



# STATE OF CONNECTICUT

## INSURANCE DEPARTMENT

**Bulletin PC-55**  
August 11, 2004

**TO: ALL PROPERTY & CASUALTY INSURERS AUTHORIZED FOR  
COMMERCIAL LINES INSURANCE PRODUCTS**

**RE: TERRORISM COVERAGE IN THE STANDARD FIRE INSURANCE POLICY  
PURSUANT TO PUBLIC ACT 04-140**

Public Act 04-140 provides that “until the expiration of the Terrorism Insurance Program established in the federal Terrorism Risk Insurance Act of 2002 (P.L. 107-297) [“TRIA”] as amended from time to time, for a commercial risk insurance policy, the standard form of fire insurance policy set forth in section 38a-307 of the general statutes, as amended by this act, may provide that the company shall not be liable for loss by fire or other perils insured against in the policy caused, directly or indirectly, by terrorism, as defined by the Insurance Commissioner, provided the premiums charged for such policy shall reflect any savings projected from the exclusion of such perils.”

For purposes of Public Act 04-140, I hereby adopt the definition set forth in TRIA section 102(1), which defines terrorism as:

- (A) . . . 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 –
- (i) to be an act of terrorism;
  - (ii) to be a violent act or an act that is dangerous to –
    - (I) human life;
    - (II) property; or
    - (III) infrastructure;
  - (iii) to have resulted in damage within the United States, or outside of the United States in the case of –
    - (I) an air carrier or vessel described in paragraph (5)(B);<sup>1</sup> or
    - (II) the premises of a United States mission and
  - (iv) to have 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.
- (B) LIMITATION. – No act shall be certified by the Secretary [of the Treasury] as an act of terrorism if –
- (i) the act is committed as part of the course of a war declared by the Congress, except that this clause shall not apply with respect to any coverage for workers’ compensation; or
  - (ii) property and casualty insurance losses resulting from the act, in the aggregate, do not exceed \$5,000,000.

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<sup>1</sup> For purposes of TRIA, an air carrier is defined in 49 U.S.C. section 40102 and a vessel is a United States flag vessel or a vessel based principally in the United States, on which United States income tax is paid and whose insurance coverage is subject to regulation in the United States.

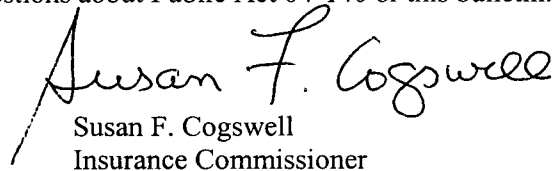
The limited exclusion permitted by Public Act 04-140 applies only when the insured has rejected TRIA coverage. The limited exclusion will end upon the expiration of the TRIA Terrorism Insurance Program. By its terms, TRIA expires Dec. 31, 2005. In the event TRIA is not re-authorized or otherwise extended, the permitted limited exclusion will not apply for any events that occur subsequent to TRIA's expiration. Revised filings will be required at that time.

Companies that incorporate the permitted limited exclusion must also provide a credit or reduction in premium to reflect any savings projected from the exclusion. Any filings to the Property-Casualty Division made incorporating the permitted limited exclusion must reflect the requirement of Public Act 04-140 that premiums are to reflect the projected savings. Such filings must be made on the "Expedited Filing Transmittal Document for Terrorism Risk Insurance Forms and Pricing" promulgated pursuant to Bulletin PC-52.

Because policies that incorporate the permitted limited exclusion will have a significant reduction in coverage, insurers must provide the policyholder either with a notice of nonrenewal or a conditional renewal notice with a prominent disclosure of the new exclusion. The conditional renewal notice must comply with the same 60-day advance notice requirements of Conn. Gen. Stat. §38a-323 as is required for nonrenewal of a policy. The conditional renewal notice must be sent by registered or certified mail or by mail evidenced by a United States Post Office certificate of mailing. Please see Bulletin PC-42-04 for detailed Guidelines Regarding the Use of Conditional Renewal Notices.

Finally, companies are reminded that the permitted limited exclusion applies only to commercial lines property policies. Terrorism exclusions will not be permitted in any personal lines property policy.

Please contact the Insurance Department Property-Casualty Division, 860-297-3867 or [ctinsdept.propcasualty@po.state.ct.us](mailto:ctinsdept.propcasualty@po.state.ct.us) with any questions about Public Act 04-140 or this bulletin.

  
Susan F. Cogswell  
Insurance Commissioner