
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE RESOLUTION

No. 340 Session of
2014

INTRODUCED BY WHITE, STACK, RAFFERTY, SOLOBAY AND SMITH,
APRIL 7, 2014

REFERRED TO BANKING AND INSURANCE, APRIL 7, 2014

A RESOLUTION

1 Urging the Congress of the United States to reauthorize
2 Federally provided terrorism reinsurance for insurers.

3 WHEREAS, The Terrorism Risk Insurance Program Reauthorization
4 (TRIPRA) maintains stability in the insurance and reinsurance
5 markets by continuing to deliver substantive, direct benefits to
6 businesses, workers, consumers and the economy overall in the
7 aftermath of a terrorist attack on the United States; and

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

15 WHEREAS, The terrorist attack of September 11, 2001, produced
16 insured losses larger than any natural or manmade event in
17 history, with claims paid by insurers to their policyholders
18 eventually totaling approximately \$32.5 billion, making it the

1 second most costly insurance event in United States history; and

2 WHEREAS, The sheer enormity of the terrorist-induced loss,
3 combined with the possibility of future attacks, produced
4 financial shock waves that shook insurance markets, causing
5 insurers and reinsurers to exclude coverage arising from acts of
6 terrorism from virtually all commercial property and liability
7 policies; and

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

11 WHEREAS, The United States Congress originally passed the
12 Terrorism Risk Insurance Act of 2002 (Public Law 107-297, 116
13 Stat. 2322) (TRIA), in which the Federal Government agreed to
14 provide terrorism reinsurance to insurers and reauthorized this
15 arrangement via the Terrorism Risk Insurance Extension Act of
16 2005 (Public Law 109-144, 119 Stat. 2660) and the Terrorism Risk
17 Insurance Program Reauthorization Act of 2007 (Public Law 110-
18 160, 121 Stat. 1839) (TRIPRA); and

19 WHEREAS, Under TRIPRA, the Federal Government provides
20 reinsurance after industrywide losses attributable to annual
21 certified terrorism events exceeding \$100,000,000; and

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

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

29 WHEREAS, The Terrorism Risk Insurance Program has an annual
30 cap of \$100,000,000,000 of aggregate-insured losses, beyond

1 which the Federal program does not provide coverage; and

2 WHEREAS, TRIPRA requires the Federal Government to recoup
3 100% of the benefits provided under the program via policyholder
4 surcharges to the extent the aggregate-insured losses are less
5 than \$27,500,000,000 and enables the government to recoup
6 expenditures beyond that mandatory recoupment amount; and

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

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

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

20 WHEREAS, Without Federally provided reinsurance, property and
21 casualty insurers will face less access to terrorism reinsurance
22 and will therefore be severely restricted in their ability to
23 provide sufficient coverage that is necessary to support our
24 economy when acts of terrorism occur; and

25 WHEREAS, Despite the hard work and dedication of this
26 nation's counterterrorism agencies and the bravery of the men
27 and women in uniform who fought and continue to fight battles
28 abroad to keep us safe here at home, the threat of terrorist
29 attacks in the United States is both real and substantial and
30 will remain as such for the foreseeable future; therefore be it

1 RESOLVED, That the Senate urge the President of the United
2 States and the Congress of the United States to reauthorize the
3 Terrorism Risk Insurance Program; and be it further

4 RESOLVED, That copies of this resolution be transmitted to
5 the President of the United States, the Speaker and Clerk of the
6 United States House of Representatives, the President pro
7 tempore and the Secretary of the United States Senate, each
8 member of Congress from Pennsylvania and to the news media of
9 Pennsylvania.