

AAIS

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BULLETIN

AMERICAN ASSOCIATION
OF INSURANCE SERVICES

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Line(s) of
Insurance:

Agricultural Output
Artisans
Businessowners
Commercial Inland
Marine
Commercial Liability
Commercial Output
Commercial Output - XL

Commercial Properties
Commercial Umbrella
Contractors &
Developers Output
Crime
Farm Properties
Farmowners

Farm Umbrella
Glass
Inland Marine Guide
Personal & Premises
Liability

****This bulletin and its attachments have been made available at the AAIS open Web site: AAISonline.com.
This bulletin will not be distributed in a paper format.****

NEW YORK

SPECIAL EDITIONS OF CERTIFIED TERRORISM EXCLUSION ENDORSEMENTS AVAILABLE

Reference Bulletin 02-0550

Copies of the special **04 03** editions of the certified terrorism endorsements filed for use in the state of New York are attached to this Bulletin.

At the request of the New York Insurance Department, the multistate **12 02** editions of the certified terrorism endorsements that AAIS filed for use with programs subject to Standard Fire Policy provisions have been withdrawn and replaced. In the **04 03** replacement editions, a provision has been added to make fire following coverage subject to the Maximum Annual Liability payment limitation only if such coverage is determined to fall within the section of the federal Terrorism Risk Insurance Act of 2002 that addresses capping of losses.

Note: The multistate **12 02** endorsements described in Reference Bulletin 02-0550 still apply to the following New York programs, which are not subject to Standard Fire Policy provisions: Commercial Inland Marine, Commercial Liability, Crime, Glass, Personal & Premises Liability, Commercial Umbrella, and Farm Umbrella.

ENDORSEMENTS

A table which identifies the Certified Terrorism coverage and exclusion endorsement that applies to each Commercial Lines program filed in New York is shown below:

Program	Coverage Endorsement	Exclusion Endorsement
Agricultural Output	CL 0600 04 03	CL 0620 04 03
Artisans	AP 0700 04 03	AP 0720 04 03
Businessowners	BP 0750 04 03	BP 0770 04 03
Commercial Inland Marine (Filed Classes)	CL 0600 12 02	CL 0610 12 02

Program	Coverage Endorsement	Exclusion Endorsement
Commercial Liability	GL 0250 12 02	GL 0260 12 02
Commercial Output	CL 0600 04 03	CL 0620 04 03
Commercial Output - XL	CL 0600 04 03	CL 0620 04 03
Commercial Properties	CL 0600 04 03	CL 0620 04 03
Commercial Umbrella	UM 0755 12 02	UM 0765 12 02
Contractors & Developers Output	CL 0600 04 03	CL 0620 04 03
Crime	CL 0600 12 02	CL 0610 12 02
Farm Properties	FL 0600 04 03	FL 0620 04 03
Farmowners	FO 0600 04 03	FO 0620 04 03
Farm Umbrella	UM 0330 12 02	UM 0340 12 02
Glass	CL 0600 12 02	CL 0610 12 02
Personal & Premises Liability (Farm Only)	GL 0310 12 02	GL 0320 12 02

FILING NUMBERS

The endorsements described in this bulletin (and the applicable multistate **12 02** editions of the Certified Terrorism endorsements described in Reference Bulletin 02-0550) have been placed on file effective **March 1, 2003**.

Refer to the following filing numbers in all correspondence directed to the insurance department.

Program	AAIS Filing Number	State File No.
Endorsements -- All Lines Other Than Umbrella	AAIS-2002-82EXC	R2003000391
Rating Information -- When Certified Coverage Is Accepted	AAIS-2002-82COV	R2003000333
Rating Information -- When Certified Coverage Is Rejected	AAIS-2002-82EXC	R2003000391
Endorsements -- Commercial and Farm Umbrella	AAIS-2002-84EXC	R2003000484

COMPANY ACTION

Endorsements

All Commercial Lines Programs Except Umbrellas and Inland Marine Guide

Companies that have granted AAIS filing authority for forms and endorsements can adopt the endorsements without notifying the insurance department.

Commercial Umbrella and Farm Umbrella Programs Only

Each company that wishes to adopt these endorsements must do so by establishing an effective date and notifying the Insurance Department in writing.

Inland Marine Guide

In accordance with New York Insurance Department Circular Letter 2000-22, companies are required to file endorsements for certain non-filed inland marine classes. Companies affiliated for the Inland Marine Guide must make an independent filing to use the certified terrorism endorsements (CL 0600 12 02 and CL 0610 12 02) for the Builders' Risk and Electronic Data Processing classes, if these classes are filed as inland marine lines of insurance. If these classes are filed as property lines of insurance, file the special editions of the certified terrorism endorsements (CL 0600 04 03 and CL 0620 04 03). If these classes are filed as a property line of insurance, these classes would no longer fall under the inland marine exemption.

For the non-filed inland marine classes other than Builders' Risk, Electronic Data Processing and Yacht, the 12 02 certified terrorism loss endorsements are available for immediate use.

Companies are advised to refer to Circular Letter No. 25 (2002) dated December 23, 2002 and Supplement No. 1 to Circular Letter 25 dated February 19, 2003 for the filing requirements that apply to terrorism-related filings in New York.

Rating Information

When Coverage for Certified Terrorism Loss Is Accepted or Rejected:

All Filed Commercial Lines Programs Except Umbrellas

Companies that have granted AAIS filing authority for rating information are required to notify the insurance department as soon as possible as to whether or not they intend to adopt this filing.

Commercial Umbrella and Farm Umbrella Programs Only

Companies must develop and submit Umbrella rating information independently.

Inland Marine Guide

Companies must make an independent filing to use the certified terrorism loss rating information for the Builders' Risk and Electronic Data Processing classes.

For the non-filed inland marine classes other than Builders' Risk, Electronic Data Processing and Yacht, the certified terrorism loss rating information is available for immediate use.

Expedited Filing Transmittal

No Expedited Filing Transmittal form applies in New York. Normal filing forms are to be completed and normal procedures are to be followed.

Disclosure Notices

All Commercial Lines Programs

NOTE: Since prior to the passage of the federal Terrorism Risk Insurance Act of 2002, New York did not allow terrorism exclusions to be placed on file, the only AAIS notice that can be used in New York on or after February 25, 2003 when making an offer of coverage is **CL 1045 12 02**.

Affiliated companies can use AAIS policyholder notice **CL 1045 12 02** with slight modifications for individual policies, or develop independent notices that contain the information required by the Terrorism Risk Insurance Act. Companies that develop their own notices are NOT required to place them on file.

Separate Line Item Requirement

For policies issued on February 25, 2003 and later, the Terrorism Risk Insurance Act of 2002 specifies that the certified terrorism loss premium and the Federal share of insured losses must be disclosed as a 'separate line item' in the policy. According to the Act, insurers must meet this requirement as a condition for federal payments. The three ways which the Treasury Department has indicated that this requirement may be met, in the Interim Guidance issued on January 22, 2003, is by showing the required information:

1. on the declarations page of the policy;
2. elsewhere within the policy itself; or
3. in any rider or endorsement that is made a part of the policy.

While notice **CL 1045 12 02** may still be used as a means through which coverage may be selected or rejected, the certified terrorism loss premium and Federal share of insured losses must still be shown specifically on the declarations, elsewhere in the policy, or in an endorsement to the policy.

See Bulletin 03-0089, posted at the AAIS open Web site (www.AAISonline.com), for additional information regarding the 'separate line item' requirement.

SUPPLIES

The forms and endorsements approved for use in this state have been released to Uniform Information Services, Inc. (UIS), the print vendor for AAIS forms and endorsements. Call UIS at (800) 382-2424 to order forms and endorsements in paper printed format. Call UIS at 800-782-9481 to order the text of AAIS forms in a variety of electronic formats.

AAIS also offers the text of forms and endorsements in limited electronic formats. Call Veronica Clarke at 800/564-AAIS for more information.

ATTACHMENTS

- CL 0600 04 03 Certified Terrorism Loss
- CL 0620 04 03 Certified Act of Terrorism Exclusion (With Limited Exception)
- AP 0700 04 03 Certified Terrorism Loss
- AP 0720 04 03 Certified Act of Terrorism Exclusion (With Limited Exception)
- BP 0750 04 03 Certified Terrorism Loss
- BP 0770 04 03 Certified Act of Terrorism Exclusion (With Limited Exception)
- FL 0600 04 03 Certified Terrorism Loss
- FL 0620 04 03 Certified Act of Terrorism Exclusion (With Limited Exception)
- FO 0600 04 03 Certified Terrorism Loss
- FO 0620 04 03 Certified Act of Terrorism Exclusion (With Limited Exception)

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AAISDIRECT AND AAIS PRODUCT ADVISORY

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While valuable as a stand-alone service, the *AAIS Product Advisory* is an ideal complement to *AAISdirect*. The communication gives you an overview of new information posted weekly on *AAISdirect* and is directly linked to the site so that you can quickly access complete copies of bulletins.

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Register now for the 2003 AAIS Annual Conference, "The place to be for insurance market strategists"

Go to www.AAISonline.com for information and to register for the AAIS Annual Conference, April 6-8 in Monterey, Calif. This year's conference will feature a series of business sessions designed for senior executives and managers in marketing, underwriting, and product development.