



PHILADELPHIA INSURANCE COMPANIES POLICYHOLDER DISCLOSURE NOTICE OF TERRORISM INSURANCE COVERAGE

Coverage for acts of terrorism is included in your current policy. You should know that, effective November 26, 2002, under your existing coverage, any losses caused by certified acts of terrorism would be partially reimbursed by the United States Government under a formula established by federal law. Under this formula, the United States will pay 90% of covered terrorism losses exceeding a statutorily-established deductible paid by insurers until such time as insured losses under the program reach \$100 billion. If that occurs, Congress will determine the procedures for, and the source of, any payments for losses in excess of \$100 billion.

We are giving you this coverage at no additional premium until March 1, 2003 or your renewal date, whichever is later. At that time, we will begin offering you this coverage. A premium charge may or may not be applicable. EXCEPTION: If you have property on your policy, the following Standard Fire Policy states do not permit an Insured to reject fire ensuing from terrorism: AZ, CA, CT, HI, ID, IL, IA, LA, ME, MA, MI, MN, MO, NE, NH, NJ, NC, ND, OK, OR, PA, RI, VA, WA, WV, WI.

The term "act of terrorism" 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 an air carrier or vessel or the premises of a United States mission; and to have been committed by an individual or individuals acting on behalf of any foreign person or foreign interest, 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.

Coverage under your existing policy may be affected as follows:

ANY IN-FORCE TERRORISM EXCLUSIONS FOR ACTS OF TERRORISM, AS DEFINED IN THE ACT, ALREADY CONTAINED IN YOUR POLICY OR INCLUDED IN AN ENDORSEMENT ARE NULLIFIED AS OF NOVEMBER 26, 2002.

The actual coverage provided by your policy for acts of terrorism, as is true for all coverages, is limited by the terms, conditions, exclusions, limits, other provisions of your policy, any endorsements to the policy and generally applicable rules of law.