

**PROGRAM DIVISION  
BULLETIN**

2005-07

March 4, 2005

**IMPORTANT REMINDER REGARDING  
TERRORISM COVERAGE AND COMPLIANCE WITH 'TRIA'**

In 2002, Congress passed 'TRIA', the Terrorism Risk Insurance Act, which allowed for a federally funded back-stop for the insurance industry to limit potential losses from acts of terrorism. TRIA will expire December 31<sup>st</sup> of this year unless Congress decides to extend the original legislation. That scenario does not appear likely at this time.

It is the intent of the AIG Programs Division to provide coverage for our middle market programs. Starting with **new business effective April 1, 2005** and thereafter, coverage will automatically be included on all lines of business. **Renewal policies effective May 1, 2005** and thereafter, will automatically include coverage for terrorism. **The only exception will be on our Fine Arts and Event Cancellation Programs.** All other programs will have terrorism coverage included. There will no longer be any need to report TRIA premiums after May 1, 2005!

**In order to comply with the requirements of TRIA, the current disclosure notice, form PRG 1003 (copy attached), will still need to be sent with every policy. A premium charge of 1% of the policy premium will be shown on the declarations page under the TRIA premium section.** There will no longer be an option for insureds to reject coverage for TRIA and terrorism.

© 2005 American International Group, Inc.  
The material contained herein is proprietary to the member companies of American International Group, Inc. and is intended for use only by Program Administrators. Unauthorized disclosure, dissemination, copying, or other use of this material without the expressed written permission of AIG is strictly prohibited.

**LEXINGTON INSURANCE COMPANY**

**PROGRAM DIVISION**

100 Summer Street/19th Floor, Boston, MA 02110  
phone 617-330-1100 / fax 617-330-8595

After December 31, 2005, provided TRIA is not extended, the disclosure notices will no longer be sent and the TRIA charge will no longer be shown on the declarations page of the policies.

We thank you for your cooperation. If you have any questions, please contact your Program Manager.



"PRG 1003 Terrorism  
Disclosure Notice.doc



# AMERICAN INTERNATIONAL COMPANIES®

## POLICYHOLDER DISCLOSURE STATEMENT UNDER TERRORISM RISK INSURANCE ACT OF 2002

You are hereby notified that under the federal Terrorism Risk Insurance Act of 2002 (the "Act") effective November 26, 2002, you now have a right to purchase insurance coverage for losses arising out of an Act of Terrorism, which is defined in the Act as an act certified by the Secretary of the Treasury (i) to be an act of terrorism, (ii) to be a violent act or an act that is dangerous to (A) human life; (B) property or (C) infrastructure, (iii) to have resulted in damage within the United States, or outside of the United States in case of an air carrier or vessel or the premises of a U.S. 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. You should read the Act for a complete description of its coverage. The Secretary's decision to certify or not to certify an event as an Act of Terrorism and thus covered by this law is final and not subject to review. There is a \$100 billion dollar annual cap on all losses resulting from Acts of Terrorism above which no coverage will be provided under this policy and under the Act unless Congress makes some other determination.

For your information, coverage provided by this policy for losses caused by an Act of Terrorism may be partially reimbursed by the United States under a formula established by the Act. Under this formula the United States pays 90% of terrorism losses covered by this law exceeding a statutorily established deductible that must be met by the insurer, and which deductible is based on a percentage of the insurer's direct earned premiums for the year preceeding the Act of Terrorism.

Coverage for Acts of Terrorism is already included in your current policy. The portion of your annual premium that is attributable to coverage for Acts of Terrorism covered by the Act is \$ \_\_\_\_\_.

Policy No. \_\_\_\_\_  
Named Insured \_\_\_\_\_