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BULLETIN 20-01

Date: 6-24-2020

To All Member Companies and Their Authorized
Mississippi Agents
To Whom it May Concern:

Revised TRIA Forms/Rules
TRIA 2019-CL2020-OTENF
SERFF # MSSR-132409211
TRIA 2019 CL-2020-OTTRU
SERFF # MSSR-132409309

The Mississippi State Rating Bureau received Mississippi Department of Insurance approval for the above Commercial Lines Property and Businessowners forms and rules revisions in response to the Terrorism Risk Insurance Program Reauthorization Act of 2019. These changes were filed on behalf of all MSRB member companies and approved for new and renewal policies issued effective 12-1-2020 and subsequent.

See the attached Explanatory Information for additional detail.

MSRB members have the option of accepting this change filed on their behalf with the **12-1-2020** effective date, individually filing for an alternative effective date, or individually filing to non-adopt or amend this change.

ISONet pages will be updated to reflect these changes. Copies of the filing package materials are available using the MSSR tracking numbers (NAIC SERFF System). The filing package can also be requested from MSRB personnel (Brad Little, Tony Parker, or Joe Shumaker) phone 601-981-2915.

Mississippi State Rating Bureau Management

Rules Revised In Response to Terrorism Risk Insurance Program Reauthorization Act Of 2019

Applicable Lines of Business

This filing applies to the following lines of business:

- ◆ Agricultural Capital Assets (Output Policy)
- ◆ Businessowners
- ◆ Capital Assets (Output Policy)
- ◆ Commercial General Liability
- ◆ Commercial Inland Marine
- ◆ Commercial Liability Umbrella
- ◆ Commercial Property
- ◆ Equipment Breakdown

About This Filing

This filing revises various rules in response to enactment of the Terrorism Risk Insurance Program Reauthorization Act of 2019:

Agricultural Capital Assets (AG)

- ◆ Terrorism Options – Federal Backstop

Businessowners

- ◆ Terrorism

Capital Assets (OP)

- ◆ Terrorism Options – Federal Backstop

Commercial General Liability

- ◆ Terrorism Endorsement Options
- ◆ Terrorism Premium Determination

Commercial Liability Umbrella

- ◆ Terrorism Endorsement Options

- ◆ Terrorism Premium Determination

Commercial Excess Liability

- ◆ Terrorism Endorsement Options
- ◆ Terrorism Premium Determination

Commercial Inland Marine

- ◆ Terrorism Options – Federal Backstop

Commercial Property

- ◆ Terrorism Options – Federal Backstop
- ◆ Terrorism Pricing – Federal Backstop

Equipment Breakdown

- ◆ Terrorism Options – Federal Backstop

We have used a format of ~~striking through~~ deletions, underlining additions and inserting a revision bar in the left margin to indicate changes.

For the purposes of this filing, asterisks (* * *) indicate undisplayed text that remains unchanged with this filing.

Related Filing(s)

- ◆ CL-2020-OTENF (Multistate Forms)
- ◆ CL-2020-OTERF (Missouri-specific Forms)

Background

The Terrorism Risk Insurance Act (TRIA) of 2002 ("the Act") established a program (Terrorism Risk Insurance Program) within the Department of the Treasury, under which the federal government shares, with the insurance industry, the risk of loss from some future terrorist attacks.

Pursuant to Section 103(c) of the Act, insurers providing insurance for lines of business to which the Act applies are required to participate in the program by making available coverage for insured losses resulting from an act of terrorism as defined by the Act (so-called certified acts coverage).

The Terrorism Risk Insurance Program, originally set to expire at the end of 2005, was extended for:

- ◆ two years by the Terrorism Risk Insurance Extension Act of 2005;
- ◆ seven years by the Terrorism Risk Insurance Program Reauthorization Act of 2007; and

- ◆ six years by the Terrorism Risk Insurance Program Reauthorization Act of 2015.

Current Environment

The Further Consolidated Appropriations Act, 2020, cited as the Terrorism Risk Insurance Program Reauthorization Act of 2019, was signed into law on December 20, 2019 and extends the federal Terrorism Risk Insurance Program until December 31, 2027. There is no change to the required federal share percentage of terrorism losses, which remains at 80%.

Explanation of Changes

In response to the Terrorism Risk Insurance Program Reauthorization Act of 2019, we are:

- ◆ Revising various terrorism option and pricing rules to reflect the extension of the federal Terrorism Risk Insurance Program.
- ◆ Replacing references to the previous scheduled termination date (December 31, 2020) of the federal Terrorism Risk Insurance Program with the new scheduled termination date of December 31, 2027.
- ◆ Replacing references to the date for policies that may not have the federal backstop apply throughout the entire policy period with a policy inception date of January 1, 2027.
- ◆ Deleting tables referencing obsolete years and outdated federal share percentages. Further, we are revising various rules to indicate that ISO disclosure endorsements reflect the current 80% federal share percentage.
- ◆ Introducing a Missouri-specific rule version to the Agricultural Capital Assets (Output Policy) terrorism supplement which references Missouri disclosure endorsements and also incorporates the relevant updates outlined in the first four bullets.
- ◆ Introducing a California-specific rule version to the Agricultural Capital Assets (Output Policy) terrorism supplement which references disclosure endorsements applicable to California and also incorporates the relevant updates outlined in the first four bullets.

We are also taking this opportunity to make editorial changes and other minor revisions for consistency with ISO uniformity standards.

Related Information

There are no changes to loss costs or rate modification factors. The current structure is designed to continue to be used until such time as future changes to the federal program or new modeled information are assessed as having significant impact on terrorism pricing. At this time, we have no plans for changes to terrorism pricing.

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Disclosure Forms Revised In Response To Terrorism Risk Insurance Program Reauthorization Act Of 2019

Applicable Lines of Business

This filing applies to the following lines of business:

- ◆ Agricultural Capital Assets (Output Policy)
- ◆ Businessowners
- ◆ Capital Assets (Output Policy)
- ◆ Commercial General Liability
- ◆ Commercial Inland Marine
- ◆ Commercial Liability Umbrella
- ◆ Commercial Property
- ◆ Equipment Breakdown

About This Filing

This filing revises various forms in response to enactment of the Terrorism Risk Insurance Program Reauthorization Act of 2019.

Revised Forms

We are introducing the following revised forms:

Disclosure Pursuant To Terrorism Risk Insurance Act

- ◆ **IL 09 85 12 20** (prior edition 01 15)
- ◆ **BP 05 15 12 20** (prior edition 01 15)

Disclosure Of Premium Through End Of Year For Certified Acts Of Terrorism Coverage (Pursuant To Terrorism Risk Insurance Act)

- ◆ **IL 09 98 12 20** (prior edition 01 15)
- ◆ **AG 09 12 12 20** (prior edition 01 15)

- ◆ **BP 05 70 12 20** (prior edition 01 15)

Disclosure Of Premium And Estimated Premium For Certified Acts Of Terrorism Coverage (Pursuant To Terrorism Risk Insurance Act)

- ◆ **IL 09 99 12 20** (prior edition 01 15)
- ◆ **AG 09 13 12 20** (prior edition 01 15)
- ◆ **BP 05 71 12 20** (prior edition 01 15)

We have used a format of ~~striking-through~~ deletions, underlining additions and inserting a revision bar in the left margin to indicate changes from the above-referenced editions to the 12 20 editions. Concurrent with implementation, the 12 20 editions will supersede the prior editions.

Note: Interline endorsement IL 09 85 applies to the following lines of business:

- ◆ Agricultural Capital Assets (Output Policy)
- ◆ Capital Assets (Output Policy)
- ◆ Commercial General Liability
- ◆ Commercial Inland Marine
- ◆ Commercial Liability Umbrella
- ◆ Commercial Property
- ◆ Equipment Breakdown

In most jurisdictions, interline endorsements IL 09 98 and IL 09 99 also apply to the above lines of business except for Agricultural Capital Assets (Output Policy). Refer to the Multistate Applicability section of the Explanatory Memorandum for further information about the applicability of these endorsements in certain jurisdictions.

Related Filing(s)

- ◆ CL-2020-OTTRU (Rules)

Background

The Terrorism Risk Insurance Act (TRIA) of 2002 ("the Act") established a program (Terrorism Risk Insurance Program) within the Department of the Treasury, under which the federal government shares, with the insurance industry, the risk of loss from some future terrorist attacks.

Pursuant to Section 103(c) of the Act, insurers providing insurance for lines of business to which the Act applies are required to participate in the program by

making available coverage for insured losses resulting from an act of terrorism as defined by the Act (so-called certified acts coverage).

The Terrorism Risk Insurance Program, originally set to expire at the end of 2005, was extended for:

- ◆ two years by the Terrorism Risk Insurance Extension Act of 2005;
- ◆ seven years by the Terrorism Risk Insurance Program Reauthorization Act of 2007; and
- ◆ six years by the Terrorism Risk Insurance Program Reauthorization Act of 2015.

We responded in the past to each of these enactments with filings of disclosure forms and various endorsements addressing the terrorism risk.

Current Environment

The Further Consolidated Appropriations Act, 2020, cited as the Terrorism Risk Insurance Program Reauthorization Act of 2019, was signed into law on December 20, 2019 and extends the federal Terrorism Risk Insurance Program until December 31, 2027. There is no change to the required federal share percentage of terrorism losses, which remains at 80%.

Explanation of Changes

The disclosure forms listed above are revised to reflect that the federal share percentage is currently set at 80%. We have also removed unnecessary fields in Part II of each form's Schedule relating to federal share percentage and year.

Multistate Applicability

The following multistate form(s) do not apply in **Florida** or **New York**:

- ◆ IL 09 98 Disclosure Of Premium Through End Of Year For Certified Acts Of Terrorism Coverage (Pursuant To Terrorism Risk Insurance Act)
- ◆ IL 09 99 Disclosure Of Premium And Estimated Premium For Certified Acts Of Terrorism Coverage (Pursuant To Terrorism Risk Insurance Act)
- ◆ BP 05 70 Disclosure Of Premium Through End Of Year For Certified Acts Of Terrorism Coverage (Pursuant To Terrorism Risk Insurance Act)
- ◆ BP 05 71 Disclosure Of Premium And Estimated Premium For Certified Acts Of Terrorism Coverage (Pursuant To Terrorism Risk Insurance Act)

The following multistate form(s) do not apply in **California***, **Florida** or **New York**:

- ♦ AG 09 12 Disclosure Of Premium Through End Of Year For Certified Acts Of Terrorism Coverage (Pursuant To Terrorism Risk Insurance Act)
- ♦ AG 09 13 Disclosure Of Premium And Estimated Premium For Certified Acts Of Terrorism Coverage (Pursuant To Terrorism Risk Insurance Act)

*In California, IL 09 98 and IL 09 99 apply instead of AG 09 12 and AG 09 13

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