

EVOLUTION OF THE FEDERAL TERRORISM RISK INSURANCE BACKSTOP

US SENATE AND HOUSE OF REPRESENTATIVES POSITIONS OUTLINE AS OF JULY 17, 2014

	TERRORISM RISK INSURANCE PROGRAM REAUTHORIZATION ACT OF 2007	TERRORISM RISK INSURANCE PROGRAM REAUTHORIZATION ACT OF 2014 (SENATE)	TRIA REFORM ACT OF 2014 (HOUSE)
TERMINATION	December 31, 2014	December 31, 2021	December 31, 2019
MAKE-AVAILABLE PROVISION	Must make coverage available for certified acts of terrorism on same terms and conditions as for other covered risks.	No change	January 1, 2016 — small insurers (to be defined) can opt-out of the mandatory “make available” requirement.
COVERED ACTS	Foreign and domestic terrorism in the US and on US interests abroad. Includes an act of war for workers’ compensation policies only.	No change	No change
CERTIFICATION LEVEL	\$5 million	No change	<ul style="list-style-type: none"> Remove \$5 million threshold. January 1, 2015 — the Secretary of Treasury must consult with the Attorney General and the Secretary of Homeland Security (replaces the Secretary of State from previous legislation).
PROGRAM TRIGGER	\$100 million in insured loss in a program year.	No change	<ul style="list-style-type: none"> 2015 – \$100 million 2016 – \$200 million 2017 – \$300 million 2018 – \$400 million 2019 – \$500 million Nuclear, biological, chemical, or radiological (NBCR), certified acts trigger at \$100 million.
COVERED LINES	Commercial property/casualty insurance (including excess insurance, workers’ compensation and directors and officers insurance).	No change	January 1, 2016 — separate the definition of an “act of terrorism” into two categories: (1) NBCR acts and (2) non-NBCR acts.
INSURER DEDUCTIBLE (PERCENT OF DIRECT EARNED PREMIUM)	20%	No change	No change
FEDERAL REINSURANCE QUOTA SHARE	85%	<ul style="list-style-type: none"> 2016 – 84% 2017 – 83% 2018 – 82% 2019 – 81% 2020 – 80% 	For non-NBCR acts of terrorism: <ul style="list-style-type: none"> 2015 – 85% 2016 – 84% 2017 – 83% 2018 – 82% 2019 – 80% For NBCR acts of terrorism: <ul style="list-style-type: none"> 2015 to 2019 – 85%
INSURANCE INDUSTRY RETENTION FOR MANDATORY RECOUPMENT	\$27.5 billion	Increase the Treasury’s recoupment rate from 133% to 135.5%. <ul style="list-style-type: none"> 2015 – \$29.5 billion 2016 – \$31.5 billion 2017 – \$33.5 billion 2018 – \$35.5 billion 2019 – \$37.5 billion 	<ul style="list-style-type: none"> January 1, 2016 — increase the Treasury’s recoupment rate from 133% to 150%.
CAP ON LIABILITY	\$100 billion	No change	No change
TIMING OF CERTIFICATION	Not addressed	Final rule from the Treasury Department no later than 180 days from the enactment that would establish a time line for certifying an event as covered or not covered.	<ul style="list-style-type: none"> Preliminary certification by the Secretary of Homeland Security no later than 15 days after an occurrence. Final certification no later than 90 days after an occurrence.

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