

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013

H.R. 1261
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HOUSE PRINCIPAL CLERK

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HOUSE RESOLUTION DRHR10568-LG-221 (05/20)

Sponsors: Representative Collins.

Referred to:

1 A HOUSE RESOLUTION URGING THE CONGRESS OF THE UNITED STATES TO
2 REAUTHORIZE FEDERALLY PROVIDED TERRORISM REINSURANCE FOR
3 INSURERS IN ORDER TO MAINTAIN STABILITY IN THE INSURANCE AND
4 REINSURANCE MARKETS TO CONTINUE TO DELIVER SUBSTANTIVE, DIRECT
5 BENEFITS TO BUSINESSES, WORKERS, CONSUMERS, AND THE ECONOMY
6 OVERALL IN THE AFTERMATH OF A TERRORIST ATTACK ON THE UNITED
7 STATES.

8 Whereas, insurance helps protect the United States economy from the adverse
9 effects of the risks inherent in economic growth and development while also providing the
10 resources necessary to rebuild physical and economic infrastructure, offer indemnification for
11 business disruption, and provide coverage for medical and liability costs from injuries and loss
12 of life in the event of catastrophic losses to persons or property; and

13 Whereas, the terrorist attack of September 11, 2001, produced insured losses larger
14 than any natural or man-made event in history, with claims paid by insurers to their
15 policyholders eventually totaling some \$32.5 billion, making this the second most costly
16 insurance event in United States history; and

17 Whereas, the sheer enormity of the loss, combined with the possibility of future
18 attacks, produced financial shockwaves that shook insurance markets causing insurers and
19 reinsurers to exclude coverage arising from acts of terrorism from virtually all commercial
20 property and liability policies; and

21 Whereas, the lack of terrorism risk insurance contributed to a paralysis in the
22 economy, especially in construction, tourism, business travel, and real estate finance; and

23 Whereas, the United States Congress originally passed the Terrorism Risk Insurance
24 Act of 2002, Pub. L. 107-297 (TRIA), in which the federal government agreed to provide
25 terrorism reinsurance to insurers and reauthorized this arrangement via the Terrorism Risk
26 Insurance Extension Act of 2005, Pub. L. 109-144, and the Terrorism Risk Insurance Program
27 Reauthorization Act of 2007, Pub. L. 110-160 (TRIPRA); and

28 Whereas, under TRIPRA the federal government provides such reinsurance after
29 industry-wide losses attributable to annual certified terrorism events exceed \$100 million; and

30 Whereas, coverage under TRIPRA is provided to individual insurers after the
31 insurer has incurred losses related to terrorism equal to 20% of the insurer's previous year
32 earned premium for property-casualty lines; and

33 Whereas, after an individual insurer has reached such a threshold, the insurer pays
34 15% of residual losses and the federal government pays the remaining 85%; and



1 Whereas, the Terrorism Risk Insurance Program has an annual cap of \$100 billion
2 of aggregate insured losses, beyond which the federal program does not provide coverage; and

3 Whereas, TRIPRA requires the federal government to recoup 100% of the benefits
4 provided under the program via policyholder surcharges to the extent the aggregate insured
5 losses are less than \$27.5 billion and enables the government to recoup expenditures beyond
6 that mandatory recoupment amount; and

7 Whereas, without question, TRIA and its successors are the principal reason for the
8 continued stability in the insurance and reinsurance market for terrorism insurance to the
9 benefit of our overall economy; and

10 Whereas, the presence of a robust private-public partnership has provided stability
11 and predictability and has allowed insurers to actively participate in the market in a meaningful
12 way; and

13 Whereas, without a program such as TRIPRA, many of our citizens who want and
14 need terrorism coverage to operate their businesses all across the nation would be either unable
15 to get insurance or unable to afford the limited coverage that would be available; and

16 Whereas, without federally provided reinsurance, property and casualty insurers will
17 face less availability of terrorism reinsurance and will therefore be severely restricted in their
18 ability to provide sufficient coverage for acts of terrorism to support our economy; and

19 Whereas, unfortunately, despite the hard work and dedication of this nation's
20 counterterrorism agencies and the bravery of the men and women in uniform who fought and
21 continue to fight battles abroad to keep us safe here at home, the threat from terrorist attacks in
22 the United States is both real and substantial and will remain as such for the foreseeable future;
23 Now, therefore,

24 Be it resolved by the House of Representatives:

25 **SECTION 1.** The members of the House of Representatives of the State of North
26 Carolina urge the United States Congress and the President of the United States to reauthorize
27 the Terrorism Risk Insurance Program.

28 **SECTION 2.** The Principal Clerk shall transmit certified copies of this resolution
29 to the President of the United States, the Speaker and Clerk of the United States House of
30 Representatives, the President Pro Tempore and the Secretary of the United States Senate, the
31 members of the North Carolina Congressional delegation, and the news media of North
32 Carolina.

33 **SECTION 3.** This resolution is effective upon adoption.