

Calendar No. 461

110TH CONGRESS
1ST SESSION**S. 2285****[Report No. 110-215]**

To reauthorize the Federal terrorism risk insurance program, and for other purposes.

IN THE SENATE OF THE UNITED STATES

NOVEMBER 1, 2007

Mr. DODD, from the Committee on Banking, Housing, and Urban Affairs, reported the following original bill; which was read twice and placed on the calendar

A BILL

To reauthorize the Federal terrorism risk insurance program, and for other purposes.

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

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Terrorism Risk Insurance Program Reauthorization Act
6 of 2007”.

1 (b) TABLE OF CONTENTS.—The table of contents for
 2 this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Definition of act of terrorism.
- Sec. 3. Reauthorization of the Program.
- Sec. 4. Annual liability cap.
- Sec. 5. Enhanced reports to Congress.

3 **SEC. 2. DEFINITION OF ACT OF TERRORISM.**

4 Section 102(1)(A)(iv) of the Terrorism Risk Insur-
 5 ance Act of 2002 (15 U.S.C. 6701 note) is amended by
 6 striking “acting on behalf of any foreign person or foreign
 7 interest”.

8 **SEC. 3. REAUTHORIZATION OF THE PROGRAM.**

9 (a) TERMINATION DATE.—Section 108(a) of the Ter-
 10 rorism Risk Insurance Act of 2002 (15 U.S.C. 6701 note)
 11 is amended by striking “2007” and inserting “2014”.

12 (b) ADDITIONAL PROGRAM YEARS.—Section 102(11)
 13 of the Terrorism Risk Insurance Act of 2002 (15 U.S.C.
 14 6701 note) is amended by adding at the end the following:

15 “(G) ADDITIONAL PROGRAM YEARS.—Ex-
 16 cept when used as provided in subparagraphs
 17 (B) through (F), the term ‘Program Year’
 18 means, as the context requires, any of Program
 19 Year 1, Program Year 2, Program Year 3, Pro-
 20 gram Year 4, Program Year 5, or any of cal-
 21 endar years 2008 through 2014.”.

1 (c) CONFORMING AMENDMENTS.—The Terrorism
2 Risk Insurance Act of 2002 (15 U.S.C. 6701 note) is
3 amended—

4 (1) in section 102(7)(F)—

5 (A) by inserting “and each Program Year
6 thereafter” before “, the value”; and

7 (B) by striking “preceding Program Year
8 5” and inserting “preceding that Program
9 Year”;

10 (2) in section 103(e)(1)(A), by inserting “and
11 each Program Year thereafter” after “Year 5”;

12 (3) in section 103(e)(1)(B)(ii), by inserting be-
13 fore the period at the end “and any Program Year
14 thereafter”;

15 (4) in section 103(e)(2)(A), by striking “of Pro-
16 gram Years 2 through 5” and inserting “Program
17 Year thereafter”;

18 (5) in section 103(e)(3), by striking “of Pro-
19 gram Years 2 through 5,” and inserting “other Pro-
20 gram Year”; and

21 (6) in section 103(e)(6)(E), by inserting “and
22 any Program Year thereafter” after “Year 5”.

1 **SEC. 4. ANNUAL LIABILITY CAP.**

2 (a) IN GENERAL.—Section 103(e)(2) of the Ter-
3 rorism Risk Insurance Act of 2002 (15 U.S.C. 6701 note)
4 is amended—

5 (1) in subparagraph (A)—

6 (A) by striking “(until such time as the
7 Congress may act otherwise with respect to
8 such losses)”; and

9 (B) in clause (ii), by striking “that
10 amount” and inserting “the amount of such
11 losses”; and

12 (2) in subparagraph (B), by inserting before
13 the period at the end “, except that, notwithstanding
14 paragraph (1) or any other provision of Federal or
15 State law, no insurer may be required to make any
16 payment for insured losses in excess of its deductible
17 under section 102(7) combined with its share of in-
18 sured losses under paragraph (1)(A) of this sub-
19 section”.

20 (b) NOTICE TO CONGRESS.—Section 103(e)(3) of the
21 Terrorism Risk Insurance Act of 2002 (15 U.S.C. 6701
22 note) is amended—

23 (1) by adding at the end the following: “The
24 Secretary shall provide an initial notice to Congress
25 not later than 15 days after the date of an act of
26 terrorism, stating whether the Secretary estimates

1 that aggregate insured losses will exceed
2 \$100,000,000,000.”; and

3 (2) by striking “and the Congress shall” and all
4 that follows through the end of the paragraph and
5 inserting a period.

6 (c) REGULATIONS FOR PRO RATA PAYMENTS; RE-
7 PORT TO CONGRESS.—Section 103(e)(2)(B) of the Ter-
8 rorism Risk Insurance Act of 2002 (15 U.S.C. 6701 note)
9 is amended—

10 (1) by striking “For purposes” and inserting
11 the following:

12 “(i) IN GENERAL.—For purposes”;

13 and

14 (2) by adding at the end the following:

15 “(ii) REGULATIONS.—Not later than
16 240 days after the date of enactment of
17 the Terrorism Risk Insurance Program
18 Reauthorization Act of 2007, the Secretary
19 shall issue final regulations for deter-
20 mining the pro rata share of insured losses
21 under the Program when insured losses ex-
22 ceed \$100,000,000,000, in accordance with
23 clause (i).

24 “(iii) REPORT TO CONGRESS.—Not
25 later than 120 days after the date of en-

1 actment of the Terrorism Risk Insurance
2 Program Reauthorization Act of 2007, the
3 Secretary shall provide a report to the
4 Committee on Banking, Housing, and
5 Urban Affairs of the Senate and the Com-
6 mittee on Financial Services of the House
7 of Representatives describing the process
8 to be used by the Secretary for deter-
9 mining the allocation of pro rata payments
10 for insured losses under the Program when
11 such losses exceed \$100,000,000,000.”.

12 (d) DISCLOSURE.—Section 103(b) of the Terrorism
13 Risk Insurance Act of 2002 (15 U.S.C. 6701 note) is
14 amended—

15 (1) by redesignating paragraphs (3) and (4) as
16 paragraphs (4) and (5), respectively; and

17 (2) by inserting after paragraph (2) the fol-
18 lowing:

19 “(3) in the case of any policy that is issued
20 after the date of enactment of the Terrorism Risk
21 Insurance Program Reauthorization Act of 2007,
22 the insurer provides clear and conspicuous disclosure
23 to the policyholder of the existence of the
24 \$100,000,000,000 cap under subsection (e)(2), at

1 the time of offer, purchase, and renewal of the pol-
2 icy;”.

3 **SEC. 5. ENHANCED REPORTS TO CONGRESS.**

4 (a) STUDY AND REPORT ON INSURANCE FOR NU-
5 CLEAR, BIOLOGICAL, CHEMICAL, AND RADIOLOGICAL
6 TERRORIST EVENTS.—Section 108 of the Terrorism Risk
7 Insurance Act of 2002 (15 U.S.C. 6701 note) is amended
8 by adding at the end the following:

9 “(f) INSURANCE FOR NUCLEAR, BIOLOGICAL, CHEM-
10 ICAL, AND RADIOLOGICAL TERRORIST EVENTS.—

11 “(1) STUDY.—The Comptroller General of the
12 United States shall examine—

13 “(A) the availability and affordability of
14 insurance coverage for losses caused by terrorist
15 attacks involving nuclear, biological, chemical,
16 or radiological materials;

17 “(B) the outlook for such coverage in the
18 future; and

19 “(C) the capacity of private insurers and
20 State workers compensation funds to manage
21 risk associated with nuclear, biological, chem-
22 ical, and radiological terrorist events.

23 “(2) REPORT.—Not later than 1 year after the
24 date of enactment of the Terrorism Risk Insurance
25 Program Reauthorization Act of 2007, the Comp-

1 troller General shall submit to the Committee on
2 Banking, Housing, and Urban Affairs of the Senate
3 and the Committee on Financial Services of the
4 House of Representatives a report containing a de-
5 tailed statement of the findings under paragraph
6 (1), and recommendations for any legislative, regu-
7 latory, administrative, or other actions at the Fed-
8 eral, State, or local levels that the Comptroller Gen-
9 eral considers appropriate to expand the availability
10 and affordability of insurance for nuclear, biological,
11 chemical, or radiological terrorist events.”.

12 (b) STUDY AND REPORT ON AVAILABILITY AND AF-
13 FORDABILITY OF TERRORISM INSURANCE IN SPECIFIC
14 MARKETS.—Section 108 of the Terrorism Risk Insurance
15 Act of 2002 (15 U.S.C. 6701 note) is amended by adding
16 at the end the following:

17 “(g) AVAILABILITY AND AFFORDABILITY OF TER-
18 RORISM INSURANCE IN SPECIFIC MARKETS.—

19 “(1) STUDY.—The Comptroller General of the
20 United States shall conduct a study to determine
21 whether there are specific markets in the United
22 States where there are unique capacity constraints
23 on the amount of terrorism risk insurance available.

24 “(2) ELEMENTS OF STUDY.—The study re-
25 quired by paragraph (1) shall contain—

1 “(A) an analysis of both insurance and re-
2 insurance capacity in specific markets, includ-
3 ing pricing and coverage limits in existing poli-
4 cies;

5 “(B) an assessment of the factors contrib-
6 uting to any capacity constraints that are iden-
7 tified; and

8 “(C) recommendations for addressing
9 those capacity constraints.

10 “(3) REPORT.—Not later than 180 days after
11 the date of enactment of the Terrorism Risk Insur-
12 ance Program Reauthorization Act of 2007, the
13 Comptroller General shall submit a report on the
14 study required by paragraph (1) to the Committee
15 on Banking, Housing, and Urban Affairs of the Sen-
16 ate and the Committee on Financial Services of the
17 House of Representatives.”.

18 (c) ONGOING REPORTS.—Section 108(e) of the Ter-
19 rorism Risk Insurance Act of 2002 (15 U.S.C. 6701 note)
20 is amended—

21 (1) in paragraph (1)—

22 (A) by inserting “ongoing” before “anal-
23 ysis”; and

1 (B) by striking “, including” and all that
2 follows through the end of the paragraph, and
3 inserting a period; and

4 (2) in paragraph (2)—

5 (A) by inserting “and thereafter in 2010
6 and 2013,” after “2006,”; and

7 (B) by striking “subsection (a)” and in-
8 sserting “paragraph (1)”.

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