To the Members of the Board

RE: New York Workers Compensation
Terrorism Risk Insurance Extension Act of 2005
Clarification of Endorsement Applications

R. C. Bulletin 2104, which was distributed on February 2, 2006, introduced the Terrorism Risk Insurance Extension Act Endorsement (WC 00 01 13), the Foreign Terrorism Premium Endorsement (WC 00 04 22) and the Domestic Terrorism, Earthquakes, and Catastrophic Industrial Accidents Premium Endorsement (WC 00 04 21A) with effective dates of January 1, 2006 to comply with the provisions of the Terrorism Risk Insurance Extension Act of 2005. The bulletin stated that these endorsements applied to new and renewal policies effective January 1, 2006 and later.

For policies effective prior to January 1, 2006, the Terrorism Risk Insurance Act Endorsement (WC 00 04 20), the Notification Endorsement of Pending Law Change to Terrorism Risk Insurance Act of 2002 (WC 00 01 12) and the Domestic Terrorism, Earthquakes, and Catastrophic Industrial Accidents Premium Endorsement (WC 00 04 21) were mandatory on all policies.

Since the release of R.C. 2104, the Rating Board and other Data Collection Organizations, including the National Council on Compensation Insurance, Inc. have received numerous questions concerning the applicability of the new endorsements to:

- Outstanding Policies
- Multi-Year Policies
- New and Renewal Policies

The intent of this bulletin is to clarify the application of terrorism-related endorsements to New York workers compensation insurance policies.

Although the NYCIRB believes that WC 00 04 20 satisfies the disclosure requirements of the Extension Act with respect to outstanding policies, nevertheless, the final determination of whether or not to apply the new endorsements to outstanding policies lies with each insurer and its own interpretation of the Terrorism Risk Insurance Extension Act. It should be noted, however, that the Terrorism Risk Insurance Act Endorsement (WC 00 04 20) may not provide proper policyholder notification to outstanding policies effective prior to January 1, 2006 and expiring after December 31, 2006 since this endorsement does not address the change in the federal share of reimbursement under the Extension Act from 90% in Program Year 4 to 85% in Program Year 5.

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The following tables show the applicability of the terrorism-related endorsements to workers compensation insurance policies:

### Policies Effective Prior to 1/1/06 and Expiring On or Before 12/31/06

**Keep these existing endorsements on the policy:**
- Terrorism Risk Insurance Act Endorsement (WC 00 04 20)
- Notification Endorsement of Pending Law Change to Terrorism Risk Insurance Act of 2002 (WC 00 01 12)
- Domestic Terrorism, Earthquakes, and Catastrophic Industrial Accidents Premium Endorsement (WC 00 04 21)

**Note:** Any carrier that may have endorsed existing policies with WC 00 01 13 and WC 00 04 21A need not rescind those endorsements as they satisfy the notification requirements of the Extension Act.

### Multi-Year Policies Effective prior to 01/01/06 and Expiring After 12/31/06

**Keep these existing endorsements on the policy:**
- Terrorism Risk Insurance Act Endorsement (WC 00 04 20)
- Notification Endorsement of Pending Law Change to Terrorism Risk Insurance Act of 2002 (WC 00 01 12)
- Domestic Terrorism, Earthquakes, and Catastrophic Industrial Accidents Premium Endorsement (WC 00 04 21)

**Note:** Application of these existing endorsements ensures that the certified rate for the Extension Act is properly disclosed.

### The following endorsements should be attached to meet the policyholder disclosure requirements of the Extension Act:
- Terrorism Risk Insurance Extension Act Endorsement (WC 00 01 13)
- Domestic Terrorism, Earthquakes, and Catastrophic Industrial Accidents Premium Endorsement (WC 00 04 21A)

**Note:** The Department of the Treasury has not made clear when these new endorsements must be attached. While it may be acceptable to Treasury to attach these endorsements at any time during 2006, we believe that by attaching these endorsements at this time, it would preclude questions related to clear and conspicuous disclosure notification to the policyholder.

### Policies Effective 1/1/06 and Subsequent

**Apply these new endorsements to the policy:**
- Terrorism Risk Insurance Extension Act Endorsement (WC 00 01 13)
- Foreign Terrorism Premium Endorsement (WC 00 04 22) (**Note:** This endorsement is only applicable to new and renewal policies effective on or after January 1, 2006)
- Domestic Terrorism, Earthquakes, and Catastrophic Industrial Accidents Premium Endorsement (WC 00 04 21A)

Very truly yours,

Monte Almer

President

CD:tg