



CURRENCY

Committee on Financial Services

Michael G. Oxley, Chairman

For Immediate Release:

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Subcommittee to Examine Availability of Terrorism Insurance

Thursday, U.S. Rep. Richard H. Baker and members of the House Financial Services Subcommittee on Capital Markets, Insurance and Government Sponsored Enterprises will hear testimony on potential problems with the availability and affordability of terrorism insurance in the aftermath of the September 11 attacks. The hearing, entitled "Protecting Policyholders from Terrorism: Private Sector Solutions," is scheduled for 1 p.m. Oct. 18 in room 2128 of the Rayburn Building.

"This hearing will allow us to explore different plans toward a solution commensurate with our free-market principles," said Baker. "Chairman Oxley and I are in close discussions with other lawmakers, the White House, and the industry, and I'm confident we'll find just that kind of solution. Now more than ever we should send a message to the terrorists, paraphrasing Mark Twain: Reports of the free markets' demise have been greatly exaggerated."

In many business insurance lines, reinsurance companies have informed primary insurers that they will no longer offer terrorism coverage. Primary insurers contract with reinsurance companies as a way to spread their risk. In recent days, brokers and underwriters have reported that primary insurers would also seek to limit or eliminate coverage for terrorist attacks, potentially leaving many businesses with inadequate or no terrorism insurance.

Financial Services Committee Chairman Michael G. Oxley (OH) said, "In these uncertain times, no one wants to see the economic disruption that could be caused by a lack of available insurance. At the same time, we want to maintain competition in the private market and ensure that any federal involvement represents a backstop, not a bailout."

At a hearing before the Financial Services Committee in late September, insurers indicated that they would be able to absorb the \$40-\$50 billion loss from September 11, but expressed concern about the impact of future attacks.

Witnesses scheduled to testify:

Panel I

- Paul H. O'Neill, Secretary, U.S. Department of the Treasury - ***INVITED***
- Richard J. Hillman, Director, Financial Markets and Community Investment, U.S. General Accounting Office
- Marjorie S. Nordlinger, Senior Attorney, Office of the General Counsel, Nuclear Regulatory Commission

Panel II

- Constantinos Iordanou, Senior Executive Vice President of Group Operations and Business Development, Zurich Financial Services Group
- Scott Harrington, Professor of Insurance and Finance, Moore School of Business, University of South Carolina
- J. David Cummins, Harry J. Loman Professor of Insurance & Risk Management at The Wharton School, University of Pennsylvania
- Nigel E. Easton, United Nations Insurance Specialist, UN Conference on Trade & Development
- David Keating, Senior Counselor, National Taxpayers Union
- Patrick Ryan, Chairman and CEO, Aon Corporation
- Roy A. Williams, Director of Aviation, Louis Armstrong New Orleans International Airport

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