

House Concurrent Resolution No. 22

97TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE WIELAND.

5639L.011

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

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

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

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

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

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27 **WHEREAS**, coverage under TRIPRA is provided to an individual insurer after the
28 insurer incurs losses related to terrorism equal to 20% of the insurer's previous year earned
29 premium for property-casualty lines; and

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31 **WHEREAS**, after an individual insurer reaches such threshold, the insurer pays 15% of
32 residual losses and the federal government pays the remaining 85%; and

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

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37 **WHEREAS**, TRIPRA requires the federal government to recoup 100% of the benefits
38 provided under the program via policyholder surcharges to the extent the aggregate insured
39 losses are less than twenty-seven billion five hundred million dollars and enables the government
40 to recoup expenditures beyond that mandatory recoupment amount; and

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42 **WHEREAS**, without question, TRIA and its successors are the principal reason for the
43 continued stability in the insurance and reinsurance market for terrorism insurance to the benefit
44 of our overall economy; and

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46 **WHEREAS**, the presence of a robust private-public partnership has provided stability
47 and predictability, and has allowed insurers to actively participate in the market in a meaningful
48 way; and

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50 **WHEREAS**, without a program such as TRIPRA, many of our citizens who want and
51 need terrorism coverage to operate their businesses all across the nation would be either unable
52 to obtain insurance or unable to afford the limited coverage that would be available; and

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54 **WHEREAS**, without federally provided reinsurance, property and casualty insurers
55 would face less availability of terrorism reinsurance and would therefore be severely restricted
56 in their ability to provide sufficient coverage for acts of terrorism to support our economy; and

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

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63 **NOW, THEREFORE, BE IT RESOLVED** that the members of the House of
64 Representatives of the Ninety-seventh General Assembly, Second Regular Session, the Senate
65 concurring therein, hereby urge the United States Congress and the President of the United States
66 to reauthorize the Terrorism Risk Insurance Program; and

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68 **BE IT FURTHER RESOLVED** that the Chief Clerk of the Missouri House of
69 Representatives be instructed to prepare properly inscribed copies of this resolution for the
70 President of the United States, the President Pro Tempore and Secretary of the United States
71 Senate, the Speaker and Clerk of the United States House of Representatives, and each member
72 of the Missouri Congressional delegation.

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