



AMERICAN FAMILY INSURANCE GROUP
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 GRAND JUNCTION, CO 81505

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 SPANISH TRAILS HOMEOWNERS ASSO
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 2650 NORTH AVE UNIT 116
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REGARDING YOUR BUSINESS KEY POLICY

OFFER OF TERRORISM INSURANCE COVERAGE AND DISCLOSURE OF PREMIUM

Policy number	Policy effective date	Policy expiration date
05-XE1367-01-0021	10/10/2021	10/10/2022

Thank you for insuring with American Family Insurance. The notice provides you with important information about the Terrorism Risk Insurance Program Reauthorization Act of 2015. Please read the information below about the act and notify American Family if you wish to change your previous decision regarding acceptance or rejection of the coverage for "certified acts of terrorism."

Some Background

On Nov. 26, 2002, President Bush signed the Terrorism Risk Insurance Act into law, which requires insurance carriers to make coverage available to policyholders for losses due to "certified acts of terrorism." This law has been reauthorized since then, and the latest reauthorization occurred in January of 2015 when President Obama signed the Terrorism Risk Insurance Program Reauthorization Act of 2015 into law. The most recent reauthorization extends the current program for six years.

As an American Family customer, you have the right, under the recently reauthorized law, to purchase insurance coverage for losses resulting from "certified acts of terrorism," which are defined as: any act that is certified by the Secretary of the Treasury, in consultation with the Secretary of Homeland Security and the Attorney General of the United States, to be an act of terrorism. The criteria contained in that law for certifying an act of terrorism includes the following:

- The act is a violent act or an act that is dangerous to human life, property or infrastructure;
- The act results in aggregate property and casualty insurance losses in excess of \$5 million; and
- The act is 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.

Further Explanation

Where coverage is provided under the act for losses resulting from "certified acts of terrorism," such losses may be partially reimbursed by the United States Government as established by the act. You should also understand that your policy may contain exclusions (not part of the act) that might affect your coverage. For example, if a "certified act of terrorism" occurs and results in damage that you're not covered for under other portions of your policy, the terrorism coverage may not apply to the loss because you need to have underlying coverage to qualify for a "certified act of terrorism" loss covered by the act.

You should also be aware that the reauthorized act contains a \$100 billion cap that limits United States Government reimbursement as well as insurers' liability for losses resulting from "certified acts of terrorism" to \$100 billion per calendar year. What this means is, if the combined insured losses for all insurers exceeds \$100 billion, your coverage may be reduced due to the cap.

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