

AAIS

Date: **December 5, 2003**

Bulletin Number: **03-0501**

Line(s) of
Insurance: **Farm Properties**
Farmowners

BULLETIN

AMERICAN ASSOCIATION
OF INSURANCE SERVICES
1745 S. Naperville Road
Wheaton, IL 60187-8132

630-681-8347
800-564-AAIS
FAX 630-681-8356

EMAIL info@AAISonline.com
WEB www.AAISonline.com

AAIS IS MOVING TO ALL-ELECTRONIC DISTRIBUTION OF PRODUCT BULLETINS

Paper bulletins without attachments will continue to be mailed to AAIS affiliates through the end of 2003, but mailings will cease as of Jan. 1, 2004. For information on accessing bulletins and attachments online, go to

<http://www.aaisonline.com/services/electronicbulletins.html>

NEW YORK

CERTIFIED TERRORISM ENDORSEMENTS AND RATING PROCEDURES REVISED

Reference Bulletins 03-0092 and 03-0459

Special **02 04** editions of the Farm Properties and Farmowners certified terrorism endorsements have been filed for use in New York, effective **January 1, 2004**, as a replacement for the corresponding **04 03** endorsements that are currently on file.

BACKGROUND

Certified terrorism endorsements and rating procedures have been refiled in each state in response to the Treasury Department's July 7, 2003 ruling that owner-occupied farm residences are personal lines exposures, and are therefore not subject to the Terrorism Risk Insurance Act of 2002 (TRIA). See Reference Bulletin 03-0459 for additional information regarding the breakdown of eligible and ineligible farm exposures.

Unlike the multistate **01 04** endorsements attached to Reference Bulletin 03-0459, the **02 04** certified terrorism endorsements reflect a provision that makes fire following coverage subject to the Maximum Annual Liability payment limitation only if such coverage is determined to fall within the section of the federal Terrorism Risk Insurance Act of 2002 that addresses capping of losses.

NOTE: The **01 04** multistate endorsements attached to Reference Bulletin 03-0459 that can be used with programs not subject to Standard Fire Policy provisions have not been revised.

ENDORSEMENTS

A table that identifies the new certified terrorism endorsements that apply to the New York Farm Properties and Farmowners programs follows:

Program	Endorsement Used to Provide Coverage For Certified Terrorism Loss	Endorsement Used to Exclude Coverage For Certified Terrorism Loss
Farm Properties	FL 0600 02 04	FL 0620 02 04
Farmowners	FO 0600 02 04	FO 0620 02 04

RATING INFORMATION

A reference to the types of farm exposures that are ineligible for coverage under TRIA has been added to Rating Information Pages 1 and 2 (Rev. 1.1).

EFFECTIVE DATE AND FILING NUMBERS

The certified coverage endorsements and rating information described in this bulletin have been submitted on a File and Use basis, effective **January 1, 2004**, under the TRIA provisions that waive state prior approval requirements for filings made through the end of year 2003. Companies may begin using these materials now, for any policies effective on or after **January 1, 2004**.

The certified exclusion endorsements and rating information described in this bulletin have been submitted on a Prior Approval basis, effective **January 1, 2004**. Companies will be advised once approval of the certified exclusion updates have been received and use of the new materials may begin.

Refer to the following AAIS filing numbers in all correspondence directed to the insurance department. (State filing numbers have not yet been assigned, but will be posted to the AAIS open website at <http://www.aaisonline.com/terrorism/NY3.html> once they have been received).

Program	AAIS Filing Number - Certified Coverage	AAIS Filing Number - Certified Exclusion
Farm Properties and Farmowners	AAIS-2003-62C	AAIS-2003-62E

COMPANY ACTION

Endorsements

Companies that have granted AAIS filing authority for forms and endorsements can adopt the endorsements without notifying the insurance department. However, companies must file and provide support for, any exceptions to or deviations from, the endorsements filed by AAIS.

Rating Information

Companies that have granted AAIS filing authority for rating information are required to notify the insurance department on or before the effective date designated by AAIS as to whether or not they intend to adopt the filing.

Companies that intend to adopt the rating information, as filed by AAIS, must establish an effective date and submit the necessary state filing form to the insurance department.

In addition to the above requirements, companies that intend to adopt the AAIS rating information with changes, or on a **later** effective date must furnish a copy of their current rating information and provide support for the changes they are requesting.

Companies that choose not to adopt the rating information filing must notify the insurance department of the reason(s) for their non-adoption/delay, and furnish a copy of their current rating information.

When a company does not adopt all or a portion of the filing, the particular rating information that the filing addresses is thereafter considered to be an *independent filing* by the insurance department. As such, the company will be required to file, and provide support for, *all* future changes to the rating information. However, if the company's notification of its non-adoption/delay indicates a *specific date* on which it will adopt the AAIS filing, the company will not be required to furnish current manual pages or provide support for such adoption, to the extent that it does not deviate from the rating information filed by AAIS.

SUPPLIES

The forms and endorsements filed 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 Debbie Hurley at 800/564-AAIS for more information.

ATTACHMENTS

- FL 0600 02 04 Certified Terrorism Loss
- FL 0620 02 04 Certified Act of Terrorism Exclusion
- FO 0600 02 04 Certified Terrorism Loss
- FO 0620 02 04 Certified Act of Terrorism Exclusion
- NY Terrorism Loss Rating Information Pages 1 and 2 (Rev 1.1)

If your company subscribes to the *AAISdirect* Internet service, any referenced attachments are available in Microsoft® Word and PDF format at *AAISdirect.com*.

If your company does not subscribe to *AAISdirect*, this bulletin and the referenced attachments are available in PDF format in an 'electronic file cabinet' created for your company on *AAISdirect.com*. For instructions on accessing your file cabinet, go to <http://www.aaisonline.com/services/electronicbulletins.html>.

Direct Questions to:

Edie Gardner, CPCU
Product Development Specialist
edieg@AAISonline.com

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.

For more information and to sign up, go to www.AAISonline.com or contact Pat Peters at Patp@AAISonline.com.