

NOTICE TO POLICYHOLDERS

NOTICE OF TERRORISM INSURANCE

Dear Policyholder:

This Notice is **not** a part of your insurance policy. No coverage is provided by this Notice nor does it replace any provision of your policy. You should read your policy and review your declarations page for complete information on the coverages provided. If there are any discrepancies between the policy and this Notice, **THE PROVISIONS OF THE POLICY GOVERN.**

A. Background

On November 26, 2002 President Bush signed the Terrorism Risk Insurance Act of 2002. This Act established a Program (Terrorism Risk Insurance 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. Due to President Obama's signing of the Terrorism Risk Insurance Program Reauthorization Act of 2015, the Program remains in effect until December 31, 2020.

B. Disclosure Of Premium

In accordance with the federal Terrorism Risk Insurance Act, we are required to provide you with a notice disclosing the portion of your premium, if any, attributable to coverage for terrorist acts certified under the Terrorism Risk Insurance Act. The portion of your premium currently attributable to such coverage is \$0.

C. Disclosure Of Federal Participation In Payment Of Terrorism Losses

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 (as shown in the following schedule) of that portion of the amount of such insured losses that exceeds the applicable insurer deductible. However, if aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year, the Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion.

Federal share of terrorism losses schedule:

Calendar Year 2015: 85%

Calendar Year 2016: 84%

Calendar Year 2017: 83%

Calendar Year 2018: 82%

Calendar Year 2019: 81%

Calendar Year 2020: 80%

D. 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 calendar year and we have met our insurer deductible under the Terrorism Risk Insurance Act, we will 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.

E. CF-1897 Certified Terrorism Loss Coverage; Non-Certified Terrorism Loss Exclusion (With Limited Exception); Nuclear, Biological, Chemical And Radiological Exclusion; War And Military Action Exclusion

Endorsement **CF-1897** makes a distinction between "certified acts of terrorism" and "non-certified acts of terrorism". The endorsement provides coverage for "certified acts of terrorism", which is more fully defined in the endorsement. This coverage is subject to a limit pursuant to the federal Terrorism Risk Insurance Act.

The endorsement excludes coverage for "non-certified acts of terrorism" and contains an exception for certain fire losses. If a "non-certified act of terrorism" results in fire, that loss may be covered, subject to all applicable policy provisions and Limits of Insurance.