R.C. 2025

To the Members of the Board

Re: Terrorism Risk Insurance Act of 2002
Endorsement WC 00 04 20

RC bulletin 2023, dated January 23, 2003, provided revised class rates, a separate terrorism rate, revised manual rules and endorsement WC 00 04 20 for use with policies effective on and after February 24, 2003.

Please be advised that the copy of endorsement WC 00 04 20 that was attached to RC 2023 contains some verbiage that is inconsistent with that of the countrywide endorsement being utilized in other jurisdictions.

Consequently, a corrected endorsement WC 00 04 20 is attached to this bulletin. These changes are of an editorial nature and do not alter either the coverage being provided or the relevant disclosure information required by the Act.

Carriers are reminded that a copy of the endorsement must be filed with the Rating Board to ensure compliance with the Act.

Very truly yours,

Monte Almer

President

MH/ab
Encl.
TERRORISM RISK INSURANCE ACT ENDORSEMENT

This endorsement addresses requirements of the Terrorism Risk Insurance Act of 2002.

Definitions

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


“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 United States missions or certain air carriers or vessels.

d. The act has been committed by an individual or individuals acting on behalf of any foreign person or foreign interest, 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 terrorism or war 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 to United States missions or to certain air carriers or vessels.

“Insurer deductible” means:

a. For the period beginning on November 26, 2002 and ending on December 31, 2002, an amount equal to 1% of our direct earned premiums, as provided in the Act, over the calendar year immediately preceding November 26, 2002.

b. For the period beginning on January 1, 2003 and ending on December 31, 2003, an amount equal to 7% of our direct earned premiums, as provided in the Act, over the calendar year immediately preceding January 1, 2003.

c. For the period beginning on January 1, 2004 and ending on December 31, 2004, an amount equal to 10% of our direct earned premiums, as provided in the Act, over the calendar year immediately preceding January 1, 2004.

d. For the period beginning on January 1, 2005 and ending on December 31, 2005, an amount equal to 15% of our direct earned premiums, as provided in the Act, over the calendar year immediately preceding January 1, 2005.
Limitation of Liability

The Act may limit our liability to you under this policy. If annual aggregate insured terrorism or war losses of all insurers exceed $100,000,000,000 during the applicable period provided in the Act, and if we have met our insurer deductible, the amount we will pay for insured terrorism or war losses under this policy will be limited by the Act, as determined by the Secretary of the Treasury.

Policyholder Disclosure Notice

1. Insured terrorism or war losses would be partially reimbursed by the United States Government under a formula established by the Act. Under this formula, the United States would pay 90% of our insured terrorism or war losses exceeding our insurer deductible.

2. The additional premium charged for the coverage this policy provides for insured terrorism or war losses is shown in Item 4 of the Information Page or the Schedule below.

Schedule

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<tr>
<th>State</th>
<th>Rate per $100 of Remuneration</th>
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Note:

This endorsement addresses requirements of the Terrorism Risk Insurance Act of 2002.