

Statement by the Hon. Mark Green before the House Committee on Financial Services

September 29, 2004

Thank you Mr. Chairman. I want to first thank you for scheduling this mark-up today. While we are going to be marking up three vitally important pieces of legislation, I want to take the brief moment I have to talk about a concern that recently came to my attention.

I want to begin by saying that I am a strong supporter of the need to extend TRIA for another two years. In particular, I believe it is critical we complete our work on this legislation before the first of the year. That is why I want to once again thank you for holding this mark-up today.

As testimony before this committee demonstrated, a private marketplace for terrorism reinsurance has simply not developed. When the current TRIA legislation was originally signed into law in November 2002, we all hoped there would not be a need for an extension to this program. Unfortunately, this has simply not been the case.

Although I will be supporting H.R. 4634 and agree it is critical for our economy that the process move forward, I do want to raise a concern that I hope the committee will be willing to address as this legislation moves forward.

My concern with H.R. 4634 is the scheduled increase in the deductible. By increasing the deductible, small-to medium-size companies will be put them at a disadvantage. They simply do not have the resources that large companies have to meet the higher deductible as well as the other requirements of the legislation.

I understand the purpose of the gradual increase in the deductible is designed to improve the chance that a private marketplace for terrorism insurance will develop. However, we simply cannot put in place a system where well-established, high quality, highly rated carriers may, nonetheless, face deductibles that would inappropriately impact their standing with both rating organizations and state regulators. This is something that we have got to avoid. TRIA has to work for all companies.

Again, while I plan to support H.R. 4634 and recognize the importance of this legislation to our economic prosperity, I am hopeful the committee will work with me to address my concerns and improve the ability of this legislation to meet the needs of the entire insurance industry.