

## Proposal

### Terrorism

#### US Terrorism

The Terrorism Risk Insurance Act of 2002 as amended and extended in 2005, 2007, 2015 and again in 2019, requires that insurers advise clients of their option to elect or reject terrorism coverage under the act as part of their property program. 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 2027.

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 in your policy. In addition, in the United States, the policy would no longer be subject to a terrorism sublimit for Flood, Miscellaneous Unnamed Locations, Miscellaneous Personal Property, Off Premises Storage For Property Under Construction, and Temporary Removal of Property and any 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 **USD 36,713** for the term of October 1, 2022 to October 1, 2023 and does not include applicable taxes or surcharges.

We have provided the Policyholder Disclosure Notice of Terrorism Coverage document. Please note the Disclosure form must be completed, signed and returned to Kevin Doak, Account Manager – Client Service, FM Global indicating your choice to accept or reject the certified terrorism coverage offered.

### TERRORISM

As respects locations outside the United States and Puerto Rico, terrorism coverage is provided with a limit of USD5,000,000 in the aggregate during any policy year but not to exceed the following limit(s) in the aggregate during any policy year:

- a) USD5,000,000 limit in the aggregate during any policy year for miscellaneous unnamed locations, MISCELLANEOUS PERSONAL PROPERTY, OFF PREMISES STORAGE FOR PROPERTY UNDER CONSTRUCTION and TEMPORARY REMOVAL OF PROPERTY combined
- b) USD5,000,000 limit in the aggregate during any policy year for flood when caused by or resulting from terrorism

These limits shall not include the actual cash value portion of fire damage caused by terrorism. Please see the attachment for the Terrorism Disclosure.

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**POLICYHOLDER DISCLOSURE  
NOTICE OF TERRORISM INSURANCE COVERAGE**

Insured Name: The City of Grand Island

Account Number: 05249

The Terrorism Risk Insurance Act of 2002, as amended and extended in 2005, 2007, 2015 and again in 2019, 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 80% 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, 2022, THEN YOUR RENEWAL POLICY WILL REFLECT YOUR DECISION NOT TO PURCHASE THE TERRORISM COVERAGE PROVIDED BY THE ACT.

  X   I hereby elect to purchase coverage for terrorist acts covered by the act for an annual premium of USD 36,713. This premium does not include applicable taxes or surcharges.

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

  Roger G. Steele   Policyholder/Applicant Signature

  Roger G. Steele   Print Name

  9/14/2022   Date

  Stacy R. Nonhof    
Stacy R. Nonhof  
Assistant City Attorney

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