

November 19, 2019

The Honorable Mike Crapo
Chairman
Committee on Banking, Housing,
and Urban Affairs
United States Senate
Washington, DC 20510

The Honorable Sherrod Brown
Ranking Member
Committee on Banking, Housing,
and Urban Affairs
United States Senate
Washington, DC 20510

Re: The Terrorism Risk Insurance Program Reauthorization Act of 2019, S. 2877

Dear Chairman Crapo and Ranking Member Brown:

On behalf of the nation's state insurance regulators, the National Association of Insurance Commissioners (NAIC)¹ would like to express its support for the Terrorism Risk Insurance Program Reauthorization Act of 2019 (S. 2877). We urge the committee to pass this critical long-term reauthorization bill to ensure the continued availability and affordability of terrorism risk insurance.

State insurance regulators have supported the Terrorism Risk Insurance Program (TRIP) since its inception and subsequent reauthorizations. TRIP provides insurers with the security they need to allow them to offer coverage for acts of terrorism and we believe a federal partnership with private insurers has provided a measure of security and certainty to the broader economy. The availability of this coverage provides economic stability to commercial policyholders, lenders, builders, and businesses throughout our country. When the program briefly lapsed in early 2015, conditional terrorism exclusions that had been filed with state insurance regulators were activated, which created uncertainty in commercial markets.

An expiration of TRIA would be particularly disruptive to the workers' compensation market. Workers' compensation benefits are codified in state law and an employer cannot decline to provide coverage for acts of terrorism. Without TRIP, workers' compensation insurers will likely raise prices or decline to write coverage for businesses with many employees concentrated in single locations or near iconic properties.

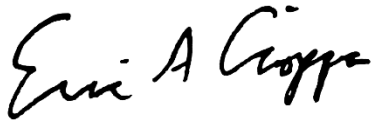
TRIP is not a case of the federal government crowding out the private market, but rather it fosters the existence of a broader market for risks that would otherwise be largely uninsured, or more likely, borne by taxpayers. Given the difficulty in accurately determining the frequency, severity, and potential loss costs of a terrorist attack, state insurance regulators have not seen evidence to suggest that the insurance

¹ As part of our state-based system of insurance regulation in the United States, the NAIC provides expertise, data, and analysis for insurance commissioners to effectively regulate the industry and protect consumers. The U.S. standard-setting organization is governed by the chief insurance regulators from the 50 states, the District of Columbia and five U.S. territories. Through the NAIC, state insurance regulators establish standards and best practices, conduct peer reviews, and coordinate regulatory oversight. NAIC staff supports these efforts and represents the collective views of state regulators domestically and internationally. For more information, visit www.naic.org.

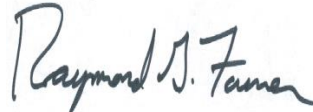
marketplace is capable or willing to voluntarily take on a substantial portion of terrorism risk absent a federal backstop.

We urge the committee to approve S. 2877 to ensure a sustained and stable terrorism risk insurance marketplace that provides American businesses with the essential coverage needed to successfully operate in today's uncertain global environment.

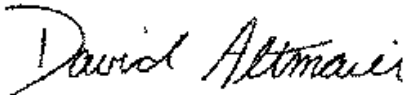
Sincerely,



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