



Disclosure Notice Terrorism Insurance Provisions - Extension of the Terrorism Risk Insurance Act

On November 26, 2002, the President of the United States signed into law the Terrorism Risk Insurance Act of 2002 (the "Act"). The Act establishes a short-term program under which the Federal Government will share in the payment of "*Insured Losses*" caused by certain "*Acts of Terrorism*" (each as defined in the Act). The Terrorism Risk Insurance Act was extended on December 22, 2005.

Coverage for acts of terrorism is already included in your current policy. Under your existing coverage, any losses resulting from certified acts of terrorism would be partially reimbursed by the United States government under a formula established by the Terrorism Risk Insurance Act, as extended on December 22, 2005. Under this formula, the United States government generally pays 90% (85% in 2007) of covered terrorism losses exceeding the statutorily established deductible paid by Dryden Mutual Insurance Co.

As a requirement of the Act, *Insurers* must make available "*Property and Casualty Insurance*" (as defined in the Act) coverage for *Insured Losses* that does not differ materially from the terms, amounts and other coverage limitations that apply to losses arising from events other than *Acts of Terrorism*. In other words, a loss will not be excluded just because it was caused by an *Act of Terrorism*; conversely, a loss will not be covered just because it was caused by an *Act of Terrorism*. The Act also requires *Insurers* to disclose to policyholders the premium charge for providing such terrorism coverage.

Please note that your policy does not contain an exclusion that specifically excludes coverage for *Insured Losses*. Also please note that no separate additional premium charge was made specifically for this exposure. Because of the limited historical experience, unpredictable frequency and unlimited severity of terrorism events, this exposure is difficult to price with specificity. However, industry loss experience, which includes loss from catastrophes such as the 9-11 terrorist attack, as well as the increased probability of future terrorist events, have impacted the cost, availability and terms of reinsurance and the availability of capital to fund future insurance losses. These, in turn, have contributed to overall increases in the cost of insurance, an inseparable portion of which reflects an additional charge for the coverage for *Insured Losses*. The component of your premium that is allocable to coverage for *Insured Losses* is inseparable and we are not currently able to evaluate the average charge for this exposure. **Please note that the extension of the Act does not result in any change in your coverage or premium.**

Please contact your agent or broker if you have any questions on this notice, the Act or the impact of the Act on your policy.