

Congressman Joseph Crowley
Statement – TRIA hearing
July 13, 2005

- I want to begin by thanking Chairman Oxley and Ranking Member Frank for holding this important hearing today on the issues that affect our nation's economic security
- I also want to recognize Mr. Frank's leadership on this issue, as well as the leadership of Rep. Israel, Kanjorski and Capuano in developing legislation to extend TRIA for another 2 years.
- Unfortunately, time is running short and I hope this hearing will kick this Committee into high gear to quickly mark-up legislation to extend TRIA, recognizing both some of the critiques of the Treasury Department as well as the needs of the market, and the need to include Group Life Coverage, as we should protect not only the buildings but the people in them
- The Terrorism Risk Insurance Act, passed in 2002, allowed for the re-issuance of terrorism insurance to private enterprise, allowed for the financing of new construction projects and provided coverage to thousands of businesses who wouldn't have insurance without it
- It was vital and we all agree on this point
- As Howard Mills, the New York State Insurance Commissioner has stated about TRIA, 'the nation's current economic strength is in large part due to the federal backstop put in place by TRIA,'
- He continued by saying, 'The removal of that type of protection could return the insurance market to the uncertainty experienced in the aftermath of September 11, 2001.'
- The Treasury report also states that the creation of TRIA 'was meant to address any market disruptions and ensure the continued widespread availability and affordability of property and casualty insurance for terrorism risk, and to allow a transitional period for the private markets to stabilize, resume pricing of such insurance, and build capacity to absorb any future losses, while preserving State insurance regulation and consumer protections.'
- And the report goes on to say that TRIA has been effective in meeting its goals of supporting the industry during a transitional period and stabilizing the private insurance market

- Later, the same Treasury report states that the ‘immediate effect of the removal of the TRIA subsidy is likely to be less terrorism insurance written by insurers, higher prices and lower policyholder take-up.’
- I agree with all of the above. TRIA has been a success, and without TRIA, our country will see serious market disruptions, like we saw in the months after 9-11 when there was no coverage, and no ability of insurers to assess risk
- Stating that, I too believe that TRIA should not be a permanent program, but rather a temporary program until the private insurance markets can develop its own additional terrorism insurance capacity
- As the Treasury report again states, they believe that over time the private market will develop additional terrorism insurance capacity.
- But the key term is “over time” and not “over night”
- And I plan to ask the Treasury Secretary about the timeframe for the development of a private terrorism insurance market
- We need to extend TRIA legislation for another few years as well as provide extensions for Group Life coverage and fill in certain gaps such as in the NBC field
- TRIA has proven one of the few successful economic policies of this Administration and it should not be allowed to expire as our markets, our insurance industry and our economy couldn’t take such a blow at this point in time
- Again, I am pleased at the Treasury Department’s report on TRIA, as well as the leadership of Mr. Frank in continually charging ahead on the importance of extending terrorism insurance.
- I look forward to today’s discussion and I yield back my time