

make sure that our children and our grandchildren understand its importance, not just to African Americans, but to all Americans and to the world.

This year, with all overwhelming bipartisan support, Congress passed resolutions that recognized the hemispheric survivors of the transatlantic slave trade and great historical trailblazers like the great Honorable Shirley Chisholm and Judge Constance Baker Motley.

These resolutions actually show how far we have come since the 19th century, but we also have a long, long way to go. One hundred forty years after slavery was abolished, African Americans and other minorities continue to experience social and economic injustices, as the recent Hurricane Katrina disaster magnified.

Within our own borders and throughout the world, human trafficking is rampant. It is a modern version, quite frankly, of slavery; and it must be abolished. And, of course, we witness every day discrimination against those who have no voice. Our work in Congress should be straightforward. It is our duty to reaffirm this tradition of justice, equality, and liberty for all.

We have an obligation to ensure that everyone has equal access to health care, education, liveable wages, housing, and of course economic opportunities. Clearly, we still have much work to do. We have much work to do to ensure that discrimination is eliminated, and I mean totally eliminated, and that all people are considered equal in the eyes of our laws.

The movement that began with the ratification of the 13th amendment must continue. This has not ended. We owe it not only to those who suffered and who sacrificed in the past, but more importantly we owe it to future generations. The 13th amendment liberated African Americans from the yoke of slavery. It liberated America, and we must not forget that.

I urge all of my colleagues to support this resolution. I want to thank the gentleman from Wisconsin (Mr. SENSENBRENNER) again for ensuring this resolution is bipartisan.

Mr. CONYERS. Mr. Speaker, one hundred and forty years ago, this Nation established the foundation with which it could advance freedom and equality for all of its people.

On December 6, 1865, the required 27 of the then 36 states ratified the 13th Amendment of the United States Constitution. The 13th Amendment states that "neither slavery nor involuntary servitude . . . shall exist within the United States."

This profound declaration completed the abolition of slavery which had begun with President Abraham Lincoln's Emancipation Proclamation of 1863. The 13th Amendment marked the official end of the institution of slavery and signified a turning point in America.

The 13th Amendment is the very bedrock on which all of our civil rights laws and protections stand. The 13th Amendment led to the 14th Amendment of 1868 which provides equal protection under the law to all citizens

and clarified that African Americans are citizens. Today, the 13th Amendment has led to the Voting Rights Act of 1965—a protection that we are now in the process of re-authorizing.

As we commemorate the 140th anniversary of the 13th Amendment, we must appreciate the principles that the 13th Amendment has advanced—these principles of freedom and equality. However, on this anniversary, this nation must pledge to eradicate from society those ills that hinder us from continuing the legacy of the 13th Amendment.

Today, 1 in 9 African Americans cannot find a job; 1 in 5 African Americans is uninsured; and 1 in 4 African Americans lives in poverty. These statistics are simply unacceptable.

Let us mark the 140th anniversary of the 13th Amendment with a commitment to eliminate these social and economic inequalities.

Mr. LEE. Mr. Speaker, I yield back the balance of my time.

Mr. SENSENBRENNER. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. SIMPSON). The question is on the motion offered by the gentleman from Wisconsin (Mr. SENSENBRENNER) that the House suspend the rules and agree to the resolution, H. Res. 196.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the resolution was agreed to.

A motion to reconsider was laid on the table.

#### TERRORISM RISK INSURANCE REVISION ACT OF 2005

Mr. OXLEY. Mr. Speaker, I move to suspend the rules and pass the Senate bill (S. 467) to extend the applicability of the Terrorism Risk Insurance Act of 2002, as amended.

The Clerk read as follows:

S. 467

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

#### SECTION 1. SHORT TITLE.

This Act may be cited as the "Terrorism Risk Insurance Revision Act of 2005".

#### SEC. 2. EXTENSION OF PROGRAM AND PROGRAM CHANGES.

(a) IN GENERAL.—Title I of the Terrorism Risk Insurance Act of 2002 (15 U.S.C. 6701 note) is amended—

(1) by striking sections 101 through 107 and inserting the following new sections:

#### "SEC. 101. CONGRESSIONAL FINDINGS AND PURPOSE.

"(a) FINDINGS.—The Congress finds that—

"(1) the ability of businesses and individuals to obtain property, casualty, group life, and NBCR insurance at reasonable and predictable prices, in order to spread the risk of both routine and catastrophic loss, is critical to economic growth, urban development, and the construction and maintenance of public and private housing, as well as to the promotion of United States exports and foreign trade in an increasingly interconnected world;

"(2) property, casualty, and life insurance firms are important financial institutions, the products of which allow mutualization of risk and the efficient use of financial resources and enhance the ability of the economy to maintain stability, while responding to a variety of economic, political, environ-

mental, and other risks with a minimum of disruption;

"(3) the ability of the insurance industry to cover the unprecedented financial risks presented by potential acts of terrorism in the United States can be a major factor in the recovery from terrorist attacks, while maintaining the stability of the economy;

"(4) widespread financial market uncertainties have arisen following the terrorist attacks of September 11, 2001, including the absence of information from which financial institutions can make statistically valid estimates of the probability and cost of future terrorist events, and therefore the size, funding, and allocation of the risk of loss caused by such acts of terrorism;

"(5) a decision by property, casualty, group life, and NBCR insurers to deal with such uncertainties, either by terminating property, casualty, group life, or NBCR coverage for losses arising from terrorist events, or by radically escalating premium coverage to compensate for risks of loss that are not readily predictable, could seriously hamper ongoing and planned construction, property acquisition, and other business projects, generate a dramatic increase in rents, and otherwise suppress economic activity; and

"(6) the United States Government should provide temporary financial compensation to insured parties, contributing to the stabilization of the United States economy in a time of national crisis, while the financial services industry develops the systems, mechanisms, products, and programs necessary to create a viable financial services market for private terrorism risk insurance.

"(b) PURPOSE.—The purpose of this title is to establish a temporary Federal program that provides for a transparent system of shared public and private compensation for insured losses resulting from acts of terrorism, in order to—

"(1) protect consumers by addressing market disruptions and ensure the continued widespread availability and affordability of property, casualty, group life, and NBCR 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.

#### "SEC. 102. DEFINITIONS.

"In this title, the following definitions shall apply:

"(1) ACT OF TERRORISM.—

"(A) CERTIFICATION.—The term 'act of terrorism' means any act that is certified by the Secretary, in concurrence with the Secretary of State, and the Attorney General of the United States—

"(i) to be an act of terrorism;

"(ii) to be a violent act or an act that is dangerous to—

"(I) human life;

"(II) property; or

"(III) infrastructure;

"(iii) to have resulted in damage within the United States, or outside of the United States in the case of—

"(I) an air carrier or vessel described in paragraph (5)(B); or

"(II) the premises of a United States mission; and

"(iv) to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

"(B) LIMITATION.—No act shall be certified by the Secretary as an act of terrorism if the act is committed as part of the course of a war declared by the Congress, except that

this clause shall not apply with respect to any coverage for workers' compensation or group life insurance.

“(C) DETERMINATIONS FINAL.—Any certification of, or determination not to certify, an act as an act of terrorism under this paragraph shall be final.

“(D) NONDELEGATION.—The Secretary may not delegate or designate to any other officer, employee, or person, any determination under this paragraph of whether, during the effective period of the Program, an act of terrorism has occurred.

“(2) AFFILIATE.—The term ‘affiliate’ means, with respect to an insurer, any insurer that owns, is owned by, or is under common ownership with another insurer.

“(3) CASUALTY INSURANCE.—The term ‘casualty insurance’ means—

“(A) insurance, including excess insurance and surety insurance, against legal liability for losses caused by the death, injury, or disability of any person or for damage to property, with provision for medical, hospital and surgical benefits to the injured persons; and

“(B) for the purposes of this Act, does not include any type of commercial automobile or workers' compensation insurance.

“(4) COVERED LINE OF INSURANCE.—The term ‘covered line of insurance’ means—

“(A) commercial property insurance, commercial casualty insurance, workers' compensation insurance and group life insurance; and

“(B) does not include—

“(i) Federal crop insurance issued or reinsured under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.), or any other type of crop or livestock insurance that is privately issued or reinsured;

“(ii) private mortgage insurance (as that term is defined in section 2 of the Homeowners Protection Act of 1998 (12 U.S.C. 4901)) or title insurance;

“(iii) financial guaranty insurance issued by monoline financial guaranty insurance corporations;

“(iv) insurance for medical malpractice;

“(v) health or life insurance, except group life insurance;

“(vi) flood insurance provided under the National Flood Insurance Act of 1968 (42 U.S.C. 4001 et seq.);

“(vii) reinsurance or retrocessional reinsurance; or

“(viii) commercial automobile insurance.

“(5) DIRECT EARNED PREMIUM.—The term ‘direct earned premium’ means a direct earned premium for commercial property, commercial casualty, workers' compensation, or group life insurance issued by any insurer for insurance against losses occurring at the locations described in subparagraphs (A) and (B) of paragraph (10).

“(6) EXEMPT COMMERCIAL PURCHASER.—The term ‘exempt commercial purchaser’ means any person purchasing commercial insurance that meets the following requirements:

“(A) The person employs or retains a qualified risk manager to negotiate insurance coverage.

“(B) The person pays annual aggregate nationwide insurance premiums in excess of \$100,000 for covered lines of insurance.

“(C) The person meets at least one of the following criteria:

“(i) The person possesses a net worth in excess of \$10,000,000.

“(ii) The person generates annual revenues in excess of \$10,000,000.

“(iii) The person employs more than 100 full-time or full-time equivalent employees per individual insured or is a member of affiliated group employing more than 250 employees in the aggregate.

“(iv) The person is a not-for-profit organization or public entity generating annual budgeted expenditures of at least \$25,000,000.

“(v) The person is a municipality with a population in excess of 40,000 persons.

“(7) EXEMPT COMMERCIAL PURCHASER CERTIFICATION.—The term ‘exempt commercial purchaser certification’ means a written certification that the insurer offering a policy to an exempt commercial purchaser has obtained, at least within the previous 12 months, a certification signed by the qualified risk manager, the chief executive officer, or the chief financial officer of the exempt commercial purchaser, certifying with respect to the insurance to which the requirements of section 103(c)(1) apply to that insurer that—

“(A) the purchaser has an employee that meets the definition of a qualified risk manager under this section;

“(B) the purchaser meets the definition of an exempt commercial purchaser in accordance with this section;

“(C) the purchaser is aware that the policy being considered for purchase contains forms and rates that are not subject to State regulatory review or approval;

“(D) the purchaser has or has retained the necessary expertise to negotiate its own policy language and rates; and

“(E) the purchaser agrees to the use of exempted rates and forms by its insurer or insurers.

“(8) GROUP LIFE INSURANCE.—The term ‘group life insurance’ means an insurance contract that provides term life insurance coverage, accidental death coverage, or a combination thereof, for a number of individuals under a single contract, on the basis of a group selection of risks, but does not include ‘Corporate Owned Life Insurance’ or ‘Business Owned Life Insurance,’ each as defined under the Internal Revenue Code of 1986, or any similar product.

“(9) HOME STATE.—The term ‘home State’ means as follows:

“(A) In the case of a policy written for commercial risks that are primarily located in a State, such term means such State.

“(B) If subparagraph (A) does not apply, such term means the State where the commercial policyholder has its principal place of business (such as where the policyholder's headquarters are located, as determined by the predominant physical location in the United States of the officers and senior management of the policyholder).

“(10) INSURED LOSS.—The term ‘insured loss’ means any loss resulting from an act of terrorism (including an act of war, in the case of workers' compensation and group life insurance) that is covered by primary or excess property, casualty, workers' compensation, or group life insurance issued by an insurer if such loss—

“(A) occurs within the United States; or

“(B) occurs to an air carrier (as defined in section 40102 of title 49, United States Code), to a United States flag vessel (or a vessel based principally in the United States, on which United States income tax is paid and whose insurance coverage is subject to regulation in the United States), regardless of where the loss occurs, or at the premises of any United States mission.

“(11) INSURER.—The term ‘insurer’ means any entity, including any affiliate thereof—

“(A) that is—

“(i) licensed or admitted to engage in the business of providing primary or excess insurance in any State;

“(ii) not licensed or admitted as described in clause (i), if it is an eligible surplus line carrier listed on the Quarterly Listing of Alien Insurers of the NAIC, or any successor thereto;

“(iii) approved for the purpose of offering a covered line of insurance by a Federal agency in connection with maritime, energy, or aviation activity;

“(iv) a State residual market insurance entity or State workers' compensation fund; or

“(v) any other entity described in section 103(f), to the extent provided in the rules of the Secretary issued under section 103(f);

“(B) that receives direct earned premiums for any type of covered line of insurance coverage, other than in the case of entities described in subsections (d) and (f) of section 103; and

“(C) that meets any other criteria that the Secretary may reasonably prescribe.

“(12) INSURER DEDUCTIBLE.—The term ‘insurer deductible’ means—

“(A) for the Transition Period, the value of an insurer's direct earned premiums over the calendar year immediately preceding the date of enactment of this Act, multiplied by 1 percent;

“(B) for Program Year 1, the value of an insurer's direct earned premiums over the calendar year immediately preceding Program Year 1, multiplied by 7 percent;

“(C) for Program Year 2, the value of an insurer's direct earned premiums over the calendar year immediately preceding Program Year 2, multiplied by 10 percent;

“(D) for Program Year 3, the value of an insurer's direct earned premiums over the calendar year immediately preceding Program Year 3, multiplied by 15 percent;

“(E) for Program Year 4—

“(i) except as provided in clause (ii), the value of an insurer's direct earned premium for a covered line of insurance over the calendar year immediately preceding Program Year 4, multiplied by—

“(I) for workers' compensation insurance, 16 percent;

“(II) for group life insurance, 21.5 percent;

“(III) for property insurance, 20 percent; and

“(IV) for casualty insurance, 25 percent; and

“(ii) with respect to NBCR terrorism coverage, the value of an insurer's direct earned premium for a covered line of insurance over the calendar year immediately preceding Program Year 4, multiplied by the following percentages which shall be treated as subdeductibles that apply in lieu of the deductibles set forth in clause (i) for NBCR terrorism losses—

“(I) for workers' compensation insurance, 7.5 percent;

“(II) for group life insurance, 7.5 percent;

“(III) for property insurance, 7.5 percent; and

“(IV) for casualty insurance, 7.5 percent; and

“(iii) if, for any covered line of insurance, an insurer incurs insured losses caused by NBCR terrorism, such NBCR insured losses shall be applied against both the deductible set forth in clause (i) and the NBCR terrorism deductible set forth in clause (ii) for that covered line of insurance;

“(F) for any Additional Program Years—

“(i) except as provided in clause (ii), the value of an insurer's direct earned premium for a covered line of insurance over the calendar year immediately preceding that year, multiplied by the insurer deductible for each covered line of insurance for the preceding calendar year plus an additional percentage, as follows—

“(I) for workers' compensation insurance, 2.0 percent;

“(II) for group life insurance, 2.5 percent;

“(III) for property insurance, 2.5 percent; and

“(IV) for casualty insurance, 5.0 percent; and

“(ii) with respect to NBCR terrorism coverage, the value of an insurer’s direct earned premium for a covered line of insurance over the calendar year immediately preceding that year, multiplied by the NBCR terrorism deductible for the preceding year for that covered line of insurance plus the following additional percentages, all of which shall be treated as subdeductibles that apply in lieu of the deductibles listed in clause (i) for NBCR terrorism insured losses—

“(I) for workers’ compensation insurance, 0.75 percent;

“(II) for group life insurance, 0.75 percent;

“(III) for property insurance, 0.75 percent; and

“(IV) for casualty insurance, 0.75 percent; and

“(iii) if, for any covered line of insurance, an insurer incurs insured losses caused by NBCR terrorism, such NBCR insured losses shall be applied against both the deductible set forth in clause (i) and the NBCR terrorism deductible set forth in clause (ii) for that covered line of insurance;

“(G) notwithstanding subparagraphs (A) through (F), for the Transition Period and any other Program Year or other calendar year, if an insurer has not had a full year of operations during the calendar year immediately preceding such Period or year, such portion of the direct earned premiums of the insurer as the Secretary determines appropriate, subject to appropriate methodologies established by the Secretary for measuring such direct earned premiums; and

“(H) if, in any calendar year, aggregate industry insured losses exceed \$1,000,000,000, the insurer deductibles for the next calendar year shall be reduced by 0.1 percent for each \$1,000,000,000 in insured losses that have occurred during the preceding calendar year, except that no insurer deductible shall be reduced below 5 percent.

“(13) NAIC.—The term ‘NAIC’ means the National Association of Insurance Commissioners.

“(14) OWNERSHIP.—An insurer ‘owns’ another insurer if the insurer, directly or indirectly or acting through one or more other persons, owns 25 percent or more of any class of voting securities of the other insurer.

“(15) NBCR TERRORISM.—The term ‘NBCR terrorism’ means an act of terrorism involving nuclear, biological, chemical, or radioactive reactions, releases, or contaminations, to the extent any insured losses are caused by any such reactions, releases, or contaminations.

“(16) PERSON.—The term ‘person’ means any individual, business or nonprofit entity (including those organized in the form of a partnership, limited liability company, corporation, or association), trust or estate, or a State or political subdivision of a State or other governmental unit.

“(17) PROGRAM.—The term ‘Program’ means the Terrorism Insurance Program established by this title.

“(18) PROGRAM YEARS.—

“(A) TRANSITION PERIOD.—The term ‘Transition Period’ means the period beginning on the date of enactment of this Act and ending on December 31, 2002.

“(B) PROGRAM YEAR 1.—The term ‘Program Year 1’ means the period beginning on January 1, 2003 and ending on December 31, 2003.

“(C) PROGRAM YEAR 2.—The term ‘Program Year 2’ means the period beginning on January 1, 2004 and ending on December 31, 2004.

“(D) PROGRAM YEAR 3.—The term ‘Program Year 3’ means the period beginning on January 1, 2005 and ending on December 31, 2005.

“(E) PROGRAM YEAR 4.—The term ‘Program Year 4’ means the period beginning on January 1, 2006 and ending on December 31, 2006.

“(F) ADDITIONAL PROGRAM YEARS.—The term ‘Additional Program Year’ means any

additional one-year period after Program Year 4 during which the Program is in effect, which period shall begin on January 1 and end on December 31 of the same calendar year.

“(19) PROPERTY INSURANCE.—The term ‘property insurance’ means—

“(A) except as provided in subparagraph (B), insurance on real or personal property of every kind, including excess insurance, against loss or damage from any and all hazard or cause and against loss consequential upon such loss or damage, including business interruption insurance, other than non-contractual legal liability for such loss or damage; and

“(B) does not include any type of commercial automobile or workers’ compensation insurance.

“(20) QUALIFIED RISK MANAGER.—The term ‘qualified risk manager’ means any person who meets all of the following criteria:

“(A) The person is an employee of, or third party consultant retained by, the commercial policyholder.

“(B) The person provides skilled services in loss prevention, loss reduction, or risk and insurance coverage analysis, and purchase of insurance.

“(C) The person possesses at least 2 of the following credentials:

“(i) An advanced degree in risk management issued by an accredited college or university.

“(ii) At least 5 years of experience in one or more of the following areas of commercial property insurance or commercial casualty insurance:

“(I) Risk financing.

“(II) Claims administration.

“(III) Loss prevention.

“(IV) Risk and insurance coverage analysis.

“(iii) Any one of the following designations:

“(I) A designation as a Chartered Property and Casualty Underwriter (in this clause referred to as ‘CPCU’) issued by the American Institute for CPCU/Insurance Institute of America.

“(II) A designation as an Associate in Risk Management (ARM) issued by the American Institute for CPCU/Insurance Institute of America.

“(III) A designation as a Certified Risk Manager (CRM) issued by the National Alliance for Insurance Education & Research.

“(IV) A designation as RIMS Fellow (RF) issued by the Global Risk Management Institute.

“(V) Any other designation, certification, or license determined by the insurance regulatory agency for a State to demonstrate minimum competency in risk management.

“(21) SECRETARY.—The term ‘Secretary’ means the Secretary of the Treasury.

“(22) STATE.—The term ‘State’ means any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, American Samoa, Guam, each of the United States Virgin Islands, and any territory or possession of the United States.

“(23) UNITED STATES.—The term ‘United States’ means the several States, and includes the territorial sea and the continental shelf of the United States, as those terms are defined in the Violent Crime Control and Law Enforcement Act of 1994 (18 U.S.C. 2280, 2281).

“(24) WORKERS’ COMPENSATION.—The term ‘workers’ compensation’ means insurance against loss from liability imposed by law upon employers to compensate employees and their dependents for injury sustained by the employees arising out of and in the

course of the employment, irrespective of negligence or of the fault of either party.

“(25) RULE OF CONSTRUCTION FOR DATES.—With respect to any reference to a date in this title, such day shall be construed—

“(A) to begin at 12:01 a.m. on that date; and

“(B) to end at midnight on that date.

#### “SEC. 103. TERRORISM INSURANCE PROGRAM.

“(a) ESTABLISHMENT OF PROGRAM.—

“(1) IN GENERAL.—There is established in the Department of the Treasury the Terrorism Insurance Program.

“(2) AUTHORITY OF THE SECRETARY.—Notwithstanding any other provision of State or Federal law, the Secretary shall administer the Program, and shall pay the Federal share of compensation for insured losses in accordance with subsection (e).

“(3) MANDATORY PARTICIPATION.—Each entity that meets the definition of an insurer under this title shall participate in the Program.

“(b) CONDITIONS FOR FEDERAL PAYMENTS.—No payment may be made by the Secretary under this section with respect to an insured loss that is covered by an insurer, unless—

“(1) the person that suffers the insured loss, or a person acting on behalf of that person, files a claim with the insurer;

“(2) the insurer provides clear and conspicuous disclosure to the policyholder of the premium charged for insured losses covered by the program and the Federal share of compensation for insured losses under the Program—

“(A) in the case of any policy that is issued before the date of enactment of this Act, not later than 90 days after that date of enactment;

“(B) in the case of any policy that is issued within 90 days of the date of enactment of this Act, at the time of offer, purchase, and renewal of the policy; and

“(C) in the case of any policy that is issued more than 90 days after the date of enactment of this Act, on a separate line item in the policy, at the time of offer, purchase, and renewal of the policy;

“(3) the insurer processes the claim for the insured loss in accordance with appropriate business practices, and any reasonable procedures that the Secretary may prescribe; and

“(4) the insurer submits to the Secretary, in accordance with such reasonable procedures as the Secretary may establish—

“(A) a claim for payment of the Federal share of compensation for insured losses under the Program;

“(B) written certification—

“(i) of the underlying claim; and

“(ii) of all payments made for insured losses; and

“(C) certification of its compliance with the provisions of this subsection.

“(c) MANDATORY AVAILABILITY.—Each entity that meets the definition of an insurer under section 102—

“(1) shall make available, in all of its covered lines of insurance policies, coverage for insured losses that does not differ materially from the terms, amounts, and other coverage limitations applicable to losses arising from events other than acts of terrorism;

“(2) shall make available, in any of its covered lines of insurance policies that exclude coverage for losses resulting from NBCR terrorism, coverage for losses resulting from NBCR terrorism that may differ materially from the terms, amounts, and other coverage limitations applicable to losses arising from events other than NBCR terrorism; and

“(3) shall make available, in any life insurance policy, coverage that does not preclude future lawful foreign travel by the person insured, and shall not charge a premium for such coverage that is excessive and not based on a good faith actuarial analysis.

“(d) STATE RESIDUAL MARKET INSURANCE ENTITIES.—

“(1) IN GENERAL.—The Secretary shall issue regulations, as soon as practicable after the date of enactment of this Act, that apply the provisions of this title to State residual market insurance entities, State workers’ compensation funds, and State workers’ compensation reinsurance pools.

“(2) TREATMENT OF CERTAIN ENTITIES.—For purposes of the regulations issued pursuant to paragraph (1)—

“(A) a State residual market insurance entity that does not share its profits and losses with private sector insurers shall be treated as a separate insurer; and

“(B) a State residual market insurance entity that shares its profits and losses with private sector insurers shall not be treated as a separate insurer, and shall report to each private sector insurance participant its share of the insured losses of the entity, which shall be included in each private sector insurer’s insured losses.

“(3) TREATMENT OF PARTICIPATION IN CERTAIN ENTITIES.—Any insurer that participates in sharing profits and losses of a State residual market insurance entity shall include in its calculations of premiums any premiums distributed to the insurer by the State residual market insurance entity.

“(e) INSURED LOSS SHARED COMPENSATION.—

“(1) FEDERAL SHARE.—

“(A) IN GENERAL.—Subject to subparagraphs (B) and (C), the Federal share of compensation under the Program to be paid by the Secretary for insured losses of an insurer during each Program Year shall be equal to that portion of the amount of such insured losses for each covered line of insurance that exceeds the applicable insurer deductible required to be paid during such Program Year, multiplied by a percentage based on aggregate industry insured losses for a Program Year, which shall be as follows:

“(i) 80 percent of the aggregate industry insured losses of less than \$10,000,000,000;

“(ii) 85 percent of the aggregate industry insured losses between \$10,000,000,000 and \$20,000,000,000;

“(iii) 90 percent of the aggregate industry insured losses between \$20,000,000,000 and \$40,000,000,000; and

“(iv) 95 percent of the aggregate industry insured losses above industry losses above \$40,000,000,000;

and shall be prorated by insurer based on each insurer’s percentage of the aggregate industry insured losses for that Program Year.

“(B) PROGRAM TRIGGER.—No compensation shall be paid by the Secretary under subsection (a) unless the aggregate industry insured losses exceed—

“(i) \$50,000,000, with respect to insured losses occurring in Program Year 4;

“(ii) \$100,000,000, with respect to insured losses occurring in the Additional Program Year beginning on January 1, 2007;

“(iii) with respect to each Additional Program Year thereafter that coverage is provided under the Program, the amount that is equal to the sum of (I) the dollar amount applicable under this subparagraph for the Program Year preceding such Additional Program Year, and (II) \$50,000,000;

except that the applicable Program Trigger amount shall be reduced by \$10,000,000 for each \$1,000,000,000 in insured losses occurring in any preceding year, provided that the Program Trigger shall not be reduced below \$50,000,000 for any year.

“(C) PROHIBITION ON DUPLICATIVE COMPENSATION.—The Federal share of compensation for insured losses under the Program shall be reduced by the amount of compensa-

tion provided by the Federal Government to any person under any other Federal program for those insured losses.

“(2) TRIA CAPITAL RESERVE FUNDS.—

“(A) ESTABLISHMENT.—Any insurer may establish a TRIA Capital Reserve Fund (in this section referred to as a ‘CRF’) in which it may hold funds in a fiduciary capacity on behalf of the Secretary.

“(B) FUNDING.—An insurer may fund a CRF by making an election, in advance, to treat some or all of the premiums it has disclosed pursuant to section 103(b)(2) as TRIA program fee charges imposed by the Secretary. Any such premiums for which such an election has been made must be maintained in segregated accounts in a fiduciary capacity on behalf of the Secretary. Such funds may be invested in any otherwise legally permissible manner but all interest, dividends, and capital accumulations also shall be retained in such segregated accounts on behalf of the Secretary.

“(C) USE.—Funds from a CRF shall be collected and used by the Secretary to offset, in whole or in part, the Federal share of compensation provided to all insurers under the Program as provided for in paragraph (1), except that an insurer may first use the funds in a CRF of that insurer to satisfy any one or more of the following:

“(i) The applicable insurer deductibles for the insurer.

“(ii) The portion of the insurer’s losses that exceed the insurer deductible but are not compensated by the Federal share pursuant to paragraph (1).

“(iii) The insurer’s obligations to pay for insured losses if the program trigger established in paragraph (1)(B) is not satisfied.

“(iv) Any risk sharing obligations the insurer may have under any agreements made pursuant to or in accordance with paragraph (3).

“(D) TERMINATION.—

“(i) TERMINATION OF PROGRAM.—Upon termination of the Program under section 108(a), and subject to the Secretary’s continuing authority under section 108(b) to adjust claims in satisfaction of the Federal share of compensation under the Program as provided in paragraph (1) of this subsection, 10 percent of each insurer’s CRF funds shall be remitted to the Secretary and the remainder shall be remitted to the insurer. The Secretary shall determine the manner in which the remittance of such income to the insurer shall be made.

“(ii) ELIMINATION OF FEDERAL SHARE OF COMPENSATION.—If the Program remains in effect but the Federal share of compensation for insured losses under the Program is eliminated from the Program, the CRF funds shall be retained and used for the purposes set forth in subparagraph (C) of this paragraph. At such time as an insurer’s liability for insured losses under the Program terminates, as a consequence of the insurer’s termination of its business or otherwise, the insurer shall remit any remaining CRF funds to the Secretary.

“(3) RISK-SHARING MECHANISMS.—

“(A) FINDING; RULE OF CONSTRUCTION.—Congress finds that it is desirable to encourage the growth of nongovernmental, private market reinsurance capacity for protection against losses arising from acts of terrorism. Therefore, nothing in this title shall prohibit insurers from developing risk-sharing mechanisms (including mutual reinsurance facilities and agreements) to voluntarily reinsure terrorism losses between and among themselves that are not subject to reimbursement under this section 103.

“(B) ESTABLISHMENT OF ADVISORY COMMITTEE.—The Secretary shall appoint an Advisory Committee to—

“(i) encourage the creation and development of such mechanisms;

“(ii) assist the Secretary and be available to administer such mechanisms; and

“(iii) develop articles of incorporation, bylaws, and a plan of operation for any long-term reinsurance facility authorized or created in the future.

“(C) MEMBERSHIP.—The Advisory Committee shall be composed of nine members who are directors, officers, or other employees of insurers that are participating or that desire to participate in such mechanisms, and who are representative of the affected sectors of the insurance industry. In making these appointments, the Secretary shall solicit major trade associations of the insurance industry to nominate lists of qualified individuals representative of the commercial property insurance, commercial casualty insurance, group life insurance, and reinsurance industries.

“(4) CAP ON ANNUAL LIABILITY.—

“(A) IN GENERAL.—Notwithstanding paragraph (1) or any other provision of Federal or State law, if the aggregate insured losses exceed \$100,000,000,000 during any Program Year (until such time as the Congress may act otherwise with respect to such losses)—

“(i) the Secretary shall not make any payment under this title for any portion of the amount of such losses that exceeds \$100,000,000,000; and

“(ii) no insurer that has met its insurer deductible shall be liable for the payment of any portion of that amount that exceeds \$100,000,000,000.

“(B) INSURER SHARE.—For purposes of subparagraph (A), the Secretary shall determine the pro rata share of insured losses to be paid by each insurer that incurs insured losses under the Program.

“(5) NOTICE TO CONGRESS.—The Secretary shall notify the Congress if estimated or actual aggregate insured losses exceed \$100,000,000,000 during any Program Year and the Congress shall determine the procedures for and the source of any payments for such excess insured losses.

“(6) FINAL NETTING.—The Secretary shall have sole discretion to determine the time at which claims relating to any insured loss or act of terrorism shall become final.

“(7) DETERMINATIONS FINAL.—Any determination of the Secretary under this subsection shall be final, unless expressly provided otherwise.

“(8) FULL RECOUPMENT OF FEDERAL SHARE.—The Secretary shall collect, for repayment of the Federal financial assistance provided in connection with all acts of terrorism (or acts of war, in the case of workers’ compensation and group life insurance), terrorism loss risk-spreading premiums in an amount equal to the total amount paid by the Secretary in accordance with this section.

“(9) POLICY SURCHARGE FOR TERRORISM LOSS RISK-SPREADING PREMIUMS.—

“(A) POLICYHOLDER PREMIUM.—Any amount established by the Secretary as a terrorism loss risk-spreading premium shall—

“(i) be imposed as a policyholder premium surcharge on all covered lines of insurance policies in force after the date of such establishment;

“(ii) begin with such period of coverage during the year as the Secretary determines appropriate; and

“(iii) be based on a percentage of the premium amount charged for covered lines of insurance coverage under the policy.

“(B) COLLECTION.—The Secretary shall provide for insurers to collect terrorism loss risk-spreading premiums and remit such amounts collected to the Secretary.

“(C) PERCENTAGE LIMITATION.—A terrorism loss risk-spreading premium may not exceed,

on an annual basis, the amount equal to 3 percent of the premium charged for covered lines of insurance coverage under the policy.

“(D) ADJUSTMENT FOR URBAN AND SMALLER COMMERCIAL AND RURAL AREAS AND DIFFERENT 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—

“(I) the economic impact on commercial centers of urban areas, including the effect on commercial rents and commercial insurance premiums, particularly rents and premiums charged to small businesses, and the availability of lease space and commercial insurance within urban areas;

“(II) the risk factors related to rural areas and smaller commercial centers, including the potential exposure to loss and the likely magnitude of such loss, as well as any resulting cross-subsidization that might result; and

“(III) the various exposures to terrorism risk for different lines of insurance.

“(ii) RECOUPMENT OF ADJUSTMENTS.—Any recoupment amounts not collected by the Secretary because of adjustments under this subparagraph shall be recouped through additional terrorism loss risk-spreading premiums.

“(E) TIMING OF PREMIUMS.—The Secretary may adjust the timing of terrorism loss risk-spreading premiums to provide for equivalent application of the provisions of this title to policies that are not based on a calendar year, or to apply such provisions on a daily, monthly, or quarterly basis, as appropriate.

“(F) REPLENISHMENT OF TRIA CAPITAL RESERVE FUNDS.—After any funds expended directly from the United States Treasury are fully repaid, the balance of the amounts collected under this paragraph shall be used to fully replenish all insurer CRFs used by the Secretary in accordance with the provisions of paragraph (2)(C) that were not used by the insurer to satisfy its obligations in accordance with clauses (i) through (iv) of paragraph (2)(C).

“(f) CAPTIVE INSURERS AND OTHER SELF-INSURANCE ARRANGEMENTS.—The Secretary may, in consultation with the NAIC or the appropriate State regulatory authority, apply the provisions of this title, as appropriate, to other classes or types of captive insurers and other self-insurance arrangements by municipalities and other entities (such as workers' compensation self-insurance programs and State workers' compensation reinsurance pools), but only if such application is determined before the occurrence of an act of terrorism in which such an entity incurs an insured loss and all of the provisions of this title are applied comparably to such entities.

“(g) REINSURANCE TO COVER EXPOSURE.—

“(1) OBTAINING COVERAGE.—This title may not be construed to limit or prevent insurers from obtaining reinsurance coverage for insurer deductibles or insured losses retained by insurers pursuant to this section, nor shall the obtaining of such coverage affect the calculation of such deductibles or retentions.

“(2) LIMITATION ON FINANCIAL ASSISTANCE.—The amount of financial assistance provided pursuant to this section, including amounts from a CRF used pursuant to subsection (e)(2)(C), shall not be reduced by reinsurance paid or payable to an insurer from other sources, except that recoveries from such other sources, taken together with financial assistance for the Transition Period or a Program Year provided pursuant to this section, may not exceed the aggregate amount of the insurer's insured losses for such period. If such recoveries and financial assist-

ance for the Transition Period or a Program Year exceed such aggregate amount of insured losses for that period and there is no agreement between the insurer and any reinsurer to the contrary, an amount in excess of such aggregate insured losses shall be returned to the Secretary.

“(h) PERSONAL LINES STUDY.—

“(1) IN GENERAL.—The Comptroller General of the United States, after consultation with the NAIC, representatives of the insurance industry, including a cross-section of insurers, independent insurance agents and brokers, policyholders, and other experts in the insurance field, shall conduct a study concerning the exposure of personal lines (including homeowners insurance) to terrorism risk, the coverage currently available, and potential policy responses.

“(2) REPORT.—Not later than September 1, 2006, the Comptroller General shall submit a report to the Congress on the results of the study conducted under subparagraph (1), together with specific policy recommendations.

“(i) STUDY OF RISKS STEMMING FROM NUCLEAR, BIOLOGICAL, CHEMICAL AND RADIOACTIVE EVENTS.—

“(1) IN GENERAL.—The Comptroller General of the United States, after consultation with the NAIC, representatives of the insurance industry, including a cross-section of insurers, independent insurance agents and brokers, and policyholders, and other experts in the insurance field, shall conduct a study to determine the extent to which risks associated with nuclear, biological, chemical, or radioactive events are measurable and insurable at the Federal or private sector level, or both.

“(2) REPORT.—Not later than September 1, 2006, the Comptroller General shall submit a report to the Congress on the results of the study conducted under paragraph (1), together with specific policy recommendations.

“(j) STUDY OF NEED FOR FEDERAL NATURAL DISASTER CATASTROPHE PROGRAM.—

“(1) IN GENERAL.—The Comptroller General of the United States, after consultation with the NAIC, representatives of the insurance industry, including a cross-section of insurers, independent insurance agents and brokers, and policyholders, and other experts in the insurance field, shall conduct a study concerning the need for a Federal program that provides for a system of shared public and private compensation for insured losses resulting from natural disaster.

“(2) ISSUES.—The study under this section shall include an analysis of whether, and in what manner, such a Federal program should incorporate any or all of the following concepts: tax-free capital reserves; voluntary mutual reinsurance pools; a distinction between sophisticated and non-sophisticated commercial purchasers for the purposes of exemption from regulation; or Federal support for the purchase of reinsurance by State disaster insurance programs.

“(3) REPORT.—Not later than September 1, 2006, the Comptroller General shall submit a report to the Congress on the results of the study conducted under this subsection together with specific policy recommendations.

“**SEC. 104. GENERAL AUTHORITY AND ADMINISTRATION OF CLAIMS.**

“(a) GENERAL AUTHORITY.—The Secretary shall have the powers and authorities necessary to carry out the program, including authority—

“(1) to investigate and audit all claims under the Program; and

“(2) to prescribe regulations and procedures to effectively administer and implement the Program, and to ensure that all insurers and self-insured entities that partici-

pate in the Program are treated comparably under the Program.

“(b) INTERIM RULES AND PROCEDURES.—The Secretary may issue interim final rules or procedures specifying the manner in which—

“(1) insurers may file and certify claims under the Program;

“(2) the Federal share of compensation for insured losses will be paid under the Program, including payments based on estimates of or actual insured losses;

“(3) the Secretary may, at any time, seek repayment from or reimburse any insurer, based on estimates of insured losses under the Program, to effectuate the insured loss sharing provisions in section 103; and

“(4) the Secretary will determine any final netting of payments under the Program, including payments owed to the Federal Government from any insurer and any Federal share of compensation for insured losses owed to any insurer, to effectuate the insured loss sharing provisions in section 103.

“(c) CONSULTATION.—The Secretary shall consult with the NAIC, as the Secretary determines appropriate, concerning the Program.

“(d) CONTRACTS FOR SERVICES.—The Secretary may employ persons or contract for services as may be necessary to implement the Program.

“(e) CIVIL PENALTIES.—

“(1) IN GENERAL.—The Secretary may assess a civil monetary penalty in an amount not exceeding the amount under paragraph (2) against any insurer that the Secretary determines, on the record after opportunity for a hearing—

“(A) has failed to charge, collect, or remit terrorism loss risk-spreading premiums under section 103(e) in accordance with the requirements of, or regulations issued under, this title;

“(B) has intentionally provided to the Secretary erroneous information regarding premium or loss amounts;

“(C) submits to the Secretary fraudulent claims under the Program for insured losses;

“(D) has failed to provide the disclosures required under subsection (f); or

“(E) has otherwise failed to comply with the provisions of, or the regulations issued under, this title.

“(2) AMOUNT.—The amount under this paragraph is the greater of \$1,000,000 and, in the case of any failure to pay, charge, collect, or remit amounts in accordance with this title or the regulations issued under this title, such amount in dispute.

“(3) RECOVERY OF AMOUNT IN DISPUTE.—A penalty under this subsection for any failure to pay, charge, collect, or remit amounts in accordance with this title or the regulations under this title shall be in addition to any such amounts recovered by the Secretary.

“(f) SUBMISSION OF PREMIUM INFORMATION.—

“(1) IN GENERAL.—The Secretary shall annually compile information on the terrorism risk insurance premium rates of insurers for the preceding year.

“(2) ACCESS TO INFORMATION.—To the extent that such information is not otherwise available to the Secretary, the Secretary may require each insurer to submit to the NAIC terrorism risk insurance premium rates, as necessary to carry out paragraph (1), and the NAIC shall make such information available to the Secretary.

“(3) AVAILABILITY TO CONGRESS.—The Secretary shall make information compiled under this subsection available to the Congress, upon request.

“(g) FUNDING.—

“(1) FEDERAL PAYMENTS.—There are hereby appropriated, out of funds in the Treasury not otherwise appropriated, such sums as may be necessary to pay the Federal share of

compensation for insured losses under the Program to the extent such Federal share exceeds funds collected by the Secretary pursuant to section 103(e)(2).

“(2) ADMINISTRATIVE EXPENSES.—There are hereby appropriated, out of funds in the Treasury not otherwise appropriated, such sums as may be necessary to pay reasonable costs of administering the Program.

**“SEC. 105. ESTABLISHMENT OF COMMISSION ON TERRORISM RISK INSURANCE.**

“(a) IN GENERAL.—There is hereby established the Commission on Terrorism Risk Insurance (in this section referred to as the ‘Commission’).

“(b) MEMBERSHIP.—

“(1) The Commission shall consist of 11 members, as follows:

“(A) The Secretary of the Treasury or his designee.

“(B) One State insurance commissioner designated by the members of the NAIC.

“(C) Nine members appointed by the President, who shall be—

“(i) a representative of group life insurers;

“(ii) a representative of property and casualty insurers with direct written premium of \$1,000,000,000 or less;

“(iii) a representative of property and casualty insurers with direct written premium of more than \$1,000,000,000;

“(iv) a representative of multiline insurers;

“(v) a representative of independent insurance agents;

“(vi) a representative of insurance brokers;

“(vii) a policyholder representative;

“(viii) a representative of the survivors of the victims of the attacks of September 11, 2001; and

“(ix) a representative of the reinsurance industry.

“(2) SECRETARY.—The Program Director of the Terrorism Risk Insurance Act shall serve as Secretary of the Commission. The Secretary of the Commission shall determine the manner in which the Commission shall operate, including funding and staffing.

“(c) DUTIES.—

“(1) IN GENERAL.—The Commission shall identify and make recommendations regarding—

“(A) possible actions to encourage, facilitate, and sustain provision by the private insurance industry in the United States of affordable coverage for losses due to an act or acts of terrorism;

“(B) possible actions or mechanisms to sustain or supplement the ability of the insurance industry in the United States to cover losses resulting from acts of terrorism in the event that—

“(i) such losses jeopardize the capital and surplus of the insurance industry in the United States as a whole; or

“(ii) other consequences from such acts occur, as determined by the Commission, that may significantly affect the ability of the insurance industry in the United States to independently cover such losses; and

“(C) significantly reducing the expected Federal role over time in any continuing Federal terrorism risk insurance program.

“(2) EVALUATIONS.—In identifying and making the recommendations required under paragraph (1), the Commission shall specifically evaluate the utility and viability of TRIA Capital Reserve Funds made available under section 103(e)(2), any risk sharing mechanism created or made available under section 103(e)(3), a Federally created or mandated reinsurance facility, empowering such a facility to issue pre-event financing bonds, post-event financing bonds, assessments, single or multiple pooling arrangements, and other risk sharing arrangements to accomplish, in whole or in part, the specified objectives, taking into consideration the studies

and reports to the Congress pursuant to subsections (h) and (i) of section 103.

“(3) REPORT.—Not later than December 31, 2006, the Commission shall submit a report to Congress evaluating and making recommendations regarding whether there is a need for a Federal terrorism risk insurance program and, if so, shall make a specific, detailed recommendation for the replacement of the Program, including specific, detailed recommendations for the creation of a terrorism reinsurance facility or facilities or single or multiple pooling arrangements, or both.

“(d) EFFECT ON EXISTING PROGRAM.—For purposes of section 108(a), the Secretary shall make a determination not later than January 31, 2007, of whether the Commission has satisfied its obligations under subsection (c)(3).

**“SEC. 106. PRESERVATION PROVISIONS.**

“(a) STATE LAW.—Nothing in this title shall affect the jurisdiction or regulatory authority of the insurance commissioner (or any agency or office performing like functions) of any State over any insurer or other person—

“(1) except as specifically provided in this title; and

“(2) except that—

“(A) the definition of the term ‘act of terrorism’ in section 102 shall be the exclusive definition of that term for purposes of compensation for insured losses under this title, and shall preempt any provision of State law that is inconsistent with that definition, to the extent that such provision of law would otherwise apply to any type of insurance covered by this title; and

“(B) during the period beginning on the date of enactment of this Act and for so long as the Program is in effect, as provided in section 108, including authority in subsection 108(b), books and records of any insurer that are relevant to the Program shall be provided, or caused to be provided, to the Secretary, upon request by the Secretary, notwithstanding any provision of the laws of any State prohibiting or limiting such access; and

“(3) except that with respect to coverage required to be made available under section 103(c)—

“(A) no laws or regulations of a State imposing a diligent search requirement for the placement of a surplus lines policy shall apply in connection with the purchase of such insurance by an exempt commercial purchaser; and

“(B) no laws or regulations of a State, except of the home State, imposing a diligent search requirement for the placement of a surplus lines policy shall apply with respect to the placement of a multi-State surplus lines commercial insurance policy, provided the contract of insurance insures risks in the home State.

“(b) STREAMLINED RATE AND FORM FILING.—The Congress intends that, by December 31, 2007, all States, with respect to submission of a commercial property insurance policy or commercial casualty insurance policy that includes coverage for acts of terrorism—

“(1) implement and fully utilize the System for Electronic Rate and Form Filing (in this section referred to as ‘SERFF’), developed by the NAIC, without deviation to provide a single point for electronic filing of property insurance and casualty insurance forms for review;

“(2) update SERFF to provide a single coordinated checklist for inputting the required information used by various States for filing reviews and designating to which States the information will be submitted;

“(3) allow the option of filing of self-certified commercial property insurance and

commercial casualty insurance forms through a substantially nationwide coordinated electronic filing system that—

“(A) includes a review checklist with uniform nomenclature clearly establishing what is required under the laws of such State for a compliant filing of such forms;

“(B) uses a single input system and transmittal document that allows the filer to submit such form for review without required format deviations to any combination of the States participating in the system;

“(C) does not require prior approval for such self-certified form filing;

“(D) keeps such filings confidential until they are implemented, deemed implemented, or disapproved; and

“(E) only allows disapproval of such filings in writing based on specific standards that are published in statute, rule, or regulation.

“(c) STREAMLINED SURPLUS LINES PLACEMENT.—The Congress intends that, by December 31, 2007, all States streamline their surplus lines diligent search rules with respect to the placement of surplus lines policies in any covered line of insurance that includes coverage for acts of terrorism by providing for—

“(1) automatic export for exempt commercial purchasers, under which a surplus lines broker seeking to obtain, provide, or place insurance in a State for an insured that qualifies as an exempt commercial purchaser may procure surplus lines insurance from or place surplus lines insurance with any non-admitted insurer without making a diligent search to determine whether the full amount or type of insurance sought by the exempt commercial purchaser can be obtained from admitted insurers in such State.

“(2) home State regulation of diligent search requirements, that provides that, except as provided in paragraph (1), only the home State may impose a diligent search requirement for the placement of a multi-State surplus lines commercial insurance policy, provided the contract of insurance insures risks in the Home State.

“(d) EXISTING REINSURANCE AGREEMENTS.—Nothing in this title shall be construed to alter, amend, or expand the terms of coverage under any reinsurance agreement in effect on the date of enactment of this Act. The terms and conditions of such an agreement shall be determined by the language of that agreement.”; and

(2) in section 108—

(A) by striking subsection (a) and inserting the following new subsection:

“(a) TERMINATION OF PROGRAM.—

“(1) IN GENERAL.—Except as provided in paragraph (2), the Program shall terminate on December 31, 2008.

“(2) FAILURE OF COMMISSION TO SUBMIT REPORT.—If the Secretary determines pursuant to section 105(d) that the Commission on Terrorism Risk Insurance established under section 105 has not satisfied its obligations under section 105(c)(3), the Program shall terminate on December 31, 2007.”; and

(B) in subsection (c)(1), by striking “paragraph (4), (5), (6), (7), or (8) of”.

(b) APPLICABILITY.—The amendments made by subsection (a) shall take effect and apply beginning on January 1, 2006.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Ohio (Mr. OXLEY) and the gentleman from Massachusetts (Mr. FRANK) each will control 20 minutes.

The Chair recognizes the gentleman from Ohio.

GENERAL LEAVE

Mr. OXLEY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to

revise and extend their remarks and include extraneous material on S. 467.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. OXLEY. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, in the aftermath of the brutal terrorist attacks on our Nation on September 11, 2001, America's economic and financial security was put at risk. Thousands of innocent people were victimized and our insurance industry was brought to its knees.

Insurers could not predict when or where or how damaging the next attack would be. As a result, the insurance markets pulled back and businesses were unable to obtain terrorism insurance at any price. Business development plans stalled and our economy was put at risk.

President Bush immediately called on Congress to pass legislation that would prevent severe economic disruptions caused by a lack of available terrorism insurance. The Financial Services Committee worked closely with the administration and the Senate to draft the Terrorism Risk Insurance Act of 2002, or TRIA. TRIA provided a temporary Federal backstop to protect against future catastrophic terrorist attacks. This program, by any measure, has been a resounding success.

On June 30, 2005, the Treasury Department submitted a report to Congress on the effectiveness of the TRIA program, the availability and affordability of terrorism insurance for various policyholders, and the likely capacity of the property and casualty insurance industry to offer insurance for terrorism risk after TRIA expires on December 31 of this year. According to the report, the removal of TRIA would result in "less terrorism insurance written by insurers, higher prices, and lower policyholder take-up."

The administration stated that it wanted to reform the TRIA program and foster the development of a private market for terrorism insurance.

The legislation before us today would temporarily extend the terrorism risk backstop for policyholders, but would also add a number of critical reforms. Perhaps most importantly, this bill is the only proposal providing significant taxpayer protections.

Unlike the current TRIA program which sets a limit on the amount of Federal assistance taxpayers may recoup, this legislation may have full 100 percent taxpayer payback. Every dollar the Federal Government pays out gets repaid over time. This bill also significantly increases industry co-shares, providing further taxpayer relief in the short run.

The bill raises the program trigger from \$5 million to \$50 million in the first year of the extension and then to \$100 million for the second year. It also eliminates commercial automobile insurance from the terrorism insurance program, for a reduction of over \$30 bil-

lion dollars in covered line premiums. The bill raises the deductibles on all lines of insurance from the current level of 15 percent to an average of over 20 percent, the biggest increase among all of the proposals.

The legislation encourages insurers to make coverage available for nuclear, biological, chemical and radioactive risk attacks, which are currently excluded from most insurance policies. Without these provisions, policyholders will continue to be unprotected for the most catastrophic of events.

Any Federal terrorism insurance program must be temporary. Because terrorism risk will not go away, one of our major goals must be to decrease the role of the Federal Government over time and provide real, lasting market reforms that will increase industry responsibility for terrorism insurance.

It is important that industry have more "skin in the game" to ease the transition to the private market for terrorism insurance. In addition to a raised trigger and deductibles, this bill is the only legislation that requires that development of a long-term solution shifting the backstop to the private sector and phasing out the Federal role.

A public-private entity is created and is required to issue specific proposals within a short period of time, and the bill sets up various risk-pooling mechanisms and dedicated terrorism capital accounts to immediately begin the transition. Without these provisions, we will be back here in 12 months arguing over another extension with no improved reforms.

This legislation is identical to the bill that passed our Financial Services Committee overwhelmingly by a vote of 64-3, with the exception of striking certain provisions that are within the jurisdiction of the Judiciary Committee by agreement, a slight change in the definition of exempt commercial purchasers, and other technical and conforming changes.

I applaud my friend and colleague, the gentleman from Louisiana (Mr. BAKER), chairman of the Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises, for introducing this legislation.

I would also like to thank the gentleman from New York (Mrs. KELLY), the gentleman from Texas (Mr. SESSIONS), the gentlewoman from Ohio (Ms. Price), the gentleman from Kentucky (Mr. DAVIS), the gentleman from New York (Mr. FOSSELLA), the gentleman from Arizona (Mr. RENZI), the gentleman from New Jersey (Mr. FERGUSON), the ranking member from Massachusetts (Mr. FRANK), the gentleman from Pennsylvania (Mr. KANJORSKI), and the gentleman from Massachusetts (Mr. CAPUANO) for their leadership and commitment to this important matter.

I urge my colleagues to vote in favor of this bill.

Mr. Speaker, I reserve the balance of my time.

Mr. FRANK of Massachusetts. Mr. Speaker, the ranking member of the subcommittee, the gentleman from Pennsylvania (Mr. KANJORSKI), is on his way over. He has taken the lead for us on this bill.

I would just ask at this point unanimous consent for me to turn over to him the management of our time when he arrives.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. FRANK of Massachusetts. Mr. Speaker, this is a bill to which my response is, "Better late than never." I wish we would have done this earlier. We have known for some time the deadline was coming. I appreciate the efforts of the chairman of the committee to get the attention of the House to this bill. We passed it in committee some time ago before the break. It frankly could have come to the floor before that.

I say that because I am pleased with this bill in general. I think it is useful that we are producing it. And there are differences between this bill and the one passed by the Senate, and we do need some time to work them out.

□ 1215

None of them is of enormous difficulty, it seems to me, they all have a similar capacity, but it would have been better if we had done this earlier.

Having said that, I want to stress what is so important about this bill to me, and it is it establishes or maintains the principle that we will try to minimize the extent to which terrorists influence decisions that we make here in America. I do not regard this as a favor to the insurance companies. Frankly, terrorism insurance would, I believe, not exist if it were not for this bill or, if it did exist, it would be at very high premiums. The insurance industry would have the option either of walking away from offering this or of charging high premiums. I do not think the insurance industry would be greatly disadvantaged.

The losers, if we do not reenact terrorism risk insurance, are people who want to build and particularly in those cities that are seen as potential targets of terrorism. We have been told by people who want to do large commercial buildings, very important to the big cities of this country, to the areas that would be the targets of terrorism, that they would not be able to get loans that are necessary obviously to build if they are not fully insured. Lenders are telling us, yes, we cannot now lend large amounts of money, tens, hundreds of millions of dollars to a building that might be at risk from terrorism and be uninsured against that risk.

I think we ought to have a responsible insurance system so that where we can minimize risk we can give people an incentive to be responsible in dealing with them. I do not think it is

good public policy to say to people who want to build in New York or Chicago or Los Angeles or here in Washington, D.C., There are terrorists out there and they want to blow things up and you will bear that financial responsibility; that is up to you. That is unfair to the cities, and it gives the terrorists leverage over our economy.

So this is a bill which, in my mind, is not for benefit of the insurers but for the insured, and it is for the benefit of the insured so that we can go forward with the development of our economy.

Indeed, there is one issue here regarding the World Trade Center that we have not yet fully resolved, and I appreciate the chairman showing some interest in this. We were asked, both of us, by Members from the New York area about some provisions to deal with the possibility that the World Trade Center reconstruction will take too long. Frankly, those in charge in New York did not come to us until very late in the process, and it was not possible to accommodate something of that complexity now. I hope we do not rule it out for the future, but if they had come to us earlier, we might have been able to deal with it somewhat differently, but that illustrates the point.

This is a bill to make sure that economic activity in our biggest cities can go on uninterrupted, and the alternative is to let the terrorists put a terrorist tax on building large buildings in our big cities, and we should not allow that.

Let me just say, finally, I want to acknowledge, and my friend from Pennsylvania is here and will be taking this over, but this has been a cooperative effort with the chairman of the committee, the gentleman from New York (Mr. ISRAEL), the gentleman from New York (Mr. CROWLEY). The gentleman from Massachusetts (Mr. CAPUANO) has done a lot.

Last point. Some of the consumer groups have raised what I think are misguided objections here. I do not see that this, in any way, impinges on the consumers negatively, but thanks to the gentlewoman from Florida, who will be speaking later, it has a very important proconsumer piece, and I appreciate the chairman's agreeing to add it, that protects Americans from arbitrary treatment if they are traveling to certain parts of the world.

So I am very supportive of this, and I would now turn over the management of the time to the gentleman from Pennsylvania.

Mr. OXLEY. Mr. Speaker, I am pleased to yield 2 minutes to the gentlewoman from New York (Mrs. KELLY), the chairman of the Oversight Subcommittee.

Mrs. KELLY. Mr. Speaker, I rise today in strong support of H.R. 4314, the Terrorism Risk Insurance Revision Act of 2005. This is important legislation. It builds on the success of the Terrorism Risk Insurance Act we passed after 9/11.

In New York, the terrorist attacks of September 11 caused many insurers to

eliminate coverage in the area. At a time when the economy was suffering, business leaders who wanted to rebuild were stopped by a lack of insurance coverage. Some of my own constituents had this problem.

The passage of TRIA in 2002 allowed job growth and construction to resume in New York and nationwide.

The Treasury Department reported this year that TRIA has lowered premiums and increased coverage for cities across the country that face the risk of terror.

The bill before us today recognizes the successes of TRIA and changes the program to even make it better. It recognizes that after the London bombings, there can be no real distinction between domestic and international acts of terror.

It provides coverage for group life plans from attacks that could target a single employer or an industry. Perhaps most importantly, this bill creates a commission to examine the long-term provision of terrorism insurance in this country.

Making terror insurance available after the expiration of this bill, particularly at the World Trade Center and any other locations that have been victims of terror and face special challenges in obtaining insurance, will be a vital responsibility of this commission.

The bill does not exist to benefit insurers. It benefits the taxpayers. The House bill will protect taxpayers from losses from terrorist attack, while ensuring that taxpayers can insure their homes and property against terror.

Failure to pass this bill will be an open invitation for economic attacks against this country and against our citizens.

I urge the Members of this House to support this bill, and I urge an immediate conference with the Senate so that we can act before the current program expires.

Mr. KANJORSKI. Mr. Speaker, I yield 2 minutes to the gentleman from New York (Mr. ISRAEL).

Mr. ISRAEL. Mr. Speaker, I thank the gentleman for the time.

Mr. Speaker, I want to thank Chairman OXLEY and Ranking Member FRANK for their hard work in getting this important legislation to the floor. This is an example of the kind of bipartisan cooperation that we have in the Financial Services Committee.

Mr. Speaker, just over a year and a half ago, the committee held its first hearing in the 108th Congress on the extension of terrorism risk insurance. At that time, I announced I would be working with the gentleman from Massachusetts (Mr. CAPUANO) on a TRIA reauthorization bill, and at the same time, I said that, in my view, this was the most important issue facing our committee. It was then; it still is now.

After 9/11, the businesses in my district and throughout the New York metropolitan area saw firsthand the result of a lack of availability of terrorism insurance. New development

was held up. Existing businesses were left to choose between unmanageable risk and astronomical insurance premiums. Certain high profile industries and buildings faced both at once. The passage of TRIA changed that by stabilizing the insurance market and allowing all businesses an affordable option for terrorism coverage.

Unfortunately, we are now staring at the sunset of that program, and although strides have been made, the private sector is not yet able to independently price and make available terrorism insurance.

Passage of this bipartisan bill is a critical step toward ensuring the continued stability of our national economy, and of particular importance to me is the inclusion of group life. As I have said often in the past, if we are going to provide a Federal backstop for the insurance of buildings, for bricks and mortars and steel and glass, we should also provide for the people who are residing and working within those buildings.

We have 2 weeks left in this session, and a great many differences between the two bills that need to be worked out. I am positive that we will come to an agreement that will enable us to keep this program available uninterrupted.

Mr. Speaker, I would like to conclude by making one final point. An attack on this country is not an attack on a building. It is not an attack on the insurance industry. It is not an attack on a bunch of companies. It is an attack on our country, and the Federal Government has an obligation to help defend against the economic consequences of that attack, which is what TRIA's extension does.

Mr. OXLEY. Mr. Speaker, I yield 2 minutes to the gentleman from Georgia (Mr. PRICE).

Mr. PRICE of Georgia. Mr. Speaker, I rise to thank the chairman for bringing this bill forward and to express to him, as he understands, the extreme importance of this, and I rise to support the underlying bill.

Mr. Speaker, as the gentleman knows, in committee there was an amendment that was added regarding the lawful international travel and the life insurance coverage, and I expressed concern about that amendment at that time and the language that was included in that amendment, which I believe not to be consistent with either current law or insurance practice.

Although we have been working to correct that language, we have not yet gotten to an agreement on that, and I would simply ask the chairman for his commitment that we have the opportunity to correct that language in conference prior to reporting this bill back to the House.

Mr. OXLEY. If the gentleman would yield, the gentleman has my assurances. I know we had some discussions in the committee, in the markup. Going forward, we have not been able to close that circle yet, but I see the



gentlewoman from Florida there nodding, and the gentleman has my assurances, as do all the other members of the committee, that we will address that issue. I think there were some drafting issues and the like that we will certainly take care of before the conference is concluded.

Mr. PRICE of Georgia. Mr. Speaker, I thank the chairman, and I look forward to working on this positively and productively and look forward to this bill coming back.

Mr. OXLEY. I thank the gentleman for his support.

Mr. KANJORSKI. Mr. Speaker, I yield myself 3 minutes.

(Mr. KANJORSKI asked and was given permission to revise and extend his remarks.)

Mr. KANJORSKI. Mr. Speaker, I rise in support of the Terrorism Risk Insurance Revision Act.

The terrorist attacks on the World Trade Center and the Pentagon altered how we each assess risk. This adjustment was especially apparent in the insurance industry.

Terrorism insurance is critical to protecting jobs and promoting America's economic security. Unfortunately, the supply of terrorism reinsurance after the September 11 attacks significantly decreased.

Eventually, we approved the Terrorism Risk Insurance Act to address this problem. At recent hearings, we have learned that this law has worked to increase the availability of terrorism risk insurance, lowered the cost of such insurance, contributed significantly to stabilizing the overall insurance marketplace, and advanced delayed economic development projects.

We also wisely designed this program as a temporary backstop to get our Nation through a period of economic uncertainty until the private sector could develop the models to price for terrorism reinsurance. Unlike hurricanes and fires, acts of terrorism in the American experience currently remain inherently unpredictable in frequency and scale. As a result, the private sector has not yet returned to the terrorism reinsurance marketplace.

Many studies support this finding. The Government Accountability Office, for example, has determined that the industry has made little progress to date in providing terrorism insurance without government involvement. A report by the Rand Corporation also found that TRIA is needed, but because of its gaps, it is not robust enough to protect against evolving threats like those posed by nuclear, biological, chemical and radioactive events.

Many have, therefore, called upon us to modify and extend the life of the terrorism risk insurance program in order to prevent short-term market disruptions and better protect the economy. The consensus bill before us today wisely extends the program up to 3 years and adopts other prudent reforms.

I am especially pleased that the bill includes group life insurance as a cov-

ered line. The original TRIA omitted such coverage. This bill fixes that oversight. We need, after all, to insure the people inside the buildings, not just the buildings themselves.

In closing, Mr. Speaker, this is not a Democratic issue or a Republican issue. It is an American issue, a business issue and an economic security issue.

With less than 4 weeks remaining before the current program expires, we need to expeditiously pass this important economic stabilization legislation and move forward with a conference. I urge my colleagues to support this bill.

Mr. Speaker, I reserve the balance of my time.

Mr. OXLEY. Mr. Speaker, I am pleased to yield whatever time he may consume to the gentleman from Louisiana (Mr. BAKER), the chairman of the subcommittee.

Mr. BAKER. Mr. Speaker, I thank the chairman for yielding.

I rise today in strong support of this measure which represents the work product of the Committee on Financial Services not for a matter of hours but, frankly, a matter of years.

The committee first authorized a terrorism reinsurance program some years ago, initially after the events of 9/11. That program has now exceeded its lifespan and is due to expire at the end of this year.

The consequences of letting the program expire are consequential. The inability to underwrite an indeterminate risk is of great consequence to particularly our real estate and development community, but to all business enterprises which are vulnerable to and concerned with the potential of a terrorism event.

The collective impact of this program will not be felt by taxpayers until and unless there is a terrorist attack. It is something that some appear to not understand. We are not creating a job bureaucracy. We are not spending tens of millions of taxpayer dollars. We are only saying that in the event another unexpected terrible calamity that struck New York some years ago should ever reoccur, that there be in place a governmental mechanism to help us through the crisis.

Some are concerned that this represents a way in which to funnel hundreds of millions of dollars to private interests of taxpayer money without recourse.

The principal reason why the House approach is the only approach that we should adopt is the requirement for the industry, once solvent, once stable, once economic conditions have returned to normality, that there would be repayment of the credit extended by the United States taxpayer. This is not a giveaway. This is a bridge loan in the time of national crisis.

□ 1230

I cannot conceive of how this Congress could go home and walk away from this responsibility to act for a

preventive measure. It only gives our economic system the assurance that there will be continuity; that there will be the ability for our economic systems to function should we be called upon to respond to an event of enormous proportions that all of us hope will never occur.

We also are sensitive to the scale of the insurance industry. There are very large companies who can withstand enormous losses and pay them off quite well. There are regional and smaller providers who provide an essential service in our economy that would be disastrously impacted if the provisions contained in the House measure are not adopted.

I cannot speak highly enough about the long-suffering work of our chairman, Chairman OXLEY, and the kind assistance offered by the ranking member, Mr. FRANK, in really making this a bipartisan recommendation to meet what is an identified and obvious need in the most responsible manner possible.

Let me say it again, because it is so important. If, and only if, the provisions of this act are necessary will it be brought into life. At such time any assistance offered to any private entity who is a for-profit entity and taxpayer resources are expended, there will be a requirement to repay the taxpayers of this country when the solvency of that enterprise is clear and established. Emergency purposes for emergency needs in a time of crisis.

I commend both Members for their leadership and hard work on this measure.

Mr. KANJORSKI. Mr. Speaker, I yield 2 minutes to the gentleman from Massachusetts (Mr. CAPUANO).

Mr. CAPUANO. Mr. Speaker, I rise to congratulate the chairman of the committee and the subcommittee and the ranking members of the committee and subcommittee. This is a classic example of perfect legislation because no one involved with it is happy, but we are all satisfied. We are satisfied on a bill that will not get any one of us a single vote or win us a single friend at home.

This bill is being done for the simple reason it must be done for the security and stability of the American economy. And the fact that we are getting it done, I think, is an amazing statement of progress. All congratulations are due to the people who sat around the table, worked out some deep philosophical differences of opinion, and did it in a way that lived up to the chairman's commitment, his public commitment a few months ago that some people questioned, though I never did, that this bill would be done before we went home.

Again, I just stand to congratulate him and to thank him and the other people involved with this bill for getting it done in a manner that should make us all proud.

Mr. OXLEY. Mr. Speaker, I am pleased now to yield 2 minutes to the

gentleman from New York (Mr. REYNOLDS).

(Mr. REYNOLDS asked and was given permission to revise and extend his remarks.)

Mr. REYNOLDS. Mr. Speaker, I thank the gentleman from Ohio for yielding me this time and allowing me to speak on this legislation. I think that first we should salute the hard work of Chairman OXLEY and Ranking Member FRANK, as well as the hard work of Subcommittee Chairman RICHARD BAKER, who just so eloquently explained why this legislation is so important not only to New York in the aftermath of 9/11 but to every city in the country that finds themselves in the plight of terrorism and the reinsurance markets.

This is an opportunity for us to continue where the free market will not be able to indemnify building owners as we look at this across the country. I think that the authors of this legislation, as the House passes this later today, give us a real opportunity to move forward with a 2-year opportunity to help the marketplace, the building owners who are affected by the need for coverage of this exposure, while also recognizing that the free marketplace is not able to absorb this without the governmental mechanism that has been outlined as the intent of the bill.

So I wholeheartedly support it. It is something that will affect the buildings and the marketplace throughout the country, and certainly my State is one where it is vitally needed in order to have coverage for the markets.

Mr. KANJORSKI. Mr. Speaker, I yield 2 minutes to the charming gentlewoman from Florida (Ms. WASSERMAN SCHULTZ).

Ms. WASSERMAN SCHULTZ. Mr. Speaker, I am privileged to serve on the Financial Services Committee under the leadership of Chairman OXLEY and Ranking Member FRANK, because this bill is yet another example of what we can accomplish when both sides of the aisle work together. And this is not the first time that that has occurred, and I am sure it will not be the last when it comes to the results that come out of this committee.

As outgoing Federal Reserve Chairman Alan Greenspan once said, "Free markets presume peaceful societies." The infinite risks associated with terrorism have demonstrated their potential to destabilize our markets, so I rise to express my full support for the version of TRIA before the House today.

I want to thank Chairman OXLEY, Ranking Member FRANK, Representative BAKER, and Representative KANJORSKI for their stalwart leadership on this issue. I also want to thank all members and staff from the Financial Services Committee who have worked so hard to bring this to the floor.

The House version of the bill includes critical reforms that will help protect the American economy in the event of

another terrorist attack. It includes important group life provisions, streamlines insurance filings, and gives consumers more options and protections. I am proud that this legislation has gleaned broad-based bipartisan support, and I encourage all my colleagues to support the House version of the bill today and in conference.

Mr. Speaker, I look forward to working with the chairman and the ranking member and any other interested parties on the language related to the life insurance fairness-for-travelers issue.

Mr. OXLEY. Mr. Speaker, I reserve the balance of my time.

Mr. KANJORSKI. Mr. Speaker, I yield 2 minutes to the gentlewoman from New York (Mrs. MALONEY).

Mrs. MALONEY. Mr. Speaker, part of our war against terror is putting our economic house in order, and this bill is essential to achieving that goal. Businesses and real estate and development tell me in New York City now that it is absolutely impossible to get insurance until this bill passes.

After 9/11, of all the aid that my colleagues gave which helped New York, in my opinion the absolute most important act was passing TRIA, the Terrorism Risk Insurance Act. We were not able to build anything or to move forward in any way until the insurance package was in place. So this bill today is tremendously important.

There are many important features in it. I would like to particularly point out that the House bill adds group life insurance, since it is not only property that is at risk in a terrorist attack but also human lives.

Secondly, the bill creates a commission of private sector experts to come forward with long-term private sector solutions. It gives the private sector the responsibility to develop a private sector solution for Congress to consider.

It also has a third year as a transition for a long-term solution that the commission will hopefully come forward with. Without the benefits and the flexibility provided in the House bill, I am afraid that in 2 years we will be at the same place we are now, having no new outside government thinking and no ability to implement new ideas or accommodate marketplace developments.

I urge my colleagues to support this; and I congratulate the leadership of Congress, the leadership of the committee, Mr. OXLEY, who did a fantastic job on this. I regret that he will not be running for reelection again. He has been a tremendous leader along with Ranking Member FRANK.

I hope that the features that are in the House bill will be preserved in the committee report.

Mr. OXLEY. Mr. Speaker, I yield such time as she may consume to the gentlewoman from New York (Mrs. KELLY).

Mrs. KELLY. Mr. Chairman, I know that the amendment that we put into the bill that was authored by the gen-

tlewoman from Florida (Ms. WASSERMAN SCHULTZ) that prevents restrictions from being put on lawful foreign travel and prohibits excessive rates on foreign travel was not the subject of a hearing in our committee. I would like to explore the possibility of working with the chairman on possibly having a hearing about that to see the extent of what actually is occurring with regard to restrictions on travel to different countries.

I would be interested in the chairman's response to that. While I fully support travel to Israel, I do not know how many other countries this might be affecting.

Mr. OXLEY. Mr. Speaker, I thank the gentlewoman for her inquiry, and clearly the committee on the point that she mentioned did not have hearings on the amendment offered, but I think it may be ripe for further exploration by the committee because the gentlewoman raises some interesting issues regarding foreign travel, particularly as it relates to life insurance policies.

I thank the gentlewoman for her interest and expertise.

Mr. KANJORSKI. Mr. Speaker, this has been a difficult time, because so many of us over the last year have desired to move this legislation along. But I would be remiss if I did not take this occasion to perhaps illuminate an example for this entire Congress as represented by the financial services industry.

I would have to say, without doing an in-depth study, that the Financial Services Committee of the House of Representatives has proven that even in the 109th Congress we can have bipartisan activity of an extraordinary amount, and that to a large extent is due to the incredibly good leadership of our gentleman friend, the chairman from Ohio, and the ranking member, the gentleman from Massachusetts (Mr. FRANK). I also would be remiss if I did not suggest a strong and hard effort by our friend, the subcommittee chairman, Mr. BAKER of Louisiana.

Perhaps the full House could take note that in pressing times of need for legislation that can be contentious and has philosophical differences of great order, both sides of the aisle on this piece of legislation, and so many more in this session of Congress, have come together to perform the people's work; and I think the congratulations to a large extent for that effort go to the gentleman from Ohio, the chairman, Mr. OXLEY.

With those remarks, Mr. Speaker, and urging all my colleagues in the House to vote "yes" on this legislation, I yield back the balance of my time.

Mr. OXLEY. Mr. Speaker, just in conclusion, I thank the gentleman from Pennsylvania for his kind words, and all the members on the committee who worked so hard on this, particularly Mr. KANJORSKI and Mr. FRANK on that side, and many, many others.

Mr. Speaker, when we had the hearing on this legislation with the Treasury Secretary after the Treasury report came out, I made the comment it would be irresponsible on the part of this Congress if we did not address the issue of terrorism risk insurance. It was far too important to ignore; it had too many implications for our economy going forward.

And Mr. FRANK was right when he said this is not about the insurers. It is about the insured, the people out there creating jobs and making our economy work. And it is also a recognition that an act of terrorism is almost impossible to try to get actuarial information on to be able to set rates. It is virtually impossible. Anybody that knows anything about insurance knows that it is virtually impossible to work that in to any kind of an insurance scheme in which they would charge premiums. So that is why we needed this bottom-up, and that is why we need to continue this bottom-up.

And the idea is to transition during that period to a market-based solution, creating the incentive for insurance companies to create a pool, not unlike what the Brits have, the pool-rate concept, so you have this pool that could guard against losses. It is something that hopefully over the next year, as we finish this Congress, we can set the stage for that transition that will enable our economy to continue to grow and provide a robust insurance protection for those activities at the same time.

□ 1245

This is, in my estimate, as the gentleman from Pennsylvania pointed out, the legislative process at its best and I am very proud of the committee and the job that we have done. I ask for support of the legislation.

Mr. PAUL. Mr. Speaker, 4 years ago, when the Congress considered the bill creating the terrorism insurance program, I urged my colleagues to reject it. One of the reasons I opposed the bill was my concern that, contrary to the claims of the bill's supporters, terrorism insurance would not be allowed to sunset after 3 years. As I said then:

The drafters of H.R. 3210 claim that this creates a "temporary" government program. However, Mr. Speaker, what happens in 3 years if industry lobbyists come to Capitol Hill to explain that there is still a need for this program because of the continuing threat of terrorist attacks. Does anyone seriously believe that Congress will refuse to reauthorize this "temporary" insurance program or provide some other form of taxpayer help to the insurance industry? I would like to remind my colleagues that the Federal budget is full of expenditures for long-lasting programs that were originally intended to be "temporary."

I am disappointed to be proven correct. I am also skeptical that, having renewed the program once, Congress will ever allow it to expire, regardless of the recommendations made by the commission created by this bill.

As Congress considers extending this program, I renew my opposition to it for substantially the same reasons I stated 4 years ago.

However, I do have a suggestion on how to improve the program. Since one claimed problem with allowing the private market to provide terrorism insurance is the difficulty of quantifying the risk of an attack, the taxpayers' liability under the terrorism reinsurance program should be reduced for an attack occurring when the country is under orange or red alert. After all, because the point of the alert system is to let Americans know when there is an increased likelihood of an attack it is reasonable to expect insurance companies to demand that their clients take extra precautionary measures during periods of high alert. Reducing taxpayer subsidies will provide an incentive to ensure private parties take every possible precaution to minimize the potential damage from possible terrorists attack.

While this bill does contain some provisions making it more favorable to taxpayers than the original program, my fundamental objections to the program remain the same as 4 years ago. Therefore, I am attaching my statement regarding H.R. 3210, which created the terrorist insurance program in the 107th Congress:

Mr. Speaker, no one doubts that the government has a role to play in compensating American citizens who are victimized by terrorist attacks. However, Congress should not lose sight of fundamental economic and constitutional principles when considering how best to provide the victims of terrorist attacks just compensation. I am afraid that H.R. 3210, the Terrorism Risk Protection Act, violates several of those principles and therefore passage of this bill is not in the best interests of the American people.

Under H.R. 3210, taxpayers are responsible for paying 90 percent of the costs of a terrorist incident when the total cost of that incident exceeds a certain threshold. While insurance companies technically are responsible under the bill for paying back monies received from the Treasury, the administrator of this program may defer repayment of the majority of the subsidy in order to "avoid the likely insolvency of the commercial insurer," or avoid "unreasonable economic disruption and market instability." This language may cause administrators to defer indefinitely the repayment of the loans, thus causing taxpayers to permanently bear the loss. This scenario is especially likely when one considers that "avoid . . . likely insolvency, unreasonable economic disruption, and market instability" are highly subjective standards, and that any administrator who attempts to enforce a strict repayment schedule likely will come under heavy political pressure to be more "flexible" in collecting debts owed to the taxpayers.

The drafters of H.R. 3210 claim that this creates a "temporary" government program. However, Mr. Speaker, what happens in 3 years if industry lobbyists come to Capitol Hill to explain that there is still a need for this program because of the continuing threat of terrorist attacks. Does anyone seriously believe that Congress will refuse to reauthorize this "temporary" insurance program or provide some other form of taxpayer help to the insurance industry? I would like to remind my colleagues that the Federal budget is full of expenditures for long-lasting programs that were originally intended to be "temporary."

H.R. 3210 compounds the danger to taxpayers because of what economists call the "moral hazard" problem. A moral hazard is

created when individuals have the costs incurred from a risky action subsidized by a third party. In such a case individuals may engage in unnecessary risks or fail to take steps to minimize their risks. After all, if a third party will bear the costs of negative consequences of risky behavior, why should individuals invest their resources in avoiding or minimizing risk?

While no one can plan for terrorist attacks, individuals and businesses can take steps to enhance security. For example, I think we would all agree that industrial plants in the United States enjoy reasonably good security. They are protected not by the local police, but by owners putting up barbed wire fences, hiring guards with guns, and requiring identification cards to enter. One reason private firms put these security measures in place is because insurance companies provide them with incentives, in the form of lower premiums, to adopt security measures. H.R. 3210 contains no incentives for this private activity. The bill does not even recognize the important role insurance plays in providing incentives to minimize risks. By removing an incentive for private parties to avoid or at least mitigate the damage from a future terrorist attack, the government inadvertently increases the damage that will be inflicted by future attacks.

Instead of forcing taxpayers to subsidize the costs of terrorism insurance, Congress should consider creating a tax credit or deduction for premiums paid for terrorism insurance, as well as a deduction for claims and other costs borne by the insurance industry connected with offering terrorism insurance. A tax credit approach reduces government's control over the insurance market. Furthermore, since a tax credit approach encourages people to devote more of their own resources to terrorism insurance, the moral hazard problems associated with federally funded insurance is avoided.

The version of H.R. 3210 passed by the Financial Services committee took a good first step in this direction by repealing the tax penalty which prevents insurance companies from properly reserving funds for human-created catastrophes. I am disappointed that this sensible provision was removed from the final bill. Instead, H.R. 3210 instructs the Treasury Department to study the benefits of allowing insurers to establish tax-free reserves to cover losses from terrorist events. The perceived need to study the wisdom of cutting taxes while expanding the federal government without hesitation demonstrates much that is wrong with Washington.

In conclusion, Mr. Speaker, H.R. 3210 may reduce the risk to insurance companies from future losses, but it increases the costs incurred by American taxpayer. More significantly, by ignoring the moral hazard problem this bill may have the unintended consequence of increasing the losses suffered in any future terrorist attacks. Therefore, passage of this bill is not in the long-term interests of the American people.

Mr. SHAYS. Mr. Speaker, I am grateful for the hard work that took place to bring the Terrorism Risk Insurance Revision Act to the floor and urge my colleagues to support its passage today.

Extending TRIA is important for so many facets of our economy; and revising the Act by requiring insurers to take on greater responsibility in the event of a catastrophic attack is a prudent measure for the taxpayers.

As a strong believer in free markets, I am fully aware and sympathetic to concerns that TRIA exposes the government and taxpayers to a risk that should be fully assumed by the marketplace. TRIA was never intended to be a permanent program, and we are wise to include in this legislation provisions directing the Treasury Department to work on the creation of risk sharing mechanisms and requiring a full payback to the Treasury in the event that TRIA is triggered.

I also strongly support the creation of a commission to study how best to reduce the Federal Government's role and increase the private sector's capacity to underwrite terrorism risk. It is crucial we maintain this provision in the final version of this legislation.

While this legislation takes several important steps to place greater responsibilities on insurance companies, in my judgment it is appropriate and wise for us to expand the program to include group life insurance. Quite simply, those who provide group life insurance face the same challenges as property and casualty and other insurers that were covered under the original TRIA Act. Failure to include group life has placed these insurers in a precarious position of choosing to remain in the marketplace without reinsurance or exiting from the market.

Although TRIA has not yet been triggered, it is important we both extend and improve it for the future. Again, I appreciate the Chairman's hard work and urge my colleagues to support passage.

Mr. OXLEY. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. SIMPSON). The question is on the motion offered by the gentleman from Ohio (Mr. OXLEY) that the House suspend the rules and pass the Senate bill, S. 467, as amended.

The question was taken.

The SPEAKER pro tempore. In the opinion of the Chair, two-thirds of those present have voted in the affirmative.

Mr. KANJORSKI. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX and the Chair's prior announcement, further proceedings on this question will be postponed.

#### STEALTH TAX RELIEF ACT OF 2005

Mr. REYNOLDS. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 4096) to amend the Internal Revenue Code of 1986 to extend to 2006 the alternative minimum tax relief available in 2005 and to index such relief for inflation.

The Clerk read as follows:

H.R. 4096

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

#### SECTION 1. SHORT TITLE.

This Act may be cited as the "Stealth Tax Relief Act of 2005".

#### SEC. 2. EXTENSION OF ALTERNATIVE MINIMUM TAX RELIEF TO 2006.

(a) IN GENERAL.—Subparagraphs (A) and (B) of section 55(d)(1) of the Internal Revenue

Code of 1986 are each amended by striking "and 2005" and inserting ", 2005, and 2006".

(b) INFLATION ADJUSTMENT.—Subsection (d) of section 55 of such Code is amended by inserting after paragraph (3) the following new paragraph:

"(4) INFLATION ADJUSTMENT.—

"(A) IN GENERAL.—In the case of any taxable year beginning in calendar year 2006, the \$58,000 amount contained in paragraph (1)(A) and the \$40,250 amount contained in paragraph (1)(B) shall each be increased by an amount equal to—

"(i) such dollar amount, multiplied by

"(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting '2004' for '1992' in subparagraph (B) thereof.

"(B) ROUNDING.—Any increase determined under subparagraph (A) which is not a multiple of \$50 shall be rounded to the next lowest multiple of \$50."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2005.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from New York (Mr. REYNOLDS) and the gentleman from New York (Mr. RANGEL) each will control 20 minutes.

The Chair recognizes the gentleman from New York.

#### GENERAL LEAVE

Mr. REYNOLDS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous material on the subject of the bill under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. REYNOLDS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, it has been called the "stealth tax," a "ticking time bomb for the middle class," and even the "Darth Vader of the Tax Code." It is the individual alternative minimum tax, the AMT, and it has middle class America squarely in its sights.

Today, as we consider the Stealth Tax Relief Act of 2005 on the floor of the House, this body has a chance to stand with America's middle class by preventing an enormous, unnecessary tax increase from sneaking up on millions of unsuspecting taxpayers next year.

As many of my colleagues know, the AMT was originally enacted in 1969 to prevent a small percentage of taxpayers with very high incomes from paying little or no Federal income tax. However, because this stealth tax was never adjusted for inflation, it is now sneaking up on more and more middle class taxpayers each year as they climb the income ladder. Let me repeat: The AMT was never intended to hit the middle class, but now it is threatening millions of our middle class constituents.

That threat is what prompted the President's Tax Reform Commission to recommit repealing the AMT entirely when it issued its report last month.

And, certainly, any serious discussion of long-term tax reform and simplification must include a long, hard look at the AMT.

Mr. Speaker, but middle-class taxpayers cannot afford to wait for the enactment of a permanent AMT relief. As many in this Chamber will recall, the temporary AMT relief that Congress has repeatedly enacted over the last several years is, once again, set to expire at the end of this month, only weeks away. Unless Congress extends this AMT relief, the stealth tax will claim many more middle-class victims.

For perspective, here are some numbers so our viewers at home can follow along with the charts. According to the Joint Committee on Taxation, if Congress fails to act, the number of middle class AMT victims will rise from 3.6 million in 2005 to over 19 million in 2006. In other words, if we fail to act, some 15.4 million more taxpayers will get hit with this stealth tax next year. And according to the U.S. Treasury Department, these taxpayers will pay \$2,736 more in taxes just because of individual AMT.

The numbers from my home State of New York tell a similar story. According to the Manhattan Institute For Policy Research if we do nothing, the number of AMT taxpayers in New York will balloon from 379,000 in 2005 to 1.6 million in 2006. That is unacceptable for the middle-class taxpayers I represent in western New York. It is unacceptable for taxpayers nationwide.

Mr. Speaker, the bill before us today will simply extend for 1 additional year the individual AMT relief that we most recently enacted just a year ago. Specifically, this legislation will ensure that the higher AMT exemptions amounts to \$58,000 for joint filers and surviving spouses, and \$40,250 for singles, that are applicable to tax year 2005, are extended to 2006 as well. This legislation also includes a modest inflation adjustment, which will ensure that the value of this much-needed tax relief is not eaten away by inflation.

If Congress fails to act on this legislation, these exemption amounts are scheduled to revert back to the 2000 levels next year, 45,000 for joint filers and 33,750 for singles, resulting in a massive tax increase on the middle class.

I would note that the other body recently voted to provide a very similar AMT relief as part of its Tax Relief Act of 2005. I would hope that with a strong bipartisan vote here today, we will be able to work out with our colleagues on the other side of the Capitol to keep the stealth tax from being a middle-class nightmare.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Members are reminded to address their remarks to the Chair and not to guests in the gallery or to individuals who may be watching through the television.

Mr. RANGEL. Mr. Speaker, I yield myself such time as I may consume.