

**OPENING STATEMENT OF  
RANKING DEMOCRATIC MEMBER PAUL E. KANJORSKI  
SUBCOMMITTEE ON CAPITAL MARKETS, INSURANCE,  
AND GOVERNMENT SPONSORED ENTERPRISES  
HEARING ON THE FUTURE OF TERRORISM INSURANCE  
WEDNESDAY, JULY 27, 2005**

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Mr. Chairman, as you already know, I strongly believe that we need to extend the Terrorism Risk Insurance Act. This law is critical to protecting our economic security. I am therefore pleased that we are meeting again today to consider these important matters.

After the terrorist attacks four years ago, reinsurers curtailed the supply of terrorism reinsurance and insurers began to exclude such coverage from policies. In response, we enacted the Terrorism Risk Insurance Act to address these pressing problems.

Several studies have already determined that TRIA has worked to increase the availability of terrorism risk insurance and advance economic development projects. The Treasury Department's recent report on this law also found that the program has helped to stabilize our insurance markets. TRIA, however, will expire at the end of the year.

Like many of my colleagues, I believe that we need to move aggressively now to extend this economic stabilization law. Our failure to reach quick agreement on this important issue will likely result in less terrorism insurance, higher prices, lower policyholder take-up, and greater economic uncertainty.

Moreover, the recent terrorist attacks in England and Egypt highlight the real need for us to extend TRIA, despite the preferences of some against doing so. The occurrence of terrorism, after all, is currently unpredictable.

The vast majority of the experts testifying before us today, including regulators, insurers, brokers, and real estate investors, will also call upon us to act expeditiously in these matters in the coming months in order to prevent short-term market disruptions. We need to listen to their counsel.

In debating any plan to extend TRIA, I have long held that we ought to work to incorporate group life insurance, and I am pleased that one of our witnesses will directly address this issue today. Group life products, after all, have characteristics similar to commercial property-and-casualty insurance in that there is often an excessive concentration of risk within a small geographic area. As many of my colleagues have also regularly noted, we need to insure the people inside of the buildings and not just the buildings themselves.

Additionally, the Administration has proposed a number of reforms that it would like the Congress to adopt, should we decide to extend the program. I approach these proposals with some doubt and a little skepticism. After all, the original bill was a carefully crafted compromise that resulted from extensive negotiations.

In particular, I am especially concerned about Secretary Snow's request for "reasonable" legal reforms. This proposal for legal reform could once again stall legislative efforts, as it delayed consideration of the original law.

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Nevertheless, as legislators, we have a responsibility to give this proposal and the other reforms suggested by the Administration their due consideration. We also need to evaluate the recommendations of the experts testifying before us today during our forthcoming deliberations.

As I noted at our last hearing, Mr. Chairman, time is of the essence. We now have just four weeks remaining on the legislative calendar. As a result, we will need to have our staff work diligently over the August break in order for us to move expeditiously in September.

In closing, this is not a Democratic or Republican issue. It is, as I have regularly noted, an American issue. It is a business issue. It is an economic security issue. I therefore stand ready to work with you, Mr. Chairman, and all other interested parties on these matters in the weeks ahead.

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