

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM**

If:

1. Aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year; and
2. We have met our insurer deductible under the Terrorism Risk Insurance Act;

we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of the federal Terrorism Risk Insurance Act, to be an act of terrorism pursuant to such Act. The federal Terrorism Risk Insurance Act includes the following criteria in a "certified act of terrorism":

1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and

2. The act:

a. Is violent or dangerous to:

- (1) Human life;
- (2) Property; or
- (3) Infrastructure; and

b. Is committed by an individual or individuals; and

c. Is part of an effort:

- (1) To coerce the civilian population of the United States; or
- (2) To influence the policy or affect the conduct of the United States Government by coercion.

## **Disclosure Notice FP 353 (04/15)**

### **Illinois FAIR Plan Association**

#### **NOTICE TO POLICYHOLDERS**

This Notice does **not** form a part of your insurance contract. The Notice is designed to advise you concerning applicability and potential applicability of the endorsements to your policy that address potential terrorism losses.

Carefully read your policy, including the endorsements attached to your policy.

The Terrorism Risk Insurance Act established a program, the Terrorism Risk Insurance Program, "the federal Program") within the Department of the Treasury, under which the federal government would share, with the insurance industry, the risk of loss from terrorist attacks. That Program, which was scheduled to terminate at the end of December 31, 2014, was subsequently reauthorized by Congress. Specifically, Congress passed legislation to continue the federal Program by reauthorizing it with changes, including extending the termination date from December 31, 2014 to December 31, 2020, instead of allowing the federal Program to terminate and establishing a new program. President Obama signed the related legislation on January 12, 2015.

Prior to reauthorization of the federal Program, we endorsed your policy with two types of terrorism forms -- one which addresses the federal Program and one which recognizes the fact that the federal Program potentially could have terminated at the end of 2014.

The latter endorsement, titled Conditional Exclusion Of Terrorism (Relating To Disposition Of Federal Terrorism Risk Insurance Act), has provisions conditioned on whether or not the federal Program terminates. However, as described above, the federal Program has been reauthorized and extended with a new termination date. Therefore, if this endorsement continues to be endorsed to your policy, it would not have potential effect until the potential December 31, 2020 termination of the federal Program or until such Program is renewed, extended or replaced subject to certain conditions, as provided in the endorsement, through future action by Congress.

Your policy also contains an endorsement titled Cap On Losses From Certified Acts Of Terrorism. At this time, while the federal Program is in effect and your policy is so endorsed, the provisions of this endorsement apply to your policy. Therefore, terrorism coverage applies in accordance with the terms of your policy, as limited by the Cap endorsement. That is, the absence of a terrorism exclusion does not create coverage for any loss that would otherwise be excluded under the terms of the policy, such as losses excluded by the nuclear hazard or war exclusion.

The Terrorism Risk Insurance Program Reauthorization Act of 2015 made various changes to the federal Program, none of which affect the scope of coverage for certified acts of terrorism under your policy. In the future, we may update your policy with a revised endorsement relating to certified acts of terrorism, to recognize procedural changes and revisions to certain terminology under the Act. Also in the future, your premium for certified acts coverage may be revised due to changes to the federal Program that affect federal reimbursement to us in the event of losses from a certified act(s) of terrorism.