

Line(s) of
Insurance: **Statistical
Automobile**

COUNTRYWIDE REPORTING PROCEDURES FOR TERRORISM COVERAGE COMMERCIAL AUTO

AAIS has developed new statistical reporting procedures for commercial automobile statistical reporting affiliates to address the terrorism insurance reporting requirements. The Terrorism Risk Insurance Act of 2002 gives the Secretary of the Treasury certain powers and authorities necessary to carry out the Terrorism Insurance Program, including the obligation to compile information on the terrorism risk insurance premium rates of insurers.

The new reporting procedures described in this Bulletin become effective immediately. Additional changes may be needed if the Treasury Department or the National Association of Insurance Commissioners require more specific data on terrorism insurance. In which case, we will communicate any such changes by Bulletin.

The procedures set forth in this Bulletin should allow AAIS to satisfy any statutory reporting obligations for premiums and losses on coverage for certified acts of terrorism on behalf of our reporting companies.

Reporting Premium and Loss Experience Associated with Terrorism Coverage

All premium and loss experience associated with certified acts of terrorism is to be reported as a separate record. These records will be identified by three new codes within the coverage code field residing in position 28 of the automobile statistical plan. If your system is designed to segregate the premium charges for certified acts of terrorism into their liability and physical damage components, then use new coverage codes H and J. Otherwise, use new coverage code K to report the indivisible premium charge.

Code	Description
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H	Certified acts of terrorism covered (coverage not excluded) -- liability only
J	Certified acts of terrorism covered (coverage not excluded) -- physical damage only
K	Certified acts of terrorism covered (coverage not excluded) -- liability and physical damage

Since premium charges for loss due to certified acts of terrorism is not specific to individually insured vehicles, only certain fields within the AAIS Automobile statistical plan are required. These fields are:

- Line of Insurance (pos. 1-2)
- Accounting Date (pos. 3-5)
- Company Code (pos. 6-9)
- State Code (pos. 10-11)
- Transaction Code (pos. 16)
- Premium / Loss Amount (pos. 17-26)
- Program Code (pos. 27)
- Coverage Code (pos. 28)
- Subline Code (pos. 29)
- Exposure / Claim Count (pos. 44-48) -- Exposure should always be ±00001
- Months Covered (pos. 49-50) -- applies to premium records only
- Cause of Loss (pos. 49) -- applies to loss records only
- Claim Status (pos. 50) -- applies to loss records only
- Terrorism Indicator (pos. 51) -- new field
- Accident Date (pos. 56-59) -- applies to loss records only
- Pool Affiliation (pos. 65)
- Occurrence or Policy Identification (pos. 66-79)

Any field that is not listed above does not apply when reporting terrorism premium and loss records. For those fields that do not apply, leave the field blank.

Identifying the Existence or Absence of Coverage for Certified Acts of Terrorism

In addition to reporting the premium charges, and any related losses, for certified acts of terrorism as separate records, it is also necessary to indicate on all reported records of commercial auto policies whether certified acts of terrorism are excluded or included. This will be done through a one-digit code in a new field called "Terrorism Indicator" in position 51 of the AAIS automobile statistical plan. This field must be reported on all premium and loss records associated with a commercial auto policy. This new field should be left blank on all personal auto policies.

TERRORISM INDICATOR		(Pos. 51)
This field indicates whether certified acts of terrorism are included or excluded and must be reported on all premium and loss records associated with a commercial automobile policy (subline code 2).		
For personal automobile policies (subline code 1), leave this field blank.		
Code	Program Used	
7	Certified acts of terrorism <u>not</u> excluded	
8	Certified acts of terrorism excluded	

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These instructions are different from the instructions found in bulletin 03-0007 which provided the guidelines for reporting terrorism coverage for all lines of business other than automobile.

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