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Summary of Interim Guidance Concerning the Terrorism Risk Insurance Program Reauthorization Act of 2015

On February 4, 2015, the Federal Insurance Office (FIO), which helps to administer the Terrorism Risk Insurance Program (“Program”) on behalf of the Department of Treasury, released [interim guidance](#) intended to address ambiguities and changes regarding application of certain Program regulations following enactment of the Terrorism Risk Insurance Program Reauthorization Act of 2015 (“2015 Reauthorization Act”). The guidance will be effective until permanent guidance/rule changes are issued.

The guidance states that insurers should provide disclosures and offers that comply with the Program regulations and the Terrorism Risk Insurance Act (TRIA), as amended by the 2015 Reauthorization Act, no later than April 13, 2015. PIA members should be sure they receive copies of disclosures and any other notices from each of their insurers on each policy coverage option, and contact insurers if they do not receive such notices.

Disclosures

- ✓ **Form:** Insurers may use the National Association of Insurance Commissioners (NAIC) Model Disclosure Form No. 1 or NAIC Model Disclosure Form No. 2, as amended on January 26, 2015, or other disclosures that meet the Program requirements.
- ✓ **Timing:** An insurer is no longer required to provide to a policyholder certain disclosures at the time of the policy’s purchase, but is required to provide such disclosures at the time of offer and renewal. Timing of such disclosures may conform with either subpart B of the Program regulations or Section 103(b)(2) of TRIA, as amended by the 2015 Reauthorization Act.
- ✓ **Content:** An insurer that offered coverage prior to January 12, 2015, using the approved NAIC disclosure forms or other disclosures consistent with the Program regulations, is not required to provide a revised disclosure to the policy holder. Subject to the April 13 timeline noted above, disclosures made on or after January 12 in connection with a new or mid-term offer of coverage for insured losses should be based on the requirements of the Program regulations and TRIA, as amended by the 2015 Reauthorization Act.

New Offers of Coverage

A new offer of coverage for insured losses with respect to any in-force policy that does not provide coverage for insured losses is not necessary, if:

- 1) The policy incorporates a conditional exclusion or change of terms and conditions and, because the Program is in effect, the insurer does not exercise the conditional exclusion or change of terms and conditions effective January 1, 2015 (or as of the effective date of the policy, if later). Written notice of forbearance must be provided to the policyholder no later than April 13, 2015; or
- 2) The policyholder declined coverage for insured losses, so long as the insurer’s offer did not materially differ in price from that which the insurer would have offered following enactment of the 2015 Reauthorization Act.