

Senator Hune offered the following resolution:

**Senate Resolution No. 181.**

A resolution to urge the Congress of the United States to reauthorize federally-provided terrorism reinsurance for insurers.

Whereas, Insurance helps protect the United States economy from the risks inherent in economic growth and development, while also providing the resources necessary to rebuild physical and economic infrastructure. Insurance also offers indemnification for business disruption and provides coverage for medical and liability costs from injuries and loss of life in the event of catastrophic losses to persons or property; and

Whereas, The terrorist attack of September 11, 2001, produced insured losses larger than any natural or man-made event in history. Claims paid by insurers to their policyholders eventually totaled some \$32.5 billion. The sheer enormity of the loss, combined with the possibility of future attacks, produced financial shockwaves in insurance markets, causing insurers and reinsurers to exclude coverage arising from acts of terrorism from virtually all commercial property and liability policies. The lack of terrorism risk insurance contributed to a paralysis in the economy, especially in construction, tourism, business travel, and real estate finance; and

Whereas, The United States Congress originally passed the Terrorism Risk Insurance Act of 2002 (TRIA) to provide terrorism reinsurance to insurers and reauthorized the program under the Terrorism Risk Insurance Extension Act of 2005 and the Terrorism Risk Insurance Program Reauthorization Act of 2007 (TRIPRA). Under TRIPRA, the federal government provides such reinsurance after annual industrywide losses attributable to certified terrorism events exceed \$100 million. Coverage under TRIPRA is provided to individual insurers after the insurer has incurred losses related to terrorism equal to 20 percent of the insurer's previous year earned premium for property-casualty lines; and

Whereas, Without question, TRIA and its successors are the principal reason for the continued stability in the terrorism insurance and reinsurance market to the benefit of our overall economy. The presence of a robust private/public partnership has provided stability and predictability and has allowed insurers to actively participate in the market in a meaningful way. Without a program such as TRIPRA, many of our citizens who want and need terrorism coverage to operate their businesses all across the nation would be either unable to get insurance or unable to afford the limited coverage that would be available. Without federally-provided reinsurance, property and casualty insurers would face less availability of terrorism reinsurance and would, therefore, be severely restricted in their ability to provide sufficient coverage for acts of terrorism to support our economy; and

Whereas, TRIPRA is set to expire in December 2014. The need for TRIPRA to stabilize markets continues as the threat from terrorist attacks in the United States remains both real and substantial and will remain as such for the foreseeable future; now, therefore, be it

Resolved by the Senate, That we urge the Congress of the United States to reauthorize federally-provided terrorism reinsurance for insurers in order to maintain stability in the insurance and reinsurance markets, so that companies may continue to deliver substantive, direct benefits to businesses, workers, consumers, and the economy overall in the aftermath of a terrorist attack on the United States; and be it further

Resolved, That copies of this resolution be transmitted to the President of the United States Senate, the Speaker of the United States House of Representatives, and the members of the Michigan congressional delegation.