The Terrorism Insurance Implementation (C) Working Group of the Property and Casualty Insurance (C) Committee met in Austin, TX, Dec. 8, 2019. The following Working Group members participated: Marshal Bozzo, Chair (NY); Michael Ricker (AK); George Bradner (CT); Sean O’Donnell (DC); Virginia Christy (FL); Judy Mottar (IL); Heather Droge (KS); Angela Nelson (MO); Fred Fuller (NC); Cuc Nguyen (OK); Beth Vollucci (RI); J’ne Byckovski and Mark Worman (TX); Rebecca Nichols (VA); and Rosemary Raszka (VT).

1. **Adopted its Summer National Meeting Minutes**

Mr. Bradner made a motion, seconded by Ms. Nelson, to adopt the Working Group’s Aug. 4 minutes (*see NAIC Proceedings – Summer 2019, Property and Casualty Insurance (C) Committee, Attachment Four*). The motion passed unanimously.

2. **Discussed the Reauthorization of TRIA**

Brooke Stringer (NAIC) said the federal Terrorism Risk Insurance Act (TRIA) is set to expire Dec. 31, 2020, and the NAIC has seen significant Congressional action on TRIA reauthorization legislation. She said the U.S. House of Representatives (House) passed a seven year TRIA reauthorization bill (H.R. 4634), which does not make any substantial changes to the program. The bill would require the Government Accountability Office (GAO) to conduct a study on cyber terrorism risks, including an analysis of whether the states’ definition of cyber liability under a property and casualty line of insurance is adequate coverage for an act of cyber terrorism. It would also require biennial U.S. Department of the Treasury (Treasury Department) reporting on affordability and availability of terrorism risk insurance for places of worship. Ms. Stringer said the U.S. Senate (Senate) Committee on Banking, Housing, and Urban Affairs approved by voice vote a seven year reauthorization bill (S. 2877), which tracks the House version. The bill may add a study on nuclear, biological, chemical and radiological (NBCR) coverage as the bill moves forward.

Ms. Stringer noted that the NAIC supports both the House and Senate bills, and it sent letters of support, which are posted on the NAIC website. She said there is widespread support from the insurance industry and all sectors of the economy that is spurring Congressional action. She said, given the strong support in both Congressional chambers, TRIA reauthorization legislation could be in a good position to be attached to the end-of-years spending package or potentially adopted by the Senate in December or January 2020.

Ms. Stringer also reported that Director Chlo Lindley-Myers (MO) testified on behalf of the NAIC at an October joint insurance and national security subcommittee hearing at the House Committee on Financial Services. She underscored state insurance regulators’ support for the program and urged prompt Congressional action on a long-term reauthorization. She also highlighted some findings from the state insurance regulator data calls. Cyber coverage was a topic that received much attention at the hearing.

3. **Heard a Report on the 2020 Terrorism Risk Insurance Data Call**

Mr. Bozzo said workers’ compensation data will be requested from the National Council on Compensation Insurance (NCCI) and independent bureaus as it has in the past, likely with a letter being distributed in January 2020 asking for data to be submitted by March 1, 2020.

Mr. Bozzo said information about the joint state insurance regulator/Treasury Department data call will be distributed early next year with a due date of May 15, 2020, the same as past years. He said there may be a change to the modeled loss question within the data call. He reported that state insurance regulators and Federal Insurance Office (FIO) staff may begin holding state insurance regulator meetings or conference calls to discuss potential changes to the data call in future years. Based on possible changes to TRIA, future data calls may ask for data on cyber coverages or religious institutions. Mr. Bozzo said state insurance regulators expect that the State Supplement will continue in 2020 as in past years.
4. **Heard a Report on the 2019 Data Call**

Aaron Brandenburg (NAIC) reported on terrorism risk insurance data received in the State Supplement portion of the data call that was due Sept. 30. He said most files have been received and the vast majority of the files have passed the basic data quality checks. He said the NAIC is following up with companies that did not file or that submitted incorrect data elements. He said the most common error was in terrorism or total exposures where some companies had obvious errors.

In terms of total premiums reported, companies submitted nearly $38 billion in premium in allied lines, fire, commercial multiperil–non liability, and boiler and machinery lines of business. The total terrorism premium submitted was about $920 million, making the terrorism premium approximately 2.4% of the total premium. Mr. Brandenburg said these figures are comparable to what has been reported previously in data calls.

The data call found that most terrorism premium, over 90%, was written as an endorsement instead of a standalone policy. Most premium was categorized as certified, about six times as much as what was reported as both certified and non-certified. Very little of the premium was labeled as non-certified. Because the exposure data is still not credible, conclusions are not able to be drawn, but it appears that commercial multiperil–non liability has the highest portion of exposures covered by terrorism insurance.

Mr. Brandenburg said the NAIC will continue to contact companies and clean the data. The next step will then be to look at statewide and ZIP Code results in looking at premium and exposure amounts and take-up rates.

Having no further business, the Terrorism Insurance Implementation (C) Working Group adjourned.