

SERFF Tracking Number: ARKS-125663291 State: Arkansas
Filing Company: 00006 - INSURANCE SERVICES OFFICE, INC. State Tracking Number: #104870 \$50
Company Tracking Number: CR-2008-RPTOA
TOI: 26.0 Burglary & Theft Sub-TOI: 26.0001 Commercial Burglary & Theft
Product Name: n/a
Project Name/Number: /

Filing at a Glance

Company: 00006 - INSURANCE SERVICES OFFICE, INC.

Product Name: n/a

SERFF Tr Num: ARKS-125663291 State: Arkansas

TOI: 26.0 Burglary & Theft

SERFF Status: Closed

State Tr Num: #104870 \$50

Sub-TOI: 26.0001 Commercial Burglary & Theft Co Tr Num: CR-2008-RPTOA

State Status: Fees verified and received

Filing Type: Rule

Co Status:

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

Author:

Disposition Date: 06/02/2008

Date Submitted: 05/22/2008

Disposition Status: Filed

Effective Date Requested (New): 11/01/2008

Effective Date (New): 11/01/2008

Effective Date Requested (Renewal): 11/01/2008

Effective Date (Renewal):

11/01/2008

State Filing Description:

General Information

Project Name:

Status of Filing in Domicile:

Project Number:

Domicile Status Comments:

Reference Organization:

Reference Number:

Reference Title:

Advisory Org. Circular:

Filing Status Changed: 06/02/2008

State Status Changed: 06/02/2008

Deemer Date:

Corresponding Filing Tracking Number:

Filing Description:

Company and Contact

Filing Contact Information

NA NA,

NA@NA.com

NA

(123) 555-4567 [Phone]

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Product Name: n/a
Project Name/Number: /

NA, AR 00000

Filing Company Information

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

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Filing Fees

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

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Llyweyia Rawlins	06/02/2008	06/02/2008

SERFF Tracking Number: ARKS-125663291 *State:* Arkansas
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Project Name/Number: /

Disposition

Disposition Date: 06/02/2008

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Status: Filed

Comment:

Rate data does NOT apply to filing.

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Item Type	Item Name	Item Status	Public Access
Supporting Document	arks-125663291		Yes

SERFF Tracking Number: ARKS-125663291 State: Arkansas
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Product Name: n/a
Project Name/Number: /

Supporting Document Schedules

Review Status:

Satisfied -Name: arks-125663291

06/02/2008

Comments:

Attachments:

arks-125663291-1.pdf

arks-125663291-2.pdf



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

NRHC
00006
104870
50.00
ARKS-125663291
LR

Kenneth J. Hill, CPCU
Regional Director, Government Relations

May 16, 2008

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

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

RE: Insurance Services Office, Inc.
CR-2008-RPTOA
Crime and Fidelity
Commercial Lines Manual Terrorism Supplement Rules Revision
State of Arkansas

Approved until withdrawn
or revoked

JUN 02 2008

Arkansas Insurance Department
By: dk-acknowledge-Filed

Dear Mr. Lacy:

We hereby file the enclosed advisory reference document.

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

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

Very truly yours,

Donald J. Beckel, CPCU, ARM
Assistant Regional Manager
Government Relations

DJB:dlb
Encl.

RECEIVED

MAY 22 2008

PROPERTY AND CASUALTY DIVISION
ARKANSAS INSURANCE DEPARTMENT

Property & Casualty Transmittal Document

<p>1. Reserved for Insurance Dept. Use Only</p> <p style="text-align: center;">Approved until withdrawn or revoked</p> <p style="text-align: center; font-size: 1.2em;">JUN 02 2008</p> <p>Arkansas Insurance Department By: <i>AK Acknowledge Filed</i></p>	<p>2. Insurance Department Use only</p> <p>a. Date the filing is received:</p> <p>b. Analyst:</p> <p>c. Disposition:</p> <p>d. Date of disposition of the filing:</p> <p>e. Effective date of filing:</p> <table style="width:100%; border: none;"> <tr> <td style="border: none;">New Business</td> <td style="border: none; width: 100px;"></td> </tr> <tr> <td style="border: none;">Renewal Business</td> <td style="border: none;"></td> </tr> </table> <p>f. State Filing #:</p> <p>g. SERFF Filing #:</p> <p>h. Subject Codes</p>	New Business		Renewal Business	
New Business					
Renewal Business					

3. Group Name	Group NAIC #

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

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

6.	Name and address	Title	Telephone #s	FAX #	e-mail
	Donald J. Beckel Insurance Services Office, Inc. 2828 E. Trinity Mills Rd., Ste. 150 Carrollton, TX 75006	Asst. Regional Manager	(214) 390-1825 Ext. 224	(214) 390-1975	DBECKEL@iso.com
7.	Signature of authorized filer		<i>Donald J. Beckel</i>		
8.	Please print name of authorized filer		Donald J. Beckel		

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

9. Type of Insurance (TOI)	26.0	RECEIVED
10. Sub-Type of Insurance (Sub-TOI)	26.0001	
11. State Specific Product code(s) (if applicable)[See State Specific Requirements]	Not Applicable	MAY 22 2008
12. Company Program Title (Marketing title)	Crime and Fidelity	
13. Filing Type	<input type="checkbox"/> Rate/Loss Cost <input checked="" type="checkbox"/> Rules <input type="checkbox"/> Rates/Rules <input type="checkbox"/> Forms <input type="checkbox"/> Combination Rates/Rules/Forms <input type="checkbox"/> Withdrawal <input type="checkbox"/> Other (give description)	
14. Effective Date(s) Requested	New: 11-1-2008 Renewal: 11-1-2008	
15. Reference Filing?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
16. Reference Organization (if applicable)	Not Applicable	
17. Reference Organization # & Title	Not Applicable	
18. Company's Date of Filing	5/16/08	
19. Status of filing in domicile	<input type="checkbox"/> Not Filed <input checked="" type="checkbox"/> Pending <input type="checkbox"/> Authorized <input type="checkbox"/> Disapproved	

Property & Casualty Transmittal Document---

20. This filing transmittal is part of Company Tracking # CR-2008-RPTOA

21. Filing Description [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]

This filing revises the terrorism rules to delete reference to Endorsement IL 09 52.

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

Check #: 104870
Amount: \$ 50.00

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

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

RATE/RULE FILING SCHEDULE

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

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

1.	This filing transmittal is part of Company Tracking #	CR-2008-RPTOA
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2.	This filing corresponds to form filing number (Company tracking number of form filing, if applicable)	CR-2008-OTOAP
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Rate Increase
 Rate Decrease
 Rate Neutral (0%) N/A

3.	Filing Method (Prior Approval, File & Use, Flex Band, etc.)	File & Use
-----------	--	------------

4a. Rate Change by Company (As Proposed)							
Company Name	Overall % Indicated Change (when applicable)	Overall % Rate Impact	Written premium change for this program	# of policyholders affected for this program	Written premium for this program	Maximum % Change (where required)	Minimum % Change (where required)
Insurance Services Office, Inc.	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

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

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

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

9.	Rule # or Page # Submitted for Review	Replacement or Withdrawn?	Previous state filing number, if required by state
01	Terrorism Options (TEX300)	<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
02		<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
03		<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	

Crime and Fidelity Terrorism Rules Revision

About This Filing

This filing revises certain terrorism rules in order to delete reference to Endorsement **IL 09 52** - Cap On Losses From Certified Acts Of Terrorism which is no longer applicable to Crime and Fidelity.

Revised Rules

We are revising certain rules in the Commercial Lines Manual Terrorism Supplement, as identified in the attached indices.

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

NOTE: The indices refer to the current version numbers. In the actual publication of the revised Terrorism Supplement, new version numbers may be assigned due to omission of obsolete versions.

Related Filing(s)

CL-2008-OPTOA (forms)

Background

In Forms Filing CL-2008-OPTOA, we deleted reference to Crime and Fidelity Coverage Part from the list of affected lines of business in Endorsement **IL 09 52**, which asserts the statutory cap on losses. The statutory cap is inapplicable to Crime And Fidelity losses because the federal Terrorism Risk Insurance Program does not apply to such losses.

Explanation of Changes

We are revising the applicable versions of the terrorism rule to reflect the deletion of the reference to endorsement **IL 09 52**. We are also making a few editorial changes.

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CURRENT RULES
TERRORISM OPTIONS

State	Version
Alabama	TEX300
Arizona	TEX300
Arkansas	TEX300
California	TEX300
Colorado	TEX300
Connecticut	TEX304
Delaware	TEX300
District of Columbia	TEX300
Hawaii	TEX300
Idaho	TEX301
Illinois	TEX300
Indiana	TEX300
Iowa	TEX300
Kansas	TEX300
Kentucky	TEX300
Louisiana	TEX300
Maine	TEX300
Maryland	TEX300
Massachusetts	TEX300
Michigan	TEX300
Minnesota	TEX300
Mississippi	TEX300
Missouri	TEX300
Montana	TEX300
Nebraska	TEX300
Nevada	TEX300
New Hampshire	TEX300
New Jersey	TEX300
New Mexico	TEX300
North Carolina	TEX300
North Dakota	TEX300
Ohio	TEX300
Oklahoma	TEX300
Oregon	TEX300

(continued on next page)

State	Version
Pennsylvania	TEX300
Rhode Island	TEX300
South Carolina	TEX300
South Dakota	TEX300
Tennessee	TEX300
Texas	TEX300
Utah	TEX300
Vermont	TEX300
Virginia	TEX307
Washington	TEX302
West Virginia	TEX300
Wisconsin	TEX300
Wyoming	TEX300

NOTE: AK, FL, GA, NY AND PR HAVE BEEN OMITTED FROM THIS LIST DUE TO THE FACT THAT THEY WILL RECEIVE STATE-SPECIFIC FILINGS AT A LATER DATE.

VERSION TEX300

TERRORISM OPTIONS

The "Terrorism Risk Insurance Act" ("TRIA") establishes a program within the Department of the Treasury in which the Federal Government will share the risk of loss from terrorist attacks with the insurance industry. Federal participation will be triggered when the Secretary of the Treasury certifies an act of terrorism, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism, provided the terrorist act results in aggregate losses in excess of an amount stated in the Act. The definition of "Property and Casualty Insurance" excludes burglary and theft and fidelity insurance.

In its Interim Guidance Concerning the Terrorism Risk Insurance Extension Act of 2005, the United States Department of the Treasury refers to burglary and theft insurance as "that insurance which is reported in Line 26 of the NAIC Annual Statement". With the exemption for burglary and theft ("Crime") insurance which is reported in Line 26 and previous guidance from Treasury exempting fidelity insurance (as reported in Line 23 of the NAIC Annual Statement), insurers are not required to offer coverage for certified acts of terrorism for these lines of business and there will be no federal participation in a loss involving such acts.

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"~~ continues to be an 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 their treatment of the terrorism risk across lines of business; if they so choose, regardless of any federal backstop.

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.), insurers may:

- a. Elect to have the provisions of the interline terrorism endorsement to continue to apply to Crime/Fidelity as stated therein. However, Crime/Fidelity losses **will not** be subject to federal participation in the event of a terrorism loss.
- b. Indicate in the policy Declarations (or by other means at the insurer's option) the inapplicability of the interline terrorism endorsement to Crime/Fidelity.
- c. Amend the interline terrorism endorsement by attaching to the package policy, one of the following Crime/Fidelity-specific terrorism endorsements ~~(this rule does not apply to Cap On Losses From Certified Acts Of Terrorism Endorsement IL 09 52)~~:
 - (1) Amendment - Delete Provisions Regarding Certain Acts Of Terrorism (Applicable to Crime/Fidelity Only) Endorsement **CR 07 50** to amend the interline endorsement with regard to Crime/Fidelity, 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); or
 - (2) 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.

2. Available interline terrorism endorsements:

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

- eb.** Exclusion Of Certified Acts Of Terrorism Involving Nuclear, Biological, Chemical Or Radiological Terrorism; Cap On Covered Certified Acts Losses Endorsement **IL 09 86**.
- ec.** Limitation Of Coverage For Certified Acts Of Terrorism (Sub-Limit On Annual Aggregate Basis) Endorsement **IL 09 87**.

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, insurers may attach:

1. Conditional Exclusion Of Terrorism (Relating To The Disposition Of Federal Terrorism Insurance Act) Endorsement **CR 07 52**; or
2. Conditional Exclusion Of Terrorism Involving Nuclear, Biological Or Chemical Terrorism (Relating To The Disposition Of Federal Terrorism Insurance Act) Endorsement **CR 07 53**;

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.

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

1. To exclude losses resulting from acts of terrorism, attach Exclusion Of Terrorism Endorsement **CR 07 30**.
2. To exclude losses resulting from acts of terrorism that involve nuclear, biological or chemical materials (thereby leaving intact any underlying coverage for terrorism that does not involve nuclear, biological or chemical material), attach Exclusion Of Terrorism Involving Nuclear, Biological Or Chemical Terrorism Endorsement **CR 07 31**.

D. Premium Determination

For coverage for acts of terrorism, refer to company for rating. Rule 3. Referrals To Company applies.

VERSION TEX301

TERRORISM OPTIONS

The "Terrorism Risk Insurance Act" ("TRIA") establishes a program within the Department of the Treasury in which the Federal Government will share the risk of loss from terrorist attacks with the insurance industry. Federal participation will be triggered when the Secretary of the Treasury certifies an act of terrorism, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism, provided the terrorist act results in aggregate losses in excess of an amount stated in the Act. The definition of "Property and Casualty Insurance" excludes burglary and theft and fidelity insurance.

In its Interim Guidance Concerning the Terrorism Risk Insurance Extension Act of 2005, the United States Department of the Treasury refers to burglary and theft insurance as "that insurance which is reported in Line 26 of the NAIC Annual Statement". With the exemption for burglary and theft ("Crime") insurance which is reported in Line 26 and previous guidance from Treasury exempting fidelity insurance (as reported in Line 23 of the NAIC Annual Statement), insurers are not required to offer coverage for certified acts of terrorism for these lines of business and there will be no federal participation in a loss involving such acts.

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

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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.**), insurers may:

- a. Elect to have the provisions of the interline terrorism endorsement to continue to apply to Crime/Fidelity as stated therein. However, Crime/Fidelity losses **will not** be subject to federal participation in the event of a terrorism loss.
 - b. Indicate in the policy Declarations (or by other means at the insurer's option) the inapplicability of the interline terrorism endorsement to Crime/Fidelity.
 - c. Amend the interline terrorism endorsement by attaching to the package policy, one of the following Crime/Fidelity-specific terrorism endorsements (~~this rule does not apply to Cap On Losses From Certified Acts Of Terrorism Endorsement IL 09 52~~):
 - (1) Amendment - Delete Provisions Regarding Certain Acts Of Terrorism (Applicable To Crime/Fidelity Only) Endorsement **CR 07 50** to amend the interline endorsement with regard to Crime/Fidelity, 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); or
 - (2) 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.
2. Available interline terrorism endorsements:
 - a. ~~Cap On Losses From Certified Acts Of Terrorism Endorsement IL 09 52.~~
 - ba.** Exclusion Of Certified Acts Of Terrorism Endorsement **IL 09 53.**

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D. Premium Determination

For coverage for acts of terrorism, refer to company for rating. Rule 3. Referrals To Company applies.

VERSION TEX302

TERRORISM OPTIONS

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In its Interim Guidance Concerning the Terrorism Risk Insurance Extension Act of 2005, the United States Department of the Treasury refers to burglary and theft insurance as "that insurance which is reported in Line 26 of the NAIC Annual Statement". With the exemption for burglary and theft ("Crime") insurance which is reported in Line 26 and previous guidance from Treasury exempting fidelity insurance (as reported in Line 23 of the NAIC Annual Statement), insurers are not required to offer coverage for certified acts of terrorism for these lines of business and there will be no federal participation in a loss involving such acts.

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2. Available interline terrorism endorsements:
 - a. ~~Cap On Losses From Certified Acts Of Terrorism Endorsement IL 09 52.~~
 - ba.** Exclusion Of Certified Acts Of Terrorism Endorsement **IL 09 53.**

- eb.** Washington – Amendment Of Terrorism Exclusions Endorsement **IL 09 83.**
- dc.** Exclusion Of Certified Acts Of Terrorism Involving Nuclear, Biological, Chemical Or Radiological Terrorism; Cap On Covered Certified Acts Losses Endorsement **IL 09 86.**
- ed.** Limitation Of Coverage For Certified Acts Of Terrorism (Sub-Limit On Annual Aggregate Basis) Endorsement **IL 09 87.**

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, insurers may attach:

1. Conditional Exclusion Of Terrorism (Relating To The Disposition Of Federal Terrorism Risk Insurance Act) Endorsement **CR 07 52**; or
2. Conditional Exclusion Of Terrorism Involving Nuclear, Biological Or Chemical Terrorism (Relating To The Disposition Of Federal Terrorism Risk Insurance Act) Endorsement **CR 07 53**;

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.

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

1. To exclude losses resulting from acts of terrorism, attach Exclusion Of Terrorism Endorsement **CR 07 30.**
2. To exclude losses resulting from acts of terrorism that involve nuclear, biological or chemical materials (thereby leaving intact any underlying coverage for terrorism that does not involve nuclear, biological or chemical material), attach Exclusion Of Terrorism Involving Nuclear, Biological Or Chemical Terrorism Endorsement **CR 07 31.**

D. Premium Determination

For coverage for acts of terrorism, refer to company for rating. Rule 3. Referrals To Company applies.

VERSION TEX304

TERRORISM OPTIONS

The "Terrorism Risk Insurance Act" ("TRIA") establishes a program within the Department of the Treasury in which the Federal Government will share the risk of loss from terrorist attacks with the insurance industry. Federal participation will be triggered when the Secretary of the Treasury certifies an act of terrorism, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism, provided the terrorist act results in aggregate losses in excess of an amount stated in the Act. The definition of "Property and Casualty Insurance" excludes burglary and theft and fidelity insurance.

In its Interim Guidance Concerning the Terrorism Risk Insurance Extension Act of 2005, the United States Department of the Treasury refers to burglary and theft insurance as "that insurance which is reported in Line 26 of the NAIC Annual Statement". With the exemption for burglary and theft ("Crime") insurance which is reported in Line 26 and previous guidance from Treasury exempting fidelity insurance (as reported in Line 23 of the NAIC Annual Statement), insurers are not required to offer coverage for certified acts of terrorism for these lines of business and there will be no federal participation in a loss involving such acts.

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~~" continues to be an 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 if they so choose, regardless of any federal backstop.

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.**), insurers may:

- a. Elect to have the provisions of the interline terrorism endorsement to continue to apply to Crime/Fidelity as stated therein. However, Crime/Fidelity losses **will not** be subject to federal participation in the event of a terrorism loss.
 - b. Indicate in the policy Declarations (or by other means at the insurer's option) the inapplicability of the interline terrorism endorsement to Crime/Fidelity.
 - c. Amend the interline terrorism endorsement by attaching to the package policy, one of the following Crime/Fidelity specific terrorism endorsements (~~this rule does not apply to Cap-On Losses From Certified Acts Of Terrorism Endorsement IL 09 52~~):
 - (1) Amendment – Delete Provisions Regarding Certain Acts Of Terrorism (Applicable To Crime/Fidelity Only) Endorsement **CR 07 50** to amend the interline endorsement with regard to Crime/Fidelity, 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); or
 - (2) 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.
2. Available interline terrorism endorsements:
 - a. ~~Cap-On Losses From Certified Acts Of Terrorism Endorsement IL 09 52.~~

- ba.** Exclusion Of Certified Acts Of Terrorism Endorsement **IL 09 53.**
- eb.** Exclusion Of Certified Acts Of Terrorism Involving Nuclear, Biological, Chemical Or Radiological Terrorism; Cap On Covered Certified Acts Losses Endorsement **IL 09 86.**
- ec.** Limitation Of Coverage For Certified Acts Of Terrorism (Sub-Limit On Annual Aggregate Basis) Endorsement **IL 09 87.**

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, insurers may attach:

1. Conditional Exclusion Of Terrorism (Relating To The Disposition Of Federal Terrorism Risk Insurance Act) Endorsement **CR 07 52**; or
2. Conditional Exclusion Of Terrorism Involving Nuclear, Biological Or Chemical Terrorism (Relating To The Disposition Of Federal Terrorism Risk Insurance Act) Endorsement **CR 07 53**;

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.

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

1. To exclude losses resulting from acts of terrorism, attach Exclusion Of Terrorism Endorsement **CR 07 30.**
2. To exclude losses resulting from acts of terrorism that involve nuclear, biological or chemical materials (thereby leaving intact any underlying coverage for terrorism that does not involve nuclear, biological or chemical material), attach Exclusion Of Terrorism Involving Nuclear, Biological Or Chemical Terrorism Endorsement **CR 07 31.**

D. Premium Determination

For coverage for acts of terrorism, refer to company for rating. Rule 3. Referrals To Company applies.

VERSION TEX307

TERRORISM OPTIONS

The "Terrorism Risk Insurance Act" ("TRIA") establishes a program within the Department of the Treasury in which the Federal Government will share the risk of loss from terrorist attacks with the insurance industry. Federal participation will be triggered when the Secretary of the Treasury certifies an act of terrorism, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism, provided the terrorist act results in aggregate losses in excess of an amount stated in the Act. The definition of "Property and Casualty Insurance" excludes burglary and theft and fidelity insurance.

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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~~" continues to be an effective methods to design coverage regardless of whether a line of business is subject to 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~~ their treatment of the terrorism risk across lines of business if they so choose, regardless of any federal backstop.

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.), insurers may:

- a. Elect to have the provisions of the interline terrorism endorsement to continue to apply to Crime/Fidelity as stated therein (However, Crime/Fidelity losses **will not** be subject to federal participation in the event of a terrorism loss); or
 - b. Indicate in the policy Declarations (or by other means at the insurer's option) the inapplicability of the interline terrorism endorsement to Crime/Fidelity; or
 - c. Amend the interline terrorism endorsement by attaching to the package policy, one of the following Crime/Fidelity-specific terrorism endorsements (~~this rule does not apply to Cap On Losses From Certified Acts Of Terrorism Endorsement IL 09 52~~):
 - (1) Amendment – Delete Provisions Regarding Certain Acts Of Terrorism (Applicable To Crime/Fidelity Only) Endorsement **CR 07 50** to amend the interline endorsement with regard to Crime/Fidelity, 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); or
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 - a. ~~Cap On Losses From Certified Acts Of Terrorism Endorsement IL 09 52~~.
 - ba. Exclusion Of Certified Acts Of Terrorism Endorsement IL 09 53.**

eb. Exclusion Of Certified Acts Of Terrorism Involving Nuclear, Biological, Chemical Or Radiological Terrorism; Cap On Covered Certified Acts Losses Endorsement **IL 09 86**.

ec. Limitation Of Coverage For Certified Acts Of Terrorism (Sub-Limit On Annual Aggregate Basis) Endorsement **IL 09 87**.

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D. Premium Determination

For coverage for acts of terrorism, refer to company for rating. Rule 3. Referrals To Company applies.