

November 18, 2019

The Honorable Nancy Pelosi  
Speaker  
U.S. House of Representatives  
Washington, D.C. 20515

The Honorable Kevin McCarthy  
Minority Leader  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Speaker Pelosi and Minority Leader McCarthy:

The undersigned organizations, representing a wide variety of business interests, strongly support H.R. 4634, the Terrorism Risk Insurance Program Reauthorization Act of 2019, as amended, and urge the House to pass this legislation as soon as possible. H.R. 4634 is a bipartisan compromise that would extend the Terrorism Risk Insurance Act (TRIA) for 7 years, allowing the program to continue to provide the vital economic protections against acts of terrorism that so many companies rely on.

The tragic terrorist attacks on September 11, 2001, fundamentally changed the landscape for insuring against the risk of terrorism in the United States. Struck with an inability to model frequency, location, and the potentially devastating scale of modern terrorism, insurers were forced to pull out of the marketplace, and in the months following the attacks, the inability of insurance policyholders to secure terrorism risk insurance contributed to a paralysis in the economy, especially in the construction, travel and tourism, and real estate finance sectors.

Since its initial enactment in 2002, TRIA has served as a vital public-private risk sharing mechanism, ensuring that private terrorism risk insurance coverage remains available to commercial businesses, educational institutions and non-profit organizations at virtually no cost to the taxpayer. TRIA fosters certainty in the marketplace and allows all of these interconnected elements of the economy to continue to move forward.

In 2018, the Treasury Department reported that “the Program has made terrorism risk insurance available and affordable in the United States, and the market for terrorism risk insurance has been relatively stable for the past decade.” Without the backstop that TRIA provides, the private insurance market would simply be unable to provide adequate levels of terrorism risk insurance.

Importantly, H.R. 4634 maintains the current TRIA structure. Making changes to the TRIA mechanism could force many small and mid-sized insurers to exit risks or markets altogether when adequate reinsurance is neither available nor affordable, which ultimately impacts the ability of policyholders to secure adequate coverage. Maintaining a workable federal terrorism insurance mechanism is vital for our nation’s economic security, and without adequate coverage, our ability to mitigate further economic fallout in the event of an attack would be greatly impaired.

The American business community remembers all too well the twelve-day lapse in the program

in early 2015 and the disruption that lapse played in a variety of markets. We strongly support H.R. 4634 and urge the House to pass this legislation without delay.

Sincerely,

American Council of Life Insurers  
American Property Casualty Insurance Association  
Coalition to Insure Against Terrorism  
Council of Insurance Agents & Brokers  
Independent Insurance Agents & Brokers of America  
National Association of Mutual Insurance Companies  
National Association of Real Estate Investment Trusts (Nareit)  
Reinsurance Association of America  
The Real Estate Roundtable  
U.S Chamber of Commerce