

**PUERTO RICO
NON-CERTIFIED TERRORISM ENDORSEMENTS AND
TERRORISM RULES SUPPLEMENT FILED**

Reference Bulletin: 02-0550, 03-0117

AAIS has filed non-certified terrorism endorsements and a terrorism rules supplement in Puerto Rico for the Commercial Output Program (COP) with a proposed effective date of March 1, 2004. These endorsements and rules are being filed on a "prior approval basis" on behalf of those affiliated companies that have granted us filing authority for rules.

BACKGROUND

Bulletin 02-0550 gave information regarding what was needed for compliance with the Terrorism Risk Insurance Act of 2002, and it also distributed the Terrorism disclosure notices and endorsements. Bulletin 03-0117 gave additional information on the non-certified endorsements.

ENDORSEMENTS

CL 0630 12 02, Non-certified Act of Terrorism Exclusion and War and Military Action Exclusion - introduces a terrorism exclusion that applies only to loss resulting from non-certified acts of terrorism.

CL 0650 12 02, Biological and Chemical Non-certified Act of Terrorism Exclusion and War and Military Action Exclusion - the terms of CL 0650 are the same as those in CL 0630 except that the Non-certified Acts of Terrorism Exclusion found in the CL 0650 only addresses those non-certified terrorism losses that involve biological or chemical materials.

RULES

The rules distinguish between certified and non-certified terrorism loss and identify the applicable endorsements by line of insurance. The supplement also amends the Interstate Accounts rule to specify that when a policy covers property located in more than one state or jurisdiction, exclusions and/or coverage for terrorism losses for each location must be written in accordance with the forms, rules, and rating information applicable in that state or jurisdiction.

Future Bulletin

A future bulletin will announce the approval of this filing, and also provide companies with detailed instructions on how to adopt the filing. A separate bulletin is being prepared for the certified terrorism endorsements and rating information.

Attachments

-- Puerto Rico Terrorism Losses - Rules Rev. 1.0

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