

TESTIMONY OF HONORABLE MICHAEL E. CAPUANO,  
HOUSE OF REPRESENTATIVES

BEFORE THE U.S. HOUSE OF REPRESENTATIVES  
COMMITTEE ON FINANCIAL SERVICES

HEARING ON “THE TERRORISM RISK INSURANCE ACT  
OF 2002”

WASHINGTON, D.C.

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I am not a fan of TRIA. I wish we didn't have to do it. However, no one in the past 12 years has shown me how the private industry can predict terrorism or handle these kinds of risks by itself. Insurers don't know for sure where they will hit. They don't know when. They don't know how severe it will be or how often. They can't answer these questions. I would love for them to do this. I would love to end TRIA and call it a day. But until that happens, I see TRIA as necessary.

The attacks this spring at the Boston Marathon were a stark reminder that terrorism in this country remains very real and very difficult to predict, even though it's 12 years after 9/11. As the horrific scenes on Boylston Street unfolded, many of us realized that an attack can happen anywhere, at any time, changing and disrupting our daily lives in the blink of an eye.

I introduced the "Terrorism Risk Insurance Program Reauthorization Act of 2013" (TRIPRA) with my Republican colleague Rep. Peter King to extend the Terrorism Risk Insurance Act (TRIA) for 10 years. TRIA is not perfect. It is not ideal. But it is the best solution we have.

In the aftermath of the 9/11 terrorist attacks, many insurance companies stopped offering terrorism coverage altogether after sustaining more than \$40 billion in losses. As a result, Congress passed TRIA in 2002. The law created a federal backstop to make terrorism insurance available and to protect against terrorism related losses in the event of another attack. The measure has twice been extended and is set to expire at the end of 2014.

TRIA currently requires private insurance companies to offer terrorism coverage to commercial policyholders and cover losses up to \$100 million. After that point, the federal government would be available as a backstop for the private sector. Since its enactment, TRIA has ensured that terrorism risk insurance is available and affordable.

TRIA also established a mechanism for the government to recoup funds that are paid out. Outside of minor administrative costs, TRIA has not spent a dime of taxpayer money to date.

Immediately after 9/11, billions of dollars worth of development projects were stalled or delayed, and hundreds of thousands of construction jobs were lost. Since its enactment and with each extension, TRIA has fostered continued economic and real estate development.

This is a program with bipartisan support. There are different ideas for how long we should extend TRIA. But nearly 60% of this Committee thinks we should extend TRIA in its current form and have put their names on one of the bills to accomplish that goal. We have plenty of important legislation to debate. Extending TRIA is something that most of us agree on so we don't need a lengthy debate. Let's decide the length of the extension and move onto more pressing issues.