



May 27, 2020

CIRCULAR LETTER NO. 2369

To All Members and Subscribers of the WCRIBMA:

TERRORISM RISK INSURANCE PROGRAM REAUTHORIZATION ACT OF 2019

On May 18, 2020, 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 2019 ("TRIPRA 2019").

IMPLEMENTATION

- The National Council on Compensation Insurance Inc.'s ("NCCI") Terrorism Risk Insurance Program Reauthorization Act Disclosure Endorsement (WC 00 04 22 C) has been approved for use by Massachusetts workers' compensation insurers effective January 1, 2021.
- The TRIPRA 2019 Endorsement (WC 00 04 22 C) is mandatory for all policies effective on or after January 1, 2021.
- The Notification Endorsement of Pending Law Change to Terrorism Risk Insurance Program Reauthorization Act of 2015 (WC 00 01 15) has been withdrawn and will no longer be used in Massachusetts.

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 C).

THE WORKERS' COMPENSATION RATING & INSPECTION BUREAU OF MASSACHUSETTS

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

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

Attachment

DANIEL M. CROWLEY, CPCU
Vice President – Customer Services



FILING MEMORANDUM

TERRORISM RISK INSURANCE PROGRAM REAUTHORIZATION ACT OF 2019

PURPOSE

This Filing is submitted in response to the enactment of the Terrorism Risk Insurance Program Reauthorization Act of 2019 (“TRIPRA 2019”). 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 Disclosure Endorsement (WC 00 04 22 B) to reflect certain changes to conform with TRIPRA 2019. (Exhibit A)
- Withdraw NCCI’s Notification Endorsement of Pending Law Change to Terrorism Risk Insurance Program Reauthorization Act of 2015 (WC 00 01 15) (Exhibit C)
- Update relevant pages of the *Massachusetts Workers’ Compensation and Employers Liability Insurance Manual* (“Manual”) to address the provisions in TRIPRA 2019 (Exhibits D, E and F)

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. It initially provided a temporary program under which the federal government would share in the payment of insured losses caused by certain acts of terrorism. TRIA was scheduled to expire on December 31, 2005. 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 and 2015. The WCRIBMA submitted filings to the Division of Insurance (“DOI”) to implement TRIA and each of its renewals, and to provide miscellaneous rating values and policy forms for certified acts of terrorism (including acts of war in the case of workers’ compensation).

Recognizing that terrorism continues to be a catastrophe exposure, the US Congress enacted TRIPRA 2019 on December 20, 2019. The Act was extended for seven years and will expire on December 31, 2027.

The current 80% federal share of compensation under the Terrorism Insurance Program (Program) will continue to apply to aggregate industry insured losses occurring in any calendar year that exceed \$200,000,000.



PROPOSAL

To implement the changes as a result of the enactment of TRIPRA 2019, this filing proposes the following:

1. The Terrorism Risk Insurance Program Reauthorization Act Disclosure Endorsement (WC 00 04 22 B) must be revised to:
 - Update the TRIPRA references to TRIPRA 2019
 - Update Program termination date to conform to TRIPRA 2019
 - Revise the Program trigger provisions to conform to TRIPRA 2019
2. NCCI's Notification Endorsement of Pending Law Change to Terrorism Risk Insurance Program Reauthorization Act of 2015 (WC 00 01 15) must be withdrawn. The purpose of this endorsement was to notify policyholders of the impending expiration of TRIPRA on December 31, 2020. With the extension of TRIPRA under the enactment of TRIPRA 2019, this endorsement is no longer needed.
3. The updated pages to the Manual in the attached exhibit D be approved effective on January 1, 2021 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 2019. 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 Disclosure Endorsement (WC 00 04 22 B)

Exhibit B: Terrorism Risk Insurance Program Reauthorization Act Disclosure Endorsement (WC 00 04 22 C), effective January 1, 2021



Exhibit C: NCCI's Notification Endorsement of Pending Law Change to Terrorism Risk Insurance Program Reauthorization Act of 2015 (WC 00 01 15)

Exhibit D: Revised Manual Page S-15: Massachusetts Special Program for Terrorism Risk Insurance Program Reauthorization Act of 2019.

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

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

Respectfully submitted,

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

Exhibit A

ITEM P-1417—TERRORISM RISK INSURANCE PROGRAM REAUTHORIZATION ACT OF 2019 ENDORSEMENTS

EXHIBIT 1

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

(Applies in: AK, AL, AR, AZ, CO, CT, DC, GA, HI, IA, ID, IL, KS, KY, LA, MD, ME, MO, MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, TX, UT, VA, VT, WV)

Terrorism Risk Insurance Program Reauthorization Act Disclosure Endorsement (WC 00 04 22 B C)

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~~ 2019. 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~~ 2019.

“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~~ 2021, and ending on December 31, ~~2020~~ 2027, an amount equal to 20% of our direct earned premiums, during the immediately preceding calendar year.

ITEM P-1417—TERRORISM RISK INSURANCE PROGRAM REAUTHORIZATION ACT OF 2019 ENDORSEMENTS

EXHIBIT 1 (CONT'D)
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE
TERRORISM RISK INSURANCE PROGRAM REAUTHORIZATION ACT DISCLOSURE
ENDORSEMENT (WC 00 04 22 B)
 (Applies in: AK, AL, AR, AZ, CO, CT, DC, GA, HI, IA, ID, IL, KS, KY, LA, MD, ME, MO, MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, TX, UT, VA, VT, WV)

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 occurring in any calendar year exceed \$200,000,000, the United States Government would pay 80% of our Insured Losses that exceed our Insurer Deductible.:-
 - 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.
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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Exhibit B

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 2019. 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 2019.

“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, 2021, and ending on December 31, 2027, 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 occurring in any calendar year exceed \$200,000,000, 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.
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

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 _____

Exhibit C

NOTIFICATION ENDORSEMENT OF PENDING LAW CHANGE TO TERRORISM RISK INSURANCE PROGRAM REAUTHORIZATION ACT OF 2015

~~This endorsement is being attached 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 B) 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 2015 (TRIPRA 2015), 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 2015, in whole or in part, TRIPRA 2015 is scheduled to expire on December 31, 2020.~~

~~Since the timetable for any further Congressional action regarding TRIPRA 2015 is presently unknown, and exposure to acts of terrorism remains, we are providing policyholders with relevant information concerning their workers compensation policies in the event of the TRIPRA 2015's expiration.~~

~~Your policy provides coverage for workers compensation losses caused by acts of terrorism, 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 that your policy provides for terrorism 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 B) Schedule that is attached to your policy. This amount may continue or change for new, renewal, and in force policies in effect on or after December 31, 2020, in the event of TRIPRA 2015'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 _____

Exhibit D

**MASSACHUSETTS SPECIAL PROGRAM FOR
TERRORISM RISK INSURANCE PROGRAM REAUTHORIZATION ACT OF 2019**

The Terrorism Risk Insurance Program Reauthorization Act (TRIPRA 2015), which amended and extended the Terrorism Risk Insurance Act of 2002 through 2020, was scheduled to expire on December 31, 2020. The Terrorism Risk Insurance Program Reauthorization Act of 2019 (TRIPRA 2019) extended the Terrorism Risk Insurance Act of 2002, with amendments, through 2027. Attach the Terrorism Risk Insurance Program Reauthorization Act Disclosure Endorsement (WC 00 04 22 C) to notify policyholders.

Premium for the Terrorism Insurance Program, as amended and extended by the Terrorism Risk Insurance Program Reauthorization Act of 2019, 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 [(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.

RESERVED FOR FUTURE USE

Exhibit E

**MASSACHUSETTS SPECIAL PROGRAM FOR
TERRORISM RISK INSURANCE PROGRAM REAUTHORIZATION ACT OF 2015**

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.

RESERVED FOR FUTURE USE

Exhibit F

**MASSACHUSETTS SPECIAL PROGRAM FOR
TERRORISM RISK INSURANCE PROGRAM REAUTHORIZATION ACT OF 20195**

The Terrorism Risk Insurance Program Reauthorization Act (TRIPRA 201507), which amended and extended the Terrorism Risk Insurance Act of 2002 through 202014, was scheduled to expire on December 31, 202014. The Terrorism Risk Insurance Program Reauthorization Act of 20195 (TRIPRA 20195) extended the Terrorism Risk Insurance Act of 2002, with amendments, through 20270. Attach the Terrorism Risk Insurance Program Reauthorization Act Disclosure of 2015 Endorsement (WC 00 04 22 CB) to notify policyholders.

Premium for the Terrorism Insurance Program, as amended and extended by the Terrorism Risk Insurance Program Reauthorization Act of 20195, 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 [(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.

RESERVED FOR FUTURE USE