



Policy	TBD	Effective	

THIS NOTICE CONTAINS IMPORTANT INFORMATION ABOUT THE TERRORISM RISK INSURANCE ACT OF 2002 AND YOUR OPTION TO PURCHASE TERRORISM INSURANCE COVERAGE. PLEASE READ IT CAREFULLY.

THE TERRORISM RISK INSURANCE ACT OF 2002

On November 26, 2002, President Bush signed into law the Terrorism Risk Insurance Act of 2002. The Act establishes a temporary program to spread the risk of catastrophic losses from an act of terrorism between insurers and the federal government. The stated purpose of the Act is "to protect consumers by addressing market disruptions and ensure the continued widespread availability and affordability of property and casualty insurance for terrorism risk."

The Act requires insurers to pay losses from an act of terrorism up to an amount equal to a percentage of its direct earned premium. This amount is called the "insurer deductible." If an individual insurer's losses exceed this amount, the federal "Terrorism Insurance Program" will reimburse the insurer for 90% of losses paid in excess of the insurer deductible. An insurer that has met its insurer deductible is not liable for any portion of losses in excess of \$100 billion per year. Similarly, the federal government is not liable for any losses covered by the Act that exceed this amount.

MANDATORY OFFER OF COVERAGE FOR AN ACT OF TERRORISM

Under the Act, insurers must make coverage available for any loss that results from an act of terrorism AND that is otherwise covered under your policy.

An "act of terrorism" means:

[A]ny act that is certified by the Secretary [of the Treasury], in concurrence with the Secretary of State, and the Attorney General of the United States

(i) to be an act of terrorism;

(ii) to be a violent act or an act that is dangerous to –

(I) human life;

(II) property; or

(III) infrastructure;

(iii) to have resulted in damage within the United States, or outside of the United States in the case of

(I) an air carrier (as defined in section 40102 of title 49, United States Code) or 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); or

(II) the premises of a United States mission; and

(iv) to have been committed by an individual or individuals acting on behalf of any foreign person or foreign interest, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

SELECTION OR REJECTION OF COVERAGE for an act of terrorism - What You Must Do

You have the option of purchasing coverage for losses resulting from an act of terrorism as defined above. This coverage is subject to all of the terms, definitions, exclusions and conditions contained in your policy. THE PREMIUM CHARGE FOR THIS COVERAGE IS _____ 10% of premium

PLEASE INDICATE YOUR ELECTION TO ACCEPT OR REJECT THIS OFFER BELOW:

<input type="checkbox"/>	I hereby elect to purchase coverage for an act of terrorism for the premium noted above.
<input type="checkbox"/>	I hereby reject this offer of coverage. I understand that by rejecting this offer, I will have no coverage for losses arising from an act of terrorism.

IMPORTANT. Please note that even if you elect to purchase this coverage, losses caused by war may be excluded from coverage under your policy. Losses resulting from terrorist acts that the Secretary of the Treasury fails to certify as falling within the federal Terrorism Insurance Program also will be excluded from coverage where permitted by state law.

If you are purchasing an excess policy, you may purchase coverage for an act of terrorism only if you first purchase such coverage in the primary and underlying excess policies.

POLICYHOLDER ACKNOWLEDGEMENT

I hereby acknowledge that I have received notice of the Terrorism Risk Insurance Act of 2002 and the federal share of compensation for acts of terrorism under the Terrorism Insurance Program. I also acknowledge that I have been notified of the premium charge for losses covered by the Program. For purposes of acknowledging receipt of this notice, I am the authorized representative of all insureds under the subject policy.

Policyholder/Applicant Signature

Print Name

Date

THE SUMMARY OF THE ACT AND THE COVERAGE UNDER YOUR POLICY CONTAINED IN THIS NOTICE IS NECESSARILY GENERAL IN NATURE. YOUR POLICY CONTAINS SPECIFIC TERMS, DEFINITIONS, EXCLUSIONS AND CONDITIONS. IN CASE OF ANY CONFLICT, YOUR POLICY LANGUAGE WILL CONTROL THE RESOLUTION OF ALL COVERAGE QUESTIONS. PLEASE READ YOUR POLICY CAREFULLY.