



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

August 16, 2013

CIRCULAR LETTER NO. 2222

To All Members and Subscribers of the WCRIBMA:

**Notification Endorsements of Pending Law Change to Terrorism Risk Insurance Program
Reauthorization Act of 2007 ("TRIPRA")**

The Division of Insurance has approved the *Notification Endorsement of Pending Law Change to Terrorism Risk Insurance Program Reauthorization Act of 2007 (WC 00 01 14)* drafted by the National Council of Compensation Insurance, Inc. ("NCCI") and the *Massachusetts Notification Endorsement of Pending Law Change to Terrorism Risk Insurance Program Reauthorization Act of 2007 (WC 20 01 02)* for new and renewal policies effective on or after January 1, 2014.

NCCI's *Notification Endorsement of Pending Law Change to Terrorism Risk Insurance Program Reauthorization Act of 2007 (WC 00 01 14)* and the *Massachusetts Notification Endorsement of Pending Law Change to Terrorism Risk Insurance Program Reauthorization Act of 2007 (WC 20 01 02)* notify policyholders of the impending expiration of TRIPRA on December 31, 2014, and that, if it expires or is extended, a premium charge for losses that may occur in the event of certain acts of terrorism may either continue to apply or change from the amount currently charged.

- Residual Market carriers must use the *Massachusetts Notification Endorsement of Pending Law Change to Terrorism Risk Insurance Program Reauthorization Act of 2007 (WC 20 01 02)* for policies issued through the Pool.
- Voluntary market carriers who previously issued NCCI's *Terrorism Risk Insurance Program Reauthorization Act Disclosure Endorsement (WC 00 04 22A)* should now issue NCCI's *Notification Endorsement of Pending Law Change to Terrorism Risk Insurance Program Reauthorization Act of 2007 (WC 00 01 14)*.
- Voluntary market carriers who previously issued the *Massachusetts Terrorism Risk Insurance Program Reauthorization Act Endorsement (WC 20 01 01)* should now issue the *Massachusetts Notification Endorsement of Pending Law Change to Terrorism Risk Insurance Program Reauthorization Act of 2007 (WC 20 01 02)*.

THE WORKERS' COMPENSATION RATING & INSPECTION BUREAU OF MASSACHUSETTS

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The background information regarding these Endorsements can be found in the attached Filing Memorandum and Exhibits.

Any questions may be addressed to Ellen Keefe, Vice President and General Counsel at 617-646-7553 or ekeefe@wcribma.org or to Daniel Crowley, Vice President of Customer Services at 617-646-7594 or dcrowley@wcribma.org

Ellen F. Keefe, CPCU
Vice President and General Counsel

Attachment



THE WORKERS' COMPENSATION RATING AND INSPECTION BUREAU

FILING MEMORANDUM

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

PURPOSE

The purpose of this Filing is to obtain approval of the *Notification Endorsement of Pending Law Change to Terrorism Risk Insurance Program Reauthorization Act of 2007 (WC 00 01 14)* drafted by the National Council on Compensation Insurance, Inc. ("NCCI") and the *Massachusetts Notification Endorsement of Pending Law Change to Terrorism Risk Insurance Program Reauthorization Act of 2007 (WC 20 01 02)*. It is requested that these Endorsements be approved for new and renewal policies effective on or after January 1, 2014. The proposed endorsements are attached as Exhibits 1 and 2.¹

BACKGROUND

The Terrorism Risk Insurance Act (TRIA) that took effect on November 26, 2002 provided a temporary program under which the federal government would share in the payment of insured losses caused by certain acts of terrorism. It was renewed as the Terrorism Risk Insurance Extension Act (TRIEA) in 2005 and as the Terrorism Risk Insurance Program Reauthorization Act (TRIPRA) in 2007. In the absence of US Congressional action to extend, update, or otherwise reauthorize TRIPRA in whole or in part, TRIPRA is scheduled to expire on December 31, 2014.

It is unknown at this time whether Congress will take action regarding TRIPRA. Exposure to acts of terrorism remains. Therefore, the NCCI and the WCRIBMA have drafted Endorsements to notify policyholders about the potential expiration of TRIPRA.

In 2008, the Massachusetts Division of Insurance approved both the *Massachusetts Terrorism Risk Insurance Program Reauthorization Act Endorsement (WC 20 01 01)* and NCCI's *Terrorism Risk Insurance Program Reauthorization Act Disclosure Endorsement (WC 00 04 22A)*. NCCI's Endorsement (WC 00 04 22A) was

¹ This Filing Memorandum and the *Massachusetts Notification Endorsement of Pending Law Change to Terrorism Risk Insurance Program Reauthorization Act of 2007 (WC 20 01 02)* include © Copyright 2013 material of the National Council on Compensation Insurance, Inc. Used with permission. All rights reserved.

NCCI granted the WCRIBMA permission to use and modify its filing memorandum. The WCRIBMA's modifications are as follows. The WCRIBMA does not expect carriers to have to endorse policies that will terminate on or before the December 31, 2014 TRIPRA expiration date and therefore does not include "in-force" policies in its request that the Endorsements be approved for new and renewal policies effective on or after January 1, 2014. The WCRIBMA included language to indicate that a change in the current premium charge may occur not only in the event of TRIPRA's expiration but also in the event of TRIPRA's "extension". The WCRIBMA also takes the position that only those policies effective after (not on) December 31, 2014 will be impacted by the expiration, extension or other action regarding TRIPRA.

Reauthorization Act Disclosure Endorsement (WC 00 04 22A). NCCI's Endorsement (WC 00 04 22A) was approved for use as an alternative to the Massachusetts Endorsement (WC 20 01 01) at the option of any carrier except those carriers issuing policies through the Massachusetts Assigned Risk Pool ("Pool"). Carriers issuing policies through the Pool were required to use the Massachusetts Endorsement. The new endorsements drafted by NCCI and the WCRIBMA do not replace or otherwise change these existing endorsements.

PROPOSAL

NCCI's *Notification Endorsement of Pending Law Change to Terrorism Risk Insurance Program Reauthorization Act of 2007 (WC 00 01 14)*, and the *Massachusetts Notification Endorsement of Pending Law Change to Terrorism Risk Insurance Program Reauthorization Act of 2007 (WC 20 01 02)* notify policyholders of the impending expiration of TRIPRA and that, if it expires or is extended, a premium charge for losses that may occur in the event of certain acts of terrorism may either continue to apply or change from the amount currently charged. The WCRIBMA proposes that these Endorsements apply to new and renewal policies effective on or after January 1, 2014.

- Residual Market carriers must use the *Massachusetts Notification Endorsement of Pending Law Change to Terrorism Risk Insurance Program Reauthorization Act of 2007 (WC 20 01 02)* for policies issued through the Pool.
- Voluntary market carriers who previously issued NCCI's *Terrorism Risk Insurance Program Reauthorization Act Disclosure Endorsement (WC 00 04 22A)* should now issue NCCI's *Notification Endorsement of Pending Law Change to Terrorism Risk Insurance Program Reauthorization Act of 2007 (WC 00 01 14)*.
- Voluntary market carriers who previously issued the *Massachusetts Terrorism Risk Insurance Program Reauthorization Act Endorsement (WC 20 01 01)* should now issue the *Massachusetts Notification Endorsement of Pending Law Change to Terrorism Risk Insurance Program Reauthorization Act of 2007 (WC 20 01 02)*.

IMPACT

The premium charge for coverage that a standard workers' compensation and employers' liability policy provides for terrorism or war losses is shown in Item 4 of the policy Information Page or the Terrorism Risk Insurance Program Reauthorization Act Disclosure Endorsement (WC 00 04 22 A) Schedule that is attached to the policy. In the event of TRIPRA's expiration or extension, this premium charge may continue or change for new, renewal, and in-force policies in effect after December 31, 2014.

Respectfully submitted,



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**ITEM P-1410—ESTABLISHMENT OF NOTIFICATION ENDORSEMENT OF PENDING LAW
CHANGE TO TERRORISM RISK INSURANCE PROGRAM REAUTHORIZATION ACT OF 2007**

EXHIBIT 1

**FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE
NOTIFICATION ENDORSEMENT OF PENDING LAW CHANGE TO TERRORISM RISK
INSURANCE PROGRAM REAUTHORIZATION ACT OF 2007 (WC 00 01 14)**

**NOTIFICATION ENDORSEMENT OF PENDING LAW CHANGE TO TERRORISM RISK INSURANCE
PROGRAM REAUTHORIZATION ACT OF 2007 (WC 00 01 14)**

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.

EXHIBIT 2

**MASSACHUSETTS NOTIFICATION ENDORSEMENT OF PENDING LAW CHANGE TO TERRORISM RISK
INSURANCE PROGRAM REAUTHORIZATION ACT OF 2007
WC 20 01 02**

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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