

Policyholder Disclosure Notice of Terrorism Insurance Coverage

Your aircraft insurance policy excludes coverage for acts of terrorism under Part Two, Aircraft Physical Damage coverage. Your aircraft insurance policy provides coverage for acts of terrorism under Part Three, Liability To Others, at no charge.

You are hereby notified that you have the right to accept or reject insurance coverage for losses resulting from the acts of Terrorism. The term "act of terrorism," as defined in Section 102(1) of the Terrorism Risk Insurance Act, as amended, 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 certain air carriers or vessels or the premises of a 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 or affect the conduct of the United States Government by coercion.

YOU SHOULD KNOW THAT WHERE COVERAGE IS PROVIDED BY THIS POLICY 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. HOWEVER, YOUR POLICY MAY CONTAIN OTHER EXCLUSIONS WHICH MIGHT AFFECT YOUR COVERAGE, SUCH AS AN EXCLUSION FOR NUCLEAR EVENTS. UNDER THE FORMULA, THE UNITED STATES GOVERNMENT GENERALLY REIMBURSES 85% OF COVERED TERRORISM LOSSES EXCEEDING THE STATUTORILY 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 THAT MAY BE COVERED BY THE FEDERAL GOVERNMENT UNDER THE ACT.

YOU SHOULD ALSO KNOW THAT THE TERRORISM RISK INSURANCE ACT, AS AMENDED, CONTAINS A \$100 BILLION CAP THAT LIMITS U.S. GOVERNMENT REIMBURSEMENT AS WELL AS INSURERS' LIABILITY FOR 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.

INITIAL

I hereby elect to purchase aircraft physical damage coverage for loss or damage arising from a Certified Act of Terrorism for a premium based upon 3.00 percent of the total policy premium. I hereby acknowledge that I have been notified that liability coverage for acts of terrorism is provided by the policy at no charge.

I hereby reject the offer to purchase aircraft physical damage coverage for damage or loss arising from a Certified Act of Terrorism. I understand that I will have no coverage for such losses as the result of a Certified Act of Terrorism. I hereby acknowledge that I have been notified that liability coverage for acts of terrorism is provided by the policy at no charge.

TO: Hallmark Insurance Company

Policyholder / Applicant's Signature

Date

Named Insured:

Effective Date of Insurance:

Policy Number: (if known)

Producer Name: