



SCOTTSDALE INSURANCE COMPANY®

POLICYHOLDER DISCLOSURE

**NOTICE OF TERRORISM
INSURANCE COVERAGE**

TERRORISM RISK INSURANCE ACT

Under the Terrorism Risk Insurance Act of 2002, effective November 26, 2002 (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 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; 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; and that causes losses of at least \$5,000,000.

You should know that coverage for losses caused by "certified acts of terrorism" is partially reimbursed by the United States under a formula established by federal law. Under this formula, the United States pays 90% of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage. The premium for this coverage is shown below and does not include any charges for the portion of loss covered by the federal government under the Act.

CONDITIONAL TERRORISM COVERAGE

The federal Terrorism Risk Insurance Act of 2002 is scheduled to terminate at the end of December 31, 2005, 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, 2005, any terrorism coverage 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:

<input type="checkbox"/>	I hereby elect to purchase certified terrorism coverage for a premium of \$ _____ . I understand that the federal Terrorism Risk Insurance Act of 2002 may terminate on December 31, 2005. Should that occur my coverage for terrorism as defined by the Act will also terminate.
<input type="checkbox"/>	I hereby reject the purchase of certified terrorism coverage.

Policyholder/Applicant's Signature

Named Insured/Firm

Print Name

Policy Number, if available

Date