

AAIS

BULLETIN

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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

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This bulletin will not be distributed in a paper format.****

COUNTRYWIDE NON-CERTIFIED TERRORISM EXCLUSIONS FILED

Reference Bulletin: 02-0550, 03-0089

Optional endorsements that restate the War exclusion and that exclude loss caused by non-certified acts of terrorism have been filed in all jurisdictions except Florida, Georgia, New York, and Texas.

This Bulletin identifies the new non-certified terrorism endorsements and the earlier War, Military Action, and Terrorism exclusion endorsements that they replace. Information regarding the approval and effective dates for the non-certified terrorism endorsements, Web site postings, and other materials filed to comply with the federal Terrorism Risk Insurance Act of 2002 (the Act) is also provided by this Bulletin.

NON-CERTIFIED TERRORISM ENDORSEMENTS

The endorsements that address non-certified terrorism loss have been filed to replace the previous War, Military Action, and Terrorism exclusion endorsements, provided that such endorsements were previously approved in a jurisdiction. Once the endorsements that exclude non-certified terrorism loss have been approved, any company that has granted AAIS forms filing authority must advise the applicable insurance department (in writing) if instead of adopting the more current filing, the company intends to continue using the previous terrorism exclusion endorsements.

Two versions of the non-certified terrorism exclusion have been filed for each line of insurance. However, only one of the two non-certified endorsements filed for each line of insurance can be attached to each policy or coverage part. The first of the two new endorsements shown in the table that follows is the approximate equivalent of the item being replaced. The second of the two new endorsements shown in the table that follows addresses only those non-certified losses that involve biological or chemical materials (with respect to property coverage), or that involve nuclear, biological, or chemical materials (with respect to liability coverage). Neither version of the exclusion applies to a loss that is not certified by the Secretary of the Treasury to be an act of terrorism solely because the property and casualty insurance losses resulting from that act do not exceed \$5,000,000 in the aggregate.

Endorsements AP 0730, AP 0740, BP 0780, BP 0790, CL 0630, CL 0640, FL 0630, FL 0640, FO 0630, FO 0640, GL 0270, GL 0330, UM 0350, and UM 0775 address non-certified acts of terrorism executed through biological, chemical, and other means. (Endorsements AP 0740, BP 0790, CL 0640, FL 0640, and FO 0640, which include an exception for loss caused by fire, have been filed for use with policies that are subject to Standard Fire Policy Statutes).

Terms of the endorsements listed above that pertain to liability coverages also exclude non-certified acts of terrorism that involve nuclear materials or that result in nuclear reaction or radiation or radioactive contamination. In contrast, the endorsement terms that pertain to property coverages rely on the Nuclear Hazard exclusion in the underlying policy or coverage part, rather than restating an exclusion that applies to acts of terrorism that involve nuclear materials or that result in nuclear reaction or radiation or radioactive contamination.

Under the endorsements referenced in the preceding paragraphs, if loss is brought about by terrorist acts that do not involve biological, chemical, or nuclear means, the exclusion applies only when certain thresholds are exceeded. With respect to property coverage, the Non-certified Act of Terrorism Exclusion only applies in those instances when damage to all types of property involved in the loss totals more than \$25,000,000. With respect to liability coverage, the Non-certified Act of Terrorism Exclusion only applies in those instances where more than \$25,000,000 of property damage is sustained, or where serious physical injury or death is sustained by 50 or more people.

Endorsements AP 0750, AP 0760, BP 0800, BP 0810, CL 0650, CL 0660, FL 0650, FL 0660, FO 0650, FO 0660, GL 0280, GL 0340, UM 0360, and UM 0785 address non-certified acts of terrorism executed only through biological or chemical means, with respect to property coverage terms, and only through nuclear, biological, or chemical means, with respect to liability coverage terms. (Endorsements AP 0760, BP 0810, CL 0660, FL 0660, and FO 0660, which include an exception for loss caused by fire, have been filed for use with policies that are subject to Standard Fire Policy Statutes).

The table that follows identifies each non-certified terrorism endorsement (*new*) and the previous War, Military Action, and Terrorism exclusion endorsement that it will replace (*rpl*). An earlier version of this table was distributed as an attachment to Bulletin 02-0550. However, since the date of that Bulletin's release, several endorsement number corrections have been made. (The table below, as well as the table that now appears on the open Web site as part of Bulletin 02-0550, reflect the various corrections).

Line of Insurance	Non-certified Terrorism Loss Excluded: New & Renewal Policies Only; No Fire Exception	Non-certified Terrorism Loss Excluded: New & Renewal Policies Only; With Fire Exception	Non-certified Terrorism Loss Excluded: New & Renewal Policies Only; All States
Agricultural Output	new CL 0630 12 02 new CL 0650 12 02 <i>rpl</i> CL 0468 01 02	new CL 0640 12 02 new CL 0660 12 02 <i>rpl</i> CL 0469 01 02	
Artisans	new AP 0730 12 02 new AP 0750 12 02 <i>rpl</i> AP 0686 01 02	new AP 0740 12 02 new AP 0760 12 02 <i>rpl</i> AP 0687 01 02	

Line of Insurance	Non-certified Terrorism Loss Excluded: New & Renewal Policies Only; No Fire Exception	Non-certified Terrorism Loss Excluded: New & Renewal Policies Only; With Fire Exception	Non-certified Terrorism Loss Excluded: New & Renewal Policies Only; All States
Businessowners	new BP 0780 12 02 new BP 0800 12 02 <i>rpl BP 0674 01 02</i>	new BP 0790 12 02 new BP 0810 12 02 <i>rpl BP 0675 01 02</i>	
Commercial Inland Marine (Filed Classes)	new CL 0630 12 02 new CL 0650 12 02 <i>rpl CL 0468 01 02 or</i> <i>rpl CL 0469 01 02*</i>	new CL 0640 12 02 new CL 0660 12 02 <i>rpl CL 0469 01 02</i>	
Commercial Liability			new GL 0270 12 02 new GL 0280 12 02 <i>rpl GL 0985 01 02</i>
Commercial Output	new CL 0630 12 02 new CL 0650 12 02 <i>rpl CL 0468 01 02</i>	new CL 0640 12 02 new CL 0660 12 02 <i>rpl CL 0469 01 02</i>	
Commercial Properties	new CL 0630 12 02 new CL 0650 12 02 <i>rpl CL 0468 01 02</i>	new CL 0640 12 02 new CL 0660 12 02 <i>rpl CL 0469 01 02</i>	
Commercial Umbrella			new UM 0775 12 02 new UM 0785 12 02 <i>rpl UM 0311 01 02</i>
Contractors & Developers Output	new CL 0630 12 02 new CL 0650 12 02 <i>rpl CL 0468 01 02</i>	new CL 0640 12 02 new CL 0660 12 02 <i>rpl CL 0469 01 02</i>	
Crime			new CL 0630 12 02 new CL 0650 12 02 <i>rpl CL 0468 01 02</i>
Farm Properties	new FL 0630 12 02 new FL 0650 12 02 <i>rpl FL 0450 03 02</i>	new FL 0640 12 02 new FL 0660 12 02 <i>rpl FL 0451 03 02</i>	
Farmowners	new FO 0630 12 02 new FO 0650 12 02 <i>rpl FO 0450 03 02</i>	new FO 0640 12 02 new FO 0660 12 02 <i>rpl FO 0451 03 02</i>	
Farm Umbrella			new UM 0350 12 02 new UM 0360 12 02 <i>rpl UM 0125 03 02</i>

Line of Insurance	Non-certified Terrorism Loss Excluded: New & Renewal Policies Only; No Fire Exception	Non-certified Terrorism Loss Excluded: New & Renewal Policies Only; With Fire Exception	Non-certified Terrorism Loss Excluded: New & Renewal Policies Only; All States
Glass			new CL 0630 12 02 new CL 0650 12 02 rpl GS 0194 01 02
Personal & Premises Liability (Farm Only)			new GL 0330 12 02 new GL 0340 12 02 rpl GL 0990 03 02

* **Note:** In states where the filed Commercial Inland Marine classes are exempt from Standard Fire Policy provisions, endorsements CL 0630 and CL 0650, which have no fire exception, have been filed as replacements for previously filed endorsement CL 0469, which included a fire exception.

All of the endorsements identified in the table above are posted at the AAIS open Web site as attachments to Bulletin 02-0550, at <http://www.aaisonline.com/terror/Bulletin/02-0550.htm>. The special editions of the endorsements that exclude non-certified terrorism loss filed in Alaska and Washington will be released under separate bulletins once approval has been received.

APPROVAL STATUS AND EFFECTIVE DATE

In most jurisdictions, the endorsements that exclude loss caused by non-certified acts of terrorism are subject to prior approval. To date, those endorsements have been approved or are available for use in the 14 jurisdictions listed below, to the extent that the corresponding AAIS program is available for use in each jurisdiction. Refer to the Web Site Postings section of this Bulletin for comments regarding any company action required to adopt the non-certified terrorism endorsements.

States In Which Non-Certified Endorsements Are Approved	
Colorado	North Dakota
Kentucky	Ohio
Montana	South Carolina
Nevada	South Dakota
New Hampshire	Virginia
New Mexico	West Virginia
North Carolina	Wyoming

Effective Dates

For programs other than Commercial Umbrella and Farm Umbrella, the effective date for all jurisdictions listed above is **April 1, 2003**, subject to the following exceptions:

State	Effective Date
New Hampshire	2/24/03
North Carolina	5/1/03
Ohio	2/19/03

In all of the approved jurisdictions except Virginia, the endorsements applicable to the Commercial Umbrella Program and/or Farm Umbrella Program, have been filed for an advisory effective date that is the same as the effective date filed for all other Commercial Lines programs. Companies that want to adopt the umbrella endorsements in any state other than Virginia must establish an effective date and notify the Insurance Department (in writing) of their intent. In Virginia, where advisory filings are not permitted, the Commercial and Farm Umbrella endorsements have been filed on behalf of AAIS affiliates that have granted us forms filing authority. Companies do not have to notify the Virginia Bureau of Insurance if they plan to adopt the umbrella endorsements as filed.

Additional Approvals - AAIS Product Advisory

The AAIS e-mail notification service, *Product Advisory*, will continue to announce the availability of the non-certified terrorism loss endorsements in each state. Additional bulletins will be issued to distribute copies of any state-specific versions of the non-certified terrorism loss endorsements.

CERTIFIED TERRORISM LOSS

Endorsements that can be used to cover or exclude loss caused by certified acts of terrorism and the corresponding rating information have been placed on file in all jurisdictions. Endorsement CL 0605 has also been placed on file in all jurisdictions for the use of those companies that wish to use an endorsement to satisfy the separate line item disclosure requirement that became effective February 25, 2003 under the Act. More information about the separate line item disclosure requirement is provided in Bulletin 03-0089 which is posted to the AAIS open Web site at <http://www.aaisonline.com/terror/Bulletin/03-0089.htm>.

MANUAL SUPPLEMENTS - TERRORISM RULES AND RATING INFORMATION

Manual rules that identify and govern the use of the certified and non-certified terrorism endorsements were submitted with the non-certified terrorism endorsements filings. Sample copies of those rules are posted at the AAIS open Web site, adjacent to Bulletin 02-0550, at <http://www.aaisonline.com/terror/Bulletin/02-0550.htm>. The manual supplement on file for each state also includes the rating information that is associated with certified terrorism loss.

Subsequent to the initial posting of the sample terrorism rules, the supplements were amended to include a reference to endorsement CL 0605, which is discussed above. Once approved, the complete Terrorism manual supplements will be included in all orders filled for AAIS manuals, and in the AAIS manuals posted at the subscriber Web site, [AAISdirect.com](http://www.aaisdirect.com).

WEB SITE POSTINGS

The endorsement numbers that address certified terrorism loss and the corresponding rating information in each jurisdiction, along with any company action required to adopt the AAIS materials, are posted at the AAIS open Web site at <http://www.aaisonline.com/terror/StateAction.htm>.

Since the Company Action for Inland Marine Guide often varies from the Company Action that applies to the filed Commercial Lines, a separate Inland Marine Guide Company Action section has been added to the AAIS open web site at <http://www.aaisonline.com/terror-re.htm>. In particular, in states where special editions of the certified terrorism endorsements apply, the Company Action for Inland Marine Guide filings has been clarified and expanded.

Endorsement numbers that address non-certified terrorism loss in each jurisdiction, and any company action needed to adopt both the endorsements and the rules that govern the use of the certified and non-certified terrorism endorsements, are being posted for each jurisdiction in conjunction with the approval of the non-certified terrorism endorsements.

The Web site postings are also being updated, when the information regarding the non-certified terrorism endorsements and the terrorism rules supplement is added, to include information related to endorsement CL 0605 (which addresses the separate line item disclosure requirement).

Visit the Terrorism section of the AAIS open Web site at <http://www.aaisonline.com/terror-re.htm> for a listing of each AAIS bulletin that has been posted to release countrywide or state-specific information regarding terrorism.

SUPPLIES

Endorsements - All of the endorsements that address certified terrorism loss are available from Uniform Information Services, Inc. (UIS), the print vendor of AAIS forms and endorsements. Call UIS at 800/382-2424 to order AAIS forms and endorsements in paper printed format. Call UIS at 800/782-9481 to order the text of AAIS forms and endorsements 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.

The multi-state endorsements that address non-certified terrorism loss are now available as described above. State-specific versions of endorsements that address non-certified terrorism loss will be made available upon approval.

Manual Supplements - Once approved and processed, the Terrorism manual supplements will be included in all orders filled for AAIS manuals, and in the AAIS manuals posted at the subscriber Web site, AAISdirect.com. Affiliated companies may also request one copy of each state-specific manual supplement, as an e-mail attachment, without charge. Requests will be honored after the final version of the state-specific supplement has been approved and processed. Submit requests to Veronica Clarke at Veronicac@AAISonline.com.

Forms and Endorsements Listings - Once approved and processed, the non-certified terrorism endorsements will be included in the forms and endorsements listings supplied with all orders filled for AAIS manuals, and in the AAIS manuals posted at the subscriber Web site, AAISdirect.com. Affiliated companies may also request one copy of each updated forms listing, as an e-mail attachment, without charge. Requests will be honored after the non-certified terrorism endorsements have been approved and added to the listings. Submit requests to Veronica Clarke at Veronicac@AAISonline.com.

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