

April 11, 2014

Bipartisan Group of Senators Introduce Measure to Reauthorize and Extend the Terrorism Risk Insurance Program

Yesterday, Sens. Chuck Schumer (D-NY), Mark Kirk (R-IL), Mike Johanns (R-NE), Dean Heller (R-NV), Jack Reed (D-RI), and Chris Murphy (D-CT) introduced a measure to reauthorize and extend the *Terrorism Risk Insurance Act* (TRIA) program—which is set to expire at the end of the year—for an additional seven years.

Congress initially passed TRIA following the September 11, 2001, terrorist attacks in an effort to ensure the availability of terrorism insurance policies. The program has been extended twice—once in 2005 for two years and again in 2007 for seven years. TRIA provides a federal backstop for terrorism insurance policies often utilized by real estate developers and an array of other commercial entities. Businesses seeking to secure policies for 2015 and beyond will face uncertainty until Congress reauthorizes the program. Such uncertainty could lead to inadequate capacity in the market and increase prices. It could also adversely impact investment and development in the near-term. As such, real estate developers, insurers, universities and other interested parties must work with Congress to reauthorize TRIA as soon as possible.

The measure also includes changes to the insurers' co-pay in the event of a terrorist attack and recoupment by the federal government, both of which will be phased in over a five-year period. Specifically, the measure would:

- Increase the insurers' co-pay from 15 percent to 20 percent
- Raise the mandatory recoupment threshold from \$27.5 billion to \$37.5 billion

Both Senate Banking Committee Chairman Tim Johnson (D-SD) and Ranking Member Mike Crapo (R-ID) support the measure.

Several House Republicans, including Financial Services Committee Chairman Jeb Hensarling (R-TX), have expressed concern regarding TRIA. Specifically, they contend the program was meant to provide a temporary federal backstop. Both Reps. Michael Grimm (R-NY) and Michael Capuano (D-MA) have offered TRIA measures; however, several members would prefer a short-term reauthorization that provides additional taxpayer protections. That said, House Majority Whip Kevin McCarthy (R-CA) said yesterday “we will get TRIA done, hell or high water.”

The Senate Banking Committee will likely mark up the bipartisan proposal in the coming weeks after it completes its work on housing finance reform. Randy Neugebauer (R-TX), chairman of the House Financial Services Subcommittee on Housing and Insurance, is expected to release a TRIA measure in late April or early May. In the weeks and months ahead, TRIA reauthorization will require bipartisan and bicameral compromise.

Read the official press release [here](#).

For more information or to find out how you can take a proactive approach to getting TRIA reauthorized, please contact one of the Brownstein Hyatt Farber Schreck team members listed below.

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