



# 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 under your existing policy may be affected as follows:

Any Terrorism exclusions already contained in your policy which is currently in-force are nullified as of November 26, 2002 to the extent the exclusion is contrary to the Act.

In accordance with the Act, you have thirty (30) days to accept or reject coverage and to pay us the premium required. If we do not receive the premium within 30 days of the billing date, the terrorism exclusion will be reinstated in its entirety as of November 26, 2002.

Please indicate your selection below.

\_\_\_\_\_ I hereby elect to purchase coverage in accordance with the Act for a prorated annual premium of \$\_\_\_\_\_.

\_\_\_\_\_ I hereby reject coverage and accept reinstatement of the exclusion in accordance with the Act.

\_\_\_\_\_  
Signature of Insured

Policy No. \_\_\_\_\_

\_\_\_\_\_  
Print Name/Title

Named Insured \_\_\_\_\_

\_\_\_\_\_  
Date