
DESANCTIS INSURANCE AGENCY, INC.

Phone: (781) 935-8480
Fax: (781) 933-5645

36 Cummings Park
Woburn, Massachusetts 01801

To Our Valued Clients:

December 2006

Terrorism Coverage under TRIEA Uncertain Past 12/31/07

Last January we sent you a notice that President Bush had signed the Terrorism Risk Insurance Extension Act (TRIEA), which provided a two-year extension of the Terrorism Risk Insurance Act (TRIA) through December 31, 2007.

At the end of this September the Presidential Working Group issued its required report to Congress on the future of terrorism insurance, but failed to provide any clear guidance on the need for a continued federal terrorism insurance backstop after TRIEA expires at the end of next year. Many are of the opinion this is a strong message that the administration opposes any continuation of the federal program.

As we approach the final year of the extension, we need to be aware it is entirely possible there will be no federal backstop on January 1, 2008. This means upcoming policies with effective dates after 1/1/07 which include TRIA/TRIEA coverage at inception, could automatically lose that coverage mid-term when the federal program terminates on 1/1/08.

We will certainly make every effort to notify you if the outlook appears more hopeful that a remodeled program will take TRIEA's place upon its 12/31/07 expiration. But until we get any indication to the contrary, please recognize that the TRIA/TRIEA coverage and premium contained in any policy with a term that extends beyond 1/1/08 is subject to change or termination 12/31/07.

Very truly yours,

DeSanctis Insurance Agency, Inc.