The Terrorism Insurance Implementation (C) Working Group of the Property and Casualty Insurance (C) Committee met via conference call March 12, 2020. The following Working Group members participated: Martha Lees, Chair (NY); Joanne Bennett (AK); Susan Stapp (CA); Rolf Kaumann (CO); Angela King (DC); Heather Droge (KS); Matthew Mancini (MA); Jeana Thomas (MO); Timothy Johnson (NC); Jan Vitus (OR); Mark Worman and J’ne Byekovski (TX); and David Provost (VT).

1. **Adopted its Feb. 11 Minutes**

Ms. Vitus made a motion, seconded by Ms. Bennett, to adopt the Working Group’s Feb. 11 minutes. The motion passed unanimously.

2. **Adopted the Model Bulletin and Policyholder Disclosures**

Ms. Lees explained that the changes agreed to during the Feb. 11 conference call were made to the most recent draft of the Model Bulletin and Policyholder Disclosures. She said the Background section: 1) changed the description of the reauthorized acts to include 2019; 2) eliminated the 2015 changes in the bullets; and 3) described the few changes in the Terrorism Risk Insurance Program Reauthorization Act of 2019 (TRIPRA).

Ms. Lees noted that under “Submission of Rates, Policy Form Language and Disclosure Notices,” two paragraphs were eliminated describing the lapse in the previous act and the expedited System for Electronic Rate and Form Filing (SERFF) filing transmittal documents. An edit was made to say that SERFF can be used for revised terrorism product filings in support of speed to market initiatives, rather than for expedited review.

Ms. Lees said the Policyholder Disclosures were edited to eliminate references to dates prior to 2020. Ms. Vitus noted that the Policyholder Disclosures inadvertently eliminated the reference to when the current federal share came into effect. She also said the Model Bulletin should note that the 80% federal share is now fixed. Aaron Brandenburg (NAIC) said the Working Group had originally decided to only note the changes that occurred in TRIPRA 2019. Robert Woody (American Property Casualty Insurance Association—APCIA) said that since there is no longer a sliding scale for the federal compensation portion, the Model Bulletin should note that this 80% figure is now fixed. The Working Group agreed to add a bullet indicating that the U.S. government reimbursement level of covered terrorism losses exceeding the statutorily established deductible is now, as of Jan. 1, 2020, a fixed 80%.

Ms. Vitus said she sent in written comments regarding insurers that file in standard fire states. She said if the cause of loss is fire, then limits will be paid up to the limits. She was wondering if there should be a policyholder notice as an example with consistent language for the industry to use. Ms. Lees noted that the Model Bulletin mentions an optional provision for standard fire states.

Stephen C. Clarke (Insurance Services Office—ISO) cautioned against adding a policyholder notice related to standard fire policy states. He said the standard fire policy does present unique issues to consider. He said the ISO has built into its forms with terrorism exclusions policy provisions that deal with the fact that standard fire policies may affect losses caused by fire. He said exceptions do not apply across the entire policy. For example, if the policy covers extra expenses or business income, even under the commercial policy, the standard fire policy does not traditionally extend to those coverages at all. Out of states with standard fire policies, there are many ways it applies. Mr. Clarke said some states have standard fire policies that do not apply to commercial coverage in marine policies.

Mr. Clarke said a notice may delay release of the Model Bulletin and a notice that does not include all the state differences may add to confusion. He noted that the policyholder notice satisfies the requirement that insurers advise policyholders of government participation and the cost. Ms. Vitus agreed, and she said Oregon will address its specific details in its own Model Bulletin.
Ms. Byckovski noted a grammatical correction noting, “this Annual Report” should be changed to, “the Secretary’s Annual Report.”

Mr. Kaumann made a motion, seconded by Mr. Mancini, to adopt the Model Bulletin and Policyholder Disclosures with the edits agreed to during the meeting.

Having no further business, the Terrorism Insurance Implementation (C) Working Group adjourned.