

1 HJR140
2 157420-1
3 By Representative Wren
4 RFD: Rules
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8 URGING THE UNITED STATES CONGRESS TO REAUTHORIZE
9 FEDERALLY PROVIDED TERRORISM REINSURANCE FOR INSURERS IN ORDER
10 TO MAINTAIN STABILITY IN THE INSURANCE AND REINSURANCE MARKETS
11 AND TO CONTINUE TO DELIVER SUBSTANTIVE, DIRECT BENEFITS TO
12 BUSINESSES, WORKERS, CONSUMERS, AND THE ECONOMY OVERALL IN THE
13 AFTERMATH OF A TERRORIST ATTACK ON THE UNITED STATES.

14
15 WHEREAS, insurance protects the United States
16 economy from the adverse effects of the risks inherent in
17 economic growth and development while also providing the
18 resources necessary to rebuild physical and economic
19 infrastructure, offer indemnification for business disruption,
20 and provide coverage for medical and liability costs from
21 injuries and loss of life in the event of catastrophic losses
22 to persons or property; and

23 WHEREAS, the terrorist attack of September 1, 2001,
24 produced insured losses larger than any natural or man-made
25 event in history, with claims paid by insurers to their
26 policyholders eventually totaling some \$32.5 billion, making

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

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

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

13 WHEREAS, the United States Congress originally
14 passed the Terrorism Risk Insurance Act of 2002, Pub. L.
15 107-297 (TRIA), in which the federal government agreed to
16 provide terrorism reinsurance to insurers and reauthorized
17 this arrangement via the Terrorism Risk Insurance Extension
18 Act of 2005, Pub. L. 109-144, and the Terrorism Risk Insurance
19 Program Reauthorization Act of 2007, Pub. L. 110-160 (TRIPRA);
20 and

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

25 WHEREAS, coverage under TRIPRA is provided to an
26 individual insurer after the insurer has incurred losses

1 related to terrorism equal to twenty percent of the insurer's
2 previous year earned premium for property-casualty lines; and

3 WHEREAS, after an individual insurer has reached
4 such a threshold, the insurer pays fifteen percent of residual
5 losses and the federal government pays the remaining
6 eighty-five percent; and

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

11 WHEREAS, TRIPRA requires the federal government to
12 recoup one hundred percent of the benefits provided under the
13 program via policy holder surcharges to the extent the
14 aggregate insured losses are less than twenty-seven billion
15 five hundred million dollars and enables the government to
16 recoup expenditures beyond that mandatory recoupment amount;
17 and

18 WHEREAS, without question, TRIA and its successors
19 are the principal reason for the continued stability in the
20 insurance and reinsurance market for terrorism insurance to
21 the benefit of our overall economy; and

22 WHEREAS, the presence of a robust private/public
23 partnership has provided stability and predictability and has
24 allowed insurers to actively participate in the market in a
25 meaningful way; and

26 WHEREAS, without a program such as TRIPRA, many of
27 our citizens who want and need terrorism coverage to operate

1 their businesses all across the nation would be either unable
2 to get insurance or unable to afford the limited coverage that
3 would be available; and

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

9 WHEREAS, unfortunately, despite the hard work and
10 dedication of this nation's counterterrorism agencies and the
11 bravery of the men and women in uniform who fought and
12 continue to fight battles abroad to keep us safe here at home,
13 the threat from terrorist attacks in the United States is both
14 real and substantial and will remain as such for the
15 foreseeable future; now therefore,

16 BE IT RESOLVED BY THE LEGISLATURE OF ALABAMA, BOTH
17 HOUSES THEREOF CONCURRING, That we, the members of the Alabama
18 Legislature, urge the United States Congress and the President
19 of the United States to reauthorize the Terrorism Risk
20 Insurance Program.

21 BE IT FURTHER RESOLVED, That a copy of this
22 resolution be sent to the President of the United States, the
23 Speaker of the United States House of Representatives, the
24 President Pro Tempore of the United States Senate, and the
25 members of the Alabama congressional delegation.