

U.S. House Introduces Bill to Extend Federal Terrorism Insurance Backstop

Burlington, VT (February 7, 2013) – The U.S. House of Representatives introduced a bill Tuesday to extend the Terrorism Risk Insurance Act (TRIA) through the end of 2019. TRIA, which was enacted in 2002 and extended since, is currently scheduled to expire at the end of 2014.

A bipartisan contingent of mostly New York Congressional members introduced the bill, H.R. 508, although its text has not yet been published. Rep Michael G. Grimm sponsored the bill, which has nine co-sponsors.

“This federal terrorism risk insurance backstop is essential to providing security in uncertain times,” says Thomas P. Stokes, U.S. Consulting Practice Leader for JLT Towner Group US. “It is one of the few bipartisan issues with generally universal agreement in Congress, industry and among insureds.”

Although conventional terrorism insurance has become easier to find in certain markets, coverage is still unavailable or unaffordable for many trying to protect their enterprises against nuclear, biological, chemical and radiological risk, which is almost universally shunned by the conventional markets. The federal backstop has provided a crucial, cost-effective way to offer security in very difficult situations.

The Coalition to Insure Against Terrorism (CIAT), a group of business insurance consumers, was one of the groups endorsing the bill. On its web site, CIAT stated, “[TRIA] has stabilized the terrorism insurance marketplace and restored insurance capacity to an enormous portion of the U.S. economy.”

As Congress battles over budgets and deficits, the final shape this bill will take is still uncertain. JLT Towner will continue to monitor the bill’s progress as its provisions are debated, and will report on changes as they occur. Meanwhile, captives continue to be a useful vehicle in the process of developing a terrorism response program.

To learn more about how a captive can help your entity maximize its terrorism protection, please contact us. JLT Towner Group US and our global partner, JLT Insurance Management, can assist you with your captive management and risk financing efforts.

JLT Towner Group US is an independent, full-service captive insurance management and captive consulting company with a multi-domicile reach. A partner of Hanover Stone Partners, LLC, JLT Towner is dedicated to providing alternative risk solutions to meet diverse needs.

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