

# **Bulletin**

---

January 22, 2003

## **EXPEDITED TERRORISM FILINGS ANNOUNCED**

### **BACKGROUND**

We informed you in a bulletin dated December 23, 2002 that we would prepare and file the forms, notices and pricing methods under the procedures established by the Terrorism Risk Insurance Act of 2002 and as implemented by the various states.

### **MSO<sup>®</sup> ACTION**

We have made the initial filings under the expedited filing process as established by the NAIC Model Bulletin in Delaware, Indiana, Maryland, New Jersey, Ohio and Pennsylvania for all commercial lines supported by MSO in these states. This filing process has been acknowledged by Insurance Department bulletins in Delaware, Indiana, New Jersey, Ohio and Pennsylvania.

### **NOTICES**

In addition to Disclosure Notices TPD 1, 3 and 4, we have developed two additional notices. Notices TPD 5 and 6 are alternatives to using TPD 4 giving insurers varying options.

TPD 5 can be used for renewal business when coverage would be “rolled on” and deleted only upon request.

TPD 6 can be used for renewal business where the exclusion would be “rolled on” and coverage would be added only upon request.

### **ENDORSEMENTS**

In addition to the forms previously furnished, we have also developed and filed forms for commercial auto.

The following forms add Certified Terrorism Loss Coverage on existing policies and new and renewal policies:

MCM 411 - All Property, Liability and Package - DE, IN, MD, NJ, PA  
MCA 411 - Commercial Auto - DE, MD, NJ, OH, PA  
MCL 760 - Commercial Umbrella - DE, IN, MD, NJ, PA  
MIM 140 - Commercial Inland Marine - DE, IN, MD, NJ, PA

The following forms exclude Certified Terrorism Loss Coverage on new and renewal policies:

- MCM 412 - All Property, Liability and Package - NJ and PA (standard fire policy states)
- MCM 413 - All Property, Liability and Package - DE, IN and MD
- MCA 413 - Commercial Auto - DE, MD, NJ, OH, PA
- MCL 761 - Commercial Umbrella - DE, IN, MD, NJ, PA
- MIM 141 - Commercial Inland Marine - DE, IN, MD, NJ, PA

Forms to exclude “non-certified terrorism losses” are being filed for prior approval in all states. These forms will apply the same coverage exclusion thresholds to non-certified losses as previously existed for terrorism prior to the new program.

## **PRICING**

We have further refined our pricing strategy. The following pricing was filed to add Terrorism Coverage to existing and new and renewal policies. The factors are applied to the otherwise applicable policy premium.

- Commercial Property - 1.07 (7%)
- Commercial Liability - 1.03 (3%)
- Commercial Package - 1.056 (5.6%) including BOP, Contractors, Farmowners, Garage, House of Worship
- Commercial Auto - 1.02 (2%)

## **INSURER ACTION**

Insurers not adopting or modifying the forms, notices and pricing filed by MSO need to notify the appropriate Insurance Department accordingly. We are available to assist companies with any modifications of the MSO filed material.

## **FUTURE ACTION**

We are awaiting further guidelines from the United States Treasury. We will develop appropriate procedures upon issuance of these guidelines. This includes statistical coding requirements.

## **DISTRIBUTION**

Copies are available on our website. Send your order for printed supplies by mail, fax or phone to Tammy Bechtle or e-mail to: [supplies@msonet.com](mailto:supplies@msonet.com).

## **WEBSITE ACCESS**

Because of the importance of this information to all our clients, this information is available on our website to any user. Special access is not required. Go to <http://www.msonet.com/terrorism.html>.

## **QUESTIONS**

Contact Jan Kozlowski or Jim Townley at (800) 935-6900 or e-mail: [jkozlowski@msonet.com](mailto:jkozlowski@msonet.com) or [jtownley@msonet.com](mailto:jtownley@msonet.com).