

Regular Session, 2014

SENATE RESOLUTION NO. 18

BY SENATOR JOHNS

CONGRESS. Memorializes Congress to reauthorize the Terrorism Risk Insurance Program.

1 A RESOLUTION

2 To memorialize the Congress of the United States to reauthorize the Terrorism Risk  
3 Insurance Program.

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

9 WHEREAS, the terrorist attack of September 11, 2001, produced insured losses  
10 larger than any natural or man-made event in history, with claims paid by insurers to their  
11 policyholders eventually totaling some \$32.5 billion, making this the second most costly  
12 insurance event in United States history; and

13 WHEREAS, the sheer enormity of the terrorist-induced loss, combined with the  
14 possibility of future attacks, produced financial shockwaves that shook insurance markets  
15 causing insurers and reinsurers to exclude coverage arising from acts of terrorism from  
16 virtually all commercial property and liability policies; and

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

1           WHEREAS, the United States Congress originally passed the Terrorism Risk  
2 Insurance Act of 2002, in which the federal government agreed to provide terrorism  
3 reinsurance to insurers and reauthorized this arrangement via the Terrorism Risk Insurance  
4 Extension Act of 2005, and the Terrorism Risk Insurance Program Reauthorization Act of  
5 2007 (TRIPRA); and

6           WHEREAS, under TRIPRA the federal government provides such reinsurance after  
7 industry-wide losses attributable to annual certified terrorism events exceed one hundred  
8 million dollars; and

9           WHEREAS, coverage under TRIPRA is provided to an individual insurer after the  
10 insurer has incurred losses related to terrorism equal to twenty percent of the insurer's  
11 previous year earned premium for property-casualty lines; and

12           WHEREAS, after an individual insurer has reached such a threshold, the insurer pays  
13 fifteen percent of residual losses and the federal government pays the remaining eighty-five  
14 percent; and

15           WHEREAS, the Terrorism Risk Insurance Program has an annual cap of one hundred  
16 billion dollars of aggregate insured losses, beyond which the federal program does not  
17 provide coverage; and

18           WHEREAS, TRIPRA requires the federal government to recoup one hundred percent  
19 of the benefits provided under the program via policy holder surcharges to the extent the  
20 aggregate insured losses are less than twenty-seven billion five hundred million dollars and  
21 enables the government to recoup expenditures beyond that mandatory recoupment amount;  
22 and

23           WHEREAS, without question, TRIPRA and its successors are the principal reason  
24 for the continued stability in the insurance and reinsurance market for terrorism insurance  
25 to the benefit of our overall economy; and

26           WHEREAS, the presence of a robust private and public partnership has provided  
27 stability and predictability and has allowed insurers to actively participate in the market in  
28 a meaningful way; and

29           WHEREAS, without a program such as TRIPRA, many of our citizens who want and  
30 need terrorism coverage to operate their businesses all across the nation would be either

1 unable to get insurance or unable to afford the limited coverage that would be available; and

2 WHEREAS, without federally provided reinsurance, property and casualty insurers  
3 will face less availability of terrorism reinsurance and will therefore be severely restricted  
4 in their ability to provide sufficient coverage for acts of terrorism to support our economy;  
5 and

6 WHEREAS, despite the hard work and dedication of this nation's counterterrorism  
7 agencies and the bravery of the men and women in uniform who fought and continue to fight  
8 battles abroad to keep us safe here at home, the threat from terrorist attacks in the United  
9 States is both real and substantial and will remain as such for the foreseeable future.

10 THEREFORE, BE IT RESOLVED that the Senate of the Legislature of Louisiana  
11 hereby memorializes the Congress of the United States to reauthorize the Terrorism Risk  
12 Insurance Program.

13 BE IT FURTHER RESOLVED that a copy of this Resolution shall be transmitted  
14 to the secretary of the United States Senate and the clerk of the United States House of  
15 Representatives and to each member of the Louisiana delegation to the United States  
16 Congress.

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The original instrument and the following digest, which constitutes no part  
of the legislative instrument, were prepared by Cheryl Horne.

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DIGEST

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