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## FOR RELEASE ON RECEIPT

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# PCI Comments on Administration Proposal to Cut Terrorism Risk Insurance Program

WASHINGTON – Robert Gordon, senior vice president of policy and research development for the Property Casualty Insurers Association of America (PCI), issued the following statement regarding the Obama Administration's 2011 budget provisions cutting the federal government's terrorism risk insurance program.

"The Administration's proposed budget includes provisions to scale back the Terrorism Risk Insurance Program by removing coverage for domestically-inspired acts of terrorism; increasing private insurer deductibles and co-payments; and allowing the program to expire at the end of 2014.

"We believe the Administration's proposal could have negative ramifications on this important insurance marketplace for companies to access terrorism coverage.

"As terrorist attacks in Britain and Spain showed several years ago, the line between foreign-inspired versus domestic terrorism can often be blurred and it can take months to determine such distinctions. Retuning to a 'foreign only' approach for the program will increase uncertainty, making private insurers less likely to write primary terrorism coverage.

"Increasing deductibles and co-payments will also make private insurers less likely to write primary terrorism coverage. The current, expanded TRIA private coverage is the result of the much-needed reforms advanced in 2007.

"The changes proposed by the Administration would be particularly harmful to the commercial real estate market. A loss of insurance coverage could disrupt construction projects and extinguish job growth, undercutting a struggling sector at a critical time in our economic recovery.

"Congress took positive steps in 2007 with the passage of a strong, long-term terrorism risk insurance bill and we believe this should remain in its current form for many more years.

PCI is composed of more than 1,000 member companies, representing the broadest cross-section of insurers of any national trade association. PCI members write over \$180 billion in annual premium, 37.4 percent of the nation's property casualty insurance. Member companies write 44 percent of the U.S. automobile insurance market, 30.7 percent of the homeowners market, 35.1 percent of the commercial property and liability market, and 41.7 percent of the private workers compensation market.

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