



# Circular

DECEMBER 28, 2007

ANNOUNCEMENT

CIF-2007-09

## Countrywide—Item B-1405—Terrorism Risk Insurance Program Reauthorization Act of 2007

### ACTION NEEDED

Please review the changes outlined in the attachments for impact on your company's systems and procedures. Also review the **Status of Item Filings** circular for state approval of this item.

**Caution:** At the time of distribution of this circular, this item has been filed with the regulator but is **not yet approved**. This information is provided for your convenience and analysis. Please do not use the information until the regulator has approved the filing.

### BACKGROUND

The Terrorism Risk Insurance Act of 2002 ("TRIA" or the "Act") was enacted by Congress to recognize that terrorism is a catastrophe exposure that is real and significant for insurers of workers compensation and other lines of insurance. As a result of TRIA, a catastrophe provision was added to Rule 3-A-24-a of NCCI's *Basic Manual for Workers Compensation and Employers Liability Insurance*. TRIA, which expired on December 31, 2005, was extended by the Terrorism Risk Insurance Extension Act of 2005 ("TRIEA") for two years. Congress has now enacted the Terrorism Risk Insurance Program Reauthorization Act of 2007 ("TRIPRA") to extend the Act to December 31, 2014. Therefore, the catastrophe provision in Rule 3-A-24-a of NCCI's *Basic Manual* is being revised to remove the expiration date and replace it with "and any amendments thereto enacted by Congress."

### IMPACT

There is no change in premium as a result of this item.

Item B-1405 has been filed in all NCCI jurisdictions except AK, FL, HI, MO, NM, TN and VA and submitted to the independent bureaus for their consideration. For additional information on AK, FL, HI, MO, NM, TN, and VA, refer to:

- Announcement Circular AK-2007-08
- Announcement Circular FL-2007-13
- Announcement Circular HI-2007-11
- Announcement Circular MO-2007-13
- Announcement Circular NM-2007-10
- Announcement Circular TN-2007-10
- Announcement Circular VA-2007-11

In states where NCCI is the Plan Administrator, this item is applicable to assigned risk policies as well as voluntary policies.

Additionally, Arkansas law does not permit NCCI to file rules and rates on its members' behalf. Therefore, insurance carriers must make an independent filing with the Arkansas Insurance Department electing to adopt, or not adopt, an item filing filed by NCCI and subsequently approved by the Department. When such a filing is made with the Department, make sure that the NCCI item filing number (not the NCCI circular number) is referenced.

### NCCI ACTION

NCCI will release updated pages of NCCI's *Basic Manual* upon approval.

**PERSON TO  
CONTACT**

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## FILING MEMORANDUM

### ITEM B-1405—TERRORISM RISK INSURANCE PROGRAM REAUTHORIZATION ACT OF 2007

(To be effective 12:01 a.m. on January 1, 2008, applicable to new and renewal policies.)

#### PURPOSE

As a result of the recent passage of the Terrorism Risk Insurance Program Reauthorization Act of 2007 by the United States Congress (Congress), this item removes the December 31, 2005 expiration date from Rule 3-A-24-a of NCCI's *Basic Manual for Workers Compensation and Employers Liability Insurance*.

#### BACKGROUND

The Terrorism Risk Insurance Act of 2002 ("TRIA" or the "Act") was enacted by Congress to recognize that terrorism is a catastrophe exposure that is real and significant for insurers of workers compensation and other lines of insurance. As a result of TRIA, a catastrophe provision was added to Rule 3-A-24-a of NCCI's *Basic Manual*. TRIA, which expired on December 31, 2005, was extended by the Terrorism Risk Insurance Extension Act of 2005 ("TRIEA") for two years. Congress has now enacted the Terrorism Risk Insurance Program Reauthorization Act of 2007 ("TRIPRA") to extend the Act to December 31, 2014. Therefore, the catastrophe provision in Rule 3-A-24-a of NCCI's *Basic Manual* is being revised to remove the expiration date and replace it with "and any amendments thereto enacted by Congress."

#### PROPOSAL

This item removes the December 31, 2005 expiration date from National Rule 3-A-24-a located in NCCI's *Basic Manual*.

#### IMPACT

There is no change in premium as a result of this item.

#### IMPLEMENTATION

Exhibit 1 shows the changes required in NCCI's *Basic Manual*.

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ITEM B-1405—TERRORISM RISK INSURANCE PROGRAM REAUTHORIZATION ACT OF 2007

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EXHIBIT 1

BASIC MANUAL

RULE 3—RATING DEFINITIONS AND APPLICATION OF PREMIUM ELEMENTS

A. EXPLANATION AND APPLICATION

24. Catastrophe Provisions

- a. **Terrorism Risk Insurance Act (TRIA) of 2002** ~~This provision expires effective December 31, 2005 and any amendments thereto enacted by Congress~~