

FEB 28 2014

SENATE 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
8

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
21

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
25

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
6

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
10

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
15

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
24

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
31

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
36

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
41



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
11

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
19

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,
28

29 BE IT RESOLVED by the Senate of the Twenty-seventh
30 Legislature of the State of Hawaii, Regular Session of 2014,
31 that it body urges the United States Congress and the President
32 of the United States to reauthorize the terrorism risk insurance
33 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,



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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:

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