



MICHIGAN WORKERS' COMPENSATION PLACEMENT FACILITY

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January 29, 2008

**CIRCULAR LETTER # 217
MICHIGAN TERRORISM RISK INSURANCE PROGRAM
REAUTHORIZATION ACT OF 2007**

Dear MWCPF Member,

The Michigan Workers' Compensation Placement Facility (MWCPF) filed the Terrorism Risk Insurance Act of 2002 Endorsement (TRIA) in January 2003. In August 2004, the Notification Endorsement of pending law change to Terrorism Risk Insurance Act of 2002 was filed. TRIA was set to expire December 31, 2005; however, legislation signed into law extended the act until December 31, 2007 (Terrorism Risk Insurance Extension Act of 2005). At this time the MWCPF is issuing the Michigan Terrorism Risk Insurance Program Reauthorization Act Endorsement (WC 21 04 02 A). This endorsement extends the Federal backstop for terrorism exposure until December 31, 2014 and is to be placed on all new, renewal and outstanding policies in the Michigan Residual Market effective January 1, 2008.

The surcharge for terrorism coverage in the Michigan Residual Market remains \$.01 per \$100 payroll. The statistical code used for reporting this surcharge remains 9740. A copy of the new endorsement is attached to this circular letter.

Please call our office with any questions or visit our website at www.caom.com .

Sincerely,

A handwritten signature in black ink, appearing to read "Gary L. Thompson".

Gary L. Thompson

Attachment

**MICHIGAN WORKERS' COMPENSATION PLACEMENT FACILITY
BASIC MANUAL FOR WORKERS' COMPENSATION AND EMPLOYERS' LIABILITY INSURANCE
PART FOUR – POLICY FORMS AND ENDORSEMENTS**

MICHIGAN WORKERS' COMPENSATION PLACEMENT FACILITY
BASIC MANUAL FOR WORKERS' COMPENSATION AND EMPLOYERS' LIABILITY INSURANCE
Original Printing

WC 21 04 02 A

MICHIGAN TERRORISM RISK INSURANCE PROGRAM REAUTHORIZATION ACT ENDORSEMENT

TERRORISM RISK INSURANCE PROGRAM REAUTHORIZATION ACT ENDORSEMENT

This endorsement addresses requirements of the Terrorism Risk Insurance Act of 2002 as amended and extended by the Terrorism Risk Insurance Program Reauthorization Act of 2007.

Definitions

The definitions provided in this endorsement are based on and have the same meaning as the definitions in the Act. If words or phrases not defined in this endorsement are defined in the Act, the definitions in the Act will apply.

“Act” means the Terrorism Risk Insurance Act of 2002, which took effect on November 26, 2002, and any amendments resulting from the Terrorism Risk Insurance Program Reauthorization Act of 2007.

“Act of terrorism” means any act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State, and the Attorney General of the United States as meeting all of the following requirements:

- a. The act is an act of terrorism.
- b. The act is violent or dangerous to human life, property or infrastructure.
- c. The act resulted in damage within the United States, or outside the United States in the case of the premises of United States missions or certain air carriers or vessels.
- d. The act has been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

“Insured Loss” means any loss resulting from an act of terrorism (including an act of war, in the case of workers compensation) that is covered by primary or excess property and casualty insurance issued by an insurer if the loss occurs in the United States or at the premises of United States missions or to certain air carriers or vessels.

“Insurer Deductible” means: for the period beginning on January 1, 2008, and ending on December 31, 2014, an amount equal to 20% of our direct earned premiums, over the calendar year immediately preceding the applicable program year.

“Program Year” refers to each calendar year between January 1, 2008 and December 31, 2014, as applicable.

Limitation of Liability

The Act limits our liability to you under this policy. If aggregate Insured Losses exceed \$100,000,000,000 in a Program Year, and if we have met our Insurer Deductible, we are not liable for the payment of any portion of the amount of Insured Losses that exceeds \$100,000,000,000; and for aggregate Insured Losses up to \$100,000,000,000, we will pay only a pro rata share of such Insured Losses as determined by the Secretary of the Treasury.

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MICHIGAN TERRORISM RISK INSURANCE PROGRAM REAUTHORIZATION ACT ENDORSEMENT

Policyholder Disclosure Notice

1. Insured Losses would be partially reimbursed by the United States Government. If the aggregate industry Insured Losses exceeds \$100,000,000 in a Program Year, the United States Government would pay 85% of our Insured Losses that exceed our Insurer Deductible.
2. Notwithstanding item 1 above, the United States Government will not make any payment under the Act for any portion of Insured Losses that exceed \$100,000,000,000.
3. The premium charged for the coverage for Insured Losses under this policy is included in the amount shown in Item 4 of the Information Page or the Schedule below.

Schedule

State

Rate per \$100 of Remuneration