

Mollohan	Royal-Allard	Sutton
Moore (KS)	Ruppersberger	Tanner
Moore (WI)	Rush	Tauscher
Moran (VA)	Ryan (OH)	Taylor
Murphy (CT)	Salazar	Thompson (CA)
Murphy, Patrick	Sánchez, Linda	Thompson (MS)
Murtha	T.	Tierney
Nadler	Sanchez, Loretta	Towns
Napolitano	Sarbanes	Udall (CO)
Neal (MA)	Schakowsky	Udall (NM)
Oberstar	Schiff	Van Hollen
Obey	Schwartz	Velázquez
Olver	Scott (GA)	Visclosky
Ortiz	Scott (VA)	Walz (MN)
Pallone	Serrano	Wasserman
Pascarel	Sestak	Schultz
Pastor	Shea-Porter	Waters
Payne	Sherman	Watson
Perlmutter	Shuler	Wat
Peterson (MN)	Sires	Waxman
Pomeroy	Skelton	Weiner
Price (NC)	Slaughter	Welch (VT)
Rahall	Smith (WA)	Wexler
Rangel	Snyder	Wilson (OH)
Reyes	Solis	Woolsey
Richardson	Space	Wu
Rodriguez	Spratt	Wynn
Ross	Stark	Yarmuth
Rothman	Stupak	

NAYS—197

Aderholt	Frelinghuysen	Nunes
Akin	Gallegly	Paul
Alexander	Garrett (NJ)	Pearce
Bachmann	Gerlach	Pence
Baker	Gingrey	Peterson (PA)
Barrett (SC)	Gohmert	Petri
Barrow	Goode	Pickering
Bartlett (MD)	Goodlatte	Pitts
Barton (TX)	Granger	Platts
Biggert	Graves	Poe
Bilbray	Hall (TX)	Porter
Bilirakis	Hastert	Price (GA)
Bishop (UT)	Hastings (WA)	Pryce (OH)
Blackburn	Hayes	Putnam
Blunt	Heller	Radanovich
Boehner	Hensarling	Ramstad
Bonner	Herger	Regula
Bono	Hobson	Rehberg
Boozman	Hoekstra	Reichert
Boustany	Hulshof	Renzi
Brady (TX)	Hunter	Reynolds
Brown (GA)	Inglis (SC)	Rogers (AL)
Brown (SC)	Issa	Rogers (KY)
Brown-Waite,	Johnson (IL)	Rogers (MI)
Ginny	Johnson, Sam	Rohrabacher
Buchanan	Jones (NC)	Ros-Lehtinen
Burgess	Jordan	Roskam
Burton (IN)	Keller	Roxley
Buyer	King (IA)	Ryan (WI)
Calvert	King (NY)	Boyd (KS)
Camp (MI)	Kingston	Saxton
Campbell (CA)	Kirk	Shadegg
Cannon	Kline (MN)	Shays
Cantor	Kuhl (NY)	Shuster
Capito	LaHood	Sessions
Carter	Lamborn	Sessions
Castle	Lampson	Shimkus
Chabot	Latham	Skiba
Coble	LaTourette	Smith (NE)
Cole (OK)	Lewis (CA)	Smith (NJ)
Conaway	Lewis (KY)	Smith (TX)
Crenshaw	Linder	Smith (TX)
Culberson	LoBiondo	Smith (WY)
Davis (KY)	Lucas	Snelling
Davis, David	Lungren, Daniel	Sparks
Davis, Tom	E.	Spaulding
Deal (GA)	Mack	Stark
Dent	Manzullo	Stewart
Diaz-Balart, L.	Marchant	Thornberry
Diaz-Balart, M.	McCarthy (CA)	Tiahrt
Doolittle	McCaull (TX)	Tiberi
Drake	McCotter	Tipton
Dreier	McCrary	Tom
Duncan	McHenry	Walberg
Ehlers	McHugh	Walden (OR)
Emerson	McKeon	Walsh (NY)
English (PA)	McMorris	Wamp
Everett	Rodgers	Weldon (FL)
Fallin	Mica	Weller
Feeney	Miller (FL)	Wenstrup
Ferguson	Miller (MI)	Wicks
Flake	Miller, Gary	Wicks
Forbes	Moran (KS)	Wicks
Fortenberry	Murphy, Tim	Wicks
Fossella	Musgrave	Wicks
Fox	Myrick	Wicks
Franks (AZ)	Neugebauer	Wicks

NOT VOTING—11

Allen Davis, Jo Ann Johnson (GA)
 Bachus Engel Jones (OH)
 Carney Gilchrest Knollenberg
 Cubin Jindal

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE
 The SPEAKER pro tempore (during the vote). Members are advised there are 2 minutes remaining in this vote.

□ 1206

Mr. WELCH of Vermont changed his vote from "nay" to "yea."

So the previous question was ordered.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore. The question is on the resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

RECORDED VOTE

Mr. SESSIONS. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The SPEAKER pro tempore. This will be a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 223, noes 195, not voting 14, as follows:

[Roll No. 880]

AYES—223

Abercrombie	Doyle	Lewis (GA)
Ackerman	Edwards	Lipinski
Andrews	Ellison	Loebback
Arcuri	Ellsworth	Lofgren, Zoe
Baca	Emanuel	Lowey
Baird	Eshoo	Lynch
Baldwin	Etheridge	Mahoney (FL)
Barrow	Farr	Maloney (NY)
Bean	Fattah	Markey
Becerra	Filner	Marshall
Berkley	Frank (MA)	Matheson
Berman	Giffords	McCollum (MN)
Berry	Gillibrand	McDermott
Bishop (GA)	Gonzalez	McGovern
Bishop (NY)	Gordon	McIntyre
Blumenauer	Green, Al	McNerney
Boren	Green, Gene	McNulty
Boswell	Grijalva	Meek (FL)
Boucher	Gutierrez	Meeks (NY)
Boyd (FL)	Hall (NY)	Melancon
Brady (PA)	Hare	Michaud
Brady (IA)	Harman	Miller (NC)
Braley (IA)	Hastings (FL)	Miller, George
Brown, Corrine	Herseth Sandlin	Mitchell
Butterfield	Higgins	Mollohan
Capps	Hill	Moore (KS)
Capuano	Hinchey	Moore (WI)
Cardoza	Hinojosa	Moran (VA)
Carnahan	Hirono	Murphy (CT)
Castro	Hodes	Murphy, Patrick
Castor	Holden	Murtha
Chandler	Holt	Nadler
Clarke	Jackson (IL)	Ortiz
Costa	Jackson-Lee	Pallone
Costello	(TX)	Pascarel
Cleaver	Jefferson	Flake
Cleaver	Johnson, E. B.	Pastor
Cramer	Jones (OH)	Payne
Crowley	Kagen	Perlmutter
Cuellar	Kanjorski	Peterson (MN)
Cummings	Kaptur	Pomeroy
Davis (AL)	Kennedy	Price (NC)
Davis (CA)	Kildee	Rahall
Davis (IL)	Kilpatrick	Rangel
Davis, Lincoln	Kind	Reyes
DeFazio	Klein (FL)	Rodriguez
DeGette	Kucinich	Ross
DeLauro	Lantos	Rothman
Dicks	Larsen (WA)	Royal-Allard
Dingell	Larson (CT)	Ruppersberger
Dodd	Lee	Rush
Donnelly	Levin	Ryan (OH)

Sánchez, Linda T.

Sanchez, Loretta

Sarbanes

Schakowsky

Jindal

Schiff

Velázquez

Sánchez, Linda T.

Solis

Space

Spratt

Stark

Schock

Sutton

Tanner

Tauscher

Weiner

Waters

Welch (VT)

Wexler

Wheeler

Wilson (OH)

Woolsey

Wu

Yarmuth

Snyder

Visclosky

Walz (MN)

Wasserman

Schultz

Watt

Waxman

Weiner

Waters

Welch (VT)

Wexler

Wilson (OH)

Woolsey

Wu

Yarmuth

NOES—195

Aderholt Franks (AZ)

Akin Frelighuysen

Alexander Gallegly

Altman Garrett (NJ)

Bachmann Gerlach

Bachus Gingrey

Baker Goode

Barrett (SC) Barrett (SC)

Bartlett (MD) Bartlett (MD)

Barton (TX) Barton (TX)

Biggert Graves

Bilbray Hall (TX)

Bilirakis Hastert

Bishop (UT) Bishop (UT)

Blackburn Blackburn

Blunt Blunt

Boehner Boehner

Boner Bonner

Boozman Bono

Boustany Bousman

Bullock Bostany

Brady (TX) Brady (TX)

Brennan Broun

Browne Broun

□ 1214

Mr. ALTMIRE changed his vote from “aye” to “no.”

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. FRANK of Massachusetts. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days within which to revise and extend their remarks on H.R. 2761 and to insert extraneous material therein.

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

There was no objection.

TERRORISM RISK INSURANCE REVIEW AND EXTENSION ACT OF 2007

The SPEAKER pro tempore. Pursuant to House Resolution 660 and rule XVIII, the Chair declares the House in the Committee of the Whole House on the state of the Union for the consideration of the bill, H.R. 2761.

□ 1215

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H.R. 2761) to extend the Terrorism Insurance Program of the Department of the Treasury, and for other purposes, with Mr. ISRAEL in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the bill is considered read the first time.

The gentleman from Massachusetts (Mr. FRANK) and the gentleman from Alabama (Mr. BACHUS) each will control 30 minutes.

The Chair recognizes the gentleman from Massachusetts.

Mr. FRANK of Massachusetts. Mr. Chairman, this is a continuation of a program that the Congress adopted in one of the previous Congresses to provide insurance in case of a terrorist attack. We had, obviously, the terrible murderous attack on America in 2001.

Substantial damage was done. Obviously, the overwhelming cost of that was in the human lives caused by these murderers, but we also had property damage. And I believe that it is unrealistic to think, and in fact inappropriate to urge, that the private insurance market, which functions very well in this country and serves us well, that that ought to be used in response to terrorism. We bring a bill forward that would provide both for life and property insurance from the Federal Government worked out in various ways.

There are two arguments for continuing this on an ongoing basis. Everybody agrees that it needs to be ex-

tended for a while. Some have said phase it out, let the private market ultimately take it over. I believe there are two reasons why that is not a good idea.

First, virtually no entities that are in the private insurance market believe that the private market could handle this well. Not only do the insurers believe that, but the customers of the insurance believe it. And primarily, by the way, the customers here are commercial real estate developers. People who are going to build large commercial buildings with tens, hundreds of millions of dollars in construction costs cannot build without a bank loan, and the banks will not lend and would not be allowed to lend by the regulators without fully insuring against all risks, including the risks of the terrorism that we wish were not around but clearly still is.

We do not believe, based on extensive conversations with virtually everyone in the marketplace, that this will work. In fact, I submit for printing in the RECORD a letter from the head of Goldman Sachs in 2005, that very important financial institution, clearly an entity that knows a great deal about the market. And in 2005, only 2 years ago, after we had TRIA for a while and the question was coming up about whether or not to continue it, he wrote to the gentleman from Louisiana (Mr. BAKER), then Chair of the Capital Market Subcommittee, that:

“Current data suggests that reinsurance, and consequently insurance, participation in the terrorism insurance market will decline if the Federal backstop is left to expire.

“Some have suggested that private markets for terrorism can successfully utilize risk transfer mechanisms such as catastrophe bonds.

“There is no evidence to suggest that the rating agencies or capital markets investors will be able to quantify the risk.”

And what he says is that he does not believe the market can do this.

THE GOLDMAN SACHS GROUP, INC.,
New York, NY, July 26, 2005.

Hon. RICHARD BAKER,
Chairman, Subcommittee on Capital Markets,
Insurance and Government Sponsored Enterprises,
House of Representatives, Cannon House Office Building, Washington, DC.

DEAR MR. CHAIRMAN: On behalf of The Goldman Sachs Group, Inc., a leading global investment banking, securities and investment management firm, I am writing to express my support for maintaining a federal terrorism insurance backstop.

The federal terrorism insurance program, enacted by the Terrorism Risk Insurance Act of 2002 (TRIA), has helped provide the underpinning to a robust economic recovery despite the ongoing threat of terrorism. Notwithstanding Treasury’s conclusion that TRIA has achieved its original purpose, we are not aware of any meaningful evidence showing that private terrorism risk insurance or reinsurance markets have developed ample capacity to rationally price and insure against terrorism on a scale that would adequately protect our nation’s economy. In fact, current data suggests that reinsurance, and consequently insurance, participation in

the terrorism insurance market likely will decline significantly if the federal terrorism insurance backstop is left to expire.

Some have suggested that private markets for terrorism risk can successfully utilize risk transfer mechanisms such as catastrophe bonds (CAT bonds) that transfer risk from insurers to capital markets. Such securitization vehicles, however, represent a minor percentage of the overall insurance market and have been used mainly for natural disasters, such as earthquakes and hurricanes. There is no evidence to suggest that the rating agencies or capital markets investors will be able to more effectively quantify the risk of terrorism than insurers or reinsurance. As such, CAT bonds and other risk transfer mechanisms are unlikely to offer, at this time, the broad capacity necessary to insure America’s businesses, workers and property owners against the risk of terrorism.

With less than five months remaining in the current program, American businesses soon will be forced to compete for portions of a severely constrained private insurance market and risk the possibility of being left with inadequate levels of terrorism insurance. In short, we simply cannot afford to let the private sector be economically exposed.

I appreciate your attention to this very important matter.

Sincerely,

HENRY M. PAULSON, JR.,
Chairman and Chief Executive Officer.

The CEO of Goldman Sachs who signed this is a very distinguished expert, Henry M. Paulson, Jr. He is no longer the chief of Goldman Sachs; he is now the Secretary of the Treasury and has somewhat different views, but this is a letter that he sent in late July 2005.

So we don’t think the market can handle it. But I want to argue that even if you thought the market could handle it, we shouldn’t ask it to for this reason: If you insure against risk, you ultimately pass the costs along to the people who are at risk. Insurance allows you to spread that risk out among those who are at risk. But the more you are at risk, the more you pay in insurance.

If we were to adopt a purely market solution, that would mean that those parts of the country which were calculated to be likelier targets of terrorism would pay more. That is the insurance principle. If you are more likely to be the victim of terrorism, then you should pay more.

I do not think we should allow vicious fanatics who hate this country and seek to inflict severe physical damage on us to decide where it should be more expensive to do business in our country and where it should not. But if you use the private insurance mechanism, that is what you get.

There is another problem with the private insurance mechanism, not a problem, a good facet, that doesn’t apply here. What you can do with private insurance is to say to these entities: You know what, if you lower your risk, we will lower your insurance costs. But people who have large office buildings cannot significantly lower their risk of being attacked by terrorists. If they could, we wouldn’t want them to be. We wouldn’t want people in