

TRIA — The Push to get it Extended



Congress is back in session and has just a couple of more weeks before the annual August recess. Once its back from the August recess then there's some time to pass legislation but not a lot before a break for the upcoming — and very important — November elections.

So getting an extension of the Terrorism Risk Insurance Act (TRIA) passed is unlikely but it isn't stopping insurers and insurance groups from making a big push to get something done before the law expires at the end of this year.

The latest effort is letters to House leaders Speaker John Boehner and Minority Leader Nancy Pelosi and other key members of the body. The Senate has passed a version the industry can accept but the House Financial Services Committee has pushed through one that is unacceptable.

H.R. 4871 is the TRIA Reform Act of 2014. It reauthorizes the program for five-years. Insurers don't like it because it increases trigger for federal reinsurance by 500% and it sets TRIA in a direction that will end federal involvement in any terrorist act that isn't nuclear, chemical, biological or radiation.

Currently TRIA's trigger is \$100 million. Starting in January of 2016 it starts rising until it hits \$500 million in January of 2019. The nuclear, chemical, biological and radiation trigger will remain at \$100 million.

The Senate bill is for an industry preferable seven-years and the trigger stays at \$100 million for all events through that period.

The letters were sent by the National Association of Mutual Insurance Companies (NAMIC), the Property Casualty Insurers Association of American (PCI), the U.S. Chamber of Commerce and by the Commercial Real Estate Finance Council.

Notably missing is the American Insurance Association (AIA) and the Council of Agents and Brokers (CIAB). Both told *National Underwriter* that they do not want to push Republicans on the issue because it wouldn't be helpful.

The letters do two things. First they want to get the House to go with the bill passed by the Senate Banking Committee in June. The industry is being told members of that committee aren't anxious to try to resolve the differences in the two bills in conference committee especially when the most liberal and most conservative members of that committee agreed on the bill.

They are Sen. Elizabeth Warren of Massachusetts and Sen. Tom Coburn of Oklahoma who are Democrat and Republican respectively.

The letter worries about all insurance companies but points to small and medium insurers first. “Small and medium-sized insurers represent almost 98% of all insurers writing TRIA coverage and almost half of all TRIA related premiums.”

Increasing the government trigger — says the letter — increases small and medium insurer liability. “This dramatic liability increase could not only limit the amount of terrorism insurance coverage most insurers are able to provide to Main Street businesses, but it could also impair their ability to offer the underlying non-terrorism commercial coverages, creating harmful, negative consequences for the economy and job growth.”

The letter concluded, “We urge you to create a process to address these concerns so that the House can pass a bill that will solidify a vital program that has succeeded in fostering a robust terrorism insurance market at virtually no cost to the federal government,” the letter concluded.

Not content to sit on just a House letter, the group also sent one to the leadership of the Senate urging it to quickly pass its Terrorism Risk Insurance Program Reauthorization Act of 2014 — S. 2244.