

AAIS

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Line(s) of **Farm Umbrella**
Insurance:

BULLETIN

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ARKANSAS

SPECIAL 07 03 CERTIFIED TERRORISM ENDORSEMENT EDITIONS AVAILABLE

Reference Bulletin 02-0550, 03-0091

Special **07 03** editions of the certified Farm Umbrella terrorism endorsements have been filed, and are available for use, in the state of Arkansas effective **September 1, 2003**.

CHANGES

In Reference Bulletin 03-0091, availability of the **05 03** certified endorsement editions was announced for all Commercial Lines programs. AAIS was subsequently contacted by Insurance Department personnel and asked to revise farm umbrella endorsements UM 0330 and UM 0340 in an effort to more clearly differentiate between personal and commercial exposures.

As a result, these two endorsements have been revised in accordance with the final guidelines that were issued by the Department of the Treasury, on July 7, 2003, with respect to the Terrorism Risk Insurance Act of 2002 (TRIA). The final guidelines specify that owner-occupied dwellings on farms are considered personal lines exposures, and are thus, not eligible for coverage under the federal Terrorism Risk Insurance Program.

Endorsement UM 0330, which is used when the insured accepts the offer of coverage for loss caused by certified acts of terrorism, has been amended to include the following lead-in paragraphs:

When this policy includes form UM 0002, the "terms" of this endorsement apply only to liability arising out of "farming" or the activities related to the "business" of any "insured".

When this policy includes form UM 0610, the "terms" of this endorsement do not apply to liability arising out of the "insured's" personal or non-business activities when coverage for such activities is added to this policy by endorsement.

The provisions that exclude coverage for certified acts of terrorism under endorsement UM 0340, which is used when the insured declines the offer of coverage for such loss, have also been amended with respect to both form UM 0002 and form UM 0610.

When form UM 0002 is used to issue the Farm Umbrella policy, the certified act of terrorism exclusion applies only to liability arising out of farming or the activities related to the business of an insured. The exclusion does not apply to any residential or non-business exposures that are also covered by UM 0002.

When form UM 0610 is used to issue the Farm Umbrella policy, the specific types of activities to which the certified act of terrorism exclusion applies do not need to be identified since form UM 0610, in and of itself, does not address liability arising out of personal exposures. However, if coverage for liability arising out of personal exposures is added to the policy, through the attachment of endorsement UM 0009, the certified act of terrorism exclusion would not be applicable to any personal exposures for which covered is provided under endorsement UM 0009.

COMPANY ACTION

In accordance with Section 106(a)(2)(B) of the Terrorism Risk Insurance Act of 2002, the certified materials described in this bulletin have been submitted on a file-and-use basis for policies effective on or after **September 1, 2003**.

Umbrella endorsements are filed on an advisory basis in Arkansas. As a result, each company that wishes to adopt the **07 03** endorsement editions must do so by establishing an effective date and notifying the Insurance Department in writing.

FILING NUMBERS

The endorsements described in this bulletin have been placed on file in the state of Arkansas, under the same filing number that was assigned to the original filing. Refer to this number in all correspondence directed to the insurance department.

Program	AAIS Filing Number
Farm Umbrella	AAIS-2002-84

SUPPLIES

The forms and endorsements approved for use in this state have been released to CCH Insurance Services Inc. (CCH), the print vendor for AAIS forms and endorsements. Call CCH at (800) 382-2424 to order forms and endorsements in paper printed format. Call CCH at 800-782-9481 to order the text of AAIS forms in a variety of electronic formats.

AAIS also offers the text of forms and endorsements in limited electronic formats. Call Karen Grela at 800/564-AAIS for more information.

FORMS AND ENDORSEMENTS LISTING

The Farm Umbrella forms and endorsements listing for Arkansas is being updated to reflect the replacement of the **05 03** endorsement editions with the **07 03** endorsement editions.

ATTACHMENTS

- UM 0330 07 03 Certified Terrorism Loss
- UM 0340 07 03 Certified Act of Terrorism Exclusion

Direct Questions to:

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