

Federal Terrorism Risk Insurance Act Disclosure

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).

In the event of an *Insured Loss*, Northland Insurance Company, Northland Casualty Company and Northfield Insurance Company (collectively "Northland") are responsible for a deductible of one percent (1 %) of Northland's "Direct Earned Premiums" (as used in the Act) for the calendar year 2001 for *Insured Losses* occurring from November 26, 2002 through December 31, 2002; seven percent (7%) of Northland's *Direct Earned Premiums* for the calendar year 2002 for *Insured Losses* occurring during calendar year 2003, ten percent (10%) of Northland's *Direct Earned Premiums* for the calendar year 2003 for *Insured Losses* occurring during calendar year 2004; or fifteen percent (15%) of Northland's *Direct Earned Premiums* for the calendar year 2004 for *Insured Losses* occurring during calendar year 2005. The Federal Government's share of compensation for *Insured Losses* in each year is 90% of the amount of *Insured Losses* in excess of Northland's deductible for that year. Northland is responsible for the payment of the remaining 10% of *Insured Losses*. In no event, however, will the total combined amount paid by all "Insurers" (as defined in the Act) and the Federal Government for all *Insured Losses* occurring in any one year exceed \$100,000,000,000.

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 the coverages contained in this quote do not contain an exclusion that specifically excludes coverage for *insured Losses*. The charge for this exposure is included in the total premium for each Coverage indicated in the Premium Schedule. The charge that has been included for each Coverage is indicated below.

Coverage	Included Charge For Insured Losses
Commercial Property Coverage	[3%] [7%] of the Commercial Property Coverage premium <ul style="list-style-type: none"> * If the primary location is in a Designated City (as listed below), choose 7% * If the primary location is not in a Designated City (as listed below), choose 3%
Commercial General Liability Coverage or any other commercial liability coverage (other than commercial auto liability) including, but not limited to, Owners and Contractors Protective Liability, Liquor Liability, Pollution Liability, Professional Liability, Products/Completed Operations Liability, and Employment Related Practices Liability and Excess (Umbrella) Liability	1% of the total Commercial General Liability Coverage premium
Commercial Auto Coverage	1 % of the total Commercial Auto Coverage premium

Coverage	Included Charge For <i>Insured Losses</i>
Commercial Inland Marine/Cargo Coverage	1% of the total Commercial Inland Marine/Cargo Coverage premium
Commercial Crime Coverage	1% of the total Commercial Crime Coverage
Boiler and Machinery Coverage	1 % of the total Boiler and Machinery Coverage Premium
Agribusiness - Farm/Ranch Coverage	1 % of the total Agribusiness - Farm/Ranch Coverage premium

Designated Cities are:			
Albuquerque, NM	Paso, TX	Miami, FL	San Diego, CA
Atlanta, GA	Fort Worth, TX	Milwaukee, WI	San Antonio, TX
Austin, TX	Fresno, CA	Minneapolis, MN	San Francisco, CA
Baltimore, MD	Honolulu, HI	Nashville-Davidson, TN	San Jose, CA
Boston, MA	Houston, TX	New Orleans, LA	Seattle, WA
Charlotte, NC	Indianapolis, IN	New York, NY	St. Louis, MO
Chicago, IL	Jacksonville, FL	Oakland, CA	Tucson, AZ
Cleveland, OH	Kansas City, MO	Oklahoma City, OK	Tulsa, OK
Colorado Springs, CO	Las Vegas, NV	Omaha, NE	Virginia Beach, VA
Columbus, OH	Long Beach, CA	Philadelphia, PA	Washington, DC
Dallas, TX	Los Angeles, CA	Phoenix, AZ	Wichita, KS
Denver, CO	Memphis, TN	Portland, OR	
Detroit, MI	Mesa, AZ	Sacramento, CA	

New England Excess Exchange, Ltd.
Post Office Box 219
Montpelier Vermont 05601
800-548-4301 ~ Fax: 800-347-4935