

THE REAUTHORIZATION OF THE TERRORISM RISK INSURANCE ACT OF 2002

HEARING BEFORE THE SUBCOMMITTEE ON HOUSING AND INSURANCE OF THE COMMITTEE ON FINANCIAL SERVICES U.S. HOUSE OF REPRESENTATIVES ONE HUNDRED NINETEENTH CONGRESS

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C O N T E N T S

Wednesday, September 17, 2025

OPENING STATEMENTS

	Page
Hon. Mike Flood, Chairman of the Subcommittee on Housing and Insurance, a U.S. Representative from Nebraska	1
Hon. Emanuel Cleaver, Ranking Member of the Subcommittee on Housing and Insurance, a U.S. Representative from Missouri	2

WITNESSES

Mr. Baird Webel, Specialist In Financial Economics, Congressional Research Service (CRS)	4
Prepared statement	6
Mrs. Elizabeth Heck, Chairman, President, and Chief Executive Officer, Greater New York Insurance Companies, on behalf of National Association of Mutual Insurance Companies (NAMIC)	20
Prepared statement	22
Ms. Michelle Sartain, President, Marsh U.S. and Canada	27
Prepared statement	29
Mr. Jason Schupp, Founder and Managing Member, Centers for Better Insur- ance, LLC	46
Prepared statement	48
Commissioner Andrew N. Mais, Connecticut Insurance Department, on behalf of National Association of Insurance Commissioners (NAIC)	58
Prepared statement	60

APPENDIX

MATERIALS SUBMITTED FOR THE RECORD

Hon. Mike Flood:	
Coalition to Insure Against Terrorism (CIAT)	94
American Property Casualty Insurance Association (APCIA)	97
Reinsurance Association of America (RAA)	102
Hon. Maxine Waters:	
GAO Highlights	103

RESPONSES TO QUESTIONS FOR THE RECORD

Written responses to questions for the record from Representative John W. Rose:	
Mr. Baird Webel	119
Mrs. Elizabeth Heck	121
Mr. Jason Schupp	124
Mr. Andrew N. Mais	126
Written responses to questions for the record from Representative Scott Fitz- gerald:	
Mrs. Elizabeth Heck	128
Mr. Andrew N. Mais	130

LEGISLATION

H.R. ———, the TRIA Program Reauthorization Act of 2025	132
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THE REAUTHORIZATION OF THE TERRORISM RISK INSURANCE ACT OF 2002

Wednesday, September 17, 2025

U.S. HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON HOUSING AND INSURANCE,
COMMITTEE ON FINANCIAL SERVICES
Washington, DC.

The subcommittee met, pursuant to notice, at 10:01 a.m., in room 2128, Rayburn House Office Building, Hon. Mike Flood [chairman of the subcommittee] presiding.

Present: Representatives Flood, Rose, Timmons, Garbarino, Lawler, De La Cruz, Downing, Cleaver, Velázquez, Tlaib, Pressley, Torres, Garcia, Williams of Georgia, and Bynum.

Also present: Representatives Hill, and Waters.

Chairman FLOOD. The subcommittee on Housing and Insurance will come to order. Without objection, this chair is authorized to declare a recess of the committee at any time.

This hearing is titled, "The Reauthorization of the Terrorism Risk Insurance Act of 2002."

Without objection, all members will have 5 legislative days within which to submit extraneous materials to the chair for inclusion in the record.

At this time, I would like to recognize myself for 4 minutes for an opening statement.

OPENING STATEMENT OF HON. MIKE FLOOD, CHAIRMAN OF THE SUBCOMMITTEE ON HOUSING AND INSURANCE, A U.S. REPRESENTATIVE FROM NEBRASKA

I would like to, first of all, thank all of our witnesses for being with us today, and I very much look forward to hearing your testimony on the Terrorism Risk Insurance Program. This program was created in the aftermath of tragedy.

After the events of September 11, 2001, the risk of terrorism suddenly became an all-too-real situation for many Americans. On that terrible day, the unthinkable happened and the world forever changed.

After the terrorist attacks of September 11th, terrorism risk, which was previously something that had been incorporated directly into the underwriting of commercial property and casualty insurance, seemed like a risk far too remote and difficult to quantify and underwrite. As a result, the Federal Government stepped in with what was initially proposed as a temporary Federal reinsurance program.

The Terrorism Risk Insurance Program was created in November 2002, and it has since been reauthorized four times in 2005, 2007, 2015, and, again, in 2019. The next expiration of Terrorism Risk Program is at the end of 2027. That may seem distant, but the reality is that terrorism risk contracts typically extend for 1 year.

As we approach 2026, it makes sense to begin conversations on what a Terrorism Risk Insurance Act (TRIA) reauthorization should look like and for members of the subcommittee, this hearing is the first step in the reauthorization process, and an opportunity to learn more about the Terrorism Risk Insurance Program.

We need to know how the program has changed over time, what the program does well, where it can be improved as we begin considering reauthorization.

I have two priorities on this issue. Number one is to work quickly to provide the certainty required for insurers and insureds to continue providing terrorism risk insurance, and at a reasonable cost; and two, to ensure that we work to mitigate taxpayers' exposure to this program.

Since the Terrorism Risk Program was created in 2002, we have been fortunate, knock on wood, there has never been a certified act of terrorism by the Department of Treasury, nor have there been events that would have reached the Terrorism Risk Insurance Program's financial trigger. We, of course, hope that no future events ever, ever occur that would trigger that. However, TRIA's value is not just in direct responses to terrorism events. The program makes it easier to have an operating market where entities can purchase insurance that covers terrorism risk, and a well-functioning insurance market makes it possible for all entities, and entities of all kinds to purchase insurance against terrorism risks.

The Terrorism Risk Insurance Program helps our economy bounce back in the event of an attack, and it provides market stability and peace of mind in the interim.

So I look forward to hearing from our expert panel today and we are going to talk about terrorism risk insurance all morning. With that, I yield back.

I now recognize the ranking member of the subcommittee, Mr. Cleaver, for 4 minutes for an opening statement.

OPENING STATEMENT OF HON. EMANUEL CLEAVER, RANKING MEMBER OF THE SUBCOMMITTEE ON HOUSING AND INSURANCE, A U.S. REPRESENTATIVE FROM MISSOURI

Mr. CLEAVER. Thank you, Mr. Chairman, for holding this important hearing on the reauthorization of the Terrorism Risk Insurance Program, also known as TRIA.

I will, for the rest of my life, remember where I was at the very moment that the report came through on what happened in New York. I was watching Katie Couric, who is no longer a TV reporter, saying: Something seems to have flown into a building here in New York.

The terrorist attack on September 11, 2001, devastated U.S. citizens, households and businesses. As a direct result of the unforeseen and unexpected level of covered losses, insurers began to explicitly exclude terrorism coverage in commercial property casualty insurance policies.

Additionally, due to State laws prohibiting the exclusion of individual risk elements from workers' compensation insurance, the potential for enormous liability created a crisis that impacted employers across the Nation.

In response, Congress passed, and the President signed, TRIA into law to stabilize the market for terrorism risk insurance. Since that time, Congress has been able to come together and reauthorize the program four more times, most recently in 2019. Many members were not on the committee during those reauthorizations, and I hope this hearing is educational on the value and elements of the program.

The threat of a terrorist attack on the homeland has not subsided. According to the 2025 annual threat assessment from the Office of the Director of National Intelligence, he writes, and I quote, a diverse set of foreign actors are targeting the U.S. health and safety, critical infrastructure, industry's wealth and government. The Department of Homeland Security, Office of Intelligence and Analysis, 2025 homeland threat assessment states, "Foreign terrorist organizations, FTOs, and their supporters will maintain their enduring intent to conduct or inspire attacks here in the homeland."

The threat of terrorism impacts the entire Nation, including my home district in the Midwest and I am glad that Congress has been able to historically work in a bipartisan way on this program.

Last Friday I sat down with the insurance industry, many of which—some of whom are testifying here today, to discuss priorities for TRIA reauthorization. I heard unanimous agreement on the need for early and long-term reauthorization. What I did not hear was any questions about the value of the program.

As the Treasury has affirmed, TRIA is effective in making terrorism risk insurance available and affordable in the insurance marketplace. I also heard that the uncertainty surrounding the program has begun to restrict access to coverage for 2008 and beyond. Early action well before the 2027 sunset of TRIA must be taken to avoid market uncertainty.

Thank you, Mr. Chairman, and I look forward to working with you and Chairman Hill and Ranking Member Waters on this effort. I yield back.

Chairman FLOOD. Thank you, Mr. Cleaver. We now recognize the chairman of the full Financial Services Committee, Mr. Hill from Arkansas, for 1 minute for an opening statement.

Chairman HILL. Thank you, Chairman Flood. Today we will discuss the functions of the Terrorism Risk Insurance Act of 2002, or TRIA, and hear from industry professionals on the current operations and the future ideas for the program. Thank you for sharing your expertise with us today.

Congress is often criticized for not always being out in front on a topic. Here we are, TRIA expires in 2027, and I appreciate Chairman Flood and Ranking Member Cleaver stepping out. Let us get out in front of this, let us think it through very carefully and get the reauthorization completed before the expiration.

The program has certainly helped foster stability in the face of uncertainty allowing our economy to grow while safeguarding citizens from that existential risk posed by potential terrorist attack.

I thank Mr. Flood for his work on this. I look forward to the discussion of the committee, and I yield back.

Chairman FLOOD. Thank you, Mr. Chairman. Today we welcome the testimony of Mr. Baird Webel, a specialist in financial economics at the congressional Research Service; Mrs. Elizabeth Heck, Chairman, President, and CEO of the Greater New York Insurance Companies here on behalf of the National Association of Mutual Insurance Companies; Ms. Michelle Sartain, President of Marsh US and Canada; Mr. Jason Schupp, founder and managing member of Centers for Better Insurance, LLC; and Mr. Andrew Mais, Commissioner of the Connecticut Insurance Department, here on behalf of the National Association of Insurance Commissioners.

We thank each of you for taking the time to be here. Each of you will be recognized for 5 minutes to give an oral presentation of your testimony. Without objection, your written statements will be made part of the record.

Mr. Webel, you are now recognized for 5 minutes for your oral remarks.

STATEMENT OF BAIRD WEBEL, SPECIALIST IN FINANCIAL ECONOMICS, CONGRESSIONAL RESEARCH SERVICE (CRS)

Mr. WEBEL. Thank you, Mr. Chairman, and ranking member and members of the subcommittee for having me here to testify today.

As the chairman said, my name is Baird Webel. I am at the Congressional Research Service. Before I go deep into my testimony, especially for people who are listening, I would just like to make clear who CRS is. We are a division of the Library of Congress. We provide nonpartisan objective research and analysis, and we do not take positions on legislation or policy proposals before Congress.

I have been in this role at CRS covering non-health insurance issues since 2003, so I have been a participant in some way in all of the TRIA reauthorizations to this point.

I would just like to give the committee a little bit of a background and overview on the reauthorizations in the past and what the program does at this point.

So TRIA is a reinsurance program. The approximately \$60 billion in damages in the 9/11 attack shocked both the primary and reinsurance industries, which pulled back. The Congress at the time decided to create a temporary 3-year program that stood in the background of the insurance system.

So unlike, say, the National Flood Insurance Program, this does not provide terrorism insurance directly to commercial businesses that might be seeking it. It sits in the background where the regular commercial insurers are required to offer the terrorism insurance. Policyholders are not necessarily required to purchase it. In the event of a terrorist attack, the Federal Government would step in to share losses after the fact.

This system has a lot of advantages, particularly in the sense that it has kept the administration of the TRIA program pretty lean over the years. Other than the handful of people at Treasury that act to administer it, there have been no particular outlays in the program because you have not, thank God, had a terrorist attack that met the thresholds.

What are these thresholds in the program? There is a program trigger that is currently set at \$200 million in aggregate annual losses. So until we had \$200 million in terrorism losses in a year, money would not flow out of the Treasury to cover the losses.

There is a 20 percent individual insurer deductible based on each insurer's earned premiums from the year before. So each of the insurers would have to cover this 20 percent amount of losses, again, before they would receive any assistance from the Treasury and there is essentially an 80/20 copay. So as losses go up above those thresholds, the Treasury covers 80 percent, but the private insurers continue to cover 20 percent of the losses.

Through the life of the program, those thresholds have all been adjusted and been adjusted in ways to increase the private sector's participation in terrorism risk. So even though at the beginning, it was thought that the 3-year program would be enough to eventually let the program go away and have the private sector cover all of the risk, the conclusion over the years has been that this is not going to—this is not going to happen, but we have increased the private sector participation in other ways than saying, okay, private sector, you are now taking all of the risk.

A couple other thresholds that are in the law that have not been adjusted over time. There is a \$5 million single event certification threshold. So before Treasury can certify that an event is an act of terrorism, it must result in \$5 million in losses. I know there has been a little bit of industry question and confusion over this, this figure and exactly how the certification process might take place.

There is also a \$100—on the other end of the program there is a \$100 billion threshold such that above a \$100 billion there is no Federal coverage, and the private sector is not required to cover an event of that size. As I said, both of those thresholds have stayed the same since 2002.

The final aspect of the program, which is a little unusual, especially for an insurance situation where normally people pay premiums upfront, is instead of upfront premiums, you have an after-the-event recoupment provision, so that in the years following a terrorist attack—again, there are various thresholds in exactly how this would work—but you would have recoupment of the Federal share of the losses and this is a broad-based measure that would basically apply to pretty much the entire commercial property and casualty industry after the fact.

Over the years there has been sort of, I would say, so three different levels of questions about the reauthorizations. The first is, do we need this program at all? Do we reauthorize this? Or do we let it go back to the private sector?

The second question has been, are we going to keep the program approximately the same, but adjust various of these thresholds in it?

The third, I think, is a broader one of should the program be doing more and cover more aspects—

Chairman FLOOD. The gentleman's time has expired.

Mr. WEBEL. I will be happy to answer questions on any of that.

[The prepared statement of Mr. Webel follows:]



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TESTIMONY

Statement of

Baird Webel

Specialist in Financial Economics

Before

Financial Services Committee
Housing and Insurance Subcommittee
U.S. House of Representatives

Hearing on

**“The Reauthorization of the Terrorism Risk Insurance Act
of 2002”**

September 17, 2025

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Mr. Chairman, Ranking Member, and Members of the subcommittee, thank you for the opportunity to testify before you today. My name is Baird Webel. I am a Specialist in Financial Economics at the Congressional Research Service (CRS) focusing on non-health insurance issues including terrorism risk insurance. I have been in this role at CRS since 2003 and have covered the previous reauthorizations of the Terrorism Risk Insurance Act (TRIA). CRS's role is to provide objective, nonpartisan research and analysis to Congress. CRS takes no position on the desirability of any specific policy. Any arguments presented in my written and oral testimony are for the purposes of informing Congress, not to advocate for a particular policy outcome.

My testimony today will begin with a brief introduction and overview of how the Terrorism Risk Insurance Act program (TRIP) would work as well as the state of the market for terrorism risk insurance. Following this is a discussion of significant policy concerns from past reauthorizations that may inform the current debate. It concludes with a side-by-side comparison of previously enacted terrorism insurance law.¹

Introduction

Prior to the September 11, 2001, terrorist attacks, commercial insurance policies typically covered terrorism losses as they would other perils and without additional cost to the policyholders. The 9/11 attacks were a shock to the overall economy and particularly to the insurance industry. The insured losses on all insurance lines from the attacks were approximately \$60 billion in current dollars, an amount well above the costliest natural disasters that had occurred at the time in the United States and approximately four times the combined property insurance losses on the rest of the 20 largest terrorist attacks.²

When facing large, unexpected losses, insurers (and reinsurers³) often reduce coverage and increase insurance prices. Immediately following September 2001, insurance against terrorism risk became difficult to find at nearly any price. Some observers feared that a lack of insurance against terrorism loss would have a wide economic impact, particularly because insurance coverage can be a significant factor in lending decisions.

Responding to the insurance market disruptions and fearing a wider economic impact in a weakened national economy, Congress passed TRIA (P.L. 107-297), which created a temporary government reinsurance program sharing in terrorism losses to calm insurance markets and give the insurance industry time to gather the data and create the structures and capacity necessary for private insurance to cover terrorism risk. Although explicitly created as a three-year program expiring in 2005, the TRIP has been extended several times. It is currently set to expire at the end of 2027.

TRIA did (and does) not cover terrorism losses directly but instead reimburses private insurers for a portion of what they pay insureds for terrorism losses. How much is to be covered by the government reinsurance depends on a set of parameters in the program, including a minimum event size as well as both aggregate and individual insurer loss levels. TRIA does not require premiums to be paid by private insurers for the government reinsurance coverage. However, the act does require insurers to offer commercial insurance for terrorism risk, known typically as the "make available" provision. The act also

¹ While my testimony is substantially based on my previous work at CRS, I have also particularly relied on data and analyses from the Congressional Budget Office and the Department of the Treasury and thank them for assistance over years in addressing issues surrounding TRIA.

² Statistics from the Insurance Information Institute, "Facts + Statistics: U.S. catastrophes," <https://www.iii.org/fact-statistic/facts-statistics-us-catastrophes>; and "Terrorism," <https://www.iii.org/publications/triple-i-insurance-facts/losses/man-made-catastrophes-by-peril/terrorism>.

³ Reinsurance is often termed "insurance for insurance companies" and is risk sharing among insurance companies, sometimes provided by companies specializing in reinsurance.

provides that the government recoup some or all federal payments under the act from insurers in the years following government coverage of insurer losses. TRIA is limited to commercial property and casualty insurance—that is, insurance covering businesses.⁴ It does not cover losses in health or life insurance or losses in personal property lines, such as homeowners insurance.

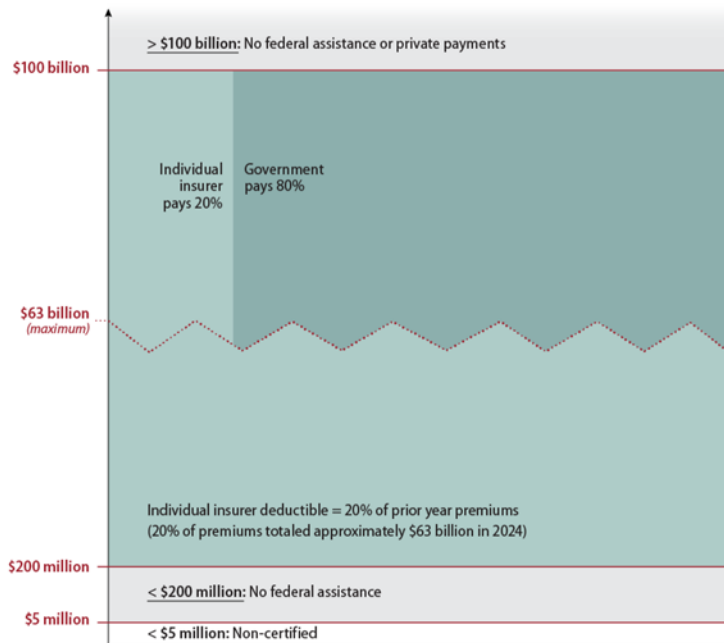
Following TRIA's enactment, terrorism insurance became widely available and largely affordable, and the insurance industry greatly expanded its financial capacity. There has been, however, little apparent success in developing a longer-term private solution, and fears have persisted about the economic consequences if terrorism insurance were not available. No attack has been certified under the act, and no federal payments have been made from the program.

How Would the TRIA Program Work?

In the aftermath of a terrorist attack, the first step would be for private insurers to pay claims under whatever terms are in place in the existing policies. Insurers would submit to the Treasury Department for partial reimbursement of these claims. For reimbursements under TRIA to occur, the Secretary of the Treasury must certify the attack, including that the *single attack caused more than \$5 million in losses*. Next, the *total aggregate annual terrorism losses* must surpass the *program trigger of \$200 million*. After these industry-wide thresholds are met, each *individual insurer is responsible for a deductible equal to 20% of its premiums on TRIA-eligible lines of insurance*. The Treasury would then *reimburse the insurers 80% of their losses* from terrorist attacks above this deductible. If total insured losses go *above \$100 billion*, there is no further federal reimbursement, and insurers are not responsible to pay losses under the policies that are in place.

Figure 1 below shows a graphical representation of coverage under the current TRIA program. The precise level of aggregate insured losses where government coverage would begin is uncertain, as it would depend on how the losses are distributed among insurance companies and thus what exactly the sum of the 20% company deductibles would be. The amount shown is the sum of all the insurance companies' deductibles—the maximum amount the figure could be—which currently totals \$63 billion. In an actual attack, however, it is nearly impossible for all insurers to be impacted, as many smaller insurers cover geographically separate areas, and government payments are likely to begin occurring well under the \$63 billion amount shown.

⁴ Property and casualty insurance is one of the broader industry categories, typically contrasted to life and health insurance. The act does exclude some property and casualty insurance lines, including medical malpractice, commercial auto, burglary and theft, surety, professional liability, and farm owners multiple peril.

Figure 1. Initial Loss Sharing Under the Current TRIA Program

Source: Congressional Research Service, adapted from Congressional Budget Office, *Federal Reinsurance for Terrorism Risks: Issues in Reauthorization*, August 1, 2007, p. 12.

Notes: Aggregate of all individual insurer deductibles totaled approximately \$63 billion in 2024, according to Department of the Treasury data and CRS calculations. Loss sharing is likely to begin well under this amount, as the distribution of terrorism losses is unlikely to be equally spread among insurers. For context, the insured damages from the 9/11 attacks adjusted to 2025 are approximately \$60 billion.

What Would Happen Afterwards?

In the years following the attack, the recoupment provisions in TRIA would take effect. The Treasury Secretary would be required to recoup some or all of the reimbursements to specific insurers by placing a premium surcharge on all the insurers offering commercial property and casualty insurance covered by TRIA. (This surcharge may vary for different lines of insurance and different geographic areas.)

Mandatory recoupment is required to be completed by 2029 and would be equal to 140% of the difference between the aggregate retention amount and the total amount of insured losses that were not reimbursed by the government. The aggregate retention amount for a calendar year is based on aggregate premiums for the previous three years. For 2025, it is the lesser of approximately \$53.3 billion and the total amount

of insured losses. The Secretary has the authority to extend recoupment to include all losses reimbursed by the government, but this discretionary premium surcharge may not exceed 3%.

The combination of the thresholds in law and the recoupment provisions means that, in general terms, if a terrorist attack occurs, the insurance industry covers the entire amount for relatively small losses. For a medium-size loss, the government assists insurers initially but is then required to recoup the payments it made to insurers through a broad levy on insurance policies afterward—the federal role is to spread the losses over time and over the entire insurance industry and insurance policyholders. As the size of losses grows larger, the federal government covers more of the losses without this mandatory recoupment. Ultimately, for the largest losses, the government is not required to recoup the payments it has made, although discretionary recoupment remains possible. The precise dollar values where losses cross these small, medium, and large thresholds are uncertain and will depend on how the losses are distributed among insurers.

TRIA Extensions

Congress has passed four extensions to the TRIA program, in 2005 (P.L. 109-144), 2007 (P.L. 110-160), 2015 (P.L. 114-1), and 2019 (P.L. 116-94). The 2005 extension primarily focused on reducing the government's upfront financial exposure under the act, whereas the 2007 extension left most of the upfront aspect of TRIA unchanged but accelerated the post-event recoupment provisions. The 2007 legislation also included the only expansion of TRIA since initial enactment: It expanded the program to cover any acts of terrorism as opposed to only foreign acts of terrorism.

The 2007 law extended the TRIA program to the end of 2014, but no further extension legislation was enacted in this time frame. Thus, the program expired for 12 days until the President signed P.L. 114-1 in January 2015. This law extended the program nearly six years, until the end of 2020, while reducing the government's share of the losses compared with the program as it was in 2014. Specifically, P.L. 114-1 gradually (1) increased the program trigger from \$100 million to \$200 million, (2) reduced the government share of the losses from 85% to 80%, and (3) increased the insurer aggregate retention amount from \$27.5 billion to \$37.5 billion and indexed it to the sum of insurer deductibles in years thereafter. In 2019, P.L. 116-94 extended TRIA to the end of 2027, leaving the rest of the law essentially unchanged.

The Terrorism Insurance Marketplace

TRIA's "make available" provisions addressed the availability problem in the terrorism insurance market, as insurers were required by law to offer commercial terrorism coverage. However, significant uncertainty existed as to how businesses would react, because there was no general requirement to purchase terrorism coverage and the pricing of terrorism coverage was initially high.⁵ Prior to 2015, data regarding the market for terrorism insurance was somewhat inconsistent, because state regulators historically did not require granular reporting by insurers on terrorism coverage. Most terrorism insurance statistics were gathered by private surveys. This changed following P.L. 114-1 as Congress required the Treasury Department to collect specific data, and the state regulators also strengthened their data reporting requirements.

⁵ Although there is no requirement in federal law to purchase terrorism coverage, state law may require businesses to purchase the coverage. This is particularly the case in workers' compensation insurance. Market forces, such as requirements for commercial loans, may also compel businesses to purchase terrorism coverage.

Analyses by Treasury have seen the TRIP as supporting a terrorism insurance market that is generally stable with available and affordable insurance.⁶ Estimates for the *take-up rate* for terrorism coverage range from around 60% to nearly 80% depending on what metrics are used. As reported by Treasury, the total of premiums for all TRIP-eligible lines of insurance was \$314.1 billion in 2024.⁷ Typically, between 30% and 35% of the terrorism coverage is provided as part of broader insurance without a specific charge. In total, Treasury estimates that insurers have received \$68.3 billion in terrorism insurance premiums from 2003 through 2023.⁸ (This figure includes affiliated insurers known as captives.)

The price for terrorism insurance has appeared to decline over time, although the price level reported may not always be comparable between sources. A 2013 report by the President's Working Group on Financial Markets, based on survey data by insurance broker Aon, showed a high of more than 7% for the median terrorism premium as a percentage of the total property premium in 2003 with a generally downward trend toward values around 3%.⁹ The Treasury reporting has generally found pricing to be in the 2.5%-3.0% range for policies that do break out a specific charge for terrorism coverage.¹⁰

The market for terrorism risk cannot be separated from the overall insurance market trends. Losses from other catastrophes, such as extreme weather events, could particularly draw capital away from the terrorism insurance market, because events such as hurricanes share some characteristics—low frequency and the possibility of catastrophic levels of loss—with terrorism risk. In general, insurers' experience with, and capacity to bear, catastrophic risk has increased over the life of the TRIA program. Eight of the 10 largest natural catastrophes have occurred since 2002. For example, the combined policyholder surplus¹¹ among all U.S. property and casualty insurers was \$1.08 trillion at the end of 2024 compared with \$523.0 billion (inflation adjusted) at the start of 2002.¹² This \$1.08 trillion has been bolstered by the estimated \$68.3 billion in premiums paid for terrorism coverage over the years without significant claims payments. The policyholder surplus, however, backs all property and casualty insurance policies in the United States and is subject to depletion in a wide variety of events.

The years since the last TRIA reauthorization have been challenging in insurance markets, particularly in those exposed to weather losses, such as homeowners insurance.¹³ Macroeconomic changes, such as rising interest rates and increasing inflation, coupled with losses due to both large catastrophes—such as Hurricane Ian and the 2025 Los Angeles County wildfires—and smaller “secondary perils” have weighed on insurer and reinsurer profits and capital levels. Insurers have responded in many areas by increasing prices and reducing their exposure to future losses. These actions by insurers have started to show in the financial status of companies in 2024. The reinsurance industry overall, for example, increased capital

⁶ TRIA requires periodic reporting by the Treasury Department. Treasury's Federal Insurance Office (FIO) has been putting out a general “Report on the Effectiveness of the Terrorism Risk Insurance Program” every other year since 2016 and a more focused “Study of Small Insurer Competitiveness in the Terrorism Risk Insurance Marketplace” every other year since 2017. These reports, along with other TRIA-related resources, can be found at <https://home.treasury.gov/policy-issues/financial-markets-financial-institutions-and-fiscal-service/federal-insurance-office/terrorism-risk-insurance-program/trip-reports-and-resources>.

⁷ FIO, *Study of Small Insurer Competitiveness in the Terrorism Risk Insurance Marketplace*, June 2025, p. 13.

⁸ FIO, *Report on the Effectiveness of the Terrorism Risk Insurance Program*, June 2024, p. 78.

⁹ President's Working Group on Financial Markets, *The Long-Term Availability and Affordability of Insurance for Terrorism Risk*, April 2014, p. 26.

¹⁰ See, for example, FIO, *Report on the Effectiveness of the Terrorism Risk Insurance Program*, June 2018, p. 25 and *Report on the Effectiveness of the Terrorism Risk Insurance Program*, June 2024, p. 24.

¹¹ According to the National Association of Insurance Commissioners (NAIC), policyholder surplus is “assets in excess of the liabilities of a company.” See NAIC, “Glossary of Insurance Terms,” <https://content.naic.org/glossary-insurance-terms>.

¹² A. M. Best, *Best's Aggregates & Averages, Property-Casualty*, 2002 Edition, p. 2; and A. M. Best, “First Look: 2024 US Property/Casualty Financial Results,” March 18 2025, p. 1. Inflation adjustment from the Bureau of Labor Statistics' CPI inflation calculator at <https://data.bls.gov/cgi-bin/cpicalc.pl>. Actual 2002 figure is \$293.5 billion.

¹³ See, for example, CRS Testimony TE10087, *The Factors Influencing the High Cost of Insurance for Consumers*, by Baird Webel.

levels to \$650 billion in 2025, up from \$607 billion in 2024, and prices have started to soften as capital has increased.¹⁴ At the primary insurer level, the property/casualty industry as a whole recorded a \$22.9 billion underwriting gain in 2024, compared to a \$21.3 billion loss in 2023.¹⁵

Although the terrorism insurance marketplace appears relatively robust, this occurs within the context of the federal backstop for terrorism coverage. The large majority of terrorism insurance coverage written is eligible for the TRIP, with Treasury finding that, for example, 74% of the standalone terrorism policies in 2024 were TRIP-eligible. Whether private coverage would remain available and affordable without TRIA is uncertain.

Policy Issues in TRIA Reauthorizations

As the temporary TRIA program has been extended for 22 years past its initial three-year term, various questions about TRIA have been raised over the years. Such questions can be grouped into three broad categories: Should the program continue to exist at all? If the program goes forward, should Congress leave it largely intact while making changes to the parameters of the current program? Or should the program operations or coverages substantially change?

Is TRIA Still Needed?

In the original act, the 107th Congress was quite clear that TRIA not be considered permanent. The act specifically describes the program as “temporary” twice and terms its three-year span as a “transitional period for the private markets to stabilize, resume pricing of such insurance, and build capacity to absorb any future losses.”¹⁶ Even the codification of P.L. 107-297 could be seen as reflecting this temporary nature: TRIA was added as a note to a code section relating to state insurance regulation, not as a separate section of its own.¹⁷

While the market experience in the years since TRIA’s initial passage has been much calmer than the year following September 11, 2001, that relative market calm in terrorism insurance has been underpinned by the existence of the TRIA program. Insurers are required to offer terrorism coverage under the act, and it seems possible, if not likely, that insurers would again seek to exclude terrorism losses if this requirement were to be removed. For example, when TRIA briefly lapsed at the end of 2014, conditional terrorism exclusions that had been included in insurance filings with state insurance regulators were activated.¹⁸ Exactly how widespread these exclusions would be applied if TRIA were completely removed is unclear. It is possible that competitive pressure might cause insurers to cover terrorism risk even without TRIA. The 2024 Treasury report found that 34% of the terrorism coverage that is provided in conjunction with other property and casualty insurance is offered without specific premiums being charged, which suggests that the perceived terrorism risk is low for some of the insureds.¹⁹

The insurance industry uses tools to model and mitigate catastrophe risks, such as hurricanes. The tools to address terrorism risk, however, have not been developed as successfully as perhaps was hoped when TRIA was initially enacted. Insurance works best with a large amount of data to develop estimates for the

¹⁴ Gavin Souter, “Rating Agencies See Reinsurance Prices Falling, Discipline Holding,” *Business Insurance*, September 8, 2025, <https://www.businessinsurance.com/rating-agencies-see-reinsurance-prices-falling-discipline-holding/>.

¹⁵ A. M. Best, “First Look: 2024 US Property/Casualty Financial Results,” p. 2.

¹⁶ P.L. 107-297, §101.

¹⁷ TRIA is codified at Title 15, Section 6701 note, of the *U.S. Code*.

¹⁸ See, for example, Verisk, “ISO Conditional Terrorism Endorsements to Come into Play with TRIA’s Lapse,” press release, December 18, 2014, <https://www.verisk.com/archived/2014/december/iso-conditional-terrorism-endorsements-to-come-into-play-with-tria-s-lapse/>.

¹⁹ FIO, *Report on the Effectiveness of the Terrorism Risk Insurance Program*, June 2024, p. 17.

likelihood and size of future losses. However, terrorist attacks are relatively rare, and much of the data about various terrorist threats may be closely held by the government due to national security concerns, thus further reducing data available for private firms. Furthermore, the fact that terrorism is carried out by purposeful actors who shift strategies and tactics adds another layer of complication to modeling techniques that are used with phenomena such as hurricanes. The purposeful nature of the actors also increases potential damage from terrorist attacks, because it reduces the effectiveness of mitigation techniques.

What Could Change in the Current TRIA?

The most substantial changes have been made to various parameters relating to private insurers sharing terrorism risk with a consistent increase in the private sector's share of the risk.

Parameters That Have Already Changed

- Deductible and program trigger.** In an unusual structure, TRIA essentially has a two-stage deductible. TRIA provides directly for an *insurer deductible* that is equal to 20% of each company's direct earned premiums for TRIP-eligible lines of insurance. This deductible was originally 7% of direct earned premiums and reached the current level in 2007. In addition, TRIA includes a \$200 million *program trigger*. Annual aggregate insured losses must clear this amount before any funding flows out of the Treasury. The program trigger was added in the 2005 reauthorization and reached \$200 million in 2020. If the program trigger is not cleared, an insurer would receive no federal funding even if its individual deductible is exceeded. For approximately the largest 60 or so insurers, the 20% deductible is larger than the program trigger, so for these companies the trigger is essentially irrelevant.²⁰ For the rest of the companies, depending on the distribution of the losses, it is possible that they might have to bear losses larger than their deductibles prior to receiving funds under TRIA.
- Insured loss share compensation.** This is essentially equivalent to a copayment. Above the program trigger or deductible, private insurers cover 20% of the losses covered under TRIA. This amount was originally 10% and reached 20% in 2007. (The statute is actually written in the inverse, defining the term as the amount paid by the federal government.)
- Terrorism loss risk-spreading premiums.** These risk-spreading premiums, used to fund the losses, are similar in concept to premiums paid by normal insureds to private insurers, but in operation, they are quite different. Unlike premiums in most insurance, the TRIA premiums are paid only after the losses, not before. Thus, there are no funds built up to pay future losses as there are in almost all other types of insurance. These post-event premiums are to be either mandatory or discretionary based on the size of the insured losses compared with the insurer maximum. The amount shown is the sum of all the insurance companies' deductibles—the maximum amount the figure could be—which currently totals \$63 billion aggregate retention amount set in the statute based on the aggregate sum of deductibles for the previous three years (\$53.3 billion in 2025). If recoupment is mandatory, the amount to be recouped is to be 140% of the federal outlays actually made, and the recoupment must occur prior to September 30, 2029, which coincides with the 10-year window used by the Congressional Budget Office for scoring the last reauthorization legislation.

²⁰ Based on 2024 data provided to CRS by the Treasury.

Parameters That Have Not Changed

- **Event certification level.** The original act set a minimum level of insurance losses for certification of an “Act of Terrorism” at \$5 million. This has been unchanged since 2002. If adjusted using the consumer price index (CPI) since 2002, this amount would be nearly \$9 million in 2025.
- **Cap on annual liability.** The original act set this amount at \$100 billion in aggregate insured losses. Above this amount, there are to be no federal payments covering the portion above \$100 billion, and private insurers are not liable for payments assuming that they have met their individual deductibles. If this \$100 billion amount were adjusted using the CPI since 2002, it would be nearly \$180 billion.

Could the Program Operations or Coverages Substantially Change?

While theoretically the TRIA program’s approach could be expanded to address a wide range of perils,²¹ the most-often-mentioned issues regarding TRIA coverage are nuclear, biological, chemical, or radiological (NBCR) terrorist events and cyberterrorism.

Nuclear, Biological, Chemical, or Radiological Terrorism

A terrorist attack with some form of an NBCR weapon seems to be the most likely type of attack causing large-scale losses. Such attacks may not actually result in full coverage under TRIA, because the underlying private policies may effectively exclude NBCR events. The current TRIA statute does not specifically include or exclude NBCR events. Thus, the TRIA program in general would cover insured losses from terrorist actions due to NBCR as it would for an attack by conventional means. However, most of the commercial policies that TRIA covers would *exclude* damage from an NBCR cause regardless of whether it is accidental or due to terrorism.²² Thus, despite the TRIA requirement to offer terrorism coverage (and the 70%-80% reported take-up rate of this coverage), most purchasers of terrorism insurance may not be covered for damage from a terrorist attack using chemical gas, a radiological “dirty” bomb, or any of dozens of other similar scenarios that could result in extremely large losses.

Congress addressed the issue of NBCR coverage in the 2005 reauthorization, which called on the President’s Working Group on Financial Markets to study the question, and the 2007 reauthorization, which called for a Government Accountability Office (GAO) study. The GAO report was issued in 2008, finding that “insurers generally remain unwilling to offer NBCR coverage because of uncertainties about the risk and the potential for catastrophic losses.”²³ In the past, legislation would have provided for differential treatment of NBCR attacks under TRIA, but such legislation has not been enacted (see, e.g., H.R. 4134 in the 109th Congress, H.R. 2761 in the 110th Congress, and H.R. 4871 in the 110th Congress). Because the current TRIA program works through private insurance policies, expanding coverage to NBCR events would require either encouragements for or mandates upon private insurers to change the policies. Alternately, TRIA could be changed to directly offer such coverage.

²¹ During the COVID-19 pandemic, legislation was introduced that would have created a program to address pandemic insurance losses explicitly modeled on TRIA.

²² The primary exception to this is workers’ compensation insurance, which is required by most state laws to cover all sources of injury to workers.

²³ U.S. Government Accountability Office (GAO), *Terrorism Insurance: Status of Coverage Availability for Attacks Involving Nuclear, Biological, Chemical, or Radiological Weapons*, GAO-09-39, December 12, 2008, <http://gao.gov/products/GAO-09-39>.

Cyberterrorism

The underlying TRIA statute is generally silent on the issue of cyberterrorism. In 2016, the Treasury Department issued guidance clarifying that the *cyber-liability* line of insurance, then newly introduced by state regulators, would be included as property/casualty insurance under the TRIA program.²⁴ A cyberterrorist event must meet all other TRIA thresholds, which might reduce the program's applicability to such cyberattacks.

The Treasury Department devoted a specific section of the latest report on TRIA to cyber coverage, reporting that 50% of standalone cyberinsurance policies (based on premium value) included terrorism coverage. The take-up rate for those choosing cyber coverage that is embedded in policies covering additional perils was 54%. These rates are similar to, but slightly lower than, the 62% take-up rate for general terrorism coverage found across all TRIA-eligible lines.²⁵

The 2019 reauthorization legislation required a study and report on cyberterrorism. In 2022, GAO issued a 2022 report recommending that "CISA [Cybersecurity and Infrastructure Security Agency] and FIO [Federal Insurance Office] should jointly assess the extent to which risks to critical infrastructure from catastrophic cyber incidents and potential financial exposures warrant a federal insurance response."²⁶

Evolution of Terrorism Risk Insurance Laws

Table 1 presents a side-by-side comparison of selected provisions from the original TRIA law, along with the reauthorizing laws of 2005, 2007, and 2015.

²⁴ Department of the Treasury, "Guidance Concerning Stand-Alone Cyber Liability Insurance Policies Under the Terrorism Risk Insurance Program," 81 *Federal Register* 95313, December 27, 2016.

²⁵ FIO, *Report on the Effectiveness of the Terrorism Risk Insurance Program*, June 2018, p. 55.

²⁶ GAO, *Cyber Insurance: Action Needed to Assess Potential Federal Response to Catastrophic Attacks*, GAO-22-104256, June 2022, <https://www.gao.gov/assets/gao-22-104256.pdf>. GAO,

Table 1. Side-by-Side of Enacted Terrorism Risk Insurance Laws

Selected Provisions				
Title	Terrorism Risk Insurance Act of 2002	Terrorism Risk Insurance Extension Act of 2005	Terrorism Risk Insurance Program Reauthorization Act of 2007	Terrorism Risk Insurance Program Reauthorization Act of 2015
Expiration Date	December 31, 2005. (§108(a))	December 31, 2007. (§2)	December 31, 2014. (§3(a))	December 31, 2020. (§101)
"Act of Terrorism" Definition	For an act of terrorism to be covered under TRIA, it must be a violent act committed on behalf of a foreign person or interest as part of an effort to coerce the U.S. civilian population or influence U.S. government policy. It must have resulted in damage within the United States or to a U.S. airliner or mission abroad. Terrorist act is to be certified by the Secretary of the Treasury in concurrence with the Attorney General and Secretary of State. (§102(1)(A))	No change.	Removed requirement that a covered act of terrorism be committed on behalf of a foreign person or interest (thus expanding coverage to domestic terrorism). (§2)	Removed Secretary of State from certification process and inserted Secretary of Homeland Security. (§105)
Limitation on Act of Terrorism Certification in Case of War	Terrorist act would not be covered in the event of a war, except for workers' compensation insurance. (§102(1)(B)(I))	No change.	No change.	No change.
Minimum Damage To Be Certified	Terrorist act must cause more than \$5 million in property and casualty insurance losses to be certified. (§102(1)(B)(ii))	No change.	No change.	No change.

Title	Terrorism Risk Insurance Act of 2002	Terrorism Risk Insurance Extension Act of 2005	Terrorism Risk Insurance Program Reauthorization Act of 2007	Terrorism Risk Insurance Program Reauthorization Act of 2015
Aggregate Industry Loss Requirement/Program Trigger	No provision.	Created a "program trigger" that would prevent coverage under the program unless "aggregate industry losses resulting from such certified act of terrorism" exceed \$50 million in 2006 and \$100 million for 2007. (§6)	No change. Program trigger remained at \$100 million until 2014. (§3(c))	Program trigger increased \$20 million per year until it reaches \$200 million in 2020. (§102)
Insurer Deductible	7% of earned premium for 2003, 10% of earned premium for 2004, 15% of earned premium for 2005. (§102(7))	Raised deductible to 17.5% for 2006 and 20% for 2007. (§3)	No change. Deductible remained at 20% until 2014. (§3(c))	No change. Deductible remained at 20% for each calendar year of the program. (§106)
Covered Lines of Insurance	Commercial property and casualty insurance, including excess insurance, workers' compensation, and surety but excluding crop insurance, private mortgage insurance, title insurance, financial guaranty insurance, medical malpractice insurance, health or life insurance, flood insurance, or reinsurance. (§102(12))	Excluded commercial auto, burglary and theft, professional liability (except for directors and officers liability), and farm owners multiple peril from coverage. (§3)	No change.	No change.
Mandatory Availability	Every insurer must make available terrorism coverage that does not differ materially from coverage applicable to losses other than terrorism. (§103(c))	No change. Mandatory availability extended through 2007. (§2(b))	No change. Mandatory availability extended through 2014. (§3(c))	No change. Mandatory availability in effect for each calendar year of the program. (§106)
Insured Loss Shared Compensation	Federal share of losses will be 90% for insured losses that exceed the applicable insurer deductible. (§103(e))	Reduced federal share of losses to 85% for 2007. (§4)	No change. Federal share remained at 85% through 2014.	Reduced federal share one percentage point per year until it reaches 80%. (§102)

Title	Terrorism Risk Insurance Act of 2002	Terrorism Risk Insurance Extension Act of 2005	Terrorism Risk Insurance Program Reauthorization Act of 2007	Terrorism Risk Insurance Program Reauthorization Act of 2015
Cap on Annual Liability	Federal share of compensation paid under the program will not exceed \$100 billion, and insurers are not liable for any portion of losses that exceed \$100 billion unless Congress acts otherwise to cover these losses. (§103(e))	No change.	Removed the possibility that a future Congress could require insurers to cover some share of losses above \$100 billion if the insurer has met its individual deductible. Requires insurers to clearly disclose this to policyholders. (§4(a) and §4(d))	No change.
Payment Procedures If Losses Exceed \$100 billion	After notice by the Secretary of the Treasury, Congress determines the procedures for payments if losses exceed \$100 billion. (§103(e)(3))	No change.	Required Secretary of the Treasury to publish regulations within 240 days of passage regarding payments if losses exceed \$100 billion. (§4(c))	No change.
Aggregate Retention Amount Maximum	\$10 billion for 2002-2003, \$12.5 billion for 2004, \$15 billion for 2005 (§103(6))	Raised amount to \$25 billion for 2006 and \$27.5 billion for 2007. (§5)	No change. Aggregate retention remained at \$27.5 billion through 2014.	Raises amount \$2 billion per year until it reaches \$37.5 billion. Beginning in 2020, sets the amount equal to annual average of the sum of insurer deductibles for previous three years. (§104)
Mandatory Recoupment of Federal Share	If insurer losses are less than the aggregate retention amount, a mandatory recoupment of the federal share of the loss will be imposed. If insurer losses are over the aggregate retention amount, such recoupment is at the discretion of the Secretary of the Treasury. (§103(e)(7))	No change.	Increases total recoupment amount to be collected by the premium surcharges to 133% of the previously defined mandatory recoupment amount. Full mandatory recoupment must occur by September 30, 2017. (§4(e)(1))	Increases total recoupment amount to be collected by the premium surcharges to 140% of the previously defined mandatory recoupment amount. Full mandatory recoupment must occur by September 30, 2024. (§104)

Recoupment Surcharge	Surcharge is limited to 3% of property-casualty insurance premium and may be adjusted by the Secretary to take into account the economic impact of the surcharge on urban commercial centers, the differential risk factors related to rural areas and smaller commercial centers, and the various exposures to terrorism risk across lines of insurance. (§103(e)(8))	No change.	Removed 3% limit for mandatory surcharge. (§4(e)(2)(A))	No change.
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Source: Congressional Research Service using public laws obtained through <http://www.congress.gov>.

Notes: Section numbers for the initial TRIA law are as codified in 15 U.S.C. §6701 note. Section numbers for P.L. 109-144, P.L. 110-160, and P.L. 114-1 are from the legislation as enacted.

Chairman FLOOD. Thank you very much. Mrs. Heck, you are now recognized for 5 minutes for your opening oral remarks. You might want to hit your microphone.

STATEMENT OF ELIZABETH HECK, CHAIRMAN, PRESIDENT, AND CHIEF EXECUTIVE OFFICER, GREATER NEW YORK INSURANCE COMPANIES, ON BEHALF OF NATIONAL ASSOCIATION OF MUTUAL INSURANCE COMPANIES (NAMIC)

Mrs. HECK. Chairman Flood, Ranking Member Cleaver, and members of the committee, my name is Elizabeth Heck, and I am Chairman, President and CEO with Greater New York Mutual Insurance Company. I am pleased to have the opportunity to testify in the Terrorism Risk Insurance Program, and the vital role it plays in helping protect—

Chairman FLOOD. If the gentlelady will suspend for just a second. We have to move your microphone a little bit closer to you.

Mrs. HECK. I am sorry.

Chairman FLOOD. You are fine. There we go.

Mrs. HECK. Okay. I am pleased to have the opportunity to testify in the Terrorism Risk Insurance Program, and the vital role it plays in helping protect our country and economy.

I am testifying on behalf of NAMIC, which represents more than 1,300 member companies. My views are informed by my first-hand experience as a major writer of terror exposed commercial property, both before and after the events of 9/11, as a member representing small and mid-sized insurance companies on FIOA's advisory committee on risk-sharing mechanisms, as chair of NAMIC's TRIA task force, and, most importantly, as someone who was in lower Manhattan that morning.

Amid the smoke and dust, fire and falling debris, I was forced to flee my apartment building with my two small children and my mother. Thankfully we were able to make it safely out of the city, but like so many others, we never returned home.

For over 100 years, Greater New York Insurance has provided policyholders with the vital support necessary to protect and grow their businesses. The company was formed in the early part of the 20th century by a group of immigrant property owners who were denied insurance. These property owners found a way to do it themselves by forming a mutual insurance company. Today we write business in 17 States and are the largest writer of commercial multiperil business in New York.

After 9/11, every financial institution began requiring terrorism insurance for development, construction loan agreements, and new commercial loans on existing properties. In the new reality, the challenges of trying to underwrite terrorism coverage became all too apparent, leading to canceled projects, and insurers scaling back coverage needed by the business community.

To understand why TRIA is needed, you must first understand why terrorism is not insurable in the private market. Unlike natural disasters, terrorism is driven by human intent that is adaptive, which makes it unpredictable.

Wildfires, on the other hand, do not change their paths to find a way around protective measures. Tornados do not intentionally aim for population centers, and a hurricane will not change its

path to target only unprepared communities. Terrorists intentionally seek vulnerabilities to maximize damage and casualties.

Further complicating terrorism risk is that the information that would normally be used to model potential exposure is understandably classified as a matter of national security. Because of this, credible modeling for the purpose of underwriting is simply not feasible.

The situation in late 2001 and 2002 was dire, and the gridlock created by this attack posed a real and significant threat to our economy. My company was deeply involved in finding the solution because of the unique nature of our business, and my predecessor of greater New York testified before this committee several times to explain why a public-private partnership was essential, and why the program should work for carriers of all sizes.

The Terrorism Risk Insurance Act was passed in 2002, which unlocked the market for commercial development. The program allows insurers a degree of certainty, enabling companies of all sizes to offer coverage creating a competitive market and affordable premiums. In the wake of an attack, insurance companies are able to understand their obligation, and any money provided by the Federal Government following an attack will be repaid with interest in all but the most extreme scenarios.

The creators of the program understood the importance of having a diverse pool of small and mid-sized and large insurers participate in the program. TRIA works because its mechanisms, deductibles and recoupment are based on individuals' companies, which means it scales according to company size.

If the threshold for Federal involvement, or those deductibles are increased significantly, offering terrorism coverage could become a bet-the-company risk for all but the largest insurers, which would force us and many other companies out of the market. In turn, this would reduce competition and the availability of terrorism coverage.

As we look back nearly 25 years after the attacks, it is important to recognize how much construction and economic development TRIA has supported, all virtually at no cost to the taxpayers.

I respectfully offer three principles to guide the committee's work: First, longevity. We recommend extending TRIA 10 years because short-term reauthorizations cause uncertainty.

Second, simplicity. The program is effective in its current form and taxpayers are protected. So avoid fixing what is not broken.

And third, speed. Because of the timing of insurance contracts, the sooner the program is reauthorized, the sooner businesses can move forward.

Mr. Chairman, and members of the committee, thank you, once again, for the opportunity to present testimony on this issue of vital importance to me, NAMIC member companies, the insurance industry as a whole, and the U.S. economy. I look forward to answering questions today.

[The prepared statement of Mrs. Heck follows:]



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**“The Reauthorization
of the Terrorism Risk Insurance Act
of 2002”**

Testimony
Hearing before the House Financial Service Subcommittee on Housing and
Insurance
September 17, 2025

Elizabeth Heck
Chairman, President and CEO
Greater New York Insurance Company
New York, New York



Introduction

Chairman Flood, Ranking Member Cleaver, and members of the House Financial Services Subcommittee on Housing and Insurance, thank you for the opportunity to provide testimony on behalf of the Greater New York Mutual Insurance Company and the National Association of Mutual Insurance Companies regarding "The Reauthorization of the Terrorism Risk Insurance Act of 2002."

My name is Liz Heck – I am the Chairman, President, and CEO of GNY, and served as the immediate past Board Chair of NAMIC. For over 100 years, GNY has provided policyholders with the vital support necessary to protect and grow their businesses. We are especially proud of our rock-solid financial stability – GNY has been rated A+ (Superior) by A.M. Best for most of its history. GNY was formed in 1914 out of an availability of need by a group of immigrant property owners in the early 20th century who were denied insurance by the providers of their day. So, they did what enterprising Americans have always done: They found a way to do it themselves. Today, GNY still specializes in Commercial Real Estate writing in 17 states and is the largest writer of commercial multi-peril business in New York and the 4th largest writer in New Jersey and Illinois. GNY is also the largest writer of apartment, condominium, and co-op buildings in New York City and most of the 17 states where the Company operates.

NAMIC consists of over 1,300 member companies, including six of the top 10 property/casualty insurers in the United States. The association supports local and regional mutual insurance companies on main streets across America as well as many of the country's largest national insurers. NAMIC member companies write \$383 billion in annual premiums. Through its advocacy programs NAMIC promotes public policy solutions that benefit member companies and the policyholders they serve and fosters greater understanding and recognition of the unique alignment of interests between management and policyholders of mutual companies.¹

My comments today are informed by my first-hand experience as a major writer of terror exposed property in New York City, both before and after the horrific events of 9/11, as a member representing small and mid-sized insurance companies on the Federal Insurance Office's Advisory Committee on Risk-Sharing Mechanisms, as chair of NAMIC's TRIA Task Force, and most importantly, as someone who was in lower Manhattan that morning. Amid the smoke and dust, fire and falling debris, I was forced to flee my apartment building with my children and my mother. Thankfully, we were able to make it safely out of the city, but we – like so many of our friends and neighbors – never returned home.

I encourage this committee and Congress to reauthorize the current TRIA program for the sake of market stability and continued, reliable protection for consumers across the country.

Even in a New Era of Risk, Terrorism Risk Stands Alone

The oft repeated axiom that "the only constant is change" rings especially true for property/casualty insurers as we find ourselves taking on a consistently more complex and riskier world characterized by converging pressures and challenges – what NAMIC refers to as a "New Era of Risk."² The insurance ecosystem faces collective challenges arising out of forces and pressures far beyond the control of the insurance industry, as interconnected risks continue expanding on more fronts than ever before. At the same time, the unique threat of terrorism and its related devastation continues to evolve amid an increasingly unstable and dangerous international environment.

While insuring against the financial devastation that could accompany a catastrophic terrorist attack might sound like a reasonable protective measure for markets to take on, a large-scale *terrorist attack – like an*

¹ <https://www.namic.org/about-namic/>

² <https://www.namic.org/resource/the-future-of-insurance-seeking-solutions-in-a-new-era-of-risk/>



act of war – is not insurable. Terrorism is rooted in malicious, strategic human behavior creating dynamic threats that often involve unknown national or international actors. It is purposefully unpredictable and continuously evolving, always with the intent of causing harm. This is one reason why it is extremely difficult, and potentially impossible, to fully predict or meaningfully measure and confidently model terrorism risk for purposes of underwriting and rating.

TRIA – From Unsteady Origins to Sustained Stability

The insurance industry paid out approximately \$60 billion, in 2025 dollars, following the September 11, 2001 terrorist attacks on New York City, Pennsylvania, and the Pentagon. This gave September 11th the distinction of being the most expensive terrorist-incident ever to occur in the U.S. and one of the largest single insured loss events in history.³ These losses were concentrated in business interruption; 34 percent, property; 30 percent, and liability; 23 percent coverages. Soon after the attack, insurers and reinsurers modified their commercial insurance coverage offerings to contain substantial surcharges for or specifically excluded terrorism risk. The lack of coverage between September 2001 and November 2002 caused fears of a larger economic impact. Real estate projects and commercial mortgage-backed security markets were especially negatively affected by the scarcity of terrorism insurance.⁴ In response to the shifting market dynamics, Congress passed the Terrorism Risk Insurance Act, or TRIA, in 2002, with a twofold stated goal to: (1) protect consumers by addressing market disruptions and ensure the continued widespread availability and affordability of property and casualty insurance for terrorism risk; and (2) allow for a transitional period for the private markets to stabilize, resume pricing of such insurance, and build capacity to absorb any future losses, while preserving state insurance regulation and consumer protections.⁵

Since its passage, the existence of the program has provided security as a valued risk-sharing mechanism between the federal government and the private market. By reducing fear of a worst-case terrorist event that could render companies insolvent and creating a space for a viable private market to function across four renewals over the last two decades, TRIA has continuously provided the certainty needed for the commercial property/casualty insurance industry to effectively operate and policyholders to purchase coverage that would otherwise be unavailable.⁶ While some details of the program mechanics have changed over time – for instance the program trigger, individual insurer deductibles, and co-pay shares – the foundational structure remains as originally designed, and this stability and financial preparedness benefits interested stakeholders and the American taxpayer.

Today, losses from all but the largest terrorist attacks would be completely borne by the private sector without involvement of the TRIA program. The marketplace has increased capacity and the Federal Insurance Office's most recent report on the program's effectiveness states that "terrorism risk insurance remains generally available and affordable, even with the overall [P&C] market hardening."⁷ The report further states that terrorism risk insurance "continues to be priced at a relatively low and consistent percentage of total P&C premium." In other words, the program is largely working and meeting its objectives.

TRIA Remains Necessary Moving Forward

³ <https://content.naic.org/insurance-topics/terrorism-risk-insurance-act>

⁴ Congressional Research Service, *Terrorism Risk Insurance: Overview and Issue Analysis*, March 8, 2002.

⁵ P.L. 107-297

⁶ Reauthorizations in 2005 (P.L. 109-144), 2007 (P.L. 110-160), and 2015 (P.L. 114-1) included substantive changes to the mechanics of the program; the 2019 (P.L. 116-94) reauthorization only extended the program for seven (7) years.

⁷ <https://home.treasury.gov/system/files/311/2024ProgramEffectivenessReportFINAL6.28.2024508.pdf>



Terrorism risk coverage is available either embedded in broader commercial coverage or on a stand-alone basis, with the latter most often when properties, operations, or events present heightened exposure to terrorism risk. As of 2025, approximately 79 percent of commercial multi-peril policies – the most common coverage for small and medium sized businesses in America – include some level of coverage for terrorism risk. The U.S. Treasury Department estimates the take-up rate on terrorism insurance to be between 58 percent and 77 percent, a significant increase from just 27 percent two decades ago.⁸

These statistics are generally encouraging. The limited market for coverage continues to mature and the general capacity of insurers to bear risk has increased since the inception of TRIA. These are indicators that the program is working extremely well in its current form, while at the same time - the fundamentals underlying the need for the program have not changed. We continue to support a long-term reauthorization, because the following problems with terrorism risk insurance persist:

- **Limited Actuarial Data:** Insurers rely on large quantities of data to quantify and evaluate risk. Without ample data, the ability to conduct a credible analysis is diminished, reducing ways to more accurately model or calculate necessary pricing, and ensure enough capital is available to cover potential for large-scale terrorist events.
 - The scarcity of loss data is particularly relevant to the consideration of nuclear, biological, chemical or radiological weapons. NBCR risk poses severe aggregation difficulties and is especially concerning for large cities and central business districts.
 - The scarcity of data also makes anticipating the timing, location and cost of future attacks virtually impossible.
 - Unlike extreme weather that can often be seen developing by many observers and tracking technologies, only government officials tasked with national security, appropriately, are privy to trends or reports that might indicate a higher propensity for an attack at a given moment in time.
 - Historical data from previous events is not predictive in the same way it is for natural catastrophes. Terror attacks are designed to be unpredictable as to time, location and attack mode.
- **Risk Concentration:** Consistent with population trends, terrorism risk is too highly concentrated to effectively pool across geographical locations and policyholder types.
- **Interdependency:** Prevention of terrorist attacks is predominantly more dependent on the U.S. government's national security apparatus than on steps an individual policyholder can control. Unlike other more typical insured events, mitigation or vulnerability control efforts at the policyholder level are not sufficient to prevent damage from a terror attack as compared to what exists for protection against weather losses. While geographical proximity may matter, it is not a pre-requisite, as shown by the 2001 anthrax scare using the U.S. Postal Service.
- **Human Actions:** Terrorist attacks are not fortuitous or random. They are deliberate, malicious, and strategic acts undertaken by humans intent on causing harm. While governments can and do enact countermeasures, terrorists react by modifying future plans in consideration of such efforts.

NAMIC generally opposes federal government insurance backstop programs where there are concerns that they may impair or disrupt a diverse and competitive private insurance market. However, TRIA

⁸ Id.



represents the rare situation where a clearly defined problem can only be solved by a federal partnership to facilitate insurability in a way that does not harm markets or market participants and ultimately reduces risk against scenarios where other solutions have been exhausted.

Additionally, NAMIC notes that insurance contracts that will be based on the presence of the program are drawn up and negotiated well in advance of its potential expiration. The last reauthorization was completed a full year in advance of the program's expiration, which avoided the significant disruptions that would come from uncertainty. NAMIC encourage Congress to take this into consideration and act swiftly on a long-term reauthorization.

Conclusion

The possibility of a major terrorist attack against the U.S. remains an unfortunate reality, and the complex factors surrounding terrorism risk are as present now as they were when TRIA was enacted. NAMIC has supported the TRIA program as a commonsense, practical solution that has enabled economic development at virtually no cost to taxpayers, who remain protected by the recoupment mechanism. The continued presence of this well-defined partnership program between the government and private insurers ultimately serves to *reduce* rather than increase the likelihood of complete federal financial liability for terrorism losses.

To summarize the actions, we respectfully offer this committee three principles to guide its work and recommendations for action:

- Longevity – The reauthorization should be long-term to provide the markets stability and certainty. We recommend a 10-year reauthorization.
- Simplicity – The TRIA Program is functioning very well in its current form, with few issues being reported in the marketplace and taxpayers fully protected through the recoupment mechanism. We urge against making any significant changes that could undermine the program's success to-date.
- Speed – Insurance contracts that will be based on the presence of the program are drawn up and negotiated well in advance of its potential expiration. Last reauthorization was completed a full year in advance of the program's expiration. This was of the highest importance and we hope that Congress can once again act swiftly to complete this reauthorization next year.

NAMIC is committed to working with policymakers to further strengthen U.S. insurance markets; providing solutions that empower policyholders to help manage their financial security in the face of risks is what mutual insurance companies do every day. In the case of terrorism risk, TRIA plays a critical role in the functioning of the market and the association respectfully recommends Congress reauthorize the program on a long-term basis without delay.

Chairman FLOOD. Thank you very much.

Ms. Sartain, you are now recognized for 5 minutes for your oral remarks and if you could pull your microphone close, that would be great.

STATEMENT OF MICHELLE SARTAIN, PRESIDENT, MARSH U.S. AND CANADA

Ms. SARTAIN. Good morning, Chairman Flood, Ranking Member Cleaver, and members of the committee. My name is Michelle Sartain, and I am President for Marsh's U.S. and Canada division. I appreciate the opportunity to discuss the reauthorization of the Terrorism Risk Insurance Program with you.

For our company, the impact of terrorism is deeply personal. Marsh McLennan lost 358 friends and colleagues on September 11, 2001. Marsh and Guy Carpenter are market leaders providing risk advisory, analytics and brokerage services to insurance buyers, insurers and reinsurance companies. As such, we have a unique perspective on the terrorism insurance market.

We consider TRIA to be a model public-private partnership. It restored insurance capacity at a critical time following 9/11, and it continues to insure a well-functioning terrorism market today.

Terrorism Risk Insurance Program Reauthorization Act (TRIPRA) is the reason that policyholders have access to affordable and widely available terrorism insurance coverage, which allows investments to be made, and the economy to function.

Today I will address four aspects of TRIA that underscore its importance. First, the key features of the program that have helped its overall effectiveness.

Second, the risk if the program is not reauthorized, or is reauthorized too close to its expiration.

Third, the role of the program in Workers' Compensation.

Finally, the trends in the commercial marketplace that emphasize the importance of TRIA.

First, the program's design has proven remarkably effective over the past two decades. TRIA provides transparent Federal backstop that shares catastrophic terrorism losses between the private sector and the government. By requiring insurers to make coverage available, and by setting clear deductibles and loss-sharing thresholds, the program stabilizes the market without crowding out private capital. It has fostered healthy competition and enabled the development of private market products that expand protection and complement TRIA.

Its existence ensures the broad availability of coverage across all sectors, from businesses in high-risk urban centers, to critical public infrastructure, to vital healthcare and educational systems.

According to Marsh data, the healthcare sector has a 61 percent TRIPRA uptake rate, one of the highest, and the education sector has a 47 percent uptake rate, reflecting a strong reliance on the backstop to prevent financially devastated losses from terrorism. Hospitals and education systems represent symbolic high-impact targets because they hold concentrated large numbers of vulnerable individuals and America's youth.

Without TRIA, healthcare and education sectors, indeed many parts of our economy, would be unable to secure insurance required

by lenders, bondholders and governing boards at a reasonable and predictable cost.

Second, failing to reauthorize, or reauthorizing too close to the program's sunset date has serious consequences. Uncertainty alone causes markets to withdraw coverage, insurers to pull back, and capital markets to tighten. Without certainty, policyholders face higher premiums, narrower terms, and outright nonrenewal.

For sectors like commercial real estate, construction and energy where terrorism coverage is contractually or regulatorily required, it could stall transactions, slow development, and ripple across the broader economy.

Third, the program is especially vital to the Workers' Compensation market. Workers' Compensation policies do not include any stated policy limits or specific perils. Thus, terrorism and nuclear, biological, chemical, or radiological (NBCR) attacks cannot be excluded. That means that insurers are exposed to unlimited losses in the event of an attack. Insurers can only reduce their exposure by limiting the number of employers for which they underwrite coverage, especially in areas of high-employee concentration.

State funded Workers' Compensation pools could be exposed to significant losses and insolvency without TRIA. The program is essential for maintaining solvency and stability.

Finally, in my written statement, I provide an overview of the commercial market trends concerning things like cyberattacks, the role of captives, and trends in violent attacks. Broadly rising geopolitical instability and the evolving nature of terrorism underscore the continued importance of TRIA.

While the U.S. P&C market was profitable in 2024, that was preceded by 4 years of loss suggested unprofitability. For catastrophic scenarios, the private market alone cannot provide sufficient coverage. Reauthorization signals stability to the U.S. and global markets, reassuring investors and policyholders alike.

In short, TRIA has worked exactly as intended. It protects taxpayers by requiring meaningful private participation, supports economic resilience, and ensures that American businesses and workers have access to critical coverage.

Thank you for holding the hearing early, and I look forward to your questions.

[The prepared statement of Ms. Sartain follows:]



Testimony of

Michelle Sartain,
President, Marsh US and Canada,
Marsh McLennan
Before the United States House Committee
On Financial Services

The Reauthorization of the Terrorism Risk Insurance Act of 2002

September 17, 2025
Washington, DC

Page 1
The Reauthorization of the Terrorism Risk Insurance Act of 2002

Good afternoon, Chairman Hill, Subcommittee Chairman Flood, and members of the Committee. My name is Michelle Sartain, and I serve as President of Marsh's US and Canada business. Marsh is a business of Marsh McLennan, the global leader in risk, strategy, and people, with more than 90,000 colleagues advising clients in 130 countries.

Thank you for inviting me to share our perspective on the Terrorism Risk Insurance Program Reauthorization Act (TRIPRA) ahead of its expiration at the end of 2027.

As the world's leading insurance broker and risk advisor, Marsh is well positioned to provide perspective on the terrorism risk insurance marketplace. At Marsh, we understand the role insurance plays for individuals and businesses alike. We enable risk taking, guide clients through effective risk mitigation strategies, and advocate on behalf of our clients when losses do occur to help people get back on their feet.

Our colleagues advise policyholders on purchasing terrorism insurance across all industries and in every major economy in the world. Our sister business, Guy Carpenter, is the leading global risk and reinsurance specialist.

For our company, the impact of terrorism is deeply personal. Marsh McLennan lost 358 friends and colleagues in the September 11, 2001, attack on the World Trade Center.

This act of terror was the original impetus for the passage of the Terrorism Risk Insurance Act (TRIA) in 2002, which created a federal reinsurance backstop for terrorism losses. By all accounts, the program has been a model public-private partnership. The backstop remains a critical component to a stable terror insurance market, particularly for nuclear, biological, chemical, and radiological (NBCR) events, and has enabled insurance to be placed and investments to be made. As such, I urge you and your colleagues to reauthorize TRIPRA when it comes up for renewal.

My testimony addresses five main areas:

- I will start by highlighting several of TRIPRA's features that have helped its overall effectiveness.
- Second, I'll discuss some of the economic implications of TRIPRA not being reauthorized, or a decision on its reauthorization being pushed too close to the expiration date.
- Third, I will talk about TRIPRA's critical role in the workers' compensation market.
- Fourth, I will discuss current trends in the commercial insurance and reinsurance market, and highlight the dynamic nature of terrorism risk insurance.
- Finally, I will discuss some key related trends, namely cyberattacks, captive insurers, and violent acts.

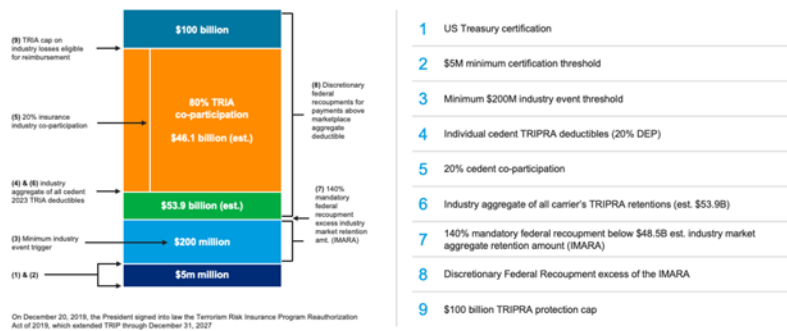
The overall effectiveness of TRIPRA

Since its inception, TRIPRA has been successful in allowing insurance and reinsurance capacity back into the market and providing layers of protection to the federal government and US taxpayers. In its current form, TRIPRA has facilitated limiting an individual insurer's potential terrorism losses, which permits it to quantify its terrorism exposure and make coverage available (see Figure 1).

There are numerous program features that help accomplish this, including:

- First, an event needs to be certified as terrorism by the US Treasury. No US terrorism event has been certified since the program's inception.
- As part of certification, an event would need to exceed \$5 million in losses.
- Any certified event would also need to exceed a \$200 million industry threshold.
- Each impacted insurer is subject to its individual TRIPRA deductible, which is based on 20% of its prior year's US TRIPRA eligible lines direct earned premium. These deductibles range from under \$1 million for captives and small mutuals, to over \$1 billion for the largest property and casualty (P&C) national insurers; for some insurers the amount is over \$2 billion.
- Each insurer is then responsible for 20% of the loss in excess of its TRIPRA deductible.
- Overall, when one aggregates all insurers' TRIPRA deductibles, the industry retains a substantial amount of exposure.
- For any federal payments made in excess of directly impacted insurers' individual TRIPRA deductibles and the current industry market aggregate retention amount (IMARA), there is a mandatory recoupment of 140%.
- For any federal payments made above the IMARA (estimated at \$53.9 billion), Treasury has access to a "discretionary recoupment." The IMARA is automatically revised annually and is indexed based on a three-year lagging average of commercial insurers' direct written premiums.

Figure 1: TRIPRA program recap



TRIPRA's design provides several levels of insurer retention and US taxpayer protection. For more than 20 years now, TRIPRA has supported capacity in the private (re)insurance markets. Marsh data underscores the diverse scope of industries that rely on TRIPRA coverage (see Figure 2).

In its present form, TRIPRA limits the potential terrorism losses of individual insurers, allowing them to quantify their terrorism exposure and make coverage available to important parts of the American economy that are exposed to the risk.

Figure 2: Top purchasers of TRIPRA property coverage in 2024

Top purchasers by city	Top purchasers by region
1. New York City	54% Northeast
2. Houston	50% Midwest
3. Washington, DC	38% West
4. Los Angeles	35% South
5. Atlanta	
6. San Francisco	
7. Chicago	

Source: Marsh

Impact of TRIPRA backstop on economic growth

TRIPRA provides a critical federal backstop that enables the continued availability and affordability of terrorism insurance. Its presence promotes insurance market stability and continuity, especially in the wake of evolving threats. The program thus supports business and economic confidence, reassuring businesses that they can secure coverage against terrorism-related losses, which is vital for economic stability and growth.

Although the reauthorization deadline is some two years away, insurers and rating agencies closely monitor legislative activity related to TRIPRA. Any uncertainty regarding the future of the federal backstop as the deadline approaches will have an impact on the availability and nature of insurance coverage. That, in turn, could send ripple effects through the economy, and potentially affect companies' decision-making processes about hiring and investing. It's important to note that many investments span multiple years, thus requiring insurance availability that also spans multiple years. This is especially true for long-term construction projects.

Ahead of the previous reauthorization in 2020, we saw an impact on policies that extended beyond the reauthorization date, when some insurers either seemed unwilling to offer terrorism coverage beyond the expiration date or sought to increase prices to cover the additional risk to their portfolios.

Rating agencies continue to emphasize terrorism stress tests and to assess ratings against specified criteria, including scenarios where the industry trigger falls short and there is no TRIPRA backstop

protection. As we approach 2027, rating agency analysts can be expected to meet with insurers and ask tough questions about these topics, further underscoring the need for timely reauthorization. This dynamic continues to have an outsized impact on approximately 650 smaller insurers, (defined as having less than \$500 million in policyholder surplus (PHS)) should they be hit with a terrorism loss in the \$100 million to \$200 million range (see Figure 3). It is important to note that any P&C insurer, regardless of size, could potentially be hit with a mono-line or multiline terrorism loss of such magnitude, or greater.

Figure 3: P&C insurer TRIPRA deductible profiles by policyholder surplus

P&C carrier TRIPRA deductible profiles by policyholder surplus								
Policyholder surplus (PHS) (US dollars)	<25M	25M to 50M	50M to 100M	100M to 300M	300M to 500M	500M to 1B	1B to 5B	>5B
Number of companies	285	89	105	122	48	46	70	31
Average TRIPRA deductible (000s)	1,359	3,958	14,134	25,342	37,070	75,933	271,880	1,298,361
Average deductible as percentage of PHS	19%	11%	19%	14%	9.4%	11.2%	11.8%	9.1%
100M terror loss scenario	374%	55%	24%	10%	3.5%	1.3%	0.3%	0.01%
200M terror loss scenario	753%	113%	52%	22%	8.4%	3.7%	1.0%	0.01%

Based on S&P CapitalIQ Pro data at 5/8/2025. TRIPRA deductibles were estimated at 20% of Commercial DEP. Includes 796 carriers with an aggregate surplus of 1.09 Trillion.

Allowing TRIPRA to expire or renewing it with significant increases in insurer participation would impact all terrorism-exposed insurers, particularly those with less than \$500 million in capital reserves. We expect this would adversely affect pricing and limit the availability of terrorism risk coverage.

If TRIPRA is allowed to expire, without replacement, those insurers that are still able to offer terrorism coverage will likely only write coverage for buyers with operations in preferred locations, and could consider increasing prices for other locations. This would lead to capacity shortfalls for central business districts, at-risk industries, and employers with significant workers' compensation accumulations, such as office workers, manufacturing facilities, and healthcare and education facilities.

Thus, a federal backstop remains essential to the availability and affordability of terrorism coverage in urban centers from New York to Los Angeles and, and in every community with a university or college, hospital or medical center, sporting arena or large shopping area.

Businesses can consider standalone property terrorism insurance, which can complement TRIPRA coverage and potentially offer broader coverage, for example, for noncertified acts of terrorism. However, its pricing along with the constraint of limited availability in aggregate for certain risks, prevent it from replacing TRIPRA for many organizations.

TRIPRA and workers' compensation coverage

One of the key roles TRIPRA plays across industries is to back all workers' compensation coverage, which is mandatory in nearly every state.

The potential expiration of TRIPRA is and will remain a major issue for US employers as buyers of workers' compensation insurance, and for insurers as providers of the coverage. Approaching the program's expiration date, employers will likely note a reduction in the number of insurers willing to write their risk, especially during 2027 when insured policy expirations approach the program's December 31, 2027, expiration date.

Absent a public-private backstop for large-scale terror attacks, many industries would struggle to find sufficient or affordable workers' compensation coverage. The potential workers' compensation losses from an incident could be staggering (see Figure 4). Without it, economic activity could slow, and large workforces could be at greater risk.

Figure 4: High potential workers' compensation losses for conventional and NBCR incidents

Large modeled WC loss scenarios today

Conventional terrorism losses	
10-ton truck bomb	\$19.1B (Los Angeles)
Loss Scenarios > \$10B	90 (Countrywide)
NBCR Losses	
Nuclear detonation	\$297.2B (New York)
Biological (anthrax)	\$209B (New York)
Chemical (sarin gas)	\$61.7B (Texas)
Radiological	\$619.7M (New York)

Source: Modeled in Moody's RMS PTM v4.3. Notes: Occurrence loss figures assume 100% WC take-up rates among commercial insureds. All other lines of business – Property, Life, Liability, Business Interruption etc., are excluded. Contemplates 2023 RMS WC Cost Severities; 2018 RMS Industry Exposure Database [IED]

It is worth noting that in the world of insurance, US workers' compensation policies are unique; participation by employers is mandatory in nearly every state. By law, primary workers' compensation policies must provide coverage for terrorism risk, and thus the effective take-up rate for this line is 100%. Unlike other forms of commercial coverage, workers' compensation policies do not include any stated policy limits, and specific perils, such as terrorism or NBCR, cannot be sub-limited or excluded. Insurers can only reduce their aggregate workers' compensation terrorism exposure by limiting the number of employers for which they underwrite coverage in certain areas of high employee concentration. Because some workers' compensation pools are state funded, without TRIPRA, these pools in the absence of TRIPRA could be exposed to significant losses or insolvency.

Thus, insurers monitor their exposures to workers' compensation terrorism loss very closely — in particular, they monitor concentrations of insured employees in major urban areas and central business districts (CBD). Insurers also monitor and model the total number of accounts they insure in these areas for workers' compensation, correlated lines of business, and specific risk characteristics.

During previous reauthorizations, as insurers began to underwrite workers' compensation policies that contemplated coverage without the potential financial protections of TRIPRA, most were less willing to underwrite the risks of employers in certain high-profile industries, with large employee concentrations, or in certain major cities. Under such conditions, we could potentially see insurers again offer shorter-term policies expiring before December 31, 2027 and higher workers' compensation rates and premiums.

Organizations with large concentrations of employees would be the most likely to be affected in such a scenario. In addition to potential price increases, they also face the possibility that their insurers will decline to renew their coverage. The issue of employee aggregation affects any employer with a large number of employees in a single location or corporate campus, as is common among hospitals, higher education institutions, financial institutions, defense contractors, manufacturing plants, hotels, professional services companies, as well as power and utility companies.

Additionally, insurers that write multiple lines of business, such as workers' compensation, liability, and property, will consider the impact of potential terrorism losses across all correlated lines, including cyber and business interruption. Insurers may decline certain risks outright because they have accumulated too much risk in a particular CBD, ZIP code, or city, while others may impose a premium surcharge for a particularly large workers' compensation risk. Catastrophe modeling has also improved in its ability to produce detailed, worst-case scenarios — including some that generate losses so large that insurers would not write coverage in the absence of TRIPRA.

As we approach the reauthorization date, insurers will evaluate their risk appetite, and some will limit their exposure to workers' compensation for companies with high concentrations of employees in major cities. It is important to reiterate that because workers' compensation is mandatory, insurers cannot exclude terrorism-related losses and employers are almost always required to buy terrorism insurance, the options available to buyers will likely shrink and rates will increase, some dramatically.

In the years leading up to TRIPRA's prior renewals, some insurers attached endorsements to policies limiting coverage. It is reasonable to assume some insurers will take similar actions as TRIPRA's expiration date approaches once again. Other insurers could go further and align a policy expiration date with the program's December 31, 2027, expiration date.

If TRIPRA is allowed to expire or renewed with significant modifications, it is likely a large number of employers will be forced to obtain workers' compensation coverage from assigned risk or residual markets, which are considered to be the insurers of last resort.

Among the unique issues regarding terrorism coverage and workers' compensation:

- Workers' compensation is a unique line of business as specific perils, including terrorism and NBCR, cannot be excluded or even sub-limited.
- Policies are issued on a statutory (non-defined) limits basis.

- Employee concentrations result in large accumulations for commercial lines carriers, which becomes significantly magnified for NBCR event footprints and accumulations.
- Increased remote and hybrid working arrangements add uncertainty to where employees are at a given time, which affects insurers' peak aggregation loss potential.
- Workers' compensation losses could have among the largest payouts for major terrorism loss events, based on their continuous medical and indemnity nature.

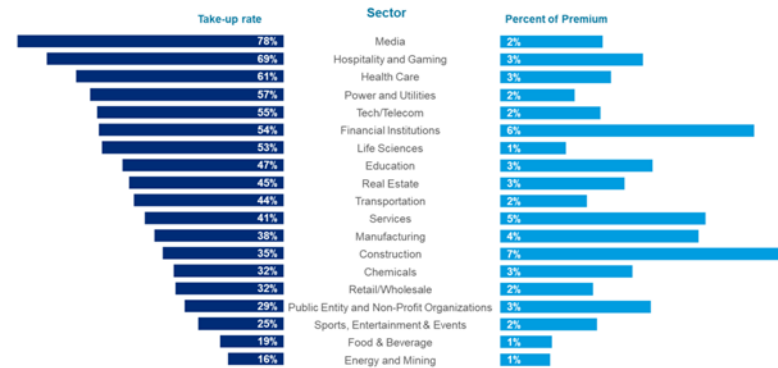
The economic impact from a TRIPRA non-renewal or notable changes to the trigger, deductibles, and co-shares could result in significant shifts from the private market to state funds and residual market pools, and would be particularly challenging for the workers' compensation line of business.

Industry focus: Healthcare organizations rely on TRIPRA

Healthcare systems already face ongoing financial pressures from rising costs and regulatory challenges; terrorism-related losses could be financially devastating without affordable insurance.

Hospital systems have a 61% take-up rate for TRIPRA coverage, one of the highest for any industry, reflecting strong reliance on the federal backstop (see Figure 5). For healthcare systems, TRIPRA offers cost-effective terrorism coverage — approximately \$15 per \$1 million of coverage — making it feasible for them to maintain protection.

Figure 5: Media, hospitality, and healthcare had the highest TRIPRA take-up rates in 2024



Source: Marsh

Critical infrastructure and workforce protection

As a critical infrastructure component, it's important that healthcare facilities remain operational during and after terrorism events. Affordable terrorism insurance supports rapid recovery, resilience, and continuity of care.

At the same time, protecting healthcare workers through affordable workers' compensation terrorism coverage is essential to workforce retention and maintaining healthcare delivery capacity.

Hospitals and other healthcare facilities represent potentially attractive, high-impact targets for terrorism for reasons including:

- They can hold concentrated, large numbers of vulnerable individuals, including critically ill patients.
- The traditional perception of hospitals as "safe zones" is eroding, increasing their risk profile.
- They may store hazardous materials (nuclear, chemical, biological, radiological) that could be exploited in terrorist attacks to cause mass harm.
- Hospitals' open access, symbolic value, critical community role, and stretched security resources are features terrorists may seek to exploit.

In March 2025, the American Hospital Association and Health-ISAC issued a warning about social media posts suggesting ISIS-K planned coordinated hospital attacks. Although the FBI found no credible threat, this highlights the perceived vulnerability of hospitals as soft, high-impact targets.

Industry focus: Higher education

Higher education institutions have a strong interest in TRIPRA because it guarantees terrorism coverage at a reasonable and predictable cost. Universities and colleges hold concentrated exposures in stadiums, arenas, hospitals, research facilities, and other critical assets, representing billions of dollars in investments that could be potential targets. Without TRIPRA, most insurers would either exclude terrorism coverage or price it prohibitively, leaving institutions unable to secure the insurance required by lenders, bondholders, and governing boards. In essence, TRIPRA provides financial stability and enables the long-term sustainability of campuses facing catastrophic and unpredictable risks.

Key benefits of TRIPRA for colleges and universities

- **Protection of high-value assets:** Covers stadiums, laboratories, hospitals, and billions in property assets.
- **Coverage for large venues:** Extends protection to arenas, performing arts centers, and other facilities that attract thousands.
- **Financing requirement:** Terrorism coverage is often mandated by lenders and bondholders for capital projects.
- **Risk management stability:** Offers predictability against catastrophic and unpredictable losses, supporting sound financial planning.

Financial vulnerability and reliance on TRIPRA

Educational institutions face ongoing financial pressures from rising operational costs, infrastructure investments, and regulatory compliance. Terrorism-related losses could be financially devastating without affordable insurance. Many schools and universities depend on TRIPRA-backed terrorism insurance to manage this risk through accessible and cost-effective coverage. TRIA provides affordable terrorism coverage — approximately \$15 per \$1 million — making it feasible for institutions to maintain protection without diverting funds from their core educational missions.

Critical infrastructure and workforce protection

Schools and universities must remain operational during and after terrorism events to provide student safety, maintain educational continuity, and support their communities. Affordable terrorism insurance supports rapid recovery, resilience, and continuity of education services. Additionally, protecting faculty, staff, and students through affordable workers' compensation terrorism coverage is essential for workforce retention and maintaining institutional capacity.

Educational institutions as high-impact terrorism targets

Schools and universities concentrate large numbers of vulnerable individuals, including children and young adults, making them potential targets for mass casualty terrorism. The traditional perception of educational institutions as safe environments is increasingly challenged, raising their risk profile. Campuses often house critical infrastructure, including research labs with hazardous materials (chemical, biological, radiological), which could be exploited in terrorist attacks to cause mass harm. Open access policies, symbolic value as community centers, and often stretched security resources make educational institutions attractive targets for terrorists. Recent intelligence and security assessments have highlighted concerns about potential threats targeting schools and universities, underscoring the importance of preparedness and insurance coverage supported by TRIA.

Current state of the terrorism insurance market

Based on data from AM Best, US property and casualty reinsurance dedicated capital for terrorism is currently estimated at \$1.138 billion. According to Guy Carpenter, global dedicated reinsurance capital (traditional and third party, for terrorism) is estimated to be \$607 billion. Dedicated reinsurance capital for terrorism in North America is estimated at \$215 billion.

Reinsurance capacity for terrorism, however, is dependent on a reinsurer's preference, appetite, expertise, and aggregate constraints. Capital must be deployed to protect all of society's insured risks, including auto, homeowners, business interruption, and liability. It is important to note that many insurers and reinsurers (particularly capital and convergence markers) have limited appetite to write terrorism due to the correlation with a financial market loss. Capacity for terrorism insurance is determined after other needs are met.

According to AM Best, the US property and casualty market registered a \$22.9 billion underwriting profit in 2024, following four years of losses.

Globally, the insurance industry is adapting to shifts in attack methodologies. We expect threats to continue becoming more diverse and complex as cyber, including generative AI; drones; NBCR scenarios; and more add to the array of possible attacks.

Some tactics used by terrorists are less sophisticated than others, but still deadly. For example, the New Year's Day 2025 truck attack in New Orleans resulted in 15 fatalities and more than 30 injuries. (The FBI has reported it is investigating the attack as domestic terrorism, potentially inspired by ISIS.)

While these new attack methodologies tend to generate relatively little property damage, the impact on businesses can be severe, to say nothing about the impact on human life. In response, we have seen some insurers offer new coverage options to businesses. According to the Insurance Information Institute, business interruption costs represented 33% of the losses attributed to the September 11 attacks, followed by property losses at 19%.

Of special interest is coverage for NBCR attacks, which are not typically covered by reinsurance programs, but can lead to very large losses that in some cases could exceed insurers' surplus.

A long-term reauthorization of TRIPRA should allow the reinsurance market to continue to assume more risk and provide insurers with additional terrorism capacity at a constant and measured pace. If, however, TRIPRA is allowed to expire at the end of 2027 or is reauthorized with substantial increases in cedent retentions, we believe that terrorism exposed insurers with under \$500 million in surplus will likely need to purchase additional and substantial private reinsurance market capacity both to help protect capital and satisfy rating agencies and regulators.

This would likely lead to multiple insurers trying to simultaneously access the private reinsurance market's limited overall capacity. The impact this would have on the aggregate US reinsurance sector capacity and pricing is not clearly known.

According to the Reinsurance Association of America, the federal share of a \$100 billion ground-up loss subject to TRIPRA would be 51%, with the private market covering the remaining 49%. If TRIPRA is reauthorized in 2027, the federal share will continue to decline over the years as the marketplace aggregate deductible rises with premium growth and until the uncompensated insurance industry loss share (deductibles and the 20% insurer copayment) reaches the industry retention of estimated \$50 billion. Taxpayers would continue to be protected since the government is mandated to recoup 140% of its share of a certified terrorism event.

Shifting risk and insurance trends: Cyberattacks, captives, and violent attacks

Cyberattacks escalating

Cyberattacks remain an ever-present and escalating threat over which businesses have little control. For more than a decade, Marsh McLennan has cautioned that cybersecurity is an increasingly systemic risk where an attack against one industry may create a cascading impact across the entire economy without necessarily causing physical damage.

The insatiable demand for data storage, computing power, and scalable services has dramatically increased the need for speed to market in the expansion of the global digital infrastructure. From data centers and communications infrastructure to enabling technologies and access to power, investment in this sector is accelerating, with projections indicating that the global digital infrastructure market will exceed \$4.5 trillion by 2034.

The evolution of digital infrastructure has also heightened awareness of the need to manage technological risk, which has driven growth in the cyber insurance market for more than a decade. From around 2013 to 2023, the global cyber insurance market grew at an estimated compound annual growth rate (CAGR) of approximately 25% to 30% per year. This rapid expansion reflects increasing awareness of cyber risks and rising demand for coverage.

One of the fundamental pieces of cyber insurance is coverage to protect against losses caused by damage to digital assets from a cybersecurity attack, as well as lost profits and additional expenses resulting from business interruptions due to those damaged or inaccessible digital assets. These coverages are commonly known as data restoration and network interruption coverage.

In 2016, Marsh noted that although cyber insurance included these property-like components that protect the digital infrastructure increasingly vital to our economy, TRIPRA was silent on whether it covered cyber losses resulting from acts of terrorism. In response, Treasury designated cyber insurance as a covered line under TRIPRA; cyber insurance is now eligible for the backstop.

Cyber remains a growing and ever-present risk for US companies, and a systemic risk for our nation. So long as the vehicle of TRIPRA provides a backstop for large losses arising from a terrorist attack, we believe that the program should account for cyberterrorism as well. Cyberattacks targeting financial institutions, the power grid, or internet service providers could have widespread consequences. In addition, cyber threats against physical infrastructure, like chemical plants, transportation, and manufacturing have the potential to cause systemic losses.

At this time, we recommend that any change in the law be required to address the risk of cyber terrorism. One of the potential difficulties in a potential cyberterrorism event would be the problem of attribution. Often, it can be difficult to determine definitively who is responsible for carrying out an attack. In the context of TRIPRA, this could lead to a question of whether the declaration of a terrorist event could be made without definitive attribution. Potentially, this issue could be resolved with congressional report language or regulatory guidance that advises that the declaration could be reached based on what infrastructure the attack targeted, what impact was rendered, and other indicia that could support the conclusion of terrorism.

Captive insurance can provide optionality and flexibility

The use of captive insurance provides some policyholders with the flexibility of securing coverage that may not be readily available in the commercial marketplace.

Marsh Captive Solutions provides management services to approximately 1,900 captive insurers globally that, for 2023 and 2024, issued 256 policies that covered one or more TRIPRA subject lines. Approximately 88% of these included at least one standalone terrorism policy; of those, approximately 63% were specific to some or all of the NBCR perils.

Although we have not formally surveyed captive owners regarding their rationale, we believe that most captives write terrorism coverage, both conventional and NBCR, due to the lack of an available commercial at appropriately high limits and/or costs that are deemed excessive (especially for NBCR) relative to the risk.

Captives generally provide embedded terrorism coverage for product lines such as general liability and workers' compensation. This relates to captive participation being determined based on optimizing what to retain versus what to transfer, especially when a competitive traditional market exists for these lines. The relatively lower policy limits required, and their availability, often apply equally to the core policy risks and the peril of terrorism on these lines.

Standalone terrorism policies issued by captives are common for property risks because captives often serve to provide coverage for higher-risk properties. In such cases, coverage from commercial insurers is often limited or entirely unavailable at indicated limits and/or for the required perils. Captives can provide higher limits and/or broader terms versus what commercial insurers are willing to offer, thereby offering terrorism coverage availability.

TRIPRA enables captive insurers to play a significant role in the terrorism insurance market, allowing them to adapt quickly to market changes. In addition to the possibility of receiving partial reimbursement for terrorism losses through TRIPRA, captives are also subject to the Act's post-loss sharing mechanism.

Thus, regardless of whether a captive insurer experiences a terrorism loss, each policyholder of a captive that purchases a subject line is required to contribute to the payment of such losses. As a result, policyholders of captive insurers contribute to expanding the pool of terrorism risk-sharing participants.

It is important to note that any withdrawal or lessening of the "backstop" TRIPRA provides to reduce or exclude participation by captives would likely result in some exposures being underinsured or uninsured. Captives are widely used to supplement what is available in the commercial market, and in some cases captive insurers are the only available option for certain layers and/or perils. This is most common in areas of higher perceived risk, such as for property or employee-related coverages in major cities. It is also the case in sectors such as healthcare, manufacturing, education, and others.

Generally speaking, since captives are best suited to primary operating layers, or as a mechanism for accessing risk transfer solutions, it is very likely that absent a TRIPRA-like program with a backstop, captive use for terrorism coverage would change significantly.

Shifting trends in violent attacks

The terrorism threat landscape continues to evolve. For example, the organization of malicious groups has both dispersed and expanded, using technology to fit geopolitical trends. There has been a movement from the analog, hierarchical groups of the 1990s; to digitally connected groups in the 2000s; to dispersed, ideologically aligned networks in the 2010s; to the current interconnections between state and non-state malicious actors. In today's environment, attacks focused on people represent a notable risk compared to those against property or those of a mixed focus and driven by high frequency, moderate severity, and the aggregation of possible attack variants (different targets, different weapon types, and different tactics).

Today, many workplaces remain soft targets, increasingly vulnerable to attack types that are rising globally such as explosive devices; armed assailants; strikes, riots, and civil commotion (SRCC); and political violence. While the threat of international terrorism remains in the US, an increase in domestic extremism, violent acts, and civil unrest are a clearer and more present threat (see Figure 6).

Motivations for attacks are not always clear; sometimes they present a distraction for the original insured looking for timely and commensurate compensation.

The severity and sources of recent violent acts emanating from various modes of attack can be significant and continue to evolve. These include:

- **Explosive devices:** Insurers continue to monitor loss potential for large explosive attacks, which aligns with regulatory and rating agency requirements, alongside other emerging sources of loss.
- **Gun violence:** While gun violence is unfortunately common in the US, the scale of injury and insured loss from events such as the Las Vegas Mandalay Bay/MGM, Pulse nightclub in Orlando, a Texas Wal-Mart, a Buffalo grocery store, and other mass shootings has prompted many to reappraise the potential insurance impact of such events.
- **Strikes, riots, and civil commotion (SRCC):** Political and civil rights disputes have led to protests, riots, and civil commotion. These events are part of a persistent global trend in riots triggered by socio-economic and political factors.
- **Global political acts:** Malicious state acts that fall below the threshold of war appear to be used increasingly as an extension of politics by states trying to fulfil their foreign or domestic policy aims.

Figure 6: Increase in domestic extremism, violent acts, and civil unrest in US



Notes: This data spans 01/01/2018 to 01/06/2025; 2025 data has been extrapolated based on trends thus far observed. Active shooter incident data is from the FBI's annual reports; 2025 are currently unreleased. Global and US terrorism and US civil unrest incident counts are courtesy of S&P Global.

As methods used to perpetrate acts of terrorism continue to shift, so do the at-risk areas. We can no longer focus on larger cities, but instead need appropriate coverage to be readily available across the country. This includes protection against NBCR attacks, which are not typically covered by reinsurance programs despite the potentially devastating human and economic losses they could generate.

International public-private terrorism risk sharing

Other countries have established public-private risk-sharing mechanisms, with coverage typically triggered by a national government's declaration that an event was a terrorist attack (see Figure 7). These programs are structured in a variety of ways to meet the political and market needs of each nation. For instance, unlike the UK's Pool Re and France's GAREAT (Gestion de l'Assurance et de la Réassurance des risques Attentats et Actes de Terrorisme), TRIPRA does not tap into the private market for reinsurance, rather losses are funded by the US government and later spread throughout the industry after an event has occurred.

Figure 7: International public-private terrorism risk sharing

Country	Terrorism Pool or Reinsurance Mechanism	Year Est.	Policyholder Coverage
Australia	Australian Reinsurance Pool Corporation (ARPC)	2003	Elective
Austria	Österreichischer Versicherungspool zur Deckung von Terrorrisiken (The Austrian Terrorpool)	2002	Elective
Bahrain	Arab War Risks Insurance Syndicate (AWRIS)	1981	Elective
Belgium	Terrorism Reinsurance & Insurance Pool (TRIP)	2007	Elective For Large Property Risks
Denmark	Danish Terrorism Insurance Scheme	2010	Elective
Finland	Finnish Terrorism Pool	2008	Elective
France	Gestion de l'Assurance et de la Réassurance des risques Attentats et actes de Terrorisme (GAREAT)	2002	Mandatory
Germany	Extremus Versicherungs-AG	2002	Elective
Hong Kong - China	Motor Insurance Bureau (MIB)	2002	Elective
India	Indian Market Terrorism Risk Insurance Pool (IMTRIP)	2002	Elective
Indonesia	Indonesian Terrorism Insurance Pool (MARIEN)	2001	Elective
Israel	The Victims of Hostile Actions (Pensions) Law and The Property Tax and Compensation Fund Law	1970/ 1961	Mandatory
Namibia	Namibia Special Risk Insurance Association (NASRIA)	1987	Elective
Netherlands	Nederlandse Herverzekeringsmaatschappij voor Terrorisemeschaden (NHT)	2003	Elective
Northern Ireland	Criminal Damage Compensation Scheme Northern Ireland	1972	Elective
Russia	Russian Anti-Terrorism Insurance Pool (RATIP)	2001	Elective
South Africa	South African Special Risk Insurance Association (SASRIA)	1979	Elective
Spain	Consorcio de Compensación de Seguros (CCS)	1941	Mandatory
Sri Lanka	Strike, Riot Civil Commotion and Terrorism Fund – Government	1987	Elective
Switzerland	Terrorism Reinsurance Facility	2003	Elective
Taiwan	Taiwan Terrorism Insurance Pool	2004	Elective
United Kingdom	Pool Reinsurance Company Limited (POOL RE)	1993	Elective
United States	Terrorism Risk Insurance Program Reauthorization Act of 2015 (TRIPRA)	2002	Elective

Source: Marsh, Guy Carpenter, US Government Accountability Office, World Forum Of Catastrophe Programmes, Organisation For Economic Co-Operation and Development

The presence of private-public mechanisms in different countries shows the importance of a joint approach in helping to mitigate the economic threats posed by terrorism.

Conclusion

In Marsh McLennan's view, TRIPRA is a model public-private partnership and remains instrumental in providing a reinsurance backstop for insurers, allowing them to provide sufficient limits of terrorism coverage to the business community. TRIPRA affords the private insurance market the ability to provide affordable capacity even to areas perceived as high risk. It has been essential in making terrorism insurance available and commercially viable in the US, even in areas perceived as high risk and thus contributing to economic continuity.

If changes to TRIPRA are to be considered, it is imperative to provide the insurance industry with ample time to prepare for and implement them. Program reforms should only be made with a full understanding of shifts in the nature of terrorism and how they may affect policyholders and insurers.

TRIPRA's expiration, or renewal with significant increases in retentions, would likely lead to capacity shortfalls, with high-profile businesses, top business districts and larger employers — including universities, hospitals, and hospitality companies — most affected. The expiration of TRIPRA without a replacement would adversely affect workers' compensation policies and potentially ripple across the economy. TRIPRA's benefits that lead us to support reauthorization include:

- **Promotes market stability and continuity:** TRIPRA provides a critical federal backstop that enables the continued availability and affordability of terrorism insurance. Its presence helps prevent market disruptions, especially in the wake of evolving threats.
- **Encourages insurer participation:** The "make available" requirement and federal reinsurance incentivize insurers to offer terrorism coverage, maintaining a competitive and stable market for businesses across sectors.
- **Mitigates the financial impact of systemic risk:** As cyber threats and other emerging risks grow, TRIPRA's framework can potentially be expanded to address new forms of terrorism, including cyber terrorism, helping to mitigate the financial impact of systemic risks.
- **Supports business confidence:** The program reassures businesses that they can secure coverage against terrorism-related losses, which is vital for economic stability and growth.
- **Prevents coverage gaps:** Without TRIPRA, insurers might withdraw from the terrorism market or significantly increase premiums, leaving many policyholders unprotected or unable to afford coverage. It is especially critical for workers' compensation coverage.
- **Allows for flexibility for future threats:** The program's reauthorization allows for adjustments — such as potential inclusion of cyber terrorism — to remain relevant amid changing threat landscapes.

We believe that Congress should pass legislation to extend this vital public-private backstop well in advance of its expiration at the end of 2027. Marsh McLennan looks forward to being a resource for lawmakers as the committee considers legislation to reauthorize the program.

Chairman FLOOD. Thank you very much. Mr. Schupp, you are now recognized for 5 minutes for your oral remarks.

STATEMENT OF JASON SCHUPP, FOUNDER AND MANAGING MEMBER, CENTERS FOR BETTER INSURANCE, LLC

Mr. SCHUPP. Chairman Flood, Ranking Member Cleaver, and members of the subcommittee, good morning.

My name is Jason Schupp, and I have been closely involved with TRIA since the legislation was first introduced nearly 25 years ago.

After retiring from the insurance industry, I formed Centers for Better Insurance as a self-funded platform to provide policymakers, regulators, and other insurance industry stakeholders with independent analysis of important insurance laws and regulations, including TRIA.

In 2015, Congress directed Treasury to collect extensive information from participating insurers and publish an analysis of that data every other year. We now have the benefit of 10 years of data, and five reports from Treasury.

Each of Treasury's reports reveals that large corporations have established their own special purpose insurance companies, known as captives, to access the Terrorism Risk Insurance Program. In fact, this data proves that after a large terrorist attack, up to \$0.96 out of every \$1 that would be paid out under the program would go to large corporations through their captive insurance subsidiaries.

The officers and directors of a captive are almost always the executives of the parent organization, such as its CFO, general counsel, head of tax, and risk manager.

By controlling both sides of the negotiations, and with the comfort that the Federal program will bear 80 percent of terrorism losses, captive owners have been very generous with themselves.

As an illustration, for a mere \$10 million premium, the New York Times company negotiated a \$1.3 billion terrorism insurance policy with its captive that even includes coverage for nuclear, biological, chemical, and radiological terrorist attacks. Under this one policy, the Terrorism Risk Insurance Program is on the hook for up to \$1 billion of losses after the captive satisfies a token \$20,000 deductible.

The New York Times is hardly unique. Amazon, for example, negotiated a \$2 billion terrorism insurance policy with its captive. Indeed, in half the scenarios the Treasury has tested, captive insurers and their large corporate parents take at least 90 percent of program benefits.

Unfortunately this problem is much, much worse than simply sophisticated companies figuring out how to exploit benefits under a Federal program. Treasury is required by statute to recoup 140 percent of program payments through surcharges on all property and casualty policyholders. In other words, whatever the program pays to captive insurers, Treasury then marks up by an additional 40 percent and bills all American commercial property and casualty policyholders.

In one scenario the Treasury developed in Washington D.C., a truck bomb over at Metro Center, captive insurers would receive \$2.1 billion from the backstop, but captive policyholders would

wind up paying less than 10 percent of that amount in surcharges. Somewhere around \$200 million.

In stunning contrast, all other insurers participating in the program would receive a total of only \$243 million, but their policyholders would pay 12 times that amount in surcharges, an astounding \$3.1 billion.

Treasury's data shows after a major terrorism attack, captive and large corporations get billions of dollars, but only paid millions of dollars in surcharges. On the flip side, the insurers of small businesses, local governments and non-profits receive millions of dollars, and their policyholders pay billions of dollars back into the program.

The real picture is probably even more lopsided than Treasury's reports reveal because of State secrecy laws that protect captives and their owners, Treasury collects data from only about 15 percent of U.S. licensed captives, and even then, Treasury has no idea who owns them.

Through my own research I have uncovered a captive insurer licensed right here in the District of Columbia that is ultimately owned by a sanctioned Chinese military company.

This is not the first time captive insurers have been structured to undermine a Federal program. Ten years ago the Federal Housing and Financing Agency kicked captive insurers out of the Federal home loan bank system after it learned that these captives had been used to funnel \$35 billion in low-cost loans to their ineligible corporate parents.

There are solutions, and I look forward to discussing those in questions and answers. Thank you.

[The prepared statement of Mr. Schupp follows:]

Written Testimony of Jason M. Schupp

Founder and Managing Member of Centers for Better Insurance, LLC

Before the House Financial Services Committee, Subcommittee on Housing and Insurance

Hearing Entitled: The Reauthorization of the Terrorism Risk Insurance Act of 2002

Wednesday, September 17, 2025

Centers of Better Insurance, LLC (CBI) is an independent and wholly self-funded organization that makes available unbiased analysis of key regulatory issues facing the insurance industry for use by insurance professionals, regulators and policymakers. In 2019, CBI published a comprehensive and practical 250-page analysis of the Terrorism Risk Insurance Act of 2002 (“TRIA”).¹

TRIA has been a successful program. From its outset, this program has enabled insurers to make coverage against losses from acts of conventional terrorism widely available at generally accessible pricing. The so-called “federal backstop” – through which Treasury partially reimburses large losses – has mitigated concerns that another major terrorism attack in the United States would immediately destabilize the insurance market.

This favorable assessment comes with one significant caveat: TRIA has never been tested by an actual act of terrorism. Hopefully, it never will be. However, data collected by Treasury over the last decade strongly suggests that should such a tragic day come the program is likely to deliver the bulk of its benefits to large multinational corporations through their captive insurer subsidiaries, while shifting the cost of those benefits onto the backs of small businesses, nonprofits and local governments through inflated surcharges.

At a minimum, a reauthorization of TRIA should equip Treasury and the public with the tools necessary to fully understand the impact of captive insurers on the program. Limited data collected by Treasury and CBI’s own research into these opaque structures reveal:

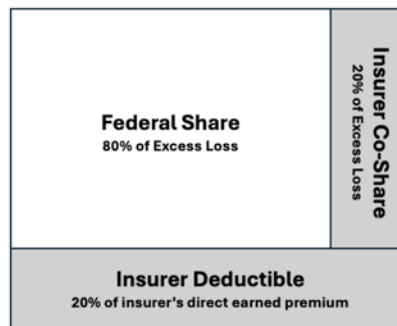
- Corporate owners of captive insurers are poised to take up to 95% of program benefits, while bearing only 5% of the burden of policyholder surcharges.
- Treasury has little understanding of the captive insurers participating in the program, including the identities of the corporations behind them.
- TRIA is not the first time captive insurers have overwhelmed a federal program.

¹ *The Terrorism Risk Insurance Act: Policies, Processes and Controls*, Centers for Better Insurance (2019).

How TRIA Works

At a high level, TRIA is the country's bargain with the insurance industry. Insurers are required to "make available" coverage for loss caused by an act of terrorism on the same terms, amounts, and other coverage limitations as loss caused by a non-terrorism event (e.g., losses caused by an accident).² As a practical matter, an insurance company must first offer a new or renewal policy without a terrorism exclusion.³ If the policyholder rejects that offer, the insurer may (but is not required) to offer a policy with a terrorism exclusion.⁴

In exchange for this "make available" obligation, Treasury will reimburse insurers for 80% of their losses exceeding an individually calculated "insurer deductible".⁵ The insurer deductible is 20% of an insurance group's prior year direct earned premium.⁶



Reimbursement under the federal backstop only becomes available to participating insurers if the Secretary of Treasury certifies an act of terrorism.⁷ The insurance industry has largely incorporated this certification requirement into its terrorism exclusions, such that if the policyholder elected to have a terrorism exclusion that exclusion would only come into play if the Secretary issued a certification. The Secretary's decision whether to certify an act of terrorism is final and cannot be reviewed by the courts.⁸

² TRIA, Sec. 103(c).

³ 31 CFR § 50.20 - .23.

⁴ 31 CFR § 50.21(c).

⁵ TRIA, Sec. 103(e)(1)(A). The program is subject to a \$100 billion annual cap on the aggregate of the insurer and federal shares of losses. TRIA, Sec. 103(e)(2)(A). If insurer and federal shares of losses together exceed the cap, claims payments to policyholders are pro-rated. TRIA, Sec. 103(e)(2)(B).

⁶ TRIA, Sec. 102(7). The backstop is also subject to a \$200 million program trigger. TRIA, Sec. 103(e)(1)(B). Treasury will make no payments under the backstop if total industry losses do not exceed the program trigger.

⁷ TRIA, Sec. 102(1).

⁸ TRIA, Sec. 102(1)(C).

Treasury Vastly Undercounts Captive Insurer Participation in the Program

A captive insurer is a special purpose insurance company typically established by a large non-insurance group. The purpose of a captive insurer is to provide insurance to its corporate parent and affiliates.⁹ When TRIA was originally enacted, Congress evidenced concern about allowing captives to participate in the program.¹⁰ However, the statutory definition of “insurer” was broad enough to (intentionally or unintentionally) sweep captive insurers licensed by any U.S. state or the District of Columbia into the program.¹¹

In the first years following the enactment of TRIA, Treasury repeatedly raised concerns that captive insurers could be structured to game the program.¹² The data Treasury has collected over the last decade has proven these early concerns prescient.

Traditional insurers (i.e., non-captive insurers) file annual reports with the National Association of Insurance Commissioners (NAIC) which are available to the public. It is easy for Treasury to use these reports to identify which insurers participate in TRIA, the owners of those insurers, and the approximate amount of each insurance group’s backstop deductible.

Captive insurers do not make any filings with the NAIC. Moreover, state regulators claim to be subject to strict “gag rules” that prevent them from sharing with Treasury or the public all but the most rudimentary information about the captive insurers they license.¹³ Accordingly, Treasury has no direct means through which it can identify how many captive insurers participate in the program, who owns them, or what their backstop deductibles may be. Based on its research, Treasury believes that captive insurers make up only 5% of the program as measured by eligible direct earned premium.¹⁴

⁹ [International Risk Management Institute, Insurance Definitions.](#)

¹⁰ TRIA, Sec. 103(f).

¹¹ TRIA, Sec. 102(6). 31 CFR § 50.4(o)(1)(i)(A).

¹² Interpretive letters of [March 2, 2004](#); [September 24, 2004](#); and [October 19, 2006](#).

¹³ See Respondent’s Brief, *Schupp v. Ohio Department of Insurance*, No. 2021-00199PQ, Court of Claims of Ohio (claiming the “General Assembly did not need to specify that the company names were confidential when the names are already protected as ‘information’ provided to the superintendent”); Motion to Dismiss Complaint for Writ of Mandamus, *Schupp v. Navarro*, C.A. No. K21M-05-020 (recounting Delaware Department of Insurance’s efforts to prevent public access to “captive insurance company licenses”); Appellee’s Brief, *Schupp v. South Dakota Division of Insurance*, No. 32 CIV21-000107, 6th Judicial Circuit of South Dakota (claiming that state law “create[s] a ‘need to know’ atmosphere around captive insurer information”); and *United States of America v. Delaware Department of Insurance*, CA No. 20-CV-829-MN-CJB (D. Del.) (resisting IRS summons that “seeks information pertaining to approximately 200 insurance certificates of authority that DDOI issued to micro-captive insurance companies”).

¹⁴ U.S. Treasury, [Report on the Effectiveness of the Terrorism Risk Insurance Program \(June 2024\)](#), page 10.

A comparison of Treasury's data with aggregated data reported to the NAIC by states that license captive insurers reveals that Treasury significantly undercounts the number of captive insurers participating in the program.¹⁵

	Treasury Data	NAIC Data	Difference
Number of Captive Insurers	3365	4167	24%
Total Direct Premium	\$30.2 billion	\$44.9 billion	49%

In any event, Treasury only collects data from 615 captive insurers (~15% of known captive insurers).¹⁶

Even Based on Treasury's Incomplete Data, Captive Insurers Dominate the Program

Every year since 2017, Treasury has developed hypothetical terrorism attack scenarios for different cities across the country. Participating insurers use widely available models to report their expected losses and backstop reimbursements based on those scenarios.¹⁷

Even though captive insurers represent a mere 5% of the program by total eligible premium, Treasury's data analysis shows that captive insurers are in line to receive an average of more than 70¢ of every program dollar after a terrorist attack. In some scenarios, captive insurers claim more than 96% of total program benefits.¹⁸ Of course, these figures are conservative given that Treasury collects data from only a small fraction of participating captive insurers.

Data Call	Scenario City	Share of Program Benefits	
		Traditional Insurers	Captive Insurers
2024	Atlanta	8.7%	91.3%
2023	Las Vegas	3.6%	96.4%
2022	Miami	63.3%	36.7%
2021	D.C.	10.3%	89.7%
2020	Dallas	55.6%	44.4%
2019	San Francisco	24.0%	76.0%
2018	Chicago	4.8%	95.2%
2017	New York City	67.6%	32.4%
Average		29.7%	70.3%

¹⁵ Comparison of U.S. Treasury, [Report on the Effectiveness of the Terrorism Risk Insurance Program \(June 2024\)](#), pages 10, 66 and NAIC, [Insurance Department Resources Report \(Sept. 2023\)](#), page 12.

¹⁶ U.S. Treasury, [Report on the Effectiveness of the Terrorism Risk Insurance Program \(June 2024\)](#), page 66.

¹⁷ U.S. Treasury, [Report on the Effectiveness of the Terrorism Risk Insurance Program \(June 2024\)](#), page 80.

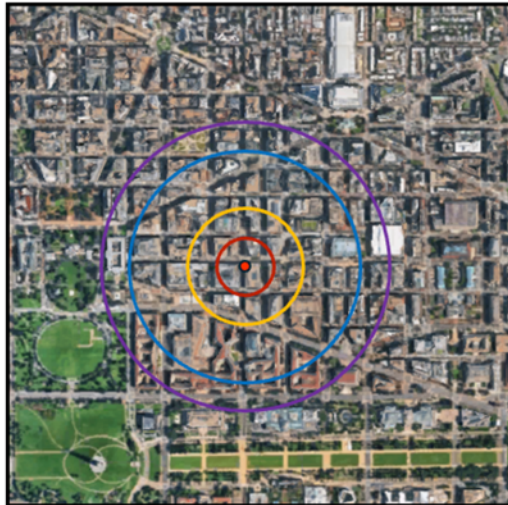
¹⁸ U.S. Treasury, [Report on the Effectiveness of the Terrorism Risk Insurance Program \(June 2018\)](#), pages 47 – 53; U.S. Treasury, [Report on the Effectiveness of the Terrorism Risk Insurance Program \(June 2020\)](#), pages 49 – 55; U.S. Treasury, [Report on the Effectiveness of the Terrorism Risk Insurance Program \(June 2022\)](#), pages 50 – 54; and U.S. Treasury, [Report on the Effectiveness of the Terrorism Risk Insurance Program \(June 2024\)](#), pages 80-84. Alien insurers are regarded as Traditional Insurers in this table.

Small Businesses, Nonprofits and Local Governments Pay the Tab for Captive Insurers

Under each of the scenarios it has tested, Treasury is required to recover 140% of backstop payments by levying a policyholder surcharge on all commercial property and casualty policyholders nationwide.¹⁹ For example, if Treasury pays out \$10 billion under the backstop, TRIA requires Treasury to recoup \$14 billion through universal policyholder surcharges. Because surcharges are based on policy premium, policyholders of traditional insurers (e.g., small businesses, nonprofits, and local governments) are responsible for 95% of these surcharges while the corporate owners of captive insurers are responsible for only 5%.

The corporate owners of captive insurers enjoy up to 96% of expected program benefits while paying just 5% of program costs. Small businesses, nonprofits, and local governments benefit from as little as 4% of expected payouts while picking up 95% of program costs.

Treasury's District of Columbia scenario provides a useful illustration of how the program diverts benefits into the hands of large corporate captive owners at the expense of small businesses, nonprofits and local governments. Under this scenario, a 5-6 ton truck bomb detonates on Wednesday, October 12, 2020, at Metro Center (12th and F Streets, N.W.).



¹⁹ TRIA, Sec. 103(e)(7). In each of the scenarios tested by Treasury, Treasury would be required to impose the policyholder surcharge under current law. In the case of extreme loss, Treasury has the discretion to waive the collection of policyholder surcharges. TRIA, Sec. 103(e)(7)(D).

According to the data collected by Treasury for this scenario, the program would reimburse traditional insurers an average of 4.2¢ per \$1 of insured loss. The program would reimburse captive insurers an astounding 74.2¢ per \$1 of insured loss. In other words, the program reimburses captive insurers at **17 times** the reimbursement rate of traditional insurers.

Further, Treasury would be required to levy policyholder surcharges totaling \$3.318 billion. 95% of that surcharge burden (\$3.15 billion) would fall on policyholders of traditional insurers, such as small businesses, nonprofits and local governments. The corporate parents of captive insurers would pay only 5% of policyholder surcharges (\$166 million).

	Traditional Insurers	Captive Insurers
Total Insured Loss	\$5809 million	\$2865 million
Backstop Payouts	\$243 million	\$2127 million
Program Payout per \$1 of Loss	4.2¢	74.2¢
Contribution to Surcharge Total	\$340 million	\$2978 million
Policyholder's Surcharge Burden	\$3150 million	\$166 million

In sum, the D.C. scenario reveals that corporate owners of captive insurers would take in more than \$2.1 billion in federal funds but pay a mere \$166 million in policyholder surcharges. In contrast, policyholders of traditional insurers would see the benefit of only \$340 million in federal funds but be saddled with \$3.15 billion in policyholder surcharges. Every small business, nonprofit and local government across the country would see a 1.2% TRIA surcharge on their next insurance bill – even though only 0.1% could be attributed to federal payments to the traditional insurers providing them insurance. The other 1.1% of the policyholder surcharge levied on small businesses, nonprofits, and local government would result from federal benefits paid to the captive insurer subsidiaries of large multinationals.

Case Studies

Over the last five years, CBI has collected what little public information is available about captive insurers (often through state FOIA litigation). The following are some examples of how captive insurance companies exploit TRIA.

The New York Times

The New York Times once reported that captive insurance companies are “a financial strategy that sounds too good to be true.”²⁰ The New York Times is in the position to know.

²⁰ [An Insurer of One's Own? It's Possible, With Caveats](#), The New York Times (July 13, 2012).

The New York Times Company (“NYTC”) formed Midtown Insurance Company (“Midtown”) within 6 months after TRIA was enacted. The New York Department of Financial Regulation issued Midtown a special captive insurer license on July 10, 2003. Marsh Management Services manages Midtown.²¹

Midtown’s primary business is to sell NYTC a terrorism insurance policy (including coverage for nuclear, biological, chemical and radiological terrorism) with a \$1.3 billion limit at an annualized cost of \$10 million.²² Midtown’s current TRIA deductible is \$701,960.²³ If the entire NYTC policy paid out, the program would reimburse Midtown \$1,039,438,432. NYTC would be liable for post-event assessment of a mere \$19,600, while policyholders of traditional insurers would pay \$1,382,453,111 in policyholder surcharges.

Amazon

Amazon.com, Inc. (“Amazon”) formed Day One Insurance, Inc. (“Day One”) in March 2016. Day One holds a captive insurance license issued by the Arizona Department of Insurance and Financial Institutions.²⁴ Aon Insurance Managers (USA), Inc. manages Day One.

Day One issues Amazon a policy of terrorism insurance with a \$1.965 billion per occurrence limit with no aggregate limit.²⁵ Day One’s TRIA deductible appears to be about \$150 million. If the entire Amazon policy paid out, the program would reimburse Day One \$1,452,000,000, while policyholders of traditional insurers would pay \$1,931,000,000 in surcharges.

Aviation Industry Corporation of China, Ltd.

Aviation Industry Corporation of China, Ltd. (AVIC) is a Chinese state-owned aerospace and defense conglomerate. Through Executive Order 13959, President Trump prohibited U.S. persons from investing in AVIC. Nevertheless, AVIC’s earlier acquisition of Continental Aerospace Technologies, Inc. included a District of Columbia domiciled captive insurer.²⁶ Mangrove Cell 1 PC is a “protected cell” of the rent-a-captive Mangrove Insurance Solutions, PCC which is owned by Marsh.²⁷ Litigation currently pends in D.C. Superior Court seeking records that would shed light on Mangrove Cell 1 PC’s participation in TRIA.²⁸

²¹ <https://myportal.dfs.ny.gov/web/guest-applications/ins.-company-search>.

²² <https://www.dfs.ny.gov/system/files/documents/2021/01/11790f17.pdf>.

²³ Midtown’s Annual Report obtained via state FOIA request.

²⁴ <https://sbs.naic.org/solar-external-lookup/>.

²⁵ Day One’s Financial Statement (Dec. 31, 2022) obtained via state FOIA request.

²⁶ <https://www.hkexnews.hk/listedco/listconews/sehk/2017/1228/tn20171228649.pdf>.

²⁷ <https://www.marsh.com/content/dam/marsh/Documents/PDF/US-en/cell-captive-facilities-mangrove-isosceles.pdf>.

²⁸ *Schupp v. Dept. of Ins. and Banking*, Case No. 2025-CAB-001457 (D.C. Superior Court).

Other Examples of Captive Insurer Exploitation of Federal Programs

The Federal Home Loan Bank system is intended to provide liquidity to financial institutions through low-cost loans. Since 1932, insurance companies have been eligible to participate in the program so long as those insurers invest in mortgage-related assets that reflect a commitment to housing finance.

About ten years ago, the Federal Housing Finance Agency (FHFA) found that:²⁹

Abundant evidence exists of a prevalent and growing practice by entities that are themselves ineligible for Bank membership using captive subsidiaries to achieve a *de facto* membership status that effectively provides them with the same access to advances that is available to the types of institutions that are eligible to become members under the Bank Act. In light of the evidence, FHFA has concluded that it must take action to prohibit that practice in order to ensure the fulfillment of one of the key elements of the statutory scheme established by Congress—limiting Bank membership to the types of institutions specified in the Bank Act.

At its peak, 40 captive insurers had borrowed a total of \$35 billion from the program.³⁰ The FHFA found evidence that Marsh, Willis, and even state insurance regulators promoted the use of captive insurers to access these low-cost loans.³¹ By 2016, FHFA promulgated a rule to kick captive insurers out of the program entirely.³²

Every year the Internal Revenue Service publishes a list of “the worst of the worst tax scams.”³³ This list has profiled the abusive use of captive insurers to create unwarranted federal income tax deductions in three of the last five years. In January 2025, the IRS promulgated a final rule declaring certain captive insurer transactions as “reportable transactions” which allows the IRS to more effectively and efficiently scrutinize the legitimacy of those transactions.

While Treasury issued stern warnings to the owners of captive insurers 20 years ago, Treasury has been silent since as captive insurers have come to similarly overwhelm TRIA. While the FHFA's extreme solution may not yet be appropriate here, Treasury should at least follow IRS's lead in ramping up its own surveillance of captive insurers and opening the door to public scrutiny of the role these opaque structures play in the program.

²⁹ 81 FR 3258 (Jan. 20, 2016).

³⁰ https://www.fhfa.gov/sites/default/files/2023-11/FAQs-for-Final-Rule_01-12-16.pdf.

³¹ 81 FR 3256 (Jan. 20, 2016).

³² 81 FR 3246 (Jan. 20, 2016).

³³ <https://www.irs.gov/newsroom/dirty-dozen>.

Proposal to Increase Transparency into Captive Insurer Participation in TRIA

Section 103(f) could be deleted in its entirety and replaced with —³⁴

(f) CAPTIVE INSURERS. - No payment may be made by the Secretary under this section with respect to an insured loss that is covered by a captive insurer, unless—

(1) the captive insurer is registered with the Secretary, in a public register in a form prescribed by the Secretary (including at least the name of the captive insurer and the names of the captive insurer's policyholders) before the occurrence of an act of terrorism in which the captive insurer incurs an insured loss; and

(2) the captive insurer has complied with the reporting requirements of Section 104(f) and (h).

Such an amendment would give Congress, Treasury, and the public tools to better understand:

- Who has access to program benefits through captive insurers;
- How many captive insurers participate in the program;
- The extent to which policyholders of captive insurers benefit from the program as compared to policyholders of traditional insurers; and
- The extent to which the use of captive insurers shift the cost of the program onto the backs of small businesses, nonprofits, and local governments.

With that information, Congress would be in a better position to decide whether captive insurers should continue to participate in the program.

Alternatively, Congress may consider whether to amend TRIA at this time to create separate policyholder surcharge calculations for policyholders of captive insurers (i.e., based on backstop payments made to captive insurers) and for policyholders of traditional insurers (i.e., based on backstop payments made to traditional insurers). Such an amendment would fairly align program benefits and program costs while eliminating the program's current subsidization of multinational corporations by small businesses, nonprofits, and local governments.

³⁴ Treasury has never used its authority to expand the program under existing Sec. 103(f) in its more than 20-year history in administering this Program. Accordingly, it would seem safe to remove it now.

To implement this change in the calculation of policyholder surcharges, Section 103(e)(8)(D) would be amended by adding sub-part (IV):

(D) ADJUSTMENT FOR URBAN AND SMALLER COMMERCIAL AND RURAL AREAS AND DIFFERENT INSURERS AND LINES OF INSURANCE.—

(i) ADJUSTMENTS.—In determining the method and manner of imposing terrorism loss risk-spreading premiums, including the amount of such premiums, the Secretary shall take into consideration—

(IV) the proportion of Federal financial assistance provided to captive insurers, alien insurers, and all other insurers, respectively, to prevent cross-subsidization of policyholders of one such classification of insurer by policyholders of another such classification of insurer.

This amendment would direct Treasury to calculate three policyholder surcharge rates:

Surcharge Rate for Policyholders of:	Formula
Captive Insurers	Program payments to captive insurers ÷ Total captive insurer premium
Alien Insurers	Program payments to alien insurers ÷ Total alien insurer premium
All Other Insurers	Program payments to all other insurers ÷ Total all other insurer premium

The term “alien insurer” refers to certain non-U.S. insurers permitted to participate in the program.³⁵ Participating alien insurers report some data to the NAIC and are somewhat less opaque than captive insurers. Alien insurers represent 6% of the program by premium.

While the program does advantage alien insurers over traditional U.S. insurers, the alien insurer advantage is less than that enjoyed by captives. For example, in the D.C. scenario Treasury’s data reveals that alien insurers only receive a 6X benefit over traditional U.S. insurers while captives receive a 32X benefit over U.S. traditional insurers.

	Total Losses	Program Payments	Federal Share per \$1 of Loss
Captive Insurers	\$2865 million	\$2127 million	74.2¢
Alien Insurers	\$868 million	\$127 million	14.6¢
All Others	\$4941 million	\$116 million	2.3¢

³⁵ TRIA, Sec. 102(6)(A)(ii).

Chairman FLOOD. Thank you. Commissioner Mais, you are now recognized for 5 minutes for your oral remarks.

STATEMENT OF COMMISSIONER ANDREW N. MAIS, CONNECTICUT INSURANCE DEPARTMENT, ON BEHALF OF NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS (NAIC)

Mr. MAIS. Chairman Hill, Chairman Flood, Ranking Member Cleaver, members of the committee, my name is Andrew Mais. I am the insurance commissioner for the great State of Connecticut, and past president of the National Association of Insurance Commissioners, or NAIC, which represents the primary insurance regulators of the 50 States, the District of Columbia, and the five territories, and I do appreciate the opportunity to be here today. Thank you for inviting me to testify today before this committee and thank you for addressing this important issue more than 2 years before TRIA, the Terrorism Risk Insurance Act, is set to expire, as noted, on December 31, 2027.

Your forethought is both appreciated and necessary as insurance and reinsurance contracts and decisions to deploy capital are made months, if not years, in advance.

Furthermore, business decisions that depend on access to commercial insurance from deciding to break ground on a commercial space, to starting a new business, or building more housing are often years in the making, so understanding that insurance will be available is critical to supporting the continued growth for communities and the economy.

State insurance regulators have supported TRIA since its inception. Our job is clear, we want to make sure insurers can pay claims, keep the market stable, and ensure that coverage is available and TRIA is the best type of partnership between the private market and the government.

The government's involvement in this instance creates the appetite for a private market to exist and let me be clear here, absent TRIA, or a similar solution, we do not believe private insurance carriers would make meaningful capacity for affordable commercial terrorism coverage available, and this is especially true for smaller and mutual companies.

Insurance is well-suited to protect against losses from events where one can make reasonable assumptions about the frequency and severity of loss: car accidents, house fires, slip-and-fall injuries, for example but the basic concept of insurability does not apply to terrorism where neither the regulators, nor the industry possesses the necessary insight or data to anticipate the frequency or severity of a terrorist attack, or its impact on the insurance industry solvency.

And furthermore, policyholders lack sufficient knowledge to truly mitigate their risk. Elsewhere, you can choose to drive carefully or not, you can install smoke alarms or not, but terrorism is ultimately an attack on the values that we all share as Americans regardless of whether it is a foreign or domestic actor, and regardless of where it occurs. If our government is the embodiment of the values that terrorists are attacking, it stands to reason that the gov-

ernment does bear some responsibility to absorb the financial impact of such an attack.

The tragic 9/11 attacks resulted in more than \$40 billion in total insured losses, of which nearly \$25 billion was just property losses. Now, at the time of the attack, that was greater than the historic average natural disaster losses of the entire U.S. property casualty industry in a typical year.

Insurers have a tremendous capacity to absorb losses, but they are vulnerable to a “tail” event with massive impact. TRIA removes that “tail” event risk. By doing so, the private market can manage at least one variable, severity, and offer coverage at reasonable prices.

To keep commercial coverage available, we support a long-term TRIA reauthorization of 7 to 10 years. TRIA stabilizes not only the insurance sector, but the broader economy. Businesses and consumers that live, work and shop in communities in every State benefit from a stable insurance sector which provides commercial terrorism insurance only because TRIA exists as a backstop.

This stability has come at little cost to the Federal Government, fortunately with no claims paid since its creation, knock on wood again, while insuring a market that takes on billions of dollars in risk that would otherwise go largely uninsured.

It is also worth noting how TRIA handles more exotic terrorism risk, including, as mentioned, nuclear, biological, chemical and radiological events, or NBCR. TRIA does not force insurers to cover these extreme risks, nor does it override policy exclusions. It only provides a backstop for losses the insurer has already contracted to cover, and this keeps insurers responsible for their coverage choices while insuring a Federal safety net for extreme terrorism events.

Without TRIA the question is simple, should taxpayers cover the first dollar of losses, or the first dollar after the insurance industry has paid out more than \$53 billion. Thank you, sir.

[The prepared statement of Mr. Mais follows:]

60

Testimony of the
National Association of Insurance Commissioners

Before the United States House Committee on Financial Services

Regarding:
The Reauthorization of the Terrorism Risk Insurance Act of 2002

September 17, 2025

Andrew N Mais
Connecticut Insurance Department on behalf of the
National Association of Insurance Commissioners

Chairman Hill, Ranking Member Waters, and Members of the Committee:

My name is Andrew Mais. I am the Insurance Commissioner for the State of Connecticut and Past President of the National Association of Insurance Commissioners, or NAIC, which represents the primary insurance regulators of the 50 states, the District of Columbia, and the five U.S. territories. I appreciate the opportunity to be here.

Thank you for inviting me to testify today before this Committee and thank you for addressing this important issue over two years before the Terrorism Risk Insurance Act or TRIA is set to expire, on December 31, 2027. Your forethought is appreciated and necessary, as insurance and reinsurance contracts and decisions to deploy capital are made months, if not years, in advance. Furthermore, business decisions that depend on access to commercial insurance, from deciding to break ground on a commercial space, to starting a new business, or building more housing, are often years in the making, so understanding that insurance will be available is critical to supporting the continued growth of our communities and the economy.

State insurance regulators have supported TRIA since its inception. Our job is clear: make sure insurers can pay claims, keep the market stable, and ensure coverage is available.

TRIA is the best type of partnership between the private market and the government. The government's involvement, in this instance, creates the appetite for a private market to exist. To be clear, absent TRIA – or some comparable solution – we do not believe private insurance carriers would make meaningful capacity for affordable commercial terrorism coverage available.¹ This is especially true for smaller and mutual companies.

Insurance is well suited to protect against losses from events where one can make reasonable assumptions about the frequency and severity of loss, for example, car accidents, house fires, and slip-and-fall injuries. However, this basic concept of insurability does not apply to terrorism, where neither the regulators nor the industry possesses the necessary insight or data to anticipate the frequency or severity of a terrorist attack or its impact on the insurance industry's solvency.

¹ Although workers compensation contracts do not allow exclusions for terrorism risk, the loss of TRIA could lead to dramatic price increases in some markets at best, and destabilization of that market at worst.

Furthermore, policyholders lack sufficient knowledge to truly mitigate their risk. You can choose to drive carefully or not, or install smoke alarms or not, but terrorism is ultimately an attack on the values that we all share as Americans, regardless of whether it's a foreign or domestic actor and regardless of where it occurs. If our government is the embodiment of the values that terrorists are attacking, it stands to reason that the government bears some responsibility to absorb the financial impact of such an attack.

The tragic 9/11 attacks resulted in over \$40 billion in total insured losses, of which nearly \$25 billion was just property losses. At the time of the attack, that was greater than the historic average natural disaster losses of the entire U.S. property casualty industry in a typical year.

Insurers have tremendous capacity to absorb losses, but they are vulnerable to a "tail" event with massive impact. TRIA removes that "tail event" risk. By doing so, the private market can manage at least one variable – severity – and offer coverage at reasonable prices. To keep commercial coverage available, we support a long-term TRIA reauthorization of seven to ten years. We have seen no evidence that the

private market is willing or able to take on the extreme tail risk of a major terrorist attack on its own. A longer-term reauthorization provides stability, in line with the commercial insurance business cycle and corporate and commercial decision making, giving insurers the time they need to build capacity and ensure commercial coverage remains in place.

TRIA stabilizes not only the insurance sector, but the broader economy. Businesses and consumers that live, work, and shop in communities in every state benefit from a stable insurance sector, which provides commercial terrorism insurance only because TRIA exists as a backstop. This stability has come at little cost to the federal government, fortunately with no claims paid since its creation, while ensuring a market that takes on billions of dollars in risk that would otherwise go largely uninsured. Further, we expect Americans believe their government will stand behind them, and their communities, in the wake of a terrorist attack, so TRIA meets that expectation while minimizing exposure for the government and taxpayers.

Indeed, insurance regulators around the country will soon be asked to review policy exclusions for 2027 contracts that – based on past TRIA

reauthorizations – will dramatically reduce coverage if TRIA is not reauthorized. TRIA's continued and uninterrupted existence is what catalyzes the private market to take on losses they wouldn't otherwise cover.

Before the federal government pays a dime under TRIA, each insurance company must cover losses equal to 20% of what it earned in premiums the year before on eligible commercial policies. For every dollar of terrorism loss above the deductible, the federal government pays 80 cents, and the insurer pays the other 20 cents, keeping the insurer's skin in the game even after the deductible is met. The program only kicks in if total losses across the whole industry pass \$200 million, and there's a hard cap at \$100 billion per year—anything above that would require Congress to step in. After the government pays out immediately to stabilize the market, it then collects the money back from insurers via a surcharge on commercial policyholders, ensuring taxpayers are not on the hook. So far, TRIA hasn't cost taxpayers a penny aside from some staff work to oversee the program.

It is also worth noting how TRIA handles more exotic terrorism risks, including nuclear, biological, chemical, and radiological events—or NBCR. TRIA doesn't force insurers to cover these extreme risks or override policy exclusions. It only provides a backstop for losses the insurer has already contracted to cover. The one exception is workers' compensation, which under state law can't exclude NBCR—so TRIA covers it automatically. Similarly, insurers can choose to cover cyberterrorism, and if a certified attack happens, TRIA will help pay those losses. This keeps insurers responsible for their coverage choices while ensuring a federal safety net for extreme terrorism events.

While I can't predict Congress's response to the next tragic terrorist attack; without TRIA, the question for you is simple: should taxpayers cover the first dollar of losses or the first dollar *after* the insurance industry has paid out over \$53 billion. Thank you for the opportunity to speak and I look forward to any questions you may have.

Chairman FLOOD. Thank you, sir. We will now turn to member questions. I now recognize myself for 5 minutes for some questions.

Mrs. Heck, kind of a two-part question to start with you. Can you describe the State of the market before the terrorist attack September 11, 2001, and then how did the market react in the aftermath of September 11th?

Mrs. HECK. Thank you.

Chairman FLOOD. Your microphone.

Mrs. HECK. I have to get this right but thank you for the question.

Prior to the attacks on September 11th, the concept of terrorism did not even exist in insurance contracts. So overnight we all of a sudden had this exposure that could potentially sink every insurance company.

Immediately after the attacks, companies had to recognize that exposure and pare down concentration. So exclusions were added to policies, companies were withdrawing from markets, it caused banks to stop lending, construction projects halted, so essentially the economy just froze in place until TRIA was put together.

Now, the TRIA program was put together in 2002, and almost overnight the markets began to behave in a way that was competitive, and it made coverage available and affordable, and it continues to work that way today.

Chairman FLOOD. Thank you for that. Ms. Sartain, you did a nice job in your opening remarks talking about the implications of what failure to reauthorize TRIA would mean. Two-part question for you, if we fail to reauthorize TRIA by, let us say, January 1, 2027, what will happen to this market?

Number two, what kinds of effects would we see if the program fully lapsed and was not reauthorized in 2028?

Ms. SARTAIN. Thank you for the question. The insurance market requires stability, and they need to understand what they are on the hook for. If we wait too long to reauthorize TRIA, many insurance companies will start withdrawing coverage, limiting coverage, replacing sunset provisions in their policy, which means they can write the coverage, but if TRIA is not reauthorized, the coverage will go away.

If TRIA is not reauthorized, as we saw in 2015 where it lapsed for about 12 days, the markets do the same thing, they start limiting coverage, they start increasing prices, and they look to sunset the coverage. I do not believe that terrorism coverage would exist if TRIPRA is not reauthorized.

Chairman FLOOD. Thank you for that. Mr. Webel, because TRIA has never been tested, the mandatory recoupment provision in the program has never been tested either. Can you help explain how mandatory recoupment works under TRIA, and has there ever been an attempt to conduct an analysis of how recoupment would work in practice?

Mr. WEBEL. Yes. The recoupment basically, I mean, is subject to a significant amount of Treasury discretion as to exactly the percentages that would be placed and how they would be placed. There is ability to change what the premiums look like.

The total amount under the law that is supposed to be recouped is 140 percent of the outlays. There is a time schedule in the law,

depending on when exactly the terrorism attack occurs and when these recoupments have to come back.

This timeframe is, frankly, a little unrealistic, I think, particularly for a large-scale attack, so I would expect a future Congress to definitely revisit those provisions in the aftermath of an attack at the end of the program.

Chairman FLOOD. Thank you for that. Okay. Fast fact here, you might not know this, but when the Cornhuskers are playing football in Lincoln, the stadium becomes the third largest city in Nebraska. Ninety thousand people descend to watch the Huskers play football.

Ms. Sartain, talk to me about the impact TRIA's non-authorization would have on colleges and universities given their role in America and what all happens there?

Ms. SARTAIN. Absolutely. Colleges and universities and educational systems are some of the biggest buyers of terrorism risk insurance. As I mentioned in my comments, they represent a symbolic part of the American culture, and it is also where our young people go to learn and educate and become part of our economy. So when you have concentrations of individuals in one location, unfortunately they become a prime target for potential terrorist attacks.

The universities need to make sure that they can insure the property, as well as the individuals, and TRIA provides the backstop that gives them confidence to secure both the private insurance that is available in the market, as well as what is available through the backstop.

Chairman FLOOD. Thank you very much. With that, I yield back. I now recognize the ranking member of the full Financial Services Committee, Ms. Waters, for 5 minutes.

Ms. WATERS. Thank you very much. Commissioner Mais, when TRIA was first established in 2002, it was designed as a temporary program with expectation that the private insurance market would eventually assume the risk of terrorism coverage and affordability. However, time has shown that absent TRIA, private insurance carriers would not fill that gap. Since then, TRIA has been reauthorized four times.

In your view, if TRIA were to expire, would the private market be able and willing to absorb these risks without jeopardizing market stability or coverage availability?

What are the benefits of having a longer reauthorization, say, 10 years, or even longer, to our communities in order to provide stability and consistency for their economic development?

Mr. MAIS. Thank you, Ranking Member Waters. One of the important things that we all face, everybody who has run a business, everybody who is a regulator understands that certainty is important.

When it comes to insurance, that certainty is even more important because, as I mentioned in my opening statement, the capital commitments that are necessary are made in advance, and the coverage has to be available in advance.

For instance, if TRIA were to expire and not be renewed, what we would expect is that all the coverages that would begin after January 2026, that would be filled with uncertainty. I would expect that, as Ms. Sartain said, what happened if TRIA were not re-

newed, would be the same thing as we saw after 9/11; the coverage was not available, coverage was—and even if it were, it would have been too expensive, and we had significant problems, significant knock-on problems, including what mortgages and what buildings we simply were not able to have a sit—we were not able to have the insurance coverage that provided businesses with the certainty that they could continue, which means that communities were affected.

A big part of that is that this is not a normal risk. Again, to go back to normal risk, if you have pretty much everything else, even your natural catastrophic risk, those are huge, but we can do things to help mitigate the damage, and we know we could have a good idea, we can model that damage well.

Terrorism we have no control over. Terrorism is hard to price properly. So what would happen is that even if terrorism insurance were, by some magic, affordable, it would be unavailable—or if it were available, it would be unaffordable, and that is what we are afraid of.

We as regulators want to make sure that, A, the insurers are around to pay the claims, that consumers get the coverage they need, and all of this is made possible when it comes to terrorism because we have TRIA as a backstop providing that certainty. Thank you.

Ms. WATERS. Let me just speculate here for a moment. You probably have been involved in a lot of conversations about what happened in California and our wildfires. One of our communities, in particular, has suffered greatly, and there are a lot of problems that we are finding out about as it relates to what happens when you have this kind of catastrophe.

One of them, and I do not want to have to ask this question of you because it may be way out of your range here, but a person receiving disability, for example, had devastation and the insurance company, of course, was responsible because he had paid his premiums, he has paid up all of that, but he is being told now that if he takes the insurance money, that he loses his disability and if he does not take his disability, even though the insurance company is going to pay up, he still needs money to live on every day. So, I was just made aware of this problem, and I am taking a look at it, but all of these kinds of problems are surfacing as it relates to insurance. I am sure you have heard about a lot of these.

If you have any suggestions at all based on anything that you know, or you are hearing that needs to be corrected, what needs to be strengthened, needs to protect our premium payers, I would certainly like to have you share that with us.

Mr. MAIS. Thank you, Congresswoman. The north star for U.S. State insurance regulators is consumer protection. No system is perfect, we do recognize that, and that is exactly why we have systems in place to address this.

You speak of the wildfires in California, I will tell you it was probably a month or two ago that we—a whole bunch of us insurance regulators from all—

Chairman FLOOD. The gentlelady's time has expired. Thank you. All right. The chairman of the full committee—

Ms. WATERS. Thank you.

Chairman FLOOD. Gentleman from Arkansas, Mr. Hill, is recognized for 5 minutes.

Chairman HILL. Thank you, Chairman Flood. Thanks again to the panel for your constructive help on thinking through this reauthorization.

Mr. Webel, let us start with you. Thanks for all of your advice to Congress over many, many years on this topic. I think you have now studied all four reauthorizations.

What is your observation about this program's effectiveness? In other words, you have now seen it be reauthorized, what is your view on some of the things you have heard today as to the essential nature of it?

Mr. WEBEL. I mean, I think it has obviously been very effective in keeping the market going. It is, also, I observed—you know, an insurance program that never actually has to operate or payout always looks very effective. So, I think that there are some questions and probably appropriate congressional oversight of Treasury in terms of are they prepared, if we did have an attack, what do their systems look like, what would be going forward.

Particularly since it was set as a temporary program to begin with, whether or not if—as listening to people, it seems like it may be a permanent, essentially a permanent program, were all the structures that were put in place when it was a temporary program, does that make sense if it is going to be around for the duration.

Chairman HILL. Would you—does Treasury, to your knowledge, do like tabletop exercises on this, and had they—do you feel that you are not the Inspector General of Treasury of this program, but from your observation, is the government functioning in a way like they are prepared to operate?

Mr. WEBEL. I believe so. I mean, I have had interaction with the Treasury and the Freedom of Information Act (FOIA) office on various things of this over the years, and I have always gotten what I needed out of them when I had questions. I believe in general that they are doing a good job of being prepared, but I have also, as a creature of Congress over the years, observed that sometimes it is not a bad thing for Congress to ask questions, too.

Chairman HILL. Yes. So you think as a part of this we should do that and have the committee assess the operational aspects that the authorization directs of the Treasury?

Mr. WEBEL. I think that is, as I said, always a reasonable thing for Congress to do.

Chairman HILL. When you look at these reauthorizations, do you have comments on whether both policyholders and insurers have a clear set of expectations about how the program would work if it ever were deployed, how do you feel about that?

Mr. WEBEL. I mean, I think that they are—I think that the expectations really are not as clear as they could be, especially in the realm of nuclear, biological, chemical, and radiological.

I remember past hearings where I would hear people in your seats talk about scenarios where this would be particularly needed, and the sort of typical disaster scenario for a high-level terrorist attack goes to a suitcase nuclear weapon in Manhattan, or bombing a chemical train that is going through an area, and I remember

thinking to myself in various points of like, that would not be covered under TRIA because most private policies would exclude that sort of thing and the program works through those private policies.

So I think there is a hole in the expectations, particularly when it comes to that.

Chairman HILL. Well, I think your perspective is really helpful, and I appreciate the panel's views as well. I mean, I think that clarity of what we are insuring and what we are not insuring and how it works in practice is very important and it should be assessed carefully. I want to thank you, Mr. Chairman, for the hearing, Mr. Cleaver, and I yield back.

Chairman FLOOD. The gentleman yields back. The ranking member of the subcommittee, gentleman from Missouri, Mr. Cleaver, is now recognized for 5 minutes.

Mr. CLEAVER. Thank you, Mr. Chairman. Mr. Webel, the chairman and I are from the same center of the country, Nebraska, Missouri, and so, there is sometimes this misguided perception that only the west coast or the east coast, New York or Los Angeles are places that should think about TRIA. Will you please explain why TRIA is important in different regions of the country?

Mr. WEBEL. Sure. I am from the southern part of Illinois, so I—a long way from Chicago, so I do understand.

I think that the chairman mentioned, particularly at Nebraska stadium, it is full of people. Educational institutions need terrorism coverage, too. We have large-scale universities across the country. There is any number of potential places that a terrorist could attack that would cause damage that people do not think about, and it is precisely—the terrorists are seeking those sorts of places to attack.

So I do think that the coverage is needed in places outside of Los Angeles and New York, and that TRIA has helped get coverage to those places.

Mr. CLEAVER. Thank you very much. Mr. Mais, in your testimony this morning you note, and I quote, the question is simple, should taxpayers cover the first dollar losses or the first dollar after the insurance industry, unquote. I actually agree with you that with or without TRIA, the Federal Government would step in, and TRIA is the best outcome for taxpayers.

How long would you like to see TRIA reauthorized, you know, understanding the tradeoffs and so forth?

Mr. MAIS. Short answer to that is as long as possible but it is certainly up to this committee, but certainty for all of us is best.

Mr. CLEAVER. Actually, it is not up to this committee, but I do think that the entire Congress would very likely agree with what you just said. I just want to make sure that it gets on the record.

Mrs. Heck, over the years some have argued that TRIA is effectively crowding out the private reinsurance market by providing Federal reinsurance. If the private reinsurance industry were willing and able to provide this coverage, then I would expect them to lobby against TRIA in order to push out the competition, and yet that is not the case. In fact, in 2024 the Treasury report stated, and I quote, Treasury has no—has not observed any aspects of the program that have discouraged or impeded insurers from providing

property and casualty claims, and that TRIA is actually not crowding out the private sector. What say you?

Mrs. HECK. Thank you for the question. The program actually encourages the private marketplace. If the program were not in place there would be very few market participants. We saw that in the aftermath of 9/11, and, of course, in 2014, even though it was only for 12 days, we saw the market reaction. So it is precisely because of the program that we see private participation.

Now, one thing that I want to press upon you is the fact that in order for the coverage to be available and affordable, it is important to have a range of carriers involved in the program, which means making it possible for small, mid-sized, and large carriers to participate, which means that the triggers and the deductibles matter.

Mr. CLEAVER. Thank you. Mr. Chairman, I yield back.

Chairman FLOOD. The gentleman yields back. The gentleman from Tennessee, Mr. Rose, is now recognized for 5 minutes.

Mr. ROSE. Thank you, Chairman Flood and Ranking Member Cleaver for holding this important hearing and thank you to our witnesses for being with us today.

Mrs. Heck, I want to follow up on where Congressman Cleaver just was, and Mr. Webel, I will come to you as well because I am kind of curious why, why do you believe a private market would not naturally form here and be robust, what is your—I mean, I have my own intuition or suspicion there, but tell me why you think that is true if TRIA was gone.

Mrs. HECK. Because we—well, first of all, we do not have to guess because we saw it happen. The reason for that is because the exposure is too large and too unpredictable that a carrier, the private market is not willing to put their capital at risk at something that they cannot quantify.

Mr. ROSE. Impossible to underwrite.

Mrs. HECK. It is. It is impossible. So because of the unpredictability, and the fact that terrorists can change where they attack just because they choose to, you cannot use the past to be able to predict the future. Any of the metrics that could help in trying to model that exposure is protected as a matter of national security, so it is just not possible.

Mr. ROSE. So is not a part of that kind of the implied or implicit belief that the government will backstop this, would be required to in some way, do you think that is true, is that what is also driving those who might desire the coverage to not go seek it out because they think, well, the government is going to be there for us?

Mrs. HECK. Yes. I actually think it is the opposite, because the backstop is there the private market is willing to put out limits, because they are able to understand what that exposure is.

Every insurance company has to manage their capital and the issue with a terrorism attack is that it is so potentially catastrophic that it could sink the company. So companies are not willing to put their balance sheets at risk because it would cause multiple insolvencies. So because the backstop is there and the government can step in, it makes it possible to put out limits because there is some certainty. The really good news about the program is that taxpayers are fully protected because every dollar is paid back 40 per-

cent higher than what the government outlays. So it is just a way to smooth the losses so that carriers can put some—you know, put out limits.

Mr. ROSE. But I have some skepticism about whether we would actually recover that money after the fact, and so I wonder, should there not be a more proactive plan for putting something away for a rainy day, if you will?

Mrs. HECK. Well—

Mr. ROSE. Even though this has never been triggered, right, not once.

Mrs. HECK. In my opinion, it is not necessary because what we have seen over the past 24 years is having the backstop in place, it has allowed for a viable market.

I do not know that would necessarily add anything because at the end of the day the Treasury Department has the authority embedded in the law to collect the money, and they also have the authority to be able to collect more than what is provided for in the statute.

Mr. ROSE. Do you think that we should, in some way, index the triggering numbers so that over time they do not become small enough that they are maybe ineffective?

So the \$5 million and \$200 million trigger, I mean, if we index those from when TRIA was originally put in place, they would be quite different today. Should we do that so that the program does not become kind of obsolete in that regard?

Mrs. HECK. Well, I will talk about the two triggers separately. So with regard to the \$200 million trigger, I do not think that trigger should be changed in any way because the trigger actually prevents market participation for small carriers.

Because of the way that the make-available provision works, which requires every company to offer the coverage if—for every eligible line of business, a smaller company could be in a position where a scenario happens. They have made the coverage available. They sustained losses. They have exhausted their deductible, but they cannot recover under the program because the trigger is too high.

The large companies are not impacted by the trigger, so I would argue, the trigger does not do much to protect taxpayers in any way.

Mr. ROSE. Thank you. My time is expired. I appreciate your answers.

Chairman FLOOD. The gentleman yields back. The gentlewoman from New York, Ms. Velázquez, is now recognized for 5 minutes.

Ms. VELÁZQUEZ. Thank you, Mr. Chairman and Ranking Member, for this important hearing. For me, this is deeply, deeply personal. I know exactly where I was, primary day in New York City for mayor, and I was standing in front of a school.

My staff called me and said, Something happened at the World Trade Center. Then another call, another tower, and I realized that something was really, really wrong.

So I would like to ask you, by a show of hands, does anyone on the panel think the TRIA program should not be reauthorized?

Good.

Ms. Sartain, the program is not currently set to expire until 2027, but can you explain why it is important to reauthorize the program early and why a long-term reauthorization is needed?

Ms. SARTAIN. Thank you for the question. Again, insurance companies and policyholders require stability so that they can make future plans.

As we saw in 2015 when TRIA lapsed, insurance companies needed to respond to limit the capital that they had exposed, and so we saw policyholders losing coverage, seeing increased premiums, or seeing some set provisions in the policies that were placed.

So by reauthorizing early, we allow the insurance market to continue to function well and smoothly, as well as managing the expense associated with this risk.

Ms. VELÁZQUEZ. Thank you.

Mr. Schupp, you say in your testimony, and I quote, Treasury repeatedly raised concerns that captive insurers could be structured to gain the program. Can you please explain this statement?

Mr. SCHUPP. Certainly. Thank you. In the early years of the program, Treasury had acute concerns that a captive insurance company which, remember, is just a subsidiary of a noninsurance company—most Fortune 500 companies have one—that because the deductible which we have talked about is 20 percent of prior-year, direct-earned premium, that deductible, by utilizing a captive, would be tiny.

So in my example of the New York Times, and I picked them because I can get to that data—this data is very hard to find—they have, last year, they had total premium in their captive of about \$800,000, maybe \$850,000.

That gives them a \$19,000 deductible under the program. After that, Treasury is on the hook for 80 percent of losses.

In contrast, a company like an AIG or a Travelers may have a backstop deductible of \$2 billion.

Ms. VELÁZQUEZ. How should we address this concern?

Mr. SCHUPP. I think there are two ways to address it: Number one is information, some transparency, both to Treasury and to the public.

So Treasury is not able to collect data from these captives. It is shooting in the dark, where everyone else gets data through the NAIC, all the other participants. So who is actually participating in it and who is behind them, what corporations are actually running it.

Second, there is a way to—very simple way to cutoff the subsidiaries that are running, and I cover that in my testimony.

Ms. VELÁZQUEZ. Thank you.

Ms. Sartain and Mrs. Heck, if you please also address this question.

Every time we discuss the reauthorization of TRIA, we debate the program's triggers. Currently, the Federal Government provides co-insurance of 80 percent of losses up to \$100 billion cap if the loss exceeds initial deductible of 20 percent of an insurer's annual premiums for commercial property.

Do you think adjustment to any of these levels are necessary, even for inflation?

Ms. SARTAIN. Maybe just two ways to think about that. Because of the way that insurance is underwritten, based on the values of the buildings or the risk within it, there is an automatic indexing that comes through the premiums that are charged.

Second, when it comes to what the triggers are, I think the most important thing is that there is certainty as to what those triggers are, and there is not a shock to the insurance markets or the policyholders as to the change in those triggers.

In terms of changing the triggers, I would suggest that there be a thorough study of the impact of those triggers on policyholders and the broader economy.

Ms. VELÁZQUEZ. Do you have anything to add?

Mrs. HECK. Oh, yes. So to add to with what Ms. Sartain said, just to give you an example, my company, for example, our deductible post-9/11, in 2002, was \$10 million, and today it is \$250 million.

So to Ms. Sartain's point, there is an automatic indexing that happens because the basis for calculating the deductible—

Chairman FLOOD. The gentlelady's time is expired.

Ms. HECK [continuing]. has already considered inflation.

Chairman FLOOD. Thank you very much. The gentlelady yields back.

Ms. VELÁZQUEZ. Thank you. I yield back.

Chairman FLOOD. The gentleman from Montana—in fact, he is the former insurance czar of Montana, Mr. Downing, is now recognized for 5 minutes.

Mr. DOWNING. Well, Thank you, Chairman Flood, thank you, Ranking Member, and thank you to the witnesses for being here today.

And, Commissioner Mais, great to see you. Please send my regards back to my former colleagues.

The Terrorism Risk Insurance Program was essential to stabilizing insurance markets after the September 11th attacks, and I am glad we are having this hearing to evaluate the effectiveness of the program and its future.

As many of you know, I have long called for the elimination of the Federal Insurance Office, or FIO, under Dodd-Frank. FIO is directed to assist the Treasury Secretary in administering the Terrorism Risk Insurance Program.

However, this program existed nearly a decade prior to the creation of FIO and, as far as I know, without any issues.

I am going to start with Mr. Heck—Mrs. Heck. I'm sorry.

Can you tell me what role FIO plays in the Terrorism Risk Insurance Program and how it operated prior to the creation of FIO under Dodd-Frank?

Mrs. HECK. So, yes, so prior to the creation of FIO, the program functioned just fine. There is a small office, the Terrorism Risk Insurance Program (TRIP) office is part of FIO. There is a small number of people that participate, and there is no reason why those people could not continue to operate in the event of attack.

Mr. DOWNING. Right. So to be clear, the program operated just fine before FIO?

Mrs. HECK. Correct.

Mr. DOWNING. If FIO was eliminated today, how would that impact the program?

Mrs. HECK. I do not think that it would impact the program at all. I think that, again, there are a few people within the TRIP office which is a sub segment of FIO that could continue to administer the program and assist the Treasury Department after an event.

Mr. DOWNING. Right. Thank you.

Mr. Webel, what are your thoughts on FIO and TRIA?

Mr. WEBEL. I think that, I mean, since the last—say, the last 10-plus years, it has felt like there has been more activity because of FIO but that is also coinciding with the additional responsibilities put by Congress when they reauthorized it in 2015.

So you see a lot more activity. There are a lot more reports coming out under FIO, but it is not necessarily clear. Is that because of FIO or is that because of the fact that Congress has basically asked the Treasury to do this.

Mr. DOWNING. All right. Thank you.

So as mentioned earlier in this hearing, TRIA was intended to be temporary until the private markets stabilized and were able to accurately model and price in the risk of terrorism.

Mr. Webel, to you again. Has the program met these goals?

Mr. WEBEL. Strictly speaking, no. I mean, it is a 3-year temporary program. It is 22 years later. It is still here. So if you take the Congress at the time that said it is going to be 3 years, then it did not meet the goal of going out of existence.

I think it has met the goals of backstopping a terrorism market and mitigating some of the broader economic damage that a lack of terrorism insurance would have.

Mr. DOWNING. So staying with you, Mr. Webel, what might the private market look like when a Federal backstop is no longer needed?

Mr. WEBEL. I mean, I think that—I think it would look different—certainly very different in a sense that there are all the problems about modeling terrorism that other people have gone into. It would definitely be smaller.

I think a lot of the risk would remain on bank balance sheets, much as you see in some other areas where if a bank has a choice between writing a loan and you cannot get terrorism coverage, are they going to still back the project? In some cases, they probably would.

So the risk would still be there, but it would probably be more diffused throughout the financial sector.

Mr. DOWNING. So what would, if any, what would the alternatives be to a Federal program?

Mr. WEBEL. I mean, you would have some more private reinsurance perhaps. You would have some primary insurers that might continue to take on some of the risk, or as I said, you would have banks and lenders that would essentially be taking on the risk.

Mr. DOWNING. How are other countries, how do they account for this risk?

Mr. WEBEL. Most other countries or many other countries do have some forms of backstops. Some of them there terrorism-specific. Some of them roll it into a broader, catastrophic program that

does not just cover terrorism but also might cover wind or flood or other catastrophic events.

Mr. DOWNING. All right. Thank you.

Mrs. Heck, I saw you kind of wiggle there when I was asking that, so it seems you might have something to say about the private market without a Federal backstop.

Mrs. HECK. Yes. I would argue that without the program there really would not be much of a private market and to your question as to what would happen after event, I think the Federal Government would probably feel the need to step in to be able to stabilize the economy.

The way the TRIA program works, it actually allows for that to happen with recoupment so that taxpayers are protected. So in a sense, what TRIA is doing is, it is preventing the government—

Chairman FLOOD. The gentlelady's time is expired.

Mr. DOWNING. Thank you, Mr. Chairman. I yield.

Chairman FLOOD. The gentleman yields back. The gentlewoman from Massachusetts, Ms. Pressley, is now recognized for 5 minutes.

Ms. PRESSLEY. Thank you.

Every year, thousands of people from every walk of life come together from around the world for the Boston Marathon. Starting in Hopkinton, runners traverse 26.2 long miles past schools, homes, and businesses, toward the finish line in Boston's Copley Square.

In April 2013, what was supposed to be a festive Monday celebration for the Boston community with smiles and hugs turned into a nightmare we will never forget. The terrorist attack at the finish line robbed us of precious souls, injured hundreds who are still recovering from physical injuries and invisible wounds, and traumatized thousands.

My neighbors and our community are still healing from tragedy, which is why I drafted, in close partnership with marathon survivors, the Post-Disaster Mental Health Response Act. This was signed into law in 2022.

It is legislation to extend Federal Emergency Management Agency's (FEMA's) crisis counseling supports to survivors of terrorist attacks, and it is why I especially appreciate today's hearing focused on reauthorizing the Terrorism Risk Insurance Act, also known as TRIA.

For the general public, TRIA is a form of insurance to cover the economic losses to businesses and is critical to rebuilding community after a terrorist attack. It supports brick-and-mortar shops that are physically damaged, and it helps business owners pay their employees, so no worker has to worry about bills while focusing on recovery.

But TRIA could be strengthened to better meet the needs of cities and States. In the aftermath of the Boston Marathon bombing, businesses waited for weeks, months, and ultimately more than a year to learn if the Treasury Secretary would classify the assault on our city as a terrorist attack.

That classification is the essential first step in determining if insurance payouts will be backed by the government.

Now, Mr. Webel, can you explain why Treasury may take lengthened time periods to classify a terrorist attack?

Mr. WEBEL. I mean, I think there is obvious difficulties in terms of attribution of terrorist attack, who exactly performed it, that is critical in determining the certification.

I think in the case, particular of the bombing in Boston, the biggest issue was the insured losses not meeting the \$5 million certification and the fact that it is property casualty losses, not losses to life and limb and health insurance that count.

So I think that in some ways, a lot of the difficulties here revolve around the integration of what is a reinsurance program, TRIA, in primary insurance coverage, which is the coverage that the insurers are giving to the businesses that were around the bombing.

In most cases, primary insurance would go ahead and pay, whereas if there was reinsurance coverage in the private sector, there would then be—

Ms. PRESSLEY. Thank you.

Mr. WEBEL [continuing]. a negotiation between them but this intermixing of the two causes, I think, confusion.

Ms. PRESSLEY. Thank you so much, Mr. Webel.

Commissioner Mais, insurers and businesses alike want certainty on the timing of whether an event will be declared an act of terrorism. What are the consequences of delays in getting a response from Treasury?

Mr. MAIS. The consequences of delays in getting a response from Treasury post-event, is that what you are—

Ms. PRESSLEY. Yes.

Mr. MAIS. I am uncertain as to how to respond to that because, frankly, TRIA is run by Treasury. There are very definite requirements that must be met. As we saw in the Boston Marathon, as was just explained—

Ms. PRESSLEY. Okay, fair enough. Let me ask a question because the clock is ticking here.

Mr. Webel and Commissioner Mais, there is a proposal to require Treasury to respond to requests for classification from a Governor within 6 months, and even if denied, a Governor can make the request again. This would offer certainty around response timing, but not finality for an answer.

How could such a system help or hinder the current process for TRIA?

Mr. WEBEL. I mean, I think it would certainly help the primary insurers to have certainty to pay out or not to pay out based on their policies that revolve around certification.

Mr. MAIS. Again, I would defer to Treasury and the Congress, but certainty always helps.

Ms. PRESSLEY. Okay. Thank you.

I truly pray that no community experiences a terrorist attack. No one should have to live with that pain, that fear, and that trauma.

To my neighbors still struggling in the aftermath and grieving the loss of a loved one, or what could have been, know that your Congresswoman sees you and your family.

I yield back.

Chairman FLOOD. The gentlewoman yields back.

A quick announcement. Do not be alarmed if you hear jets overhead in any 15 minutes. The Blue Angels are doing a scheduled fly-

over. So I figured with this group of people here today, I want to put you at ease.

The gentleman from New York, Mr. Lawler, is now recognized for 5 minutes.

Mr. LAWLER. Thank you for that notification, Mr. Chairman.

We are here just a few days removed from the 24th anniversary of September 11th, a day that forever changed our country.

Unfortunately, the reality 24 years later is that we still have to deal with the threat of terrorism. There are people who do not like us and do not like the ideals and the values of this Nation.

We are grappling with the ramifications of the unholy alliance between Russia, Iran, China, and North Korea, and those who seek to undermine and destabilize the free world.

We are also dealing with a rise in extremism. In my district, the immediate suburbs of New York City, and where a large portion of my constituents commute into New York City for work, we have deeply felt the impact of past attacks and remain concerned for the future.

Today, my district continues to deal with the ramifications of 9/11, with first responders continuing to die from 9/11-related health illnesses.

New York remains arguably the largest target of terrorism in the world. It is critical for our businesses and developers to know both that they have this coverage and that the coverage is stable and sustainable for the long term.

Mr. Webel, or Ms. Sartain, what, if any, alternatives are there to a free, Federal reinsurance terrorism backstop? How do other countries handle terrorism risk insurance?

Mr. WEBEL. Other countries, as I mentioned, have various mixed programs. Some focus specifically on terrorism; some rolled into a more general catastrophic backstop.

In terms of what a program might look like outside of TRIA, obviously most insurance that you get have premiums of some kind up front, and it would not be impossible to envision a situation where some of the premium dollars that currently flow to primary insurers—and Treasury has estimated that over the life of TRIA, it is probably in the \$60-to-\$70 billion of terrorism premium that has been collected by primary insurers. You could envision a situation where some of that was shared with Treasury for the backstop.

The downside to that is that would it increase the cost of terrorism insurance and so to the degree that you want to increase people purchasing the terrorism insurance so that it is in place after an event. If you were to charge premiums for TRIA up front, you would obviously lower that participation rate.

Mr. LAWLER. Mrs. Heck or Mr. Schupp, how important is it for TRIA to have clear rules and expectations for both policyholders and insurers, and are there steps that Congress can take to increase certainty in this process should an event ever be certified under TRIA?

Mrs. HECK. First of all, having clear rules and certainty is critical. It is critical both to insurance companies who are providing the coverage, and the business community who need the coverage. So that is absolutely important.

With regard to certainty, should there be any changes to the program, the program has proven over the past 24 years that it is really working the way it is designed. So we do not feel that any legislative changes are necessary.

What we do think is important is that there is swift reauthorization for as long a term as possible, and that is going to provide the most certainty to the market.

The second thing that we think is critically important is to not increase the trigger to the extent that it would keep out the smaller companies, because in order to have a market that is thriving and robust and affordable, it is important to have as many companies to participate in the program as possible.

Mr. LAWLER. Thank you.

Mr. SCHUPP. If I may very briefly, you have to keep in mind that the provisions of TRIA have made their way into the insurance contracts, into the reinsurance contracts. So when something changes here, it has that downstream effect and creates contractual uncertainty.

It is not just a program that hangs behind, but it is actually infiltrated the contracts themselves. So any changes need to be done very early and thoughtfully.

Mr. LAWLER. All right. With the TRIA set to expire at the end of 2027, obviously anything that would change, or the reauthorization, needs to be in 2026 to give certainty to the marketplace.

Ms. Sartain, TRIA includes a mandatory make-available provision that requires all insurers to offer terrorism coverage to their insureds.

How has that requirement impacted the operations of small and larger insurers?

Ms. SARTAIN. It has required that everybody participates, which means that there is more capacity available in the market than would otherwise be the case.

Mr. LAWLER. Thank you. I yield back.

Chairman FLOOD. The gentleman yields back. The gentlewoman from Michigan, Ms. Tlaib, is now recognized for 5 minutes.

Ms. TLAIB. Thank you, Mr. Chairman.

We all know for insurance to really work, it must be able to, I guess, model and predict the likelihood of an event occurring, right, in addition to its impact.

However, terrorism risk, and we are talking about this, is incredibly unique here. Much of the information about terrorism risk is not publicly available, right?

The number of terror events also does not give one a large sample size to draw from in making certain future predictions.

So Commissioner Mais, you touched on this in your testimony, but can you give a little bit more detail about why private insurance industry is not well-suited to addressing terrorism risk in particular?

It is not just what I said, those factors, but also—and no offense to anybody, it is very pro—just let the private insurance companies do whatever they want—they just do not do—we almost always have to force them to do what is right here, even with high risks, because they are all very driven by profit and so forth.

I get it, you want to keep the company going and moving but I think right here, in this unique situation, I think it is important for, I think, my residents who are listening in, to understand why we have to have this in place.

Mr. MAIS. Thank you, Congresswoman, and, yes, you are absolutely correct. The quality of that risk is simply, it is so difficult to predict, so you cannot properly price for it.

As regulators, we need to ensure that there is solvency. If you cannot tell what the result is going to be, the frequency, or the severity, then you are pretty much out there flying blind. For us as regulators, it would make it difficult to ensure that consumers get the coverage they deserve.

Ms. TLAIB. Despite this, someone might still think the private market should be responsible for this reinsurance—you know, insurance, not the government.

So, Mr. Webel, when the program briefly lapsed at the end of 2014, did we see private insurers move to exclude terrorism losses?

Mr. WEBEL. Generally, yes. There are provisions put in the contracts calling for that.

Ms. TLAIB. I would like to turn to recoupment because I think—starting with mandatory recoupment.

Mr. Webel, in your testimony, you write that the mandatory recoupment would be equal to 140 percent of the difference between the aggregate retention amount and the total amount of insured losses that were not reimbursed by the government, direct quote from your testimony.

First, can you help us understand, okay—my mom's watching—like, help people understand, because the public need to understand why this is important here. That is my first question, to understand that sentence and explain aggregate retention.

Second is, the recoupment percentage has changed over time from 100 percent to 140 percent. Are you—you know, what is the rationale around that change?

Mr. WEBEL. Sure. The rationale for that, I think, largely revolves around Congressional Budget Office scoring rules, and that post-event recoupment actually would get deducted by insurance companies from other taxes.

So therefore, even though it is being paid to the government, it would result in less taxes being given to the government in other places. Therefore, the amount in past reauthorization was increased essentially to allow for this budget-neutral scoring with regard to Congressional Budget Office (CBO).

Ms. TLAIB. Okay. Commissioner Mais, how do you feel about the congressionally determined parameters within the Treasury Secretary—which the Treasury Secretary makes that decision?

Mr. MAIS. We follow the law and the—

Ms. TLAIB. Are they too restrictive, too loose?

Mr. MAIS. Again, we are here to follow the law. Congress decided there was—

Ms. TLAIB. Are there any changes that you would propose?

Mr. MAIS. There are no—that is really not up to us to discuss as State insurance regulators. We just—

Ms. TLAIB. Yes.

Mr. MAIS [continuing]. need to make sure that the coverage is there and that the companies are solvent.

Ms. TLAIB. Every time I bring up private insurance companies, the auto insurance industry comes to mind in my district. Everybody is smiling. They probably know. I got on this committee to work on that issue.

Does anybody here on this panel know anything about what is going on with the auto insurance industry? Anyone?

Oh, Mr. Schupp.

Well, because why are they now asking for non-driving factors like the GPA—literally your GPA of your student in college? What does that have to do with whether or not you are a good driver? Does anybody know?

How about ZIP code? How about whether or not you have a Ph.D. or are you married? What the heck does that have to do with whether somebody is a good driver or not? How is that a predictor?

Studies show that somebody with a DUI, because he has a high credit score, is paying three times less than the person with no DUI but has a lower credit score. Do you not think that is discriminatory?

Mr. SCHUPP. So insurance is discriminatory, right, by its nature. It is supposed to be discriminatory—

Ms. TLAIB. But they are asking for the GPA of our kids.

Mr. SCHUPP. But it is not supposed to be—

Ms. TLAIB. What the hell does that have to do with whether or not we are a good driver?

Mr. SCHUPP. But it should not be unfairly discriminatory, and I think those are the questions—

Ms. TLAIB. I think non-driving factors should be prohibited.

Thank you.

Chairman FLOOD. The gentlewoman yields back. The gentlewoman from Texas, Ms. De La Cruz, is now recognized for 5 minutes.

Ms. DE LA CRUZ. Thank you, Mr. Chairman, for holding this hearing today.

I enjoyed serving as the vice chair of Housing and Insurance Committee. It is an area that I worked in and—I am sorry—I worked in housing and insurance for over 20 years, so this is a meaningful area. I was taken back by the Congresswoman's comments because unless you have actually worked in the insurance industry, then you have a better understanding of why these factors are important.

And so, I would encourage my colleague to actually meet with people who work in the industry and who understand the statistics and what drives actual cost.

That put aside, coming from the insurance world, the private insurance world, including auto and housing insurance, it is interesting to learn about this large-scale, federally backed insurance program.

Very recently 9/11 just passed, a sad day in our Nation's history and a day of complete terror, especially for our fellow citizens in New York City. While we hope that a terrorist attack like that never happens again, we do need to be prepared should something happen, and that is why we are in Congress.

So creating the Terrorism Risk Insurance Act, or TRIA, was very important, and is very important.

This is a bill that has been reauthorized four times in a bipartisan manner, and helps our country, our communities, and our businesses be prepared for the future.

One benefit of TRIA is that it helps Americans get reliable and affordable energy by facilitating insurance of critical energy projects built right here in the United States.

For Texas and my district, this means TRIA supports jobs, as my State is home to many energy-producing companies, workers, and projects. TRIA makes terrorism insurance remain both available and affordable to energy producers in Texas and across America.

Ms. Sartain—excuse if I did not quite get that right—without TRIA, is it fair to say that insurance would be unable to offer this coverage which would leave critical infrastructure like refineries, pipelines, and power plants exposed to catastrophic financial loss?

Ms. SARTAIN. The short answer is yes. Marsh McLennan Companies also employs people in Texas as we do across the United States, and the energy sector is an important sector that we serve, understanding that energy security is key to the security of this country.

Without TRIA, terrorism insurance would prevent projects from moving forward, prevent things from moving around the country, and limit the recovery in the event—unfortunate event of a terrorist act.

Ms. DE LA CRUZ. Now, as a Nation, we are moving toward energy dominance, and TRIA is vital to both our national energy security and economic resilience. TRIA's role in stabilizing the insurance market gives energy companies the confidence to invest in long-term infrastructure and workforce development.

Thankfully, the Treasury has never designated an event that would activate TRIA provisions, and I hope, quite frankly, that it never does.

How can we continue to ensure the program is properly prepared for the future, and are there any potential changes to the program the witnesses would like to briefly discuss?

Mrs. HECK. The first thing, by the way, Congresswoman, I applaud your comments earlier in your testimony.

I mean, one thing that I would like to point out is that insurance companies are not motivated by profit. What we are motivated by is providing coverage for our policyholders and being there after a loss, which means that it is very important that the industry remain solvent and be able to cover those losses.

With regard to the current program, what we found is that it works, and I think what is most important is that we renew it swiftly for a long term—for a long term so that the program is there to keep the market stabilized.

Ms. DE LA CRUZ. Thank you. In regard to my earlier comments, one of the things that I like about the insurance industry is that it is based on facts and not feelings.

With that, I yield back.

Chairman FLOOD. The gentlewoman yields back. The gentlewoman from Georgia, Ms. Williams, is now recognized for 5 minutes.

Ms. WILLIAMS of Georgia. Thank you, Chairman Flood and Ranking Member Cleaver, for this hearing today, and thank you to all of our witnesses, because this is a conversation that I really want to understand better and make sure that my district understands.

I represent Georgia's Fifth Congressional District, a region with a very vibrant business community, and it is centered in Atlanta where we have a lot of large-scale national security events.

While we cannot predict when and where a terrorist attack could happen on our American soil, we know that sometimes big events are a draw, and so that brings a lot of things to mind for me.

The city of Atlanta is preparing to host the World Cup next year, and it is a stark reminder of what happened almost 30 years ago when the Centennial Olympic Park bombing happened during the 1996 Olympics.

Now, this was pre-TRIA being implemented, so that was not something that businesses and the community of Atlanta had access to, which is why this is so important to me.

Terrorism risk insurance, or TRIA, is such an important program and, quite frankly, a program that no matter what side of the aisle you are on, as you have heard today, we all agree that this is a program that should exist, and this coverage is very important.

Mr. Webel, I would imagine that most people perceive TRIA as being a regional issue for big cities—New York, we heard about the Boston Marathon. Atlanta, in my mind, is, like, up there on that list.

Also, I heard our chairman when he talked about college football—and, Mr. Timmons, this weekend when Georgia Tech beat Clemson in Atlanta, there were a lot of people in the city of Atlanta.

[Laughter].

So, I am thinking about Atlanta hosting these large-scale national security events.

According to Treasury's 2024 data call, takeup rates for terrorism risk insurance are relatively high across the country by policy count. Can you explain why TRIA is important in different regions of the country?

Mr. WEBEL. I mean, I think the large-scale events that you mentioned are a big deal. I think also the critical infrastructure that your colleague mentioned is a big deal as well.

The truth of the matter is, things can happen in wide swaths of the country that can cause a lot of economic damage and a lot of spillover effects, in the transportation system, in gatherings, et cetera.

And so if

Ms. WILLIAMS of Georgia. So I am also thinking about representing a city that has already been impacted by an act of terrorism. It is a constant reminder of why this is important.

I also represent the world's busiest and most efficient airport, at Hartsfield-Jackson International, and I remember a cybersecurity attack that grounded flights, and that has an impact worldwide.

Then I am thinking about just the ransom that the city of Atlanta had to pay, and that is not covered by TRIA, and we were trying to figure it all out.

It left so many constituents unable to pay their water and utility bills on time, our airport was grounded, and while TRIA does not speak directly to cyber insurance, Treasury has provided guidance to clarify that cyber insurance is included when it is a written line of insurance that is subject to the program.

Commissioner Mais, do you believe anything further needs to be done to clarify or expand TRIA's coverage of cyber insurance, and as an insurance regulator, do you believe the industry has the tools to provide sufficient and affordable coverage for current-day cyberrisk?

Mr. MAIS. I do understand the desire to have cyber insurance as a separate line, but I think what we have seen is that market has expanded. If we look at the number of policies, it has increased 11.7 percent from 2022 to 2023. We have \$16.66 billion in written premium and the private market.

TRIA exists to ensure that the private—to fill in where the private market cannot. If the private market is evolving and providing coverage, I am worried about unintended consequences if we intervene.

Ms. WILLIAMS of Georgia. Thank you.

I am going to be running out of time soon, but, Mrs. Heck, given that TRIA has been extended four times since its inception, what are the benefits of having a longer reauthorization, say 10 years or more, so that our communities can have the stability and consistency for their economic development?

I am thinking down the road of big events that we are already planning for in Atlanta, and just everything that we are hearing in this day and age, giving a peace of mind to our communities.

Mrs. HECK. First of all, again, we have proven—the program has proven that it works. It has been 24 years, and the market has really stabilized by the program. The longer that we can extend it, the more stability that we will introduce into the market.

I think to—just some other things to remember—

Chairman FLOOD. The gentlewoman's time is expired.

Ms. WILLIAMS of Georgia. Thank you, Mr. Chairman.

Chairman FLOOD. The gentleman from South Carolina, Mr. Timmons, is now recognized for 5 minutes.

Mr. TIMMONS. Thank you, Mr. Chairman.

Mr. Webel, I am going to be directing my questions to you.

Let us go back to 9/11, terrorist attack from Afghanistan, and we spent hundreds of millions—billions of dollars making victims whole, and we spent \$2.3 trillion in Afghanistan. That was our response to a kinetic attack using airplanes to crash into multiple targets.

I want to talk about cybersecurity. So we have nation-State cybersecurity attacks that attack our businesses here in the U.S. on a regular basis, and the Federal Government does not really make whole the victims or the business.

We obviously expect these businesses to have cyber insurance, and I do not understand the difference between a kinetic attack that costs hundreds of millions, billions of dollars in damage from a foreign nation State, versus a cybersecurity attack that costs hundreds of millions of dollars, billions of dollars to a business and to victims.

Should we view these things similarly, and should we create legislation to make victims and businesses whole from nation-State attacks?

Mr. WEBEL. I mean, "should," I will leave up to Congress, but I do think it is a very valid question in terms of how much does the source of an attack or the source of the damage matter.

The nation-State actor is an interesting question because then you start getting into acts of war and war exclusions and—I mean, I do recall seeing some serious analyses post-9/11 that maybe you could have tried to exclude those under a war exclusion on some policies, but that the—I think, for partly public relations reasons, insurers decided they did not want to go down that road because it would have been a public relations disaster if they had, but these are questions that I think definitely need to be fleshed out in the world that we are in, because the attribution of cyberattacks may be very murky, and it may be very hard to certify a terrorist attack under TRIA because you are not really sure where this is coming from.

Mr. TIMMONS. How can an insurance or reinsurance company appropriately underwrite an attack from China, Iran, Russia, North Korea?

I mean, the resource disparity between a company that is spending hundreds of millions, billions of dollars to protect their data and protect their customers' data, versus the Chinese Government is just a nonstarter. How can you actually effectively underwrite that?

Mr. WEBEL. Well, I think that is a lot of the reasons why from the insurer perspective, they tend to exclude nation-State attacks as acts of war and want to say: No, we are not going to cover that if it is a nation-State actor.

For the individual companies, I think that there obviously needs to be U.S. Government involvement in helping people in cybersecurity in understanding things.

But in some ways, that the—you know, a lot of it comes down to hardening your cyberdefenses whether it is a nation-State attack, or whether it is a ransomware from a criminal gang that just wants to extort money.

Mr. TIMMONS. So our Commander in Chief, his favorite word is tariffs, and my question is this: Should the U.S. use tariffs to penalize nation-State attacks to then make the victims and the businesses whole, and just create the status quo of, if you are going to engage in cyberattacks—or I will go one further.

If you allow a criminal organization to operate undeterred within your sovereign borders—I mean, we could do the same thing to a foreign country that is allowing a criminal organization to operate within their borders—again, whatever the damages are to the business and to the victims, you make them whole. You then levy tariffs against the nation-State that is either responsible directly or is harboring the criminals indirectly.

Then you say: All right, this is the new status quo. Continue to attack U.S. businesses and you will be penalized financially. Is that a reasonable approach to this problem?

Mr. WEBEL. Honestly it is not an approach that I have ever really analyzed or thought about. I mean, I think that it—I mean, how

you approach this is probably a policy question above my pay grade.

Mr. TIMMONS. Would anybody else on the panel like to address that question about the proposal to levy tariffs to deter nation-state and—nation-states that are allowing criminal organizations to operate within their borders as a deterrent method? Anybody? Mrs. Heck?

Mrs. HECK. I could not opine on tariffs per se, but one thing I would like to say about cyber is that within the TRIA program, again, if an event is certified by the Treasury Secretary, then it would be covered under the TRIA program.

So when you distinguish between non-terror events I would urge Congress to think about is it—you know, can you model it, is there a private market. Commissioner Mais mentioned that there is a growing market. So—

Mr. TIMMONS. I am out of time. I am going to have to yield back. Thank you so much.

Mrs. HECK. Okay.

Chairman FLOOD. The gentleman yields back. The gentleman from New York, Mr. Torres, is now recognized for 5 minutes.

Mr. TORRES. Thank you, Mr. Chair.

As a New Yorker who came of age amid 9/11, terrorism is no abstraction to me. Twenty-four years after 9/11, the specter of terrorism continues to haunt America's largest city, which in 2025 alone has seen an average of one terror plot per month.

Terror threats have grown dramatically in the decade since 9/11, and those threats show no signs of subsiding. In the age of emerging technologies like cyber and AI, the complexity of terrorism is rising rapidly in real time.

I want to follow up on a number of the questions asked. I have a question about the applicability of TRIA to cyberterrorism.

What exactly is the difference between a cyberattack and cyberterrorism, or cyberwar and cyberterrorism, or cybercrime and cyberterrorism, because these lines can easily get blurred?

Mr. SCHUPP. If I may, so if we look at the statute, what it really focuses on is the intention of the actor. That is the starting point, the intent of the actor, the individuals behind the attack, is to influence the people or the policy of the United States.

In the context of cyberattacks, it is extremely difficult to figure out who is behind them and the motivation. That is one of the challenges with certifying a cyber act as an act of terrorism under the existing structure.

Mr. TORRES. What if it were a cyber attack on the part of a foreign government that is hostile to the United States, would that qualify as a cyberterrorist event?

Mr. SCHUPP. So the statute does include damage to infrastructure which was always understood to mean electronic infrastructure, but remember the decision to certify is a political decision, not a legal decision. The Secretary of Treasury has the sole discretion to certify, and it is unreviewable by the courts.

So really an act of terrorism is whatever the Secretary of Treasury says.

Mr. TORRES. I have question about the scope of the Treasury Secretary's authority, right? Is it just right or is it excessive, and should judicial review be permitted or prohibited?

Mr. SCHUPP. It is a desire to have finality and quickness. So the idea was that a single person would make that decision, but we have seen that it can take a lot of time.

Mr. TORRES. Yes.

Mr. SCHUPP. My own belief is, you could make changes and get to a really bad decision quickly—

Mr. TORRES. It sounds like apart from the \$5 million loss threshold, terrorism is whatever the Treasury Secretary says it is. As you know, Justice Potter Stewart once said, "I cannot define it, but I know it when I see it," and that seems to be the standard we apply to the meaning of terrorism for the purpose of TRIA.

Mr. SCHUPP. My belief as a practical matter, is true.

Mr. TORRES. Okay, and is that excessive discretion, or should there be some judicial review?

Mr. SCHUPP. Judicial review would create enormous uncertainty that is not tolerable.

Mr. TORRES. Regarding the necessity of TRIA, is it fair to say—and I will direct the question to Mrs. Heck—that without TRIA, there would be no financing or far less financing of projects, without TRIA there would be no operational terrorism risk insurance market, and without TRIA, few businesses in America could survive a catastrophic terrorist event?

Mrs. HECK. That is absolutely correct, and we have had 24 years of experience to see what happens when there is a backstop. We have seen it happen twice—once after 9/11, and then again in 2014 when the program was allowed to lapse.

Mr. TORRES. Right. I just find it strange that we are debating the viability of a private market without TRIA as if we have no life experience. Like, what was 9/11's immediate impact on financing and terrorism insurance?

Mrs. HECK. What happened was, overnight a new catastrophic exposure just emerged, and insurance companies had to really pare back. Otherwise, they risked insolvency. So the TRIA program really stepped in and made it possible to be able—for the economy to continue.

Mr. TORRES. One of the most common complaints I have heard about insurance has been inflation. It feels to me that inflation has been particularly pronounced in the insurance market.

Have those same inflationary pressures affected terrorism risk coverage? What has been the impact of inflation on terrorism risk coverage?

Mrs. HECK. Actually, the way the program was designed, it is actually somewhat embedded in the coverage. So in what the—the insurance market, the private market accepts, the underlying deductibles are based on premiums that are essentially indexed for inflation because they grow over time.

In general, those—

Mr. TORRES. Because it is a percentage?

Mrs. HECK. Now the percentage has grown, which means that the private market has picked up additional—additional exposure,

but it has also grown just because the underlying premiums have grown.

For example, my company, our deductible after—immediately after 9/11 under the program was \$10 million, and today, it is \$250 million. So it has grown significantly.

Mr. TORRES. Thank you.

Chairman FLOOD. The gentleman's time is—

Mr. TORRES. Thank you.

Chairman FLOOD. The gentleman yields back. The gentleman from New York, Mr. Garbarino, is now recognized for 5 minutes.

Mr. GARBARINO. Thank you very much, Mr. Chairman, and thank you for all the witnesses for being here today.

TRIA is a program created following the horrific attacks on 9/11, an event that deeply and personally affected all of us. As a result of this attack, insurers and reinsurers began to realize the real, yet-difficult-to-model risk that resulted from terrorism insurance.

Terrorism insurance was becoming less accessible and increasingly unaffordable, especially in the dense urban areas like New York.

Mrs. Heck, as a large writer of commercial real estate in New York City, your company was intimately involved in the creation of the TRIA program.

Can you help this committee recall the circumstances post-9/11—I know you touched on it a little bit—but post-9/11 that led to TRIA and how the program was designed to help?

Mrs. HECK. Yes. The program—so immediately after 9/11, development stopped, and what the program did is made it possible for there to be a viable market, and the program does that really in three ways: It provides certainty to insurance companies so that insurance companies can manage that exposure; it allows for a robust market by making it possible for small, midsize, and large companies to participate and taxpayers are really fully protected under the program.

So when you think about it, all of the stakeholders, it manages all of the concerns of every stakeholder.

Mr. GARBARINO. While TRIA is not supposed to expire until the end of 2027, I am glad we are doing this today and know that we are looking at reauth—Mrs. Heck, you highlight in your written testimony that TRIA needs to be extended next year in 2026.

Can you please explain what happens if Congress does not extend the program by the end of next year, what would happen to insurance contracts in 2027?

Mrs. HECK. Yes, because of the way that insurance contracts are written, because of the timing, it is important to get this reauthorized before we get into 2027, or what will happen is, if policies lapse, the expiration of the program, then there will be exclusions attached to it, and we risk running—having that same disruption that we saw in 2014.

Mr. GARBARINO. Say that again. If it does lapse, what will happen?

Mrs. HECK. If it lapses without reauthorization, exclusions will be attached to the policies so that we run the risk of having the same problem that we had in 2014, when the program was allowed to lapse.

Mr. GARBARINO. I hope it does not lapse, and I am sure the chairman and other members of the House hope it does not lapse. Unfortunately, a lot of other things have lapsed because of our colleagues over in the Senate, specifically one of them—I will not mention his name—but hopefully that does not happen here.

As chairman of the House Homeland Security Committee—and I am going to ask you about cyber just like Mr. Torres did—I held a hearing last July about the importance of securing operational technology systems from cyber adversaries.

This includes water treatment facilities, energy grids, and transportation systems, just to name a few.

If a cyberterrorism event caused physical damage to these critical infrastructure systems, under the TRIA framework, would those attacks be covered?

Mrs. HECK. A terror—a cyberattack that is deemed a terrorist event would be covered under the program.

Mr. GARBARINO. Great, that is, as we heard the previous member ask, that is if it is deemed a terrorism event by the Treasury Secretary?

Mrs. HECK. By the Treasury Secretary.

Mr. GARBARINO. There have been people that have come to me and talk about the creation of a cyber backstop—Federal backstop for cyberattacks. Some have suggested tying it to TRIA. I do not think that is the right way to go.

If we are going to do something, I think it should be done separately, and something this committee should look at, if it should be done separately.

So I think it was very important to put on the record that as TRIA's currently written, it does currently cover cyberterrorism events.

I have about 45 seconds left. A lot of times when we reauthorize something, we just reauthorize the law from 10 years prior without any updates. You might have said something already, but are there any updates that you would like to see put into this, that would help the law run better? Mr. Schupp?

Mr. SCHUPP. Yes, I do believe that Congress could increase the data collection abilities of Treasury to reach, in particular, to some of the more opaque structures, such as captives and alien insurers where data from the NAIC is very limited.

Mr. GARBARINO. I appreciate that. I am down to 10 seconds, so if any of you else have any ideas, if you could submit them in writing, that would be great.

Thank you, Mr. Chairman. I yield back.

Chairman FLOOD. The gentleman yields back. I now ask unanimous consent to enter the following statements into the record—a September 15, 2025, statement from the Coalition to Insure Against Terrorism; a September 17, 2025, statement from the American Property Casualty Association; and a September 17, 2025, statement from the Reinsurance Association of America.

Those will be entered without objection.

[The information referred to can be found in the appendix on pages 94-102.]

Chairman FLOOD. I would like to thank all of our witnesses for your testimony today.

Without objection, all members will have 5 legislative days to submit additional written questions for the witnesses to the chair. The questions will be forwarded to the witnesses for their response.

Witnesses, please respond no later than October 22, 2025.

This hearing is now adjourned.

[Whereupon, at 11:54 a.m., the subcommittee was adjourned.]

APPENDIX

MATERIALS SUBMITTED FOR THE RECORD



September 15, 2025

The Honorable Mike Flood
Chairman
Subcommittee on Housing and Insurance
United States House of Representatives
Washington, DC 20515

The Honorable Emanuel Cleaver II
Ranking Member
Subcommittee on Housing and Insurance
United States House of Representatives
Washington, DC 20515

Dear Chairman Flood and Ranking Member Cleaver:

Thank you for holding this important hearing to examine the reauthorization of the program established by the Terrorism Risk Insurance Act of 2002 (TRIA) and its subsequent reauthorizations (the Program). The Coalition to Insure Against Terrorism (CIAT) is writing today to express its support for a long-term reauthorization of TRIA and to urge prompt Congressional action to renew this critical program in advance of its expiration on December 31, 2027.

Terrorism continues to pose a clear and present danger to our nation and to the American economy. According to the 2025 Annual Threat Assessment from the ODNI, "A diverse set of foreign actors are targeting U.S. health and safety, critical infrastructure, industries, wealth, and government. State adversaries and their proxies are also trying to weaken and displace U.S. economic and military power in their regions and across the globe."¹

The Department of Homeland Security's Office of Intelligence and Analysis 2025 Homeland Threat Assessment states, "Foreign terrorist organizations (FTOs) and their supporters will maintain their enduring intent to conduct or inspire attacks in the Homeland."²

There is no homeland security without economic security. One of the stated aims of terrorists is to disrupt our economy: "... targeting America's economy is the most efficient way to draw the path of obliteration of America."³

CIAT is a broad coalition of commercial insurance consumers formed immediately after 9/11 to ensure that American businesses could obtain comprehensive and affordable terrorism insurance. The diverse CIAT membership represents key elements of the commercial facilities sector, including commercial real estate, banking, energy, construction, hotel and hospitality, higher education, manufacturing, transportation, entertainment, the major league sports and racing, as well as public sector buyers of insurance. According to a 2019 Marsh⁴ study, the

¹ 2025 Annual Threat Assessment (ATA), Office of the Director of National Intelligence, March 2025.

² 2025 Homeland Threat Assessment, Office of Intelligence and Analysis, Department of Homeland Security.

³ Quazi Mohammad Rezwanul Ahsan Nafis, declared after being apprehended for plotting to bomb the Federal Reserve Bank of New York in 2012.

⁴ 2019 Terrorism Risk Insurance Report, Marsh Risk Management Research, 2019.

education, health care, financial institutions, and real estate sectors had the highest ‘take-up’ rates among the 17 industry segments surveyed – all above 70%.

We believe that the Program has been, and remains, extremely effective in achieving its primary purpose, which was to stabilize the market following 9/11 and to ensure the continued availability of terrorism coverage for commercial policyholders in the future. As part of its national economic security, America needs a stable and reliable terrorism insurance market so that employers can invest in assets and create jobs without assuming the risk and liabilities of a terrorist attack. At almost no cost to the taxpayer, the Program has been the key factor in ensuring that the private insurance market has remained intact and continues to meet the needs of commercial policyholders during the on-going threat of a future terrorist attack – all while minimizing federal taxpayer exposure.

Should the Program be allowed to sunset, we would expect a period of profound economic slow-down – posing a very real threat to our economic and homeland security. American businesses, schools, real estate owners, bond holders and the entire financial services system all depend on their ability to finance insured collateral. Without the ability to maintain adequate insurance coverage, a business or a property owner’s capacity to finance is materially impaired and its liquidity is jeopardized.

As the principal commercial buyers of terrorism insurance, CIAT members remember all too well the economic environment that led to establishment of the program. In the aftermath of 9/11, it was virtually impossible for commercial policyholders to secure coverage against terrorism risk; however, banks and other capital providers would not provide financing without it. According to a Real Estate Roundtable survey, over \$15 billion in real estate-related transactions were stalled or even cancelled because of a lack of terrorism risk insurance in the 14 months between 9/11 and TRIA’s enactment.

Additionally, due to deferred construction investment, the White House Council of Economic Advisors estimated that there was a direct loss of 300,000 jobs during that period. In short, the lack of availability of terrorism insurance for commercial policyholders had a very real and far-reaching impact on the economy. It further underscores the need to have TRIA in place to minimize the economic fallout from the next terrorist attack.

CIAT concurs with the 2018 Department of Treasury Federal Insurance Office’s “*Report on the Effectiveness of the Terrorism Risk Insurance Program*” which concluded that the current terrorism risk insurance program is “effective in making terrorism risk insurance available and affordable in the insurance marketplace,”⁵ and that there is insufficient “private reinsurance capacity for the exposure the Program currently supports in connection with a catastrophic terrorism loss.”⁶ There has been no evidence that private markets can develop adequate terrorism risk capacity without some type of federal participation.

⁵ FEDERAL INSURANCE OFFICE, U.S. DEPT. OF THE TREASURY, REPORT ON THE EFFECTIVENESS OF THE TERRORISM RISK INSURANCE PROGRAM 2 (June 2018).

⁶ Id. at 47.

Without TRIA in place, we believe the availability of terrorism risk coverage will diminish, or insurers will simply stop offering the coverage altogether. CIAT members have seen evidence of this each time that the TRIA has been up for renewal (most recently in 2019). In each instance, policy renewals often included "springing exclusions" which would have voided terrorism coverage upon the expiration of TRIA.

In conclusion, CIAT continues to believe that the Program has been a tremendous success. It is a comprehensive plan to provide for economic continuity and recovery in the wake of a major terrorist attack, while simultaneously protecting taxpayers via a mandatory recoupment mechanism. We urge Congress to promptly enact a long-term reauthorization of this important program.

Sincerely,

The Coalition to Insure Against Terrorism

cc: The Honorable French Hill, Chairman, U.S. House Committee on Financial Services
The Honorable Maxine Waters, U.S. House Committee on Financial Services

Statement of the American Property Casualty Insurance Association (APCIA)
on the
Reauthorization of the Terrorism Risk Insurance Program

Committee on Financial Services
United States House of Representatives

September 17, 2025

The American Property Casualty Insurance Association (APCIA)¹ commends Chairman Flood and Ranking Member Cleaver for taking the important first step of holding this hearing on the reauthorization of the Terrorism Risk Insurance Act (TRIA). Since its enactment, TRIA has been a proven success in its goal of ensuring that commercial property casualty insurance is available in an age where threats of terrorism unfortunately continue to face our nation; all while ensuring the American taxpayer is protected.

Representing 74 percent of the U.S. commercial insurance market, APCIA promotes and protects the viability of private competition for the benefit of consumers and insurers. Through this lens, APCIA strongly supports the effort of this Committee to quickly reauthorize TRIA in its current form for as long as possible.

Background

TRIA was first enacted in 2002 in response to the economic challenges the country was facing in the wake of the terrorist attacks of September 11, 2001. As a direct result of the unforeseen and unexpected level of covered losses, insurers were forced to explicitly exclude terrorism risks from coverage in commercial property casualty insurance policies to ensure adequate solvency. This sudden, but necessary adjustment to the availability of terrorism coverage created obstacles for new and ongoing construction projects for which financing became contingent on terrorism insurance.

Additionally, due to state laws prohibiting the exclusion of individual risk elements (including terrorism) from workers' compensation insurance, the realization of the potential

¹ APCIA represents the broadest cross section of home, auto, and business insurers of any national trade association. APCIA members represent all sizes, structures, and regions, protecting families, communities, and businesses in the U.S. and across the globe.

for enormous liability to insurers created an affordability and solvency crisis that impacted employers across the nation.

In a delicate effort to address both issues, TRIA requires insurers to offer terrorism insurance in return for the benefit of a federal backstop that helps provide immediate liquidity to insurers to pay for losses arising from catastrophic attacks beyond established individual insurer retention levels.

TRIA Promotes Economic Stability

TRIA is a bipartisan success story. Since 2002 TRIA has been reauthorized with significant bipartisan support four times, largely by demonstrating success in ensuring economic stability in the market at virtually no cost to taxpayers. In 2015, the Congressional Budget Office (CBO) said that TRIA makes terrorism insurance widely available, reduces the disruption of a terrorist attack to insurance markets, and provides for an orderly economic recovery after a future attack.² More recently, the U.S. Treasury Department reported in 2024 that TRIA has been effective in meeting its statutory objectives to “protect consumers by addressing market disruptions and ensure the continued widespread availability and affordability of property and casualty insurance for terrorism risk.”³ Stakeholders across the economy agree that TRIA continues to meet Congressional intent and reauthorization of TRIA with continued overwhelming bipartisan support is essential.

Unfortunately, the threat of terrorist attacks in the U.S. has not abated. Insurers still face similar challenges in underwriting the risk of terrorism that they did following the September 11 attacks including limited historical loss cost data and with risk characteristics that defy standard insurability. Unlike other risks, such as natural catastrophes, where insurers have substantial historical loss data on which to make projections about the risk of future losses, terrorism events in the United States have thankfully been relatively rare. Insurers do not have a statistically significant body of data on which insurers can model the risk and widely offer terrorism coverage based on purely actuarially sound prices. Additionally, terrorist attacks are deliberate acts committed by humans whose behavior directly counters the traditional underwriting calculations used in property insurance. Finally, unlike other risks, mitigation and risk reduction often promoted and used by the insurance industry to ensure availability of coverage are significantly limited due to the reliance on classified and nonpublic intelligence data by the government

² *Federal Reinsurance for Terrorism Risk: An Update*, Congressional Budget Office, January 6, 2015

³ *Report on the Effectiveness of the Terrorism Risk Insurance Program*, Federal Insurance Office, U.S. Department of the Treasury, June 2024

For those reasons, insurers are generally unwilling to assume significant terrorism risks without the TRIA backstop in place.

Workers' Compensation

The TRIA Program is especially critical for the workers' compensation market. Workers' compensation provides statutory benefits, including lifetime medical benefits, rehabilitation services, wage replacement, and survivors' benefits to spouses and dependent children. These "long-tail" benefits can run for decades and can total in the millions of dollars for a single catastrophic injury. Under state law, coverage for injuries resulting from acts of terrorism cannot be excluded from workers' compensation policies, including the terrible injuries that would occur from a nuclear, biological, chemical, or radiological (NBCR) attack. This coverage requirement is not contingent on TRIA or its future reauthorization, which presents significant risk to the industry.

Following the terrorist attack of September 11, many insurers were forced to exit portions of the workers' compensation market or experienced strained capacity, reducing the ability for carriers to pay the claims of injured workers, which demonstrated the need for TRIA. It is because of these risks that the rating agency A.M. Best previously identified several insurers for potential downgrades if TRIA were not renewed, and most were workers' compensation carriers. We anticipate a similar projection as we approach this upcoming reauthorization.

TRIA Protects Taxpayers

By ensuring that terrorism insurance is readily made available to the private market, TRIA ultimately provides protection to the American taxpayers from economic loss due to terrorism. Unlike many other government insurance programs, TRIA ensures that the private insurers assume responsibility for all but the most catastrophic terrorism losses. Additionally, in the event of a catastrophic loss where federal funds may be used under TRIA, taxpayers are further protected through mandatory reimbursement by the marketplace through post-event surcharges.

Under TRIA, commercial insurers pay all losses under the \$200 million aggregate program trigger. For losses above the program trigger, federal funds do not become available to an insurer until their covered losses exceed their individual deductible of 20 percent of the total TRIA-eligible premiums collected by that insurer during prior year. Further, the insurer is required to pay 20 percent of any covered losses above their deductible before any federal funds become available. All of this means that for large commercial insurers, an individual insurer could be responsible for paying over \$2 billion before any federal funds are even provided to that insurer.

Additionally, TRIA ensures that the marketplace is responsible for repaying any federal funds made available to an insurer through a post-event surcharge. This post-event payment structure is particularly appropriate for protecting taxpayers while providing immediate liquidity to insurers for extreme yet rare catastrophic risk where accumulating and segregating the necessary capital in advance would be inefficient. This feature, coupled with the program's focus on keeping the capital of the private insurance market heavily involved in insuring terrorism risks, makes TRIA an extraordinarily fiscally responsible program. This structure also ensures that the primary beneficiaries of TRIA are insurance *consumers* and *taxpayers* – not insurers.

TRIA Deductibles, Co-Pays, and Program Trigger

- In early reauthorizations, Congress revised TRIA in order to increase the private sector's financial stake in the terrorism insurance market and reduce taxpayer exposure under TRIA. Since enactment in 2002, the TRIA insurer deductible, the co-pay, and the program trigger have all gradually increased to the point where the availability of the federal backstop has become increasingly remote for many insurers. Further increases to the financial levers under TRIA would ultimately result in the effective elimination of the federal backstop for some insurers, while providing little to no additional protection to taxpayers. This elimination of the ability to access the backstop under TRIA would threaten to result in insurers needing to pull back from or exit markets, not only for stand-alone terrorism insurance where an offer of terrorism insurance is mandatory, but for other lines for which terrorism coverage is required such as workers' compensation.

When the greatest possible number of strong, viable competitors serve the market, insurance consumers have more choices, prices are more competitive, and product innovation is enhanced. Therefore, any additional changes to the deductible, co-pays and program trigger under TRIA threaten the foundational purpose of the program, to ensure effective availability of terrorism coverage to promote economic stability both before and after a terrorist attack; and ultimately fail to serve the purpose Congress originally intended.

The Perils of Program Lapses and Long-Term Stability

In 2014, even though there was a strong bipartisan demonstration of support to reauthorize TRIA, Congress allowed the program to lapse for 12 days before reauthorization legislation was enacted into law. This led to considerable confusion among insurers and policyholders about the status of in-force terrorism coverage. Many insurers had contingent exclusions included in their non-workers' compensation insurance policies, which provided policyholders with terrorism insurance subject to the program's

reauthorization. When the program lapsed, some of those exclusions took effect and, had a major loss occurred, the consequences for the country could have been enormous. Having experienced a lapse in the program, these contingent exclusions have become even more widely used and the risk of a lapse is included in pricing of workers' compensation insurance premiums for policies that offer coverage beyond the expiration of the program. Therefore, it is imperative that the program not only be reauthorized without a lapse, but that Congress takes action as early as possible and certainly before January 1, 2027, when most renewals will extend beyond the expiration date.

Likewise, these market instabilities and impacts will likely not change leading up to future authorization deadlines. Because of this, while APCIA understands that the Congress feels a responsibility to reexamine the program periodically, it is important that the program be extended for as long as possible to ensure long-term stability.

Conclusion

It is essential for our national security and economy to have a terrorism risk insurance plan in place to keep America's business engine running. This includes ensuring that large construction and development projects can be completed in a timely, cost-effective manner, as well as ensuring that America's employers of all kinds are able to provide the required financial protections to injured workers at an affordable rate. TRIA is a fiscally responsible program that has cost the taxpayers almost nothing in its 23-year existence, while supporting economic resiliency and growth. APCIA strongly supports reauthorization of the current TRIA program as quickly as possible without changes to the financial thresholds. A long-term extension will continue to encourage insurers of all sizes to provide private sector capital to compete and ensure availability of terrorism coverage the marketplace and the economy demand.



REINSURANCE ASSOCIATION OF AMERICA
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September 17, 2025

The Honorable Mike Flood
Chairman
Subcommittee on Housing and Insurance
Committee on Financial Services
U.S. House of Representatives
343 Cannon House Office Building
Washington, DC 20515

The Honorable Emanuel Cleaver
Ranking Member
Subcommittee on Housing and Insurance
Committee on Financial Services
U.S. House of Representatives
2217 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Flood and Ranking Member Cleaver:

Thank you for convening today's hearing entitled, "The Reauthorization of the Terrorism Risk Insurance Act of 2002" and considering the Reinsurance Association of America's (RAA) views.

The RAA is the leading trade association of property and casualty reinsurers doing business in the United States. Its membership includes reinsurance underwriters and intermediaries licensed in the U.S. and those that conduct business on a cross-border basis. The RAA represents its members before state, federal, and international bodies.

The Terrorism Risk Insurance Program (TRIP) is an essential risk-sharing plan to help pay insured claims in the event of a terrorist attack. Congress created TRIP in the aftermath of the attacks of September 11, and the program remains essential today. TRIP has been a stabilizing force for the insurance market and allows a market for terrorism insurance so that primary insurers can provide coverage and reinsurers can reinsure terrorism risk. The program is working, as intended.

The RAA urges Congress to reauthorize TRIP for a long-term period, at least one year in advance of the program's December 31, 2027, expiration, to continue to provide needed stability and a safety net to our economy, employers, and workers. We look forward to working with you and Members of Congress to achieve this objective.

Sincerely,

A handwritten signature in black ink that reads "Frank Nutter". The signature is stylized with a large, looping "F" and a trailing flourish.

Frank Nutter
President



United States Government Accountability Office

Statement for the Record to
Subcommittee on Housing and
Insurance, Committee on Financial
Services, House of Representatives

For Release on Delivery
Expected at 2:30 p.m. ET
Tuesday, September 23, 2025

TERRORISM RISK INSURANCE ACT

Considerations for Reauthorization

Statement of Jill Naamane, Director, Financial Markets
and Community Investment



TERRORISM RISK INSURANCE ACT Considerations for Reauthorization

GAO-25-108748

September 2025

A statement for the record to the Subcommittee on Housing and Insurance, Committee on Financial Services, House of Representatives

For more information, contact: Jill Naamane at naamanej@gao.gov.

What GAO Found

The Terrorism Risk Insurance Act (TRIA) requires the Department of the Treasury to administer a program in which the federal government would share some of the losses from a certified act of terrorism with private insurers. After an event is certified (determined to have met certain criteria), Treasury reimburses insurers for the federal share of losses, after insurers pay mandated deductibles.

The terrorism insurance market has been stable under the Terrorism Risk Insurance Program. Treasury reported in 2024 that the insurance is generally available and affordable.

In 2021, Treasury clarified that the Terrorism Risk Insurance Program can cover terrorism losses on eligible cyber policies. But certifying cyberattacks under TRIA can be challenging for three reasons:

1. Cyberattacks may not meet TRIA's requirement that an attack be violent or dangerous to human life, property, or infrastructure.
2. Cyberattacks may not readily meet the TRIA requirement that attacks be part of an effort to coerce the U.S. population or government, or influence policy.
3. Cyberattacks may not meet the TRIA requirements that damage occur in the U.S. or in specific areas outside the U.S.

Additionally, the Cybersecurity and Infrastructure Security Agency and the Federal Insurance Office have not completed an assessment on whether cybersecurity risks warrant a specific federal insurance response. GAO's recommendations to both agencies to conduct such an assessment remain open. If Congress were to consider legislation for a federal cyber insurance response, GAO's framework for providing federal assistance to private market participants could help inform its design, such as taking steps to mitigate moral hazard.

Past changes to TRIA reduced federal fiscal exposure, but some future changes may affect affordability and availability. Each reauthorization of TRIA through 2015 reduced the magnitude of the government's explicit fiscal exposure, such as by increasing the insurer deductible from 7 percent of premiums in 2003 to 20 percent in 2020. GAO found changes to the industry aggregate retention would have a higher impact on federal fiscal exposure than changing the deductible or coshare parameters. Insurers told GAO they considered the potential effect of program changes in each reauthorization and modified risk-mitigation strategies, as needed. However, some program changes, such as those to the deductible and copayment share, and program triggers could affect the availability and affordability of terrorism insurance.

There could be significant disruptions to the insurance market if no federal terrorism risk insurance program existed. Our analysis of insurance data and information from Treasury and industry found TRIA's federal backstop has played a role in stabilizing the terrorism insurance market. In the absence of a loss-sharing program, insurers likely would limit coverage or exit certain markets.

Why GAO Did This Study

In November 2002 Congress enacted TRIA to protect businesses, ensure widespread availability and affordability of insurance for terrorism risk, and respond to concerns about how absence of such coverage would affect the U.S. economy.

This statement for the record provides information on (1) the stability of the terrorism insurance market, (2) TRIA's ability to cover cyber losses, (3) the impact of past TRIA changes on federal fiscal exposure and the potential impact of further changes, and (4) how the absence of TRIA could affect the terrorism insurance market.

This statement is based on GAO's prior reports from May 2014 to June 2022. Detailed information on GAO's objectives, scopes, and methodologies can be found in the published reports.

What GAO Recommends

In its June 2022 report, GAO made two recommendations that the Department of Homeland Security and Treasury assess cyber coverage, which remain open. Both agencies agreed with GAO's recommendations. As of May 2025, the Department of Homeland Security told GAO it planned to continue collaborating with Treasury on a joint cyber insurance assessment. In March 2024, Treasury stated it had completed its initial assessment and determined to further explore the appropriate form of a federal cyber insurance response. As of April 2025, Treasury had not provided GAO with an update on when it would conclude its overall assessment or communicate the results to Congress.

Chairman Flood, Ranking Member Cleaver, and Members of the Subcommittee:

Thank you for the opportunity to submit this statement highlighting our work examining the Terrorism Risk Insurance Program (TRIP).

After the terrorist attacks on September 11, 2001, insurers generally stopped covering terrorism risk because they determined the risk of loss was unacceptably high, relative to the premiums they charged. In November 2002 Congress enacted the Terrorism Risk Insurance Act (TRIA) in an effort to protect businesses, ensure widespread availability and affordability of terrorism risk insurance, and respond to concerns about the effect on the U.S. economy in the absence of such coverage.¹ In this statement, we collectively refer to the 2002 act and subsequent reauthorizations as TRIA, while we refer to the program itself as TRIP.²

TRIA requires the Department of the Treasury (Treasury) to administer a program in which the federal government would share some of the losses from an act of terrorism with private insurers. Not all incidents of terrorism will trigger reimbursements under the act. The Secretary of the Treasury must certify that an incident meets TRIA-specified criteria. After an event is certified, Treasury is to reimburse insurers for the federal share of losses, after insurers have paid statutorily mandated deductibles.

My statement provides information on the stability of the terrorism insurance market, TRIA's ability to cover cyber losses, the impact of previous TRIA changes on federal fiscal exposure, the potential impact of further changes to TRIA, and how the absence of TRIA would affect terrorism insurance markets. This information is from our (1) 2014 report on changes to the terrorism insurance market and potential impacts of selected changes to TRIA, (2) 2017 report on alternative funding approaches, (3) 2020 reports on changes in explicit fiscal exposure and

¹Terrorism Risk Insurance Act of 2002, Pub. L. No. 107-297, 116 Stat. 2322 (2002). Originally scheduled to expire at the end of 2005, TRIA was amended and reauthorized in 2005 (extended to 2007), 2007 (extended to 2014), 2015 (extended to 2020), and 2019 (extended to 2027).

²Pub. L. No. 107-297, 116 Stat. 2322 (2002); Terrorism Risk Insurance Extension Act of 2005, Pub. L. No. 109-144, 119 Stat. 2660 (2005); Terrorism Risk Insurance Program Reauthorization Act of 2007, Pub. L. No. 110-160, 121 Stat. 1839 (2007); Terrorism Risk Insurance Program Reauthorization Act of 2015, Pub. L. No. 114-1, 129 Stat. 3 (2015); Terrorism Risk Insurance Program Reauthorization Act of 2019, Pub. L. No. 116-94 (2019); 133 Stat 2534, 3026.

the impact of ending the program, and (4) 2022 report on the extent to which TRIP could provide a backstop to private insurance for catastrophic cyber losses.³ Detailed information on our objectives, scopes, and methodologies can be found in the issued reports. We conducted the work on which this statement is based in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

The purposes of TRIA are to (1) protect businesses by addressing market disruptions and ensuring the continued widespread availability and affordability of commercial property/casualty insurance for terrorism risk; and (2) allow for a transitional period for the private markets to stabilize, resume pricing of such insurance, and build capacity to absorb any future losses, while preserving state insurance regulation and consumer protections.⁴

TRIP provides for shared public and private compensation for insured losses resulting from certified acts of terrorism. Under the current program, if an event were to be certified as an act of terrorism and insured losses exceeded \$200 million, an individual insurer that experienced losses would have to satisfy a deductible before receiving federal coverage. An insurer's deductible under TRIA is 20 percent of its previous year's direct earned premiums in TRIA-eligible lines. After the insurer pays its deductible, the federal government would reimburse the insurer for 80 percent of additional losses and the insurer would be responsible for the remaining 20 percent. Annual coverage for losses is

³See GAO, *Terrorism Insurance: Treasury Needs to Collect and Analyze Data to Better Understand Fiscal Exposure and Clarify Guidance*, [GAO-14-445](#) (Washington, D.C.: May 22, 2014); *Terrorism Risk Insurance: Market Challenges May Exist for Current Structure and Alternative Approaches*, [GAO-17-62](#) (Washington, D.C.: Jan. 12, 2017); *Terrorism Risk Insurance: Program Changes Have Reduced Federal Fiscal Exposure*, [GAO-20-348](#) (Washington, D.C.: Apr. 20, 2020); *Terrorism Risk Insurance: Market Is Stable but Treasury Could Strengthen Communications about Its Processes*, [GAO-20-364](#) (Washington, D.C.: Apr. 20, 2020); and *Cyber Insurance: Action Needed to Assess Potential Federal Response to Catastrophic Attacks*, [GAO-22-104256](#) (Washington, D.C.: June 21, 2022).

⁴15 U.S.C. § 6701 n. § 101(b).

capped—neither private insurers nor the federal government cover aggregate industry insured losses in excess of \$100 billion.⁵

After an act of terrorism is certified and once claims are paid, TRIA requires Treasury to recoup at least part of the federal share of losses in some instances. When insurers' uncompensated insured losses are less than a certain amount (up to about \$53 billion for 2025), Treasury must impose policyholder premium surcharges on commercial property/casualty insurance policies until total industry payments reach 140 percent of any mandatory recoupment amount. When the amount of federal assistance exceeds this mandatory recoupment amount, TRIA allows for discretionary recoupment.⁶

The Terrorism Insurance Market Has Been Stable with TRIA Support

Our prior analyses of insurance data and information from Treasury and industry stakeholders found that TRIA has supported a stable market that ensured coverage of risks that would otherwise be largely uninsured.⁷ In a 2018 report, Treasury concluded that TRIA made coverage available and affordable and had supported a relatively stable market over the past decade. According to the National Association of Insurance Commissioners, TRIA helps foster the existence of a broader market for risks that otherwise would be largely uninsured or borne by taxpayers. In its 2019 report, Marsh, an insurance risk-management company, noted TRIA's federal backstop remained crucial to the continued stability of the terrorism risk insurance market.

More recently, in a 2024 report, Treasury reported that terrorism risk insurance is generally available and affordable.⁸ Treasury noted direct premiums for the property/casualty sector increased 10 percent from 2021 to 2022, which was the second consecutive year of strong growth in

⁵Once combined industry insured losses and federal payments reach \$100 billion, no further payments are made. Insurers remain liable for amounts up to their deductible, even if the \$100 billion cap is reached.

⁶Treasury may recoup additional amounts based on factors that include the ultimate cost to taxpayers of no additional recoupment after mandatory recoupment, marketplace conditions, affordability of commercial insurance for small and medium-sized businesses, and other factors Treasury considers appropriate.

⁷GAO-14-445, GAO-20-364.

⁸Department of the Treasury, Federal Insurance Office, *Report on the Effectiveness of the Terrorism Risk Insurance Program* (Washington, D.C.: June 2024).

premiums. Further, most commercial property owners continued to purchase terrorism risk insurance, including most places of worship.

**TRIA Backstop Not
Readily Applicable to
Cyberattacks; More
Action Needed to
Assess If Federal
Insurance Response
Is Warranted**

**TRIA Backstop Designed
for Terrorism Is Not
Readily Applicable to All
Cyberattacks**

In June 2022, we reported Treasury issued a final rule in 2021 clarifying that TRIP can cover terrorism losses on eligible cyber policies.⁹ But because TRIA was designed specifically as a federal backstop for losses from acts of terrorism, only losses from cyberattacks certified by Treasury as acts of terrorism would have TRIA coverage. As a result, even large cyberattacks that result in catastrophic losses would not be covered under TRIA if they were not certified as acts of terrorism.

Certifying cyberattacks under TRIA can be challenging for three key reasons:

1. Cyberattacks may not meet TRIA's requirement that an attack be violent or dangerous to human life, property, or infrastructure. For example, a data breach or denial of service attack may result in stolen data or IT system disruption but may not be a violent act or dangerous to human life, property, or infrastructure.
2. Cyberattacks may not readily meet the TRIA criterion that attacks be part of an effort to coerce the U.S. civilian population or the government or influence policy. Although threat actors might use cyberattacks to coerce or affect the conduct of the U.S. government,

⁹GAO-22-104256, Terrorism Risk Insurance Program Updated Regulations in Light of the Terrorism Risk Insurance Program Reauthorization Act of 2019, and for Other Purposes, 86 Fed. Reg. 30537 (June 9, 2021). In December 2016, Treasury issued interim guidance confirming that certain stand-alone cyber coverage written in a TRIP-eligible line of insurance was within the scope of TRIP, so that insurers were obligated to adhere to the "make available" and disclosure requirements under TRIA. The 2021 final rule codified in regulation Treasury's 2016 guidance.

	many cyberattacks such as ransomware may be motivated only by financial gain. 3. Cyberattacks may not meet the TRIA requirement that damage occur in the United States or in specific areas outside the United States. Several industry stakeholders cited the potential example of a cyberattack affecting a U.S. company with a server in an overseas location as one that likely would not meet this criterion.
More Action Needed to Assess the Extent to Which Risks Warrant a Federal Insurance Response	In June 2022, we reported that the Cybersecurity and Infrastructure Security Agency and the Federal Insurance Office both had taken steps to better understand the financial implications of growing cybersecurity risks.¹⁰ But neither agency had completed an assessment on whether these risks warranted an additional federal insurance response. Using a risk-management process to inform such an assessment could involve evaluating risks associated with systemic cyber incidents and developing an alternative to a federal insurance response. It also could examine how such responses would be triggered and funded or the appropriate amount of federal support or financial assistance. Such information could be helpful to Congress for considering policy options and tradeoffs. We made recommendations to both the Cybersecurity and Infrastructure Security Agency and the Federal Insurance Office to conduct a joint assessment for Congress on the extent to which risks to the nation's critical infrastructure from catastrophic cyberattacks warranted a federal insurance response. Both agencies agreed with the recommendations, which remain open. The Department of Homeland Security told us that, as of May 2025, the agency planned to continue to collaborate with Treasury on a joint cyber insurance assessment. In September 2022, Treasury published a request for information in the <i>Federal Register</i> to solicit comments related to a potential federal insurance response to catastrophic cyber incidents and received dozens of responses. In March 2024, Treasury stated it had begun its initial assessment of the potential need for a federal response to catastrophic cyber incidents and determined to further explore the appropriate form of

¹⁰The Cybersecurity and Infrastructure Security Agency, an agency in the Department of Homeland Security, is the lead federal agency for coordinating efforts to understand and manage risks to critical infrastructure. The Federal Insurance Office in the Department of the Treasury assists the Secretary with administration of TRIP. The Office also monitors the insurance sector, helps develop federal policy on prudential aspects of international insurance matters, and serves as an advisory member of the Financial Stability Oversight Council. See [GAO-22-104256](#).

	a federal insurance response, in coordination with the Cybersecurity and Infrastructure Security Agency. In April 2025, Treasury stated that it had continued its research and engaged industry stakeholders, including by hosting a conference in May 2024 that included three panels of cyber insurance experts. As of April 2025, Treasury had not provided a timeline for when it planned to conclude its overall assessment or communicate the results to Congress.
Defined Criteria and Security Requirements Are Among Key Elements for a Federal Insurance Response	In June 2022, we reported that if Congress were to consider legislation for a federal cyber insurance response, our framework for providing federal assistance to private market participants could help inform its design.¹¹ Three of the eight principles we identified may be particularly important in any consideration of a federal insurance mechanism for cybersecurity risk: • Problem definition and identification are critical. Defining the problem could include establishing criteria for the type and magnitude of cyberattack the federal program would cover. As with TRIP certification criteria for acts of terrorism, any criteria established for covered cyberattacks would need to balance risks to critical infrastructure operations with the potential level of federal fiscal exposure in the longer term. • Interventions should protect government—and thus taxpayer—interests. Protecting government and taxpayer interests could involve minimizing exposure and losses by collecting an up-front fee or premium or establishing an industrywide recoupment mechanism, as TRIA requires. Measures also could involve ensuring that companies, particularly those with critical infrastructure functions, take appropriate steps to manage their cybersecurity risks. • In providing assistance, the government should take steps to mitigate moral hazard. Moral hazard occurs when entities take more risk than they otherwise would because of the presence of insurance or other financial assistance. A federal insurance backstop without any cybersecurity requirements or incentives could result in some policyholders relying on promised federal assistance rather than investing in strong cybersecurity controls. One proposed option would ¹¹See GAO-22-104256, and <i>Financial Assistance: Ongoing Challenges and Guiding Principles Related to Government Assistance for Private Sector Companies</i>, GAO-10-719 (Washington, D.C.: Aug. 3, 2010). Building on lessons learned from prior financial crises, we identified eight guiding principles to help serve as a framework for evaluating large-scale federal assistance efforts and provided guidelines for assisting failing companies.

tie federal assistance for cyber-related losses to cybersecurity requirements.

**Changes in Past
Reauthorizations
Decreased Fiscal
Exposure and
Provide Examples of
Considerations for
Future Changes**

**Explicit Fiscal Exposure
Decreased Under Prior
TRIA Reauthorizations**

In 2020, we reported that each reauthorization of TRIA through 2015 had reduced the magnitude of explicit federal fiscal exposure.¹² For example, the program trigger for aggregate annual losses rose from \$5 million in 2003 to \$200 million in 2020.¹³ The insurer deductible increased from 7 percent in 2003 to 20 percent for 2020, also reducing the federal share of payments.¹⁴ The 2019 reauthorization extended the program until 2027, but did not make any changes to program parameters.

According to our 2020 analysis of Treasury data on insurer direct-earned premiums, federal losses following a terrorist event under the loss-sharing provision in effect in 2020 would be smaller than for a similar event under the provision in effect in 2015, across a variety of event sizes and subsets of insurers. And more of the federal losses would be recovered through mandatory recoupment.

When considering changes to programs parameters, our 2014 report found that increasing the industry aggregate retention amount would have a greater impact on reducing fiscal exposure than changing the

¹²GAO-20-348.

¹³TRIA did not have a program trigger until the 2005 reauthorization. However, the \$5 million certification threshold acted as a program trigger because loss sharing would not occur unless the event was certified.

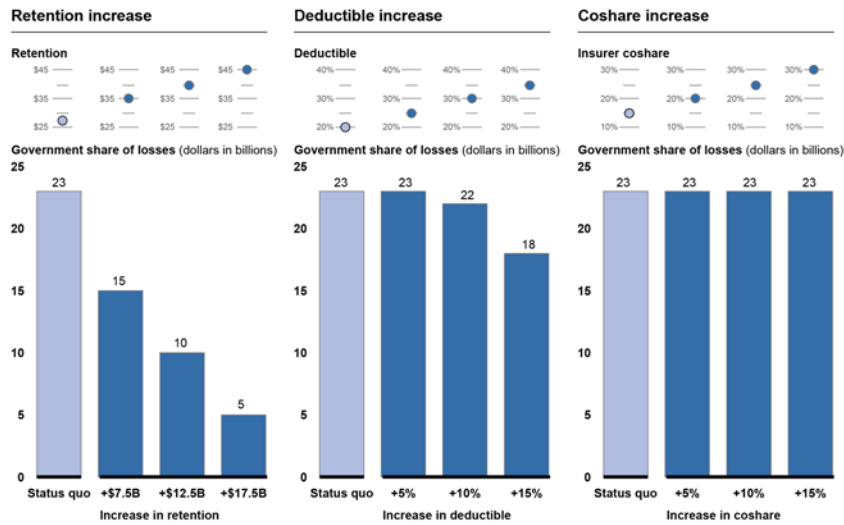
¹⁴The 2015 reauthorization required incremental reductions in the federal share of losses over 5 years.

deductible or coshare percentages.¹⁵ The potential reduction to federal exposures was most pronounced in our scenario of a \$50 billion loss and an increased retention amount. This scenario would approximate losses (in 2013 dollars) similar to those from the September 11, 2001, terrorist attacks. Every \$1 increase in the retention amount could result in an equal \$1 decrease in federal exposure, when insured losses were more than the industry aggregate retention amount (\$27.5 billion at that time). The insurers' share of losses increased with any decrease in federal fiscal exposures.

According to this \$50 billion loss scenario, under the 2014 program parameters the federal share of losses after mandatory recoupment would be \$23 billion. If the industry aggregate retention amount were increased from \$27.5 billion to \$35 billion, as suggested by surplus levels in the industry, federal exposure could decrease to \$15 billion. To achieve a similar reduction in the federal share of losses, the deductible would have to be increased from 20 to more than 35 percent. There was no observable change to federal exposure when the coshare was increased in this \$50 billion loss example because of the mandatory recoupment amount. See figure 1.

¹⁵GAO-14-445. The industry aggregate retention amount is the lesser of the aggregate amount of insured losses for all insurers during the calendar year and the annual average of the sum of insurer deductibles for all insurers participating in the program for the prior 3 calendar years, as determined by the Treasury Secretary and according to regulation. For example, if the industry did not experience terrorism losses, the aggregate retention would be \$0. If the industry experienced losses, the aggregate retention would be capped at the 3-year annual average of the insurer deductible. Treasury calculated the aggregate retention amount to be \$40.9 billion in 2020.

Figure 1: Examples of Reductions in Estimated Fiscal Exposure by Increasing Program Parameters, \$50 Billion Terrorism-Related Insured Loss Event in 2012



Source: GAO. | GAO-25-108748

Note: This example assumes a terrorist attack that occurred in 2012 resulted in \$50 billion of insured losses and affected the 10 largest commercial property/casualty insurers in Terrorism Risk Insurance Act (TRIA)-eligible insurance lines. The example also assumes all 10 insurers have an equal market share and that the event will have an equal impact on the TRIA-eligible insurance lines. The increases in the deductible and coshare represent percentage point increases, not percentage increases.

Prior Reports Found Insurers Adjusted to Changes, but Some TRIA Changes Could Affect Affordability and Availability

We previously reported that insurers have been able to adjust to program changes but some changes may affect the affordability and availability of terrorism insurance. For example, for our 2020 report, insurers told us they considered the potential effect of program changes in each reauthorization and modified risk-mitigation strategies, as needed.¹⁶ Other industry stakeholders, including a broker and an industry association, told us that because program changes have been gradual and expected, insurance companies were able to adjust their coverage accordingly.

However, we also found that some program changes could affect the availability and affordability of terrorism insurance.

- **Deductible and coshare.** Most of the insurers we surveyed for our 2014 report said that increases to the deductible (then at 20 percent of previous year's direct earned premium) or private-sector coshare (then at 15 percent) could affect insurer capacity and pricing.¹⁷ For example, insurers commented that an increase in either parameter would result in their companies reevaluating their risk and likely reducing capacity or increasing policyholders' premiums. Insurers also stated that increasing the deductible or private-sector coshare would bring many companies under rating agency scrutiny for risk concentrations, likely resulting in industry-wide reductions in terrorism exposure.
- **Industry aggregate retention.** In our 2017 report, we found changes in the 2015 reauthorization of TRIA incrementally shifted a greater share of losses from the federal government to insurance companies for 2016–2020.¹⁸ One change increased the industry aggregate retention by \$2 billion a year, which potentially shifted a portion of the federal share of losses from the discretionary recoupment provision to the mandatory provision.
- **Recoupment time frames.** Also in our 2017 report, we found different mandatory recoupment collection time frames from 2016 to 2020 could affect potential premium increases due to recoupment surcharges.¹⁹ Although discretionary recoupment surcharges must not increase annual TRIA-eligible premiums by more than 3 percent, mandatory surcharges partly would be determined by deadlines for

¹⁶GAO-20-348.

¹⁷GAO-14-445.

¹⁸GAO-17-62.

¹⁹GAO-17-62.

collecting mandatory recoupment. Longer mandatory recoupment collection periods could result in smaller price increases and impacts on affordability than shorter time frames.

- **Program triggers.** If the total losses from a certified act of terrorism were below the program trigger (currently \$200 million), insurers could sustain losses larger than their TRIA deductible without receiving any federal coshare. Because the amount of the program trigger has increased over time, more insurers potentially face this scenario. For our April 2020 report, stakeholders told us that small insurers and those that offer workers' compensation insurance are most affected by changes to the program trigger.²⁰ Although the market is currently stable, some insurers may leave the market to mitigate the risks of suffering losses that might not be subject to TRIA's loss sharing, which could reduce the availability of insurance in certain markets.

Disruptions Likely Without Reauthorization or an Alternative Program

In 2020, we reported significant disruptions to the insurance market could occur if no federal terrorism risk insurance program existed.²¹ As previously noted, our analysis of insurance data and information from Treasury and industry stakeholders showed TRIA's federal backstop has played a role in stabilizing the terrorism insurance market. In the absence of a loss-sharing program, insurers likely would limit coverage, exit certain markets, or attempt to increase capacity, according to our review of reports from the federal government, researchers, and industry entities, and interviews with industry stakeholders. Some stakeholders also noted concerns that new building projects might be stalled if the law expired, similar to concerns after the September 11 terrorist attacks.

Chairman Flood, Ranking Member Cleaver, and Members of the Subcommittee, this concludes my statement for the record.

²⁰GAO-20-348.

²¹GAO-20-364.

**GAO Contact and
Staff
Acknowledgements**

If you or your staff members have any questions concerning this statement for the record, please contact Jill Naamane at naamanej@gao.gov. Contact points for our Office of Congressional Relations and Public Affairs may be found on the last page of this statement.

GAO staff who made contributions to this statement for the record include Winnie Tsen (Assistant Director), Nicholas Jones (Analyst-in-Charge), Barbara Roesmann, and Jessica Sandler.

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MEMORANDUM

October 14, 2025

Subject: Terrorism Risk Insurance Act Hearing Questions for the Record**From:** Baird Webel, Specialist in Financial Economics, bwebel@crs.loc.gov, 7-0652**This memorandum was prepared to enable distribution to more than one congressional office.**

The memorandum responds to questions for the record following CRS testimony at the House Financial Services Subcommittee hearing on "The Reauthorization of the Terrorism Risk Insurance Act of 2002."

Question 1: *Mr. Webel, in your view, would a straightforward, unchanged reauthorization of TRIA make the private insurance market more or less likely to develop new products and innovations to address terrorism risk over the next decade?*

With TRIA having been in place for a period approaching 25 years, and with no largescale terrorist attacks in that time period, the terrorism risk insurance market appears to have become relatively more settled, particularly compared to the market turmoil that followed the September 11, 2001 attacks. A straightforward, unchanged reauthorization of TRIA may continue these relatively calm market conditions absent significant unexpected market changes, such as increasing terrorism losses or large shifts in the financial conditions in other insurance markets. In general, insurance industry observers would expect less innovation under these conditions.

Question 2: *Mr. Webel, TRIA was designed as a temporary program to provide a transitional period for the private markets to stabilize, resume pricing of such insurance, and build capacity to absorb any future losses. Has the program met those goals?*

The markets have stabilized and private insurers have increased capacity. Pricing has, however, remained more challenging. Accurate pricing for insurance typically implies large volumes of claims data, sophisticated modeling of potential losses, or both. There appears to be little claims data in terrorism insurance and, while terrorism insurance modeling exists, it is hampered by the evolving, dynamic nature of terrorism risk. This said, no insurance pricing is completely accurate and the industry does put a price on terrorism coverage both inside and outside of the TRIA program.

Question 3: *Mr. Webel, TRIA was enacted as a temporary three-year program to address the post-9/11 market disruption, yet here we are 23 years later discussing another reauthorization through 2035. Given that insurers have collected \$56.7 billion in premiums without the program ever being activated, at what point does a "temporary" federal backstop become a permanent market subsidy? Should Congress sunset mechanisms that would force an actual end to federal involvement rather than indefinite extensions?*

Although the temporary nature of the TRIA program remains in statute, the expectation of stakeholders seems to be that TRIA will be an ongoing program, albeit one considered for reauthorization every few

years. Procedurally, it may be difficult, if not impossible, for a current Congress to create a mechanism that will “force an actual end to federal involvement” during a subsequent Congress. TRIA was specifically set up by Congress in 2002 to end federal involvement in the terrorism risk insurance market after three years, but later Congresses have repeatedly acted in ways to extend that federal involvement.

Question 4: Mr. Weibel, if the private market truly cannot function without federal support after more than two decades, does that suggest the program has actually inhibited rather than encouraged private market development?

The existence of TRIA may influence some private market development in several ways. TRIA is, at its core, free reinsurance provided by the federal government. Private reinsurers who are seeking a profit are unlikely to attempt to compete with such federal reinsurance. TRIA has also, however, likely encouraged some private market development in that it has required primary insurers to offer terrorism coverage that they were unlikely to do so otherwise. Where the balance is between this inhibition and this encouragement of the private market is nearly impossible to judge, particularly in a market as fragile as the terrorism market was following 2001. As noted above, however, the primary insurers have received more than \$50 billion in premiums over the years for offering the insurance required under TRIA while paying out \$0 in claims. The demand shown by policyholders willing to pay these premiums as well as the profits realized by the insurers make it seem more unlikely that the terrorism insurance market would completely cease to function absent TRIA.



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Chairman French Hill
 The House Financial Services Committee
 2129 Rayburn House Office Building
 Washington, D.C., 20515

Congressman John Rose
 2238 Rayburn HOB
 Washington, D.C. 20515

October 22, 2025

1. Mrs. Heck, given the long-term nature of the federal government's involvement in TRIA, should Congress consider reducing the federal cost share for covered losses above insurer deductibles from 80 percent to 60 percent as a means to limit the federal footprint and encourage greater private sector participation?

During the hearing, fellow witnesses and I shared that there is a healthy private sector marketplace comprised of small, midsize and large insurers that are participating. That being said if the program were not to exist or if it were to lapse, as we have seen in the past, private sector engagement would likely shrink almost overnight. The deductibles and co-participation amounts absorbed by insurers have grown substantially over the past 24 years because underlying premiums rise with inflation. For example, my company's deductible in the first year of the program was \$10 million; today it's \$250 million. As there is a mandatory make available which impacts small and midsize companies more than the large companies – by reducing the federal cost share, it could have the unintended consequence of forcing more small and midsize companies out of the market as they would not be able to participate without risking their entire company. While the percentage used to calculate the deductible and co-participation is currently not indexed for inflation, I would argue that it isn't necessary. I would also urge against indexing the trigger because it would not help the program and making it any larger would force more smaller companies out of the market.

2. Mrs. Heck, if Congress chooses not to lower the federal government's cost share under TRIA, do you believe that could create a disincentive for the private market to expand its role in providing terrorism risk insurance?

I am a firm believer in the private marketplace and the entrepreneurial spirit, however, not all risks are insurable through traditional means. In the case of terrorism, these are not random events that can be modeled and much of the actions that can be taken to mitigate against successful terrorist attacks are indeed the responsibility of the government, such as defense and intelligence activities as well as foreign policy.

Finally, this is not a really choice between federal liability and no federal liability. The memory of the market immediately following 9/11 ought to give pause to anyone pushing to end the program that has worked to provide commercial policyholders with the coverage they need.

The result when the next terrorist attack occurs would be more – not less – federal exposure. In order to encourage private sector involvement in the terrorism insurance marketplace – and thereby protect and



promote our nation's finances, security, and economic strength – we must maintain a long-term partnership for terrorism risk insurance.

3. Mrs. Heck, the current program requires that total insured property and casualty losses must exceed a \$200 million annual trigger before federal co-payments commence. Should Congress consider increasing that program trigger—perhaps to \$300 million—to further promote private industry responsibility and risk retention in the terrorism insurance marketplace?

Our chief concern with increases to the program trigger is the impact it would have on smaller and medium sized insurers' decisions to continue to offer certain types of coverage in certain areas or at all. For small and medium size insurers, the event trigger, deductible levels, and co-pays are very important to their ability to offer coverage. Large increases in these could drive medium and small insurers out of the market, reducing competition and further constraining availability of terrorism risk coverage. There have been no changes in the market that would change this calculus. We would strongly oppose the increases in the trigger level because of the crippling impact on smaller and medium-sized insurers. For small and medium size insurers, the event trigger is the key to their ability to offer coverage. Too high a trigger may pose an unacceptable risk to their capital base and drive them from the market.

4. Mrs. Heck, in your view, would a straightforward, unchanged reauthorization of TRIA make the private insurance market more or less likely to develop new products and innovations to address terrorism risk over the next decade?

A straightforward long-term reauthorization of TRIA would be the most stabilizing path forward. While I believe in the private market, even almost 25 years after the 9/11 terrorism reinsurance availability remains extremely limited. Those who do not have to assume terrorism risk – reinsurers and the private capital markets – have signaled loudly and clearly that they have little interest in assuming all that exposure. It would be challenging for the private insurance market to develop new products and innovations to address terrorism risk as terrorism is not insurable in the private market. Unlike natural disasters, terrorism is driven by human actions, which are adaptive – making it unpredictable. Tornadoes do not intentionally aim for population centers and hurricanes will not change their paths to target only unprepared communities – terrorists intentionally seek vulnerabilities to maximize damage and casualties. Additionally, where there may be information and data that would be used to model what potential exposures much is understandably classified as a matter of national security thus making accurate modeling for the purpose of underwriting not possible.

With respect to the protection of our nation's economy, we believe in the stability afforded by the existing public/private partnership of the TRIA Program and that is why we so strongly support its 10-year extension.



5. Mrs. Heck, can you explain the difference between the \$5 million aggregate loss certification threshold and the \$200 million program trigger? Does it make sense to have two vastly different threshold standards?

Under the Terrorism Risk Insurance Program, there are two main numbers to focus on. The five million aggregate loss certification threshold would require for an event qualify under TRIA – the individual event would need to cause at least five million dollars in insured losses for it to be certified. Treasury is unable to certify an event as an act of terrorism under TRIA “if the aggregate property/casualty ‘insured losses’ resulting from the event are less than \$5 million”. Separate from that number, for the government’s involvement and the federal backstop to begin – the total insured losses from that event and all other events that have been certified in that year do not reach \$200 million. While an event exceeding \$5M could be certified under TRIA by Treasury, unless total events reach \$200M, the TRIA government backstop does not engage. The way that the TRIA program is structured is so that insurers pay claims on covered terrorism losses and Treasury then reimburses insurers for losses that exceed 80% of its losses above the deductible and the insurer is responsible for the remaining portion.

6. Mrs. Heck, TRIA was designed as a temporary program to provide a transitional period for the private markets to stabilize, resume pricing of such insurance, and build capacity to absorb any future losses. Has the program met those goals?

Immediately following 9/11, policymakers hoped given time, more accurate modeling could be developed and utilized to help insurers manage this type of risk. While some limited tools have been developed is unlikely that insurers will ever have the necessary tools to predict when, where, and how terrorist events will occur, making it virtually impossible to price policies and reserve for losses. Although some have suggested a more robust private market would develop in the absence of a federal program, we believe that – given what we saw immediately following 9/11 – this is not the case. The capacity that has been developed over the last two years has only come about with the program in place.

Marketplace terrorism risk insurance capacity has increased dramatically since the months following 9/11. The insurance industry is providing the necessary coverage – though some high-risk urban areas do have limited capacity – and the collective industry share of potential losses is \$53.4 billion. However, it is not at all clear that the current capacity would have been built in the absence of the TRIA program or that it would remain if the program were dramatically altered.

Written Response of Jason M. Schupp

Questions for the Record

Subcommittee on Housing and Insurance of the Committee on Financial Services

Hearing, titled: The Reauthorization of the Terrorism Risk Insurance Act of 2002

September 17, 2025

From Rep. Rose:

1. Mr. Schupp, the current program requires that total insured property and casualty losses must exceed a \$200 million annual trigger before federal co-payments commence. Should Congress consider increasing that program trigger – perhaps to \$300 million – to further promote private industry responsibility and risk retention in the terrorism risk insurance marketplace?

Response: Yes.

Section 103(e)(1)(B) of the Terrorism Risk Insurance Act of 2002 provides that Treasury will not reimburse participating insurers for any amount of loss above their respective insurer deductibles unless aggregate industry insured losses exceed \$200 million for the calendar year.

In practical terms, this “program trigger” signals to the insurance industry that it is responsible to figure out how to manage a \$200 million catastrophe event on its own and without government help. That should not be a difficult task for an industry that collected more than \$4 billion in terrorism premium in 2023 alone.¹

Indeed, in enacting TRIA Congress directed the “financial services industry [to] develop the systems, mechanisms, products, and programs necessary to create a viable financial services market for private terrorism risk insurance”. Sec. 101(a)(6). Figuring out how to manage a \$200 million event – even a \$1 billion event – without government assistance fits comfortably within that mandate.

¹ *Report on the Effectiveness of the Terrorism Risk Insurance Program (June 2024)*, Federal Insurance Office, U.S. Treasury, pages 78-79.

The Federal Insurance Office has noted that some 200 participating insurers have individual insurer deductibles of less than \$200 million.² Treasury observes that “[d]epending upon the magnitude of the terrorism losses experienced by other insurers, they could face a gap between their insurer deductible and the Program Trigger.” Certainly, the insurance industry can deploy some of the \$68 billion it has collected over the life of the TRIA program (without having paid a single loss) to support a non-governmental solution to bridge the theoretical gap created by the program trigger.³

² *Study of Small Insurer Competitiveness in the Terrorism Risk Insurance Marketplace (June 2025)*, Federal Insurance Office, U.S. Treasury, page 38.

³ *Report on the Effectiveness of the Terrorism Risk Insurance Program (June 2024)*, Federal Insurance Office, U.S. Treasury, page 79.



Response to Question for the Record

Hearing: The Reauthorization of the Terrorism Risk Insurance Act of 2002
Subcommittee on Housing and Insurance, Committee on Financial Services
September 17, 2025

Response submitted on behalf of the National Association of Insurance
Commissioners as represented by Commissioner Andrew N. Mais, Connecticut
Insurance Department

Question from Representative Rose:

Commissioner Mais, TRIA explicitly preserves state insurance regulation while creating a federal program that overrides state law by mandating coverage availability. How do state insurance commissioners balance their traditional rate and form approval authority with federal requirements, and have there been conflicts between state regulatory priorities and TRIA compliance requirements?

Since enactment, TRIA has successfully created a commercial terrorism insurance market—one which would not exist without the program. While the preemptive federal mandate requiring insurers to offer commercial terrorism coverage is a key part of TRIA's effectiveness in stabilizing the market and ensuring widespread availability of terrorism insurance, state regulation plays a crucial role in ensuring that terrorism insurance coverage remains affordable and tailored to local market conditions while also providing oversight that protects consumers from excessive rates or unfair policy terms—namely through review of rates, policy forms, and market conduct.¹ This structure allows federal goals to be achieved through existing state systems.²

¹ Section 106 of TRIA affirms that nothing in the Act affects state regulatory authority over rates, forms, or market conduct. Early preemptions of state laws requiring prior approval of terrorism-related rates and forms expired in 2003. States now fully oversee rates, forms, and consumer protections within the TRIA framework.

² See e.g. U.S. Dep't of the Treasury, *Terrorism Risk Insurance Program (TRIP)*, <https://home.treasury.gov/policy-issues/financial-markets-financial-institutions-and-fiscal-service/federal-insurance-office/terrorism-risk-insurance-program/annual-data-collection>; see also Nat'l Ass'n of Ins. Comm'rs (NAIC), *Terrorism Risk Insurance Act (TRIA)*, <https://content.naic.org/insurance-topics/terrorism-risk-insurance-act>; Nat'l Ass'n of Ins. Comm'rs (NAIC), *Terrorism Insurance Implementation (C) Working Group*, <https://content.naic.org/committees/c/terrorism-insurance-implementation-wg>.

**NAIC GOVERNMENT AFFAIRS**

My own state of Connecticut provides an example of this federal-state coordination. Connecticut directs insurers licensed in Connecticut to participate in the TRIA Data Call using the joint reporting templates developed by Treasury and the NAIC and to submit the data through the New York Portal.³ Connecticut also requires insurers to provide terrorism disclosure notices consistent with NAIC model language and to disclose the federal program cap at offer, purchase, and renewal.⁴

In sum, TRIA is successful through state leadership and enforcement. Very limited federal preemption along with state-federal coordination builds on this foundation and enables an affordable and available commercial terrorism insurance market.

³ See Connecticut Insurance Department, *Bulletin IC-44: Terrorism Risk Insurance Data Call* (June 8, 2021), https://portal.ct.gov/-/media/cid/1_bulletins/bulletin-ic-44.pdf.

⁴ See Connecticut Insurance Department, *Bulletin PC-91: Filing Procedures for Compliance with the Terrorism Risk Insurance Program Reauthorization Act of 2019* (May 11, 2020), https://portal.ct.gov/-/media/cid/1_bulletins/bulletin-pc-91.pdf.



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Chairman French Hill
 The House Financial Services Committee
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Congressman Scott Fitzgerald
 2444 Rayburn House Office Building
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October 22, 2025

1. Given TRIA's role as a backstop that has never been triggered, clarity in how it would actually function during a crisis is essential. a. TRIA is designed as a public-private partnership where both insurers and the federal government share in potential losses. From your perspective, what steps could be considered to help balance the goals of maintaining terrorism coverage in the market while also limiting taxpayer exposure?

Taxpayers are protected under the current structure of the TRIA program. The Treasury Secretary is required by law to recoup 140% of any initial government outlays up to the industry aggregate retention level of \$53.4 billion. The Treasury Secretary has the discretion to pursue recoupment of every dollar above that threshold as well. I would argue that the program is entirely balanced in favor of the taxpayer. The program is operating effectively so the best thing Congress can do to provide market stability is swiftly pass a long-term reauthorization of the current program.

2. How critical is it that TRIA provide clarity and predictability for both insurers and policyholders? a. What actions could Congress take to strengthen certainty in how the program would operate if a terrorist event were ever certified?

It is essential that the TRIA program provide clarity and predictability for insurers and policyholders. The market as it exists today would not be possible in the absence of the program. Policyholders want and need the financial protection in the event of a terrorist event AND the program provides the certainty that carriers need to provide that protection. The program structure makes it possible for small, mid-sized, and large carriers to participate which makes the coverage available and affordable to policyholders.

3. One of the key features of TRIA is its mandatory 'make available' provision, which obligates insurers to offer terrorism coverage as part of their policies. Can you describe how this provision works and how this requirement has impacted the operations of small and larger insurers?

The make available provision means that every company who participates in the program must offer terrorism coverage to every policyholder for every covered line of business laid out in the statute. The policyholder can reject the coverage, but it must be offered by the insurer. The make available



provision applies to every company- no matter its size- which is why the size of the program trigger is so important. The deductibles scale according to company size, but the trigger could potentially prevent smaller companies from recovering under the program even though they suffered losses and satisfied their deductible. This means that smaller companies are much more exposed to potential insolvency than larger companies because the trigger will never come into play.

The creators of the program understood the importance of having a diverse pool of small, mid-sized, *and* large insurers participate in the program. TRIA works because its mechanisms – deductibles and recoupment – are based on individual companies which means it scales according to company size. If the threshold for federal involvement, or those deductibles, are increased significantly, offering terrorism coverage could become a “bet the company” risk for all but the largest insurers which would force us, and many other companies, out of the marketplace. In turn, this would reduce competition and the availability of terrorism risk coverage.



Response to Question for the Record

Hearing: The Reauthorization of the Terrorism Risk Insurance Act of 2002
 Subcommittee on Housing and Insurance, Committee on Financial Services
 September 17, 2025

Response submitted on behalf of the National Association of Insurance
 Commissioners as represented by Commissioner Andrew N. Mais, Connecticut
 Insurance Department

Question from Representative Fitzgerald:

1. The Federal Insurance Office was established to collect data on the insurance industry for “monitoring” purposes. In the past it has sought unnecessary data on political fishing expeditions backed by a threatened use of subpoena power. Meanwhile, TRIA, which predates FIO, by design needs to collect certain data from insurers and their insurance commissioners for the program to run, which it can and does do on a voluntary basis: all of which begs the question why FIO can do its essential mission on a voluntary basis while it relies on compulsory authority to do things outside of its mission.

- **How can voluntary data collection through existing state reporting channels provide more accurate, timely, and cooperative information for programs like TRIA compared with involuntary collection via subpoenas?**

Since 2018, Treasury and state insurance regulators have conducted a single, consolidated Terrorism Risk Insurance Program Data Call using joint reporting templates administered through the NAIC. This structure allows insurers to submit one consistent dataset that satisfies both federal and state reporting requirements and illustrates how voluntary, state-led data collection can provide accurate and timely information to federal partners while minimizing the burden on private companies.¹

¹ See Nat'l Ass'n of Ins. Comm'rs (NAIC), *Terrorism Risk Insurance Data Call*, https://content.naic.org/industry_terrorism_risk_data_call.htm; *Terrorism Risk Insurance Program Data Call*, 90 Fed. Reg. 16,593 (Apr. 18, 2025) (stating that “For purposes of the 2025 TRIP Data Call, FIO, state insurance regulators, and the National Association of Insurance Commissioners (NAIC) will again use the consolidated data call mechanism first developed for use in the 2018 TRIP Data Call.”), <https://www.federalregister.gov/documents/2025/04/18/2025-06704/2025-terror-risk-insurance-program-data-call>. See e.g. For example, the South Carolina Department of Insurance explains that, under S.C. Code Sections 38-13-160 and 38-55-75, insurers subject to the TRIA Data Call must submit



As TRIA's data collection model demonstrates, the Federal Insurance Office (FIO) can fulfill its core mission—monitoring insurance markets and advising on policy—through voluntary data sharing and collaboration. When it leans on compulsory authority to pursue activities beyond that scope, it is out over its skis—stretching its mandate without clear justification or statutory backing.

For this reason, and others, the NAIC has called for Congress to eliminate FIO. It duplicates existing regulatory structures, blurs jurisdictional boundaries, and complicates international engagement. At a minimum, removing the Office's subpoena authority, under 31 U.S.C. 313(e)(6), would clarify FIO's role.² State regulators already provide comprehensive, verified data for programs such as TRIA, making compulsory federal collection of such data redundant and burdensome. Removing this authority would strengthen cooperative data sharing and keep FIO aligned with its statutory mission to monitor, not regulate, the insurance sector.

terrorism insurance data using the joint NAIC-Treasury templates through the New York Portal, consistent with the coordinated state-federal process. S.C. Dep't of Ins., *Data Call* (state/NAIC joint reporting instructions), <https://www.doi.sc.gov/1043/Data-Call>.

² Nat'l Ass'n of Ins. Comm'rs (NAIC), *2025 Federal Financial Regulatory Priorities Letter* (Jan. 2025), at 5, <https://content.naic.org/sites/default/files/naic2025federalfinancialprioritiesletter.pdf>.

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[DISCUSSION DRAFT]119TH CONGRESS
1ST SESSION**H. R.** _____

To reauthorize the terrorism risk insurance program, and for other purposes.

IN THE HOUSE OF REPRESENTATIVESM. _____ introduced the following bill; which was referred to the
Committee on _____**A BILL**To reauthorize the terrorism risk insurance program, and
for other purposes.1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*3 **SECTION 1. SHORT TITLE.**4 This Act may be cited as the “TRIA Program Reau-
5 thorization Act of 2025”.6 **SEC. 2. 8-YEAR EXTENSION OF TERRORISM RISK INSUR-**
7 **ANCE PROGRAM.**8 (a) **TERMINATION OF PROGRAM.**—Section 108(a) of
9 the Terrorism Risk Insurance Act of 2002 (15 U.S.C.

1 6701 note) is amended by striking “2027” and inserting
2 “2035”.

3 (b) TIMING OF MANDATORY RECOUPMENT.—Section
4 103(e)(7)(E)(i) of the Terrorism Risk Insurance Act of
5 2002 (15 U.S.C. 6701 note) is amended—

6 (1) in subclause (I)—

7 (A) by striking “2022” and inserting
8 “2027”; and

9 (B) by striking “2024” and inserting
10 “2029”;

11 (2) in subclause (II)—

12 (A) by striking “2023” and inserting
13 “2028”;

14 (B) by striking “2029” and inserting
15 “2034”; and

16 (C) by striking “2024” and inserting
17 “2029”; and

18 (3) in subclause (III)—

19 (A) by striking “2029” and inserting
20 “2034”; and

21 (B) by striking “2024” and inserting
22 “2029”.

