW TRIPRA Manual V-6.pdf

Terrorism Manual



QBE

**Specialty
Insurance**

QBE Specialty Insurance Terrorism Manual

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QBE Specialty Insurance Terrorism Manual

About This Manual

This manual addresses QBE's position on terrorism for those Partners / Programs utilizing ISO and/or AAIS rules and forms. For those QBE Partners that use independent forms, please refer to the corresponding independent rates / rules manual for applicable terrorism instructions.

Background on TRIA

The following background is from the NAIC Model Bulletin released in December, 2007:

There has been much uncertainty in the markets for commercial lines property and casualty insurance coverage in light of the substantial losses experienced by the industry on September 11, 2001. Soon after the tragic events, many reinsurers announced that they did not intend to provide coverage for acts of terrorism in future reinsurance contracts. This led to a concerted effort on behalf of all interested parties to seek a temporary federal backstop to calm market fears over future terrorist attacks and the ability of the insurance industry to allocate capital to provide coverage for these unpredictable and potentially catastrophic events. As a result, Congress enacted and the President signed into law in November 2002, the Terrorism Risk Insurance Act of 2002 (The Act). This federal law provides a federal backstop for defined acts of terrorism and imposes certain obligations on insurers. The Act was extended for a two year period covering Program Years 2006 and 2007. (The Extension Act removed commercial auto, burglary and theft, surety, professional liability – other than D & O and farmowners multiple peril from TRIA). The Act has now been extended for an additional seven years through December 31, 2014 with the enactment of the Terrorism Risk Insurance Program Reauthorization Extension Act of 2007.

Several provisions of the initial Act have changed in the 2007 extension. Those changes include:

- Revising the definition of a certified act of terrorism to eliminate the requirement that the individual(s) are acting on behalf of any foreign person or foreign interest.
- Extending the program through December 31, 2014.
- Requiring clear and conspicuous notice to policyholders of the existence of the \$100,000,000,000 cap.
- Fixing the Insurer Deductible at 20% of an insurer's direct earned premium, and the federal share of compensation at 85% of insured losses that exceed insurer deductibles.
- Fixing the program trigger at \$100,000,000 for all additional program years.
- Requiring the U.S. Treasury to promulgate regulations for determining pro-rata shares of insured losses under the program when insured losses exceed \$100,000,000,000.
- Requiring the Comptroller General to study the availability and affordability of insurance coverage for losses caused by terrorist attacks involving nuclear, biological, chemical, or radiological materials and issue a report not later than one year after the enactment of the Terrorism Risk Insurance Program Reauthorization Act of 2007.
- Requiring the Comptroller General to determine whether there are specific markets in the United States where there are unique capacity constraints on the amount of terrorism insurance available and issue a report not later than 180 days after the enactment of the Terrorism Risk Insurance Program Reauthorization Act of 2007.
- Requiring the President's Working Group on Financial Markets to continue an ongoing study of the long-term availability and affordability of terrorism risk insurance.
- Accelerating the timing of the mandatory recoupment of the federal share through policyholders surcharges.

Other terms of the Act, as amended by the Terrorism Risk Insurance Extension Act of 2005, remain unchanged.

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QBE Specialty Insurance Terrorism Manual

Definition of an Act of Terrorism

One of the changes made to TRIA with the enactment of the Terrorism Risk Insurance Program Reauthorization Act of 2007 was a revision to the definition of an act of terrorism that eliminated the requirement that an individual or individuals that carry out an act of terrorism be acting on behalf of a foreign person or foreign interest. In short, this means that acts formerly referred to as “domestic” terrorism may now be certified as an act of terrorism under TRIA.

Section 102(1) defines an act of terrorism for purposes of the Act. Please note that the unmodified reference to “the Secretary” refers to the Secretary of the Treasury. The revised Section 102(1)(A) states, “The term “act of terrorism” means any act that is certified by the Secretary, in concurrence with the Secretary of State, and the Attorney General of the United States—(i) to be an act of terrorism; (ii) to be a violent act or an act that is dangerous to—(I) human life; (II) property; or (III) infrastructure; (iii) to have resulted in damage within the United States, or outside the United States in the case of—(I) an air carrier or vessel described in paragraph (5)(B); or (II) the premises of a United States mission; and (iv) 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 102(1)(B) states, “No act shall be certified by the Secretary as an act of terrorism if—(i) the act is committed as part of the course of a war declared by the Congress, except that this clause shall not apply with respect to any coverage for workers’ compensation; or (ii) property and casualty insurance losses resulting from the act, in the aggregate, do not exceed \$5,000,000.” Section 102(1)(C) and (D) specify that the determinations are final and not subject to judicial review and that the Secretary of the Treasury cannot delegate the determination to anyone.

The Terrorism Risk Insurance Act, as amended, contains in Section 103(1)(B) a program trigger of \$100 million in aggregate industry insured losses resulting from a certified act of terrorism before federal reimbursement is triggered.

What QBE Must Do

For applicable lines of business on all new and renewal business, QBE must make available to insureds coverage for losses caused by certified acts of terrorism. We also must disclose to the policyholder the premium for losses covered, the federal share of compensation for such losses, and the \$100,000,000 cap under the program at the time of the offer, purchase and renewal of the policy. At each renewal, a new offer of coverage must be sent to the insured.

For applicable disclosures to be attached to quotes and/or policies, please refer to the Supplemental Information within this manual.

Interstate Accounts

Any manual rules specifying that policies covering property located in more than one state may be written subject to the rules, forms, and endorsements for the state with either the largest values or where the insured's headquarters are located do not apply with respect to terrorism loss. When a policy covers property located in more than one state or jurisdiction, exclusions and/or coverage for terrorism loss for each location must be written in accordance with the forms, rules, and rating information applicable in that state or jurisdiction.

When a policy covers property located in more than one state or jurisdiction and more than one endorsement must be attached, make an entry on the policy declarations page or general change endorsement to indicate the location(s) to which each endorsement applies.

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QBE Specialty Insurance Terrorism Manual

EXCEPTION – DIVISION ONE - AUTOMOBILE INSURANCE SERVICES OFFICE

Division One – Automobile

RULE 111. TERRORISM ENDORSEMENT OPTIONS

Reference to the Terrorism Supplement under Rule 111. is deleted in its' entirety and replaced by the following. (For Massachusetts, Rule 50 is amended in the AIB Massachusetts Commercial Automobile Insurance Manual.)

A. Form Attachment

1. For all states not specifically noted below

Attach Exclusion Of Terrorism Endorsement **CA 23 84** to all policies.

2. For Alaska

To exclude terrorism coverage, attach Alaska Exclusion Of Terrorism Above Minimum Statutory Limits Endorsement **CA 23 88**. However, with respect to Liability, this exclusion applies only to the extent that the limits of such coverage exceed the minimum limits required by the state compulsory or financial responsibility law limits for each coverage. With respect to Uninsured and Underinsured Motorists Coverage, the exclusion applies only to the extent that the limit of such coverage exceeds the minimum statutory permitted limits for Uninsured and Underinsured Motorists Coverage. Those limits are equal to the minimum limit permitted for Liability Coverage.

3. For Connecticut, Hawaii, Kansas, Kentucky, Massachusetts, New Jersey, Oklahoma and Oregon

To exclude terrorism coverage, attach Exclusion Of Terrorism Above Minimum Statutory Limits Endorsement **CA 23 86**. However, with respect to Liability and Personal Injury Protection, if applicable, this exclusion applies only to the extent that the limits of such coverage exceed the minimum limits required by the state compulsory or financial responsibility law limits for each coverage. With respect to Uninsured and/or Underinsured Motorists Coverage, if applicable, the exclusion applies only to the extent that the limit of such coverage exceeds the minimum statutory permitted limits for Uninsured and/or Underinsured Motorists Coverage. Those limits are equal to the minimum limit permitted for Liability Coverage.

4. For Washington

To exclude terrorism coverage, attach Washington Exclusion Of Terrorism Endorsement **CA 23 92**.

5. For Florida, Georgia, New York and Virginia

No terrorism exclusionary endorsement may be attached to the policy.

B. Premium Determination

No premium charge applies for terrorism.

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QBE Specialty Insurance Terrorism Manual

EXCEPTION – DIVISION THREE – CRIME AND FIDELITY INSURANCE SERVICES OFFICE

Division Three-Crime And Fidelity

RULE A#. TERRORISM OPTIONS – FEDERAL BACKSTOP

Reference to the Terrorism Supplement under the applicable Additional Rule in the ISO state exception pages is deleted in its' entirety and replaced by the following:

The following paragraphs are intended to instruct on the usage of terrorism endorsements that may be attached to policies.

A. Commercial Package Policies Containing The Commercial Crime Coverage Form; Government Crime Coverage Form Or Kidnap/Ransom And Extortion Coverage Form

1. The concepts of "certified acts" and "other acts" continue to be effective methods to design coverage regardless of whether a line of business is subject to the Terrorism Risk Insurance Program (TRIP). We have employed the definition of "certified acts" and "other acts" as a means to set forth exclusions or limitations of coverage for the Crime/Fidelity risk when written in the Commercial Package Policy. One benefit from using the "certified acts" definition is that the U.S. Department of the Treasury will declare which events satisfy that definition. The approach also enables insurers to maintain a consistent approach to its treatment of the terrorism risk across lines of business.

When a commercial package policy is written with an interline endorsement relating to "certified acts" and/or "other acts" of terrorism (refer to Paragraph **A.2.**), attach one of the following endorsements:

a. For all states except Alaska, Florida, Georgia and New York

Replace Terrorism Provisions (Applicable To Crime/Fidelity Only) Endorsement **CR 07 51** to amend the interline endorsement with regard to Crime/Fidelity, to employ a different approach in Crime/Fidelity to excluding acts of terrorism.

b. For Alaska

Alaska - Replace Terrorism Provisions (Applicable To Crime/Fidelity Only) Endorsement **CR 07 54** to amend the interline endorsement with regard to Crime/Fidelity, to employ a different approach in Crime/Fidelity to excluding acts of terrorism.

c. For New York

Attach Amendment – Delete Provisions Regarding Certain Acts Of Terrorism (Applicable to Crime/Fidelity Only) – New York Endorsement **CR 07 57** to the package policy so that it provides Crime/Fidelity coverage for "certified acts" of terrorism subject to the other terms of the policy (leaving in force other provisions of the endorsement for other lines).

d. For Florida and Georgia

This rule does not apply.

2. Available interline terrorism endorsements:

- a. Cap On Losses From Certified Acts Of Terrorism Endorsement **IL 09 52.**
- b. Exclusion Of Certified Acts Of Terrorism Endorsement **IL 09 53.**

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QBE Specialty Insurance Terrorism Manual

EXCEPTION – DIVISION THREE – CRIME AND FIDELITY INSURANCE SERVICES OFFICE

B. Commercial Package Policy – Crime Conditional Endorsements

For Commercial Package policies that become effective during the last year of TRIP with a policy term that extends past the termination date of TRIP, attach Conditional Exclusion Of Terrorism (Relating To The Disposition Of Federal Terrorism Insurance Act) Endorsement **CR 07 52** so that if TRIP terminates in mid-policy for all of the other coverages on the Commercial Package Policy, Crime/Fidelity coverage will be subject to another exclusion for acts of terrorism – one that does not employ the "certified acts" of terrorism concept. (In Alaska, use Alaska - Conditional Exclusion Of Terrorism (Relating To The Disposition Of Federal Terrorism Risk Insurance Act) Endorsement **CR 07 55**.)

Form CR 07 52 is not applicable in Alaska, Florida, Georgia or New York.

C. Monoline Commercial Crime Policy, Government Crime Policy And Employee Theft And Forgery Policy

To exclude losses resulting from acts of terrorism, attach Exclusion Of Terrorism Endorsement **CR 07 30** to all policies. (In Alaska, use Alaska - Exclusion Of Terrorism Endorsement **CR 07 32**.)

Form CR 07 30 is not applicable in Alaska, Florida, Georgia or New York.

D. Premium Determination

No premium charge applies for terrorism.

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QBE Specialty Insurance Terrorism Manual

EXCEPTION – DIVISION FOUR – COMMERCIAL FARM INSURANCE SERVICES OFFICE

Division Four – Commercial Farm

IMPORTANT INFORMATION REGARDING FARM POLICIES WITH RESPECT TO TREATMENT AS A TRIA OR NON-TRIA LINE OF BUSINESS

On July 11, 2003, the United States Department of the Treasury issued 31 CFR Part 50, the final rule and supplementary information regarding the implementation of Title I of the Act. This final rule clarifies the kinds of insurance that are subject to the provisions of the Act and therefore considered to be eligible to pursue compensation under the federal Program. Livestock insurance is specifically excluded from the "Terrorism Risk Insurance Act" definition of commercial property and casualty insurance and therefore is not subject to the provisions of the Act.

On December 22, 2005, President Bush signed the "Terrorism Risk Insurance Extension Act of 2005" which, in part, extended the provisions of TRIA until 2007 but excluded "farm owners multiple peril" insurance as a line of insurance subject to the provisions of TRIA.

On May 11, 2006, the Department of the Treasury published its Interim Final Rule as part of its implementation of The Terrorism Risk Insurance Extension Act of 2005. On August 25, 2006, the Department of the Treasury issued Supplementary Information pertaining to the Terrorism Risk Insurance Extension Act of 2005, including a Summary of Comments and Final Rule. In part, the rule clarifies the types of commercial property and casualty insurance covered by the Act. Policies which are considered to be farmowners multiple peril insurance are not subject to the provisions of the Act and are therefore not eligible for compensation under the federal Program. The Rule describes the insurance as follows: "farmowners multiple peril insurance, including insurance reported under Line 3 (Farmowners Multiple Peril) of the NAIC's Exhibit of Premiums and Losses (commonly known as Statutory Page 14)." **Any Farm policy providing coverage against only a single peril or providing monoline farm insurance coverage, EXCEPT with respect to livestock covered under that policy, remains subject to the provisions of the Act and companies are required to make available coverage for certified acts of terrorism.** The Treasury further clarified that "(H)however, if the monoline policy only insures a personal insurance exposure (residential dwelling), or is otherwise excluded by the Act, the policy is not commercial property and casualty insurance within the meaning of the Act and is not subject to the Act."

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QBE Specialty Insurance Terrorism Manual

EXCEPTION – DIVISION FOUR – COMMERCIAL FARM INSURANCE SERVICES OFFICE

Farm Property and Inland Marine

RULE A#. TERRORISM OPTIONS – FEDERAL BACKSTOP

Reference to the Terrorism Supplement under the applicable Additional Rule in the ISO state exception pages is deleted in its' entirety and replaced by the following:

A. The following Paragraph in this section, A., 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 provided, use Cap On Losses From Certified Acts Of Terrorism Endorsement **IL 09 52**. Coverage for certified acts of terrorism is subject to the statutory cap on liability for losses and subject to the nuclear hazard exclusion and all other underlying policy exclusions. Coverage for acts of terrorism that are not certified (for example, acts which do not exceed the dollar threshold for federal certification or acts which occur outside the jurisdictional boundary of the federal program) is not subject to the statutory cap.
2. When coverage for certified acts of terrorism is not provided, attach Exclusion Of Certified Acts Of Terrorism Endorsement **IL 09 53**. The exclusion does not extend to acts of terrorism that are not certified (for example, acts which do not exceed the dollar threshold for federal certification or acts which occur outside the jurisdictional boundary of the federal program). (In Alaska, use Alaska – Exclusion of Certified Acts of Terrorism Endorsement **IL 09 78**).
3. The exclusion addressed in Paragraph 2. does not extend to fire following an act of terrorism, with respect to states which have a Standard Fire Policy (SFP) statute or similar statute prohibiting such exclusion or limitation for certain property lines of business. Under Endorsements **QBIL-0121**, **QBIL-0171** and **QBIL-0186**, use the Schedule to indicate applicability of the Exception Covering Certain Fire Losses.

(Refer to the "Overview of SFP Laws by State" chart within this manual for a list of SFP states.)

4. The federal program in general encompasses losses that occur within the United States, with State defined in the Act to include U.S. territories and possessions and the commonwealth of Puerto Rico. For commercial property insurance provided under the Farm Coverage Part, the coverage territory as addressed in Farm coverage forms extends to places such as Canada, that are not included in the federal program, and therefore endorsements relating to certified acts of terrorism are not relevant to acts of terrorism occurring in such places. The foregoing is for information only; this manual does not address policywriting outside the aforementioned coverage territory.

5. For Washington only:

In the situation where a terrorism exclusion is endorsed to (or is otherwise part of) the policy, also attach Washington – Amendment Of Terrorism Exclusions Endorsement **IL 09 83**. This endorsement brings the terrorism exclusion into compliance with state law on efficient proximate causation of loss.

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QBE Specialty Insurance Terrorism Manual

EXCEPTION – DIVISION FOUR – COMMERCIAL FARM INSURANCE SERVICES OFFICE

B. The following Paragraph, B.1., instructs on the usage of a conditional terrorism endorsement for:

- Policies that become effective during the last program year of the federal program, with a policy term that extends past the termination date of that program;
- Policies written to become effective after the scheduled termination date of the federal program, if the disposition of such program is uncertain at the time the policy is written.

This conditional endorsement is designed to be used in conjunction with (on the same policy as) the endorsements described above and can also be used in the absence of such endorsements. Refer to Paragraph C. of this rule for policies that become effective after the termination of the Terrorism Risk Insurance Program.

The following information is based on a scheduled termination date of December 31, 2014. However, if there is an extension of the federal Program beyond 2014 and Farm policies which are NOT to be considered:

- Farmowners multiple peril insurance; or
- Monoline Farm policies insuring a personal insurance exposure (residential dwelling),

remain 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 not considered farmowners multiple peril or monoline Farm policies insuring a personal insurance exposure (residential dwelling) (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 **IL 09 95**. (In Alaska, use Alaska – Conditional Exclusion of Terrorism (Relating To Disposition Of Federal Terrorism Risk Insurance Act) Endorsement **IL 00 35**. In Idaho, use Idaho – Conditional Exclusion Of Terrorism (Relating To Disposition Of Federal Terrorism Risk Insurance Act); Coverage For Certain Fire Losses Endorsement **IL 00 56**.)

Form IL 09 95 is not applicable in Florida, Georgia or New York.

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QBE Specialty Insurance Terrorism Manual

EXCEPTION – DIVISION FOUR – COMMERCIAL FARM INSURANCE SERVICES OFFICE

C. The following Paragraph, C.1., instructs on the usage of a terrorism endorsement that may be attached to:

- Policies that become effective on or after the date when the Terrorism Risk Insurance Program has terminated;
 - 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);
 - Policies considered to be farmowners multiple peril insurance or monoline farm policies insuring a personal insurance exposure (residential dwelling).
1. To exclude terrorism coverage, attach Exclusion Of Terrorism Endorsement **IL 00 30**. (In Alaska, use Alaska - Exclusion of Terrorism Endorsement **IL 00 37**. In Idaho, use Idaho - Exclusion Of Terrorism; Coverage For Certain Fire Losses Endorsement **IL 00 53**).

Form IL 00 30 is not applicable in Florida, Georgia or New York.

D. For Arkansas Only:

If the policy includes any of the terrorism endorsements as outlined in the above rules, attach Arkansas Changes – Terrorism Endorsement **FP 01 81**. This endorsement states that no terrorism exclusions or limitations will apply to any dwelling, other private structures appurtenant to the dwelling, household personal property or an insured's personal or non-business activities.

E. For Texas Only:

If the policy includes any of the terrorism endorsements as outlined in the above rules, attach Texas Changes – Terrorism Endorsement **FP 01 82**. This endorsement states that no terrorism exclusions or limitations will apply to any dwelling, other private structures appurtenant to the dwelling, household personal property, livestock or an insured's personal or non-business activities.

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QBE Specialty Insurance Terrorism Manual

EXCEPTION – DIVISION FOUR – COMMERCIAL FARM INSURANCE SERVICES OFFICE

Farm Liability

RULE A#. TERRORISM OPTIONS – FEDERAL BACKSTOP – FARM LIABILITY

Reference to the Terrorism Supplement under the applicable Additional Rule in the ISO state exception pages is deleted in its' entirety and replaced by the following:

For those policies in which Farm Liability coverage is being provided by use of Commercial General Liability (occurrence) Coverage Form **CG 00 01**, refer to Division Six – General Liability for Terrorism options.

For those policies in which Farm liability coverage is being provided by use of Farm Liability Coverage Form **FL 00 20 AND** which are considered to be Farmowners multiple peril insurance, refer to Paragraph **C**. Such policies are not subject to the provisions of the Act and are therefore not eligible for compensation under the federal Program. If the policy is **not** considered to be Farmowners multiple peril insurance, the following apply:

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 provided, the following options are available:
 - a. To provide coverage for 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 **FL 10 70**.
 - b. 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 **FL 10 76**. (In Alaska, use Alaska Exclusion of Punitive Damages Related To A Certified Act Of Terrorism Endorsement **FL 10 86**. In Arkansas, use Arkansas Exclusion Of Punitive Damages Related To A Certified Act Of Terrorism Endorsement **FL 10 96**.)
Form FL 10 76 is not applicable in Florida, Georgia, Minnesota, New York or Ohio.
2. When coverage for certified acts of terrorism is not provided, 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 **FL 10 73**. (In Alaska, use Alaska Exclusion Of Certified Acts Of Terrorism Endorsement **FL 10 83**.)

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QBE Specialty Insurance Terrorism Manual

EXCEPTION – DIVISION FOUR – COMMERCIAL FARM INSURANCE SERVICES OFFICE

B. The following Paragraph, B.1., instructs 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 Farm policies which are NOT considered to be farmowners multiple peril insurance remain 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 not considered to be farmowners multiple peril insurance (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 **FL 10 67**. (In Alaska, use Alaska Conditional Exclusion Of Terrorism (Relating To Disposition Of Federal Terrorism Risk Insurance Act) Endorsement **FL 10 45**. In Washington, use Washington Conditional Exclusion Of Terrorism (Relating To Disposition Of Federal Terrorism Risk Insurance Act) Endorsement **FL 10 31**.)

Form FL 10 67 is not applicable in Florida, Georgia or New York.

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QBE Specialty Insurance Terrorism Manual

EXCEPTION – DIVISION FOUR – COMMERCIAL FARM INSURANCE SERVICES OFFICE

C. The following Paragraph, C.1. , instructs 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;
- 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);

Policies considered to be Farmowners Multiple Peril Insurance

1. To exclude terrorism coverage, attach Exclusion Of Terrorism Endorsement **FL 10 90**. (In Alaska, use Alaska Exclusion Of Terrorism Endorsement **FL 10 47**. In Washington, use Washington Exclusion Of Terrorism Endorsement **FL 10 37**.)

Form FL 10 90 is not applicable in Florida, Georgia or New York.

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QBE Specialty Insurance Terrorism Manual

EXCEPTION – DIVISION FOUR – COMMERCIAL FARM INSURANCE SERVICES OFFICE

Farm Umbrella

RULE 40. FARM AND CGL FARM UMBRELLA LIABILITY COVERAGE GENERAL RULES

NOTE: The ISO Farm Umbrella Liability Program does not apply in Texas.

Reference to the Terrorism Supplement under Rule **40**. - Terrorism Endorsement Options – Federal Backstop is hereby deleted in its' entirety and replaced by the following:

IMPORTANT GENERAL INFORMATION

For those policies in which Farm umbrella liability coverage is being provided by use of Commercial Liability Umbrella Coverage Form **CU 00 01**, refer to Division Thirteen - Commercial Liability Umbrella within this manual for Terrorism endorsement options.

On December 22, 2005, President Bush signed the "Terrorism Risk Insurance Extension Act of 2005" which, in part, extended the provisions of TRIA until 2007 **but** excluded "farm owners multiple peril" insurance as a line of insurance subject to the provisions of TRIA.

On May 11, 2006, the Department of the Treasury published its Interim Final Rule as part of its implementation of the Terrorism Risk Insurance Extension Act of 2005. In part, the Rule clarifies the types of commercial property and casualty insurance covered by the Act. Policies which are considered to be farmowners multiple peril insurance are not subject to the provisions of the Act and are therefore not eligible for compensation under the federal Program. The Rule describes the insurance as follows: "farmowners multiple peril insurance, including insurance reported under Line 3 (Farmowners Multiple Peril) of the NAIC's Exhibit of Premiums and Losses (commonly known as Statutory Page 14)." Any Farm policy providing coverage only against a single peril or providing monoline farm insurance coverage remains subject to the provisions of the Act and companies are required to make available coverage for certified acts of terrorism. **Furthermore, the Rule provides that umbrella insurance is included in the Program only to the extent the umbrella policy provides an upper layer of coverage for a type of insurance included in the Program.**

For those policies in which Farm umbrella liability coverage is being provided by use of Farm Umbrella Liability Policy **FP 00 01** and the underlying insurance includes Farmowners multiple peril insurance, refer to Paragraph **D.1**. Such policies are not subject to the provisions of the Act and are therefore not eligible for compensation under the federal Program. If the underlying insurance does **not** include Farmowners multiple peril insurance, the following apply:

- 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 Farm Umbrella Liability 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.**

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QBE Specialty Insurance Terrorism Manual

EXCEPTION – DIVISION FOUR – COMMERCIAL FARM INSURANCE SERVICES OFFICE

1. When coverage for certified acts of terrorism is 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 **FB 10 40**.
 - b. 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 **FB 10 46**. (In Alaska, use Alaska Exclusion of Punitive Damages Related To A Certified Act of Terrorism Endorsement **FB 10 56**. In Arkansas, use Arkansas Exclusion of Punitive Damages Related To A Certified Act Of Terrorism Endorsement **FB 10 59**).

Form FB 10 46 is not applicable in Florida, Georgia, Minnesota, New York and Ohio.

2. When coverage for certified acts of terrorism is not provided, the following options are available:
 - a. To exclude coverage for certified acts of terrorism and provide coverage for other acts of terrorism (subject to underlying policy provisions), use Exclusion Of Certified Acts Of Terrorism Endorsement **FB 10 43**. (In Alaska, use Alaska Exclusion Of Certified Acts Of Terrorism Endorsement **FB 10 53**.)

B. The Treasury Department's guidance has been that commercial automobile losses under Umbrella Liability policies are not subject to backstop under TRIA. The following Paragraph, B.1., instructs on the usage of terrorism endorsement options, with respect to the treatment of covered autos, that may be attached to Farm Umbrella Liability 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 the ownership, maintenance or use of any covered auto;

use Amended Terrorism Coverage - Covered Autos Endorsement **FB 10 23**. (In Alaska, use Alaska Amended Terrorism Coverage – Covered Autos Endorsement **FB 10 29**. In Arkansas, use Arkansas Amended Terrorism Coverage – Covered Autos Endorsement **FB 10 28**.)

Form FB 10 23 is not applicable in Florida, Georgia, New York and Virginia.

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QBE Specialty Insurance Terrorism Manual

EXCEPTION – DIVISION FOUR – COMMERCIAL FARM INSURANCE SERVICES OFFICE

C. The following Paragraph, C.1., instructs 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 Farm Umbrella policies with no underlying farmowners multiple peril insurance remain 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 such Farm Umbrella policies with no underlying farmowners multiple peril insurance (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 **FB 10 67**. (In Alaska, use Alaska Conditional Exclusion Of Terrorism (Relating To Disposition of Federal Terrorism Risk Insurance Act) Endorsement **FB 10 92**. In Washington, use Washington Conditional Exclusion Of Terrorism (Relating To Disposition of Federal Terrorism Risk Insurance Act) Endorsement **FB 10 60**.)

Form FB 10 67 is not applicable in Florida, Georgia or New York.

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QBE Specialty Insurance Terrorism Manual

EXCEPTION – DIVISION FOUR – COMMERCIAL FARM INSURANCE SERVICES OFFICE

D. The following Paragraph, D.1., instructs on the usage of a terrorism endorsement that may be attached to:

- Policies that become effective on or after the date when the terrorism risk insurance program has terminated;
- 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);

Policies with underlying farmowners multiple peril insurance.

1. To exclude terrorism coverage, attach Exclusion Of Terrorism Endorsement **FB 10 90**. (In Alaska, use Alaska Exclusion Of Terrorism Endorsement **FB 10 94**. In Washington, use Washington Exclusion of Terrorism Endorsement **FB 10 62**.)

Form FB 10 90 is not applicable in Florida, Georgia or New York.

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QBE Specialty Insurance Terrorism Manual

EXCEPTION – DIVISION FOUR – COMMERCIAL FARM INSURANCE SERVICES OFFICE

RULE A#. TERRORISM OPTIONS – FEDERAL BACKSTOP – PREMIUM DETERMINATION

Reference to the Terrorism Supplement under the applicable Additional Rule in the ISO state exception pages is deleted in its' entirety and replaced by the following:

A. Certified Acts Of Terrorism Covered or Excluded

1. Premium Determination

To determine the premium for "Certified Acts of Terrorism" refer to the QBEIC Exception Pages or PIC/RIC Terrorism Pricing Supplement.

2. Prorating

a. When Terrorism Coverage Applies Subject To Conditional Exclusion

When a conditional exclusion is attached, the duration of coverage and the commensurate premium are not fully determined until the disposition of the federal Program is decided. When a conditional exclusion is used, pro rate the additional terrorism premium based on the proportion of time that coverage will apply. Make no charge for the portion of time that coverage will be excluded. Example: Annual policy begins on 6/01/14; exclusion is anticipated to become effective on 1/01/15. The additional terrorism premium would be 59% of the premium applicable to the 2014 Program year (214/365 days).

If such a policy is rated prior to a Congressional decision on extension of the federal Program:

- (1)** Pro rate as indicated above, based on the federal Program's anticipated termination date. If the federal Program is extended in such a manner that the conditional exclusion does not become applicable, and coverage continues to apply, recalculate the premium and charge additional terrorism premium unless such amount falls within the waiver of additional premium rule; or
- (2)** Calculate the terrorism premium for the entire policy term. If the federal Program terminates, recalculate the premium by prorating the terrorism premium and refund any excess premium. If the federal Program is extended in such a manner that the conditional exclusion does not become applicable, and coverage continues to apply, recalculate the premium and charge additional premium or refund excess premium, if applicable. The additional or return premium may be waived if such amount falls within the waiver of additional or return premium rule.

NOTE: Paragraph 2. above does not apply in Florida, Georgia or New York.

3. Disclosure Of Premium

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

Disclosure of premium attributable to coverage for certified acts of terrorism, and disclosure of federal participation in payment of potential terrorism losses and existence of the \$100 billion cap, is a condition for reimbursement under the federal program. Use Disclosure Pursuant To Terrorism Risk Insurance Act Endorsement **QBIL-0121**, which responds to the Treasury Guidance on line item disclosure.

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QBE Specialty Insurance Terrorism Manual

EXCEPTION – DIVISION FOUR – COMMERCIAL FARM INSURANCE SERVICES OFFICE

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

- (1) Use Disclosure Of Premium Through End Of Year For Certified Acts Of Terrorism Coverage (Pursuant To Terrorism Risk Insurance Act) Endorsement **QBIL-0186** for policies that begin in the last Program Year of the federal Program and extend into the following year , when a Conditional Exclusion is used and premium is being disclosed only for the period during which the federal Program is in effect . This is the situation described in Paragraph **A.2.a.(1)** This endorsement recognizes the possibility of a mid-term additional premium charge.

Form QBIL-0186 is not applicable in Florida, Georgia or New York.

- (2) Use Disclosure Of Premium And Estimated Premium For Certified Acts Of Terrorism Coverage (Pursuant To Terrorism Risk Insurance Act) Endorsement **QBIL-0171** for policies that begin in the last Program Year of the federal Program and extend into the following year , when premium is being disclosed for the period during which the federal Program is in effect and estimated premium is being disclosed for the remainder of the policy term. This situation is described in Paragraph **A.2.a.(2)**. This endorsement recognizes the possibility of a mid-term additional premium charge or return of excess premium.

Form QBIL-0171 is not applicable in Florida, Georgia or New York.

QBE Specialty Insurance Terrorism Manual

EXCEPTION – DIVISION FIVE – FIRE AND ALLIED LINES INSURANCE SERVICES OFFICE

Division Five – Fire And Allied Lines

RULE A#. TERRORISM OPTIONS – FEDERAL BACKSTOP

Reference to the Terrorism Supplement under the applicable Additional Rule in the ISO state exception pages is deleted in its' entirety and replaced by the following:

A. The following Paragraphs in this section, A., 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 provided, use Cap On Losses From Certified Acts Of Terrorism Endorsement **IL 09 52**. Coverage for certified acts of terrorism is subject to the statutory cap on liability for losses and subject to the nuclear hazard exclusion and all other underlying policy exclusions. Coverage for acts of terrorism that are not certified (for example, acts which do not exceed the dollar threshold for federal certification or acts which occur outside the jurisdictional boundary of the federal program) is not subject to the statutory cap.
2. When coverage for certified acts of terrorism is not provided, attach Exclusion Of Certified Acts Of Terrorism Endorsement **IL 09 53**. The exclusion does not extend to acts of terrorism that are not certified (for example, acts which do not exceed the dollar threshold for federal certification or acts which occur outside the jurisdictional boundary of the federal program). (In Alaska, use Alaska – Exclusion of Certified Acts of Terrorism Endorsement **IL 09 78**).
3. The exclusion addressed in Paragraph 2. does not extend to fire following an act of terrorism, with respect to states which have a Standard Fire Policy (SFP) statute or similar statute prohibiting such exclusion or limitation for certain property lines of business. Under Endorsements **QBIL-0121**, **QBIL-0171** and **QBIL-0186**, use the Schedule to indicate applicability of the Exception Covering Certain Fire Losses.
(Refer to the "Overview of SFP Laws by State" chart within this manual for a list of SFP states.)
4. The federal program does not include Canada, and therefore endorsements relating to certified acts of terrorism are not relevant to acts of terrorism occurring in Canada. The federal program in general encompasses losses that occur within the United States, with State defined in the Act to include U.S. territories and possessions and the commonwealth of Puerto Rico. For commercial property insurance provided under the Commercial Property Coverage Part, the coverage territory as addressed in Commercial Property Conditions Form **CP 00 90** is the United States, its territories and possessions, Puerto Rico and Canada. The foregoing is for information only; this manual does not address policywriting outside the aforementioned coverage territory.

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QBE Specialty Insurance Terrorism Manual

EXCEPTION – DIVISION FIVE – FIRE AND ALLIED LINES INSURANCE SERVICES OFFICE

5. For Arizona only:

The following applies with respect to insurance on real property used predominantly for residential purposes and consisting of not more than four dwelling units:

When terrorism coverage is excluded using an exclusion endorsement listed in Paragraph 1. or 2., also attach Arizona – Amendment Of Terrorism Exclusion Or Sub-Limit (Commercial Residential Property) Endorsement **CP 09 01** to the policy. This endorsement covers fire following terrorism in compliance with a state statutory requirement.

6. For Washington only:

In the situation where a terrorism exclusion is endorsed to (or is otherwise part of) the policy, also attach Washington – Amendment Of Terrorism exclusions Endorsement **IL 09 83**. This endorsement brings the terrorism exclusion into compliance with state law on efficient proximate causation of loss.

B. The following Paragraph, B.1., instructs on the usage of a conditional terrorism endorsement for:

- Policies that become effective during the last program year of the federal program with a policy term that extends past the termination date of that program;
- Policies written to become effective after the scheduled termination date of the federal program, if the disposition of such program is uncertain at the time the policy is written.

This conditional endorsement is designed to be used in conjunction with (on the same policy as) the endorsements described above and can also be used in the absence of such endorsements. Refer to Paragraph C. of this rule for policies that become effective after the termination of the Terrorism Risk Insurance Program.

The following information is based on a scheduled termination date of December 31, 2014. 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.**

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QBE Specialty Insurance Terrorism Manual

EXCEPTION – DIVISION FIVE – FIRE AND ALLIED LINES INSURANCE SERVICES OFFICE

1. To exclude terrorism coverage, attach Conditional Exclusion Of Terrorism (Relating To Disposition Of Federal Terrorism Risk Insurance Act) Endorsement **IL 09 95**. (In Alaska, use Alaska – Conditional Exclusion of Terrorism (Relating To Disposition Of Federal Terrorism Risk Insurance Act) Endorsement **IL 00 35**. In Idaho, use Idaho – Conditional Exclusion Of Terrorism (Relating To Disposition Of Federal Terrorism Risk Insurance Act); Coverage For Certain Fire Losses Endorsement **IL 00 56**.)

Form IL 09 95 is not applicable in Florida, Georgia or New York.

C. The following Paragraph, C.1., instructs on the usage of a terrorism endorsement that may be attached to:

- **Policies that become effective on or after the date when the Terrorism Risk Insurance Program has terminated;**
 - **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 **IL 00 30**. (In Alaska, use Alaska - Exclusion of Terrorism Endorsement **IL 00 37**. In Idaho, use Idaho - Exclusion Of Terrorism; Coverage For Certain Fire Losses Endorsement **IL 00 53**).

Form IL 00 30 is not applicable in Florida, Georgia or New York.

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QBE Specialty Insurance Terrorism Manual

EXCEPTION – DIVISION FIVE – FIRE AND ALLIED LINES INSURANCE SERVICES OFFICE

RULE A#. TERRORISM PRICING – FEDERAL BACKSTOP

Reference to the Terrorism Supplement under the applicable Additional Rule in the ISO state exception pages is deleted in its' entirety and replaced by the following:

A. Certified Acts Of Terrorism Covered or Excluded

1. Premium Determination

To determine the premium for "Certified Acts of Terrorism" refer to the QBEIC Exception Pages or PIC/RIC Terrorism Pricing Supplement.

2. Prorating

a. When Terrorism Coverage Applies Subject To Conditional Exclusion

When a conditional exclusion is attached, the duration of coverage and the commensurate premium are not fully determined until the disposition of the federal Program is decided. When a conditional exclusion is used, prorate the additional terrorism premium based on the proportion of time that coverage will apply. Make no charge for the portion of time that coverage will be excluded. Example: Annual policy begins on 6/01/14; exclusion is anticipated to become effective on 1/01/15. The additional terrorism premium would be 59% of the premium applicable to the 2014 Program year (214/365 days).

If such a policy is rated prior to a Congressional decision on extension of the federal Program:

- (1)** Prorate as indicated above, based on the federal Program's anticipated termination date. If the federal Program is extended in such a manner that the conditional exclusion does not become applicable, and coverage continues to apply, recalculate the premium and charge additional terrorism premium unless such amount falls within the waiver of additional premium rule; or
- (2)** Calculate the terrorism premium for the entire policy term. If the federal Program terminates, recalculate the premium by prorating the terrorism premium and refund any excess premium. If the federal Program is extended in such a manner that the conditional exclusion does not become applicable, and coverage continues to apply, recalculate the premium and charge additional premium or refund excess premium, if applicable. The additional or return premium may be waived if such amount falls within the waiver of additional or return premium rule.

NOTE: Paragraph 2. above does not apply in Florida, Georgia or New York.

3. Disclosure Of Premium

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

Disclosure of premium attributable to coverage for certified acts of terrorism, and disclosure of federal participation in payment of potential terrorism losses and existence of the \$100 billion cap, is a condition for reimbursement under the federal program. Use Disclosure Pursuant To Terrorism Risk Insurance Act Endorsement **QBIL-0121**, which responds to the Treasury Guidance on line item disclosure.

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EXCEPTION – DIVISION FIVE – FIRE AND ALLIED LINES INSURANCE SERVICES OFFICE

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

(1) Use Disclosure Of Premium Through End Of Year For Certified Acts Of Terrorism Coverage (Pursuant To Terrorism Risk Insurance Act) Endorsement **QBIL-0186** for policies that begin in the last Program Year of the federal Program and extend into the following year, when a Conditional Exclusion is used and premium is being disclosed only for the period during which the federal Program is in effect. This is the situation described in Paragraph **A.2.a.(1)**. This endorsement recognizes the possibility of a mid-term additional premium charge.

Form QBIL-0186 is not applicable in Florida, Georgia or New York.

(2) Use Disclosure Of Premium And Estimated Premium For Certified Acts Of Terrorism Coverage (Pursuant To Terrorism Risk Insurance Act) Endorsement **QBIL-0171** for policies that begin in the last Program Year of the federal Program and extend into the following year, when premium is being disclosed for the period during which the federal Program is in effect and estimated premium is being disclosed for the remainder of the policy term. This situation is described in Paragraphs **A.2.a.(2)**. This endorsement recognizes the possibility of a mid-term additional premium charge or return of excess premium.

Form QBIL-0171 is not applicable in Florida, Georgia or New York.

QBE Specialty Insurance Terrorism Manual

EXCEPTION – DIVISION SIX – GENERAL LIABILITY INSURANCE SERVICES OFFICE

Division Six – General Liability

RULE 55. TERRORISM ENDORSEMENT OPTIONS – FEDERAL BACKSTOP

Reference to the Terrorism Supplement under Rule 55. is deleted in its' entirety and replaced by the following:

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 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. (In Alaska, use Alaska Exclusion of Other Acts of Terrorism Committed Outside the United States; Cap On Losses From Certified Acts of Terrorism Endorsement **CG 26 89**.)
 - c. 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**. (In Alaska, use Alaska Exclusion of Punitive Damages Related To A Certified Act Of Terrorism Endorsement **CG 26 93**. In Arkansas, use Arkansas Exclusion Of Punitive Damages Related To A Certified Act Of Terrorism Endorsement **CG 26 86**).
- Form CG 21 76 is not applicable in Florida, Georgia, Minnesota, New York or Ohio.**
2. When coverage for certified acts of terrorism is not to be provided, 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**. (In Alaska, use Alaska Exclusion Of Certified Acts Of Terrorism Endorsement **CG 26 88**.)

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- 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 **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, no dollar threshold applies. (In Alaska, use Alaska Exclusion Of Certified Acts Of Terrorism And Exclusion Of Other Acts Of Terrorism Committed Outside The United States Endorsement **CG 26 92**.)
- B. The following Paragraph, B.1., instructs on the usage of a conditional terrorism endorsement for:**
- **Policies that become effective during the last program year of the federal program, with a policy term that extends past the termination date of that program;**
 - **Policies written to become effective after the scheduled termination date of the federal program, if the disposition of such program is uncertain at the time the policy is written.**

This conditional endorsement is designed to be used in conjunction with (on the same policy as) the endorsements described above and can also be used in the absence of such endorsements. Refer to Paragraph C. of this rule for policies that become effective after the termination of the Terrorism Risk Insurance Program.

The following information is based on a scheduled termination date of December 31, 2014. 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**. (In Alaska, use Alaska Conditional Exclusion Of Terrorism (Relating To Disposition Of Federal Terrorism Risk Insurance Act) Endorsement **CG 32 14**. In Washington, use Washington Conditional Exclusion Of Terrorism (Relating To Disposition Of Federal Terrorism Risk Insurance Act) Endorsement **CG 32 20**).

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When conditional exclusion Endorsement **CG 21 87** 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.

Forms **CG 21 87/CG 21 93** are not applicable in Florida, Georgia or New York. Form **CG 21 93** is not applicable in Texas.

C. The following Paragraph, C.1., instructs on the usage of a terrorism endorsement 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**. (In Alaska, use Alaska Exclusion Of Terrorism Endorsement **CG 32 16**. In Washington, use Washington Exclusion Of Terrorism Endorsement **CG 32 22**).

Form **CG 21 90** is not applicable in Florida, Georgia or New York.

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EXCEPTION – DIVISION SIX – GENERAL LIABILITY INSURANCE SERVICES OFFICE

RULE A#. TERRORISM PREMIUM DETERMINATION

Reference to the Terrorism Supplement under the applicable Additional Rule in the ISO state exception pages is deleted in its' entirety and replaced by the following:

A. Certified Acts of Terrorism

1. Premium Determination

To determine the premium for "Certified Acts of Terrorism" refer to the QBEIC Exception Pages or PIC / RIC Terrorism Pricing Supplement.

2. Prorating

a. When Terrorism Coverage Applies Subject To Conditional Exclusion

When a conditional exclusion is attached, the duration of coverage and the commensurate premium are not fully determined until the disposition of the federal Program is decided. When a conditional exclusion is used, pro rate the additional terrorism premium based on the proportion of time that coverage will apply. Make no charge for the portion of time that coverage will be excluded. Example: Annual policy begins on 6/01/14; exclusion is anticipated to become effective on 1/01/15. The additional terrorism premium would be 59% of the premium applicable to the 2014 Program year (214/365 days).

If such a policy is rated prior to a Congressional decision on extension of the federal Program, the insurer may:

- (1) Pro rate as indicated above, based on the federal Program's anticipated termination date. If the federal Program is extended in such a manner that the conditional exclusion does not become applicable, and coverage continues to apply, recalculate the premium and charge additional terrorism premium unless such amount falls within the waiver of additional premium rule; or
- (2) Calculate the terrorism premium for the entire policy term. If the federal Program terminates, recalculate the premium by prorating the terrorism premium and refund any excess premium. If the federal Program is extended in such a manner that the conditional exclusion does not become applicable, and coverage continues to apply, recalculate the premium and charge additional premium or refund excess premium, if applicable. The additional or return premium may be waived if such amount falls within the waiver of additional or return premium rule.

NOTE: Paragraph 2. above does not apply in Florida, Georgia or New York.

3. Disclosure Of Premium

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

Disclosure of premium attributable to coverage for certified acts of terrorism, and disclosure of federal participation in payment of potential terrorism losses and existence of the \$100 billion cap, is a condition for reimbursement under the federal program. Use Disclosure Pursuant To Terrorism Risk Insurance Act Endorsement **QBIL-0121**, which responds to the Treasury Guidance on line item disclosure.

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EXCEPTION – DIVISION SIX – GENERAL LIABILITY INSURANCE SERVICES OFFICE

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

- (1) Use Disclosure Of Premium Through End Of Year For Certified Acts Of Terrorism Coverage (Pursuant To Terrorism Risk Insurance Act) Endorsement **QBIL-0186** for policies that begin in the last Program Year of the federal Program and extend into the following year, when a Conditional Exclusion is used and premium is being disclosed only for the period during which the federal Program is in effect This is the situation described in Paragraph **A.2.a.(1)** This endorsement recognizes the possibility of a mid-term additional premium charge.

Form QBIL-0186 does not apply in Florida, Georgia or New York.

- (2) Use Disclosure Of Premium And Estimated Premium For Certified Acts Of Terrorism Coverage (Pursuant To Terrorism Risk Insurance Act) Endorsement **QBIL-0171** for policies that begin in the last Program Year of the federal Program and extend into the following year, when premium is being disclosed for the period during which the federal Program is in effect and estimated premium is being disclosed for the remainder of the policy term. This situation is described in Paragraph **A.2.a.(2)**. This endorsement recognizes the possibility of a mid-term additional premium charge or return of excess premium.

Form QBIL-0171 does not apply in Florida, Georgia or New York.

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EXCEPTION – DIVISION EIGHT – COMMERCIAL INLAND MARINE INSURANCE SERVICES OFFICE

Division Eight – Commercial Inland Marine

RULE A#.TERRORISM OPTIONS – FEDERAL BACKSTOP

Reference to the Terrorism Supplement under the applicable Additional Rule in the ISO state exception pages is deleted in its' entirety and replaced by the following:

A. The following Paragraphs in this section, A., 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 provided, use Cap On Losses From Certified Acts Of Terrorism Endorsement **IL 09 52**. Coverage for certified acts of terrorism is subject to the statutory cap on liability for losses and subject to the nuclear hazard exclusion and all other underlying policy exclusions. Coverage for acts of terrorism that are not certified (for example, acts which do not exceed the dollar threshold for federal certification or acts which occur outside the jurisdictional boundary of the federal program) is not subject to the statutory cap.
2. When coverage for certified acts of terrorism is not provided, attach Exclusion Of Certified Acts Of Terrorism Endorsement **IL 09 53**. The exclusion does not extend to acts of terrorism that are not certified (for example, acts which do not exceed the dollar threshold for federal certification or acts which occur outside the jurisdictional boundary of the federal program). (In Alaska, use Alaska – Exclusion of Certified Acts of Terrorism Endorsement **IL 09 78**).
3. The exclusion addressed in Paragraph 2. does not extend to fire following an act of terrorism, with respect to states which have a Standard Fire Policy (SFP) statute or similar statute prohibiting such exclusion or limitation for certain property lines of business. Under Endorsements **QBIL-0121**, **QBIL-0171** and **QBIL-0186**, use the Schedule to indicate applicability of the Exception Covering Certain Fire Losses.

(Refer to the "Overview of SFP Laws by State" chart within this manual for a list of SFP states.)

4. The federal program in general encompasses losses that occur within the United States, with State defined in the Act to include U.S. territories and possessions and the commonwealth of Puerto Rico. For insurance provided under the Commercial Inland Marine Coverage Part, the coverage territory as addressed in Commercial Inland Marine Coverage Forms extends to places, such as Canada, that are not included in the federal program, and, therefore, endorsements relating to certified acts of terrorism are not relevant to acts of terrorism occurring in such places. The foregoing is for information only; this manual does not address policywriting outside the aforementioned coverage territory.
5. **For Washington only:**

In the situation where a terrorism exclusion is endorsed to (or is otherwise part of) the policy, also attach Washington – Amendment Of Terrorism Exclusions Endorsement **IL 09 83**. This endorsement brings the terrorism exclusion into compliance with state law on efficient proximate causation of loss.

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EXCEPTION – DIVISION EIGHT – COMMERCIAL INLAND MARINE INSURANCE SERVICES OFFICE

B. The following Paragraph, B.1., instructs on the usage of a conditional terrorism endorsement for:

- Policies that become effective during the last program year of the federal program with a policy term that extends past the termination date of that program;
- Policies written to become effective after the scheduled termination date of the federal program, if the disposition of such program is uncertain at the time the policy is written.

This conditional endorsement is designed to be used in conjunction with (on the same policy as) the endorsements described above and can also be used in the absence of such endorsements. Refer to Paragraph C. of this rule for policies that become effective after the termination of the Terrorism Risk Insurance Program.

The following information is based on a scheduled termination date of December 31, 2014. 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 **IL 09 95**. (In Alaska, use Alaska – Conditional Exclusion of Terrorism (Relating To Disposition Of Federal Terrorism Risk Insurance Act) Endorsement **IL 00 35**. In Idaho, use Idaho - Conditional Exclusion Of Terrorism (Relating To Disposition Of Federal Terrorism Risk Insurance Act); Coverage For Certain Fire Losses Endorsement **IL 00 56**).

Form IL 09 95 is not applicable in Florida, Georgia and New York.

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EXCEPTION – DIVISION EIGHT – COMMERCIAL INLAND MARINE INSURANCE SERVICES OFFICE

C. The following Paragraph, C.1. instructs on the usage of a terrorism endorsement that may be attached to:

- Policies that become effective on or after the date when the Terrorism Risk Insurance Program has terminated;
 - 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 **IL 00 30**. (In Alaska, use Alaska – Exclusion of Terrorism Endorsement **IL 00 37**. In Idaho, use Idaho - Exclusion Of Terrorism; Coverage For Certain Fire Losses Endorsement **IL 00 53**).

Form IL 00 30 is not applicable in Florida, Georgia or New York.

D. Premium Determination

To determine the premium for “Certified Acts of Terrorism” refer to the PIC / RIC Terrorism Pricing Supplement. No premium charge applies for QBEIC.

E. Disclosure of Premium

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

Disclosure of premium attributable to coverage for certified acts of terrorism, and disclosure of federal participation in payment of potential terrorism losses and existence of the \$100 billion cap, is a condition for reimbursement under the federal program. Use Disclosure Pursuant To Terrorism Risk Insurance Act Endorsement **QBIL-0121**, which responds to the Treasury Guidance on line item disclosure.

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

- a. Use Disclosure Of Premium Through End Of Year For Certified Acts Of Terrorism Coverage (Pursuant To Terrorism Risk Insurance Act) Endorsement **QBIL-0186** in the situation where a conditional exclusion endorsement is attached to the policy and premium is initially determined only through the last Program Year of the federal Program because rating is done prior to a federal decision on termination or extension of the federal Program. The Schedule of this disclosure endorsement identifies the premium as relating to coverage through the last Program Year. Paragraph **C.** of this endorsement explains the determination of premium and the circumstances surrounding such determination, and advises that additional premium may be charged if coverage continues past the last Program Year.

Form QBIL-0186 is not applicable in Florida, Georgia or New York.

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EXCEPTION – DIVISION EIGHT – COMMERCIAL INLAND MARINE INSURANCE SERVICES OFFICE

- b. Use Disclosure Of Premium And Estimated Premium For Certified Acts Of Terrorism Coverage (Pursuant To Terrorism Risk Insurance Act) Endorsement **QBIL-0171** when a full-term premium is being disclosed, and is relevant whether or not a conditional exclusion endorsement is attached to the policy. The Schedule of this disclosure endorsement identifies two components of the premium, that is, an amount representing coverage through the last Program Year of the federal Program and an estimated amount of premium for coverage that will be provided or may be provided beyond the last Program Year. Paragraph **C.** of this endorsement explains the determination of premium and the circumstances surrounding such determination, and advises that additional or return premium may later be indicated depending on disposition of the backstop and continuation or termination of coverage after the last Program Year.

Form QBIL-0171 is not applicable in Florida, Georgia or New York.

QBE Specialty Insurance Terrorism Manual

EXCEPTION – DIVISION NINE – MULTIPLE LINES BUSINESSOWNERS SUBDIVISION INSURANCE SERVICES OFFICE

Division Nine – Multiple Lines Businessowners Subdivision

RULE A#. TERRORISM

Reference to the Terrorism Supplement under the applicable Additional Rule in the ISO state exception pages is deleted in its' entirety and replaced by the following:

A. Coverage Options

1. The following Paragraph in this section, A.1., instructs 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.

- a. When coverage for certified acts of terrorism is provided, use Cap On Losses From Certified Acts Of Terrorism Endorsement **BP 05 23**. Coverage for certified acts of terrorism is subject to the statutory cap on liability for losses and subject to the nuclear hazard exclusion and all other underlying policy exclusions. Coverage for acts of terrorism that are not certified (for example, acts which do not exceed the dollar threshold for federal certification or acts which occur outside the jurisdictional boundary of the federal program) is not subject to the statutory cap.

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 **BP 05 42**. (In Alaska, use Alaska – Exclusion Of Punitive Damages Related To A Certified Act Of Terrorism Endorsement **BP 05 62**. In Arkansas, use Arkansas Exclusion Of Punitive Damages Related To A Certified Act Of Terrorism Endorsement **BP 05 43**.)

Form BP 05 42 is not applicable in Florida, Georgia, Minnesota, New York or Ohio.

- b. When coverage for certified acts of terrorism is not provided, to exclude coverage for certified acts of terrorism use Exclusion Of Certified Acts Of Terrorism Endorsement **BP 05 24**. The exclusion does not extend to acts of terrorism that are not certified (for example, acts which do not exceed the dollar threshold for federal certification or acts which occur outside the jurisdictional boundary of the federal program). (In Alaska, use Alaska - Exclusion Of Certified Acts Of Terrorism Endorsement **BP 05 53**.)
- c. To also exclude punitive damages arising out of a certified act of terrorism when endorsement **BP 05 24** is attached to a policy, use Exclusion Of Punitive Damages Related To A Certified Act Of Terrorism Endorsement **BP 05 42**. (In Alaska, use Alaska – Exclusion Of Punitive Damages Related To A Certified Act Of Terrorism Endorsement **BP 05 62**. In Arkansas, use Arkansas Exclusion Of Punitive Damages Related To A Certified Act Of Terrorism Endorsement **BP 05 43**.)

Form BP 05 42 is not applicable in Florida, Georgia, Minnesota, New York or Ohio.

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EXCEPTION – DIVISION NINE – MULTIPLE LINES BUSINESSOWNERS SUBDIVISION INSURANCE SERVICES OFFICE

- d. The exclusion addressed in Paragraph **b.** does not extend to fire following an act of terrorism, with respect to states that have a Standard Fire Policy (SFP) statute or similar statute prohibiting such exclusion or limitation. Use the Schedule under Endorsement **QBBP-0122**, **QBBP-0136** or **QBBP-0131** to indicate applicability of the Exception Covering Certain Fire Losses.

(Refer to the "Overview of SFP Laws by State" chart within this manual for a list of SFP states.)

- e. The federal program does not include Canada, and therefore endorsements relating to certified acts of terrorism are not relevant to acts of terrorism occurring in Canada. The federal program in general encompasses losses that occur within the United States, with State defined in the Act to include U.S. territories and possessions and the commonwealth of Puerto Rico. The coverage territory as addressed in Businessowners Coverage Form **BP 00 03** is the United States, its territories and possessions, Puerto Rico and Canada. The foregoing is for information only; this manual does not address policywriting outside the aforementioned coverage territory

B. The following Paragraph, B.1., instructs 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.**

This endorsement is designed to be used in conjunction with (on the same policy as) the endorsement described above and can also be used in the absence of such endorsement. Refer to Paragraph 3. 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, 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 (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.**

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EXCEPTION – DIVISION NINE – MULTIPLE LINES BUSINESSOWNERS SUBDIVISION INSURANCE SERVICES OFFICE

1. To exclude terrorism coverage upon the termination of the Federal Terrorism Risk Insurance Program, attach Conditional Exclusion Of Terrorism (Relating To Disposition Of Federal Terrorism Risk Insurance Act) Endorsement **BP 05 64**. (In Alaska, use Alaska – Conditional Exclusion Of Terrorism (Relating To Disposition Of Federal Terrorism Risk Insurance Act) Endorsement **BP 06 50**. In Idaho, use Idaho – Conditional Exclusion Of Terrorism (Relating To Disposition Of Federal Terrorism Risk Insurance Act); Coverage For Certain Fire Losses Endorsement **BP 06 33**.)

Form BP 05 64 is not applicable in Florida, Georgia or New York.

C. The following Paragraph, C.1., instructs on the usage of a terrorism endorsement that may be attached to:

- Policies that become effective on or after the date when the Terrorism Risk Insurance Program has terminated;
 - 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 **BP 05 67**. (In Alaska, use Alaska – Exclusion Of Terrorism Endorsement **BP 06 52**. In Idaho, use Idaho – Exclusion Of Terrorism; Coverage For Certain Fire Losses Endorsement **BP 06 36**).

Form BP 05 67 is not applicable in Florida, Georgia or New York.

D. Pricing

1. Premium determination

To determine the premium for “Certified Acts of Terrorism” refer to the QBEIC Exception Pages or PIC / RIC Terrorism Pricing Supplement.

2. Prorating

a. When Terrorism Coverage Applies Subject To Conditional Exclusion

When a conditional exclusion is attached, the duration of coverage and the commensurate premium are not fully determined until the disposition of the Federal Program is decided. When a conditional exclusion is used, pro rate the applicable Program Year rate based on the proportion of time that coverage will apply. Make no charge for the portion of time that coverage will be excluded. Example: Annual policy begins on 6/01/14; exclusion is anticipated to become effective on 1/01/15. The rate would be 59% (214/365 days) of the rate applicable to the 2014 Program Year.

If such a policy is rated prior to a Congressional decision on extension of the federal Program, the insurer may:

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EXCEPTION – DIVISION NINE – MULTIPLE LINES BUSINESSOWNERS SUBDIVISION INSURANCE SERVICES OFFICE

- (1) Pro rate as indicated above, based on the federal Program's anticipated termination date. If the federal Program is extended in such a manner that the conditional exclusion does not become applicable, and coverage continues to apply, recalculate the premium and charge additional terrorism premium unless such amount falls within the waiver of additional premium, if any, on file for the insurer in this state; or
- (2) Calculate the terrorism premium for the entire policy term. If the federal Program terminates, recalculate the premium by prorating the terrorism premium and refund any excess premium. If the federal Program is extended in such a manner that the conditional exclusion does not become applicable, and coverage continues to apply, recalculate the premium and charge additional premium or refund excess premium, if applicable. The additional or return premium may be waived if such amount falls within the waiver of additional or return premium, if any, on file for the insurer in this state.

Note: Paragraph a. above does not apply in Florida, Georgia or New York.

b. Disclosure Of Premium

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

Disclosure of premium attributable to coverage for certified acts of terrorism, and disclosure of federal participation in payment of potential terrorism losses and existence of the \$100 billion cap, is a condition for reimbursement under the federal Program. Use Disclosure Pursuant To Terrorism Risk Insurance Act Endorsement **QBBP-0122**, which responds to the Treasury Guidance on line item disclosure.

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

(a) Use Disclosure Of Premium (Through End Of Year) For Certified Acts Of Terrorism Coverage (Pursuant To Terrorism Risk Insurance Act) Endorsement **QBBP-0136** for policies that begin in the last Program Year of the federal Program and extend into the following year, when a conditional exclusion is used and premium is being disclosed only for the period during which the federal Program is in effect. This is the situation described in Paragraph **D.2.a.(1)**. This endorsement recognizes the possibility of a mid-term additional premium charge.

Form QBBP-0136 is not applicable in Florida, Georgia or New York.

(b) Use Disclosure Of Premium And Estimated Premium For Certified Acts Of Terrorism Coverage (Pursuant To Terrorism Risk Insurance Act) Endorsement **QBBP-0131** for policies that begin in the last Program Year of the federal Program and extend into the following year, when premium is being disclosed for the period during which the federal Program is in effect and estimated premium is being disclosed for the remainder of the policy term. This situation is described in Paragraphs **D.2.a.(2)**. This endorsement recognizes the possibility of a mid-term additional premium charge or return of excess premium.

Form QBBP-0131 is not applicable in Florida, Georgia or New York.

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EXCEPTION – DIVISION THIRTEEN – COMMERCIAL LIABILITY UMBRELLA INSURANCE SERVICES OFFICE

Division Thirteen – Commercial Liability Umbrella

32. TERRORISM ENDORSEMENT OPTIONS – FEDERAL BACKSTOP

Reference to the Terrorism Supplement under Rule 32. is hereby deleted in its' entirety and replaced by the following:

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. (In Alaska, use Alaska Exclusion Of Other Acts of Terrorism Committed Outside The United States; Cap On Losses From Certified Acts Of Terrorism.)
 - c. 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**. (In Alaska, use Alaska Exclusion Of Punitive Damages Related To A Certified Act Of Terrorism Endorsement **CU 01 67**. In Arkansas, use Arkansas Exclusion Of Punitive Damages Related To A Certified Act Of Terrorism Endorsement **CU 01 61**).
- Form CU 21 36 is not applicable in Florida, Georgia, Minnesota, New York and Ohio.
2. When coverage for certified acts of terrorism is not to be provided,
 - 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**. (In Alaska, use Alaska Exclusion Of Certified Acts Of Terrorism Endorsement **CU 01 62**.)

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- 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 **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, no dollar threshold applies. (In Alaska, use Alaska Exclusion of Certified Acts Of Terrorism And Exclusion Of Other Acts Of Terrorism Committed Outside The United States Endorsement **CU 01 66**.)
- 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 Paragraph, B.1., instructs on the usage of terrorism endorsement(s) with respect to the treatment of covered autos, that should 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 – Covered Autos Endorsement **CU 21 55** (In Alaska, use Alaska Amended Terrorism Coverage – Covered Autos Endorsement **CU 21 60**. In Arkansas, use Arkansas Amended Terrorism Coverage – Covered Autos Endorsement **CU 21 65**).

Form CU 21 55 is not applicable in Florida, Georgia, New York, Texas and Virginia.

- C. The following Paragraph, C.1., instructs on the usage of a conditional terrorism endorsement for:**

- **Policies that become effective during the last program year of the federal program, with a policy term that extends past the termination date of that program;**
- **Policies written to become effective after the scheduled termination date of the federal program, if the disposition of such program is uncertain at the time the policy is written.**

This conditional endorsement is designed to be used in conjunction with (on the same policy as) the endorsements described above and can also be used in the absence of such endorsements. Refer to Paragraph C. of this rule for policies that become effective after the termination of the Terrorism Risk Insurance Program.

The following information is based on a scheduled termination date of December 31, 2014. 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).

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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**. (In Alaska, use Alaska Conditional Exclusion Of Terrorism (Relating To Disposition Of Federal Terrorism Risk Insurance Act) Endorsement **CU 01 82**. In Washington, use Washington Conditional Exclusion Of Terrorism (Relating To Disposition Of Federal Terrorism Risk Insurance Act) Endorsement **CU 01 86**).

When Conditional Exclusion Endorsement **CU 21 44 / CU 01 82 / CU 01 86** 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.

Forms CU 21 44 /CU 21 48 are not applicable in Florida, Georgia and New York. Form CU 21 48 is not applicable in Texas.

D. The following Paragraph, D.1., instructs on the usage of a terrorism endorsement 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**. (In Alaska, use Alaska Exclusion Of Terrorism Endorsement **CU 01 84**. In Washington, use Washington Exclusion Of Terrorism Endorsement **CU 01 88**).

Form CU 21 46 is not applicable in Florida, Georgia and New York.

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41. TERRORISM PREMIUM DETERMINATION

Reference to the Terrorism Supplement under Rule 41. is hereby deleted in its' entirety and replaced by the following:

A. Certified Acts of Terrorism

1. Premium Determination

To determine the premium for "Certified Acts of Terrorism" refer to the QBEIC Exception Pages or PIC/RIC Terrorism Pricing Supplement.

2. Prorating

a. When Terrorism Coverage Applies Subject To Conditional Exclusion

When a conditional exclusion is attached, the duration of coverage and the commensurate premium are not fully determined until the disposition of the federal Program is decided. When a conditional exclusion is used, pro rate the additional terrorism premium based on the proportion of time that coverage will apply. Make no charge for the portion of time that coverage will be excluded. Example: Annual policy begins on 6/01/14; exclusion is anticipated to become effective on 1/01/15. The additional terrorism premium would be 59% of the premium applicable to the 2014 Program year (214/365 days).

If such a policy is rated prior to a Congressional decision on extension of the federal Program:

- (1) Pro rate as indicated above, based on the federal Program's anticipated termination date. If the federal Program is extended in such a manner that the conditional exclusion does not become applicable, and coverage continues to apply, recalculate the premium and charge additional terrorism premium unless such amount falls within the waiver of additional premium rule; or
- (2) Calculate the terrorism premium for the entire policy term. If the federal Program terminates, recalculate the premium by prorating the terrorism premium and refund any excess premium. If the federal Program is extended in such a manner that the conditional exclusion does not become applicable, and coverage continues to apply, recalculate the premium and charge additional premium or refund excess premium, if applicable. The additional or return premium may be waived if such amount falls within the waiver of additional or return premium rule.

NOTE: Paragraph 2. above does not apply in Florida, Georgia or New York.

3. Disclosure Of Premium

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

Disclosure of premium attributable to coverage for certified acts of terrorism, and disclosure of federal participation in payment of potential terrorism losses and existence of the \$100 billion cap, is a condition for reimbursement under the federal program. Use Disclosure Pursuant To Terrorism Risk Insurance Act Endorsement **QBIL-0121**, which responds to the Treasury Guidance on line item disclosure.

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

- (1) Use Disclosure Of Premium Through End Of Year For Certified Acts Of Terrorism Coverage (Pursuant To Terrorism Risk Insurance Act) Endorsement **QBIL-0186** for policies that begin in the last Program Year of the federal Program and extend into the following year , when a Conditional Exclusion is used and premium is being disclosed only for the period during which the federal Program is in effect . This is the situation described in Paragraph **A.2.b.(1)** This endorsement recognizes the possibility of a mid-term additional premium charge.

Form QBIL-0186 does not apply in Florida, Georgia or New York.

- (2) Use Disclosure Of Premium And Estimated Premium For Certified Acts Of Terrorism Coverage (Pursuant To Terrorism Risk Insurance Act) Endorsement **QBIL-0171** for policies that begin in the last Program Year of the federal Program and extend into the following year , when premium is being disclosed for the period during which the federal Program is in effect and estimated premium is being disclosed for the remainder of the policy term. This situation is described in Paragraph **A.2.a.(1)**, **A.2.a.(2)**, and **A2.b.(2)**. This endorsement recognizes the possibility of a mid-term additional premium charge or return of excess premium.

Form QBIL-0171 does not apply in Florida, Georgia or New York.

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AAIS Non-Filed Inland Marine

The Terrorism Supplements to the Inland Marine Guide (Non-Standard Fire Policy or IM Exempt Version and Standard Fire Policy Version) are deleted and replaced by the following:

A. Coverage Options

- 1. The following rules instruct on the use 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.**

a. Coverage For Certified Terrorism Loss Capped

When the insured accepts the offer of coverage for loss resulting from certified acts of terrorism, coverage for such loss can be capped at \$100 billion annually, which is the maximum annual aggregate limit of liability set forth by TRIPRA.

Attach endorsement Certified Terrorism Loss **CL 0600**.

b. Coverage For Certified Terrorism Loss Excluded

Coverage for loss resulting from certified acts of terrorism can be excluded when the insured rejects the offer of coverage for such loss. However, with respect to policies providing property coverage for loss by fire, the requirements of the Standard Fire Policy (if applicable) do not permit policyholders to reject coverage for certified terrorism loss resulting from fire.

Attach endorsement Certified Act of Terrorism Exclusion **CL 0610 01 08** for Non-SFP states and Certified Act Of Terrorism Exclusion (With Limited Exception) **CL 0620 01 08** for SFP states. Form **CL 0620** reflects the exception to fire following as noted above. (In Alaska, use Certified Act of Terrorism Exclusion **CL 0610 02 08**. In Washington, use Certified Act Of Terrorism Exclusion **CL 0610 03 08**).

(Refer to the "Overview of SFP Laws by State" Chart within this manual for a list of SFP states.)

B. Conditional Exclusion For Policies That Will Be In Effect Beyond Scheduled Expiration of TRIP

This rule sets forth additional options for policies that are in effect during the time that federal compensation for losses arising out of certain acts of terrorism is available under the Program and that will continue to be in effect beyond the scheduled expiration date of the Program. (The Program is scheduled to expire at midnight on December 31, 2014 unless extended.)

The endorsements described under this rule also apply to policies that will take effect on or after the date that the Program is scheduled to cease if the status of the Program is unknown at the time of policy issue.

Upon expiration of the Program, federal compensation for certified terrorism loss will no longer be available. For those policies that are written prior to the Program's expiration date and that remain in effect after its expiration date, this unavailability of federal compensation will occur mid-term.

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The Inland Marine Guide policy can be endorsed to include a conditional terrorism exclusion that applies to terrorism loss in the event of:

- the expiration of the Program, either in its entirety or with respect to the type of insurance being provided; or
- a renewal, extension, or replacement of the Program without a requirement that terrorism coverage be made available and with changes that redefine terrorism, increase the company's financial exposure under the Program, or impose requirements on insurance coverage for terrorism that differ from the terms that otherwise govern coverage.

The exclusion added by the conditional terrorism exclusion endorsement does not become effective unless one or more of the conditions described above occurs. However, if either of the above occurs prior to the effective date of a policy, the terrorism exclusion set forth by this endorsement will apply as of the effective date of that policy period.

If the exclusion added by the conditional terrorism exclusion endorsement becomes effective, it supersedes any other endorsements addressing certified terrorism loss that otherwise might apply.

In SFP states, however, the terrorism exclusions that are filed under programs providing property coverage for loss by fire make an exception for loss or damage caused by fire resulting from a terrorist act. The exception applies only to direct loss or damage by fire to covered property and does not apply to other loss, such as business interruption loss.

Attach the endorsement shown below when coverage is to be subject to a conditional terrorism exclusion.

Program	NBC and Other Conditional Terrorism Excluded - NSFP	NBC and Other Conditional Terrorism Excluded - SFP
Inland Marine Guide (except Yacht)	CL 1630	CL 1640

Forms CL 1630 and CL 1640 are not applicable in Florida, Georgia and New York.

C. Policies That Take Effect On Or After The Expiration Date Of Trip Or The Date Trip Is Extended With Changes; Coverage For Terrorism Loss Excluded

This rule provides options for policies that take effect on or after the date that:

- the Program ceases to be in effect; or
- an extension of the Program takes effect, but only if the Program is extended without a requirement that coverage for certified terrorism loss be made available and with changes that redefine terrorism, increase the company's financial exposure under the Program, or impose requirements on insurance coverage for terrorism that differ from the terms that otherwise govern coverage.

The Inland Marine Guide policy can be endorsed to exclude coverage for terrorism loss.

In SFP states, however, the terrorism exclusions that are filed under programs providing property coverage for loss by fire make an exception for loss or damage caused by fire resulting from a terrorist act. The exception applies only to direct loss or damage by fire to covered property and does not apply to other loss, such as business interruption loss.

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Attach the endorsement shown below when coverage for terrorism loss is to be excluded.

Program	NBC and other Terrorism Loss Excluded – Non-SFP	NBC and other Terrorism Loss Excluded – SFP
Inland Marine Guide (except Yacht)	CL 2630	CL 2640

Forms CL 2630 and CL 2640 are not applicable in Florida, Georgia and New York.

D. Premium Determination

To determine the premium for “Certified Acts of Terrorism” refer to the PIC / RIC Terrorism Pricing Supplement. No premium charge applies for QBEIC.

E. Disclosure of Premium

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

Disclosure of premium attributable to coverage for certified acts of terrorism, and disclosure of federal participation in payment of potential terrorism losses and existence of the \$100 billion cap, is a condition for reimbursement under the federal program. Use Disclosure Pursuant To Terrorism Risk Insurance Act Endorsement **QBIL-0121**, which responds to the Treasury Guidance on line item disclosure.

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

a. Use Disclosure Of Premium Through End Of Year For Certified Acts Of Terrorism Coverage (Pursuant To Terrorism Risk Insurance Act) Endorsement **QBIL-0186** in the situation where a conditional exclusion endorsement is attached to the policy and premium is initially determined only through the last Program Year of the federal Program because rating is done prior to a federal decision on termination or extension of the federal Program. The Schedule of this disclosure endorsement identifies the premium as relating to coverage through the last Program Year. Paragraph **C.** of this endorsement explains the determination of premium and the circumstances surrounding such determination, and advises that additional premium may be charged if coverage continues past the last Program Year.

Form QBIL-0186 is not applicable in Florida, Georgia or New York.

b. Use Disclosure Of Premium And Estimated Premium For Certified Acts Of Terrorism Coverage (Pursuant To Terrorism Risk Insurance Act) Endorsement **QBIL-0171** when a full-term premium is being disclosed, and is relevant whether or not a conditional exclusion endorsement is attached to the policy. The Schedule of this disclosure endorsement identifies two components of the premium, that is, an amount representing coverage through the last Program Year of the federal Program and an estimated amount of premium for coverage that will be provided or may be provided beyond the last Program Year. Paragraph **C.** of this endorsement explains the determination of premium and the circumstances surrounding such determination, and advises that additional or return premium may later be indicated depending on disposition of the backstop and continuation or termination of coverage after the last Program Year.

Form QBIL-0171 is not applicable in Florida, Georgia or New York.

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Supplemental Information

Overview Of SFP Laws By State

SFP States without exception for Inland Marine

In these states, coverage is required for fire following terrorism:

CA, ME, MO, OR, VI, WI

SFP States with exception for Inland Marine

In these states, coverage is required for fire following terrorism:

CT*, GA, HI, IA, IL, MA, NC, NJ**, NY, RI, VA*, WA, WV

* The SFP statutes in CT and VA enable an exclusion for fire following a certified act of terrorism

** The SFP statute in NJ enables an exclusion for fire following a certified act of terrorism for policies with minimum annual premiums in excess of \$10,000.

Non-SFP States

AK, AL, AR, AZ*, CO, DC, DE, FL, GU, ID, IN, KS, KY, LA, MD, MI, MN, MS, MT, ND, NE, NH, NM, NV, OH, OK, PA, PR, SC, SD, TN, TX, UT, VT, WY

* In AZ, coverage for fire following is required for residential risks.

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Offers of Terrorism Coverage

QBE has two different approaches to providing the named insured with the required offer of coverage. The first approach provides the insured with the option to “reject” coverage. The second approach provides the insured with the option to “select/reject” coverage.

Offers With The Option To Reject Coverage

- **QBGS-154 (01-08)** Notice – Offer of Terrorism Insurance Coverage
(For use in states without a standard fire policy statute)
- **QBGS-159 (01-08)** Notice – Offer of Terrorism Insurance Coverage
(For use in states with a standard fire policy statute)

When utilizing one of the above offers, if you fail to receive a signed rejection notice from the insured by the noted date (at least 35 days from the day of mailing), the policy should be written to **include** coverage for Certified Acts of Terrorism. **An exclusion of Certified Acts of Terrorism should not be attached to the policy unless you receive a signed rejection form or the insured fails to pay the terrorism premium.**

Offers With The Option to Accept / Reject Coverage

- **QBGS-157 (01-08)** Notice – Offer of Terrorism Insurance Coverage
(For use in states without a standard fire policy statute)
- **QBCG-158 (01-08)** Notice – Offer of Terrorism Insurance Coverage
(For use in states with a standard fire policy statute)

When utilizing one of the above offers, no policy should be issued or renewed unless a signed offer has been obtained indicating the insured’s acceptance / rejection of terrorism coverage.

The variable text fields on the offer must be completed including the terrorism premium, date due (if applicable), insurance company and policy / quote number.

For a policy containing multiple states, if any of the states are a standard fire policy state, use the appropriate SFP notice.

Only one disclosure should be sent for an account. All policy / quote numbers within the account should be shown on the disclosure. Coverage for Certified Acts will be provided on an account basis only. Insureds will not be permitted to accept coverage for one line of business and reject for another line.

A copy of the offer of coverage must be maintained in the Underwriting file.

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Overview of QBE's Policyholder Disclosures

Disclosure of premium attributable to coverage for certified acts of terrorism, and disclosure of federal participation in payment of potential terrorism losses and existence of the \$100 billion cap, is a condition for reimbursement under the federal program. QBE's policyholder disclosures are shown below. For rules on attachment, refer to the appropriate division within this manual. These forms have been filed with the state departments of insurance where required and should be shown under list of forms attached to the policy.

For Admitted Programs (All lines of business other than Businessowners)
QBIL-0121 (01-08) Disclosure Pursuant To Terrorism Risk Insurance Act
QBIL-0171 (01-07) Disclosure of Premium And Estimated Premium For Certified Acts Of Terrorism Coverage (Pursuant To Terrorism Risk Insurance Act)
QBIL-0186 (01-07) Disclosure of Premium Through End of Year For Certified Acts of Terrorism Coverage (Pursuant to Terrorism Risk Insurance Act)

For Admitted Programs (Businessowners)
QBBP-0122 (01-08) Disclosure Pursuant to Terrorism Risk Insurance Act
QBBP-0131 (01-07) Disclosure of Premium And Estimated Premium For Certified Acts Of Terrorism Coverage (Pursuant To Terrorism Risk Insurance Act)
QBBP-0136 (01-07) Disclosure of Premium Through End of Year For Certified Acts of Terrorism Coverage (Pursuant to Terrorism Risk Insurance Act)

Note regarding completion of Disclosure:

One of the conditions for reimbursement under the federal program is disclosure of premium to the insured. When a terrorism exclusion is attached in a standard fire policy state, the exclusion does not extend to fire following an act of terrorism. The checkbox showing "This policy excludes coverage for Certified Acts of Terrorism" should still be checked, however the fire following premium needs to be disclosed to the policyholder. Show the appropriate charge for fire following of Commercial Property and/or Commercial Inland Marine. If no charge applies for fire following, show the premium as \$0.

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QBE's Policyholder Notices

To provide the policyholder with information about the broadenings and restrictions in coverage due to the Terrorism Risk Reauthorization Act, include Policyholder Notices as indicated below.

Commercial Property, Commercial Inland Marine and Commercial Crime Policies¹

Include **QBGS-54 (01-08) – Notice To Policyholders – Commercial Property, Commercial Inland Marine, Crime – Broadenings and Restrictions Of Terrorism Coverage** with a policy renewing for the first time with any of the following endorsements attached:

- IL 09 52 0108 – Cap On Losses From Certified Acts Of Terrorism
- IL 09 53 0108 – Exclusion Of Certified Acts Of Terrorism
- CL 0600 0108 – Certified Terrorism Loss
- CL 0610 (01 08, 02 08 or 03 08) – Certified Act Of Terrorism Exclusion
- CL 0620 (01 08, 02 08, 03 08 or 04 08) – Certified Act Of Terrorism Exclusion (With Limited Exception)

Businessowners Policies¹

Include **QBGS-58 (01-08) – Notice To Policyholders – Businessowners – Broadenings and Restrictions Of Terrorism Coverage** with a policy renewing for the first time with any of the following endorsements attached:

- BP 05 23 0108 – Cap On Losses From Certified Acts Of Terrorism
- BP 05 24 0108 – Exclusion Of Certified Acts Of Terrorism

General Liability Policies¹

Include **QBGS-52 (01-08) – Notice To Policyholders – General Liability – Broadenings and Restrictions Of Terrorism Coverage** with a policy renewing for the first time with any of the following endorsements attached:

- CG 21 70 0108 – Cap On Losses From Certified Acts Of Terrorism
- CG 21 73 0108 – Exclusion Of Certified Acts Of Terrorism
- CG 21 71 0608 – Exclusion Of Other Acts Of Terrorism Committed Outside The United States; Cap On Losses From Certified Acts Of Terrorism
- CG 21 75 0608 – Exclusion Of Certified Acts Of Terrorism And Exclusion Of Other Acts Of Terrorism Committed Outside The United States

Commercial Liability Umbrella Policies¹

Include **QBGS-51 (01-08) – Notice To Policyholders – Commercial Liability Umbrella – Broadenings and Restrictions Of Terrorism Coverage** with a policy renewing for the first time with any of the following endorsements attached:

- CU 21 30 0108 – Cap On Losses From Certified Acts Of Terrorism
- CU 21 33 0108 – Exclusion Of Certified Acts Of Terrorism
- CU 21 31 0608 – Exclusion Of Other Acts Of Terrorism Committed Outside The United States; Cap On Losses From Certified Acts Of Terrorism
- CU 21 35 0608 – Exclusion Of Certified Acts Of Terrorism And Exclusion Of Other Acts Of Terrorism Committed Outside The United States

¹ Including Commercial Package Policies with this coverage

SERFF Tracking Number: QBEC-125573953 State: Arkansas
First Filing Company: QBE Insurance Corporation, ... State Tracking Number: EFT \$25
Company Tracking Number: 08-109-003-IL-AR-R
TOI: 35.0 Interline Filings Sub-TOI: 35.0002 Commercial Interline Filings
Product Name: Terrorism Risk Reauthorization Act of 2007
Project Name/Number: /

Supporting Document Schedules

Satisfied -Name: Expedited Terrorism Transmittal

Review Status:

Accepted for Informational Purposes 04/08/2008

Comments:

Attachment:

Expedited Filing Transmittal - Rule.pdf

**EXPEDITED FILING TRANSMITTAL DOCUMENT
FOR TERRORISM RISK INSURANCE FORMS AND PRICING**

This page applies to the following state(s) Arkansas

Indicate Type of Filing
<input type="checkbox"/> Filing Related to <i>Certified Losses</i>
<input type="checkbox"/> Filing Related to <i>Non-Certified Losses</i>
<input checked="" type="checkbox"/> Filing Applicable to Both Certified and Non-Certified Losses

Department Use only

Company Name(s)	Domicile	NAIC #	FEIN #
QBE Insurance Corporation	Pennsylvania	0796-39217	22-2311816
Praetorian Insurance Company	Illinois	0796-37257	36-3030511
Redland Insurance Company	New Jersey	0796-37303	42-1113749

Contact Info for Filer

Name and address of Filer(s)	Telephone #	FAX #	e-mail
Danelle Hill Compliance Analyst QBE Specialty Insurance 88 Pine Street New York, New York 10005	(212) 805-9879	(212) 805-9809	Danelle.Hill@qbeamericas.com

Filing information

Line of Insurance (see attachment)	Interline 35.0
Company Program Title (Marketing title) (if applicable)	Not Applicable
Filing Type ** see note below	Rules
This application is used with:	All QBE Specialty Insurance programs
Effective Date Requested	03-31-08
Filing date	March 31, 2008
Company Tracking Number	08-109-003-IL-AR-R
Date filing approved in domiciliary state, if applicable	Pending

	<u>Component/Form Name /Description/Synopsis</u>	<u>Form # or Rate Page Include edition date</u>	<u>Replacement Or withdrawn?</u>	<u>If replacement, give form # or rate page(s) it replaces</u>	<u>Previous State Filing Number, if required by state</u>
01	QBE Terrorism Manual	QBE-TRIA Pages 1-49 Ed. 12/07	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		

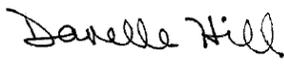
To be complete, a form filing must include the following:

- A completed Expedited Filing Transmittal Document for each insurer or advisory organization.
- One copy of each endorsement, disclosure form or other policy language, unless the insurer has given an advisory organization authorization to file them on its behalf.
- A copy of the rates, rating systems and supporting documentation.
- The appropriate filing fees, if required.
- A postage-paid, self-addressed envelope **large enough to accommodate the return.**

The insurer(s) submitting this filing certifies that it:

Is in compliance with the terms of the Terrorism Risk Insurance Act, as amended, and the laws of this state; and

Is in compliance with the requirements of the bulletin containing the voluntary expedited filing procedures.



Danelle Hill

Compliance Analyst

Signature

Print Name:

Title: