



**Pennsylvania Compensation Rating Bureau**

The Widener Building • 6th Floor  
One South Penn Square • Philadelphia, PA 19107-3577  
(215)568-2371 • FAX (215)564-4328 • www.pcrb.com

November 4, 2005

**VIA FACSIMILE & FIRST CLASS MAIL**

The Honorable M. Diane Koken  
Insurance Commissioner  
Commonwealth of Pennsylvania  
Insurance Department  
1311 Strawberry Square  
Harrisburg, PA 17120

Attention: Michael McKenney

RE: Amendment to Proposal C-349 – Domestic Terrorism, Earthquake and  
Catastrophic Industrial Accidents – Proposed Effective January 1, 2006

Dear Commissioner Koken:

Further to the above referenced filing, Proposal C-349, originally submitted September 19, 2005, and based on discussions with the Insurance Department, we have revised Manual language for Section 1, Rule VI, A., 7. to replace the same portion of the original filing of Proposal C-349 (shown below) and have enclosed a revised Endorsement WC 00 04 22, Workers Compensation and Employers Liability Insurance Policy (Exhibit 4 in the original filing). New wording added to the original proposed language is shown underlined and wording removed from the original proposal language is shown bracketed:

**SECTION 1  
UNDERWRITING RULES**

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

**A. BUREAU RATING VALUES**

**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] charges for 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, Earthquake and Catastrophic Industrial Accidents.

**8. Foreign Terrorism**

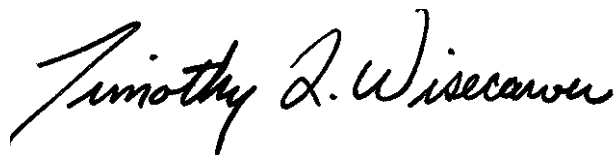
Premium for Foreign Terrorism is calculated on the basis of total payroll according to Rule V. The premium charge is calculated by dividing a risk's total payroll by \$100 and multiplying the result times the carrier's rating value. This premium is applied after standard premium and is not subject to 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] charges for 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.

Balance of proposed entry remains as per the original C-349 filing letter.

The PCRB stands ready to answer any questions you may have on this amendment and looks forward to an expeditious resolution to this filing.

Sincerely,

A handwritten signature in black ink that reads "Timothy L. Wisecarver". The signature is written in a cursive, flowing style.

Timothy L. Wisecarver  
President

TLW/kg  
Enclosure: Revised Exhibit 4

**SECTION 3  
ENDORSEMENTS**

**WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY**

**WC 00 04 22**

**FOREIGN TERRORISM PREMIUM ENDORSEMENT**

This endorsement is notification that your insurance carrier is charging premium for losses that may occur in the event an act of foreign terrorism.

Your policy provides coverage for workers compensation losses caused by acts of foreign terrorism, including workers compensation benefit obligations dictated by state law. Coverage for such losses is still subject to all terms, definitions, exclusions, and conditions in your policy, and any applicable federal and/or state laws, rules, or regulations.

For purposes of this endorsement, **[and]an** “act of foreign terrorism” is defined as:

- a. Any act that is violent or dangerous to human life, property or infrastructure; and
- b. The act has been committed by an individual or individual acting on behalf of any 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.

The premium charge for the coverage your policy provides for workers compensation losses caused by an act of foreign terrorism is shown in Item 4 of the Information Page or in the Schedule below.

**Schedule**

State

Rate per \$100 of payroll