



**Scottsdale Insurance Company
Scottsdale Indemnity Company
Scottsdale Surplus Lines Insurance Company**

POLICYHOLDER DISCLOSURE NOTICE OF TERRORISM INSURANCE COVERAGE

OFFER OF COVERAGE

You are hereby notified that under the Terrorism Risk Insurance Act of 2002, as amended pursuant to the Terrorism Risk Insurance Program Reauthorization Act of 2019 (the "Act"), you have a right to purchase insurance coverage for losses arising out of acts of terrorism, as defined in Section 102(1) of the Act: The term "certified acts of terrorism" means any act that is certified by the Secretary of the Treasury—in consultation with the Secretary of Homeland Security, 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; 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.

You should know that where coverage is provided by this policy for losses resulting from "certified acts of terrorism," such losses may be partially reimbursed by the United States Government under a formula established by federal law. However, your policy may contain other exclusions which might affect your coverage, such as an exclusion for nuclear, chemical, biological or radioactive events. Under the formula, the United States Government agrees to reimburse eighty percent (80%) of covered terrorism losses that exceed the statutorily established 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 that may be covered by the Federal Government under the Act.

You should also know that the Act, as amended, contains a \$100 billion cap that limits United States Government reimbursement as well as the insurer's liability for losses resulting from "certified acts of terrorism" when the amount of such losses in any one calendar year exceeds \$100 billion. If the aggregate insured losses for all insurers exceed \$100 billion, your coverage may be reduced.

The Notice does not form a part of your insurance contract. The Notice is designed to alert you to coverage restrictions and to other provisions in certain terrorism endorsement(s) in this Policy. If there is any conflict between this notice and the Policy (including its endorsements) the provisions of the Policy (including its endorsements) apply.

CONDITIONAL TERRORISM COVERAGE

The federal Terrorism Risk Insurance Program Reauthorization Act of 2019 is scheduled to terminate at the end of December 31, 2027, unless renewed, extended or otherwise continued by the federal government. Should you select Terrorism Coverage provided under the Act and the Act is terminated December 31, 2027, any terrorism coverage as defined by the Act provided in the policy will also terminate.

IN ACCORDANCE WITH THE ACT, YOU MUST CHOOSE TO SELECT OR REJECT COVERAGE FOR “CERTIFIED ACTS OF TERRORISM” BELOW:

The Note below applies for risks in these states: California, Georgia, Hawaii, Illinois, Iowa, Maine, Missouri, New Jersey, New York, North Carolina, Oregon, Rhode Island, Washington, West Virginia, Wisconsin.

NOTE: In these states, a terrorism exclusion makes an exception for (and thereby provides coverage for) fire losses resulting from an act of terrorism. Therefore, if you reject the offer of terrorism coverage, that rejection does not apply to fire losses resulting from an act of terrorism coverage for such fire losses will be provided in your policy.

If you do not respond to our offer and do not return this notice to the Company, you will have no Terrorism Coverage under this policy. Please select one of the checkboxes below.

<input type="checkbox"/> I hereby ELECT to purchase full coverage for acts of terrorism, as defined in the Act (Certified Terrorism) for a term premium of five percent (5%) of Applicable Policy Premium plus any applicable surcharges, taxes or fees. I acknowledge that my decision to accept and purchase full coverage for Certified Terrorism shall govern throughout the term of the Policy.
<input type="checkbox"/> I hereby REJECT the offer to purchase coverage for acts of terrorism, as defined in the Act (Certified Terrorism), and I understand that an exclusion for Certified Terrorism will be included in my Policy. I further understand I will have no coverage for losses arising from Certified Terrorism. In addition, I acknowledge that if I reject the offer to purchase this coverage at this time, I will not have another opportunity during the term of the Policy to purchase full coverage for Certified Terrorism.

Policyholder/Applicant's Signature

Named Insured/Business Name

Print Name

Policy Number, if available

Date

PLEASE RETURN THIS SIGNED DISCLOSURE NOTICE TO YOUR BROKER OR AGENT

Nothing in this letter should be construed as legal advice to you. Consult your attorney and/or broker or agent to evaluate the terms of this offer.