

# Union Calendar No. 478

108TH CONGRESS  
2D SESSION

# H. R. 4634

[Report No. 108-780]

To extend the terrorism insurance program of the Department of the Treasury.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 22, 2004

Mr. SESSIONS (for himself, Mr. BAKER, Mrs. KELLY, Mr. CANTOR, and Ms. PRYCE of Ohio) introduced the following bill; which was referred to the Committee on Financial Services

NOVEMBER 18, 2004

Additional sponsors: Mr. BLUNT, Mr. ROGERS of Michigan, Mr. CUNNINGHAM, Mr. KING of New York, Ms. NORTON, Mrs. CAPITO, Mr. TIBERI, Mr. MARSHALL, Mr. SANDLIN, Mr. RYUN of Kansas, Mr. FERGUSON, Mr. WILSON of South Carolina, Ms. GINNY BROWN-WAITE of Florida, Mr. GARRETT of New Jersey, Mr. COLLINS, Mr. GREENWOOD, Mr. VITTER, Mr. TERRY, Mr. BOEHNER, Mr. GILLMOR, Mr. SHAYS, Mr. REYNOLDS, Mr. GORDON, Mr. WOLF, Mr. McCOTTER, Mr. MORAN of Virginia, Mr. LAHOOD, Mr. SHAW, Mrs. JOHNSON of Connecticut, Mr. PITTS, Mr. REHBERG, Mr. ENGLISH, Mr. KENNEDY of Minnesota, Mr. LARSON of Connecticut, Mr. SIMMONS, Mr. MICA, Mr. GREEN of Wisconsin, Mr. MURPHY, Mr. JONES of North Carolina, Mr. CRANE, Mr. FOLEY, Mr. GARY G. MILLER of California, Mr. NETHERCUTT, Mr. RENZI, Mr. LATOURETTE, Mr. ISSA, Mr. OSE, Mr. WELLER, Mr. CALVERT, Mr. HASTINGS of Washington, Mr. KLINE, Mr. SMITH of Washington, Mr. KNOLLENBERG, Mr. ISAKSON, Mr. BISHOP of Utah, Mr. FRELINGHUYSEN, Mr. BASS, Mr. BURTON of Indiana, Mr. RAMSTAD, Mr. HUNTER, Mr. BURGESS, Mr. SAM JOHNSON of Texas, Mr. HALL, Mr. THORNBERRY, Ms. GRANGER, Mr. SWEENEY, Mr. BOOZMAN, Mr. PUTNAM, Mr. MILLER of Florida, Mr. FORBES, Mr. CRENSHAW, Mr. KELLER, Mr. EHLERS, Mr. PLATTS, Mr. LUCAS of Oklahoma, Mr. BOEHLERT, Mr. MCHUGH, Mr. LEACH, Mr. LINCOLN DIAZ-BALART of Florida, Mr. BONNER, Ms. HARRIS, Mr. BURR, Mr. WELDON of Pennsylvania, Mr. BACHUS, Mr. BRADLEY of New Hampshire, Mr. GILCREST, Mr.

SAXTON, Mr. BILIRAKIS, Mrs. BIGGERT, Mr. FOSSELLA, Mr. CANNON,  
Ms. HART, Mr. NEY, Mr. MANZULLO, and Mr. PORTER

Deleted sponsor: Mr. GREEN of Texas (added June 24, 2004; deleted July 13,  
2004)

NOVEMBER 18, 2004

Reported with an amendment, committed to the Committee of the Whole  
House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in italics]

[For text of introduced bill, see copy of bill as introduced on June 22, 2004]

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## A BILL

To extend the terrorism insurance program of the  
Department of the Treasury.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*  
3       **SECTION 1. SHORT TITLE.**

4       *This Act may be cited as the “Terrorism Insurance*  
5       *Backstop Extension Act of 2004”.*

6       **SEC. 2. EXTENSION OF TERRORISM INSURANCE PROGRAM.**

7       *(a) PROGRAM YEARS 4 AND 5.—Paragraph (11) of sec-*  
8       *tion 102 of the Terrorism Risk Insurance Act of 2002 (15*  
9       *U.S.C. 6701 note) is amended by adding at the end the fol-*  
10       *lowing new subparagraphs:*

11               *“(E) PROGRAM YEAR 4.—The term ‘Pro-*  
12               *gram Year 4’ means the period beginning on*  
13               *January 1, 2006 and ending on December 31,*  
14               *2006.*

1                   “(F) *PROGRAM YEAR 5*.—The term ‘Pro-  
 2                   gram Year 5’ means the period beginning on  
 3                   January 1, 2007 and ending on December 31,  
 4                   2007.”.

5           (b) *INSURER DEDUCTIBLE*.—Paragraph (7) of section  
 6 102 of the Terrorism Risk Insurance Act of 2002 (15 U.S.C.  
 7 6701 note) is amended—

8                   (1) by redesignating subparagraph (E) as sub-  
 9                   paragraph (G);

10                  (2) in subparagraph (D), by striking “and” at  
 11                  the end;

12                  (3) by inserting after subparagraph (D) the fol-  
 13                  lowing new subparagraphs:

14                   “(E) for Program Year 4, the value of an  
 15                   insurer’s direct earned premiums over the cal-  
 16                   endar year immediately preceding Program Year  
 17                   4, multiplied by 15 percent;

18                   “(F) for Program Year 5, the value of an  
 19                   insurer’s direct earned premiums over the cal-  
 20                   endar year immediately preceding Program Year  
 21                   4, multiplied by 20 percent; and”;

22                  (4) in subparagraph (G) (as so redesignated by  
 23                  paragraph (1) of this subsection)—

24                   (A) by striking “(D)” and inserting “(F)”;

25                  and

1                   (B) by striking “or Program Year 3” and  
2                   inserting “Program Year 3, Program Year 4, or  
3                   Program Year 5”.

4           (c) *MANDATORY AVAILABILITY*.—Subsection (c) of sec-  
5   tion 103 of the Terrorism Risk Insurance Act of 2002 (15  
6   U.S.C. 6701 note) is amended—

7                   (1) by striking all of the matter that precedes  
8                   subparagraph (A) of paragraph (1) and inserting the  
9                   following:

10           “(c) *MANDATORY AVAILABILITY*.—During the Pro-  
11   gram, each entity that meets the definition of an insurer  
12   under section 102—”;

13                   (2) by striking paragraph (2); and

14                   (3) by redesignating subparagraphs (A) and (B)  
15                   as paragraphs (1) and (2) and realigning such para-  
16                   graphs, as so redesignated, so as to be indented 2 ems  
17                   from the left margin.

18           (d) *INSURED LOSS SHARED COMPENSATION*.—Sub-  
19   section (e) of section 103 of the Terrorism Risk Insurance  
20   Act of 2002 (15 U.S.C. 6701 note) is amended—

21                   (1) in paragraph (2)(A), by striking “or Pro-  
22                   gram Year 3” and inserting “, Program Year 3, Pro-  
23                   gram Year 4, or Program Year 5”;

1           (2) in paragraph (3), by striking “or Program  
2           Year 3” and inserting “, Program Year 3, Program  
3           Year 4, or Program Year 5”;

4           (3) in paragraph (6)—

5                 (A) in subparagraph (B), by striking “and”  
6                 at the end;

7                 (B) in subparagraph (C) by striking the pe-  
8                 riod at the end and inserting a semicolon; and

9                 (C) by adding at the end the following new  
10                subparagraphs:

11                “(D) for Program Year 4, the lesser of—

12                       “(i) \$17,500,000,000; and

13                       “(ii) the aggregate amount, for all in-  
14                       surers, of insured losses during such Pro-  
15                       gram Year;

16                “(E) for Program Year 5, the lesser of—

17                       “(i) \$20,000,000,000; and

18                       “(ii) the aggregate amount, for all in-  
19                       surers, of insured losses during such Pro-  
20                       gram Year; and”;

21           (4) in paragraph (7)—

22                 (A) in subparagraph (A), by striking “and  
23                 (C)” and inserting “(C), (D), and (E)”; and

1                   (B) in subparagraphs (B) and (C), by strik-  
 2                   ing “or (C)” each place such term appears and  
 3                   inserting “(C), (D), or (E)”.

4           (e) *COVERAGE OF GROUP LIFE INSURANCE.*—

5                   (1) *IN GENERAL.*—Paragraph (5) of section 102  
 6                   of the Terrorism Risk Insurance Act of 2002 (15  
 7                   U.S.C. 6701 note) is amended in the matter that pre-  
 8                   cedes subparagraph (A) by inserting “or group life”  
 9                   after “property and casualty”.

10                  (2) *TECHNICAL AND CONFORMING AMEND-*  
 11                  *MENTS.*—The Terrorism Risk Insurance Act of 2002  
 12                  (15 U.S.C. 6701 note) is amended—

13                       (A) in section 102—

14                               (i) in paragraph (1)—

15                                       (I) in subparagraph (B)(i), by in-  
 16                                       serting “or group life insurance” after  
 17                                       “workers’ compensation”; and

18                                       (II) in subparagraph (B)(ii), by  
 19                                       inserting “and group life insurance”  
 20                                       after “property and casualty insur-  
 21                                       ance”;

22                               (ii) in paragraph (4)—

23                                       (I) by inserting “or for group life  
 24                                       insurance” after “property and cas-  
 25                                       ualty insurance”; and

1 (II) by striking “paragraph (5)”  
 2 and inserting “paragraph (6)”;

3 (iii) in paragraph (5), by inserting  
 4 “and group life insurance” after “workers’  
 5 compensation”; and

6 (iv) in paragraph (6)—

7 (I) in subparagraph (A)(i), by in-  
 8 serting “property and casualty or  
 9 group life” after “excess”;

10 (II) in subparagraph (B), by in-  
 11 serting “or group life insurance cov-  
 12 erage” after “property and casualty  
 13 insurance coverage”;

14 (v) by redesignating paragraphs (5)  
 15 through (16) as paragraphs (6) through  
 16 (17), respectively; and

17 (vi) by inserting after paragraph (4),  
 18 the following new paragraph:

19 “(5) GROUP LIFE INSURANCE.—The term ‘group  
 20 life insurance’ means an insurance contract that pro-  
 21 vides term life insurance coverage, accidental death  
 22 coverage, or a combination thereof, for a number of  
 23 persons under a single contract, on the basis of a  
 24 group selection of risks.”;

25 (B) in section 103—

(i) in subsection (b)(1), by inserting  
“(including a named beneficiary in the case  
of a group life insurance policy)” before the  
second comma;

(ii) in subsection (c)—

(I) in paragraph (1) (as so redesignated by subsection (c)(3) of this section), by inserting “and group life” after “property and casualty”; and

(II) in paragraph (2) (as so redesignated by subsection (c)(3) of this section), by inserting “and group life” after “property and casualty”;

(iii) in subsection (e)—

(I) in paragraph (6), by striking “For” and inserting “Except as provided in subparagraph (F) of this paragraph, for”;

(II) in paragraph (6), by inserting after subparagraph (E) (as added by subsection (d)(3)(C) of this section) the following new subparagraph:

“(F) for each of the periods referred to in subparagraphs (A) through (E), the amounts provided under such subparagraphs, as such



1        *amounts shall be increased by the Secretary be-*  
 2        *fore the expiration of the 90-day period begin-*  
 3        *ning on the date of the enactment of the Ter-*  
 4        *rorism Insurance Backstop Extension Act of*  
 5        *2004, based on the increase in the size of the*  
 6        *Program caused by the inclusion of group life in-*  
 7        *surance pursuant to such Act, in proportion to*  
 8        *the increased premiums involved.”;*

9                *(III) in paragraph (7)(C), by in-*  
 10              *serting “or group life insurance” after*  
 11              *“workers compensation”;*

12              *(IV) in paragraph (8)(A)(i), by*  
 13              *inserting “and group life” after “prop-*  
 14              *erty and casualty”;* and

15              *(V) in paragraph (8), by inserting*  
 16              *“or group life” after “property and*  
 17              *casualty” each place such term appears*  
 18              *in subparagraphs (A)(iii) and (C);*  
 19              *and*

20              *(iv) by striking subsection (h);*

21              *(C) in section 105(c), by inserting “or*  
 22              *group life” after “property and casualty”;* and

23              *(D) in section 108(d)(1), by inserting “and*  
 24              *the group life insurance industry” after “prop-*  
 25              *erty and casualty insurance industry”.*

1           (3) *REQUIRED RULEMAKING.*—Not later than 90  
 2           days after the date of the enactment of this Act, the  
 3           Secretary of the Treasury shall issue final regulations  
 4           to carry out this subsection.

5           (f) *STUDY ON LONG-TERM SOLUTIONS.*—Section 103  
 6           of the Terrorism Risk Insurance Act of 2002 (15 U.S.C.  
 7           6701 note) is amended by striking subsection (i) and insert-  
 8           ing the following new subsection:

9           “(h) *STUDY ON LONG-TERM SOLUTIONS.*—By June 1,  
 10          2005, the Secretary shall conduct a study and submit a re-  
 11          port to the Congress on alternatives for expanding the avail-  
 12          ability and affordability of terrorism insurance after the  
 13          termination of the Program that do not involve a Federal  
 14          financial backstop.”.

15          (g) *TERMINATION OF PROGRAM.*—

16               (1) *TERMINATION.*—Subsection (a) of section 108  
 17               of the Terrorism Risk Insurance Act of 2002 (15  
 18               U.S.C. 6701 note) is amended by striking “December  
 19               31, 2005” and inserting “December 31, 2007”.

20               (2) *FINAL GAO STUDY AND REPORT.*—Subsection  
 21               (d) of section 108 of the Terrorism Risk Insurance  
 22               Act of 2002 (15 U.S.C. 6701 note) is amended by  
 23               adding at the end the following new paragraph:

24               “(3) *FINAL GAO STUDY AND REPORT.*—The  
 25               Comptroller General of the United States shall con-

1       *duct an assessment of the matters referred to in para-*  
2       *graph (1) and shall submit a report to the Congress,*  
3       *not later than June 30, 2007, on the results of such*  
4       *study.”.*

Union Calendar No. 478

108<sup>TH</sup> CONGRESS  
2D Session

**H. R. 4634**

[Report No. 108-780]

**A BILL**

To extend the terrorism insurance program of the  
Department of the Treasury.

NOVEMBER 18, 2004

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed