
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE RESOLUTION

No. 799 Session of
2014

INTRODUCED BY GODSHALL, COHEN, FRANKEL, W. KELLER, KIRKLAND,
KOTIK, LONGIETTI, MILLARD, MURT, MUSTIO, PICKETT, READSHAW,
YOUNGBLOOD, KORTZ AND DeLUCA, APRIL 28, 2014

REFERRED TO COMMITTEE ON INSURANCE, APRIL 28, 2014

A RESOLUTION

1 Urging the Congress of the United States to reauthorize
2 federally provided terrorism reinsurance for insurers in
3 order to maintain stability in the insurance and reinsurance
4 markets and to continue to deliver substantive and direct
5 benefits to businesses, workers, consumers and the economy
6 overall in the aftermath of a terrorist attack on the United
7 States.

8 WHEREAS, Insurance protects the United States economy from
9 the risks inherent in economic growth and development while also
10 providing the resources necessary to rebuild physical and
11 economic infrastructure, offer indemnification for business
12 disruption and provide coverage for medical and liability costs
13 from injuries and loss of life; and

14 WHEREAS, The terrorist attacks of September 11, 2001,
15 produced large insured losses and claims paid by insurers
16 totaling about \$32.5 billion, making this one of the costliest
17 insurance events in United States history; and

18 WHEREAS, The enormity of the terrorist-induced loss, combined
19 with the possibility of future attacks, produced financial shock
20 waves that shook insurance markets and caused insurers and

1 reinsurers to exclude coverage arising from acts of terrorism
2 from virtually all commercial property and liability policies;
3 and

4 WHEREAS, The lack of terrorism risk insurance contributed to
5 a paralysis in the economy, especially in construction, tourism,
6 business travel and real estate finance; and

7 WHEREAS, The Congress of the United States originally passed
8 the Terrorism Risk Insurance Act of 2002 (Public Law 107-297,
9 116 Stat. 2322), referred to as TRIA, in which the Federal
10 Government agreed to provide terrorism reinsurance to insurers
11 and reauthorized this arrangement in the Terrorism Risk
12 Insurance Extension Act of 2005 (Public Law 109-144, 119 Stat.
13 2660) and the Terrorism Risk Insurance Program Reauthorization
14 Act of 2007 (Public Law 110-160, 121 Stat. 1839), referred to as
15 TRIPRA; and

16 WHEREAS, Under TRIPRA, the Federal Government provides
17 reinsurance after industry-wide losses attributable to annual
18 certified terrorism events exceeding \$100 million; and

19 WHEREAS, Coverage under TRIPRA is provided to an individual
20 insurer after the insurer has incurred losses related to
21 terrorism equal to 20% of the insurer's previous year earned
22 premium for property-casualty lines; and

23 WHEREAS, After an individual insurer has reached such a
24 threshold, the insurer pays 15% of residual losses and the
25 Federal Government pays the remaining 85%; and

26 WHEREAS, The Terrorism Risk Insurance Program has an annual
27 cap of \$100 billion of aggregate insured losses, beyond which
28 the Federal program does not provide coverage; and

29 WHEREAS, TRIPRA requires the Federal Government to recoup
30 100% of the benefits provided under the program via policy

1 holder surcharges to the extent the aggregate insured losses are
2 less than \$27.5 billion and enables the government to recoup
3 expenditures beyond that mandatory recoupment amount; and

4 WHEREAS, Without question, TRIA and its successors are the
5 principal reason for the continued stability in the insurance
6 and reinsurance market for terrorism insurance to the benefit of
7 our overall economy; and

8 WHEREAS, The presence of a robust private/public partnership
9 has provided stability and predictability and has allowed
10 insurers to actively participate in the market in a meaningful
11 way; and

12 WHEREAS, Without a program such as TRIPRA, many of our
13 citizens who want and need terrorism coverage to operate their
14 businesses all across the nation would be unable to get
15 insurance or unable to afford the limited coverage that would be
16 available; and

17 WHEREAS, Without federally provided reinsurance, property and
18 casualty insurers will face less availability of terrorism
19 reinsurance and will therefore be severely restricted in their
20 ability to provide sufficient coverage for acts of terrorism to
21 support our economy; and

22 WHEREAS, Unfortunately, despite the hard work and dedication
23 of this nation's counterterrorism agencies and the brave men and
24 women in uniform fighting to keep us safe, the threat from
25 terrorist attacks in the United States is both a real and
26 substantial possibility for the foreseeable future; therefore be
27 it

28 RESOLVED, The the House of Representatives of the
29 Commonwealth of Pennsylvania urge the President and the Congress
30 of the United States to reauthorize the Terrorism Risk Insurance

1 Program; and be it further

2 RESOLVED, That a copy of this resolution be transmitted to
3 the President, the presiding officers of each house of Congress
4 and to each member of Congress from Pennsylvania.