

July 26, 2013

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Workers Compensation Insurance
Endorsement WC 00 04 22A
Pending Law Change to Terrorism Risk Insurance
Program Reauthorization Act of 2007 (TRIPRA)

The North Carolina Rate Bureau filed a new Endorsement (WC 00 04 22A) with the North Carolina Commissioner of Insurance. This filing has been approved, and becomes effective January 1, 2014.

The purpose of the new endorsement is to notify policyholders of the pending expiration of the Terrorism Risk Insurance Program Reauthorization Act (TRIPRA) program. This endorsement will be optional on Voluntary market policies, but will be mandatory on policies written in the Assigned Risk market.

A copy of the NCCI circular is attached for your review.

Sincerely

Sue Taylor

Director of Insurance Operations

ST:dms

Attachment

C-13-7

FILING MEMORANDUM

ITEM P-1410—ESTABLISHMENT OF NOTIFICATION ENDORSEMENT OF PENDING LAW CHANGE TO TERRORISM RISK INSURANCE PROGRAM REAUTHORIZATION ACT OF 2007

PURPOSE

This item establishes the Notification Endorsement of Pending Law Change to Terrorism Risk Insurance Program Reauthorization Act of 2007 (WC 00 01 14), 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 an endorsement for carriers to use in the event of TRIPRA's expiration.

PROPOSAL

This item establishes the Notification Endorsement of Pending Law Change to Terrorism Risk Insurance Program Reauthorization Act of 2007 (WC 00 01 14) 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 voluntary carriers, it will be mandatory for assigned carriers in NCCI Plan-administered states where it receives regulatory approval. 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

The premium charge for coverage that a standard workers compensation and employers liability policy provides for terrorism or war losses is shown in Item 4 of the policy Information Page or the Terrorism Risk Insurance Program Reauthorization Act Disclosure Endorsement (WC 00 04 22 A) Schedule that is attached to the policy. In the event of TRIPRA's expiration, this amount may continue or change for new, renewal, and in-force policies in effect on or after December 31, 2014.

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FILING MEMORANDUM

**ITEM P-1410—ESTABLISHMENT OF NOTIFICATION ENDORSEMENT OF PENDING LAW
 CHANGE TO TERRORISM RISK INSURANCE PROGRAM REAUTHORIZATION ACT OF 2007**

EXHIBIT COMMENTS AND IMPLEMENTATION SUMMARY

Exhibit	Exhibit Comments	Implementation Summary
1	<p>Displays the Notification Endorsement of Pending Law Change to Terrorism Risk Insurance Program Reauthorization Act of 2007 (WC 00 01 14), to be located in NCCI's <i>Forms Manual</i></p> <p>Note: While the use of this endorsement will be optional for voluntary carriers, it will be mandatory for assigned carriers in NCCI Plan-administered states where it has received regulatory approval.</p>	<ul style="list-style-type: none"> • To become effective for new, renewal, and in-force voluntary and assigned risk policies effective on and after 12:01 a.m. on January 1, 2014 • In Hawaii, the effective date is determined upon regulatory approval of the individual carrier's election to adopt this change

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EXHIBIT 1

**FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE
NOTIFICATION ENDORSEMENT OF PENDING LAW CHANGE TO TERRORISM RISK
INSURANCE PROGRAM REAUTHORIZATION ACT OF 2007 (WC 00 01 14)**

**NOTIFICATION ENDORSEMENT OF PENDING LAW CHANGE TO TERRORISM RISK INSURANCE
PROGRAM REAUTHORIZATION ACT OF 2007 (WC 00 01 14)**

This endorsement is being sent to you with respect to your workers compensation and employers liability insurance policy. This endorsement does not replace the separate Terrorism Risk Insurance Program Reauthorization Act Disclosure Endorsement (WC 00 04 22 A) that is attached to your current policy and which remains in effect as applicable.

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, except in Pennsylvania where injuries or deaths resulting from certain war-related activities are excluded from workers compensation coverage. 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 is shown in Item 4 of the Information Page or the Schedule in the Terrorism Risk Insurance Program Reauthorization Act Disclosure Endorsement (WC 00 04 22 A) that is attached to your policy, and this amount 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.