

May 14, 2020

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Workers Compensation Insurance

Update of Circular C-20-15 – Issued May 6, 2020

Terrorism Risk Insurance Program Reauthorization Act of 2019
Endorsements & Policy Disclosure Notice

The North Carolina Rate Bureau (Bureau) has filed and the North Carolina Department of Insurance (DOI) has approved revisions and withdrawals of endorsements as a result of the recent enactment of the Terrorism Risk Insurance Program Reauthorization Act of 2019 (TRIPRA of 2019). This approval is effective January 1, 2021 and is applicable to all new and renewal policies effective on or after January 1, 2021. The endorsement changes are consistent with NCCI's Item filing P-1417.

The DOI issued Bulletin 20-B-08 that specifies filing procedures for compliance with the provisions of the Terrorism Risk Insurance Program Reauthorization of 2019. The Bureau filed and received approval for the Policyholder Disclosure Notice.

As referenced in Bulletin 20-B-08, workers compensation coverage is statutorily mandated and there is no option to waive the terrorism coverage provided by the workers compensation insurance policy. The copy of the Policyholder Disclosure Notice of Terrorism Insurance Coverage #2 (without policyholder acknowledgement) that was part of the DOI bulletin inadvertently included an acknowledgement statement for the insured. The Bureau has filed and received approval from the DOI for the attached revised Disclosure Notice. This notice is the only disclosure notice applicable to workers compensation.

The DOI requires that Disclosure Notice #2 be furnished to policyholders in this state for all offers and renewals. The disclosure form must be furnished in addition to the Terrorism Risk Insurance Program Reauthorization Act Disclosure Endorsement (WC 00 04 22 C). A copy of the disclosure notice to the employer does not need to be submitted to the Bureau.

Member companies do not need to file the disclosure form with the DOI. You may modify the form as needed to fit your Company requirements; however, the verbiage cannot be changed.

The DOI's Disclosure Notice #2 of the original filing has been revised to remove the policyholder acknowledgment statement.

A copy of the DOI's "Revised" Disclosure Notice #2 is included for your review.

If you have any questions concerning this matter, please feel free to contact me.

Sincerely,

Joanna Biliouris

Chief Operating Officer

JB:amt
Attachment
C-20-19

Disclosure No. 2

**POLICYHOLDER DISCLOSURE
NOTICE OF TERRORISM
INSURANCE COVERAGE**

Coverage for acts of terrorism is included in your policy. You are hereby notified that the Terrorism Risk Insurance Act, as amended in 2019, defines an act of terrorism in Section 102(1) of the Act: The term “act of terrorism” means any act or acts that are certified by the Secretary of the Treasury—in consultation with the Secretary of Homeland Security, and the Attorney General of the United States—to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have 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. Under your coverage, any losses resulting from certified acts of terrorism may be partially reimbursed by the United States Government under a formula established by the Terrorism Risk Insurance Act, as amended. However, your policy may contain other exclusions which might affect your coverage, such as an exclusion for nuclear events. Under the formula, the United States Government generally reimburses 80% beginning on January 1, 2020, of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage. The Terrorism Risk Insurance Act, as amended, contains a \$100 billion cap that limits U.S. Government reimbursement as well as insurers’ liability for losses resulting from certified acts of terrorism when the amount of such losses exceeds \$100 billion in any one calendar year. If the aggregate insured losses for all insurers exceed \$100 billion, your coverage may be reduced.

The portion of your annual premium that is attributable to coverage for acts of terrorism is _____, and does not include any charges for the portion of losses covered by the United States government under the Act.

Name of Insurer: _____

Policy Number: _____