

POLICYHOLDER DISCLOSURE NOTICE OF TERRORISM INSURANCE COVERAGE

You are hereby notified that under the Terrorism Risk Insurance Act of 2002, and the Terrorism Risk Insurance Program Reauthorization Act of 2015, that you 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 accordance with the provisions of the federal Terrorism Risk Insurance act, —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, 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:

IF THIS POLICY IS A RENEWAL OF A POLICY ON WHICH YOU PREVIOUSLY REJECTED TERRORISM COVERAGE, THEN THIS POLICY HAS BEEN ISSUED WITHOUT TERRORISM COVERAGE. YOU STILL HAVE AN OPPORTUNITY TO OBTAIN TERRORISM COVERAGE. ALL YOU HAVE TO DO IS NOTIFY YOUR AGENT OF YOUR DESIRE TO ACCEPT THIS OFFER AND PAY THE ADDITIONAL PREMIUM INDICATED BELOW. IF YOU ACCEPT THIS OFFER AND YOUR POLICY IS BILLED DIRECT TO YOU, WE WILL ADD THE ADDITIONAL PREMIUM DUE TO THE BALANCE OF YOUR DIRECT BILL STATEMENT. IF YOU DO NOT USE THE DIRECT BILL OPTION, YOU WILL RECEIVE A BILL FROM YOUR AGENT.

DISCLOSURE OF FEDERAL PARTICIPATION IN PAYMENT OF TERRORISM LOSSES

IF YOU ACCEPT THIS OFFER TO ADD TERRORISM COVERAGE TO YOUR POLICY, TERRORISM COVERAGE PROVIDED BY THE POLICY FOR LOSSES CAUSED BY CERTIFIED ACTS OF TERRORISM WILL BE PARTIALLY REIMBURSED BY THE UNITED STATES UNDER A FORMULA ESTABLISHED BY FEDERAL LAW. UNDER THIS FORMULA, IN 2015 THE UNITED STATES WILL PAY 85% OF COVERED TERRORISM LOSSES EXCEEDING THE STATUTORILY ESTABLISHED DEDUCTIBLE PAID BY THE INSURANCE COMPANY PROVIDING THE COVERAGE. THE FEDERAL SHARE WILL DECREASE BY 1% EACH YEAR AFTER 2015. 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. HOWEVER, YOUR POLICY MAY CONTAIN OTHER EXCLUSIONS WHICH MIGHT AFFECT YOUR COVERAGE, (FOR EXAMPLE, NUCLEAR OR WAR EXCLUSIONS).

THE TERRORISM RISK INSURANCE ACT, AS AMENDED IN 2015 CONTAINS A \$100 BILLION CAP THAT LIMITS THE U.S.GOVERNMENT REIMBURSEMENT AS WELL AS INSURERS' LIABILITY FOR LOSSES RESULTING FROM "CERTIFIED ACTS OF TERRORISM" WHEN THE AMOUNT OF SUCH LOSSES IN A CALENDAR YEAR (JANUARY 1 THROUGH DECEMBER 31) EXCEEDS \$100 BILLION. IF THE AGGREGATE INSURED LOSSES FOR ALL INSURERS EXCEED \$100 BILLION, YOUR COVERAGE MAY BE REDUCED.

The United States Government, Department of the Treasury, will pay a share of terrorism losses insured under the federal program. The federal share equals the percentage of that portion of the amount of such insured losses that exceeds the applicable insurer retention for the calendar years shown as follows:

2015 – The federal share of terrorism losses are 85%.
2016 – The federal share of terrorism losses are 84%.
2017 – The federal share of terrorism losses are 83%.
2018 – The federal share of terrorism losses are 82%.
2019 – The federal share of terrorism losses are 81%.
2020 – The federal share of terrorism losses are 80%.

SELECTION OR REJECTION OF TERRORISM INSURANCE COVERAGE

YOU HAVE THIRTY (30) DAYS FROM THE INCEPTION DATE OF YOUR POLICY TO CONSIDER THIS OFFER OF COVERAGE FOR TERRORIST ACTS. TERRORISM EXCLUSION WILL REMAIN ON YOUR POLICY AND YOU WILL NOT BE COVERED FOR LOSSES ARISING FROM TERRORIST ACTS IF WE DO NOT RECEIVE NOTICE OF YOUR ELECTION TO PURCHASE TERRORISM COVERAGE WITHIN THE TIMEFRAME STATED ABOVE.

- I hereby elect to purchase Terrorism coverage (Please contact your agent for a quote).
- I hereby reject the terrorism coverage offer. I understand that I will have no coverage for losses arising from acts of terrorism as outlined in this Notice.

Capitol Indemnity Corporation Insurance Company
Capitol Specialty Corporation Insurance Company

Policy Number

Print Name

Policyholder/Applicant's Signature

Date