

**MICHIGAN WORKERS' COMPENSATION PLACEMENT FACILITY**

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February 24, 2006

**CIRCULAR LETTER #203  
MICHIGAN TERRORISM RISK INSURANCE EXTENSION ACT  
OF 2005**

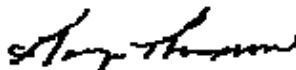
Dear MWCPF Member,

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, recent legislation signed into law has extended the act until December 31, 2007. At this time the MWCPF is issuing the Terrorism Risk Insurance Extension Act Endorsement (WC 21 04 02). This endorsement is to be placed on all new, renewal and outstanding policies in the Michigan Residual Market effective January 1, 2006.

The surcharge for terrorism coverage in the Michigan Residual Market remains \$.01 per \$100 payroll. 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](http://www.caom.com) .

Sincerely,



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

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**MICHIGAN TERRORISM RISK INSURANCE EXTENSION ACT OF 2005**

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**TERRORISM RISK INSURANCE EXTENSION ACT ENDORSEMENT**

This endorsement addresses requirements of the Terrorism Risk Insurance Act of 2002 as amended and extended by the Terrorism Risk Insurance Extension Act of 2005.

**Definitions**

The definitions provided in this endorsement are based on the definitions 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, and any amendments resulting from the Terrorism Risk Insurance Extension Act of 2005.

"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 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 at 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.
- e. For the period beginning on January 1, 2006 and ending on December 31, 2006, an amount equal to 17.5% of our direct earned premiums, as provided in the Act, over the calendar year immediately preceding January 1, 2006.

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- f. For the period beginning on January 1, 2007 and ending on December 31, 2007, an amount equal to 20% of our direct earned premiums, as provided in the Act, over the calendar year immediately preceding January 1, 2007.

**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 provided in the Act, and if we have met our insurer deductible, the amount we will pay for 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 Government under a formula established by the Act. Under this formula, the United States Government would pay 90% for Program Year 4 and 85% for Program Year 5 of our insured terrorism or war losses exceeding our insurer deductible.
2. The premium charged for the coverage this policy provides for insured terrorism or war losses is included in the amount shown in Item 4 of the Information Page or the Schedule below.

**Schedule**

**State**

Rate per \$100 of Remuneration