



**THE WORKERS' COMPENSATION
RATING AND INSPECTION BUREAU**

January 23, 2015

CIRCULAR LETTER NO. 2252

To All Members and Subscribers of the WCRIBMA:

TERRORISM RISK INSURANCE PROGRAM REAUTHORIZATION ACT OF 2015

On January 23, 2015, the Massachusetts Division of Insurance ("DOI") approved the WCRIBMA's attached Filing Memorandum and Exhibits in response to the Terrorism Risk Insurance Program Reauthorization Act of 2015 ("TRIPRA 2015").

IMPLEMENTATION

- The National Council on Compensation Insurance Inc.'s ("NCCI") Terrorism Risk Insurance Program Reauthorization Act Disclosure Endorsement (WC 00 04 22 B) has been approved for use by Massachusetts workers' compensation insurers effective January 1, 2015.
- The TRIPRA 2015 Endorsement (WC 00 04 22 B) is mandatory for all policies effective on or after January 1, 2015 and is available on NCCI's website under Industry Information/Terrorism Risk Insurance/Resources.

Since TRIPRA 2015 did not change the 85% Federal Share for Calendar Year 2015, use of the TRIPRA 2015 Endorsement (WC 00 04 22 B) is not mandatory for outstanding policies effective prior to and in force on January 1, 2015 that will expire on or before December 31, 2015 and include either the Massachusetts Terrorism Risk Insurance Program Reauthorization Act endorsement (WC 20 01 01) or NCCI's Terrorism Risk Insurance Program Reauthorization Disclosure Endorsement (WC 00 04 22 A).

THE WORKERS' COMPENSATION RATING & INSPECTION BUREAU OF MASSACHUSETTS

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There is no change to the premium charge for the Terrorism Insurance Program - Certified Loss which will continue to be \$0.03 per \$100.00 of payroll as shown on the Miscellaneous Values page of the Massachusetts Workers' Compensation and Employers Liability Insurance Manual.

Important: The premium charged for the Terrorism Insurance Program - Certified Loss must be shown in Item 4 of the policy Information Page on any policy that provides Massachusetts workers' compensation insurance coverage. As long as the premium charge is shown on the policy Information Page, the premium charge may also be shown on the Schedule in Endorsement (WC 00 04 22 B).

The following endorsements have been withdrawn and should no longer be used in Massachusetts:

- Massachusetts Terrorism Risk Insurance Program Reauthorization Act endorsement (WC 20 01 01)
- Massachusetts Notification Endorsement of Pending Law Change to Terrorism Risk Insurance Program Reauthorization Act of 2007 (WC 20 01 02)
- NCCI's Notification Endorsement of Pending Law Change to Terrorism Risk Insurance Program Reauthorization Act of 2007 (WC 00 01 14)

The Internet-based versions of the affected MA Manual pages, accessible at www.wcribma.org, will be updated soon.

Please contact Dan Crowley (617-646-7594 or dcrowley@wcribma.org) if you have any questions.

DANIEL M. CROWLEY, CPCU
Vice President – Customer Services

FILING MEMORANDUM

TERRORISM RISK INSURANCE PROGRAM REAUTHORIZATION ACT OF 2015

PURPOSE

This Filing is submitted in response to the enactment of the Terrorism Risk Insurance Program Reauthorization Act of 2015 (“TRIPRA 2015”). The purpose of this filing is to:

- Obtain approval for revisions to the National Council on Compensation Insurance, Inc.’s (“NCCI”) Terrorism Risk Insurance Program Reauthorization Act of 2007 Disclosure Endorsement (WC 00 04 22 A) to reflect certain changes to conform with TRIPRA 2015. (Exhibit A)
- Obtain approval for NCCI’s Terrorism Risk Insurance Program Reauthorization Act of 2015 Disclosure Endorsement (WC 00 04 22 B), which will replace Endorsement (WC 00 04 22 A).¹ (Exhibit B)
- Withdraw the Massachusetts Terrorism Risk Insurance Program Reauthorization Act Endorsement (WC 20 01 01) (Exhibit C)
- Withdraw the Massachusetts Notification Endorsement of Pending Law Change to Terrorism Risk Insurance Program Reauthorization Act of 2007 (WC 20 01 02) (Exhibit D)
- Withdraw NCCI’s Notification Endorsement of Pending Law Change to Terrorism Risk Insurance Program Reauthorization Act of 2007 (WC 00 01 14) (Exhibit E)
- Update relevant pages of the *Massachusetts Workers’ Compensation and Employers Liability Insurance Manual* (“Manual”) to address the provisions in the Terrorism Risk Insurance Program Reauthorization Act of 2015 (Exhibits F, G and H)

BACKGROUND

The Terrorism Risk Insurance Act of 2002 (“TRIA”) was implemented as a result of the United States Congress (Congress) recognizing that terrorism is a catastrophe exposure that is real and significant for insurers of workers’ compensation and other lines of insurance. The WCRIBMA submitted filings to the Division of Insurance (“DOI”) to implement TRIA and to provide miscellaneous rating values and policy forms for certified acts of terrorism (including acts of war in the case of workers’ compensation).

TRIA was scheduled to expire on December 31, 2005. It was renewed as the Terrorism Risk Insurance Extension Act (TRIEA) in 2005, and again as the Terrorism Risk Insurance Program Reauthorization Act (TRIPRA) in 2007.

In response to the enactment of the Terrorism Risk Insurance Program Reauthorization Act of 2007, the WCRIBMA filed for approval of the Massachusetts Terrorism Risk Insurance Program Reauthorization Act Endorsement (WC 20 01 01). At that time, the WCRIBMA was unable to

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adopt NCCI's Terrorism Risk Insurance Program Reauthorization Act Disclosure Endorsement (WC 00 01 13 A) because the Policyholder Disclosure Notice section of NCCI's Endorsement (WC 00 01 13 A) indicated that the premium charge for Insured Losses could be included in the Domestic Terrorism, Earthquakes, and Catastrophic Industrial Accidents Premium Endorsement and the Foreign Terrorism Premium Endorsement, neither of which were approved for use in Massachusetts. The WCRIBMA also wanted to ensure that the premium charges for Insured Losses appeared on Item 4 of the Policy Information Page in order to comply with the Act's requirement for insurers to provide clear and conspicuous disclosure of the premium charged for Insured Losses under the Program on a separate line item of the policy.

Later in 2007, NCCI revised its Foreign Terrorism Premium Endorsement and issued the Terrorism Risk Insurance Program Reauthorization Act Disclosure Endorsement (WC 00 04 22 A). These revisions addressed the issues that precluded the original endorsement's use in Massachusetts. As a result, the WCRIBMA filed for and received approval from the DOI on September 23, 2008 to use NCCI's Terrorism Risk Insurance Program Reauthorization Act Disclosure Endorsement (WC 00 04 22 A) as an alternative to the Massachusetts Terrorism Risk Insurance Program Reauthorization Act Endorsement (WC 20 01 01) in the voluntary market.

KEY PROVISIONS OF TRIPRA 2015

Recognizing terrorism as a catastrophe exposure that continues to be significant for insurers of workers' compensation and other lines of insurance, Congress has now enacted TRIPRA 2015. The key provisions are as follows:

- The Terrorism Insurance Program ("Program") is extended for six years and will terminate on December 31, 2020.
- An act of terrorism must be certified by the Secretary of the Treasury, in consultation with the Secretary of Homeland Security, and the Attorney General of the United States.
- The current \$27.5 billion insurance marketplace aggregate retention amount increases by \$2 billion per calendar year, beginning in 2015, until such amount equals \$37.5 billion, and is subject to further revision thereafter.

Beginning on January 1, 2016:

- The current 85% Federal share of compensation under the Program decreases by one percentage point per calendar year until it is equal to 80% of the portion of the amount exceeding the insurer deductible.
- The current Program trigger for aggregate insured losses to exceed \$100 million increases by \$20 million per calendar year until it is equal to \$200 million in calendar year 2020 and any calendar year thereafter.

PROPOSAL

To implement the changes as a result of the enactment of TRIPRA 2015, this filing proposes the following:

1. The Terrorism Risk Insurance Program Reauthorization Act Disclosure Endorsement (WC 00 04 22 A) must be revised to:
 - Update the TRIPRA references to TRIPRA 2015
 - Update Program termination date to conform to TRIPRA 2015
 - Revise the definition of Insurer Deductible to conform to TRIPRA 2015
 - Revise the Federal Share provisions to conform to TRIPRA 2015
 - Revise the Program trigger provisions to conform to TRIPRA 2015
2. The Massachusetts Terrorism Risk Insurance Program Reauthorization Act Endorsement (WC 20 01 01) is no longer necessary and should be withdrawn. As explained above, the reasons that caused the WCRIBMA to adopt a separate Massachusetts TRIPRA endorsement no longer exist.
3. The Massachusetts Notification Endorsement of Pending Law Change to Terrorism Risk Insurance Program Reauthorization Act of 2007 (WC 20 01 02) should be withdrawn. The purpose of this endorsement was to notify policyholders of the impending expiration of TRIPRA on December 31, 2014. With the extension of TRIPRA under the enactment of TRIPRA 2015, this endorsement is no longer needed.
4. NCCI's Notification Endorsement of Pending Law Change to Terrorism Risk Insurance Program Reauthorization Act of 2007 (WC 00 01 14) must be withdrawn. The purpose of this endorsement was to notify policyholders of the impending expiration of TRIPRA on December 31, 2014. With the extension of TRIPRA under the enactment of TRIPRA 2015, this endorsement is no longer needed.
5. NCCI's Terrorism Risk Insurance Program Reauthorization Act of 2015 Disclosure Endorsement (WC 00 04 22 B) be approved effective January 1, 2015 for use by Massachusetts workers' compensation insurers for voluntary and assigned risk policies. (Exhibit B)
6. The updated pages to the Manual in the attached exhibits F through H be approved effective on January 1, 2015 for use by Massachusetts workers' compensation insurers for voluntary and assigned risk policies.

IMPACT

There is no expected premium impact as a result of this filing. The WCRIBMA is not requesting a change in the premium charge that was established in the WCRIBMA's February 19, 2003 Filing and that became effective on February 20, 2003 under the "file and use" provisions of TRIA 2002 and will continue under TRIPRA 2015. The premium charge will continue to be \$0.03 per \$100 of payroll as shown on the Miscellaneous Values page of the Manual.

IMPLEMENTATION

The attached exhibits include the proposed changes necessary to implement this filing. Upon approval by the DOI, the WCRIBMA will distribute new Manual pages.

Exhibit A: Revisions to NCCI's Terrorism Risk Insurance Program Reauthorization Act of 2007 Disclosure Endorsement (WC 00 04 22 A)

Exhibit B: Terrorism Risk Insurance Program Reauthorization Act of 2015 Disclosure Endorsement (WC 00 04 22 B), effective January 1, 2015

Exhibit C: Massachusetts Terrorism Risk Insurance Program Reauthorization Act Endorsement (WC 20 01 01)

Exhibit D: Massachusetts Notification Endorsement of Pending Law Change to Terrorism Risk Insurance Program Reauthorization Act of 2007 (WC 20 01 02)

Exhibit E: NCCI's Notification Endorsement of Pending Law Change to Terrorism Risk Insurance Program Reauthorization Act of 2007 (WC 00 01 14)

Exhibit F: Revised Manual Page S-15: Massachusetts Special Program for Terrorism Risk Insurance Program Reauthorization Act of 2015.

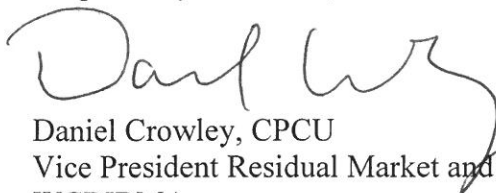
Exhibit G: Revised Manual Rule VII.

Exhibit H: Revised Manual Rule XIV

Exhibit I: Current Manual Pages

Exhibit J: Marked Up Manual Pages

Respectfully submitted,



Daniel Crowley, CPCU
Vice President Residual Market and Customer Services
WCRIBMA

NATIONAL COUNCIL ON COMPENSATION INSURANCE, INC.

P-1412

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**ITEM P-1412—TERRORISM RISK INSURANCE PROGRAM REAUTHORIZATION ACT OF
2015 ENDORSEMENTS**

EXHIBIT 1

**FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE
TERRORISM RISK INSURANCE PROGRAM REAUTHORIZATION ACT DISCLOSURE (WC
00 04 22 B)**

**TERRORISM RISK INSURANCE PROGRAM REAUTHORIZATION ACT DISCLOSURE ENDORSEMENT
(WC 00 04 22 A B)**

This endorsement addresses the requirements of the Terrorism Risk Insurance Act of 2002 as amended and extended by the Terrorism Risk Insurance Program Reauthorization Act of ~~2007~~ 2015. It serves to notify you of certain limitations under the Act, and that your insurance carrier is charging premium for losses that may occur in the event of an Act of Terrorism.

Your policy provides coverage for workers compensation losses caused by Acts of Terrorism, including workers compensation benefit obligations dictated by state law. Coverage for such losses is still subject to all terms, definitions, exclusions, and conditions in your policy, and any applicable federal and/or state laws, rules, or regulations.

Definitions

The definitions provided in this endorsement are based on and have the same meaning as the definitions in the Act. If words or phrases not defined in this endorsement are defined in the Act, the definitions in the Act will apply.

"Act" means the Terrorism Risk Insurance Act of 2002, which took effect on November 26, 2002, and any amendments thereto, including any amendments resulting from the Terrorism Risk Insurance Program Reauthorization Act of ~~2007~~ 2015.

"Act of Terrorism" means any act that is certified by the Secretary of the Treasury, in ~~conurrence with the Secretary of State~~, consultation with the Secretary of Homeland Security, and the Attorney General of the United States as meeting all of the following requirements:

- a. The act is an act of terrorism.
- b. The act is violent or dangerous to human life, property or infrastructure.
- c. The act resulted in damage within the United States, or outside of the United States in the case of the premises of United States missions or certain air carriers or vessels.
- d. The act has been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

"Insured Loss" means any loss resulting from an act of terrorism (and, except for Pennsylvania, including an act of war, in the case of workers compensation) that is covered by primary or excess property and casualty insurance issued by an insurer if the loss occurs in the United States or at the premises of United States missions or to certain air carriers or vessels.

"Insurer Deductible" means, for the period beginning on January 1, ~~2008~~ 2015, and ending on December 31, ~~2014~~ 2020, an amount equal to 20% of our direct earned premiums, ~~over the calendar year during the immediately preceding calendar year.~~ the applicable Program Year.

~~"Program Year" refers to each calendar year between January 1, 2008 and December 31, 2014, as applicable.~~

ITEM P-1412—TERRORISM RISK INSURANCE PROGRAM REAUTHORIZATION ACT OF 2015 ENDORSEMENTS

**EXHIBIT 1 (CONT'D)
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE
TERRORISM RISK INSURANCE PROGRAM REAUTHORIZATION ACT DISCLOSURE (WC
00 04 22 B)**

Limitation of Liability

The Act limits our liability to you under this policy. If aggregate Insured Losses exceed \$100,000,000,000 in a ~~Program Year~~ calendar year and if we have met our Insurer Deductible, we are not liable for the payment of any portion of the amount of Insured Losses that exceeds \$100,000,000,000; and for aggregate Insured Losses up to \$100,000,000,000, we will pay only a pro rata share of such Insured Losses as determined by the Secretary of the Treasury.

Policyholder Disclosure Notice

1. Insured Losses would be partially reimbursed by the United States Government. If the aggregate industry Insured Losses exceed:
 - a. \$100,000,000, with respect to such Insured Losses occurring in calendar year 2015, the United States Government would pay 85% of our Insured Losses that exceed our Insurer Deductible.
 - b. \$120,000,000, with respect to such Insured Losses occurring in calendar year 2016, the United States Government would pay 84% of our Insured Losses that exceed our Insurer Deductible.
 - c. \$140,000,000, with respect to such Insured Losses occurring in calendar year 2017, the United States Government would pay 83% of our Insured Losses that exceed our Insurer Deductible.
 - d. \$160,000,000, with respect to such Insured Losses occurring in calendar year 2018, the United States Government would pay 82% of our Insured Losses that exceed our Insurer Deductible.
 - e. \$180,000,000, with respect to such Insured Losses occurring in calendar year 2019, the United States Government would pay 81% of our Insured Losses that exceed our Insurer Deductible.
 - f. \$200,000,000, with respect to such Insured Losses occurring in calendar year 2020, the United States Government would pay 80% of our Insured Losses that exceed our Insurer Deductible.

~~\$100,000,000 in a Program Year, the United States Government would pay 85% of our Insured Losses that exceed our Insurer Deductible.~~

2. Notwithstanding item 1 above, the United States Government will not make any payment under the Act for any portion of Insured Losses that exceed \$100,000,000,000.
3. The premium charge for the coverage your policy provides for Insured Losses is included in the amount shown in Item 4 of the Information Page or in the Schedule below.

Schedule

State	Rate	Premium
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Effective January 1, 2015

TERRORISM RISK INSURANCE PROGRAM REAUTHORIZATION ACT DISCLOSURE ENDORSEMENT

This endorsement addresses the requirements of the Terrorism Risk Insurance Act of 2002 as amended and extended by the Terrorism Risk Insurance Program Reauthorization Act of 2015. It serves to notify you of certain limitations under the Act, and that your insurance carrier is charging premium for losses that may occur in the event of an Act of Terrorism.

Your policy provides coverage for workers compensation losses caused by Acts of Terrorism, including workers compensation benefit obligations dictated by state law. Coverage for such losses is still subject to all terms, definitions, exclusions, and conditions in your policy, and any applicable federal and/or state laws, rules, or regulations.

Definitions

The definitions provided in this endorsement are based on and have the same meaning as the definitions in the Act. If words or phrases not defined in this endorsement are defined in the Act, the definitions in the Act will apply.

“Act” means the Terrorism Risk Insurance Act of 2002, which took effect on November 26, 2002, and any amendments thereto, including any amendments resulting from the Terrorism Risk Insurance Program Reauthorization Act of 2015.

“Act of Terrorism” means any act that is certified by the Secretary of the Treasury, in consultation with the Secretary of Homeland Security, and the Attorney General of the United States as meeting all of the following requirements:

- a. The act is an act of terrorism.
- b. The act is violent or dangerous to human life, property or infrastructure.
- c. The act resulted in damage within the United States, or outside of the United States in the case of the premises of United States missions or certain air carriers or vessels.
- d. The act has been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

“Insured Loss” means any loss resulting from an act of terrorism (and, except for Pennsylvania, including an act of war, in the case of workers compensation) that is covered by primary or excess property and casualty insurance issued by an insurer if the loss occurs in the United States or at the premises of United States missions or to certain air carriers or vessels.

“Insurer Deductible” means, for the period beginning on January 1, 2015, and ending on December 31, 2020, an amount equal to 20% of our direct earned premiums, during the immediately preceding calendar year.

Limitation of Liability

The Act limits our liability to you under this policy. If aggregate Insured Losses exceed \$100,000,000,000 in a calendar year and if we have met our Insurer Deductible, we are not liable for the payment of any portion of the amount of Insured Losses that exceeds \$100,000,000,000; and for aggregate Insured Losses up to \$100,000,000,000, we will pay only a pro rata share of such Insured Losses as determined by the Secretary of the Treasury.

Policyholder Disclosure Notice

1. Insured Losses would be partially reimbursed by the United States Government. If the aggregate industry Insured Losses exceed:
 - a. \$100,000,000, with respect to such Insured Losses occurring in calendar year 2015, the United States Government would pay 85% of our Insured Losses that exceed our Insurer Deductible.
 - b. \$120,000,000, with respect to such Insured Losses occurring in calendar year 2016, the United States Government would pay 84% of our Insured Losses that exceed our Insurer Deductible.
 - c. \$140,000,000, with respect to such Insured Losses occurring in calendar year 2017, the United States Government would pay 83% of our Insured Losses that exceed our Insurer Deductible.
 - d. \$160,000,000, with respect to such Insured Losses occurring in calendar year 2018, the United States Government would pay 82% of our Insured Losses that exceed our Insurer Deductible.
 - e. \$180,000,000, with respect to such Insured Losses occurring in calendar year 2019, the United States Government would pay 81% of our Insured Losses that exceed our Insurer Deductible.
 - f. \$200,000,000, with respect to such Insured Losses occurring in calendar year 2020, the United States Government would pay 80% of our Insured Losses that exceed our Insurer Deductible.
2. Notwithstanding item 1 above, the United States Government will not make any payment under the Act for any portion of Insured Losses that exceed \$100,000,000,000.

Effective January 1, 2015

3. The premium charge for the coverage your policy provides for Insured Losses is included in the amount shown in Item 4 of the Information Page or in the Schedule below.

Schedule

State	Rate	Premium
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**MASSACHUSETTS TERRORISM RISK INSURANCE PROGRAM REAUTHORIZATION ACT
ENDORSEMENT**

This Endorsement addresses requirements of the Terrorism Risk Insurance Act of 2002 as amended and extended by the Terrorism Risk Insurance Program Reauthorization Act of 2007.

Definitions

The definitions provided in this endorsement are based on and have the same meaning as the definitions in the Act. If words or phrases not defined in this endorsement are defined in the Act, the definitions in the Act will apply.

“Act” means the Terrorism Risk Insurance Act of 2002, which took effect on November 26, 2002, and any amendments resulting from the Terrorism Risk Insurance Program Reauthorization Act of 2007.

“Act of Terrorism” means any act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State, and the Attorney General of the United States as meeting all of the following requirements:

- a. The act is an act of terrorism.
- b. The act is violent or dangerous to human life, property or infrastructure.
- c. The act resulted in damage within the United States, or outside of the United States in the case of the premises of United States missions or certain air carriers or vessels.
- d. The act has been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

“Insured Loss” means any loss resulting from an act of terrorism (including an act of war, in the case of workers compensation) that is covered by primary or excess property and casualty insurance issued by an insurer if the loss occurs in the United States or at the premises of United States missions or to certain air carriers or vessels.

“Insurer Deductible” means for the period beginning on January 1, 2008, and ending on December 31, 2014, an amount equal to 20% of our direct earned premiums, over the calendar year immediately preceding the applicable Program Year.

“Program year” refers to each calendar year between January 1, 2008 and December 31, 2014, as applicable.

Limitation of Liability

The Act limits our liability to you under this policy. If aggregate Insured Losses exceed \$100,000,000,000 in a Program year and if we have met our Insurer Deductible, we are not liable for the payment of any portion of the amount of Insured Losses that exceeds \$100,000,000,000. For aggregate Insured Losses up to \$100,000,000,000, we will pay only a pro rata share of such Insured Losses as determined by the Secretary of the Treasury.

Policyholder Disclosure Notice

- ~~1. Insured Losses would be partially reimbursed by the United States Government. If the aggregate industry Insured Losses exceeds \$100,000,000 in a Program Year, the United States Government would pay 85% of our Insured Losses that exceed our Insurer Deductible.~~
 - ~~2. Notwithstanding item 1 above, the United States Government will not make any payment under the Act for any portion of Insured Losses that exceeds \$100,000,000,000.~~
 - ~~3. The premium charged for the coverage for Insured Losses under this policy is shown in Item 4 of the Information Page.~~
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~~WORKERS' COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY — WC 20 01 02~~~~Effective January 1, 2014~~~~**MASSACHUSETTS NOTIFICATION ENDORSEMENT OF PENDING LAW CHANGE TO TERRORISM RISK INSURANCE PROGRAM REAUTHORIZATION ACT OF 2007**~~

~~The purpose of this endorsement is to notify you of a pending law change with respect to the terrorism coverage provided under your workers' compensation and employers' liability insurance policy. This endorsement does not replace the separate *Massachusetts Terrorism Risk Insurance Program Reauthorization Act Endorsement (WC 20 01 01)* that is attached to your current policy and that 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 that become effective 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 required by Massachusetts law. 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 the "Insured Losses" defined in the *Massachusetts Terrorism Risk Insurance Program Reauthorization Act Endorsement (WC 20 01 01)* is shown in Item 4 of the Policy Information Page. This premium charge may continue or change for new, renewal, and in force policies in effect after December 31, 2014 in the event of TRIPRA's expiration or extension, subject to regulatory review.~~

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NOTIFICATION ENDORSEMENT OF PENDING LAW CHANGE TO TERRORISM RISK INSURANCE PROGRAM REAUTHORIZATION ACT OF 2007

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.

This endorsement changes the policy to which it is attached and is effective on the date issued unless otherwise stated.

(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)

Endorsement Effective
Insured

Policy No.

Endorsement No.
Premium:

Insurance Company

Countersigned by _____

WC 00 01 14
(Ed. 1-14)

**MASSACHUSETTS SPECIAL PROGRAM FOR
TERRORISM RISK INSURANCE PROGRAM REAUTHORIZATION ACT OF 2007**

The Terrorism Risk Insurance Program Reauthorization Act (TRIPRA 2007), which amended and extended the Terrorism Risk Insurance Act of 2002 through 2014, was scheduled to expire on December 31, 2014. The Terrorism Risk Insurance Program Reauthorization Act of 2015 (TRIPRA 2015) extended the Terrorism Risk Insurance Act of 2002, with amendments, through 2020. Attach the Terrorism Risk Insurance Program Reauthorization Act of 2015 Endorsement (WC 00 04 22 B) to notify policyholders.

Premium for the Terrorism Insurance Program, as amended and extended by the Terrorism Risk Insurance Program Reauthorization Act of 2015, continues to be calculated on the basis of total payroll according to Rule V. Total payroll should not include per capita employee counts, or exposures included only for supplemental rate charges. A risk's total payroll is divided by units of \$100 and multiplied by the Terrorism Rate found on page RA-5 Miscellaneous Values. The calculation is expressed as $[(\text{Total Payroll}/100) \times \text{Terrorism Rate} = \text{Premium}]$. This premium is applied after Standard Premium, and it is included in Premium Subject to Short Rate Penalty and Premium Subject to Total Policy Minimum Premium.

Premium developed under this act is:

1. not included in standard premium.
2. not subject to the DIA assessment.

Expense constant and per capita classifications are not subject to premium under this Act. Refer to Appendix E – Voluntary Market Premium Algorithm and Appendix F – Residual Market Premium Algorithm.

For new and renewal policies effective on or after January 1, 2008, the premium charged for Insured Losses under the Terrorism Insurance Program must be shown in item 4 of the policy Information Page.

RULE VII - PREMIUM DISCOUNT

Item 4. of the Information Page

A. EXPLANATION

Premium discount recognizes that the relative expense of issuing and servicing larger premium policies is less than for smaller premium policies.

B. ELECTION OF SYSTEM OF EXPENSES

In Massachusetts, a carrier *must* elect to use *either the Type A or Type B table*, subject to the following:

1. Election by Carrier

The carrier must advise the MA Bureau in writing, at least ten days in advance of the date that such election is to become effective.

2. Election Revocable

Such election shall be revocable after at least one year has elapsed since it became effective and shall not again be made for a period of at least one year after revocation, advising the MA Bureau in accordance with B.1. above.

3. Change in Premium Discount Percentages

In the event the premium discount percentages are changed, all elections shall terminate as of the effective date of the change and new elections must be made, advising the MA Bureau within the time frame set by the MA Bureau.

4. Notice to Division of Insurance

The MA Bureau shall advise the Massachusetts Division of Insurance of such elections as may be made under the provisions of Paragraphs B. 1., 2, and 3. above.

5. Retrospective Rating Plan Factors and Values

The carrier electing either the Type A or Type B table of premium discounts shall use corresponding retrospective rating plan factors and values.

6. Premium Discounts Not Applicable to Assigned Risks

All carriers, regardless of the type of premium discounts that they select for use on their voluntary policies, shall not use the Type A or Type B table of premium discounts for policies issued under the Massachusetts Workers' Compensation Assigned Risk Pool.

C. DEFINITIONS**1. Standard Premium**

Standard Premium includes, for the purpose of this rule, Massachusetts premium determined on the basis of authorized rates, disease loadings, non-ratable elements, premium for increased limits of liability (including premium added to balance to the increased limits of liability minimum premium), credits for Deductibles that only apply to workers compensation and not to employers liability, experience modification or merit rating adjustments, and Massachusetts Construction Classification Premium Adjustment Program credits.

The following shall be excluded from the determination of Standard Premium: All Risk Adjustment Program [ARAP] surcharges, credits for Deductibles that apply to both workers compensation and employers liability, premium discounts, Qualified Loss Management Program [QLMP] credits, premium added to balance to Admiralty and FELA minimum premiums, loss constants, expense constants, Terrorism Insurance Program charges,

Domestic Workers - Outside - Occasional -including occasional private chauffeurs - Code 0909Exception to D-1 above:

If commercial farm operations are conducted, Codes 0912 and 0909 do not apply to any operations at the farm location. *Refer to Rule IV-D-9.*

2. Maintenance, Repair or Construction Operations

- a. Codes 0913, 0908, 0912, and 0909, and 0918 include ordinary repair or maintenance of the insured's premises or equipment by domestic workers.
- b. Building maintenance or repair by employees hired only for that purpose shall be assigned to Code 9015 - Buildings - Operation by Owner or Lessee.
- c. Extraordinary repairs, alterations, new construction, erection or demolition of structures shall be assigned to construction or erection classifications.

E. RATES AND PREMIUM**1. Rates**

The rates for Codes 0913, 0908, 0912 and 0909 are per capita premium charges. The premium basis for Code 0918 is payroll, subject to manual rates.

Per capita classifications are not subject to premium *under* The Terrorism Insurance Program.

2. Records Required

The insured shall maintain a record of the names, duties and period of service of each domestic worker. In addition, insureds assigned to Code 0918 shall maintain proper payroll records.

3. Full-Time Domestic Workers

Estimated premium for Codes 0912 and 0913 shall be computed on the estimated number of such domestic workers during the policy period. If additional domestic workers under Codes 0912 and 0913 are employed during the policy period or if some domestic workers are no longer employed and are not replaced, the per capita premium charges shall be prorated. Each pro rata charge shall be based on the period of employment but shall not be less than 25% of the per capita charge.

4. Occasional Domestic Workers

Premium for Codes 0908 and 0909 shall be computed on the estimated aggregate time of all occasional domestic workers who are to be employed during the policy period. Regardless of concurrent employment, a single per capita charge applies for each aggregate of employed time which is 1/2 of the customary full time of each such domestic worker. An additional per capita charge applies to any remainder less than 1/2 of full time.

F. MINIMUM PREMIUM

For a policy with two or more classifications, whether per capita rated or payroll rated, apply the highest minimum premium for any classification in the policy.

G. EXPENSE CONSTANT

For policies written only with per capita exposure, the expense constant is a function of the number of per capita employees, subject to a maximum. Refer to the Massachusetts

**MASSACHUSETTS SPECIAL PROGRAM FOR
TERRORISM RISK INSURANCE PROGRAM REAUTHORIZATION ACT OF 2007**

The Terrorism Risk Insurance Extension Act of 2005 (TRIEA 2005), which amended and extended the Terrorism Risk Insurance Act of 2002 through 2007, was scheduled to expire on December 31, 2007. The Terrorism Risk Insurance Program Reauthorization Act of 2007 ("Reauthorization Act") extended the Terrorism Risk Insurance Act of 2002, with amendments, through 2014. Attach the Massachusetts Terrorism Risk Insurance Program Reauthorization Act Endorsement (WC 20 01 01) to notify policyholders.

Premium for the Terrorism Insurance Program, as amended and extended by the Terrorism Risk Insurance Program Reauthorization Act of 2007, continues to be calculated on the basis of total payroll according to Rule V. Total payroll should not include per capita employee counts, [REDACTED] or exposures included only for supplemental rate charges. A risk's total payroll is divided by units of \$100 and multiplied by the Terrorism Rate found on page RA-5 Miscellaneous Values. The calculation is expressed as [(Total Payroll/100) X Terrorism Rate = Premium]. This premium is applied after Standard Premium, and it is included in Premium Subject to Short Rate Penalty and Premium Subject to Total Policy Minimum Premium.

Premium developed under this act is:

1. not included in standard premium.
2. not subject to the DIA assessment.

Expense constant and per capita classifications are not subject to premium under this Act. Refer to Appendix E – Voluntary Market Premium Algorithm and Appendix F – Residual Market Premium Algorithm.

For new and renewal policies effective on or after January 1, 2008, the premium charged for Insured Losses under the Terrorism Insurance Program must be shown in item 4 of the policy Information Page.

RULE VII - PREMIUM DISCOUNT

Item 4. of the Information Page

A. EXPLANATION

Premium discount recognizes that the relative expense of issuing and servicing larger premium policies is less than for smaller premium policies.

B. ELECTION OF SYSTEM OF EXPENSES

In Massachusetts, a carrier *must* elect to use *either the Type A or Type B table*, subject to the following:

1. Election by Carrier

The carrier must advise the MA Bureau in writing, at least ten days in advance of the date that such election is to become effective.

2. Election Revocable

Such election shall be revocable after at least one year has elapsed since it became effective and shall not again be made for a period of at least one year after revocation, advising the MA Bureau in accordance with B.1. above.

3. Change in Premium Discount Percentages

In the event the premium discount percentages are changed, all elections shall terminate as of the effective date of the change and new elections must be made, advising the MA Bureau within the time frame set by the MA Bureau.

4. Notice to Division of Insurance

The MA Bureau shall advise the Massachusetts Division of Insurance of such elections as may be made under the provisions of Paragraphs B. 1., 2, and 3. above.

5. Retrospective Rating Plan Factors and Values

The carrier electing either the Type A or Type B table of premium discounts shall use corresponding retrospective rating plan factors and values.

6. Premium Discounts Not Applicable to Assigned Risks

All carriers, regardless of the type of premium discounts that they select for use on their voluntary policies, shall not use the Type A or Type B table of premium discounts for policies issued under the Massachusetts Workers' Compensation Assigned Risk Pool.

C. DEFINITIONS

1. Standard Premium

Standard Premium includes, for the purpose of this rule, Massachusetts premium determined on the basis of authorized rates, disease loadings, non-ratable elements, [REDACTED] premium for increased limits of liability (including premium added to balance to the increased limits of liability minimum premium), credits for Deductibles that only apply to workers compensation and not to employers liability, experience modification or merit rating adjustments, and Massachusetts Construction Classification Premium Adjustment Program credits.

The following shall be excluded from the determination of Standard Premium: All Risk Adjustment Program [ARAP] surcharges, credits for Deductibles that apply to both workers compensation and employers liability, premium discounts, Qualified Loss Management Program [QLMP] credits, premium added to balance to Admiralty and FELA minimum premiums, loss constants, expense constants, Terrorism Insurance Program charges, as amended and extended by the Terrorism Risk Insurance Program Reauthorization Act of 2007,

Domestic Workers - Outside - Occasional -including occasional private chauffeurs - Code 0909

Exception to D-1 above:

If commercial farm operations are conducted, Codes 0912 and 0909 do not apply to any operations at the farm location. *Refer to Rule IV-D-9.*

2. Maintenance, Repair or Construction Operations

- a. Codes 0913, 0908, 0912, and 0909, and 0918 include ordinary repair or maintenance of the insured's premises or equipment by domestic workers.
- b. Building maintenance or repair by employees hired only for that purpose shall be assigned to Code 9015 - Buildings - Operation by Owner or Lessee.
- c. Extraordinary repairs, alterations, new construction, erection or demolition of structures shall be assigned to construction or erection classifications.

E. RATES AND PREMIUM

1. Rates

The rates for Codes 0913, 0908, 0912 and 0909 are per capita premium charges. The premium basis for Code 0918 is payroll, subject to manual rates.

Per capita classifications are not subject to premium *under* The Terrorism Insurance Program, as amended and extended by the Terrorism Risk Insurance Program Reauthorization Act of 2007.

2. Records Required

The insured shall maintain a record of the names, duties and period of service of each domestic worker. In addition, insureds assigned to Code 0918 shall maintain proper payroll records.

3. Full-Time Domestic Workers

Estimated premium for Codes 0912 and 0913 shall be computed on the estimated number of such domestic workers during the policy period. If additional domestic workers under Codes 0912 and 0913 are employed during the policy period or if some domestic workers are no longer employed and are not replaced, the per capita premium charges shall be prorated. Each pro rata charge shall be based on the period of employment but shall not be less than 25% of the per capita charge.

4. Occasional Domestic Workers

Premium for Codes 0908 and 0909 shall be computed on the estimated aggregate time of all occasional domestic workers who are to be employed during the policy period. Regardless of concurrent employment, a single per capita charge applies for each aggregate of employed time which is 1/2 of the customary full time of each such domestic worker. An additional per capita charge applies to any remainder less than 1/2 of full time.

F. MINIMUM PREMIUM

For a policy with two or more classifications, whether per capita rated or payroll rated, apply the highest minimum premium for any classification in the policy.

G. EXPENSE CONSTANT

For policies written only with per capita exposure, the expense constant is a function of the number of per capita employees, subject to a maximum. Refer to the Massachusetts

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Premium for the Terrorism Insurance Program, as amended and extended by the Terrorism Risk Insurance Program Reauthorization Act of ~~2015~~~~2007~~, continues to be calculated on the basis of total payroll according to Rule V. Total payroll should not include per capita employee counts, exposures included only for supplemental rate charges. A risk's total payroll is divided by units of \$100 and multiplied by the Terrorism Rate found on page RA-5 Miscellaneous Values. The calculation is expressed as [(Total Payroll/100) X Terrorism Rate = Premium]. This premium is applied after Standard Premium, and it is included in Premium Subject to Short Rate Penalty and Premium Subject to Total Policy Minimum Premium.

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4. Notice to Division of Insurance

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5. Retrospective Rating Plan Factors and Values

The carrier electing either the Type A or Type B table of premium discounts shall use corresponding retrospective rating plan factors and values.

6. Premium Discounts Not Applicable to Assigned Risks

All carriers, regardless of the type of premium discounts that they select for use on their voluntary policies, shall not use the Type A or Type B table of premium discounts for policies issued under the Massachusetts Workers' Compensation Assigned Risk Pool.

C. DEFINITIONS

1. Standard Premium

Standard Premium includes, for the purpose of this rule, Massachusetts premium determined on the basis of authorized rates, disease loadings, non-ratable elements, premium for increased limits of liability (including premium added to balance to the increased limits of liability minimum premium), credits for Deductibles that only apply to workers compensation and not to employers liability, experience modification or merit rating adjustments, and Massachusetts Construction Classification Premium Adjustment Program credits.

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Exception to D-1 above:

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4. Occasional Domestic Workers

Premium for Codes 0908 and 0909 shall be computed on the estimated aggregate time of all occasional domestic workers who are to be employed during the policy period. Regardless of concurrent employment, a single per capita charge applies for each aggregate of employed time which is 1/2 of the customary full time of each such domestic worker. An additional per capita charge applies to any remainder less than 1/2 of full time.

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