

IMPORTANT: AGENTS, APPLICANTS AND POLICYHOLDERS.
THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

YOU ARE REQUIRED TO READ THIS DOCUMENT AND DECIDE WHETHER OR NOT TO PURCHASE INSURANCE
COVERAGE FOR CERTIFIED ACTS OF TERRORISM AS DESCRIBED BELOW.

POLICYHOLDER/APPLICANT DISCLOSURE
NOTICE OF TERRORISM INSURANCE COVERAGE

You are hereby notified that under the TERRORISM RISK INSURANCE ACT OF 2002 ("the Act"), as amended on December 26, 2007, you must be offered coverage for losses arising out of acts of terrorism as defined in Section 102(1) of the Act.

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; 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 United States mission; and 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 affect the conduct of the United States Government by coercion.

NOTICE OF GOVERNMENT REINSURANCE PARTICIPATION

You should know that, if elected by you, coverage provided by this policy for losses caused by certified acts of terrorism may be partially reimbursed by the United States under a formula established by federal law. Under this formula, the United States Government generally reimburses 85% of covered terrorism losses exceeding the statutory established deductible paid by the insurance company providing the coverage. The premium charged for this coverage is provided below and does not include any charges for the portion of loss covered by the federal government under the Act.

You should know that the Act, as amended, contains a \$100 billion cap that limits the U.S. Government reimbursement as well as insurers' liability from 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.

EXCLUSION OF NON-CERTIFIED ACTS OF TERRORISM

You should also know that, regardless of your election, your policy does not provide coverage for any acts of terrorism that are not certified by the Secretary of the Treasury.

ALL OTHER LIMITS, COVERAGE, TERMS AND CONDITIONS APPLY

ELECTION OR REJECTION OF CERTIFIED ACTS OF TERRORISM

- Coverage election: I hereby elect to purchase coverage for certified acts of terrorism for a prospective annual premium of \$100.00 plus taxes of \$5.00 I understand that I will not have coverage for losses arising from any non-certified acts of terrorism.
- Coverage rejection: I hereby elect not to purchase coverage for certified acts of terrorism. I understand that I will not have coverage for any losses arising from certified or non-certified acts of terrorism.

Policyholder/Applicant Signature

Printed Name

Date

This endorsement forms a part of Policy No. issued to
By HALLMARK SPECIALTY INSURANCE COMPANY.
HS-TER-01 (01/01/2006)