



**STATE OF NEW YORK
INSURANCE DEPARTMENT**
25 BEAVER STREET
NEW YORK, NEW YORK 10004

**Circular Letter No. 2 (2002)
January 25, 2002**

TO: All Authorized Property/Casualty Insurers, Co-operative Property/Casualty Insurers Financial Guaranty Insurers, Mortgage Guaranty Insurers, Accredited Reinsurers, Underwriters at Lloyds, State Insurance Fund, Title Insurers, and Reciprocal Insurers

RE: Consideration of Events of September 11, 2001 in the Notes to the Annual Statement and the Statement of Actuarial Opinion

STATUTORY REFERENCES: Section 307 Of The Insurance Law

The purpose of this Circular Letter is to inform the property/casualty industry of certain reporting requirements related to the events of September 11, 2001, as follows:

1. The NAIC has added a new item to Note 20 in the Notes to Financial Statements in the Annual Statement Blank for 2001. Item I, "September 11 Events" of Note 20 requires disclosure of the nature and amount of losses and reinsurance recoveries as a result of September 11 events; and
2. The Casualty Actuarial Task Force of the NAIC issued a letter dated December 20, 2001 to signers of Statements of Actuarial Opinion ("SAOs") indicating that regulators will expect to see consideration of the events of September 11th in SAOs rendered on 2001 loss reserves, including the extent of such exposure. Disclosure is required regardless of whether the company has exposure to the terrorist attacks. Further, a statement with respect to insured losses arising from September 11th events is required from every insurer as part of the SAO accompanying the Annual Statement.

The actuary or qualified loss reserve specialist may find additional guidance in complying with these requirements by referring to:

1. The December 20, 2001 letter from the Casualty Actuarial Task Force of the NAIC to Signers of Statements of Actuarial Opinion on Property and Casualty Loss Reserves as of December 31, 2001;
2. The Addendum to Property and Casualty Practice Note dated December, 2001 issued by the Committee on Property and Liability Financial Reporting of the American Academy of Actuaries http://www.actuary.org/pdf/practnotes/PCaddendum_dec01.pdf; and
3. Property/Casualty - Note 20: 2001 Update to Notes to Financial Statements: Item I "September 11 Events."

Please refer to the "Opinion Considerations" section of the aforementioned Addendum, which lists several items within the SAO that could be impacted by a company's exposure to terrorist attack losses. Items to consider include, but are not necessarily limited to:

- Applicability of Financial Reinsurance
- Effect on Risk-Based Capital or IRIS Tests

- Type of Opinion (Reasonable; Deficient; Redundant; Qualified; or No Opinion)
- Changes in Methods and Assumptions
- Major Risk Factors of Company Exposures
- Potential for Material Adverse Deviation
- Reinsurance Collectibility
- Materiality

If the opining actuary renders a Qualified Opinion or No Opinion, the Department may continue to monitor these entities and request subsequent updates to the initial SAO filed.

If you have questions about this Circular Letter, please contact Ms. Gloria Huberman, Supervising Actuary, at 212-480-5134 or gghuberma@ins.state.ny.us.

Very truly yours,
Mark Presser
Assistant Deputy Superintendent and
Chief Examiner
Property Bureau