

AAIS

Date: **August 21, 2003**

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BULLETIN

AMERICAN ASSOCIATION
OF INSURANCE SERVICES

Line(s) of
Insurance:

Agricultural Output
Artisans
Businessowners
Commercial Inland
Marine
Commercial Liability

Commercial Output
Commercial Output XL
Commercial Properties
Contractors &
Developers Output
Crime

Farm Properties
Glass
Inland Marine Guide
Personal & Premises
Liability

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LOUISIANA TERRORISM EXCLUSION ENDORSEMENTS REVISED

Terrorism exclusion endorsements that do not contain an ensuing fire loss exception have been filed, with a proposed effective date of **November 15, 2003**, as replacements for the terrorism exclusion endorsements that are currently on file in Louisiana. In addition, several of the terrorism rule and rating information manual supplement pages have been updated in order to reflect the change in endorsements.

BACKGROUND

The enactment of House Bill 1788, on August 15, 2003, added a new section (Section H.) to Louisiana statute 22:691. Section H. indicates that, unless they are specifically endorsed to do so, commercial property and casualty insurance policies do not provide coverage for loss caused directly or indirectly by terrorism.

In response to this change, AAIS has resubmitted, for all filed Commercial Lines programs, terrorism exclusions that do not contain an exception for fire-following loss.

CHANGES

Tables A, B, and C that follow show the programs in which endorsements are being replaced and manual supplement pages are being changed.

NOTE: The only programs in which endorsement replacements are needed are those in which property coverage is provided.

Replacement endorsements have not yet been submitted for the Farm Properties program. However, a separate filing will be submitted to address not only the standard fire policy exemption, but also the eligibility clarifications cited in the final guidelines issued by the Department of the Treasury on July 7, 2003, with respect to the Terrorism Risk Insurance Act of 2002 (TRIA).

The new endorsements differ from the current endorsements only to the extent that the Terrorism Exclusion present in each new endorsement does not contain a fire exception. A copy of each certified terrorism exclusion endorsement listed in Table A is available on our public web site, at <http://www.aaionline.com/terrorism.htm>, as an attachment to this Bulletin. A copy of each non-certified terrorism exclusion endorsement listed in Table B is also available on our public web site, at <http://www.aaionline.com/terrorism.htm>, as an attachment to Bulletin 02-0550.

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The revised Rule pages differ from the current Rule pages only to the extent that no mention of the standard fire policy is made, and the endorsement numbers shown for each program have been updated to reference exclusion endorsements that do not contain a Fire Exception.

The revised Rating Information page differs from the current Rating Information page only to the extent that the factors shown for fire-following coverage, that previously was required by statute to be provided, have been deleted from the table.

TABLE A (Certified Endorsements)

Program	New Endorsement	Current Endorsement
Agricultural Output	CL 0610 05 03	CL 0620 05 03
Artisans	AP 0710 05 03	AP 0720 05 03
Businessowners	BP 0760 05 03	BP 0770 05 03
Commercial Inland Marine (Filed Classes)	CL 0610 05 03	CL 0620 05 03
Commercial Output	CL 0610 05 03	CL 0620 05 03
Commercial Output XL	CL 0610 05 03	CL 0620 05 03
Commercial Properties	CL 0610 05 03	CL 0620 05 03
Contractors & Developers Output	CL 0610 05 03	CL 0620 05 03

TABLE B (Non-Certified Endorsements)

Program	New Endorsements	Current Endorsements
Agricultural Output	CL 0630 12 02 CL 0650 12 02	CL 0640 12 02 CL 0660 12 02
Artisans	AP 0730 12 02 AP 0750 12 02	AP 0740 12 02 AP 0760 12 02
Businessowners	BP 0780 12 02 BP 0800 12 02	BP 0790 12 02 BP 0810 12 02
Commercial Inland Marine (Filed Classes)	CL 0630 12 02 CL 0650 12 02	CL 0640 12 02 CL 0660 12 02
Commercial Output	CL 0630 12 02 CL 0650 12 02	CL 0640 12 02 CL 0660 12 02
Commercial Output XL	CL 0630 12 02 CL 0650 12 02	CL 0640 12 02 CL 0660 12 02
Commercial Properties	CL 0630 12 02 CL 0650 12 02	CL 0640 12 02 CL 0660 12 02
Contractors & Developers Output	CL 0630 12 02 CL 0650 12 02	CL 0640 12 02 CL 0660 12 02

TABLE C (Rule and Rating Information Page Supplement)

Program	New Supplement Page(s)	Current Supplement Page(s)
Agricultural Output, Commercial Inland Marine (Filed Classes), Commercial Liability, Commercial Output, Commercial Output XL, Contractors & Developers Output, Crime, Glass, and Personal & Premises Liability (Farm Only)	Rules -- 2 (Rev 1.2) Rules -- 3 (Rev 1.2) Rules -- 6 (Rev 1.2) Rules -- 7 (Rev 1.2) Rating Information - 1 (Rev 1.2)	Rules -- 2 (Rev 1.1) Rules -- 3 (Rev 1.0) Rules -- 6 (Rev 1.0) Rules -- 7 (Rev 1.0) Rating Information - 1 (Rev 1.0)

FILING NUMBERS

The AAIS filing numbers that apply to the certified and non-certified Louisiana submissions are shown below.

Certified Endorsements

Program	AAIS Filing No.
Agricultural Output	AAIS-2003-16AGFC
Artisans	AAIS-2003-16APFC
Businessowners	AAIS-2003-16BPFC
Commercial Inland Marine (Filed Classes)	AAIS-2003-16CIMFC
Commercial Output	AAIS-2003-16COPFC
Commercial Output XL	AAIS-2003-16CXLFC
Commercial Properties	AAIS-2003-16CPFC
Contractors & Developers Output	AAIS-2003-16DOPFC

Certified Rules and Rating Information

Program	AAIS Filing Number
Agricultural Output, Commercial Inland Marine (Filed Classes), Commercial Liability, Commercial Output, Commercial Output XL, Contractors & Developers Output, Crime, Glass, and Personal & Premises Liability (Farm Only)	AAIS-2003-16RC

Non-Certified Endorsements

Program	AAIS Filing Number
Agricultural Output	AAIS-2003-16AGFN
Artisans	AAIS-2003-16APFN
Businessowners	AAIS-2003-16BPFN
Commercial Inland Marine (Filed Classes)	AAIS-2003-16CIMFN
Commercial Output	AAIS-2003-16COPFN
Commercial Output XL	AAIS-2003-16CXLFN
Commercial Properties	AAIS-2003-16CPFN
Contractors & Developers Output	AAIS-2003-16DOPFN

Non-Certified Rules

Program	AAIS Filing Number
Agricultural Output, Commercial Inland Marine (Filed Classes), Commercial Liability, Commercial Output, Commercial Output XL, Contractors & Developers Output, Crime, Glass, and Personal & Premises Liability (Farm Only)	AAIS-2003-16RN

INLAND MARINE GUIDE

In Louisiana, companies are required to submit form filings for non-filed Inland Marine Guide classes. Companies should file exclusion endorsements CL 0610 05 03, CL 0630 12 02, and CL 0650 12 02 as replacements for exclusion endorsements CL 0620 05 03, CL 0640 12 02, and CL 0660 12 02. Companies are not required to file rules or rating information for non-filed Inland Marine Guide classes. However, on the date the endorsement change is effective, companies should begin using the "IMG Terrorism Rules Supplement NSFP- IM Exempt", posted on the AAIS public web site at <http://www.aaisonline.com/terror/IMGinfo.htm> in place of the current "IMG Terrorism Rules Supplement SFP". As was previously the case, the rating information applicable to the Commercial Inland Marine Filed Classes should also be used with the Guide classes.

EFFECTIVE DATE

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 **November 15, 2003**, and the non-certified materials have been submitted on a prior approval basis, for policies effective on or after **November 15, 2003**. As a result, companies may begin using the certified materials on **November 15, 2003**, but should refrain from using the non-certified materials until further notified by AAIS that formal approval of these materials has been received.

COMPANY ACTION

All Filed Programs

Endorsements (Certified)

(Effective 1/1/03, the Louisiana Department of Insurance implemented new form filing requirements under Section 10113. of Regulation 78. See 10113.C.3.a. and 10113.C.3.b. for information regarding adoption of advisory organization filings).

Companies that have granted AAIS filing authority for forms and endorsements can adopt the certified terrorism exclusion endorsements by notifying the insurance department in writing of their intent, and including the necessary filing fee. Companies that choose not to adopt a filing must still notify the insurance department of their intent, but no filing fee is required.

Manual Rules and Rating Information (Certified)

Companies that have granted AAIS filing authority for rules and rating information can adopt the manual supplement pages that address certified terrorism loss on the effective date designated by AAIS without notifying the insurance department.

However, companies that choose to depart from the AAIS filed supplement pages must notify the insurance department in writing as soon as possible.

Endorsements and Manual Rules (Non-Certified)

The company action needed to adopt the AAIS Non-Certified terrorism materials will be provided in the Bulletin that announces approval of the non-certified filings.

SUPPLIES

Endorsements

The forms and endorsements filed for use in this state are available from 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.

Manual Supplements

The terrorism manual supplements in the AAIS manuals posted to the subscriber Web site, AAISdirect.com, will be updated in the near future to reflect the Revision 1.2 information.

Forms and Endorsements Listings

The forms and endorsements listings posted to the subscriber Web site, AAISdirect.com will be updated in the near future to reflect the transition from terrorism endorsements that contain a fire exception to terrorism endorsements that do not contain a fire exception.

WEB SITE POSTINGS

This bulletin, and the **ATTACHMENTS** listed below, are posted to the AAIS open web site at <http://www.aaisonline.com/terrorism.htm> .

ATTACHMENTS

- AP 0710 05 03 Certified Act of Terrorism Exclusion
- BP 0760 05 03 Certified Act of Terrorism Exclusion
- CL 0610 05 03 Certified Act of Terrorism Exclusion
- Louisiana Terrorism Loss Rules and Rating Information Page Supplement (Rev 1.2)

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AAISDIRECT AND AAIS PRODUCT ADVISORY

All AAIS bulletins, forms, manuals, and other resource information for all lines of insurance are now available online. For a two-week trial of our Internet service, *AAISdirect*, or a cost quote, contact Rick Anderer. E-mail Richarda@AAISonline.com or call 800/564-AAIS.

The AAIS e-mail publication, *AAIS Product Advisory*, provides bulletin summaries and other timely information related to products to anyone at your company at no charge. Unlike *AAISdirect*, you can subscribe to *AAIS Product Advisory* whether your company is affiliated or not.

While valuable as a stand-alone service, the *AAIS Product Advisory* is an ideal complement to *AAISdirect*. The communication gives you an overview of new information posted weekly on *AAISdirect* and is directly linked to the site so that you can quickly access complete copies of bulletins.

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