



## Consumer Federation of America

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**Comments of J. Robert Hunter,  
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On the Agreement to Renew a Less Generous Terrorism Risk Insurance Act (TRIA)**

While evidence shows that the insurance industry has the financial capacity to cover more losses in the event of future terrorist attacks than required under the recently announced agreement to extend the Terrorism Risk Insurance Act (TRIA), we applaud Senators Shelby, Bennett and Dodd and the Treasury Department for their successful efforts to sharply increase insurer cost sharing under the extension of the program (S. 467). CFA estimates that this two-year extension will save taxpayers an actuarial value of three-quarters of a billion dollars compared to the program that it replaces. The agreement would immediately increase the share of losses insurers must pay, regardless of the size of the terrorist attack. It would also reduce the lines of insurance that will be covered under TRIA. The agreement would make it clear that the taxpayer subsidies being provided to the extremely profitable property/casualty insurance industry will end, once and for all, on December 31, 2007.

The Senate bill sponsors and the Treasury Department fought off fierce efforts by insurance lobbyists to actually increase taxpayer payments and industry subsidies and weaken consumer protections. The House bill, for example, would have needlessly expanded TRIA coverage to group life insurance and domestic terrorism and set the stage for further expansions of federal assistance by mandating studies on the inclusion of personal lines of insurance in TRIA and a federal disaster insurance program. Senate negotiators also rejected language in the House bill to make buying poor quality insurance from unregulated foreign surplus lines insurers much easier and to override state authority to approve of policy forms before they are used by insurance companies.

*CFA is a non-profit association of 300 organizations that, since 1968, has sought to advance the consumer interest through research, advocacy and education.*