Washington, DC -- U.S. Representative Michael A. Arcuri (D-Utica) voted for legislation today to extend federal assistance for private terrorism insurance – continuing a critical program through which the federal government coordinates with insurers to provide financial compensation for losses from acts of terrorism.

“Protecting the safety and security of Americans is, without question, our top priority in Congress. The horrible terrorist attacks of September 11th, 2001, had a devastating effect on so many people in this country,” **said Arcuri, who managed the floor debate on the resolution providing for consideration of the Terrorism Risk Insurance Revision and Extension Act.** “This is an issue that has a direct impact on our local economy. In the year that followed the September 11th attacks, Utica First saw the volume of the policies they were writing in the New York City area increase 27 percent, as other companies ceased offering coverage. Small companies like this, that continued to offer coverage, are to be commended for taking on greater risk exposure in order to provide this necessary coverage. I am proud to stand here today watching out for the interest of our nation’s business community by providing much-needed stability in the terrorism risk insurance market.”

This afternoon, the House passed the Terrorism Risk Insurance Revision and Extension Act (H.R. 2761), which would reauthorize the Terrorism Risk Insurance Act (TRIA) for 15 years - through 2022. TRIA provides a federal backstop to the insurance industry by providing compensation for a portion of insured losses resulting from acts certified by the government as acts of terrorism. TRIA has no cost to taxpayers unless there is a terrorist attack.

In 2002, TRIA was enacted in an attempt to stabilize the economy that was badly disrupted by the tragic events of 9/11 and to spur commercial development, as well as to prevent an insurance industry-wide catastrophe in the event of another terrorist attack. The law was reauthorized with some changes in 2005 (PL 109-44) and will expire on December 31, 2007. The 15-year extension will stimulate economic development by providing certainty that terrorism insurance will be available for long-term construction projects.

H.R.2761 includes a critical expansion of TRIA to cover both foreign and domestic terrorism. TRIA currently covers only foreign terrorism. It also adds group life insurance to the types of insurance for which terrorism insurance coverage must be made available by insurers. Under current law, group life carriers face insolvency if a terrorist event affects a large group of people.

H.R. 2761 also broadens TRIA to include acts of nuclear, biological, chemical, and radiological terrorism. Studies by the President’s Working Group on Terrorism and the GAO have concluded that the risk of nuclear, biological, chemical and radiological terrorism is essentially uninsurable absent a federal government backstop. Currently, the insurance market for nuclear, biological, chemical and radiological terrorism coverage in the United States is virtually nonexistent.

The bill sets the “trigger” level – the size of an attack at which the federal government would provide aid to insurers – at $50 million. Current law, enacted in 2005, sets the level at $50 million in 2006 and $100 million in 2007.

As a member of the House Rules Committee, Arcuri managed debate on the resolution providing for H.R. 2761. A copy of Arcuri’s remarks is included below.

U.S. Representative Michael A. Arcuri
In the House of Representatives
Opening Statement on House Resolution 660
Rule Providing for Consideration of H.R. 2761
September 19, 2007

M. Speaker. By direction of the Committee on Rules I call up House Resolution 660 and ask for its immediate consideration.

M. Speaker, for the purpose of debate only, I yield the customary 30 minutes to the gentleman from Texas, Mr. Sessions. All time yielded during consideration of the rule is for debate only. I yield myself such time as I may consume. I also ask unanimous consent that all Members be given five legislative days in which to revise and extend their remarks on House Resolution 660.

M. Speaker, House Resolution 660 provides for consideration of H.R. 2761, the Terrorism Risk Insurance Revision and Extension Act of 2007 under a structured rule. The rule provides one hour of general debate to be controlled by the Committee on Financial Services. The rule also makes in order the substitute reported by the Committee on Financial Services, modified by the amendment in part A of the Rules Committee report, as an original bill for the purpose of amendment. The self-executing amendment in Part A would ensure that the bill complies with the new PAYGO requirements. It would require the enactment of a joint resolution to permit Federal compensation under the Terrorism Risk Insurance Act of 2002. The joint resolution, approving a certification by the Secretary of Treasury (in concurrence with the Secretaries of State and Homeland Security, and the Attorney General) that there has been an act of terrorism, would be considered by Congress under fast-track procedures.

The rule makes in order two amendments printed in the Rules Committee report, each debatable for 10 minutes.

M. Speaker, the terrorism insurance program was originally enacted as a short-term backstop for an insurance industry hard-hit by the terrorist attacks that occurred on September 11, 2001. In the years since, we have seen that the private insurance market is unable to cover the risk of both domestic and foreign acts of terrorism without assistance. The original legislation, the Terrorism Risk Insurance Act – referred to as TRIA, was set to expire at the end of 2005. The Terrorism Risk Insurance Extension Act of 2005 extended the government backstop for two years, through the end of this year, but left the long-term questions surrounding the program unanswered. Those unanswered questions include: whether the government-run terrorism insurance program is really necessary; how to manage the possibility of a nuclear, biological, chemical or radiological attacks; and how best to allocate the risk of a terrorist attack between the government and private insurers. This rule provides for consideration of a bill that answers those questions.

Experience has shown that there is a true need for government involvement in terrorism insurance. The exposure for private companies is just too great. In the wake of September 11, 2001, many companies opted to exclude terrorism risks from private insurance policies – leaving no coverage in the event of another attack. TRIA requires primary insurers to make terrorism insurance available to commercial clients that wish to purchase it while at the same time helping those insurers manage their exposure to risk of loss.

The legislation this rule provides for consideration will extend TRIA for fifteen years and make necessary revisions aimed at furthering the development of a private market for terrorism risk insurance. Such a long-term extension is vital because it provides certainty and stability to the insurance and real estate markets.

People may think that TRIA is only an issue for businesses in New York City, but that is clearly not the case. In my Upstate New York district, small insurance companies like Utica First and Utica National felt the dramatic impact that 9/11 had on the private market. In the year that followed the September 11th attacks, Utica First saw the volume of the policies they were writing in the New York City area increase 27 percent, as other companies ceased offering coverage. In order to do so, they risked both their existing surplus and their industry ratings and also incurred greater expense because their own reinsurance required that they purchase a separate terrorism cover. Small companies like this, that continued to offer coverage, are to be commended for taking on greater risk exposure in order to provide this necessary coverage.

The legislation would also require insurers to offer coverage for nuclear, biological, chemical, and radiological (N-B-C-R) terrorist acts. Small insurers, like those in my district, are especially concerned about the effect of adding N-B-C-R requirements to TRIA, but the risk of such an attack is real and not having any system in place would be devastating in the event of such a horrific attack. This bill strikes a good balance because it not only phases in N-B-C-R coverage beginning in 2009, but also provides small insurers – those whose direct earned premium is less than $50 million dollars – the ability to apply for an exemption of up to two years, with the possibility of further extending that exemption.

This legislation would also make several other critical changes to the Terrorism Risk Insurance program. It would change the definition of terrorism under TRIA to include domestic terrorism and reset the program trigger level at $50 million dollars. It would expand the program to provide for group life insurance coverage, would decrease deductibles for terrorist attacks costing over $1 billion and reduce the trigger level in the event of such an attack. Finally, it would require studies on the development of a private insurance market for terrorism risk insurance.

M. Speaker, this legislation is a critical step in protecting our national and economic security in the fight against terrorism.

Thank you. I reserve the balance of my time.

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