

FROM: Director, Worldwide Markets
LOCATION: G12
EXTENSION: 5998
DATE: 23/01/2003
REFERENCE: Y2978
SUBJECT: U.S.TERRORISM RISK INSURANCE ACT OF 2002:
US TREASURY INTERIM GUIDANCE
SUBJECT AREA(S): US commercial P & C business
ACTION POINTS:
DEADLINE: Immediate

Purpose of bulletin

To notify the market that on 22nd January 2003 the US Department of the Treasury issued further interim guidance on the Terrorism Risk Insurance Act of 2002 ("TRIA").

Background

The Terrorism Risk Insurance Program is administered and implemented by Treasury. To date, it has issued three sets of interim guidance:

- Concerning New Statutory Disclosure and Mandatory availability Requirements of the TRIA – dated December 3 2002.
- Concerning Definition of Insurers, Scope of Insurance Coverage and Disclosures Mandated by the TRIA – dated December 18 2002.
- Concerning Certain Conditions for Federal Payment, Non-U.S. Insurers, and Scope of Insurance Coverage in the TRIA – dated January 22 2003.

Copies are available on the US Treasury's website at www.treasury.gov/trip

Interim guidance remains in effect until superceded by regulations or subsequent notice. The US Treasury has stated its intention to issue regulations to administer and implement certain elements of the Terrorism Risk Insurance Program, although it is not clear when this will happen.

The issues covered by the guidance

We suggest that underwriters and brokers obtain a copy of the interim guidance from the Treasury website. It is three pages long, and set out in a question and answer format. The questions on which it seeks to provide guidance are as follows:

- How may an Insurer comply with the Section 103(b)(2) requirements for disclosure at the time of offer, purchase and renewal of the policy?
- How may an Insurer comply with the “separate line item” requirement for policies issued more than 90 days after date of enactment?
- How may an Insurer certify its compliance with required disclosures as a condition for payment in Section 103(b) of the Act?
- How do the nullification requirements of Section 105 and other provisions of the Act apply to Non-U.S. Insurers?
- For the purpose of determining the scope of “insured loss,” how is Section 102(5)(B) interpreted as it relates to U.S. air carriers and U.S. flag vessels?

For further information contact Worldwide Markets division in Lloyd’s, on extension 6677 (email at market.services@lloyds.com).

The LMA has also provided extensive information to the market. Contact Martin Roberts on Lloyd’s extension 8370 (by email at martin.roberts@lloyds.com).

This bulletin has been sent to active underwriters and compliance officers of managing agents and Lloyd’s brokers.