



NOTICE

OFFER OF FEDERAL TERRORISM INSURANCE COVERAGE AND DISCLOSURE OF PREMIUM

You are hereby notified that under the Terrorism Risk Insurance Act of 2002, effective November 26, 2002, you now have a right to purchase insurance coverage for losses arising out of acts of terrorism, as defined in Section 102(1) of the Act that are applicable to perils insured under your insurance policy, ("federal terrorism insurance coverage"). The insurance policy's other provisions will still apply to any such acts.

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 an air carrier or vessel or the premises of a United States mission; and 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 KNOW THAT COVERAGE PROVIDED FOR LOSSES CAUSED BY CERTIFIED ACTS OF TERRORISM IS PARTIALLY REIMBURSED BY THE UNITED STATES UNDER A FORMULA WHEREBY THE UNITED STATES PAYS 90% OF COVERED TERRORISM LOSSES EXCEEDING A PRESCRIBED DEDUCTIBLE PAID BY THE INSURANCE COMPANY PROVIDING THE COVERAGE. THE PREMIUM CHARGED FOR THIS COVERAGE DOES NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS COVERED BY THE FEDERAL GOVERNMENT UNDER THE ACT.

IF YOU CHOOSE THE OFFER OF COVERAGE, YOUR PREMIUM FOR SUCH COVERAGE IS SET FORTH ON THE PREMIUM NOTICE PROVIDED FOR THIS INSURANCE POLICY, WHICH AMOUNT SHOULD ALSO BE INSERTED BELOW.

NOTE THAT THIS OFFER OF TERRORISM INSURANCE COVERAGE IS SUBJECT TO THE CONTINUED EFFECTIVENESS OF THE TERRORISM RISK INSURANCE ACT OF 2002.

SELECTION OR REJECTION OF FEDERAL TERRORISM INSURANCE COVERAGE

- I hereby elect to purchase Federal Terrorism Insurance Coverage for the premium of \$ _____ or ____% of the total policy premium. (Choose applicable amount.)
- I hereby reject this Offer Of Federal Terrorism Insurance Coverage. I understand that by making this election, an exclusion for terrorism losses, as allowed by law, will be made a part of this insurance policy.

(PLEASE NOTE: IF YOU REJECT the Offer Of Federal Terrorism Insurance Coverage, that rejection will not apply to the limited extent that relevant state law requires coverage for fire losses resulting from acts of terrorism certified under the Act. The premium attributable to any such required state coverage is 60% of the federal terrorism premium, which amount is part of and not in addition to the overall property premium charged for this insurance policy.)

Applicant/First Named Insured Signature or
Authorized Signature

Title

Date

Policy Number

RLI Insurance Company
Insurance Company