

U.S. Congresswoman

# Ginny Brown-Waite

*Representing Citrus, Hernando, Lake, Levy,  
Marion, Pasco, Polk, and Sumter Counties*



**Subcommittee on Capital Markets, Insurance and GSEs  
“Policy Options for Extending the Terrorism Risk Insurance Act”**

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Statement for the Record

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Mr. Chairman, thank you for holding this hearing today. It has been long awaited, and I look forward to what our witnesses have to say.

After terrorists attacked New York City and Washington, D.C., on September 11, 2001, our nation came together. Without a study commission or partisanship, Congress quickly passed the Terrorism Risk Insurance Act to help business owners just a year later and acted swiftly again by passing an extension in 2005. Less than two years later, the House and Senate are in deliberations again over another TRIA extension that will most likely pass sometime this year.

Since the passage of TRIA, very few have alleged that it was a government bailout, that TRIA would supplant the private market, or that tax payers in areas not at as much of risk of terrorism would be subsidizing those who are. That is because TRIA is working. Since its enactment in 2001, not one dollar of the TRIA fund 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, yet the overall cost of coverage has fallen 3-5% of total property insurance costs.

I doubt anyone would disagree with these numbers – none from the industry or from either side of the aisle. Yet these same people would stand before us on another issue – natural catastrophe insurance – and speak out of the opposite side of their mouths. When discussing my bill, H.R. 91, which establishes a similar fund for homeowners’ insurance, the view drastically changes. The same people will argue that the creation of a natural catastrophe fund is simply a government bailout, that it would supplant the private market, or that taxpayers will be subsidizing high-risk areas. I question why Congress can move so quickly to help businesses but will not move an inch to help homeowners with the passage of my bill.

I was not in office when Congress passed TRIA, but I would have supported it if I were. However, I did vote in favor of an extension, and I support another extension of the same program because TRIA has shown us as elected leaders what role Congress can play in helping a collapsing market, just as a catastrophe fund for natural disasters could work as well. I hope the witnesses here today asking Congress for another extension of TRIA pay better attention to those lessons as well, instead of dispelling them.

Thank you again Mr. Chairman for holding this hearing today.