

## PROPOSED REVISIONS - PENNSYLVANIA BASIC MANUAL

Proposed Effective January 1, 2006

### Domestic Terrorism, Earthquakes and Catastrophic Industrial Accidents Foreign Terrorism

- Exhibit 1 Section 1 – Underwriting Rules
- Exhibit 2 Section 1 – Proposed Premium Calculation Algorithm
- Exhibit 3 Section 3 – Endorsements: Domestic Terrorism, Earthquakes, and Catastrophic Industrial Accident Premium Endorsement – WC 00 04 21 **(New)**
- Exhibit 4 Section 3 – Endorsements: Foreign Terrorism Endorsement – WC 00 04 22 **(New)**
- Exhibit 5 Section 6 – Experience Rating Plan
- Exhibit 6 Section 7 – Merit Rating Plan

#### NOTE:

Section 3 – Endorsements: Pennsylvania - Terrorism Risk Insurance Act Endorsement – WC 37 04 06 - ***Withdrawn in its entirety***

Section 3 – Endorsements: Pennsylvania – Notification Endorsement of Pending Law **Change to Terrorism Risk Insurance Act of 2002 – WC 37 01 09** - Withdrawn in its entirety

**SECTION 1  
UNDERWRITING RULES**

**RULE VI – RATING VALUES AND PREMIUM DETERMINATION**

**A. BUREAU RATING VALUES**

5. Terrorism Risk Insurance Act of 2002 - Certified Losses. This provision expires effective December 31, 2005.

[Premium under the Terrorism Risk Insurance Act of 2002 - Certified Losses is calculated on the basis of total payroll according to Rule V. The premium charge is calculated by dividing a risk's total payroll by \$100 and multiplying the result times the carrier's rating value. This premium is applied after standard premium and is not subject to any other modifications including, but not limited to premium discount, experience rating, schedule rating, or retrospective rating. Non-payroll exposures are not subject to premium under the Terrorism Risk Insurance Act of 2002 - Certified Losses. Policies issued on an "If Any" basis will not be charged a terrorism rate, unless premium develops during the policy term or at audit. Per capita charges are not subject to premium under this Act. Terrorism Risk Insurance Act of 2002 - Certified Losses shall be separately stated on the Standard Policy and shall be designated to Statistical Code 9740.]

6. Employer Assessments Pursuant to Act 57 of 1997.

Remains unchanged.

7. Domestic Terrorism, Earthquakes, and Catastrophic Industrial Accidents (DTEC)

Premium for Domestic Terrorism, Earthquakes and Catastrophic Industrial Accidents is calculated on the basis of total payroll according to Rule V. The premium charge is calculated by dividing a risk's total payroll by \$100 and multiplying the result times the carrier's rating value. This premium is applied after standard premium and is not subject to any other modifications, including but not limited to premium discount, experience rating, schedule rating, or retrospective rating. Non-payroll exposures are not subject to premium under the Domestic Terrorism, Earthquakes and Catastrophic Industrial Accidents. Policies issued on an "If Any" basis will not be charged a terrorism rate, unless premium develops during the policy term or at audit. Per capita charges are not subject to premium for Domestic Terrorism.

Domestic Terrorism, Earthquakes and Catastrophic Industrial Accidents shall be separately stated on the Standard Policy and shall be designated to Statistical Code 9741.

## **8. Foreign Terrorism**

Premium for Foreign Terrorism is calculated on the basis of total payroll according to Rule V. The premium charge is calculated by dividing a risk's total payroll by \$100 and multiplying the result times the carrier's rating value. This premium is applied after standard premium and is not subject to any other modifications, including but not limited to premium discount, experience rating, schedule rating, or retrospective rating. Non-payroll exposures are not subject to premium under the Foreign Terrorism. Policies issued on an "If Any" basis will not be charged a terrorism rate, unless premium develops during the policy term or at audit. Per capita charges are not subject to premium for Foreign Terrorism.

Foreign Terrorism shall be separately stated on the Standard Policy and shall be designated to Statistical Code 9740.

## **RULE XIV - DOMESTIC WORKERS - RESIDENCES**

### **E. BUREAU RATING VALUES AND PREMIUM**

#### **1. Bureau Rating Values**

The Bureau Rating Values for Codes [0913,] 0908, [0912 and] 0909, 0912 and 0913 are per capita premium charges. [Terrorism Risk Insurance Act of 2002 - Certified Losses] Foreign Terrorism (9740) and Domestic Terrorism, Earthquakes and Catastrophic Industrial Accidents (9741) [does]do not apply to per capita classification premium charges.