

**PROGRAM DIVISION
BULLETIN**

2002-09

March 13, 2002

TERRORISM EXCLUSIONS

Effective immediately on all admitted new property policies issued for the Program Division 66 the filed and approved terrorism exclusions are to be attached. The only exception is the four states where the exclusions have not been approved. These are: **Florida, Georgia, New York, Texas.**

All other states have approved use of either the ISO property endorsements or the AIG endorsements.

LIMITED EXCEPTION STATES – ISO Form IL 0940/ Notice to Policyholders Limited Exception

The following states require that ensuing fire be covered regardless of the exclusion.

Arizona, Connecticut, Hawaii, Idaho, Illinois, Iowa, Louisiana, Maine, Massachusetts, Minnesota, Missouri, Nebraska, New Hampshire, New Jersey, North Carolina, North Dakota, Oklahoma, Pennsylvania, Texas, Virginia, Washington, West Virginia

NON-LIMITED STATES – ISO Form IL 9041/ Notice To Policyholders

The following states have approved use of the ISO exclusion IL 0941:

Alabama, Arkansas, DC, Kansas, Kentucky, Mississippi, Montana, Nevada, New Mexico, Ohio, Puerto Rico, Utah, Vermont, Wyoming

LIMITED EXCEPTION STATES – AIG Form 78934/ Notice to Policy Holders Limited Exception

The following states have approved the AIG form for ensuing fire:
Wisconsin

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LEXINGTON INSURANCE COMPANY

PROGRAM DIVISION

200 State Street/11th Floor, Boston, MA 02109
phone 617-330-1100 / fax 617-330-8595

NON-LIMITED STATES – AIG Form 78935/ Notice to Policyholders

The following states have approved the AIG exclusion 78935:

California, Colorado, Michigan, South Carolina, South Dakota, Tennessee

Effective with **Renewal** policies incepting **April 1, 2002 or later** you must attach the above exclusion forms.

- You may not offer a sublimit.
- You may not offer a buyback of coverage.
- These exclusions do not apply to crime or boiler and machinery coverages.
- Non-admitted bulletin went out November 19, 2001 and remains unchanged.

COVERALL - the forms will be available within CoverAll for manual selection at a later date. Until the forms are available CoverAll users will have to list the appropriate form in the miscellaneous forms screen in the property section and manually attach the form. You will receive notification when the forms are available and when they will be automatically attached within CoverAll.

Forms and notices are attached.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**TERRORISM EXCLUSION (WITH LIMITED EXCEPTION) AND WITH AN
AMENDMENT TO THE WAR EXCLUSION**

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
STANDARD PROPERTY POLICY
CAUSES OF LOSS – SPECIAL FORM
CAUSES OF LOSS – BROAD FORM
CAUSES OF LOSS – BASIC FORM
MORTGAGEHOLDERS ERRORS AND OMISSIONS COVERAGE FORM

B. Exclusions, 1., f. War and Military Action is deleted in its entirety and replaced with the following:

f. War

War, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, act of foreign enemy, civil commotion, factional civil commotion, military or usurped power, rebellion or revolution.

With respect to any action that comes within the terms of this exclusion and involves nuclear reaction or radiation or radioactive contamination, this War Exclusion supersedes the Nuclear Hazard Exclusion.

B. Exclusions, 1. is amended with the addition of the following exclusion:

Terrorism

Terrorism means the use or threatened use of force or violence against person or property, or commission of an act dangerous to human life or property or commission of an act that interferes with or disrupts an electronic or communication system, undertaken by any person or group, whether or not acting on behalf of or in connection with any organization, government, power, authority or military force, when the effect is to intimidate, coerce or harm a government, the civilian population or any segment thereof, or to disrupt any segment of the economy.

Terrorism shall also include any act which is verified or recognized by the United States Government as an act of terrorism.

However, if terrorism results in fire, we will pay for the loss or damage caused by that fire. This exception for fire applies only to direct loss or damage by fire to Covered Property but not for more than 50% of the Limit of Insurance shown in the Declarations. Therefore, for example, the exception does not apply to insurance provided under Business Income and/or Extra Expense coverage forms or endorsements which apply to those forms, or the Legal Liability Coverage Form or the Leasehold Interest Coverage Form.

But with respect to any such activity that also comes within the terms of the War Exclusion, that exclusion supersedes this Terrorism Exclusion.

In the event of an act of terrorism that involves nuclear reaction or radiation, or radioactive contamination, this Terrorism Exclusion supersedes the Nuclear Hazard Exclusion.

This endorsement also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to the exclusions above.

All other terms and conditions of the policy remain the same.

AUTHORIZED REPRESENTATIVE

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**TERRORISM EXCLUSION WITH AN AMENDMENT TO THE WAR
EXCLUSION**

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
STANDARD PROPERTY POLICY
CAUSES OF LOSS – SPECIAL FORM
CAUSES OF LOSS – BROAD FORM
CAUSES OF LOSS – BASIC FORM
MORTGAGEHOLDERS ERROR AND OMISSIONS COVERAGE FORM

B. Exclusions, 1., f. War and Military Action is deleted in its entirety and replaced with the following:

f. War

War, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, act of foreign enemy, civil commotion, factional civil commotion, military or usurped power, rebellion or revolution.

With respect to any action that comes within the terms of this exclusion and involves nuclear reaction or radiation, or radioactive contamination, this War Exclusion supersedes the Nuclear Hazard Exclusion.

B. Exclusions, 1. is amended with the addition of the following exclusion:

Terrorism

Terrorism means the use or threatened use of force or violence against person or property, or commission of an act dangerous to human life or property or commission of an act that interferes with or disrupts an electronic or communication system, undertaken by any person or group, whether or not acting on behalf of or in connection with any organization, government, power, authority or military force, when the effect is to intimidate, coerce or harm a government, the civilian population or any segment thereof, or to disrupt any segment of the economy.

Terrorism shall also include any act which is verified or recognized by the United States Government as an act of terrorism.

But with respect to any such activity that also comes within the terms of the War Exclusion, that exclusion supersedes this Terrorism Exclusion.

In the event of an act of terrorism that involves nuclear reaction or radiation, or radioactive contamination, this Terrorism Exclusion supersedes the Nuclear Hazard Exclusion.

This endorsement also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to the exclusions above.

All other terms and conditions of the policy remain the same.

AUTHORIZED REPRESENTATIVE

Important Notice To Our Customers

AIG has filed new exclusions that may be attached to your policy. Key issues are discussed below. Please contact your Agent or Broker for additional information or clarification of coverage and how it affects your insurance program.

Coverage Exclusions:

WAR & TERRORISM EXCLUSION – This exclusion deletes all coverage for loss, cost or expense arising from war or terrorism.

TERRORISM EXCLUSION WITH AN AMENDMENT TO THE WAR EXCLUSION - This exclusion deletes all coverage for loss, cost or expense arising from war or terrorism.

Important Notice To Our Customers

AIG has filed new exclusions that may be attached to your policy. Key issues are discussed below. Please contact your Agent or Broker for additional information or clarification of coverage and how it affects your insurance program.

Coverage Exclusions:

TERRORISM EXCLUSION WITH AN AMENDMENT TO THE WAR EXCLUSION – This exclusion deletes all coverage for loss, cost or expense arising from war or terrorism.

TERRORISM EXCLUSION (WITH LIMITED EXCEPTION) AND WITH AN AMENDMENT TO THE WAR EXCLUSION - This exclusion deletes all coverage for loss, cost or expense arising from war or terrorism except as follows:

- The exclusion of terrorism does not apply to direct loss or damage by fire to Covered Property, under the Inland Marine or Commercial Property Coverage Parts under the Multiperil Policy or Standard Property Policy. However, coverage for such is limited to 50% of the limit of Insurance shown in the Declarations.