

Named Insured _____

Policy/binder/quote No. _____

IF YOU WISH TO REJECT COVERAGE UNDER THE TERRORISM RISK INSURANCE ACT, AS EXTENDED ON DECEMBER 26, 2007, THE FIRST NAMED INSURED IF AN INDIVIDUAL, OR AN AUTHORIZED OFFICER, PARTNER OR MEMBER MUST SIGN ONE OF THESE STATEMENTS

TERRORISM RISK INSURANCE ACT REJECTION OF COVERAGE

I acknowledge that I have been notified as required under the Terrorism Risk Insurance Act, as extended on December 26, 2007, that as respects to the above numbered insurance policy issued to me:

1. I have been offered coverage for acts of terrorism as defined in the Act;
2. I have been advised that if I accept coverage for acts of terrorism as defined in the Act, the United States Government will participate in the payment of terrorism losses insured under the Act, subject to the provisions of the Act;
3. I have been told that if I reject coverage under the Act by signing this notice, to the extent allowed by law, I will have no coverage for any act of terrorism under this policy.
4. I have been notified of the annual premium for coverage for acts of terrorism as defined in the Act.
5. I hereby **reject** coverage for acts of terrorism as defined in the Act and understand my policy will contain an exclusion for acts of terrorism.

Policyholder/applicant's signature

Date

Print name

RETURN THIS FORM TO YOUR AGENT OR BROKER. A COPY OF THIS DOCUMENT IS AS BINDING AS THE ORIGINAL.

ATTENTION AGENT OR BROKER: THIS FORM MUST BE SIGNED PERSONALLY BY THE INSURED, OR AUTHORIZED OFFICER, PARTNER OR MEMBER AND RETURNED BACK THROUGH ANY APPLICABLE INTERMEDIARY AGENT/ BROKER/ WHOLESALER TO THE COMPANY OR PROGRAM ADMINISTRATOR.

DISCLOSURE OF PREMIUM - If you accept this offer, the premium for terrorism coverage is _____.

By law, some states do not allow you to reject first party property coverage for fire following an act of terrorism. If you reject this offer and your state requires that we provide you with terrorism coverage for fire following terrorism, the premium for the required first party fire following terrorism coverage is \$_____. (If "N/A" appears, this type of coverage is not applicable to your policy.)

NOTICE - OFFER OF TERRORISM COVERAGE NOTICE – DISCLOSURE OF PREMIUM

The Terrorism Risk Insurance Act, as extended on December 26, 2007 by the enactment of the Terrorism Risk Insurance Program Reauthorization Act of 2007, is a program within the Department of the Treasury, under which the federal government shares, with the insurance industry, the risk of loss from terrorist attacks. The Act applies when the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, certifies that an event meets the definition of a “certified act of terrorism”. The Act provides that, to be certified, an act of terrorism must result in insured losses in excess of 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. As used in this notice, “certified act of terrorism” means an act of terrorism **that is certified under the federal program as an act of terrorism**. The definition of “certified acts of terrorism” no longer requires that the act of terrorism be committed by or on behalf of a foreign interest. **Therefore, “certified acts of terrorism” are no longer limited to an act of terrorism committed by or on behalf of a foreign interest.**

In accordance with the Terrorism Risk Insurance Act, as extended on December 26, 2007, we are required to offer you coverage for any “certified act of terrorism” 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 not 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 premium will include the additional premium for terrorism as stated in such **DISCLOSURE**. Payment of the additional premium will constitute acceptance of this offer. If you choose to reject this offer, you must do so by signing the enclosed statement and returning it to your agent or broker.

If you **accept** coverage under the Act, eligible lines of insurance within your policy will contain a cap on payment of damages that are from “certified acts of terrorism” reflecting the limits established by the Act. If permitted by your state, your policy will also contain an exclusion for punitive damages resulting from “certified acts of terrorism”, since punitive damages are excluded under the Act. If you **reject** coverage under the Act, your policy will contain an exclusion for “certified acts of terrorism”.

LIMITATION ON PAYMENT OF TERRORISM LOSSES (applies to policies which cover terrorism losses insured under the federal program, including those which only cover fire losses)

The provisions of the Terrorism Risk Insurance Act, as extended on December 26, 2007, can limit our maximum liability for payment of losses from “certified acts of terrorism”. That determination will be based on a formula set forth in the law involving the national total of federally insured terrorism losses in a Program Year (January 1 through December 31) and individual insurer participation in payment of such losses.

DISCLOSURE OF FEDERAL PARTICIPATION IN PAYMENT OF TERRORISM LOSSES

You should know that where coverage is provided by this policy for losses resulting from “certified acts of terrorism”, such losses may be partially reimbursed by the United States Government under a formula established by federal law. Under this formula, the United States Government pays 85% of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage. The premium charged for this coverage is provided below and does not include any charges for the portion of loss covered by the Federal Government under the Act.

CAP ON INSURER PARTICIPATION IN PAYMENT OF TERRORISM LOSSES

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31) and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.