

**American Vehicle Insurance Company
POLICYHOLDER DISCLOSURE**

**NOTICE OF TERRORISM
INSURANCE COVERAGE**

Under the Terrorism Risk Insurance Act, as amended, pursuant to the Terrorism Risk Insurance Program Reauthorization Act of 2007, effective January 1, 2008, you have the right to purchase insurance coverage for losses arising out of acts of terrorism, as defined in 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 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 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 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.

You should know that the United States Government, Department of Treasury, will pay a share of terrorism losses insured under the federal program. The federal share equals 85% of that portion of the amount of such insured losses that exceeds the applicable insurer retention. However, if aggregate insured losses attributable to terrorist acts certified under the federal Terrorism Risk Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31) the Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion and if we have met our insurer deductible under the Terrorism Risk Insurance Act, we will 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. 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.

The federal Terrorism Risk Insurance Program Reauthorization Act of 2007 is scheduled to terminate at the end of December 31, 2014, unless renewed, extended or otherwise continued by the federal government. Should you select Terrorism Coverage provided under the Act and the Act terminated December 31, 2014, any terrorism coverage as defined by the Act provided in the policy will also terminate.

IN ACCORDANCE WITH THE ACT, YOU MUST CHOOSE TO ACCEPT OR REJECT COVERAGE FOR "CERTIFIED ACTS OF TERRORISM".

SELECTION OR REJECTION OF CERTIFIED TERRORISM INSURANCE COVERAGE

_____ I hereby elect to purchase certified terrorism coverage for a prospective premium of 2% of the annual premium. I understand that the federal Terrorism Risk Insurance Program Reauthorization Act of 2007 may terminate on December 31, 2014. Should that occur my coverage for terrorism as defined by the Act will also terminate.

_____ I hereby reject the purchase of certified terrorism coverage.

Policyholder/Applicant's Signature

Name Insured/Firm

Print Name

Policy No. (if applicable)

Date

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