

Date:

Policy Number:

Arbella Protection Insurance Company

2015 TERRORISM UPDATE POLICYHOLDER NOTICE

This Notice does **not** form a part of your insurance contract. The Notice is designed to advise you concerning applicability and potential applicability of the endorsements to your policy that address potential terrorism losses.

Carefully read your policy, including the endorsements attached to your policy.

The Terrorism Risk Insurance Act established a program (Terrorism Risk Insurance Program, "the federal Program") within the Department of the Treasury, under which the federal government would share, with the insurance industry, the risk of loss from terrorist attacks. That Program, which was scheduled to terminate at the end of December 31, 2014, was subsequently reauthorized by Congress. Specifically, Congress passed legislation to continue the federal Program by reauthorizing it with changes, including extending the termination date from December 31, 2014 to December 31, 2020, instead of allowing the federal Program to terminate and establishing a new program. President Obama signed the related legislation on January 12, 2015.

Prior to reauthorization of the federal Program, we endorsed your policy with two types of terrorism forms -- one which addresses the federal Program and one which recognizes the fact that the federal Program potentially could have terminated at the end of 2014.

The latter endorsement, titled Conditional Exclusion Of Terrorism (Relating To Disposition Of Federal Terrorism Risk Insurance Act), has provisions conditioned on whether or not the federal Program terminates. However, as described above, the federal Program has been reauthorized and extended with a new termination date. Therefore, if this endorsement continues to be endorsed to your policy, it would not have potential effect until the potential December 31, 2020 termination of the federal Program or until such Program is renewed, extended or replaced subject to certain conditions, as provided in the endorsement, through future action by Congress.

If your policy provides Terrorism coverage then your policy contains an endorsement titled Cap On Losses From Certified Acts Of Terrorism. At this time, while the federal Program is in effect and your policy is so endorsed, the provisions of this endorsement apply to your policy. Therefore, terrorism coverage applies in accordance with the terms of your policy, as limited by the Cap endorsement. That is, the absence of a terrorism exclusion does not create coverage for any loss that would otherwise be excluded under the terms of the policy, such as losses excluded by the nuclear hazard or war exclusion.

The Terrorism Risk Insurance Program Reauthorization Act of 2015 made various changes to the federal Program, none of which affect the scope of coverage for certified acts of terrorism under your policy. In the future, we may update your policy with a revised endorsement relating to certified acts of terrorism, to recognize procedural changes and revisions to certain terminology under the Act.

If your policy excludes Terrorism coverage then your policy contains an endorsement titled Exclusion Of Certified Acts Of Terrorism. At this time, while the federal Program is in effect and your policy is so endorsed, the provisions of this endorsement apply to your policy. Therefore, losses from a certified act(s) of terrorism are **excluded** in accordance with the terms of this endorsement. Coverage (if any) relating to any other act(s) of terrorism is governed by the provisions of your policy; that is, inapplicability of the certified acts exclusion to a particular event does not create coverage for any loss that would otherwise be excluded under the terms of the policy, such as losses excluded by the nuclear hazard or war exclusion.

The Terrorism Risk Insurance Program Reauthorization Act of 2015 made various changes to the federal Program, none of which affect the scope of the exclusion of certified acts of terrorism under your policy. In the future, we may update your policy with a revised endorsement relating to exclusion of certified acts of terrorism, to recognize procedural changes and revisions to certain terminology under the Act.

NOTE: The Exception Covering Certain Fire Losses applies in certain states. If the Exception applies, the Schedule of the endorsement indicates the affected types of insurance in affected states. When the Exception applies, the exclusion of terrorism does not apply to direct loss or damage by fire to Covered Property, with respect to affected types of insurance in affected states.