

Crapo Statement at TRIA Markup

November 20, 2019

WASHINGTON – U.S. Senator Mike Crapo (R-Idaho), Chairman of the U.S. Senate Committee on Banking, Housing and Urban Affairs, delivered the following remarks at a hearing to mark up the Terrorism Risk Insurance Act of 2019.

The text of Chairman Crapo's remarks, as prepared, is below.

“The Terrorism Risk Insurance Act of 2002, or TRIA, established the Terrorism Risk Insurance Program in response to widespread unavailability of terrorism risk insurance in the wake of the attacks on September 11, 2001.

“According to the Federal Insurance Office’s Terrorism Risk Insurance Program Effectiveness Report, the Program has been successful in making coverage for terrorism risk insurance more available and affordable.

“Since its establishment in 2002, the Program has been reauthorized three different times, in 2005, 2007 and 2015.

“Well ahead of the Program’s December 31, 2020 expiration, the Banking Committee held a hearing in June of this year to begin considering the Program’s reauthorization.

“Last month, the House Financial Services Committee voted unanimously, 57 to 0, in favor of a House bill to reauthorize the Program for seven years, and study cyber terrorism and the availability and affordability of coverage, specifically for places of worship.

“I appreciate the leadership of Senators Tillis and Smith to introduce the Terrorism Risk Insurance Program Reauthorization Act of 2019.

“Their bill was introduced with broad bipartisan support, including from Senators McSally, Menendez, Perdue, Van Hollen, Cramer, Cortez Masto, Moran, Sinema, Rounds, Schatz, Scott, Schumer, Brown and myself.

“Like the House bill, it reauthorizes the Terrorism Risk Insurance Program for seven years to December 31, 2027, and requires reports on cyber terrorism risks and coverage, and the availability and affordability of terrorism risk insurance, including specifically for places of worship.

“The 2015 reauthorization required the private insurance industry to absorb and cover the losses for all but the largest acts of terror, ones in which the federal government would likely be forced to step in were the Program not there, including requiring total insurance industry insured losses for certified acts of terror to exceed \$200 million before federal assistance is available.

“In addition to decreasing the coinsurance rate and increasing the Program trigger, it increased the insurance industry’s aggregate retention amount to \$37.5 billion before it is set to move in 2020 to a three-year rolling average of insurers’ deductibles, which some estimate to be approximately \$42 billion.

“The bill being considered today would not only avoid significant uncertainty in the marketplace, but it also preserves the taxpayer reforms included in the last reauthorization.

“Given the Program’s importance to our nation’s economy, regardless of region or state, and the broad bipartisan support in both the House and Senate, it makes sense for the Banking Committee to consider the Program’s reauthorization now.

“Again, I appreciate all of the work of my colleagues on the Banking Committee from both sides of the aisle to reauthorize the Terrorism Risk Insurance Program promptly.”

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