

March 5, 2003

TAIPA Bulletin No.114

To: Member Companies

Terrorism Risk Insurance Act of 2002

The Terrorism Risk Insurance Act of 2002 ("TRIA") requires insurers to provide certain disclosures to insureds notifying them of the portion of their premium that is attributable to coverage for acts of terrorism. TAIPA, itself, does not come under the requirements of TRIA. TAIPA will not be directing the member companies on the requirements of TRIA, nor will TAIPA provide any notices to TAIPA policyholders.

The notices required by TRIA should, however, be given by the insurers receiving assignments through TAIPA. The member companies should follow the notice requirements and procedures used for their voluntary business.

To assist the member companies in providing any required notices, TAIPA confirms the current TAIPA rates in effect since December 31, 2001 contain no portion of the premium attributable to coverage for acts of terrorism. Likewise, the current TAIPA rate filing made on November 25, 2002, contains no allocation of premium to coverage for acts of terrorism. A hearing on this filing was conducted before the Commissioner of Insurance on January 9, 2003, and is under consideration by the Texas Department of Insurance. TAIPA does not anticipate that rates adopted by the Commissioner of Insurance for TAIPA will include an allocation of premium to coverage for acts of terrorism. In the event the promulgated rates do contain such an allocation, TAIPA will notify member companies.

If you have any questions, please feel free to contact me at the above number or email address.

Sincerely,

Margaret Alsobrook
Operations Manager