

BY REPRESENTATIVE CROMER

INSURANCE: Memorializes congress to reauthorize the Terrorism Risk Insurance Program

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 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

HR No. 42

Memorializes congress to reauthorize the Terrorism Risk Insurance Program.