Congress needs to reauthorize the Terrorism Risk Insurance Act in SEPTEMBER

RAND’s “National Security Perspectives on Terrorism Risk Insurance in the United States”

“To the extent that terrorism insurance is more available with TRIA than without it, renewing the legislation would contribute to improved national security.”

“The $27.5 billion threshold for aggregate insured losses in TRIA ensure that the insurance industry, rather than the taxpayer, is ultimately responsible for paying for incidents that are within the realm of the industry’s modeling capability.”

“Terrorism insurance can contribute to making communities more resilient to terrorism events.”

MARCH 2014

RAND’s “The Impact on Federal Spending of Allowing the Terrorism Risk Insurance Act to Expire”

“Eliminating TRIA could increase federal spending by $15 billion to $7 billion for terrorist attacks with losses ranging from $14 billion to $26 billion.”

“In the absence of a terrorist attack, TRIA costs taxpayers little, and in the event of a terrorist attack comparable to any experience before, it is expected to save taxpayers money.”

“A key feature of TRIA is that it is designed such that the insurance industry is responsible for all but the very large attacks.”

APRIL 2014

AM Best “Future of TRIPRA Remains Uncertain, Rating Pressure Intensifies”

“With TRIPRA set to expire Dec. 31, 2014, a key concern for A.M. Best is that insurers writing policies in the beginning of 2014 could potentially be exposed to terrorism risk after the end of the year.”

“While private terrorism reinsurance is currently available, the future availability and affordability of this coverage, if the federal backstop is not renewed or changes significantly, is unknown.”

OCTOBER 2013

Dr. Erwan Michel-Kerjan, professor and managing director, Center for Risk Management and Decision Processes at The Wharton School, University of Pennsylvania written testimony for Senate Hearing on September 25, 2015

“Without TRIA, though, American taxpayers might actually end up paying as much after a large terrorist attack through federal disaster relief, if not much more as they would today if insurers lower the capacity they provide when the mandatory requirement expires.”

Dr. Howard Kunreuther and Dr. Erwan Michel-Kerjan, professors at The Wharton School, CNBC op ed, July 22, 2014

The future of terrorism insurance for Corporate America

“Structuring disaster financing before a catastrophe occurs reduces the uncertainty that would otherwise face small and large business owners as to whether or not they will be compensated for losses incurred from a terrorist attack. Absent TRIA, and the refusal of insurers to cover this risk on their own, many more businesses would be uninsured and financially distressed after an attack and their employees would be uncertain as to their employment status. Given past experience with natural disasters and the financial bailout, the federal government would very likely come to the rescue. Taxpayers would thus be more exposed to losses than if TRIA were in place.”

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