

July 25, 2018

CIRCULAR LETTER TO THE WORKERS COMPENSATION COMMITTEE

Workers Compensation Insurance

Re: NCCI Item P-1414 – Establishment of Notification
Endorsement of Pending Law Change to Terrorism
Risk Insurance Program Reauthorization Act of 2015
(WC 00 01 15)

The North Carolina Rate Bureau has filed and the North Carolina Commissioner of Insurance has approved NCCI Item P-1414. This item establishes the Notification Endorsement of Pending Law Change to Terrorism Risk Insurance Program Reauthorization Act of 2015 (WC 00 01 15). This endorsement is effective January 1, 2020. It is optional for voluntary policies and mandatory for all new and renewal assigned risk policies issued on or after January 1, 2020.

The purpose of the Notification Endorsement of Pending Law Change to Terrorism Risk Insurance Program Reauthorization Act of 2015 (WC 00 01 15) is to notify policyholders of the impending expiration of TRIPRA currently schedule for December 31, 2020. TRIPRA may be extended in the same form or some other form by Congress. The premium charge for terrorism losses that may occur in the event of certain acts of terrorism may either continue to apply or change from the amount currently applied.

A copy of NCCI's Item Filing P-1414 is attached.

If you have any questions, contact the NCRB Information Center at 919-582-1056 or via email at wcinfo@ncrb.org.

Sincerely,

Joanna Billiouris

Chief Operating Officer

JB:ko
Attachments
C-18-14

FILING MEMORANDUM

ITEM P-1414—ESTABLISHMENT OF NOTIFICATION ENDORSEMENT OF PENDING LAW CHANGE TO TERRORISM RISK INSURANCE PROGRAM REAUTHORIZATION ACT OF 2015

PURPOSE

This item establishes the Notification Endorsement of Pending Law Change to Terrorism Risk Insurance Program Reauthorization Act of 2015 (WC 00 01 15) in NCCI's *Forms Manual of Workers Compensation and Employers Liability Insurance (Forms Manual)*.

BACKGROUND

The Terrorism Risk Insurance Act (TRIA) took effect on November 26, 2002. It provided for 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 and 2015. 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, 2020.

It is unknown at this time whether Congress will take action regarding TRIPRA. Exposure to acts of terrorism remains. Therefore, NCCI is establishing an endorsement for carriers to use in the event of TRIPRA's expiration.

PROPOSAL

This item proposes that the Notification Endorsement of Pending Law Change to Terrorism Risk Insurance Program Reauthorization Act of 2015 be established. This endorsement notifies policyholders of the impending expiration of TRIPRA; TRIPRA may be extended in the same form or some other form. The premium charge for terrorism losses that may occur in the event of certain acts of terrorism may either continue to apply or change from the amount currently applied.

While the use of this endorsement is optional for voluntary carriers, it must be used for assigned carriers in NCCI Plan-administered states where it receives regulatory approval. The continued application of the premium charged by carriers for terrorism losses is subject to regulatory review in accordance with the applicable state law.

IMPACT

No statewide premium impact will result from the establishment of an endorsement that notifies the policyholder that TRIPRA is scheduled to expire on December 31, 2020.

The premium charge for coverage provided on a workers compensation and employers liability insurance policy 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 the policy. In the event of TRIPRA's expiration, this amount may continue or change.

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FILING MEMORANDUM

ITEM P-1414—ESTABLISHMENT OF NOTIFICATION ENDORSEMENT OF PENDING LAW CHANGE TO TERRORISM RISK INSURANCE PROGRAM REAUTHORIZATION ACT OF 2015

EXHIBIT COMMENTS AND IMPLEMENTATION SUMMARY

Exhibit	Exhibit Comments	Implementation Summary
1	<p>Displays the Notification Endorsement of Pending Law Change to Terrorism Risk Insurance Program Reauthorization Act of 2015 (WC 00 01 15) in NCCI's <i>Forms Manual</i>.</p> <p>Note: While the use of this endorsement is optional for voluntary carriers, it must be used for assigned carriers in NCCI Plan-administered states where it receives regulatory approval.</p>	<ul style="list-style-type: none"> • In all states except Hawaii, this item is to become effective for: <ul style="list-style-type: none"> • New and renewal policies effective on and after 12:01 a.m. on January 1, 2020 • Any policies in force as of December 31, 2020 • In Hawaii, the effective date is determined upon regulatory approval of the individual carrier's election to adopt this change

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ITEM P-1414—ESTABLISHMENT OF NOTIFICATION ENDORSEMENT OF PENDING LAW CHANGE TO TERRORISM RISK INSURANCE PROGRAM REAUTHORIZATION ACT OF 2015

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 2015 (WC 00 01 15)**

(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)

NOTIFICATION ENDORSEMENT OF PENDING LAW CHANGE TO TERRORISM RISK INSURANCE PROGRAM REAUTHORIZATION ACT OF 2015 (WC 00 01 15)

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.