



## INFORMATIONAL MEMORANDUM

OIR-08-01M

ISSUED

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Florida Office of Insurance Regulation

Kevin M. McCarty, Commissioner

### To All Property & Casualty Insurers in the State of Florida

#### Terrorism Risk Insurance Program Reauthorization Act of 2007

The purpose of this memorandum is to notify Florida property and casualty insurers of changes to the Terrorism Risk Insurance Act of 2002 (TRIA) brought about by the Terrorism Risk Insurance Program Reauthorization Act of 2007, which was signed into law December 26, 2007.

#### Highlights of the Act

- Revises the definition of certified act of terrorism by eliminating “acting on behalf of any foreign person or foreign interest.”
- Extends program through December 31, 2014.
- Requires the insurer to provide clear and conspicuous disclosure to the policyholder of the existence of the \$100,000,000,000 cap.
- Fixes the Insurer Deductible at 20% of an insurer’s direct earned premium, and the federal share of compensation at 85% of insured losses that exceed insurer deductibles.
- Fixes the program trigger at \$100,000,000 for all additional program years.
- Requires the U.S. Treasury to promulgate regulations for determining pro-rata shares of insured losses under the program when insured losses exceed \$100,000,000,000.
- Accelerates the timing of the mandatory recoupment of the federal share through policyholders surcharges.

Additional information and guidance regarding the Terrorism Risk Insurance Program Reauthorization Act of 2007 may be found at the following link:

<http://www.treas.gov/offices/domestic-finance/financial-institution/terrorism-insurance/>.

#### Effect of the Act on Forms

Pursuant to the changes in the Terrorism Risk Insurance Program Reauthorization Act of 2007, policy forms should be revised and submitted to the Office of Insurance Regulation for approval via I-File: <https://iportal.fldfs.com/ifile/default.asp>.

The NAIC provided two model disclosure notices to insurers in December of 2007, ([http://www.naic.org/topics/topic\\_tria.htm](http://www.naic.org/topics/topic_tria.htm)). The Model Disclosure Forms [Form 1] [Form 2] have been reviewed and are acceptable for approval by the Office of Insurance Regulation. Insurers may file either of the model disclosure forms or their own independent disclosure notice. Insurers are advised to review any of their other existing TRIA policy forms to determine if revisions are required for compliance with the Terrorism Risk Insurance Program Reauthorization Act of 2007.

### **Effect of the Act on Rates and Rules**

Rate and rule pages may need to be revised to reflect the reauthorization of the Act beyond program year 2007. Insurers are advised to review their existing rate and manual pages to determine if revisions are necessary pursuant to the changes in the Terrorism Risk Insurance Program Reauthorization Act of 2007. Any revisions should be submitted to the Office of Insurance Regulation for approval via I-File: <https://iportal.fldfs.com/iframe/default.asp>.

If you have any questions regarding the contents of this Memorandum, please contact Brian Bogner, Senior Management Analyst II, Florida Office of Insurance Regulation at [Brian.Bogner@floir.com](mailto:Brian.Bogner@floir.com) or (850) 413-5266.