

December 15, 2014

United States Senate
Washington, DC 20510

Dear Senator,

On behalf of the National Association of Insurance Commissioners (NAIC), we write to express state insurance commissioners' strong support for prompt Congressional action on the reauthorization of the Terrorism Risk Insurance Act (TRIA), and we urge you to pass S.2244 before the Senate adjourns.

State insurance regulators have supported TRIA since its inception and its subsequent reauthorizations, and we believe that a federal partnership with the private insurance markets provides security by minimizing market disruptions and ensuring the widespread availability and affordability of property and casualty insurance for terrorism risks. The availability of TRIA coverage provides economic stability to commercial policyholders, lenders, builders, and the businesses that operate in areas prone to a terrorist attack. In the absence of TRIA, annual policies issued in 2014 will have no terrorism coverage after December 31, and state insurance commissioners have already seen the provisional exclusions in commercial policies verifying this market reality.

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 TRIA, 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.

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

We urge you to act quickly on TRIA reauthorization to provide market stability before TRIA expires. Such action will ensure the insurance market's continued role in supporting economic development and protecting our economy from the financial aftermath of a terrorist attack.

Sincerely,



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Commissioner
North Dakota Department of Insurance



Monica J. Lindeen
NAIC President-Elect
Commissioner, State Auditor
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Michael Consedine
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