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STATE OF MARYLAND
MARYLAND INSURANCE ADMINISTRATION
525 ST. PAUL PLACE, BALTIMORE, MARYLAND 21202-2272

To: RATE AND FORM FILING DEPARTMENT

**Property and Casualty Insurance Companies, Title Insurance
Companies and Rating Organizations**

**Re: Exclusions Related to Acts of Terrorism – Expedited Filing
Procedures**

Date: January 14, 2002

Bulletin: Property and Casualty 02-02
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The events of September 11, 2001 have created substantial instability in the commercial lines property and casualty insurance market. Since Congress failed to pass legislation providing a federal solution to this problem, insurance regulators must either approve coverage exclusions for acts of terrorism or risk the possibility of future solvency concerns in the insurance industry.

The Maryland Insurance Administration (the "Administration") on December 31, 2001 approved the very broad total exclusions of coverage for acts of terrorism developed by the Insurance Services Office, Inc. (ISO). Those forms that have been approved are as follows:

**COMMERCIAL PROPERTY INTERLINE ENDORSEMENT: IL 09 41 01 02
(N/A to Standard Fire Policy States)**

**COMMERCIAL PROPERTY INTERLINE ENDORSEMENT: IL 09 40 01 02
(Applies in Standard Fire Policy States)**

**COMMERCIAL PROPERTY INTERLINE ENDORSEMENT: IL 09 42 01 02
(Applies in Standard Fire Policy States)**

COMMERCIAL GENERAL LIABILITY ENDORSEMENT: CG 21 69 01 02

COMMERCIAL GENERAL LIABILITY ENDORSEMENT: CG 31 42 01 02

COMMERCIAL GENERAL LIABILITY ENDORSEMENT: CG 31 43 01 02

COMMERCIAL LIABILITY UMBRELLA ENDORSEMENT: CU 21 29 01 02

**BUSINESSOWNERS ENDORSEMENT: BP 05 11 01 02 (N/A to Standard Fire Policy
States)**

**BUSINESSOWNERS ENDORSEMENT: BP 05 12 02 (Applies in Standard Fire Policy
States)**

BUSINESSOWNERS ENDORSEMENT: BP 05 13 01 02

FARM LIABILITY ENDORSEMENT: FL 10 30 01 02

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To date many unacceptable exclusions have been filed by insurers to be attached to commercial lines insurance products. These endorsements will be disapproved for use in Maryland as inconsistent with the interests of public policy.

ISO has indicated that it will permit the use of its copyrighted language by any insurer, including those that are not current licensees of ISO for policy forms. Insurers that are current licensees of ISO for policy forms can use the new language pursuant to their current ISO agreements and approval by this state of its forms. If you are properly affiliated with ISO, and have given them authorization to file on your behalf, no further action is needed on your part.

Any insurer that does not have a license agreement in effect with ISO for policy forms is required to execute a short, limited license agreement that authorizes the use of the new forms. ISO has indicated that there will be no fee for this limited license. You may contact ISO's Customer Service department directly for more information at 1-800-888-4ISO(4476) using option 2. You may also contact ISO at info@ISO.com.

EXPEDITED FILING PROCESS

An insurer choosing to execute ISO's limited license agreement is eligible to submit their Exclusions Related to Acts of Terrorism filings via Maryland's expedited filing process. A filing for expedited review MUST contain the following:

- 1. A cover letter specifically identifying the insurer(s) submitting the filing and the proposed effective dates for new and renewal policies.**
- 2. A copy of the fully completed and signed (by Licensee and ISO) limited license agreement.**

Because of the uniqueness of this situation, normal transmittal forms and filing fees will not be required.

All such filings should be addressed to the attention of Mr. Frederick Santiago, Filings Supervisor at 525 St. Paul Place, Baltimore, MD 21202-2272.

The Maryland Insurance Administration will seek passage of legislation during the 2002 legislative session that would authorize the Administration to disapprove terrorism exclusions upon reasonable notice upon enactment by Congress of any law creating a federal backstop that addresses insurance losses attributed to acts of terrorism.

Questions concerning this bulletin should be addressed to Mr. Santiago at (410) 468-2317.

**Steven B. Larsen
Insurance Commissioner**