

NOTICE - OFFER OF TERRORISM COVERAGE NOTICE - DISCLOSURE OF PREMIUM

Named Insured:

Attached to Quote Number: _____

Attached to Policy Number: - _____

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 January 2015, the Terrorism Risk Insurance Program Reauthorization Act of 2015 (the "Reauthorization Act") extended this program through December 31, 2020. Under the "Reauthorization Act":

- Must be a "certified act of terrorism" as recognized by the U. S. Treasury Department
- 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 a 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.
- The United States Government, Department of the Treasury, will pay a share of terrorism losses insured under the federal program. The federal share equals the percentage of that portion of the amount of such insured losses that exceeds the applicable insurer retention for the calendar years shown as follows:
 - 2015 – The federal share of terrorism losses are 85%.
 - 2016 – The federal share of terrorism losses are 84%.
 - 2017 – The federal share of terrorism losses are 83%.
 - 2018 – The federal share of terrorism losses are 82%.
 - 2019 – The federal share of terrorism losses are 81%.
 - 2020 – The federal share of terrorism losses are 80%.

In accordance with the "Reauthorization Act" of 2015, 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. 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).

DISCLOSURE OF PREMIUM

If you accept this offer, no signature is needed. The prospective premium for terrorism coverage is \$ 0.00 _____.

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