



## Pennsylvania Compensation Rating Bureau

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January 11, 2019

### **VIA SERFF**

The Honorable Jessica Altman  
Insurance Commissioner  
Commonwealth of Pennsylvania  
Insurance Department  
1311 Strawberry Square  
Harrisburg, PA 17120

**Attention: Michael McKinney, Actuarial Supervisor, Property & Casualty Bureau**

**RE: Establishment of Notification Endorsement of Pending Law Change to Terrorism Risk Insurance Program Reauthorization Act of 2015 – NCCI Item P-1414-Proposed Effective January 1, 2020**

Dear Commissioner Altman:

On behalf of the members of the Pennsylvania Compensation Rating Bureau (PCRB), we hereby submit an endorsement, Notification Endorsement of Pending Law Change to Terrorism Risk Insurance Program Reauthorization Act of 2015 (WC 00 01 15), which is proposed to be effective January 1, 2020 for new, renewal and in-force policies. The purpose of this endorsement is to notify policyholders of the impending expiration of the Terrorism Risk Insurance Program Authorization Act of 2015 (TRIPRA), which is scheduled to take place on December 31, 2020. If the TRIPRA program does expire, the premium charges for losses caused by acts of terrorism may either continue to be applied or may be changed from the amounts that are currently utilized.

This endorsement is being filed countrywide by the National Council on Compensation Insurance, Inc. (NCCI) and other independent jurisdictions. Accordingly, this filing is intended to align Pennsylvania with the other state jurisdictions.

The NCCI Item P-1414 filing memorandum and a copy of Endorsement WC 00 01 15 are attached for your review. Upon approval of this filing, Section 3 – Endorsement, of the PCRB Workers Compensation Manual of Rules, Classifications and Rating Values for Workers Compensation and for Employers Liability Insurance (Basic Manual), will be respectively updated to include endorsement WC 00 01 15.

Thank you in advance for your review and attention to this filing. The PCRB is pleased to answer any question that you or the Insurance Department staff may have regarding this proposal.

Sincerely,

William V. Taylor  
President

Enclosure: NCCI Item P-1414

## 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><b>Note:</b> 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"> <li>• In all states except Hawaii, this item is to become effective for:                             <ul style="list-style-type: none"> <li>• New and renewal policies effective on and after 12:01 a.m. on January 1, 2020</li> <li>• Any policies in force as of December 31, 2020</li> </ul> </li> <li>• In Hawaii, the effective date is determined upon regulatory approval of the individual carrier's election to adopt this change</li> </ul>

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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.