R.C. 2026

To the Members of the Board

Re: Terrorism Risk Insurance Act of 2002
Clariﬁcation of Rules and Reporting Requirements

In bulletin RC 2023, dated January 23, 2003, the membership was provided with rates, rules and reporting instructions which the New York State Insurance Department approved, effective February 24, 2003, to enable the writers of workers compensation in New York to comply with the requirements of the Terrorism Risk Insurance Act of 2002.

Subsequent to the issuance of that bulletin, questions have arisen regarding the calculation of the terrorism premium and the reporting of this premium on policies and unit statistical reports.

Consequently, the following clarification information is provided:

1. Calculation of the Terrorism Premium – The terrorism premium is NOT subject to carrier deviations or any other carrier pricing programs. As a separate charge for a potential catastrophic event, individual carrier criteria that normally would be used to support a deviation from Rating Board rates cannot realistically be applied to this unique exposure.

2. Commissions – The published New York terrorism charges do not contemplate agent or broker commissions. Nevertheless, the payment of commissions on the terrorism premium is an individual carrier decision.

3. Reporting of Terrorism Premium on Policies and Unit Statistical Reports – In New York, there are separate terrorism charges for payroll based and non-payroll based classes, but only a single statistical code, 9740, for the reporting of the terrorism premium. For those policies containing both payroll based and non-payroll based classes, carriers have two options in New York for showing and reporting the terrorism premium. The first option is to show and report two separate lines with class code 9740, one with the payroll based terrorism premium and the other with the non-payroll based premium. The other option is to use one line for code 9740 containing the total terrorism premium of both the payroll and non-payroll based classes. Either of these options will be acceptable in New York for hard copy and electronic submissions of both policies and unit statistical reports.
We trust that these clarifications will ensure uniform and consistent handling of the terrorism premium under the Act.

Very truly yours,

Monte Almer

President

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