Control Number_____
(Treasury use)

Schedule A

TERRORISM RISK INSURANCE PROGRAM

DECLARATION OF "DIRECT EARNED PREMIUM" AND CALCULATION OF "INSURER DEDUCTIBLE" UNDER TERRORISM RISK INSURANCE ACT (TRIA)

Insurer or Insurer Group Name: _____

NAIC Insurer (or Group) Number (or TIN if no NAIC #): _____

Program (calendar) Year: _____

Calendar Year of Direct Earned Premium (see instructions for guidance): _____

List all affiliated insurers with premium subject to Terrorism Risk Insurance Act:

Name	**NAIC # (or TIN if no NAIC #)**

(insurers may add more lines as needed)

STEP 1:

Direct Earned Premiums from the Annual Statement Exhibit of Premiums and Losses (Statutory Page 14), Column 2 for commercial lines of business, or from another appropriate reporting mechanism. See instructions for guidance.

Annual Statement Line of Business	**Direct Earned Premium (Column 2 - Statutory Pg. 14)**
Line 1 – Fire	$_____
Line 2.1 – Allied Lines	$_____
Line 5.1 – Commercial Multiple Peril (non-liability portion)	$_____
Line 5.2 – Commercial Multiple Peril (liability portion)	$_____

Control Number_____
(Treasury use)

Annual Statement Line of Business	Direct Earned Premium (Column 2 - Statutory Pg. 14)
Line 8 – Ocean Marine	$_____
Line 9 – Inland Marine	$_____
Line 16 – Workers' Compensation	$_____
Line 17 – Other Liability	$_____
Line 18 – Products Liability	$_____
Line 22 – Aircraft (all perils)	$_____
Line 27 – Boiler and Machinery	$_____
_____	$_____
_____	$_____
_____	$_____
_____	$_____
_____	$_____
_____	$_____
_____	$_____
_____	$_____
_____	$_____
_____	$_____
_____	$_____

(insurers may add more lines as needed)

STEP 1 TOTAL $_____

STEP 2:

Direct Earned Premiums included in the numbers reported under Step 1 that are for insurance coverage not to be included for purposes of TRIA. See instructions for guidance.

Annual Statement Line of Business	Direct Earned Premium Not to be Included per TRIA	Reason for Exclusion of Premium
_____	$_____	_____
_____	$_____	_____
_____	$_____	_____
_____	$_____	_____
_____	$_____	_____
_____	$_____	_____

(insurers may add more lines as needed)

STEP 2 TOTAL $_____

Control Number_____
(Treasury use)

STEP 3:

Direct Earned Premium, for lines of business included for purposes of TRIA, that were included in the numbers reported under Step 1 and were ceded to a state residual market under a servicing carrier arrangement. See instructions for guidance.

Annual Statement Line of Business	Direct Earned Premium Ceded to Residual Market	Name of Residual Market for Which Insurer Serves as Servicing Carrier	State of Residual Market
_____	$_____	_____	_____
_____	$_____	_____	_____
_____	$_____	_____	_____
_____	$_____	_____	_____
_____	$_____	_____	_____
_____	$_____	_____	_____
_____	$_____	_____	_____

(insurers may add more lines as needed)

STEP 3 TOTAL $_____

STEP 4:

Direct Earned Premiums for lines of business subject to TRIA that were NOT included in the numbers reported under Step 1 and were distributed to the insurer by commercial lines state residual market entities.

Annual Statement Line of Business	Earned Premium Received From Residual Markets	Name of Residual Market Entity	State of Residual Market
_____	$_____	_____	_____
_____	$_____	_____	_____
_____	$_____	_____	_____
_____	$_____	_____	_____
_____	$_____	_____	_____
_____	$_____	_____	_____
_____	$_____	_____	_____
_____	$_____	_____	_____

(insurers may add more lines as needed)

STEP 4 TOTAL $_____

Control Number_____
(Treasury use)

STEP 5:

Complete the following formula in order to determine the insurer's Program Year deductible.

(STEP 1 TOTAL $_____ plus STEP 4 TOTAL $_____)

SUBTRACT

(STEP 2 TOTAL $_____ plus STEP 3 TOTAL $_____)

EQUALS

Direct Earned Premium $_____

MULTIPLY X 0.2__ Deductible Factor

EQUALS $_____ Insurer Deductible under TRIA

Certification

I hereby certify that the direct earned premium data, calculations, and supporting documentation used to determine the insurer deductible are accurate and complete to the best of my information, knowledge and belief. Any false or fraudulent statements or claims may subject the insurer or signatory to criminal, civil, or administrative penalties.

_____ _____ _____

Name Officer Title Date

_____

Signature

Notice Under the Paperwork Reduction Act

We estimate it will take you about 6.5 hours to complete this form. However, you are not required to provide information requested unless a valid OMB control number is displayed on the form. Any comments or suggestions regarding this form should be sent to the Terrorism Risk Insurance Program Office, 1425 New York Avenue, NW, Washington, DC 20220. Do not send completed form to this address. Submit forms according to instructions provided at www.treas.gov/trip.

Schedule A

Direct Earned Premium and Insurer Deductible

1 General Instructions

1.1 Filing of Form

This form is required in order to determine each insurer's Program Year deductible under the Terrorism Risk Insurance Act ("TRIA"). It must be completed, certified by an officer of the insurer, and submitted to Treasury with an Initial Certification of Loss or at the insurer's option, with the Initial Notice of Loss.

Reported data must be consolidated for all affiliates. Do NOT report separately for individual companies in a group of affiliated insurers. For guidance on definitions of affiliates and issues of corporate control, please visit the TRIP website at www.treas.gov/trip.

Insurers should maintain all worksheets and other documentation for the purposes of later auditing by the Terrorism Risk Insurance Program (see 31 C.F.R. Part 50 Subpart G for guidance). This includes such materials for the individual insurers within an affiliated group.

1.2 Lines of Business Subject to TRIA

Commercial property and casualty lines of business included in the Program (including excess insurance, workers' compensation insurance, and directors and officers liability insurance), means only the following lines of business from the NAIC's Exhibit of Premiums and Losses (commonly known as Statutory Page 14): Line 1 -- Fire; Line 2.1 -- Allied Lines; Line 5.1 -- Commercial Multiple Peril (non-liability portion); Line 5.2 -- Commercial Multiple Peril (liability portion); Line 8 -- Ocean Marine; Line 9 -- Inland Marine; Line 16 -- Workers' Compensation; Line 17 -- Other Liability; Line 18 -- Products Liability; Line 22 -- Aircraft (all perils); and Line 27 -- Boiler and Machinery. Insurance coverage that is written on a dwelling policy form, but for which premiums are reported under the above lines of business (e.g., 1-4 family rental dwelling), is still included in the Program.

Other lines of business from Statutory Page 14 are not included in the Program. Insurance coverages specifically not included in the Program are: Federal crop insurance issued or reinsured under the Federal Crop Insurance Act; any other type of crop or livestock insurance that is privately issued or reinsured (including crop insurance reported on either Line 2.1 – Allied Lines or Line 2.2. – Multiple Peril Crop); Line 3 – Farmowners Multiple Peril; Line 19.3 -- Commercial Auto No-Fault (personal injury protection); Line 19.4 – Other Commercial Auto Liability; Line 21.2 –Commercial Auto Physical Damage; Line 24 – Surety; Line 26 – Burglary and Theft; Professional Liability insurance as defined in 31 CFR 50.5(j)[1]; private mortgage insurance; title insurance; financial guaranty insurance when issued by a monoline financial guaranty insurance corporation; medical malpractice insurance; health or life insurance, including group life insurance; Federal flood insurance; earthquake insurance reported under Line 12 of Statutory Page 14; and reinsurance or retrocessional reinsurance. Workers' compensation insurance provided directly to qualified self-insureds is not reinsurance for purposes of the Program.

[1] (j) *Professional liability insurance* means insurance coverage for liability arising out of the performance of professional or business duties related to a specific occupation, with coverage being tailored to the needs of the specific occupation. Examples include abstracters, accountants, insurance adjusters, architects, engineers, insurance agents and brokers, lawyers, real estate agents, stockbrokers and veterinarians. For purposes of this definition, professional liability insurance does not include directors and officers liability insurance.

1.3 Direct Earned Premium

Direct earned premium to be reported on this form includes premium for all commercial property and casualty lines of insurance listed above issued by any insurer for insurance against all losses. Generally, direct earned premium amounts are to be included in the reporting on this form as they were reported to the NAIC or through an equivalent reporting requirement for the immediately prior calendar year. However, certain adjustments may be necessary as described below.

Direct earned premium should be included in the calculations only to the extent that commercial property and casualty coverage is issued for losses occurring at the following locations:

1. Within the United States;
2. In the case of an air carrier (as defined in section 40102 of title 49, United States Code), or a United States flag vessel (or a vessel based principally in the United States, on which United States income tax is paid and whose insurance coverage is subject to regulation in the United States), losses occurring anywhere; and
3. At the premises of any United States mission.

Premiums for personal property and casualty insurance coverage (coverage primarily designed to cover personal, family or household risk exposures), or premiums for any other insurance coverage that does not meet the definition of commercial property and casualty insurance, should not be included in the calculation of direct earned premiums for purposes of the Program.

If a property and casualty insurance policy covers both commercial and personal risk exposures, insurers may either treat the entire premium as commercial or allocate the premium in accordance with the proportion of risk between commercial and personal components in order to ascertain direct earned premium for Program purposes. If a policy includes insurance coverage that meets the definition of commercial property and casualty insurance for losses occurring at the locations specified above, but also includes coverage for losses outside the geographic scope of TRIA or coverage otherwise outside the scope of TRIA, insurers may likewise allocate premiums in accordance with the proportion of risk attributable to the components of coverage subject to TRIA in order to ascertain direct earned premium for Program purposes.

Premiums for personal property and casualty insurance coverages, premiums for other insurance coverages excluded from the scope of TRIA, or premiums for risks located outside the geographic scope of TRIA may be fully excluded by an insurer from the calculation of direct earned premium if such coverages include only incidental TRIA qualifying commercial property and casualty insurance coverage. For purposes of the Program, commercial coverage is incidental if less than 25 percent of the total direct earned premium is attributable to that coverage or combination of qualifying TRIA coverages. If an insurer elects to fully exclude premiums for insurance policies with incidental commercial coverage, it must do so for all policies within a particular category (e.g. policy form, risk classification, underwriting rule) and not on a policy by policy basis. It should be noted that if premiums for the commercial coverages are excluded, then insured losses under those coverages will not be compensated under the Program and do not count towards satisfying an insurer's deductible.

1.4 Affiliated Insurers

Direct earned premium of affiliated insurers is to be consolidated for reporting on this form. The affiliated group is based on the corporate structure of affiliations on the date of occurrence of the act of terrorism that is the first act of terrorism in a Program Year to be certified by the Secretary and determined to be a Program Trigger Event. The amount of direct earned premium for each individual insurer within the affiliated group is based on that individual insurer's earned premium reported to the NAIC (or the equivalent) for the prior year.

1.5 *Insurers Without a Full Year of Operations*

If an insurer, or an insurer entity within an affiliated group, did not have a full year of operations in the prior calendar year, then that insurer's or insurer entity's direct earned premium to be used in calculating the insurer deductible is the direct premium earned in the Program Year for which the Certification of Loss is being submitted. Estimated amounts for such insurers are permitted in submitting Schedule A with a Certification of Loss. Final calculations of direct earned premium and deductible are to be submitted when available at the end of the Program Year on an updated Schedule A. If the insurer has not had a full year of operations during the applicable Program Year, the direct earned premiums are to be annualized to a full year basis.

2 Special Instructions

2.1 *State Licensed or Admitted Insurers that Report to the NAIC via Statutory Page 14.*

For a State licensed or admitted insurer that reports to the NAIC, direct earned premium is the premium information for commercial property and casualty insurance coverage reported by the insurer on column 2 of the NAIC Exhibit of Premiums and Losses of the NAIC Annual Statement (commonly known as Statutory Page 14). (See instruction 1.2 above.)

2.2 *Insurers that do not Report to the NAIC via Statutory Page 14.*

An insurer that does not report to the NAIC via Statutory Page 14 should only report direct earned premium in Step 1 for classes or lines of business that include, at a minimum, the equivalent of one or more lines of business specified in General Instruction 1.2. Thus, regardless of the description of the premium on another reporting form, all direct earned premium in Step 1 must include the functional equivalent of a commercial line of business as specified in General Instruction 1.2. Insurers that may be required to extract direct earned premium information from other reporting forms include alien surplus lines insurers, farm mutual insurers, county mutual insurers, captive insurers and federally-approved insurers.

If such an insurer reports to its State regulator only on a written premium basis, then the accrual method must be applied to calculate direct earned premium.

An eligible surplus line insurer listed on the NAIC Quarterly Listing of Alien Insurers *that does not currently report earned premium*, may use its current reporting basis for purposes of calculating the insurer deductible provided that 1) it reports to the NAIC on an equivalent basis satisfactory to the NAIC, and 2) it is in transition to reporting on an earned premium basis. Permission is only granted for the duration of this transition period.

Other types of payments that compensate the insurer for risk of loss (such as contributions, assessments, etc. for certain farm and county mutual insurers) must also be considered as part of direct earned premium.

An insurer approved by a Federal agency for the purpose of offering property and casualty insurance in connection with maritime, energy or aviation activity should adjust its premium to reflect the limitations on scope of insurance coverage under the Program (i.e. to the extent of federal approval of commercial property and casualty insurance in connection with maritime, energy or aviation activities).

3 Step by Step Calculations

3.1 *Step One*

List Direct Earned Premiums (consolidated for all affiliated insurers) from the Annual Statement Exhibit of Premiums and Losses (Statutory Page 14), Column 2 for all lines of business included in the Program.

List premiums by line for all lines not reported via Statutory Page 14, but reported on a separate state form as discussed in Special Instruction 2.2. Use the blank lines at the end of the section.

Include all premiums reported for any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, American Samoa, Guam, each of the U.S. Virgin Islands, and any other territory or possession of the United States.

Include all surplus lines written by affiliates and reported for any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, American Samoa, Guam, each of the U.S. Virgin Islands, and any other territory or possession of the United States.

If a line of business reported in this section includes direct earned premiums both for lines of business or coverage included and not included in the Program, include the full amount of premiums reported on Statutory Page 14 or another reporting mechanism in Step 1. The premiums from lines or coverages not included in the Program will be reported in Step 2 and subtracted later.

3.2 Step Two

List Direct Earned Premiums included in the numbers reported under Step 1 that are not included in the Program. "Reasons for Exclusion of Premium" include:

1. Incidental personal lines coverage within hybrid policies,
2. Cross-border (Locations not covered by TRIA),
3. Incidental non-commercial lines coverage (other than personal lines) within hybrid policies,
4. Coverages within an included line but specifically excluded from the Program (e.g., Crop reported on Line 2.1 or Professional Liability reported on Line 17),
5. Other (explain).

3.3 Step Three

This step only applies to those insurers who act as servicing carriers for one or more state residual markets that write commercial lines of business included in the Program. For applicable lines of business included in the Program, list all direct earned premium amounts that were included in the numbers reported under Step 1, but not excluded under Step 2, and that were ceded to a state residual market under a servicing carrier arrangement.

3.4 Step Four

List all earned premiums for lines of business included in the Program that were *not* otherwise included in the data reported under Step 1 and were distributed to the insurer by state residual market mechanisms (note: this includes premiums received from state residual markets that were reported as assumed reinsurance).

3.5 Step Five

Complete the formula in order to determine the insurer's Direct Earned Premium for purposes of TRIA and the resultant insurer deductible.

3.6 Step Six

An appropriate executive officer of the insurer (e.g., an officer listed on the NAIC Annual Statement) must certify the data and calculations used to determine the Direct Earned Premium and resulting insurer deductible.