

FEB 28 2014

SENATE CONCURRENT 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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1 WHEREAS, the United States Congress originally passed the
2 Terrorism Risk Insurance Act of 2002, Pub. L. 107-297 (TRIA), in
3 which the federal government agreed to provide terrorism
4 reinsurance to insurers; this arrangement was reauthorized
5 pursuant to the Terrorism Risk Insurance Extension Act of 2005,
6 Pub. L. 109-144, and the Terrorism Risk Insurance Program
7 Reauthorization Act of 2007, Pub. L. 110-160 (TRIPRA); and
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9 WHEREAS, under TRIPRA, the federal government provides
10 reinsurance after industry-wide losses attributable to annual
11 certified terrorism events exceeding \$100,000,000 in claims; and
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13 WHEREAS, coverage under TRIPRA is provided to individual
14 insurers after the insurer has incurred losses related to
15 terrorism equal to twenty per cent of the insurer's previous
16 year earned premium for property-casualty lines; and
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18 WHEREAS, after an individual insurer has reached the
19 threshold, the insurer pays fifteen per cent of residual losses
20 and the federal government pays the remaining eighty-five per
21 cent; and
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23 WHEREAS, the terrorism risk insurance program has an annual
24 cap of \$100,000,000,000 of aggregate insured losses, beyond
25 which the federal program does not provide coverage; and
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27 WHEREAS, TRIPRA requires the federal government to recoup
28 one hundred per cent of the benefits provided under the program
29 by policy holder surcharges to the extent the aggregate insured
30 losses are less than \$27,500,000,000 and enables the government
31 to recoup expenditures beyond the mandatory recoupment amount;
32 and
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34 WHEREAS, without question, TRIA and its successors are the
35 principal reason for the continued stability in the insurance
36 and reinsurance market for terrorism insurance to the benefit of
37 our overall economy; and
38

39 WHEREAS, the presence of a robust private-public
40 partnership has provided stability and predictability and has



1 allowed insurers to actively participate in the market in a
2 meaningful way; and

3
4 WHEREAS, without a program such as TRIPRA, many of our
5 citizens who need terrorism coverage to operate their business
6 would be unable to get insurance or unable to afford the limited
7 coverage that would be available; and

8
9 WHEREAS, without federally provided reinsurance, property
10 and casualty insurers will face less availability of terrorism
11 reinsurance and will therefore be severely restricted in their
12 ability to provide sufficient coverage for acts of terrorism to
13 support our economy; and

14
15 WHEREAS, unfortunately, despite the hard work and
16 dedication of this nation's counterterrorism agencies and the
17 bravery of the men and women in uniform who fought and continue
18 to fight battles abroad to keep us safe at home, the threat from
19 terrorist attacks in the United States is both real and
20 substantial and will remain as such for the foreseeable future;
21 and

22
23 WHEREAS, because a natural disaster that strikes a military
24 base and its surrounding commercial and residential
25 infrastructure would have the same impact as would a terrorist
26 attack upon that military base and its surrounding
27 infrastructure, reinsurance coverage against damages caused by a
28 natural disaster would be a desirable extension of the benefits
29 of reinsurance coverage under the terrorism risk insurance
30 program; now, therefore,

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32 BE IT RESOLVED by the Senate of the Twenty-seventh
33 Legislature of the State of Hawaii, Regular Session of 2014, the
34 House of Representatives concurring, that the Legislature urges
35 the United States Congress and the President of the United
36 States to reauthorize the terrorism risk insurance program; and

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38 BE IT FURTHER RESOLVED that the United States Congress and
39 the President of the United States is further urged to expand
40 the reauthorized terrorism risk insurance program to include
41 natural disaster coverage; and



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 2 BE IT FURTHER RESOLVED that certified copies of this
 3 Concurrent Resolution be transmitted to the President of the
 4 United States, the Speaker of the United States House of
 5 Representatives, the Majority Leader of the United States
 6 Senate, and the members of Hawaii's congressional delegation.
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~~Handwritten signature~~

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