Regular Session, 2014

HOUSE RESOLUTION NO. 42

## BY REPRESENTATIVE CROMER

# $INSURANCE:\ Memorializes\ congress\ to\ reauthorize\ the\ Terrorism\ Risk\ Insurance\ Program$

1	A RESOLUTION
2	To memorialize the United States Congress to take such actions as are necessary to
3	reauthorize the Terrorism Risk 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 thirty-two billion, five hundred million dollars,
12	making this the second most costly 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

# HLS 14RS-1863

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 policyholder 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

1	WHEREAS, without a program such as TRIPRA, many of our citizens who want and
2	need terrorism coverage to operate their businesses all across the nation would be either
3	unable to get insurance or unable to afford the limited coverage that would be available; and
4	WHEREAS, without federally provided reinsurance, property and casualty insurers
5	will face less availability of terrorism reinsurance and will therefore be severely restricted
6	in their ability to provide sufficient coverage for acts of terrorism to support our economy;
7	and
8	WHEREAS, despite the hard work and dedication of this nation's counterterrorism
9	agencies and the bravery of the men and women in uniform who fought and continue to fight
10	battles abroad to keep us safe here at home, the threat from terrorist attacks in the United
11	States is both real and substantial and will remain as such for the foreseeable future.
12	THEREFORE, BE IT RESOLVED that the House of Representatives of the
13	Legislature of Louisiana hereby memorializes the United States Congress to reauthorize the
14	Terrorism Risk Insurance Program.
15	BE IT FURTHER RESOLVED that a copy of this Resolution shall be transmitted
16	to the secretary of the United States Senate and the clerk of the United States House of
17	Representatives and to each member of the Louisiana delegation to the United States
18	Congress.

#### DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

## Cromer

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