



# COMPENSATION RATING AND INSPECTION BUREAU

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**DEPARTMENT OF BANKING AND INSURANCE**

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## **ADVISORY BULLETIN #23**

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

In response to the enactment of the Terrorism Risk Insurance Program Reauthorization Act of 2007 (TRIPRA), the Rating Bureau filed two endorsements and changes to rules in the New Jersey Workers Compensation and Employers Liability Insurance Manual (Manual) to comply with the provisions of the new legislation. The endorsements and Manual changes were approved by the Commissioner of Banking and Insurance with an effective date of January 1, 2008. For information regarding this matter, please refer to Manual Amendment Bulletin # 439, dated January 18, 2008.

The changes introduced by TRIPRA included, among other things, new disclosure requirements and a revised definition of terrorism. The Treasury Department issued a draft interim guidance concerning TRIPRA. The draft interim guidance requires that carriers provide a clear and conspicuous disclosure to policyholders of the premium charged by the Terrorism Risk Insurance Program.

The new definition of an act of terrorism includes both domestic and foreign terrorism. There are separate rating values in the Manual for both foreign and domestic terrorism. **The foreign terrorism premium charge can be determined for any policy by applying the applicable Foreign Terrorism rate to each one hundred dollars of policy payroll.** The domestic terrorism premium charge is included in the rate for Domestic Terrorism, Earthquakes, and Catastrophic Industrial Accidents (DTEC). **The Rating Bureau has determined that the domestic terrorism premium charge can be determined for any policy by applying the DTEC rate to each one hundred dollars of policy payroll and multiplying the result by 20% (0.2).**

Carriers must decide the manner in which the terrorism premium is to be disclosed to the policyholder. This Bulletin is issued solely to provide the Rating Bureau's guidance in determining the terrorism premium charge in a New Jersey Workers Compensation and Employers Liability Insurance policy.

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