

Congressional Inaction on Renewal of Terrorism Risk Insurance Act Renewal May Cause U.S. Businesses to Lose Their Terrorism Coverage In 2015

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NEW YORK, December 17, 2014 ? In the event of a major terrorist attack on the United States after January 1, 2015, impacted businesses may be left without insurance coverage for the damage caused to property and employees, according to the Insurance Information Institute (I.I.I.)

?A major terrorist attack occurring without a federal Terrorism Risk Insurance Act (TRIA) law on the books will be far more disruptive to the U.S. economy than one where TRIA is in place,? said Dr. Robert Hartwig, president of the I.I.I. and an economist. ?Terrorism insurance policies are going to lapse in 2015, and insurers will be under no obligation to renew them, adversely impacting the construction, energy and real estate industries, among others. For instance, a theatre owner hosting a controversial movie premiere on Christmas Day may have insurance coverage for losses triggered by an act of terrorism but this same business might not have it if a comparable attack were to occur on New Year?s Day.?

The Terrorism Risk Insurance Program Reauthorization Act (TRIPRA), a law enacted in 2007, expires on December 31, 2014, and Congress was unable to agree this week on an extension despite TRIA bills having won approval separately in the U.S. Senate and the U.S. House of Representatives.

In the event of major terrorist attack, TRIPRA allows the insurance industry and federal government to share losses according to a specific formula. TRIPRA is a successor to the Terrorism Risk Insurance Act (TRIA), a 2002 law requiring insurers to offer terrorism insurance coverage to its policyholders.

?TRIA has been an unambiguous success. The program has cost U.S. taxpayers virtually nothing yet has provided tangible benefits to the U.S. economy in the form of economic growth and job creation while ensuring terrorism insurance market stability, affordability and availability,? Dr. Hartwig stated. More than 60 percent of all U.S. business purchase terrorism insurance coverage, according to Marsh USA.

The I.I.I. has the following information on the topic:

- **Issues Update:** Terrorism Risk and Insurance
- **Facts and Statistics:** Terrorism
- **White Papers:** Economic and Insurance Implications of TRIPRA?s Non-Renewal; Terrorism Risk: A Constant Threat - 2014

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