

U.S. Congresswoman

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Subcommittee on Capital Markets, Insurance, and Government Sponsored Entities

“Examining a Legislative Solution to Extend and Revise the Terrorism Risk Insurance Extension Act”

June 21, 2007

Statement for the Record

Mr. Chairman, I thank you for holding this hearing today and the witnesses for participating.

I was not here in Congress when this committee passed the first TRIA. I was still serving in the Florida Senate, but even being so far away, I was soon aware of the crisis facing the terrorism insurance market.

Now, just five years later, this committee is presented with yet another extension, this one for 10 years. While I support an extension, I remain curious as to why we are discussing relief for an event that happened almost 8 years ago, when constituents in Florida are still grappling with skyrocketing homeowners’ and commercial insurance premiums. For the past 4 years, this committee has worked quickly and in tangent with the industry when it comes to terrorism reinsurance, passing reinsurance fund after fund, but has left constituents in Florida and homeowners around the nation to their own devices.

However, I do support TRIA; I voted in favor of it when Congress extended the program in 2005. Since its creation, not one dollar of TRIA has been spent, yet insurers have allocated additional capacity to terrorism risk, prices have declined, and take-up rates have increased. In 2003, only 27% of companies purchased terrorism insurance. In 2005, 58% of companies purchased terrorism reinsurance. Deductibles have risen from 7% in 2003, to 17.5% in 2006. Even with this increase, the overall cost of coverage has fallen 3-5% of total property insurance costs. If this type of success can come from a terrorism risk insurance fund, I question why anyone would not feel the same about a federal catastrophe fund.

Unfortunately, this third extension is not being handled in the bi-partisan manner we have been accustomed to in previous discussions. Nothing in the bill that has been introduced represents an agreement between the two parties – the provisions in the bill are the sum

of the proposals my colleagues on the other side introduced, without any concessions to the Minority Party. The leaders on the Republican side offered good, common sense market reforms to gradually phase out TRIA and let the market continue flourish, and none of those proposals were accepted.

I hope this initial showing of partisanship is not indicative of how this committee will proceed as we extend TRIA. And I also hope that as we work on this legislation to ensure business owners have access to terrorism insurance in the North East, we do not forget about the constituents in Gulf who are still suffering from obscene homeowners insurance premiums.

Thank you Mr. Chairman and I yield back the balance of my time.