

**NOTICE - OFFER OF TERRORISM COVERAGE  
NOTICE - DISCLOSURE OF PREMIUM**

**Named Insured:** \_\_\_\_\_

**Attached to Policy Number:** \_\_\_\_\_

**POLICY PERIOD** \_\_\_\_\_

The Terrorism Risk Insurance Act of 2002 established a program within the Department of the Treasury, under which the federal government shares with the insurance industry the risk of loss from future terrorist attacks. In December 2007, the Terrorism Risk Insurance Program Reauthorization Act of 2007 (the "Reauthorization Act") extended this program through December 31, 2014. Under the "Reauthorization Act":

- An act of terrorism must cause losses of at least \$100 million;
- Must be a "certified act of terrorism" as recognized by the U. S. Treasury Department
- Revised the definition of a "certified act of terrorism" to include domestic as well as foreign terrorists.
- A cap limits the U. S. Government reimbursement as well as insurers' liability for losses resulting from a "certified act of terrorism" when the amount of such losses in any one calendar year (January 1 through December 31) exceeds \$100 billion. If the aggregate insured losses for all insurers exceed \$100 billion, your coverage may be reduced.

In accordance with the "Reauthorization Act" of 2007, we are required to offer you coverage for losses resulting from an act of terrorism **that is certified under the federal program** as an act of terrorism committed by an individual(s) acting on behalf of a foreign or domestic person or foreign or domestic interest. The policy's other provisions will still apply to such an act. Your decision is needed on this question: do you choose to pay the premium for terrorism coverage stated in this offer of coverage, or do you reject the offer of coverage and decline to pay the premium? You may accept or reject this offer.

See the section of this Notice titled **DISCLOSURE OF PREMIUM**. If you choose to accept this offer of coverage your total policy premium will include the additional premium for terrorism as stated in such **DISCLOSURE**.

**DISCLOSURE OF FEDERAL PARTICIPATION IN PAYMENT OF TERRORISM LOSSES**

Terrorism coverage provided by this policy for losses resulting from "certified acts of terrorism" may be partially reimbursed by the U. S. Government under a formula established by federal law. However, your policy may contain other exclusions which might affect your coverage, (for example, nuclear or war exclusions. Under the formula, the U. S Government's share equals 85% of the insured losses that exceed the applicable insurer retention.

**DISCLOSURE OF PREMIUM**

If you accept this offer, no signature is needed. The premium for terrorism coverage is \$ \_\_\_\_\_.

You may choose to reject the offer by signing the enclosed statement and returning it to us by the premium due date, and your policy will be endorsed to exclude the described coverage.

**ENCLOSURE - REJECTION STATEMENT**

I hereby reject the offer of terrorism coverage. I understand that an **exclusion** of certain terrorism losses will be made part of this policy.

\_\_\_\_\_  
**Signature (Named Insured)**

\_\_\_\_\_  
**Dated**