

Date:

## POLICYHOLDER DISCLOSURE

### NOTICE OF TERRORISM INSURANCE COVERAGE

#### **Mandatory Offer of Coverage for "Certified Acts of Terrorism" and Disclosure of Premium**

This form is attached to and made part of your policy in response to the disclosure requirements of the Terrorism Risk Insurance Act. It contains important information about the Act and your option to purchase terrorism insurance coverage. Please read it carefully. This notice does not grant any coverage or change the limits, terms and conditions of any coverage under the policy.

Coverage under your new or renewal policy is affected as follows:

#### **The Terrorism Risk Insurance Act**

You are hereby notified that under the Terrorism Risk Insurance Act, as amended, (the Act), that you have a right to purchase insurance coverage for losses resulting from acts of terrorism, *as defined in Section 102(1) of the Act*. The term "act of terrorism" means any act that is certified by the Secretary of the Treasury in consultation with the Secretary of Homeland Security, and the Attorney General of the United States - to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals 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.

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. HOWEVER, YOUR POLICY MAY CONTAIN OTHER EXCLUSIONS WHICH MIGHT AFFECT YOUR COVERAGE, SUCH AS EXCLUSION FOR NUCLEAR EVENTS. UNDER THE FORMULA, THE UNITED STATES GOVERNMENT GENERALLY REIMBURSES 85% OF COVERED TERRORISM LOSSES EXCEEDING THE STATUTORILY ESTABLISHED DEDUCTIBLE PAID BY THE INSURANCE COMPANY PROVIDING THE COVERAGE UNTIL JANUARY 1, 2016, AT WHICH TIME THE FEDERAL SHARE SHALL DECREASE BY 1 PERCENTAGE POINT PER CALENDAR YEAR UNTIL EQUAL TO 80%. THE PREMIUM CHARGED FOR THIS COVERAGE IS PROVIDED BELOW AND DOES NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS THAT MAY BE COVERED BY THE FEDERAL GOVERNMENT UNDER THE ACT.

YOU SHOULD ALSO KNOW THAT THE ACT, AS AMENDED, 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.

***Important Note:*** *The Act does not include terrorism coverage for Commercial Auto or Burglary and Theft should they be included in this policy.*

#### **Mandatory Standard Fire Policy Disclosure Statement**

For property located in the standard fire policy state(s) of Rhode Island, if applicable, there are state statutory exceptions covering certain fire losses if you decline coverage for acts of terrorism defined under the Act. If an act of terrorism certified under the acts results in fire, we are required to pay for the loss or damage caused by that fire. Such coverage for fire applies only to direct loss or damage by fire to covered property and is subject to any limitations of any terrorism exclusion, or inapplicability or omission of terrorism exclusion. This notice does not serve to create coverage for any loss which would otherwise be excluded under your policy.

The portion of your premium that is attributable to coverage for direct loss or damage that is caused by an act of terrorism certified under the act and where fire ensues in a statutory standard fire policy state (fire

following terrorism) is \$ , and does not include any charges for the portion of losses covered by the United States Government under the Act. This mandatory premium is already included in the total premium amount shown in the box below to purchase terrorism coverage. If terrorism coverage is rejected this mandatory premium will still be charged.

**Acceptance or Rejection of Terrorism Insurance Coverage** Please indicate below whether you accept or reject this offer. If we do not receive this form completed and signed from you within 10-days of receipt of this notice or by the effective date of this policy, whichever is later, coverage for "certified acts of terrorism" will be excluded from your policy.

Coverage for losses from "certified acts of terrorism" is still subject to, and may be limited by, all other terms, conditions and exclusions contained in your policy.

<input type="checkbox"/>	I hereby elect to purchase terrorism coverage for the policy period for \$
<input type="checkbox"/>	I hereby decline to purchase terrorism coverage for certified acts of terrorism for the policy period. I understand that I will have no coverage for losses resulting from certified acts of terrorism.

**Policyholder Acknowledgement**

I ACKNOWLEDGE THAT I HAVE BEEN NOTIFIED THAT UNDER THE TERRORISM RISK INSURANCE ACT, AS AMENDED, ANY LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM UNDER MY POLICY COVERAGE MAY BE PARTIALLY REIMBURSED BY THE UNITED STATES GOVERNMENT AND MAY BE SUBJECT TO A \$100 BILLION CAP THAT MAY REDUCE MY COVERAGE, AND I HAVE BEEN NOTIFIED OF THE PORTION OF MY PREMIUM ATTRIBUTABLE TO SUCH COVERAGE.

Named Insured:

\_\_\_\_\_  
Policyholder/Applicant's Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Date

Reference Number or Policy Number:  
Policy Term:

Mailing Address:  
Arbella Insurance Companies  
Attention: TRIA  
1100 Crown Colony Drive  
PO Box 699174  
Quincy, MA 02269-9174

If you have already signed this form for your agent then you need not return this form. Should you have any questions regarding this notice, please contact your agent.