

IMPORTANT NOTICE: DISCLOSURE OF FEDERAL PARTICIPATION IN TERRORISM LOSSES

Date: [Insert Date]

Policyholder Name: [Insert Name]

Policy Number: [Insert Policy Number]

Dear Policyholder,

This letter provides important information regarding the Terrorism Risk Insurance Act (TRIA) and how it affects your insurance coverage.

Federal Participation and the \$100 Billion Cap

Under the Terrorism Risk Insurance Act, as amended, the United States Government shares the cost of losses resulting from certified acts of terrorism with your insurer. However, federal law imposes a maximum limit on these payments.

If aggregate insured losses attributable to certified acts of terrorism exceed \$100 billion in a group calendar year, and your insurer has met its deductible, the United States Government shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion.

Warning Regarding Coverage Limitation

If the \$100 billion aggregate cap is reached, your coverage may be reduced. In such an event, insured losses may be paid on a pro-rata basis, and your claims may not be paid in full if the total industry losses exceed the federal limit.

Premium Information

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

No action is required on your part regarding this notice. Please keep this document with your insurance policy records.

Sincerely,

[Insurer Name]
[Contact Information]