RAA POLICY ON REAUTHORIZATION OF TERRORISM RISK INSURANCE PROGRAM

The RAA supports a multi-year reauthorization of the Federal Terrorism Risk Insurance Program ("The Program").

If the legislative process requires changes to provide private sector incentives, the RAA’s position should be guided by the following:

1. The Program should be structured to maximize the use of private reinsurance market capacity for conventional terrorism risks, consistent with available capacity.

2. The Program should continue to provide a catastrophe level backstop for nuclear, biological, chemical, radiological and cyber terrorism risks.

3. Authorization of the Federal government to facilitate the creation of private sector pools to address various issues under the Program.

4. Assumed reinsurance should continue to be excluded from the Program, including associated surcharges and assessments.

5. The law should clearly address the types of cyber terrorism risk that are covered by the Program.

6. Insurers should be able to use appropriate rates and forms for terrorism coverage, which may require preemption of state law.

7. The Program certification process should be clarified to require a timely, definitive decision about whether an event is a certified act of terrorism under the Program. The timeframe should take into account insurers’ claims payment requirements under state law.

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