



# Circular

National Council on Compensation Insurance

Regulatory Services

SEPTEMBER 9, 2013

TX-2013-06

## ITEM FILING ANNOUNCEMENT

### Texas—Announcement of Item 01-TX-2013—Establishment of Texas Notification Endorsement of Pending Law Change to Terrorism Risk Insurance Program Reauthorization Act of 2007

**ACTION NEEDED**

Please review the changes outlined in the attachment to this circular 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 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**

This item establishes the Texas Notification Endorsement of Pending Law Change to Terrorism Risk Insurance Program Reauthorization Act of 2007 (TRIPRA) (WC 42 01 01), to be located in NCCI’s *Forms Manual of Workers Compensation and Employers Liability Insurance (Forms Manual)*. Refer to the attachment for details on this filing.

**IMPACT**

In the event of TRIPRA’s expiration, the premium charge for coverage that a standard workers compensation and employers liability policy provides for terrorism or war losses may continue or change for new, renewal, and in-force policies in effect on or after December 31, 2014.

**NCCI ACTION**

NCCI’s *Status of Item Filings* circular will provide you with the latest information on the approval of Item 01-TX-2013, in addition to all other NCCI item filings. The *Status of Item Filings* circular is updated weekly on [ncci.com](http://ncci.com).

NCCI will release updated pages of NCCI’s *Forms Manual* prior to the effective date. If you would like to subscribe to any of our manuals, please call our Customer Service Center at 800-NCCI-123 (800-622-4123).

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## FILING MEMORANDUM

### **ITEM 01-TX-2013—ESTABLISHMENT OF TEXAS NOTIFICATION ENDORSEMENT OF PENDING LAW CHANGE TO TERRORISM RISK INSURANCE PROGRAM REAUTHORIZATION ACT OF 2007**

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#### **PURPOSE**

This item establishes the Texas Notification Endorsement of Pending Law Change to Terrorism Risk Insurance Program Reauthorization Act of 2007 (WC 42 01 01), to be located in NCCI's *Forms Manual of Workers Compensation and Employers Liability Insurance (Forms Manual)*.

#### **BACKGROUND**

The Terrorism Risk Insurance Act (TRIA) took effect on November 26, 2002. It provided a temporary program under which the federal government would share in the payment of insured losses caused by certain acts of terrorism. It was renewed as the Terrorism Risk Insurance Extension Act (TRIEA) in 2005, and as the Terrorism Risk Insurance Program Reauthorization Act (TRIPRA) in 2007. In the absence of US Congressional action to extend, update, or otherwise reauthorize TRIPRA in whole or in part, TRIPRA is scheduled to expire on December 31, 2014.

It is unknown at this time whether Congress will take action regarding TRIPRA. Exposure to acts of terrorism remains. Therefore, NCCI is establishing a Texas endorsement for carriers to use in the event of TRIPRA's expiration.

#### **PROPOSAL**

This item establishes the Texas Notification Endorsement of Pending Law Change to Terrorism Risk Insurance Program Reauthorization Act of 2007 (WC 42 01 01) in NCCI's *Forms Manual*. The purpose of this endorsement is to notify policyholders of the impending expiration of TRIPRA and that, if it expires, a premium charge for losses that may occur in the event of certain acts of terrorism may either continue to apply or change from the amount currently applied.

While the use of this endorsement will be optional for carriers, the continued application of the premium charged by carriers for terrorism will be subject to regulatory review in accordance with the applicable state law.

#### **IMPACT**

In the event of TRIPRA's expiration, the premium charge for coverage that a standard workers compensation and employers liability policy provides for terrorism or war losses may continue or change for new, renewal, and in-force policies in effect on or after December 31, 2014.

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EXHIBIT COMMENTS AND IMPLEMENTATION SUMMARY

Exhibit	Exhibit Comments	Implementation Summary
1	<p>Displays the Texas Notification Endorsement of Pending Law Change to Terrorism Risk Insurance Program Reauthorization Act of 2007 (WC 42 01 01), to be located in NCCI's <i>Forms Manual</i></p> <p><b>Note:</b> This item is being filed on behalf of all Texas insurers who are now writing or will write workers compensation and employers liability insurance in Texas.</p>	To become effective for new, renewal, and in-force policies effective on and after 12:01 a.m. on January 1, 2014

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**EXHIBIT 1**

**FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE  
TEXAS NOTIFICATION ENDORSEMENT OF PENDING LAW CHANGE TO TERRORISM RISK  
INSURANCE PROGRAM REAUTHORIZATION ACT OF 2007 (WC 42 01 01)**

**TEXAS NOTIFICATION ENDORSEMENT OF PENDING LAW CHANGE TO TERRORISM RISK  
INSURANCE PROGRAM REAUTHORIZATION ACT OF 2007 (WC 42 01 01)**

This endorsement is being sent to you with respect to your workers compensation and employers liability insurance policy.

The Terrorism Risk Insurance Act of 2002 (TRIA) as previously amended and extended by the Terrorism Risk Insurance Program Reauthorization Act of 2007 (TRIPRA), provides for a program under which the federal government will share in the payment of insured losses caused by certain acts of terrorism. In the absence of affirmative US Congressional action to extend, update, or otherwise reauthorize TRIPRA, in whole or in part, TRIPRA is scheduled to expire December 31, 2014.

Since the timetable for any further Congressional action respecting TRIPRA is unknown at this time, and exposure to acts of terrorism remains, we are providing our policyholders with relevant information concerning their workers compensation policies in effect on or after January 1, 2014 in the event of TRIPRA's expiration.

Your policy provides coverage for workers compensation losses caused by acts of terrorism or war, including workers compensation benefit obligations dictated by state law. Coverage for such losses is still subject to all terms, definitions, exclusions, and conditions in your policy.

**The premium charge for the coverage your policy provides for terrorism or war losses may continue or change for new, renewal, and in-force policies in effect on or after December 31, 2014 in the event of TRIPRA's expiration, subject to regulatory review in accordance with applicable state law.**

You need not do anything further at this time.