

March 14, 2003

**NON-CERTIFIED TERRORISM LOSS EXCLUSIONS APPROVED
IN DE, IN AND OH AND A NEW DISCLOSURE ENDORSEMENT
ANNOUNCED**

BACKGROUND

We informed you in a bulletin dated February 14, 2003 that we were filing forms to exclude “non-certified terrorism losses” for prior approval in all states. In addition to New Jersey and Pennsylvania, these forms have now been approved in Delaware, Indiana and Ohio.

EFFECTIVE DATE

Delaware, Indiana and Ohio - March 15, 2003

ENDORSEMENTS

We developed these endorsements to limit coverage for non-certified terrorism losses using the definition and limitations contained in the NAIC Model Bulletin which has been adopted by state bulletin in Delaware, Indiana, Maryland, New Jersey, Ohio and Pennsylvania. Essentially, these endorsements apply the same coverage exclusion thresholds to non-certified losses as previously existed for terrorism prior to November 26, 2002.

There are two forms available to exclude non-certified acts of terrorism. One version combines the certified exclusion and the non-certified exclusion in one form. Another version applies only the non-certified exclusion.

The following forms exclude both Certified and Non-certified Terrorism Losses on new and renewal business:

MCM 417 - All Property, Liability and Package - DE, IN
MCA 417 - Commercial Auto - DE, OH
MCL 762 - Commercial Umbrella Liability - DE, IN
MIM 142 - Commercial Inland Marine - DE, IN

The following forms exclude Non-certified Terrorism Loss Coverage on new and renewal policies:

MCM 419 - All Property, Liability and Package - DE, IN
MCA 418 - Commercial Auto - DE, OH
MCL 763 - Commercial Umbrella Liability - DE, IN
MIM 143 - Commercial Inland Marine - DE, IN

With the introduction of these endorsements, as noted above, endorsements MCM 410 and MCM 415 are withdrawn from use.

**POLICYHOLDER
NOTICE**

We also developed separate policyholder notices for each of the endorsements. You may use these with renewal policies to meet the individual state policy change notice requirements.

**ADDITIONAL
ENDORSEMENT**

For policies issued on or after February 25, 2003, the Terrorism Risk Insurance Act of 2002 requires that the certified terrorism loss premiums and the federal share of insured losses must be disclosed on a separate line item in the policy. The U.S. Treasury issued interim guidance on January 22, 2003 that provided several alternatives to meet the separate line item requirement - on the declarations page, elsewhere within the policy itself, or in a rider or endorsement.

We are introducing endorsement MCM 414 that may be used as the disclosure of the certified terrorism loss coverage premium and the federal share of such losses. This endorsement can be used for all lines of business, including commercial auto.

We filed MCM 414 under the expedited filing process.

**EFFECTIVE DATE
OF MCM 414**

February 25, 2003

**MANUAL RULE
SUPPLEMENTS**

We have developed manual rule supplement pages that reference the certified and non-certified endorsements and include the MSO rating factors.

DISTRIBUTION

A copy of endorsement MCM 414 is included. Copies of the manual supplements are available upon request. They are also available on our website. All the forms and manual pages will be included in the next CD-ROM update. Send your order for printed supplies by mail, fax or phone to Tammy Bechtle or e-mail to: 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 or jtownley@msonet.com.