



January 21, 2008

TERRORISM ENDORSEMENTS REVISED

BACKGROUND

The Terrorism Risk Insurance Program Reauthorization Act extends the Federal terrorism insurance program through 2014 but with several changes. The significant changes affecting our forms are:

- The definition of a certified act of terrorism is revised to eliminate the acting on behalf of a foreign person or foreign interest requirement thus allowing domestic acts of terrorism to come under the program.
- Clear and conspicuous disclosure to the policyholder of the \$100 billion program cap is required at the time of offer, purchase and renewal of a policy.

INSURANCE DEPT. BULLETINS

The NAIC sent a sample bulletin to the various Insurance Departments reflecting the changes in the terrorism insurance program. New Jersey issued Bulletin 07-25 regarding the filing procedures to comply. Virginia issued Administrative Letter 2008-01.

MSO[®] ACTION

We revised and filed all of the terrorism endorsements to become effective upon approval. We also revised the sample policyholder disclosures (TPD 4, TPD 5, TPD 6, TPD 7, TPD 8 and TPD 9) to comply with the disclosure requirements.

The filings have been approved in New Jersey and Pennsylvania. They are pending in the other states.

ENDORSEMENTS

We filed to use the same endorsement numbers as currently apply, but with an 01 08 edition date. The only exceptions are as follows:

- In Delaware and Maryland, MCM 411 01 08 replaces MCM 420 03 06.
- In Pennsylvania, MCM 413 01 08, MCM 417 01 08 and MCM 419 01 08 replace MCM 412 03 06, MCM 416 03 06 and MCM 418 03 06, respectively. In Pennsylvania, the standard fire policy exception is no longer applicable to commercial policies so we filed the set of forms that do not include the SFP exception.

RATING

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

DISTRIBUTION

The new endorsements and policyholder disclosures will be added to the CD-ROM. Affiliated companies will be able to access these through our website: <http://www.msonet.com>

QUESTIONS

Contact Jan Kozlowski at (800) 935-6900.