



December 30, 2003

EXPEDITED TERRORISM FILINGS ANNOUNCED FOR DWELLING PROGRAM

- BACKGROUND** The U.S. Treasury, in one of its final rules on TRIA, ruled that premium income for one to four family rental units insurance coverage is considered commercial property and casualty insurance coverage that is included in the terrorism program.
- MSO[®] ACTION** We have made filings under the expedited filing process as established by the NAIC Model Bulletin in Delaware, Maryland, New Jersey and Pennsylvania for the Combination Dwelling program.
- We submitted certified terrorism coverage and exclusion endorsements and a related rating rule for use with tenant occupied (non-owner occupied) risks written under the Combination Dwelling program. These endorsements and corresponding policyholder notices mirror their counterparts that are available for commercial policies.
- EFFECTIVE DATE** These filings have now been acknowledged by the insurance departments in each state for the following effective dates:
- NJ and PA - December 1, 2003
DE and MD - December 15, 2003
- NOTICES** TPD 7 is for new and renewal business. This notice can be used to accept or reject the new terrorism coverage.
- TPD 8 can be used for renewal business when coverage would be “rolled on” and deleted only upon request.
- TPD 9 can be used for renewal business where the exclusion would be “rolled on” and coverage would be added only upon request.

ENDORSEMENTS

The following form adds Certified Terrorism Loss Coverage on new and renewal policies:

MDW 411 - DE, MD, NJ, PA

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

MDW 412 - NJ and PA (standard fire policy states)

MDW 413 - DE and MD

Endorsement MDW 414 can be used as the disclosure of the certified terrorism loss coverage premium and the federal share of such losses. An endorsement is one of the alternatives to meet the separate line item disclosure requirement. The other methods are on the declarations page or within the policy itself.

PRICING

A factor of 1.01 (1%) was filed to add Terrorism Coverage to new and renewal policies. The factor is applied to the otherwise applicable policy premium.

**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.

DISTRIBUTION

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**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

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