

NAIC Resolution to Support Reauthorization of the Terrorism Risk Insurance Act

RESOLUTION

WHEREAS, the Terrorism Risk Insurance Act of 2002 (TRIA) was adopted and subsequently reauthorized twice by Congress to provide a federal shared loss program for incurred losses resulting from certain acts of terrorism in order to protect American businesses by minimizing market disruptions and ensuring the widespread availability and affordability of property and casualty insurance for terrorism risks;

WHEREAS, state insurance regulators have supported TRIA since its inception and its subsequent reauthorizations in 2005 and 2007; and

WHEREAS, the presence of the federal backstop has provided a measure of security to the insurance industry and has enabled insurers to extend offers of coverage for acts of terrorism following the tragic events of September 11th; and

WHEREAS, to date, state insurance regulators have not seen evidence suggesting that the insurance marketplace is capable or willing to voluntarily take on a substantial portion of the risk of providing coverage for acts of terrorism; and

WHEREAS, the evidence state insurance regulators have seen suggests that unknown frequency, coupled with the potential for substantial severity of a loss makes coverage for acts of terrorism one that insurers would likely choose to avoid if given the opportunity.

NOW, THEREFORE BE IT RESOLVED THAT:

State insurance regulators support the reauthorization of TRIA to help ensure market stability through the availability of terrorism coverage and urge prompt Congressional action prior to the program's expiration at the end of 2014 in order to minimize disruptions to the commercial insurance markets.