

**AIG PROGRAM DIVISION 66
TERRORISM RISK INSURANCE ACT OF 2002
DISCLOSURE STATEMENT ISSUANCE
PROTOCOL**

In order to comply with the insurer notice requirements under the Terrorism Risk Insurance Act of 2002 we have outlined the process to be followed. These are listed in chronological order to speed up the compliance process. **Personal lines policies and livestock are not affected by the Act and do not need to have notices issued.**

I. Identify all policies inforce as of November 26, 2002.

Once a listing of inforce policies is pulled they will need to be separated into three groups:

Those **with** Terrorism Exclusions;

Those **without** a Terrorism Exclusion but with a **surcharge**;

Those **without** a Terrorism Exclusion or surcharge.

II. Inforce policies with a Terrorism Exclusion.

Refer to the Terrorism Rate Page, calculate the appropriate premium and pro rate the premium or minimum policy charge from November 26, 2002 to the expiration date of the policy. This pro rated premium is to be entered in the premium section of Disclosure Statement form **PRG 1001 (11/02)**. Attach a completed Policyholder Notification form **PRG 1010** with an invoice with the Disclosure Statement form **PRG 1001 (11/02)** and mail to the insured. The insured has 30 days from the mailing date to make payment. If payment is not received the original Terrorism Exclusion will be reinstated. This payment cannot be part of a master billing from any agents/brokers. The time starts from the date of billing and the date YOU receive payment. **We do not have to receive a signed rejection from the insured! Maintain copies of the notice, disclosure and invoice in the underwriting file.**

III. Inforce policies without a Terrorism Exclusion but with a surcharge.

Identify the surcharge that was applied to the premium when the policy was issued. Enter the amount in the premium section of Disclosure Statement form **PRG 1003 (12/02)**. Attach a completed Policyholder Notification form **PRG 1010** along with the completed Disclosure Statement form **PRG 1003 (12/02)** and mail to the insured. **Maintain copies of the notice and disclosure in the underwriting file.**

IV. Inforce policies without a Terrorism Exclusion and no surcharge.

Attach a completed Policyholder Notification along with Disclosure Statement **PRG 1004 (12/02)** and mail to the insured. **Maintain a copy of the notice and disclosure in the underwriting file.**

V. Inforce Workers Compensation policies.

Refer to the Terrorism Rate Page and calculate the percentage premium charge. Enter the percentage in the charge section of Disclosure Statement form **PRG 1006 (12/02)**. Attach a completed Policyholder Notification along with an invoice and the Disclosure Statement form **PRG 1006 (12/02)** and mail to the insured. The insured does **NOT** have the right to reject coverage under Workers Compensation. **Maintain a copy of the notice and disclosure in the underwriting file.**

VI. For all lines of business new and renewal effective November 26, 2002 and thereafter.

- a. For business bound, new or renewal, from November 26, 2002 until you received these notices you will have to send an invoice with the Disclosure Statement and Policyholder Notification form **PRG 1010** and mail to the insured. The insured has 30 days from the mailing date to make payment. If payment is not received attach the new Terrorism Exclusion endorsement **81127 (11/02)**. **Maintain a copy of the notice and disclosure in the underwriting file.**
- b. For all lines of business, new and renewal, attach Disclosure Statement form **PRG 1002 (11/02)**. The premium charge for terrorism coverage must be shown and the insured has the right to accept or reject the coverage. This disclosure **must** be presented at time of offer, purchase and renewal. Refer to the Terrorism Rate Page for the appropriate premium charge. If the insured does **not** pay the premium charge and does not return the signed rejection notice you may not bind the business. **To attach the exclusion we must receive the signed rejection notice.**

VII. Canadian Policies

Any policies issued to Canadian Policyholders if they have insured locations located in the United States a Disclosure Statement **must** be sent and premium charged for the U.S exposures as per the appropriate conditions above.

VIII. All quotations going forward

You will have to show a separate premium charge for Terrorism with all quotations of coverage. Attach a copy of Disclosure Statement form **PRG 1002 (11/02)** for their reference. If the insured **rejects** coverage we **must** receive the signed Disclosure Statement **prior** to binding.

IX. Proof of mailing.

When doing bulk mailings the U.S. Postal Service will date stamp a listing of all letters contained in a bulk mailing. You must obtain proof of mailing of all notices. They do not have to be certified mail or registered only a proof they were mailed and the date.

X. Reporting issuance of notices.

A spreadsheet is attached showing all information we need reported back to us. We will require an up date every two weeks.

XI. When payments are received

When payments are received issue an endorsement indicating "payment for Terrorism coverage as required under the Terrorism Risk Insurance Act of 2002".

XII. FORMS INDEX

Inforce Policies with Terrorism Exclusion New and Renewal effective 11/26/02	PRG 1001 (11/02) PRG 1002 (11/02)
Inforce Policies without exclusion but with a surcharge	PRG 1003 (12/02)
Inforce Policies without exclusions or surcharge	PRG 1004 (12/02)
Inforce WC Policies	PRG 1006 (11/02)
Notification to Policyholders	PRG 1010