



May 8, 2026

The Honorable Scott Bessent
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Re: 2026 Report on the Effectiveness of the Terrorism Risk Insurance Program, 2026-05795
(91 FR 14632)

Dear Secretary Bessent:

On behalf of the National Association of Insurance Commissioners (NAIC),¹ we are pleased to submit the following comments on the effectiveness of the Terrorism Risk Insurance Program (TRIP). As the primary regulators of the U.S. insurance industry, state insurance departments play a central role in promoting market stability, protecting consumers, and monitoring insurer exposure to risk. State insurance regulators have long supported TRIP and continue to view it as an effective public-private partnership that helps preserve the availability of commercial terrorism risk insurance while supporting broader economic stability.²

Long-term certainty remains important. That includes timely reauthorization, continued terrorism risk insurance data collection, and a thoughtful approach to cyber, captive participation, and any other potential changes to the program. TRIP remains necessary, and Congress should reauthorize the program on a long-term basis well before its current

¹ As part of the 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.

² NAIC has consistently taken the view that, absent TRIA or some comparable solution, private insurance carriers would not provide meaningful capacity for affordable commercial terrorism coverage on a consistent basis. See, e.g., NAIC, Terrorism Risk Insurance Act (last updated July 30, 2025), <https://content.naic.org/insurance-topics/terrorism-risk-insurance-act> (describing TRIA as a successful public-private partnership supporting market stability and coverage availability); The Reauthorization of the Terrorism Risk Insurance Act of 2002: Hearing Before the House Committee on Financial Services (2025) (statement on behalf of NAIC), <https://democrats-financialservices.house.gov/uploadedfiles/hhrq-119-ba04-wstate-maisc-20250917.pdf> (describing TRIA as a successful public-private partnership supporting market stability and coverage availability); Terrorism Risk Insurance Program Reauthorization: Hearing Before the Subcommittee on Housing, Community Development, and Insurance of the House Committee on Financial Services (2019) (statement on behalf of NAIC), <https://content.naic.org/sites/default/files/government-affairs-testimony-letter-lindley-myers-tria-reauthorization.pdf> (noting uncertainty around expiration can disrupt underwriting, pricing, and long-term planning).



December 31, 2027 expiration date. That timing is crucial. Insurance and reinsurance contracts, capital decisions, and the business activity that depends on commercial insurance are often arranged months, if not years, in advance. Uncertainty around the future of the program can therefore affect underwriting, pricing, and capacity, not to mention the broader macro-economy, before the program ever expires. If the program were not extended, a single terrorism event could immediately disrupt the commercial insurance market. In that circumstance, Congress may not be able to restore TRIP quickly enough to prevent significant disruption in availability. The impact could also shock the broader insurance market leading to potential cancellations, non-renewals, reduced capacity, and other interruptions to businesses that compound the impact of the event.

Terrorism risk continues to present challenges that differ from many other privately insurable risks. Its frequency, severity, location, and form are inherently difficult to predict, and the potential for concentrated losses creates tail risk that private markets alone are not well positioned to absorb on a fully reliable basis. TRIP helps address that problem without displacing the private market. Instead, it supports the conditions under which insurers are willing to offer coverage and maintain capacity in a market they would not be expected to sustain on comparable terms without a federal partnership. Absent TRIA or some comparable solution, private insurance carriers would not provide meaningful capacity for commercial terrorism coverage on a consistent basis.

That concern is especially important for smaller and mutual insurers and in lines such as workers' compensation insurance, where terrorism exclusions generally are not available. The continued existence of TRIP therefore supports not only insurers and policyholders, but also the broader economy, because commercial development, construction, lending, leasing, and other long-range business decisions often depend on confidence that terrorism coverage will remain available.

Its effectiveness is closely tied to its stability and structure. The program has advanced its core purpose consistently since its enactment. It has supported a functioning market for commercial terrorism risk insurance, kept coverage available in the market and reduced the likelihood that a future terrorist attack would produce immediate and severe market disruption. It has done so through a structure that preserves substantial private-sector retention before the federal backstop applies. Under the current program, each insurer must cover losses equal to 20 percent of its prior-year direct earned premium on eligible commercial lines, and for losses above that deductible the insurer retains a 20 percent share. The program also does not activate unless industrywide insured losses exceed \$200 million, and total annual insured losses under the program are capped at \$100 billion.³

TRIP also continues to support the availability and affordability of terrorism risk insurance across covered lines. A stable and predictable federal backstop helps sustain insurer

³ The Reauthorization of the Terrorism Risk Insurance Act of 2002: Hearing Before the House Committee on Financial Services, *supra* note 2 (statement on behalf of NAIC).



participation even where risk perception, aggregation concerns, or limited capacity could otherwise reduce availability or increase cost.

State insurance regulators have collected terrorism risk insurance data since 2016, and that work continues to give regulators insight into insurer exposure, market trends, take-up, and areas of concentration.⁴ Together with Treasury data calls, NAIC's terrorism risk insurance data collection provides an important basis for evaluating the program and understanding how the market is functioning. Workers' compensation insurance has an effective terrorism coverage take-up rate of 100 percent because terrorism losses cannot be excluded, and that take-up in other TRIP-eligible lines has historically trended upward. While updated data will continue to inform this analysis, the broader policy question remains the same: not simply whether some coverage is available today, but whether comparable capacity would remain available on comparable terms if TRIP were allowed to lapse.

TRIP does not discourage or impede insurers from providing covered commercial property and casualty lines or terrorism coverage. To the contrary, the program encourages participation by reducing the otherwise unmanageable tail risk associated with catastrophic terrorism losses. That is particularly important in workers' compensation insurance. Because terrorism exclusions generally are not permitted in that line, workers' compensation insurance carriers may face concentrated terrorism exposure without the same ability to limit contractual coverage that exists elsewhere. Loss of the program could therefore lead to dramatic price increases in some workers' compensation insurance markets at best, and destabilization of those markets at worst.

We also recognize that certain terrorism-related exposures continue to present particular challenges. Nuclear, biological, chemical, and radiological (NBCR) risks remain among the hardest risks for private markets to absorb because modeling them is difficult, and losses can be extreme. The emerging risk of cyber-related terrorism also raises important insurability questions involving aggregation, attribution, and modeling. At the same time, TRIP does not require insurers to cover NBCR risks or override exclusions but provides a backstop only for losses the insurer has agreed to cover, except in workers' compensation insurance where such exclusions are generally unavailable under state law.

Similarly, where an insurer chooses to cover cyberterrorism and a certified event occurs, TRIP can respond to those covered losses.⁵ Treasury's December 2016 guidance, later codified in the 2021 updated TRIP regulations, clarified that stand-alone cyber liability policies can fall within TRIP when written in TRIP-eligible lines, which provided additional certainty to the market.⁶ The cyber market is still developing but not showing the kind of broad availability

⁴ Terrorism Risk Insurance Program Reauthorization: Hearing Before the Subcommittee on Housing, Community Development, and Insurance of the House Committee on Financial Services, *supra* note 2 (statement on behalf of NAIC); NAIC, Terrorism Risk Insurance Act, *supra* note 2.

⁵ The Reauthorization of the Terrorism Risk Insurance Act of 2002: Hearing Before the House Committee on Financial Services, *supra* note 2 (statement on behalf of NAIC).

⁶ See Guidance Concerning Stand-Alone Cyber Liability Insurance Policies Under the Terrorism Risk Insurance Program, 81 Fed. Reg. 95,312 (Dec. 27, 2016); Terrorism Risk Insurance Program; Updated Regulations in Light of



issue that existed after the tragedy of 9/11. NAIC's 2025 cyber report found that the U.S. domestic cyber market totaled about \$7.08 billion in direct written premium in 2024 and covered 4.3 million policies⁷. Industry sources continue to describe the market as stable and competitive, with substantial capacity⁸.

State regulators do not currently see a need to pursue major changes to the lines covered by the program. The current framework has supported market continuity, insurer participation, and broader economic confidence since the tragic events of 9/11. The stronger course is to preserve that stability and provide certainty to the market through long-term reauthorization before expiration concerns begin to affect contracts, underwriting, pricing, or capital planning. NAIC has consistently supported prompt congressional action on a long-term reauthorization of seven years, and we continue to believe that approach is warranted.⁹

TRIP remains effective and necessary. It supports an available commercial terrorism risk insurance market, contributes to insurer and market stability, and helps sustain the broader economic activity that depends on access to coverage. We therefore support timely, long-term reauthorization of the program well before its current expiration date.

Thank you for the opportunity to comment. NAIC would be pleased to provide any additional information Treasury may find helpful.

Sincerely,

Scott White
NAIC President
Commissioner
Virginia Bureau of Insurance

Elizabeth Kelleher Dwyer
NAIC President-Elect
Director
Rhode Island Department of Business
Regulation

the Terrorism Risk Insurance Program Reauthorization Act of 2019, and for Other Purposes, 86 Fed. Reg. 30,537, 30,541-42 (June 9, 2021).

⁷ NAIC, Report on the Cybersecurity Insurance Market (2025).

⁸ Aon, Q1 2025 U.S. Property Market Dynamics Report (2025).

⁹ NAIC, Terrorism Risk Insurance Act, *supra* note 2; The Reauthorization of the Terrorism Risk Insurance Act of 2002: Hearing Before the House Committee on Financial Services, *supra* note 2 (statement on behalf of NAIC).



Jon Pike
NAIC Vice President
Commissioner
Utah Insurance Department

Michael Wise
NAIC Secretary-Treasurer
Director
South Carolina Department of Insurance

cc:
Richard Ifft
Lead Management and Senior Insurance Policy Analyst
Terrorism Risk Insurance Program

Theodore Newman
Senior Insurance Regulatory Policy Analyst
Federal Insurance Office