

Item #:	B-1383
Title:	Catastrophe Provision—Certified Terrorism Losses (As Defined in Terrorism Risk Insurance Act of 2002)
Effective Date:	December 20, 2002 – Voluntary Market January 1, 2003—Assigned Risk Market
Announcement Circular:	CIF-02-07
Technical Contact:	<ul style="list-style-type: none"> •Rates or Loss Costs—Jeff Eddinger, 561-893-3133 •Basic Manual rules and algorithms, Retrospective Rating Plan Manual, or Policy Forms and Endorsements Manual, <i>please contact appropriate State Relations Executive</i> •URE Statistical Plan Manual—Randy Molnar, 561-893-3748
Manual:	Basic Manual, Policy Forms Manual, Retrospective Rating Manual, URE Statistical Plan Manual
Sent to Central Files:	
Final Status Circular:	
States Effective:	<p>NOTE A: The federal act preempted prior approval and waiting period requirements. Therefore, states are not required, nor likely, to issue approvals or acknowledgements. However, the states in this section officially approved or acknowledged this filing.</p> <p>AL, AZ(1), AR, CO(2), DC(3), GA, ID(12), KY, ME, MD, NM, MO (20) OR(5), SC</p>
States Disapproved:	
States Withdrawn:	
States Pending /Recommended:	<p>NOTE B: The federal act preempted prior approval and waiting period requirements. Therefore, states are not required, nor likely, to issue approvals or acknowledgements. However, according to the Act, carriers are permitted to charge premium in the states in this “pending/recommended” section. If state regulators provide NCCI with an actual approval or acknowledgement, such state will be moved into the “approved/effective” section.</p> <p>AK, CT, FL(21), HI (4), IL(22), IN(8), IA, KS(23), LA, MN(6), MS, MT, NE, NV(25), NH(24), NJ(9), NY(10), NC(17), OK, RI, SD, TN, UT, VA(11), VT, WI(7)</p>
States Not Filed:	ND, OH, WA, WV, WY
States Not Applicable:	CA(13), DE(14), MA(15), MI(16), PA(18), TX(19)
Comments:	<p>(1)—AZ—Voluntary Market—The rates, rules, and forms will be implemented effective 12:01 a.m. on December 20, 2002, applicable to new and renewal voluntary policies only. However, for carriers whose systems or operations do not permit them to adopt the December 20, 2002 date, they may choose an effective date after December 20, 2002, but no later than February 24, 2003. Assigned Risk Market—Approved effective January 1, 2003.</p> <p>(2)—CO—The loss costs, rules, and forms will be implemented effective 12:01 a.m. on December 20, 2002, applicable to new and renewal voluntary policies only. However, for carriers that have explicitly built a Terrorism provision into their Loss Cost Multipliers (LCMs), this item will not become effective until January 20, 2003. This will give those carriers 30 days to file adjusted LCMs, which would appropriately account for the lost costs filed by NCCI.</p> <p>(3)—DC—Voluntary Market—Approved effective December 20, 2002 with revised loss cost of 0.05. Assigned Risk Market—Approved effective January 1, 2003 with revised assigned risk rate of 0.07.</p> <p>(4)—HI—Effective date is determined upon regulatory approval of the individual carrier's election to adopt this change.</p> <p>(5)—OR—Voluntary Market—Approved effective December 20, 2002. Assigned Risk Market—Approved Effective July 1, 2003.</p> <p>(6)—MN—The Minnesota Department of Commerce has approved two filings made by the Minnesota Workers' Compensation Insurers Association (MWCIA) regarding the Terrorism Act of 2002. Refer to Circular Letters 03-1397 and 03-1398 on MWCIA's Web site at www.mwcia.org for information on these filings. The MN Department of Commerce has released Bulletin 2003-1, regarding the Terrorism Act, and that bulletin is also available on MWCIA's Web site.</p> <p>(7)—WI—Item B-1383 was filed on December 30, 2002. See Wisconsin Compensation Rating Bureau Circular Letter 2913 at www.wcrb.org for additional information.</p>

- (8)—IN**—Refer to www.icrb.net/help/fun_facts_frames.htm.
- (9)—NJ**—Filing made 1/9/03. Advisory Bulletin #1 issued 1/6/03. Manual Amendment Bulletin #418 and Statistical Circular #100 issued 1/22/03. See www.njcrib.com for further information.
- (10)—NY**—Filing is pending. See NY Compensation Insurance Rating Board Bulletin R.C. 2021 at www.nycirb.org.
- (11)—VA**—For assigned risk market, filed B-1383 as RM-01-VA-03.
- (12)—ID**—The filing is accepted with the caveat that any carrier not wanting to impose additional premium for the terrorism exclusion in 2003 will be allowed to opt out from or delay implementation of the new rate by notifying the department of insurance in writing. Carriers should note that the current rate deviations on file with the department are based on NCCI's initial filing and do not include the new terrorism rate filing. Therefore, if a carrier wants to deviate from the 3% terrorism rate, it will have to file with the department a new request for approval of the deviation.
- (13)—CA**—The Workers Compensation Insurance Rating Bureau of California (WCIRB) has filed several forms with the CA Department of Insurance related to the Terrorism Risk Insurance Act. Please see the WCIRB's Bulletin No. 2003-03 at www.wcirbonline.org for copies of the forms and additional information related to rating and data reporting. The WCIRB will be updating the *WCIRB Wire* section of its Web site to reflect subsequent activity related to the Terrorism Risk Insurance Act.
- (14)—DE**—Contact Delaware Compensation Rating Bureau at 215-568-2371.
- (15)—MA**—Please see the Workers Compensation Rating and Inspection Bureau of Massachusetts' Circular Letter No. 1908 titled "Anticipation of Bureau Filing Under the Terrorism Risk Insurance Act of 2002 at [http://www.wcribma.org/images/images_documents/cl1908\(1\).pdf](http://www.wcribma.org/images/images_documents/cl1908(1).pdf).
- (16)—MI**—Please see the Compensation Advisory Organization of Michigan's Circular Letter #182 at www.caom.com.
- (17)—NC**—Item B-1383 filed on December 31, 2002 effective 12:01 a.m. on January 1, 2003, applicable to new and renewal voluntary and assigned risk policies only.
- (18)—PA**—The Pennsylvania Compensation Rating Bureau (PCRB) has adopted a loss cost charge of \$0.03 per \$100 of payroll pertaining to certified terrorism losses under the Terrorism Risk Insurance Act 2002, effective on a new and renewal basis for policies with normal anniversary rating dates on or after 4/1/03. The PCRB also filed, and the Pennsylvania Insurance Department approved, adopting WC 00-04-20 and a version of the NAIC model notice as alternative means of complying with interim notification requirements under the Terrorism Risk Insurance Act, effective 11/26/02. Please see PCRB's Circular No. 1452 for further information at www.pcrb.com.
- (19)—TX**—Contact, Nancy Moore, Deputy Commissioner, Workers' Compensation, nancy.moore@tdi.state.tx.us.
- (20)—MO**—MO accepts the filed loss cost at this time, but may revisit in the future. Additionally, MO wants to make it clear that this is an "advisory" charge and carriers have the right to amend the filed loss cost. Carriers should specifically and separately set forth the terrorism rate they will be using in the cover letter that accompanies the next filing that the carrier makes with the DOI in the normal course of business. An individual filing just to add the terrorism rate is not necessary.
- (21)—FL**—The FL DOI has indicated it is considering disapproval of the filing as excessive under Florida law. NCCI is working with the FL DOI on its review of the filing. The decision will be posted to the state matrix on ncci.com as soon as it is available.
- (22)—IL**—NCCI is responding to a series of questions from the IL staff actuary.
- (23)—KS**—NCCI is responding to a series of questions from the KS DOI.
- (24)—NH**—NCCI is responding to a series of questions from the NH DOI.
- (25)—NV**—NV DOI is reviewing the appropriateness of the catastrophe provisions. The DOI is also redrafting its bulletin so carriers can re-file loss cost multipliers based upon the NCCI filing.