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## **ENDORSEMENTS**

### **General Information**

(Regarding standard policy, information page and endorsements)

The endorsement forms shown on the subsequent pages are for use with policies effective December 1, 1993 and thereafter, in conjunction with the adoption of the revised standard policy form and information page. THE PAGES WHICH APPEAR HEREIN INCLUDE COPYRIGHT MATERIAL FROM THE NATIONAL COUNCIL ON COMPENSATION INSURANCE AND THE PENNSYLVANIA COMPENSATION RATING BUREAU.

The standard policy and endorsements have been filed on behalf of the members of the Bureau and approved by the Insurance Commissioner. Accordingly, individual filings with the Insurance Department are not required if a member carrier uses the standard form. However, a specimen copy of each approved form prepared by the carrier shall be filed with the Bureau. Any company which makes other than authorized changes in or additions to such approved Bureau forms must file the forms directly with the Insurance Department in accordance with Chapter 133 of the Pennsylvania Insurance Regulations, providing a copy of such filing to the Bureau.

The information page and its notes were also filed and approved as a standard form. The specific form filed was the form copyrighted by the National Council on Compensation Insurance. Use of an information page and the exercise of any of the other specified options will be considered an approved form, subject only to filing with the Bureau. Any omission(s) of required items from an information page will require filing of such information page with the Insurance Department, with a copy of such filing to be forwarded to the Bureau. Any of the standard forms may be ordered from the National Council on Compensation Insurance. Pennsylvania forms may be ordered from the Pennsylvania Compensation Rating Bureau.

The Insurance Department's requirements with respect to printing or duplicating of forms, execution, countersignature, etc., as outlined in Compensation Circulars P-62 and CM-106, must be followed in every respect.

**WC 37 03 09A**

**Workers Compensation and Employers Liability Insurance Policy**

**STATUTORY EMPLOYER ENDORSEMENT - PENNSYLVANIA**

This endorsement extends your workers' compensation coverage to all of your subcontractors at a specific operation (listed below), when you, (in accordance with the provisions of Section 302(a) and (b) of Article III of the Pennsylvania Workmen's Compensation Act and of the Pennsylvania Occupational Disease Act), assume the position of Statutory Employer. Listed below are all subcontractors participating in the operations. We shall include for premium determination all remuneration of employees of the listed subcontractors earned for work done at the specific site..

- Note 1: To be attached to a standard provisions policy when coverage is afforded under the Pennsylvania Workmen's Compensation or Occupational Disease Act to an insured contractor who has assumed the position of statutory employer with respect to employees of named subcontractors.
- Note 2: Creates a "Wrap Up" situation for all subcontractors at a specific operation. Each subcontractor must have their own Workers' Compensation policy if he has employees and that policy must be endorsed with a hold harmless agreement and the Exclusion of Employee endorsement.
- Note 3: The company may use its own attachment clause and method of execution.

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First Reprint

WC 00 03 11A

## ★ VOLUNTARY COMPENSATION AND EMPLOYERS LIABILITY COVERAGE ENDORSEMENT

This endorsement adds Voluntary Compensation Insurance to the policy.

### A. How This Insurance Applies

This insurance applies to bodily injury by accident or bodily injury by disease. Bodily injury includes resulting death.

1. The bodily injury must be sustained by an employee included in the group of employees described in the Schedule.
2. The bodily injury must arise out of and in the course of employment necessary or incidental to work in a state listed in the Schedule.
3. The bodily injury must occur in the United States of America, its territories or possessions, or Canada, and may occur elsewhere if the employee is a United States or Canadian citizen temporarily away from those places.
4. Bodily injury by accident must occur during the policy period.
5. Bodily injury by disease must be caused or aggravated by the conditions of your employment. The employee's last day of last exposure to the conditions causing or aggravating such bodily injury by disease must occur during the policy period.

### B. We Will Pay

We will pay an amount equal to the benefits that would be required of you if you and your employees described in the Schedule were subject to the workers' compensation law shown in the Schedule. We will pay those amounts to the persons who would be entitled to them under the law.

### C. Exclusions

This insurance does not cover:

1. any obligation imposed by a workers' compensation or occupational disease law, or any similar law.
2. bodily injury intentionally caused or aggravated by you.

### D. Before We Pay

Before we pay benefits to the persons entitled to them, they must:

1. Release you and us, in writing, of all responsibility for the injury or death.
  2. Transfer to us their right to recover from others who may be responsible for the injury or death.
  3. Cooperate with us and do everything necessary to enable us to enforce the right to recover from others.
- If the persons entitled to the benefits of this insurance fail to do those things, our duty to pay ends at once. If they claim damages from you or from us for the injury or death, our duty to pay ends at once.

### E. Recovery From Others

If we make a recovery from others, we will keep an amount equal to our expenses of recovery and the benefits we paid. We will pay the balance to the persons entitled to it. If the persons entitled to the benefits of this insurance make a recovery from others, they must reimburse us for the benefits we paid them.

### F. Employers Liability Insurance

Part Two (Employers Liability Insurance) applied to bodily injury covered by this endorsement as though the State of employment shown in the Schedule were shown in item 3.A. of the Information Page.

PENNSYLVANIA COAL MINE WORKERS' COMPENSATION MANUAL

Section 3  
Page 4

Effective: December 13, 1995

First Reprint

WC 00 03 11A  
(continued)

SCHEDULE

<u>Employees</u>	<u>State of Employment</u>	<u>Designated Workers Compensation Law</u>
Note 1:	Use this endorsement to afford voluntary compensation coverage pursuant to Rule II of the Basic Manual.	
Note 2:	Use Voluntary Compensation Maritime Endorsement to provide Voluntary Compensation Coverage under Program 11 of Manual Rule XIII.	
Note 3:	Work in a monopolistic state fund should not be included in the Schedule unless employers liability coverage is provided in that state by the Employers Liability Coverage Endorsement.	
Note 4:	Various uses of this endorsement are illustrated below:	

SCHEDULE

<u>Employees</u>	<u>State of Employment</u>	<u>Designated Workers Compensation Law</u>
All officers and employees not subject to the Workers' Compensation Law.	Any state shown in item 3.1 of the Information Page.	The state where the injury takes place.
All domestics, farm and agricultural workers.	Utah	Utah
All partners of insured partnership.	Kansas	Kansas

Original Printing

**WC 00 04 04**

**Workers Compensation and Employers Liability Insurance Policy**

**PENDING RATE CHANGE ENDORSEMENT**

A rate change filing is being considered by the proper regulatory authority. The filing may result in rates different from the rates shown on the policy. If it does, we will issue an endorsement to show the new rates and their effective date.

If only one state is shown in item 3.A of the Information Page, this endorsement applies to that state. If more than one state is shown there, this endorsement applies only in the state shown in the Schedule.

**Schedule**

State

- Note 1: Use this endorsement if the rates shown in the policy may change because of a rate filing pending when the policy is issued.
- Note 2: An appropriate typewritten entry may be made on the Information Page instead of using this endorsement.

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WC 00 01 06A

## ★ LONGSHORE AND HARBOR WORKERS' COMPENSATION ACT COVERAGE ENDORSEMENT

This endorsement applies to work subject to the Longshore and Harbor Workers' Compensation Act in a state shown in the Schedule. The policy applies to that work as though that state were listed in item 3.A of the Information Page.

General Section C. **Workers' Compensation Law** is replaced by the following:

### C. **Workers' Compensation Law**

Workers' Compensation Law means the workers' or workmen's compensation law and occupational disease law of each state or territory named in Item 3.A. of the Information Page and the Longshore and Harbor Workers' Compensation Act (33 USC Sections 901-950). It includes any amendments to those laws that are in effect during the policy period. It does not include any other federal workers or workmen's compensation law, other federal occupational disease law or the provisions of any law that provide nonoccupational disability benefits.

Part Two (Employers Liability Insurance), C. Exclusions, exclusion 8, does not apply to work subject to the Longshore and Harbor Workers' Compensation Act.

This endorsement does not apply to work subject to the Defense Base Act, the Outer Continental Shelf Lands Act, or the Nonappropriated Fund Instrumentalities Act.

State	Schedule	Longshore and Harbor Workers' Compensation Act Coverage Percentage
The rates for classification with code numbers not followed by the letter "F" are rates for work not ordinarily subject to the Longshore and Harbor Workers' Compensation Act. If this policy covers work under such classifications, and if the work is subject to the Longshore and Harbor Workers' Compensation Act, those non-F classification rates will be increased by the Longshore and Harbor Workers' Compensation Act Coverage Percentage shown in the Schedule.		

Note 1: The Longshoremen's and Harbor Workers' Compensation Act is a federal workers' compensation law that applies to workers in maritime employments, including longshoremen, harbor workers, shipbuilders and ship repairers. It does not apply to masters or crews of vessels or persons unloading vessels under 18 tons net. See Rule XI of the Basic Manual for details.

Note 2: Use this endorsement to provide workers' compensation insurance and employers liability insurance for work subject to the Longshoremen's and Harbor Workers' Compensation Act in any state, including a monopolistic state fund state.

Note 3: Coverage is provided in a state by naming the state in the Schedule.

Note 4: The following entry may be typed or printed in the Schedule to provide coverage in item 3.A states. "Each state named in item 3.A of the Information Page."

Note 5: The following entry may be typed or printed in the Schedule to provide coverage in item 3.A and 3.C states.  
"Each state named in item 3.A or 3.C of the Information Page."

WC 00 04 07

**Workers Compensation and Employers Liability Insurance Policy****RATE CHANGE ENDORSEMENT**

Rate changes that apply to the policy have been approved by the proper regulatory authority. The changes are shown in the Schedule.

**Schedule**

<u>State</u>	<u>Date of Change</u>	<u>State Coverage % Change</u>	<u>Longshoremen's and Harbor Workers' Act Coverage %</u>
--------------	---------------------------	------------------------------------	--

Note 1: Use this endorsement to show a change in rates for state coverage.

Note 2: Use the first and second columns to show the state and effective date of the change.

Note 3: Use the third column if the change is a flat percentage applicable to all classifications.

Note 4: Use the fourth Column to show the new percentage, if any, applicable to non-F classifications for work subject to the Longshoremen's and Harbor Workers' Compensation Act.

Note 5: The company may show a fifth column (Classification Code Number and Rate) in order to show the change on a Schedule of Rate basis.



**Workers Compensation and Employers Liability Insurance Policy**  
**FEDERAL COAL MINE HEALTH AND SAFETY ACT ENDORSEMENT**

It is agreed that:

1. With respect to operations in a state designated in item 3 of the Information Page, the unqualified term "workmen's compensation law" includes Part C of Title IV of the Federal Coal Mine Health and Safety Act of 1969, 30 USC Sections 931-936, and any laws amendatory thereto, or supplementary thereto, which may be or become effective while this policy is in force, and Definition (a) of Insuring Agreement III is amended accordingly.
2. With respect to such insurance as is afforded by this endorsement,
  - (a) the states, if any, named below shall be deemed to be designated in item 3 of the Information Page;
  - (b) Insuring Agreement IV, (2), is amended to read "by disease caused or aggravated by exposure of which the last day of the last exposure, in the employment of the insured, to conditions causing the disease occurs during the policy period, or occurred prior to July 1, 1973 and claim based on such disease is first filed against the insured during the policy period."<sup>4</sup>

Note 1: To be attached to a standard provisions policy affording coverage under the Federal Coal Mine Health and Safety Act.

Note 2: Any state not designated in item 3, in which Federal Coal Mine Health and Safety Act coverage is to be given should be listed after Paragraph 2.

Note 3: To afford this coverage in some, instead of all, of the states designated in item 3 of the Information Page, Paragraph 1 of this endorsement should be deleted and replaced by the following:  
"1. With respect only to operations in the state or states listed below, the unqualified term 'workmen's compensation law' includes Part C of Title IV of the Federal Coal Mine Health and Safety Act of 1969, 30 USC Sections 931-936, and any laws amendatory thereto, or supplementary thereto, which may be or become effective while this policy is in force, and Definition (a) of Insuring Agreement III is amended accordingly."

Note 4: Insert in the blank space provided the effective date on which coverage was first afforded the insured for liability under the Federal Coal Mine Health and Safety Act, whether such coverage was afforded by the present carrier or by a previous carrier.

Note 5: The company may use its own attachment clause and method of execution.

**Workers Compensation and Employers Liability Insurance Policy**

**WC 00 04 05**

**POLICY PERIOD ENDORSEMENT**

The policy period shown in item 2 of the Information Page consists of the consecutive periods shown in the Schedule. Our Manuals and all provisions of the policy apply separately to each period.

**Schedule**

From \_\_\_\_\_ to \_\_\_\_\_ 12:01 A.M.

From \_\_\_\_\_ to \_\_\_\_\_ 12:01 A.M.

From \_\_\_\_\_ to \_\_\_\_\_ 12:01 A.M.

Note 1: To use this endorsement if the policy period is longer than one year and sixteen days and does not consist of complete twelve month periods.

Note 2: Rule III-C of the Basic Manual requires this endorsement to show which period, the first or the last, is to be less than twelve months.

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**WC 37 06 02**

**Workers Compensation and Employers Liability Insurance Policy**

**PENNSYLVANIA NOTICE**

An Insurance Company, its agents, employees, or service contractors acting on its behalf, may provide services to reduce the likelihood of injury, death or loss. These services may include any of the following or related services incident to the application for issuance, renewal or continuation of a policy of insurance:

1. surveys;
2. consultation or advice; or
3. inspections.

The "Insurance Consultation Services Exemption Act" of Pennsylvania provides that the Insurance Company, its agents, employees or service contractors acting on its behalf, is not liable for damages from injury, death or loss occurring as a result of any act or omission by any person in the furnishing of or the failure to furnish these services.

The Act does not apply:

1. if the injury, death or loss occurred during the actual performance of the services and was caused by the negligence of the Insurance Company, its agents, employees or service contractors;
2. to consultation services required to be performed under a written service contract not related to a policy of insurance; or
3. if any acts or omissions of the Insurance company, its agents, employees or service contractors are judicially determined to constitute a crime, actual malice, or gross negligence.

Note 1: To be attached to all standard provisions policies. Attach Pennsylvania Notice to all renewal policies including renewal certificates insuring risks located in Pennsylvania to notify insureds of the provisions of the Pennsylvania Insurance Consultation Services Exemption Act.

Note 2: Carriers must attach Pennsylvania Notice to all policies or forfeit the exemptions provided by the Pennsylvania Insurance Consultation Services Exemption Act.

Note 3: The company may use its own attachment clause and method of execution.



**WC 37 06 01**

**Workers Compensation and Employers Liability Insurance Policy**

**SPECIAL PENNSYLVANIA ENDORSEMENT - INSPECTION OF MANUALS**

The manuals of rules, rating plans and classifications are approved pursuant to the provisions of Section 654 of the Insurance Company Law of May 17, 1921, P.L. 682, as amended, and are on file with the Insurance Commissioner of the Commonwealth of Pennsylvania.

Note 1: Use this endorsement to put the insured on notice as to place that manual rules are available for inspection. In addition, use of this endorsement makes such manual rules binding upon the insured.

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**TO BE USED BY THE PENNSYLVANIA STATE WORKMEN'S INSURANCE FUND AND  
SERVICING CARRIERS OF THE PENNSYLVANIA PLAN POOL ONLY**

Workmen's Compensation and Employers' Liability Policy  
Federal Coal Mine Health and Safety Act of 1969

**SPECIFIC DISEASE PREMIUM DETERMINATION ENDORSEMENT**

It is agreed that:

1. **Application of Specific Disease Premium Determination Endorsement.** The provisions of this endorsement apply to such insurance as is afforded by the policy with respect to mine operations in all states named in the Table of States of an insured. The premium for such insurance shall be determined pursuant to paragraph 4 of this endorsement and determined in accordance with the provisions of this endorsement.

2. **Earned Specific Disease Premium Determination.** The earned specific disease premium shall be the sum of:
  - (a) The basic premium for each state and
  - (b) The converted losses for each stateeach multiplied by the applicable state tax multiplier. The final earned specific disease premium shall be subject to the minimum earned premium and the maximum earned premium as set forth in paragraph 3 (h) and 3 (i).

3. **Definitions.**

- (a) **Policy.** The term "the policy" shall include the policy to which this endorsement is attached and any renewals thereof affording insurance with respect to the [ ]<sup>2</sup> period commencing with the effective date of this policy.
- (b) **State Specific Disease Standard Premium, Total Specific Disease Standard Premium.** The state specific disease standard premium is the premium for insurance for liability for the payment of benefits for death and total disability due to pneumoconiosis [occupational disease]<sup>3</sup> subject to premium determination pursuant to this endorsement for each state named in the Table of States computed in accordance with the provisions of the policy, other than this endorsement. The total specific disease standard premium is the sum of the state specific disease standard premiums.
- (c) **Basic Premium.** The basic premium for each state is the amount obtained by applying to the state specific disease standard premium the percentage applicable thereto, stated in the basic premium column of the Table of States, applicable to such state.
- (d) **Incurred Losses.** Incurred losses for each state are the actual paid specific disease losses; the reserves for unpaid specific disease losses as estimated by the company; interest accruing after entry of judgment and expenses incurred in obtaining recovery against a third party; and, as respects employers' liability coverage, allocated loss adjustment expenses.
- (e) **Converted Losses.** Converted losses for each state are the incurred losses multiplied by the applicable loss conversion factor stated in the Table of States.
- (f) **State Tax Multiplier.** The state tax multiplier is the applicable factor stated in the tax multiplier column of the Table of States.
- (g) **Loss Conversion Factor.** The loss conversion factor is the factor stated in the applicable Table of States.
- (h) **Minimum Earned Premium.** The minimum earned premium is the total specific disease standard premium.
- (i) **Maximum Earned Premium.** The maximum earned premium is the total specific disease standard premium, times maximum earned premium ratios as set forth in attached Schedule A.

4. **Payments and Computations.** The insured shall pay the total annual specific disease standard premiums to the company in accordance with the policy provisions, other than this endorsement, at the inception of the policy. Where the Endorsement is for a period of one year, a computation of the earned specific disease premium applicable to the first annual period, based upon the total specific disease standard premium and specific disease incurred losses for such period will be made, such losses to be valued as of a date to be determined, consistent with paragraph 6 (1) and (2) of this endorsement.



Where the Endorsement is for a period in excess of one year, a computation of earned specific disease premium applicable to the first two annual periods based upon the total specific disease standard premium and specific disease incurred losses for the two year periods, such losses to be valued as of a date to be determined will be made, consistent with paragraph 6 (1) and (2) of this endorsement.

Where the endorsement is for a period in excess of two years, a computation of earned specific disease premium applicable to the first three annual periods, based upon total specific disease standard premium and specific disease incurred losses for the three year periods, such losses to be valued as of a date to be determined will be made, consistent with paragraph 6 (1) and (2) of this endorsement.

Where the Endorsement is for a period in excess of three years, a computation of earned specific disease premium applicable to the first four annual periods based upon the total specific disease standard premium and specific disease incurred losses for the four year periods, such losses to be valued as of a date to be determined will be made, consistent with paragraph 6 (1) and (2) of this endorsement.

Where the Endorsement is for a period in excess of four years, a computation of earned specific disease premium applicable to the five annual periods, based upon the total specific disease standard premium and specific disease incurred losses for the five year periods, such losses to be valued as of a date to be determined will be made, consistent with paragraph 6 (1) and (2) of this endorsement.

Such computation of the earned specific disease premium for the [ ]<sup>2</sup> period shall be final if (1) all claims have been closed or it is apparent that the ultimate earned specific disease premium will exceed the maximum earned premium, and (2) within ninety days from approval of such computation by the organization having jurisdiction, the company, with the agreement of the insured, requests of such organization that the computation be final. If such computation is not final, a further computation of the earned specific disease premium, based upon specific disease incurred losses valued as of a date 12 months after the last valuation of earned specific disease premium is made, as set forth in paragraph 6 (1) and (2) of this endorsement. Such further computation shall be final unless, within ninety days from receipt of such computation by the insured, the company or the insured requests that a further computation be made. Any subsequent computations, to be made only at intervals of 12 months, shall each be subject to a similar procedure. If the insured disposes of his entire interest in the operation covered by the policy, or makes an assignment for the benefit of creditors or is in a legal proceeding reorganized or declared bankrupt or insolvent, and if the earned specific disease premium as of the date of such change of status is greater than the total standard specific disease premium to such date, the company may compute the earned specific disease premium as of such date, as soon as practicable thereafter consistent with paragraph 6 of this endorsement. If upon any computation the earned specific disease premium is greater than the premium previously paid, the insured shall pay the difference to the company; if the earned specific disease premium is less than the premium previously paid, the company shall return the difference to the insured, at an amount to be determined and valued at a date consistent with paragraph 6 (1) and (2) of this endorsement.

5. **Cancellation or Non-Renewal of Policy.** The cancellation or non-renewal, prior to the end of the [ ]<sup>2</sup> year period, of the policy to which this endorsement is attached shall terminate the Specific Disease Premium Determination Endorsement as of the date of such policy cancellation or non-renewal. In the event of cancellation or non-renewal by the named insured, the earned premium for the period such policies shall have been in force shall be determined in accordance with the provisions of this endorsement, provided:

- (a) The total specific disease standard premium shall be computed as the sum of (1) the audited total specific disease standard premium for all completed annual periods and (2) the short rate total specific disease standard premium for the period in which cancellation is effective; the minimum earned premium shall be the total specific disease standard premium so computed.
- (b) In computing the maximum earned premium, the total specific disease standard premium shall be computed as the sum of the audited total specific disease standard premium to the date of cancellation or non-renewal and the estimated total specific disease standard premium from the date of cancellation or non-renewal to the end of the [ ]<sup>2</sup> year period.

In the event of cancellation or non-renewal by the company, the earned premium for the period such policies shall have been in force shall be determined in accordance with the provisions of this endorsement, provided if such cancellation or non-renewal is because of non-payment of premium by the named insured, the maximum earned premium shall be computed in the manner provided by subparagraph



(b) above. Neither the named insured nor the company may cancel or fail to renew the insurance subject to a part of the operations of the named insured.

6. **Security Deposit.** A security deposit of the required estimated annual premium pursuant to Schedule B shall be posted by the insured with the legally constituted financial institution; reductions in the security deposit will be effected on subsequent policy anniversary dates pursuant to the attached Schedule B until the [ ]<sup>2</sup> policy term has expired. Satisfactory evidence of the security deposit must be offered to the insurance carrier prior to issuance of the policy, and such evidence shall include a statement that no withdrawals from the security deposit will be permitted other than interest. Upon termination of the Specific Disease Premium Determination Endorsement, the security deposits posted shall be returned to the insured as follows:

- (1) If the policy to which this endorsement is attached is terminated as a result of transfer or sale of the insured mining operations, the remaining security deposit posted pursuant to this endorsement will be released, when a final determination of the earned specific disease premium is made, such determination to be made as soon as practicable, and valued at a date 6 months from termination of the policy to which this endorsement is attached, subject to Schedule B.
- (2) If the policy to which this endorsement is attached as terminated as a result of the discontinuance of mining operations, other than by transfer or sale, the remaining security deposit posted pursuant to this endorsement will be released when a final determination of the earned specific disease premium is made, such determination to be made as soon as practicable, and valued at a date 18 months from termination of the policy to which this endorsement is attached, subject to Schedule B.

The balance of the security deposit posted pursuant to this endorsement will be returned to the insured no later than at the end of a five-year period from the initial date insurance for pneumoconiosis [occupational disease]<sup>3</sup> was effected on the insured mining operations.

Note 1: To be attached to a standard provisions policy with a Federal Coal Mine Health and Safety Act exposure, if the mine operator has not been previously insured for a continuous period of one year within the last three years of mining operations, or where a Specific Disease Premium Determination Endorsement was attached to the expiring policy.

Note 2: Enter one year, two years, three years, four years or five years, as applicable.

Note 3: Enter the occupational disease in lieu of pneumoconiosis if the entire occupational disease liability of the insured is to be covered.

Note 4: The company may use its own attachment clause and method of execution.

## EXAMPLES

### SPECIFIC DISEASE PREMIUM DETERMINATION ENDORSEMENT

#### Example 1 - Two Year Endorsement

Assume the following:

State and federal coverage

Total annual specific disease standard premium = \$1,000,000

Tax multiplier = 1.030

First year incurred losses = \$1,300,000

#### First year computations:

1. Basic premium (§ 2 & § 3c of endorsement)  
 $\$1,000,000 \times .065^* = \$65,000$   
 \*see Table of States Basic Premium %
2. Converted losses (§ 2 & § 3e of endorsement)  
 $\$1,300,000 \times 1.07^* = \$1,391,000$   
 \*see Table of States Loss Conversion Factor
3. Earned Specific Disease Premium (§ 2 of endorsement)  
 $[\$65,000 + \$1,391,000] \times 1.03^* = \$1,499,680$   
 \*see Table of States Tax Multiplier

4. Minimum Premium (§ 3h of endorsement)  
\$1,000,000

5. Maximum Premium (§ 3i of endorsement)  
 $1.20^* \times \$1,000,000 = \$1,200,000$

\*see Schedule A Maximum Earned Premium Ratios (Term of Endorsement)

#### Second year computations:

Since the term of the endorsement has been completed, the earned specific disease premium for the entire two year period equals the total specific disease standard premium (§ 3b of endorsement) for the two year period; namely \$2,000,000.

$$2 \times \$1,000,000 = \$2,000,000$$

#### Security Deposit and Amounts Remitted

At the inception of the policy the insured remits the total annual specific disease standard premium \$1,000,000 to the insurer. In addition, the insured also establishes a security deposit of \$500,000 ( $\$500,000 = 50\%^*$  of \$1,000,000) at the inception of the policy. At the inception of the second year the insured remits the total annual specific disease premium of \$1,000,000 to the insurer. At the beginning of the second year of the endorsement the security deposit is reduced to \$200,000 ( $\$200,000 = 20\%^*$  of \$1,000,000).

\*see Schedule B

#### Example 2 - Five Year Endorsement

Assume the following:

Federal coverage only

Total annual specific disease standard premium = \$1,000,000

Tax multiplier = 1.040

First year incurred losses = \$1,200,000

Second year incurred losses = \$1,000,000

Third year incurred losses = \$ 700,000

Fourth year incurred losses = \$ 500,000

#### First year computations:

1. Basic premium (§ 2 & § 3c of endorsement)

$$\$1,000,000 \times .128^* = \$128,000$$

\*see Table of States Basic Premium %

2. Converted losses (§ 2 & § 3e of endorsement)

$$\$1,200,000 \times 1.09^* = \$1,308,000$$

\*see Table of States Loss Conversion Factor

3. Earned Specific Disease Premium (§ 2 of endorsement)

$$[\$128,000 + \$1,308,000] \times 1.04^* = \$1,493,440$$

\*see Table of States Tax Multiplier

4. Minimum premium (§ 3i of endorsement)

$$2.25^* \times \$1,000,000 = \$2,250,000$$

\*see Schedule A Maximum Earned Premium Ratio (Term of Endorsement)

#### Second year computations:

1. Basic premium (§ 2 & § 3c of endorsement)

$$2 \times .128^* \$1,000,000 = \$256,000$$

\*see Table of States Basic Premium %

2. Converted losses (§ 2 & § 3e of endorsement)

$$[\$1,200,000 + \$1,000,000] \times 1.09^* = \$2,398,000$$

\*see Table of States Loss Conversion Factor

3. Earned Specific Disease Premium (§ 2 of endorsement)

$$[\$256,000 + \$2,398,000] \times 1.04^* = \$2,760,160$$

\*see Table of States Tax Multiplier

4. Minimum premium (§ 3h of endorsement)

$$\$2,000,000 = 2 \times \$1,000,000$$

5. Maximum premium (§ 3i of endorsement)

$$1.45^* \times (2 \times \$1,000,000) = \$2,900,000$$

\*see Schedule A Maximum Earned Premium Ratios (Term of Endorsement)



# PENNSYLVANIA COAL MINE WORKERS' COMPENSATION MANUAL

Section 3

Effective: December 1, 1993

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Original Printing

## Third year computations:

1. Basic premium (§ 2 & 3c of endorsement)  
 $3 \times .128^* \times \$1,000,000 = \$384,000$   
 \*see Table of States Basic Premium %
2. Converted losses (§ 2 & § 3e of endorsement)  
 $[\$1,200,000 + \$1,000,000 + \$700,000] \times 1.09^* = \$3,161,000$   
 \*see Table of States Loss Conversion Factor
3. Earned Specific Disease Premium (§ 2 of endorsement)  
 $[\$384,000 + \$3,161,000] \times 1.04^* = \$3,686,800$   
 \*see Table of States Tax Multiplier
4. Minimum Premium (§ 3h of endorsement)  
 $3 \times \$1,000,000 = \$3,000,000$
5. Maximum Premium (§ 3i of endorsement)  
 $1.15^* \times (3 \times \$1,000,000) = \$3,450,000$   
 \*see Schedule A Maximum Earned Premium Ratios (Term of Endorsement)

## Fourth year computations:

1. Basic premium (§ 2 and § 3c of endorsement)  
 $4 \times .128^* \times \$1,000,000 = \$512,000$   
 \*see Table of States Basic Premium %
2. Converted losses (§ 2 and § 3e of endorsement)  
 $[\$1,200,000 + \$1,000,000 + \$700,000 + \$500,000] \times 1.09^* = \$3,706,000$   
 \*see Table of States Loss Conversion Factor
3. Earned Specific Disease Premium (§ 2 of endorsement)  
 $[\$512,000 + \$3,706,000] \times 1.04^* = \$4,386,720$   
 \*see Table of States Tax Multiplier
4. Minimum Premium (§ 3h of endorsement)  
 $\$4,000,000 = 4 \times \$1,000,000$
5. Maximum premium (§ 3i of endorsement)  
 $1.05^* \times (4 \times \$1,000,000) = \$4,200,000$   
 \*see Schedule A Maximum Earned Premium Ratios (Term of Endorsement)

## Fifth year computations:

Since the term of the endorsement has been completed, the earned specific disease premium for the entire five year equals the total specific disease standard premium for the period, namely \$5,000,000.

$$5 \times \$1,000,000 = \$5,000,000$$

Total annual specific disease standard premium is due to the insurer at the inception of the policy and on each anniversary date. The following amounts are required to be posted, pursuant to the endorsement, with a financial institution. (§ 6 of endorsement)

## Security Deposit Remitted To Financial Institution

<u>Date</u>	<u>Non-accumulated Security Deposit*</u>
Inception of endorsement	\$1,000,000
Beginning of second year	\$1,000,000
Beginning of third year	\$ 900,000
Beginning of fourth year	\$ 450,000
Beginning of fifth year	\$ 200,000

\*see Schedule B



**SCHEDULE A**

**MAXIMUM EARNED PREMIUM RATIOS TO BE MULTIPLIED  
ON ENDORSEMENT TOTAL SPECIFIC DISEASE STANDARD PREMIUM**

<u>Completion of Year</u>	<u>Term of Endorsement (Complete Years)</u>				
	<u>5</u>	<u>4</u>	<u>3</u>	<u>2</u>	<u>1</u>
1	2.25	1.90	1.45	1.20	1.00
2	1.45	1.25	1.15	1.00	
3	1.15	1.10	1.00		
4	1.05	1.00			
5	1.00				

Note: The maximum for the last completed year will be used on terminations during the subsequent policy year and not interpolated.

**SCHEDULE B**

**RETAINED SECURITY DEPOSIT AS A  
PERCENTAGE OF FIRST YEAR ESTIMATED ANNUAL PREMIUM**

<u>Beginning of Year</u>	<u>Term of Plan (Complete Years)</u>				
	<u>5</u>	<u>4</u>	<u>3</u>	<u>2</u>	<u>1</u>
1	100%	100%	75%	50%	25%
2	100	90	45	20	
3	90	50	30		
4	45	30			
5	20				

Note: The above retentions are to be reduced by any and all amounts collected in excess of total specific disease standard premium to satisfy maximum earned premium requirements.

**WC 00 04 02**

**Workers' Compensation and Employers Liability Insurance Policy**

**ANNIVERSARY RATING DATE ENDORSEMENT**

The premium and rates for this policy, and the experience rating modification factor, if any, may change on your anniversary rating date shown in the Schedule.

Schedule

Anniversary Rating Date \_\_\_\_\_ (Month) \_\_\_\_\_ (Day)

- Note 1: The anniversary rating date is explained in Rule 1 of the Basic Manual.
- Note 2: Use this endorsement to show the insured's normal anniversary rating date if different from the policy effective date.
- Note 3: The insurer may show the anniversary rating date in item 2 or item 4 of the Information Page.

**WC 00 04 03**

**Workers' Compensation and Employers Liability Insurance Policy**

**EXPERIENCE RATING MODIFICATION FACTOR ENDORSEMENT**

The premium for the policy will be adjusted by an experience rating modification factor. The factor was not available when the policy was issued. The factor, if any, shown on the Information Page is an estimate. We will issue an endorsement to show the proper factor, if different from the factor shown, when it is calculated.

- Note 1: This endorsement may be used if the insured's experience rating modification factor is not available when the policy is issued.
- Note 2: An appropriate typewritten entry may be made in the Information Page instead of using this endorsement.

WC 00 04 06

**Workers Compensation and Employers Liability Insurance Policy****PREMIUM DISCOUNT ENDORSEMENT**

The premium for this policy and the policies, if any, listed in item 3 of the Schedule may be eligible for a discount. This endorsement shows your estimated discount in item 1 or 2 of the Schedule. The Final calculation of premium discount will be determined by our manuals and your premium basis as determined by audit. Premium subject to retrospective rating is not subject to premium discount.

**Schedule****1. State****Estimated Eligible Premium**

First	Next	Next	
\$5,000	\$95,000	\$400,000	Balance

2. Average percent discount: \_\_\_\_\_ %

3. Other policies:

4. If there are no entries in items 1, 2 and 3, of the Schedule see the Premium Discount Endorsement attached to your policy number:

Note 1: Use this endorsement to show the application of Manual Rule VII, Premium Discount, or to identify the insured's policy which shows the application of the Discount Rule.

Note 2: Do not make entries in items 1, 2 or 3 if policy number is to be shown in item 4.

Note 3: The company has the option of replacing item 1 with the appropriate Table in use by the company. The company may also revise item 1 to conform to Manual Rules applicable to certain states.

Note 4: Item 2 may be used if all eligible premium is developed in one or more states using the same discount.

Note 5: Item 3 is available to list all policies that are combined under the Discount Rule.

Note 6: Use item 4 if premium discount is shown on another policy issued to the insured.



WC 37 06 03A

**PENNSYLVANIA ACT 86-1986 ENDORSEMENT  
NONRENEWAL, NOTICE OF INCREASE OF PREMIUM, and RETURN OF UNEARNED PREMIUM**

This endorsement applies only to the insurance provided by the policy because Pennsylvania is shown in Item 3.A. of the Information Page.

The policy conditions are amended by adding the following regarding nonrenewal, notice of increase in premium, and return of unearned premium.

**Nonrenewal**

1. We may elect not to renew the policy. We will mail to each named insured, by first class mail, not less than 60 days advance notice stating when the nonrenewal will take effect. Mailing that notice to you at your mailing address last known to us will be sufficient to prove notice.
2. Our notice of nonrenewal will state our specific reasons for not renewing.
3. If we have indicated our willingness to renew, we will not send you a notice of nonrenewal. However, the policy will still terminate on its expiration date if:
  - a. you notify us or the agent or broker who procured this policy that you do not want the policy to be renewed; or
  - b. you fail to pay all premiums when due; or
  - c. you obtain other insurance as a replacement of the policy.

**Notice of Increase in Premium**

- \*1. We will provide you with not less than 30 days advance notice of an increase in renewal premium of this policy, if it is our intent to offer such renewal.
- \*2. The above notification requirement will be satisfied if we have issued a renewal policy more than 30 days prior to its effective date.
- \*3. If a policy has been written or is to be written on a retrospective rating plan basis, the notice of increase in premium provision of this endorsement does not apply.

**Return of Unearned Premium**

1. If this policy is cancelled and there is unearned premium due you:
  - a. If the Company cancels, the unearned premium will be returned to you within 10 business days after the effective date of cancellation.
  - b. If you cancel, the unearned premium will be returned within 30 days after the effective date of cancellation.
2. Because this policy was written on the basis of an estimated premium and is subject to a premium audit, the unearned premium specified in 1a. and 1b. above, if any, shall be returned on an estimated basis. Upon our completion of computation of the exact premium, an additional return premium or charge will be made to you within 15 days of the final computation.
3. These return of unearned premium provisions shall not apply if this policy is written on a retrospective rating plan basis.

**NOTES**

1. Nonrenewal of, notice of increase in premium for, and return of unearned premium for a workers' compensation and employers' liability policy is governed by Act 86-1986.
2. This endorsement must be attached to a policy showing Pennsylvania in Item 3.A. of the Information Page.

WC 37 04 03

**DEDUCTIBLE ENDORSEMENT - PENNSYLVANIA**

In consideration of the reduced premium charged for this policy, the insurance afforded by the policy for workers compensation benefits under Pennsylvania Workers' Compensation Law is provided subject to the deductible amount shown below. The deductible shall apply separately to each compensable claim.

The company shall pay the deductible amount to the persons entitled thereto. Upon notice of payments by the company, the insured will promptly reimburse the company for any amounts so paid. Failure of the insured to reimburse the deductible amount within 30 days of statement mailing date on each compensable claim shall be treated as non-payment of premium under the terms of the contract.

The deductible amount is \$ \_\_\_\_\_ for each compensable claim.

The premium is reduced \_\_\_\_\_ % in consideration of this deductible.

**WC 37 04 04B**

**CERTIFIED SAFETY COMMITTEE ENDORSEMENT - PENNSYLVANIA**

The employer has received a certificate from the Pennsylvania Department of Labor and Industry specifying that the employer has established a safety committee in conformance with the Department's criteria.

This policy is subject to a 5 percent rate credit to recognize the certification of the safety committee. An employer must submit certification renewal affidavits annually to the Department of Labor and Industry in order to qualify for continuation of the 5 percent annual premium credit.

**NOTE:** This credit shall not apply to the policy period in effect when the certification is issued. The credit must be applied to the policy period beginning with the next normal anniversary rating date.



WC 37 03 10A

**EXCLUSION OF EXECUTIVE OFFICERS ENDORSEMENT — PENNSYLVANIA**

The executive officers named in the schedule have exercised their right to waive workers' compensation and employers liability benefits payable under this policy. The premium basis for this policy does not include the remuneration of such persons. The insurance carrier is entitled to reimbursement from the employer for any benefits paid under this policy for any of the persons listed in the schedule.

Only officers with an ownership interest in a Subchapter S corporation or officers individually having at least a 5 percent ownership interest in a Subchapter C corporation are eligible.

## Schedule

Name of Officer	Social Security #	Office Held	Optional Signature	Type of Corporation ("S" or "C")	% Ownership Interest

Policy Number \_\_\_\_\_

Policy Effective Date \_\_\_\_\_

Policy Holder Name \_\_\_\_\_

Carrier Name \_\_\_\_\_

**WC 00 03 13**

**WAIVER OF OUR RIGHT TO RECOVER FROM OTHERS ENDORSEMENT**

We have the right to recover our payments from anyone liable for an injury covered by this policy. We will not enforce our right against the person or organization named in the Schedule. (This agreement applies only to the extent that you perform work under a written contract that requires you to obtain this agreement from us.)

This agreement shall not operate directly or indirectly to benefit anyone not named in the Schedule.

**Schedule**

**NOTE 1:** Use this endorsement to waive the company's right of subrogation against named third parties who may be responsible for an injury.

**NOTE 2:** The sentence in ( ) is optional with the company. It limits the endorsement to apply only to specific jobs of the insured, and only to the extent that the insured is required to obtain this waiver.

WC 00 04 20

**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 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.

"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 percent 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 percent 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 percent 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 percent 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 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% 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 of the Schedule below.

**Schedule****State****Rate per \$100 of Remuneration****Note:**

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

April 5, 1994  
NOTES FOR FILE:

RE: Act 44  
Executive Officer Exclusion

FROM: Dale W. Broadwater

A review of policies issued in accordance with Act 44 has created the need to reassess the application and detail of the Executive Officers Exclusion Endorsement, WC 37 03 10.

Recently a SWIF policy contained an Executive Officers Exclusion Endorsement, Form WC 37 03 10. The content of the endorsement was not the same as the form filed and approved and appearing in our manual:

- a. The signature section was eliminated.
- b. The type of corporation (C or S) was eliminated.

Prior to the Bureau developing this form in conjunction with the PCRB, the Department of Labor and Industry had issued no rules, guidelines, forms or statements of policy regarding executive officers exclusions.

Today, Labor and Industry, Bureau of W/C has standard forms for both the corporation (LIBC-509 8/93) and the corporate officers (LIBC-513 8/93) to be filed with their Department if officers are to be excluded.

For a practical matter, it is difficult for the underwriter to obtain the required signatures on the endorsement prior to policy issuance in order that the properly executed endorsement be issued at policy inception. A computer generated form without the signatures makes for practical application.

I spoke with Bruce Decker on this specific issue. Bruce informed me that the PCRB has not modified its standard endorsement, but have interpreted the signature requirement as optional. I asked if the PCRB is requiring documentation that the L & I forms have been properly signed and filed with L & I, and he said, "No." Their position is that if the carrier puts the endorsement on the policy, it is the carrier's responsibility, not the Bureau's responsibility, that the executive exclusion is in compliance with the Law.

April 5, 1994

Page 2  
Act 44  
Executive Officers Exclusion

I also spoke to a representative from the Dept. of L & I, Bureau of W/C. L & I interprets their forms have no bearing on the insurance contract: The insurance contract language and terms, including any endorsements, would be the determining factors in the event of a claim. The filing of the forms with L & I had no effect on the duties and responsibilities of the insurance carrier.

Based upon neither the PCRБ nor L & I wishing to coordinate activities, and the legislative intent to have less Bureau involvement and more company competition, it seems the course of least resistance has been adopted by all others.

Therefore, the CMCRB will not require that the signatures actually appear on the endorsement; will not inquire or reconcile the endorsement with the execution of the L & I forms; will rely upon the carriers to assume the responsibilities of the proper use of the Executive Officers Exclusion Endorsement, WC 37 03 10.

NOTE: At some time in the future, editorial changes to the endorsement and to our underwriting rules (Section 1, Pages 3 and 16) need to be made in conjunction with the above opinion and conclusion.

DWB:jb



First Reprint

WC 37 03 10A

★ EXCLUSION OF EXECUTIVE OFFICERS ENDORSEMENT — PENNSYLVANIA

The executive officers named in the schedule have exercised their right to waive workers' compensation and employers liability benefits payable under this policy. The premium basis for this policy does not include the remuneration of such persons. The insurance carrier is entitled to reimbursement from the employer for any benefits paid under this policy for any of the persons listed in the schedule.

Only officers with an ownership interest in a Subchapter S corporation or officers individually having at least a 5 percent ownership interest in a Subchapter C corporation are eligible.

Schedule

Name of Officer	Social Security #	Office Held	Optional Signature	Type of Corporation ("S" or "C")	% Ownership Interest

Policy Number \_\_\_\_\_

Policy Effective Date \_\_\_\_\_

Policy Holder Name \_\_\_\_\_

Carrier Name \_\_\_\_\_

WC 00 04 21 A

**WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY****DOMESTIC TERRORISM, EARTHQUAKES, AND CATASTROPHIC INDUSTRIAL  
ACCIDENTS PREMIUM ENDORSEMENT**

This endorsement is notification that your insurance carrier is charging premium to cover the losses that may occur in the event of domestic terrorism, earthquakes, and/or a catastrophic industrial accident.

The premium charge provides funding for the risk of earthquakes, catastrophic industrial accidents, and certain acts of domestic terrorism. It does not provide funding for acts of terrorism certified as such by the Terrorism Risk Insurance Extension Act of 2005 (the Act) or acts of foreign terrorism as that term is defined in the Foreign Terrorism Premium Endorsement (WC 00 04 22), attached to this policy.

For purposes of this endorsement, the following definitions apply:

**Domestic terrorism:** All acts of terrorism outside the scope of the Act or the Foreign Terrorism Premium Endorsement (WC 00 04 22), with aggregate workers compensation losses in excess of \$50 million.

**Earthquake:** The shaking and vibration at the surface of the earth resulting from underground movement along a fault plane or from volcanic activity where aggregate workers compensation losses from the single event are in excess of \$50 million.

**Catastrophic Industrial Accident:** Any single event resulting in aggregate workers compensation losses in excess of \$50 million.

**Schedule****Payroll****Rate**

WC 37 01 10

**WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY****TERRORISM RISK INSURANCE EXTENSION ACT ENDORSEMENT**

This endorsement addresses the 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 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 loss" means any loss resulting from an act of terrorism 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.
- 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 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 under this policy will be limited by the Act, as determined by the Secretary of the Treasury.

**Policyholder Disclosure Notice**

1. Insured terrorism 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 losses exceeding our insurer deductible.
2. The premium charged for the coverage this policy provides for insured terrorism losses is included in the amount shown on Item 4 of the Information Page or in the Schedule in the Foreign Terrorism Premium Endorsement (WC 00 04 22) attached to this policy.