

**POLICYHOLDER DISCLOSURE
NOTICE OF TERRORISM INSURANCE COVERAGE**

Date: July 26, 2016

Insured Name: City of Grand Island

Account No: 07640

Insurer Name: Factory Mutual Insurance Company

The Terrorism Risk Insurance Act of 2002, as amended and extended in 2005, 2007 and again in 2015, gives you the right as part of your property renewal policy to elect or reject insurance coverage for locations within the United States or any territory or possession of the United States for losses arising out of acts of terrorism, as defined and certified in accordance with the provisions of the act.

YOU SHOULD KNOW THAT WHERE COVERAGE IS PROVIDED 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. UNDER THIS FORMULA, THE UNITED STATES GOVERNMENT GENERALLY PAYS 85% (AND BEGINNING ON JANUARY 1, 2016, SHALL THEN DECREASE BY 1 PERCENTAGE POINT PER CALENDAR YEAR UNTIL EQUAL TO 80 PERCENT) OF COVERED TERRORISM LOSSES EXCEEDING A STATUTORILY ESTABLISHED DEDUCTIBLE PAID BY THE INSURER REFERENCED ABOVE. **ALSO, THERE IS A \$100,000,000,000 CAP ON THE FEDERAL AND INSURER SHARE OF LIABILITY STATING THAT IF THE AGGREGATE INSURED LOSSES EXCEED \$100,000,000,000 DURING ANY CALENDAR YEAR, NEITHER THE UNITED STATES GOVERNMENT NOR ANY INSURER THAT HAS MET ITS INSURER DEDUCTIBLE SHALL MAKE PAYMENT OR BE LIABLE FOR ANY PORTION OF THE AMOUNT OF SUCH LOSSES THAT EXCEED \$100,000,000,000.** 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.

ACCEPTANCE OR REJECTION OF TERRORISM INSURANCE COVERAGE: UNDER FEDERAL LAW, YOU HAVE THE RIGHT TO ACCEPT OR REJECT THIS OFFER OF COVERAGE FOR TERRORIST ACTS COVERED BY THE ACT AS PART OF YOUR RENEWAL POLICY. IF WE DO NOT RECEIVE THIS SIGNED DISCLOSURE FORM PRIOR TO THE RENEWAL POLICY EFFECTIVE DATE OF October 1, 2016, THEN YOUR RENEWAL POLICY WILL REFLECT YOUR DECISION NOT TO PURCHASE THE TERRORISM COVERAGE PROVIDED BY THE ACT FOR THE TERM OF October 1, 2016 TO October 1, 2017.

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X I hereby elect to purchase coverage for terrorist acts covered by the act for an annual premium of USD22,343. This premium does not include applicable taxes or surcharges.

_____ I hereby decline this offer of coverage for terrorist acts covered by the act.


Policyholder/Applicant Signature

Jeremy L. Jensen
Print Name

August 9, 2016
Date

United States Terrorism Quote

The Terrorism Risk Insurance Act of 2002 as amended and extended in 2005, 2007 and again in 2015, requires that insurers advise clients of their option to elect or reject terrorism coverage under the act as part of their property policy. It also requires insurers to disclose the cost of such coverage for the policy term. As a brief reminder, the act provides licensed, admitted carriers with a substantial federal reinsurance backstop for terrorism acts that are certified by the Secretary of the Treasury of the United States as covered events (known as certified losses). Generally speaking, the act responds strictly to events that take place within the United States, its protectorates, territories, and possessions. The Act has been extended to expire on 31 December 2020.

Pursuant to the act, we are offering certified terrorism cover in the United States with no specific terrorism limit of liability meaning your certified terrorism limit would be equal to the policy limit of liability or any location or coverage sublimits being proposed. In addition, in the United States, we are offering no terrorism sublimit for Flood, Miscellaneous Unnamed Locations, Miscellaneous Personal Property and Off Premise Storage For Property Under Construction, and Temporary Removal of Property and no terrorism exclusion for Service Interruption, Contingent Time Element Extended, Protection And Preservation of Property, Ingress/Egress, Logistics Extra Cost, Extended Period of Liability, Crisis Management and Attraction Property coverages.

The premium for certified coverage is USD22,343 for the term of October 1, 2016 to October 1, 2017 and does not include applicable taxes or surcharges.

The Policyholder Disclosure Notice of Terrorism Coverage document and the applicable certified terrorism endorsement are attached for your review. Please note the Disclosure form must be completed, signed and returned to Patrick Belding prior to October 1, 2016 indicating your choice to accept or reject the certified terrorism coverage offered.