

IMPORTANT POLICYHOLDER NOTICE: TERRORISM RISK INSURANCE ACT

Date: [Insert Date]

Policyholder Name: [Insert Name]

Policy Number: [Insert Policy Number]

Effective Date of Endorsement: [Insert Date]

Dear Policyholder,

This letter serves as a formal notice regarding your insurance policy and the Terrorism Risk Insurance Act (TRIA). We are amending your policy mid-term to include a mandatory endorsement regarding terrorism coverage.

Background

Under the Terrorism Risk Insurance Act, as extended and amended, the federal government shares the risk of loss from certified acts of terrorism with commercial insurers. You are hereby notified that your policy now includes coverage for "certified acts of terrorism" as defined by the Act.

Federal Participation

The United States Government now pays a specified percentage of covered losses that exceed the statutorily established deductible paid by the insurance company. For the current calendar year, the federal share is [Insert Percentage, e.g., 80%] of such losses.

Cap on Liability

If aggregate insured losses exceed \$100 billion in a calendar year, neither the Government nor any insurer that has met its statutory deductible shall be liable for any amount of the losses that exceeds the \$100 billion cap.

Premium Charge

The portion of your premium that is attributable to coverage for acts of terrorism is: \$[Insert Amount].

Please review the enclosed endorsement carefully and attach it to your existing policy documents. If you have any questions regarding this change or your coverage options, please contact your insurance agent or representative.

Sincerely,

[Insert Name/Signature]

[Insert Company Name]

[Insert Contact Information]