

July 8, 2014

The Honorable Harry Reid
Majority Leader
United States Senate
Washington, DC 20510

The Honorable Mitch McConnell
Minority Leader
United States Senate
Washington, DC 20510

Dear Majority Leader Reid and Minority Leader McConnell:

The undersigned organizations respectfully request quick action on S. 2244, the Terrorism Risk Insurance Program Reauthorization Act of 2014. This bipartisan legislation was reported last month with a unanimous vote by the Senate Committee on Banking, Housing, and Urban Affairs and is essential to retain the Terrorism Risk Insurance Program that has protected U.S. national and economic security since its creation following the September 11, 2001 terrorist attacks. To date, a quarter of the Senators have cosponsored S. 2244.

The TRIA program is a vital piece of the nation's economic national security infrastructure. The federal government plays an important and appropriate role in encouraging private sector involvement in the terrorism insurance marketplace – thereby protecting and promoting our nation's finances, security, and economic strength. The Terrorism Risk Insurance Program has been a remarkable success in achieving its primary mission to “protect consumers by addressing market disruptions and ensure the continued widespread availability and affordability of property and casualty insurance for terrorism risk.”

The undersigned parties are very appreciative of the bipartisan leadership of the Senate Banking Committee in reporting legislation that increases taxpayer protections while retaining broad support of consumer groups and the marketplace. Working together, Sens. Johnson and Crapo and members of the Committee achieved consensus agreement on a bipartisan piece of legislation. The bill reauthorizes the TRIA program for seven years, a period of time that will bring longer-term certainty to the market and facilitate economic development, and increases the ultimate private sector share of the responsibility for insured losses, thereby reducing any potential burden on the taxpayer.

We are particularly appreciative that the Senate consensus bill largely maintains the current thresholds that facilitate broad private participation in the terrorism insurance market. For example, the bill maintains the current \$100 million “trigger” – the minimum size of a terrorist event required to trigger any Federal involvement. An excessive trigger could make it impossible for many small to medium-sized insurers to continue to write terrorism and other business coverages. If insurers are forced out of the market, the result is expected to be less availability of coverage and less competition. That would be antithetical to TRIA's stated purposes. Small and medium-sized insurers represent almost 98 percent of all insurers writing TRIA coverage and

almost half of all TRIA-related premiums. Small and medium-sized insurers are a critical source of terrorism coverage as well as other lines of insurance meeting all of needs of American businesses large and small. The primary impact of raising the trigger would be on smaller, regional, and niche insurers whose deductible – and even total exposure – is less than the amount of an elevated trigger level that has been set too high. We applaud the crafters of S. 2244 for recognizing this important fact.

We urge the Senate to take up S. 2244 as quickly as possible. Consumers are already having to purchase terrorism insurance coverage that extends beyond TRIA's current December 31, 2014 expiration without any certainty regarding the levels of protection TRIA will provide. Many newly issued policies contain conditional terrorism exclusions, which could result in no protection for consumers if Congress fails to act in a timely manner. While most stakeholders prefer a straight extension of TRIA with no changes, we recognize and appreciate the bipartisan leadership of the committee in moving S.2244 forward and hope that you can reach agreement to bring this legislation to the Senate floor as soon as possible where we believe it will have overwhelming support.

Given the broad support this bill has already attracted, we would encourage the full Senate to consider this legislation as soon as possible with minimal revisions, and in particular, no amendments to raise the trigger from its current \$100 million level. We believe that the current version of the legislation will help maintain a vital program that has succeeded in fostering a robust terrorism insurance market for consumers and companies of all sizes, at virtually no cost to the federal government.

Sincerely,

National Association of Mutual Insurance Companies
Property Casualty Insurers Association of America
U.S. Chamber of Commerce
Commercial Real Estate Finance Council