



March 11, 2008

**CIRCULAR LETTER TO ASSIGNED RISK MEMBER COMPANIES**

Re: Workers Compensation

Terrorism Risk Insurance Program  
Reauthorization Act Endorsement

Circular C-08-3 announced the approval of the Terrorism Risk Insurance Program Reauthorization Act Endorsement (WC000113A) and the Domestic Terrorism, Earthquakes, and Catastrophic Industrial Accidents Premium Endorsement (WC000421B) effective January 1, 2008. The purpose of this circular is to provide guidelines for Assigned Risk policies when coverage is written through the North Carolina Workers Compensation Insurance Plan.

**Use of Forms:**

- Assigned Risk carriers must attach all terrorism-related endorsements (WC000113, WC000113A, WC000421A, WC000421B, and WC000422) to policies that are issued after December 26, 2007 and are effective prior to January 1, 2008. New and renewal assigned risk policies issued after January 1, 2008 must have endorsements W000113A, WC000421B and WC000422 attached to the policy.
- In North Carolina the Policyholder Disclosure Notice of Terrorism Insurance Coverage that was developed by the NAIC and is described in Circular C-08-2 must also be furnished to the policyholder.

**Data Reporting Requirements:**

The data reporting requirements will remain the same:

- Stat code 9740 will continue to be used to report the premium charge for Foreign Terrorism.
- Stat code 9741 will continue to be used to report the premium charge for DTEC.

**Notice of Assignment Letter:**

Changes will be made to the NCRB Notice of Assignment Letter. Verbiage will be added to disclose the premium and charges associated with TRIPRA.

**Premium Disclosure Requirements:**

- The Treasury Department draft interim guidance requires that carriers provide a clear and conspicuous disclosure to policyholders of the premium charged for insured losses covered by the Terrorism Risk Insurance Program. The new definition of an act of terrorism includes both domestic and foreign terrorism. North Carolina has separate miscellaneous values for domestic and foreign terrorism. However, the domestic terrorism portion is included in the miscellaneous value for Domestic Terrorism, Earthquakes, and Catastrophic Industrial Accidents (DTEC). By using underlying data from the item filings that implemented DTEC, NCCI has furnished the domestic terrorism percentage of the DTEC miscellaneous value. The current domestic terrorism percentage of the DTEC value for North Carolina is 30%.

- The North Carolina Rate Bureau will follow the NCCI practice of requiring assigned carriers to display the terrorism premium in Item 4. on the Information Page. For policies written through the North Carolina Workers Compensation Insurance Plan, carriers must include all information related to the terrorism premium as shown by example in the following table:

Class Code	Code No	Premium Basis Total Estimated Annual Remuneration	Rate or Misc. Value Per \$100 of Remuneration	% DTEC Misc. Value	Terrorism Premium	Estimated Annual Premium
Plumbing NOC	5183	\$1,000,000	2.14			\$21,400
		Subject Premium				\$21,400
		Experience Modification				1.00
		Standard Premium				\$21,400
		Expense Constant				\$ 250
		Foreign Terrorism	\$0.03		\$300	\$ 300
		DTEC	\$0.01			\$ 100
		Domestic Terrorism*		30%	\$30	
		<b>Subtotal for Terrorism Premium**</b>			\$330	
		<b>Total Estimated Annual Premium</b>				\$22,050

\* Domestic Terrorism shown as a percentage of DTEC Misc. Value by state

\*\* Subtotal for Terrorism Premium = Domestic Terrorism + Foreign Terrorism

If you have questions contact the NCRB Information Center at 919-582-1056 or [wcinfo@ncrb.org](mailto:wcinfo@ncrb.org).

Sincerely,

Sue Taylor

Director, NCRB Insurance Operations