



January 20, 2015

REVISED TERRORISM ENDORSEMENTS APPROVED IN PENNSYLVANIA

BACKGROUND

The Terrorism Risk Insurance Program Reauthorization Act extends the Federal terrorism program through 2020, but with several changes. The significant changes include:

- Requiring the Secretary of the Treasury to certify acts of terrorism in consultation with the Secretary of Homeland Security.
- The program trigger has been amended to apply to certified acts with insured losses exceeding \$100,000,000 for calendar year 2015, \$120,000,000 for calendar year 2016, \$140,000,000 for calendar year 2017, \$160,000,000 for calendar year 2018, \$180,000,000 for calendar year 2019, and \$200,000,000 for calendar year 2020 and any calendar year thereafter.
- The percentage paid by the United States Government for certified terrorism losses exceeding the statutorily established deductible is currently 85%. This percentage will gradually decrease by 1% each year starting January 1, 2016 until reaching 80% on January 1, 2020.

MSO ACTION

We revised and filed all of the terrorism endorsements to become effective upon approval. This involves endorsements for dwelling, commercial property and liability, commercial umbrella and commercial inland marine. We also created sample policyholder disclosure notices (TPD 10, TPD 11, TPD 12, TPD 13, TPD, 14 and TPD 15) to comply with the disclosure requirements.

EFFECTIVE DATE

Immediately in Pennsylvania. Pending in other states.

ENDORSEMENTS

We filed to use the same endorsement numbers as currently apply, but with a 01 15 edition date.

All Commercial Lines Except Commercial Umbrella and Commercial Inland Marine:

- MCM 411 - Certified Terrorism Loss Coverage • Parts I and II
- MCM 413 - Certified Acts of Terrorism Exclusions • Parts I and II
- MCM 414 - Certified Terrorism Loss Coverage Disclosure
- MCM 417 - Certified And Non-Certified Acts of Terrorism Exclusions • Parts I and II
- MCM 419 - Non-Certified Acts of Terrorism Exclusions • Parts I and II

Commercial Umbrella endorsements:

- MCL 760 - Certified Terrorism Loss Coverage
- MCL 761 - Certified Acts of Terrorism Exclusion
- MCL 762 - Certified and Non-Certified Acts of Terrorism Exclusions
- MCL 763 - Non-Certified Acts of Terrorism Exclusion

**ENDORSEMENTS
(cont.)**

Commercial Inland Marine endorsements:

MIM 140 – Certified Terrorism Loss Coverage

MIM 141 – Certified Acts of Terrorism Exclusion

MIM 142 - Certified and Non-Certified Acts of Terrorism Exclusions

MIM 143 - Non-Certified Acts of Terrorism Exclusion

Combination Dwelling endorsements:

MDW 411 - Certified Terrorism Loss Coverage • Sections I And II

MDW 412 - Certified Acts of Terrorism Exclusions • Sections I and II

MDW 414 - Certified Terrorism Loss Coverage Disclosure

RATING

We are not revising the rating factors for the terrorism coverage at this time.

NOTICES

For all lines except Combination Dwelling:

TPD 10 is for new and renewal business. This notice can be used to accept or reject new terrorism coverage.

TPD 11 can be used for renewal business when coverage would be “rolled on” and deleted only upon request.

TPD 12 can be used for renewal business where the exclusion would be “rolled on” and coverage would be added only upon request.

For Combination Dwelling policies:

TPD 13 is for new and renewal business. This notice can be used to accept or reject new terrorism coverage.

TPD 14 can be used for renewal business when coverage would be “rolled on” and deleted only upon request.

TPD 15 can be used for renewal business where the exclusion would be “rolled on” and coverage would be added only upon request.

DISTRIBUTION

The revised endorsements and disclosure notices will be added to the CD-ROM. Affiliated companies may access them through our website: www.msonet.com.

QUESTIONS

Contact Pepper Treuvey at (800) 935-6900.