



January 22, 2015

REVISED TERRORISM ENDORSEMENTS APPROVED IN ARKANSAS

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 commercial property and liability, and farmowners. We also created sample policyholder disclosure notices (TPD 10, TPD 11, and TPD 12) to comply with the disclosure requirements.

EFFECTIVE DATE

Immediately

ENDORSEMENTS

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

Commercial Lines & Farmowners:

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

RATING

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

NOTICES

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

NOTICES
(cont.)

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

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.