



## **MICHIGAN WORKERS' COMPENSATION PLACEMENT FACILITY**

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**CIRCULAR LETTER #185 TO ALL MEMBERS  
OF THE MICHIGAN WORKERS' COMPENSATION PLACEMENT FACILITY  
RE: TERRORISM RISK INSURANCE ACT ENDORSEMENT (REVISED)**

Dear Carrier:

Circular Letter #182 was distributed by the Michigan Workers' Compensation Placement Facility on January 14, 2003. Part of this circular letter was a two page endorsement entitled "Terrorism Risk Insurance Act Endorsement" (WC 00 04 20). Effective February 1, 2003, this endorsement is to be on every new and renewal policy in the Michigan Residual Market Pool.

The endorsement originally distributed contained one sentence that had to be removed. ("Act of war" means an act committed as part of the course of a war declared by Congress). The attached endorsement is correct and should be used for Michigan residual market policies. You may already be using the corrected endorsement; this letter is to ensure that you are doing so. I apologize for any inconvenience this revision may have caused.

Sincerely,

Gary L. Thompson

## TERRORISM RISK INSURANCE ACT ENDORSEMENT

This endorsement addresses requirements of the Terrorism Risk Insurance Act of 2002.

### Definitions

The definitions provided in this endorsement are based on the definition in the Act and are intended to have the same meaning. 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.

"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 of the United States in the case of United States missions or certain air carriers or vessels.
- d. The act has been committed by an individual or individuals acting on behalf of any foreign person or foreign interest, 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 terrorism or war 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 to United States missions or to certain air carriers or vessels.

"Insurer deductible" means:

- a. For the period beginning on November 26, 2002 and ending on December 31, 2002, an amount equal to 1% of our direct earned premiums, as provided in the Act, over the calendar year immediately preceding November 26, 2002.
- b. For the period beginning on January 1, 2003 and ending on December 31, 2003, an amount equal to 7% of our direct earned premiums, as provided in the Act, over the calendar year immediately preceding January 1, 2003.

- c. For the period beginning on January 1, 2004 and ending on December 31, 2004, an amount equal to 10% of our direct earned premiums, as provided in the Act, over the calendar year immediately preceding January 1, 2004.
- d. For the period beginning on January 1, 2005 and ending on December 31, 2005, an amount equal to 15% of our direct earned premiums, as provided in the Act, over the calendar year immediately preceding January 1, 2005.

### **Limitation of Liability**

The act may limit our liability to you under this policy. If annual aggregate insured terrorism or war losses of all insurers exceed \$100,000,000,000 during the applicable period described above, and if we have met our insurer deductible, the amount we will pay the insured terrorism or war losses under this policy will be limited by the Act, as determined by the Secretary of the Treasury.

### **Policyholder Disclosure Notice**

1. Insured terrorism or war losses would be partially reimbursed by the United States under a formula established by the Act. Under this formula, the United States would pay 90% of our insured terrorism or war losses exceeding our insurer deductible.
2. The additional premium charged for the coverage this policy provides for insured terrorism or war losses is shown in Item 4 of the Information Page.

### **Schedule**

State

Rate per \$100.00 of Remuneration

Note: This endorsement addresses requirements of the Terrorism Risk Insurance Act of 2002.

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