

**PROGRAM DIVISION
BULLETIN**

2008-06

February 20, 2008

Change in Terrorism Law

Due to the change in the Terrorism Law as of the end of last year, we have revised our Policyholder Notices and Exclusions. **The new extension requires coverage for all terrorism not just TRIA certified acts. We have always provided full terrorism so there is no change in the coverage being provided.**

The Program Division will continue to handle terrorism in the same manner as we have in the past. The change will be in the Policyholder Disclosure Notice of Terrorism Insurance Coverage.

We will begin using Form # 96556 (1/08) immediately. A copy of this form is attached for your use.

Coverall will have this available shortly, at this time you will need to complete it manually and attach it to your policies.

If your program is not subject to the automatic terrorism or you need to exclude terrorism in specific cases, contact your Program Manager.

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AIG

PROGRAM DIVISION

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**POLICYHOLDER DISCLOSURE
NOTICE OF TERRORISM INSURANCE COVERAGE**

Coverage for acts of terrorism is included in your policy. You are hereby notified that under the Terrorism Risk Insurance Act, as amended, that you have a right to purchase insurance coverage for losses resulting from 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 certain air carriers or vessels 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. Under your coverage, any losses resulting from certified acts of terrorism may be partially reimbursed by the United States Government under a formula established by the Terrorism Risk Insurance Act, as amended. However, your policy may contain other exclusions which might affect your coverage, such as an exclusion for nuclear events. Under the formula, the United States Government generally reimburses 85% of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage. The Terrorism Risk Insurance Act, as amended, contains a \$100 billion cap that limits U.S. Government reimbursement as well as insurers’ liability for losses resulting from certified acts of terrorism when the amount of such losses exceeds \$100 billion in any one calendar year. If the aggregate insured losses for all insurers exceed \$100 billion, your coverage may be reduced.

The portion of your annual premium that is attributable to coverage for acts of terrorism is \$_____, and does not include any charges for the portion of losses covered by the United States government under the Act.

POLICYHOLDER DISCLOSURE
NOTICE OF TERRORISM INSURANCE COVERAGE
(COVERAGE INCLUDED)

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