

POLICYHOLDER DISCLOSURE - OFFER OF TERRORISM COVERAGE

The Terrorism Risk Insurance Act establishes 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. The Act applies when the Secretary of the Treasury certifies that an event meets the definition of an act of terrorism. The Act provides that, to be certified, an act of terrorism must cause losses of at least five million dollars and must have been committed by an individual or individuals as part of an effort to coerce the government or population of the United States.

The United States Government, Department of the Treasury, will pay a share of terrorism losses insured under the federal program. The federal share equals a percentage of that portion of the amount of such insured losses that exceeds the applicable insurer retention. The federal share percentage is dependent upon the calendar year and is shown in the Table below.

<u>Year</u>	<u>Federal Share</u>
2015	85%
2016	84%
2017	83%
2018	82%
2019	81%
2020	80%

The Terrorism Risk Insurance Act, as amended in 2015, contains a \$100 billion cap that limits U.S. Government reimbursement as well as insurers' liability for losses resulting from certified acts of terrorism when the amount of such losses in any one calendar year exceeds \$100 billion. If the aggregate insured losses for all insurers exceed \$100 billion, your coverage may be reduced.

In accordance with the Terrorism Risk Insurance Act, 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. The policy's other provisions will still apply to such an act.

See the section of this Notice titled **SELECTION OR REJECTION OF TERRORISM INSURANCE COVERAGE**. If you choose to accept this offer of coverage, your premium will include the additional premium for terrorism as stated in this disclosure.

Failure to pay the premium by the due date will constitute rejection of the offer and your policy will be written to exclude the described coverage.

SELECTION OR REJECTION OF TERRORISM INSURANCE COVERAGE

Please note: regardless of your selection, a premium is due. The specific amount is included in the option you choose.

_____ **I hereby elect to purchase Terrorism coverage** for acts of terrorism that are certified under the federal program as an act of terrorism. I understand that if the quoted premium is not remitted within 30 days of the policy effective date, an **exclusion** of terrorism losses will be made a part of this policy.

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

Print Name

Named Insured

Policyholder/Applicants Signature

Date

Submission Number