Jim Poolman
Commissioner of Insurance

DEPARTMENT OF INSURANCE
STATE OF NORTH DAKOTA

BULLETIN 2002-3

TO: All Property and Casualty Insurers and All Alien Insurers Writing Commercial Lines Insurance Products

FROM: Jim Poolman, Commissioner

DATE: December 3, 2002

SUBJECT: Voluntary Expedited Filing Procedures for Compliance With the Provisions of the Terrorism Risk Insurance Act of 2002

Background

There has been much uncertainty in the markets for commercial lines property and casualty insurance coverage in light of the substantial losses experienced by the industry on September 11, 2001. Soon after the tragic events, many reinsurers announced that they did not intend to provide coverage for acts of terrorism in future reinsurance contracts. This led to a concerted effort on behalf of all interested parties to seek a temporary federal backstop to calm market fears over future terrorist attacks and the ability of the insurance industry to allocate capital to provide coverage for these unpredictable and potentially catastrophic events. Congress recently enacted and the President has signed into law, the Terrorism Risk Insurance Act of 2002 (the Act). This federal law provides a federal backstop for defined acts of terrorism and imposes certain obligations on insurers.

The intent of this bulletin is to advise you of certain provisions of the Act that may require insurers to submit a filing in this state and to inform you regarding a voluntary procedure for insurers to use to expedite the filing and timely review of the disclosure notices, policy language, and the applicable rates that are discussed in the Act.

Section 102(6) of the Act defines "insurers" for purposes of the Act. "Insurer" means any entity and affiliate thereof that is (1) licensed or admitted to engage in the business of providing primary or excess insurance in any state; (2) an eligible surplus line carrier listed on the Quarterly Listing of Alien Insurers of the National Association of Insurance Commissioners (NAIC), or any successor thereto; (3) approved for the purpose of offering property and casualty insurance by a federal agency in connection with maritime, energy, or aviation activity; or (4) a state residual market insurance entity or state workers compensation fund; and that receives direct earned premium for any type of commercial property and casualty insurance coverage. The Secretary of Treasury may extend the Act to other classes or types of captive insurers and

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other self-insured arrangements by municipalities and other entities as well as to group life insurance.

Section 102(12) of the Act states the term "property and casualty insurance" means (1) commercial lines of property and casualty insurance, including excess insurance, workers compensation insurance, and surety insurance, and (2) does not include crop or livestock insurance, private mortgage or title insurance, financial guaranty insurance issued by monoline financial guaranty insurance corporations, medical malpractice, health or life insurance including group life, flood insurance provided under the National Flood Insurance Act, or reinsurance or retrocessional reinsurance.

All insurers, as defined in the Act, are required by the Act to participate in the Terrorism Insurance Program (the Program) and make available coverage for *insured losses* in all of their covered commercial lines policies. The term "*insured loss*" means any loss resulting from an act of terrorism (including an act of war, in the case of workers compensation) that is covered by primary or excess property and casualty insurance issued by an insurer if such loss (1) occurs within the United States, or (2) occurs in an air carrier (as described in Section 40102 of Title 49, United States Code), to a 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), regardless of where the loss occurs, or at the premises of a United States mission. The Act also advises that insured loss excludes amounts awarded in a civil action that are attributable to punitive damages. The Act further requires insurers to make available property and casualty insurance coverage for *insured losses* that do not differ materially from the terms, amounts, and other coverage limitations applicable to losses arising from events other than acts of terrorism.

The Act voids any terrorism exclusions in a contract for property and casualty insurance that is in force on the date of enactment of this Act to the extent that it excludes losses that would otherwise be *insured losses*. The Act also voids any state approval of any terrorism exclusion from a contract for property or casualty insurance that is in force on the date of enactment of this Act to the extent that it excludes losses that would otherwise be *insured losses*. The Act allows insurers to "reinstate a preexisting provision in a contract for commercial property and casualty insurance that is in force on the date of enactment of this Act and that excludes coverage for acts of terrorism only" if one of two conditions are met. The insurer must have received a written statement from the insured that affirmatively authorizes such reinstatement or if the insurer has provided notice to the insured, at least 30 days before any such reinstatement and the insured fails to pay any increased premium charged by the insurer for providing such terrorism coverage.

Definition of Insured Loss

Section 102(5) of the Act provides a definition of *insured loss*. It states, "the term "insured loss" means any loss resulting from an act of terrorism (including an act of war, in the case of workers' compensation) that is covered by primary or excess property and casualty insurance issued by an insurer if such loss—(A) occurs within the United States; or (B) occurs to an air carrier (as defined in section 40102 of title 49, United States Code), to a 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), regardless of where the loss occurs, or at the premises of any United States mission."

As a result of the definition contained in the Act, there are essentially two distinct types of losses that a business might face that result from terrorism. One type of loss is the *insured loss* that is defined within and covered by the provisions of the Act. For convenience, we will adopt the moniker of "certified loss" to refer to losses resulting from certified acts of terrorism. The second type of loss that a business might face is one that does not fit within the definition of *insured loss* as described in the Act. For convenience, we will adopt the moniker of "non-certified loss" to refer to losses resulting from terrorism that is not certified. The most significant difference between these losses is that the *certified losses* will always involve a foreign person or foreign interest, while the *non-certified losses* may not.

Please note that the preemption of this state's filing law (N.D. Cent. Code § 26.1-30-19) applies only to contract language that is applicable to certified losses. If an insurer intends to reinstate an exclusion on in-force policies as allowed under the Act, it may only reinstate an exclusion that previously existed on the policy.

This state has allowed, and will continue to allow, some significant limitations that provide coverage for acts of terrorism under certain circumstances. For policies providing property insurance coverage the following limitations apply to *non-certified losses*:

- Exclusion for acts of terrorism only apply if the acts of terrorism result in industry-wide insured losses that exceed $25,000,000 for related incidents that occur within a 72-hour period;

- Exclusions for acts of terrorism are not subject to limitations above if:

    - The act involves the use, release or escape of nuclear materials, or that directly or indirectly results in nuclear reaction or radiation or radioactive contamination;

    - The act is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or

    - Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the terrorism was to release such materials.

For policies providing liability insurance coverage the following limitations apply to *non-certified losses*:

- Exclusion for acts of terrorism only apply if the acts of terrorism result in industry-wide insured losses that exceed $25,000,000 for related incidents that occur within a 72 hour period; or

- Fifty or more persons sustain death or serious physical injury for related incidents that occur within a 72 hour period. For purposes of this provision serious physical injury means:
    - Physical injury that involves a substantial risk of death;
    - Protracted and obvious physical disfigurement; or
    - Protracted loss of or impairment of the function of a bodily member or organ.
- Exclusions for acts of terrorism are not subject to limitations above if;
    - The act involves the use, release or escape of nuclear materials, or that directly or indirectly results in nuclear reaction or radiation or radioactive contamination;
    - The act is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
    - Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the terrorism was to release such materials.

Definition of Act of Terrorism

Section 102(1) defines an *act of terrorism* for purposes of the Act. Section 102(1)(A) states, "The term "act of terrorism" means any 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 the United States in the case of—(I) an air carrier or vessel described in paragraph (5)(B); 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." Section 102(1)(B) states, "No act shall be certified by the Secretary as an act of terrorism if—(i) the act is committed as part of the course of a war declared by the Congress, except that this clause shall not apply with respect to any coverage for workers' compensation; or (ii) property and casualty insurance losses resulting from the act, in the aggregate, do not exceed $5,000,000." Section 102(1)(C) and (D) specify that the determinations are final and not subject to judicial review and that the Secretary of the Treasury cannot delegate the determination to anyone.

This state will not allow exclusions of coverage for acts of terrorism that fail to be *certified losses* solely because they fall below the $5,000,000 threshold in Section 102(1)(B) on any policy that provides coverage for *certified losses*. Insurers required to file policy forms may submit language containing coverage limitations for *certified losses* that exceed $100 billion.

The Act includes a definition of acts of terrorism that is used within this bulletin to mean *certified losses*. Policies subject to policy form filing requirements should also define what constitutes an act of terrorism for *non-certified losses*. For *non-certified losses*, this state would accept the following definition, or one that is more liberal to policyholders:

> The phrase "non-certified act of terrorism" means a violent act or an act that is dangerous to human life, property; or infrastructure that is committed by an individual or individuals and that appears to be part of an effort to coerce a civilian population or to influence the policy or affect the conduct of any government by coercion, and the act is not certified as a terrorist act pursuant to the Federal Terrorism Risk Insurance Act of 2002.

Submission of Rates, Policy Form Language and Disclosure Notices

Insurers are required to comply with the Act and with state law. Section 106(a)(2)(B) of the Act states that "during the period beginning on the date of enactment of this Act and ending on December 31, 2003, rates and forms for terrorism risk insurance coverage covered by this title and filed with any State shall not be subject to prior approval or a waiting period under any law of a State that would otherwise be applicable..." The subsection further notes that rates remain subject to subsequent regulatory review based on whether a rate is "excessive, inadequate, or unfairly discriminatory" and other applicable state law. Similarly, policy forms are subject to subsequent review based on all applicable laws and regulations. Thus, a system is created where insurers can immediately implement prospective rate changes for coverage of *insured losses* related to *acts of terrorism* as defined in the Act. Policy language for terrorism risk and insurance covered by the Act (granting coverage or excluding coverage for *insured losses*) is only exempt from prior approval or waiting periods to the extent that the policy language relates to *insured losses* as defined in the Act. Other policy language changes and related pricing remain subject to current applicable state law and will be processed in an expedited manner.

If an insurer relies on an advisory organization to file loss costs and related rating systems on its behalf, no rate filing is required unless an insurer plans to use a different loss cost multiplier than is currently on file for coverage for *certified losses*. The rate filing should provide sufficient information for the reviewer to determine what price would be charged to a business seeking to cover *certified losses*. This state will accept filings that contain a specified percentage of premium to provide for coverage for *certified losses*. Insurers may also choose to use rating plans that take into account other factors such as geography, building profile, proximity to target risks, and other reasonable rating factors. The insurer should state in the filing the basis that it has for selection of the rates and rating systems that it chooses to apply. The supporting documentation should be sufficient for the reviewer to determine if the rates are excessive, inadequate, or unfairly discriminatory. For the convenience of insurers, this state will waive its requirements for supporting documentation for rates for certified losses for filings that apply an increased premium charge of between 0% and 3% and do not vary by application of other rating factors.

Insurers subject to policy form regulation must submit the policy language that they intend to use in this state within a reasonable time after they are implemented. This state considers 30 days to be a reasonable time for purposes of completing an expedited filing of policy language. The

policy should define *acts of terrorism* and both *certified* and *non-certified losses* in ways that are consistent with the Act, state law, and the guidance provided in this bulletin. The definitions, terms, and conditions should be complete and accurately describe the coverage that will be provided in the policy.

The Commissioner requests that the disclosure notices be filed for informational purposes, along with the policy forms, rates, and rating systems as they are an integral part of the process for notification of policyholders in this state and should be clear and not misleading to business owners in this state. The disclosures should comply with the requirements of the Act and should be consistent with the policy language and rates filed by the insurer. Details about the applicable requirements are contained in the following two paragraphs.

In-force business receives special consideration under the Act. Section 105(a) voids any terrorism exclusion on existing policies to the extent that it excludes losses that would otherwise be *insured losses* as defined in the Act. It details a process for insurers and policyholders to reinstate the voided exclusions. Under that process, an insurer may reinstate a preexisting provision in a contract that is in force on the date of enactment of this Act and that excludes coverage for an act of terrorism only if the insurer has received a written statement from the insured that affirmatively authorizes such reinstatement or if the insured fails to pay any increased premium charged by the insurer for providing such coverage and the insurer provided notice, at least 30 days before any such reinstatement as provided in Section 105 of the Act.

There are also disclosures required for new business and renewal business. Although voidance of contract language is not an issue, insurers must make certain disclosures to policyholders to remain in compliance with the Act. Section 103(b)(2) requires insurers to provide a clear and conspicuous disclosure to the policyholder of the premium charged for covered *insured losses* and advise that a federal program exists where the federal government will share significant portions of major *insured losses* with insurers.

Surplus lines carriers are not required by state law to file policies, forms, or rates. Therefore, while they are subject to provisions of the Act, surplus lines carriers are not expected to file policies, forms, and rates with the state.

Effect on Workers Compensation Insurance Coverage

North Dakota is a monopolistic workers compensation state. North Dakota Workers Compensation Bureau is the exclusive provider of workers compensation coverage in the state. However, to the extent that related coverages have been permitted, such as employers liability and high deductible coverage plans, the following applies:

Treatment of workers compensation is slightly different than for other property and casualty insurance coverages. First, Section 102(1)(B)(i) provides that the federal program will share the risk of loss for workers compensation for acts of war in addition to acts of terrorism. This treatment occurs because of the statutory nature of the workers compensation program, which does not provide an exclusion for losses resulting from an act of war. Under North Dakota law

there is no exclusion for workers compensation losses resulting from an act of war. There is no provision in the Act that would preempt the compulsory coverage aspects of workers compensation insurance policies. In other respects, however, workers compensation coverage is treated under the Act as any other covered line of insurance. Therefore, the notice requirements of Section 103(b)(2) and the mandatory "make available" requirements of Section 103(c) apply to workers compensation policies. In this connection, workers compensation insurers are required to separately state (the amount of) the estimated portion of the premium being charged a policyholder for acts of terrorism, as defined in the Act. As this state's workers compensation law does not have any exclusions for terrorism or war, neither insurers nor policyholders may use the Act's procedures to create such an exclusion. With regard to the filing and approval of rates and forms, workers compensation insurers are also covered by the Act, specifically Section 106(a)(2)(B) that waives any state prior approval or time requirements for the first year of the Act. Such insurers shall therefore follow the alternative filing procedures established in this bulletin.

Optional Provision for Standard Fire Policy States

In this state, the requirements for fire coverage are established by law and where applicable, must meet or exceed the provisions of the Standard Fire Policy. These legal requirements cannot be waived. Thus, a business cannot voluntarily waive this statutorily mandated coverage. This requirement does not apply to commercial inland marine policies.

Information for SERFF Filers

For insurers that use the SERFF system, there will be an expedited filing form in that system for your use.

Explanation and Instructions for Terrorism Rate and Form Review

The Act preempts any state prior approval law pertaining to rates or forms—including any law that imposes waiting periods—prior to use of a rate or form for purposes of terrorism coverage, as defined by the Act. This preemption remains in effect for the first year of the Act. Consistent with these requirements of the Act, this bulletin establishes a system for rates and forms, requiring insurers or advisory organizations to file their rates and forms no later than 30 days after their first date of use. The procedure for obtaining an expedited review of such rates and forms is set forth below. However, nothing in this bulletin shall be construed as establishing a rate or form filing review or approval requirement where one does not otherwise exist under this state's law. Policy language changes and related pricing for *non-certified losses* remain subject to current applicable state law and will be processed in an expedited manner.

Forms with Instructions

Attached to this bulletin is a uniform filing transmittal form that has been agreed upon by this state and other states. An insurer or advisory organization wishing to receive expedited treatment of its filing shall complete the EXPEDITED FILING TRANSMITTAL DOCUMENT—FOR

TERRORISM RISK INSURANCE FORMS AND PRICING as directed. In addition, the insurer(s) or advisory organization submitting the filing must certify that the filing is consistent with this bulletin, state law and the provisions of the Act. Certification is made by signing the appropriate blank on the transmittal form. Filings for policy language changes and related pricing for *non-certified losses*, which remain subject to current applicable state law, may be made using the attached filing transmittal form. These filings will be processed in an expedited manner. The attached expedited filing transmittal document replaces all otherwise applicable filing forms and filing transmittal forms for these filings.

To be complete, an expedited filing must include the following:

1. A completed, certified Expedited Filing Transmittal Document for each insurer or advisory organization. Note that a comparable filing transmittal form is available in SERFF.

2. One copy of each policy form or endorsement that the insurer intends to use, unless the insurer has given an advisory organization authorization to file them on its behalf.

3. A copy of the rates and rating systems along with the supporting documentation, if required.

4. A copy of any disclosure notices that will be used to convey information to policyholders in this state.

5. The appropriate filing retaliatory fees.

6. A postage-paid, self-addressed envelope **large enough to accommodate the return.**

If this filing is for multiple companies, please provide a copy of the transmittal header for each company <u>and</u> an extra copy for return to the company (i.e., 7 companies = 8 copies).

<u>Effective Date</u>

This bulletin shall take immediate effect. The expedited filing process outlined herein shall expire on December 31, 2003. The remainder of the bulletin shall expire on December 31, 2005, unless Congress extends the duration of the Act.

Ed. 11/15/02

EXPEDITED FILING TRANSMITTAL DOCUMENT FOR TERRORISM RISK INSURANCE FORMS AND PRICING

This page applies to the following state(s)

Indicate Type of Filing
☐ Filing Related to *Certified Losses* ☐ Filing Related to *Non-Certified Losses* ☐ Filing Applicable to Both Certified and Non-Certified Losses

Department Use only

Company Name(s)	Domicile	NAIC #	FEIN #

Contact Info for Filer

Name and address of Filer(s)	Telephone #	FAX #	e-mail

Filing information

Line of Insurance (see attachment)	
Company Program Title (Marketing title) (if applicable)	
Filing Type ** see note below	
This application is used with:	
Effective Date Requested	
Filing date	
Company Tracking Number	
Date filing approved in domiciliary state, if applicable	

	Component/Form Name /Description/Synopsis	Form # or Rate Page Include edition date	Replacement Or withdrawn?	If replacement, give form # or rate page(s) it replaces	Previous State Filing Number, if required by state
01			[ ] Replacement [ ] Withdrawn [ ] Neither		
02			[ ] Replacement [ ] Withdrawn [ ] Neither		

To be complete, a filing must include the following:

- A completed Expedited Filing Transmittal Document for each insurer or advisory organization.
- One copy of each endorsement, disclosure form or other policy language, unless the insurer has given an advisory organization authorization to file them on its behalf.
- A copy of the rates, rating systems and supporting documentation.
- The appropriate filing fees, if required
- A postage-paid, self-addressed envelope **large enough to accommodate the return.**

The insurer(s) submitting this filing certifies that it:

☐ Is in compliance with the terms of the Terrorism Risk Insurance Act of 2002 and the laws of this state; and

☐ Is in compliance with the requirements of the bulletin containing the voluntary expedited filing procedures.

Signature _____ Print Name: _____ Title: _____

COMPLETED SAMPLE FORM

Ed. 11/15/02

EXPEDITED FILING TRANSMITTAL DOCUMENT
FOR TERRORISM RISK INSURANCE FORMS AND PRICING

This page applies to the following state(s)

Indicate Type of Filing
☐ Filing Related to *Certified Losses*
☐ Filing Related to *Non-Certified Losses*
☐ Filing Applicable to Both Certified and Non-Certified Losses

Department Use only

Company Name(s)	Domicile	NAIC #	FEIN #
ABC Insurance Company	NY	0000-99999	99-1234567

Contact Info for Filer

Name and address of Filer(s)	Telephone #	FAX #	e-mail
John Doe (Form Filing) Regulatory Compliance ABC Insurance Co. 12345 Fifth Ave New York, NY 10234	501-555-5555	501-555-5551	John.doe@abcins.com

Filing information

Line of Insurance (see attachment)	Commercial General Liability
Company Program Title (Marketing title) (if applicable)	General Liability Program
Filing Type ** see note below	Form (Endorsement)
This application is used with:	(Insert policy form number to which the application attaches)
Effective Date Requested	01-01-02 (Enter your desired effective date)
Filing date	(Date Company sends filing)
Company Tracking Number	ABC-EP-2001-01 (Enter your filing tracking number, if applicable)
Date filing approved in domiciliary state, if applicable	Not approved yet. Filed on same date as this filing.

	Component/Form Name /Description/Synopsis	Form # or Rate Page Include edition date	Replacement Or withdrawn?	If replacement, give form # or rate page(s) it replaces	Previous State Filing Number, if required by state
01	Certified Loss Exclusion	CG XX XX 12 02	[X] Replacement [ ] Withdrawn [ ] Neither	List form number of previous terrorism exclusion	
02			[ ] Replacement [ ] Withdrawn [ ] Neither		

To be complete, a filing must include the following:

- A completed Expedited Filing Transmittal Document for each insurer or advisory organization.
- One copy of each endorsement, disclosure form or other policy language, unless the insurer has given an advisory organization authorization to file them on its behalf.
- A copy of the rates, rating systems and supporting documentation.
- The appropriate filing fees, if required
- A postage-paid, self-addressed envelope **large enough to accommodate the return.**

The insurer(s) submitting this filing certifies that it:

☐ Is compliance with the terms of the Terrorism Risk Insurance Act of 2002 and the laws of this state;
☐ Is compliance with the requirements of the bulletin containing the voluntary expedited filing procedures.

Signature _____ Print Name: _____ Title: _____

POLICYHOLDER DISCLOSURE

NOTICE OF TERRORISM

INSURANCE COVERAGE

You are hereby notified that under the Terrorism Risk Insurance Act of 2002, effective November 26, 2002, that you now have a right to purchase insurance coverage for losses arising out of 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 concurrence with the Secretary of State, 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 an air carrier or vessel or the premises of a United States mission; and 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. Coverage under your existing policy may be affected as follows:

ANY IN-FORCE TERRORISM **EXCLUSIONS** FOR ACTS OF TERRORISM, *AS DEFINED IN THE ACT*, ALREADY CONTAINED IN YOUR POLICY OR INCLUDED IN AN ENDORSEMENT ARE **NULLIFIED** AS OF NOVEMBER 26, 2002.

YOU SHOULD KNOW THAT COVERAGE PROVIDED BY THIS POLICY FOR LOSSES CAUSED BY CERTIFIED ACTS OF TERRORISM IS PARTIALLY REIMBURSED BY THE UNITED STATES UNDER A FORMULA ESTABLISHED BY FEDERAL LAW. UNDER THIS FORMULA, THE UNITED STATES PAYS 90% 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.

SELECTION OR REJECTION OF TERRORISM INSURANCE COVERAGE

UNDER FEDERAL LAW, YOU HAVE THIRTY (30) DAYS TO CONSIDER THIS OFFER OF COVERAGE FOR TERRORIST ACTS AND SUBMIT THE PREMIUM REQUIRED. IF WE DO NOT RECEIVE THE QUOTED PREMIUM BY _____, THE TERRORISM EXCLUSION NULLIFIED BY THE ACT WILL BE REINSTATED ON _____, AND YOU WILL NOT BE COVERED FOR LOSSES ARISING FROM TERRORIST ACTS THAT WERE PREVIOUSLY EXCLUDED.

	I hereby elect to purchase Terrorism coverage for a prospective premium of $_____.
	I hereby elect to have the exclusion for terrorism coverage reinstated. I understand that I will have no coverage for losses arising from acts of terrorism that were previously excluded.

_____ Policyholder/Applicant's Signature

_____ Insurance Company

_____ Print Name

_____ Policy Number

_____ Date

POLICYHOLDER DISCLOSURE

NOTICE OF TERRORISM

INSURANCE COVERAGE

Coverage for acts of terrorism is already included in your current policy. You should know that, effective November 26, 2002, under your existing coverage, any losses caused by certified acts of terrorism would be partially reimbursed by the United States under a formula established by federal law. Under this formula, the United States pays 90% of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage. The portion of your annual premium that is attributable to coverage for acts of terrorism is: $_____.__.

I ACKNOWLEDGE THAT I HAVE BEEN NOTIFIED THAT UNDER THE TERRORISM RISK INSURANCE ACT OF 2002, ANY LOSSES CAUSED BY CERTIFIED ACTS OF TERRORISM UNDER MY POLICY COVERAGE WILL BE PARTIALLY REIMBURSED BY THE UNITED STATES AND I HAVE BEEN NOTIFIED OF THE AMOUNT OF MY PREMIUM ATTRIBUTABLE TO SUCH COVERAGE.

_____
Policyholder/Applicant's Signature

_____
Print Name

_____
Date

Name of Insurer: _____
Policy Number: _____