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## HOUSE RESOLUTION

URGING THE CONGRESS OF THE UNITED STATES TO REAUTHORIZE  
FEDERALLY PROVIDED TERRORISM REINSURANCE AND TO AUTHORIZE  
FEDERALLY PROVIDED NATURAL DISASTER REINSURANCE FOR  
INSURERS TO MAINTAIN STABILITY IN THE INSURANCE AND  
REINSURANCE MARKETS IN THE AFTERMATH OF A TERRORIST ATTACK  
ON THE UNITED STATES OR A NATURAL DISASTER IN THE UNITED  
STATES.

1           WHEREAS, insurance helps protect the United States economy  
2 from the adverse effects of the risks inherent in economic  
3 growth and development, while also providing the resources  
4 necessary to rebuild physical and economic infrastructure, offer  
5 indemnification for business disruption, and provide coverage  
6 for medical and liability costs from injuries and loss of life  
7 in the event of catastrophic losses to persons or property; and  
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9           WHEREAS, the terrorist attack of September 11, 2001,  
10 produced insured losses larger than any natural or man-made  
11 event in history, with claims paid by insurers to their  
12 policyholders eventually totaling approximately \$32,500,000,000,  
13 making the attack the second most costly insurance event in  
14 United States history; and  
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16           WHEREAS, the sheer enormity of the loss, combined with the  
17 possibility of future attacks, produced financial shockwaves  
18 that shook insurance markets and caused insurers and reinsurers  
19 to exclude coverage arising from acts of terrorism from  
20 virtually all commercial property and liability policies; and  
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22           WHEREAS, the lack of terrorism risk insurance contributed  
23 to a paralysis in the economy, especially in construction,  
24 tourism, business travel, and real estate finance; and  
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26           WHEREAS, the United States Congress originally passed the  
27 Terrorism Risk Insurance Act of 2002, Pub. L. 107-297 (TRIA), in



1 which the federal government agreed to provide terrorism  
2 reinsurance to insurers; this arrangement was reauthorized  
3 pursuant to the Terrorism Risk Insurance Extension Act of 2005,  
4 Pub. L. 109-144, and the Terrorism Risk Insurance Program  
5 Reauthorization Act of 2007, Pub. L. 110-160 (TRIPRA); and  
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7 WHEREAS, under TRIPRA, the federal government provides  
8 reinsurance after industry-wide losses attributable to annual  
9 certified terrorism events exceeding \$100,000,000 in claims; and  
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11 WHEREAS, coverage under TRIPRA is provided to individual  
12 insurers after the insurer has incurred losses related to  
13 terrorism equal to twenty per cent of the insurer's previous  
14 year earned premium for property-casualty lines; and  
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16 WHEREAS, after an individual insurer has reached the  
17 threshold, the insurer pays fifteen per cent of residual losses  
18 and the federal government pays the remaining eighty-five per  
19 cent; and  
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21 WHEREAS, the terrorism risk insurance program has an annual  
22 cap of \$100,000,000,000 of aggregate insured losses, beyond  
23 which the federal program does not provide coverage; and  
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25 WHEREAS, TRIPRA requires the federal government to recoup  
26 one hundred per cent of the benefits provided under the program  
27 by policy holder surcharges to the extent the aggregate insured  
28 losses are less than \$27,500,000,000 and enables the government  
29 to recoup expenditures beyond the mandatory recoupment amount;  
30 and  
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32 WHEREAS, without question, TRIA and its successors are the  
33 principal reason for the continued stability in the insurance  
34 and reinsurance market for terrorism insurance to the benefit of  
35 our overall economy; and  
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37 WHEREAS, the presence of a robust private-public  
38 partnership has provided stability and predictability and has  
39 allowed insurers to actively participate in the market in a  
40 meaningful way; and  
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1           WHEREAS, without a program such as TRIPRA, many of our  
2 citizens who need terrorism coverage to operate their business  
3 would be unable to get insurance or unable to afford the limited  
4 coverage that would be available; and  
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6           WHEREAS, without federally provided reinsurance, property  
7 and casualty insurers will face less availability of terrorism  
8 reinsurance and will therefore be severely restricted in their  
9 ability to provide sufficient coverage for acts of terrorism to  
10 support our economy; and  
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12           WHEREAS, unfortunately, despite the hard work and  
13 dedication of this nation's counterterrorism agencies and the  
14 bravery of the men and women in uniform who fought and continue  
15 to fight battles abroad to keep us safe at home, the threat from  
16 terrorist attacks in the United States is both real and  
17 substantial and will remain as such for the foreseeable future;  
18 and  
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20           WHEREAS, because a natural disaster that strikes a military  
21 base and its surrounding commercial and residential  
22 infrastructure would have the same impact as would a terrorist  
23 attack upon that military base and its surrounding  
24 infrastructure, reinsurance coverage against damages caused by a  
25 natural disaster would be a desirable extension of the benefits  
26 of reinsurance coverage under the terrorism risk insurance  
27 program; now, therefore,  
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29           BE IT RESOLVED by the House of Representatives of the  
30 Twenty-seventh Legislature of the State of Hawaii, Regular  
31 Session of 2014, that it body urges the United States Congress  
32 and the President of the United States to reauthorize the  
33 terrorism risk insurance program; and  
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35           BE IT FURTHER RESOLVED that the United States Congress and  
36 the President of the United States is further urged to expand  
37 the reauthorized terrorism risk insurance program to include  
38 natural disaster coverage; and  
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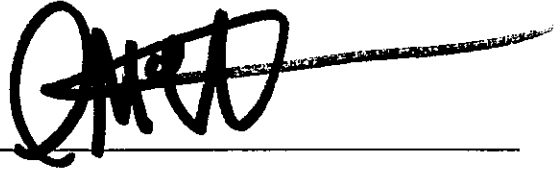
40           BE IT FURTHER RESOLVED that certified copies of this  
41 Resolution be transmitted to the President of the United States,



1 the Speaker of the United States House of Representatives, the  
2 Majority Leader of the United States Senate, and the members of  
3 Hawaii's congressional delegation.

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OFFERED BY: \_\_\_\_\_



FEB 25 2014

