

# State of South Dakota

EIGHTY-NINTH SESSION  
LEGISLATIVE ASSEMBLY, 2014

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## HOUSE ENGROSSED NO. **HCR 1019** - 02/18/2014

Introduced by: Representatives Wink, Anderson, Bartling, Cammack, Erickson, Gosch, Greenfield, Haggar (Don), Hawley, Heinert, Hunhoff (Bernie), Johns, Kopp, Lust, Mickelson, Novstrup (David), Qualm, Rounds, Solum, Stalzer, and Wick and Senators Rampelberg, Begalka, Brown, Frerichs, Jensen, Jones (Chuck), Kirkeby, Krebs, Maher, Monroe, Otten (Ernie), Rave, Solano, Sutton, Tieszen, and Vehle

1 A CONCURRENT RESOLUTION, Petitioning Congress to reauthorize federally provided  
2 terrorism reinsurance for insurers.

3 WHEREAS, insurance protects the United States economy from the adverse effects of the  
4 risks inherent in economic growth and development while also providing the resources  
5 necessary to rebuild physical and economic infrastructure, offer indemnification for business  
6 disruption, and provide coverage for medical and liability costs from injuries and loss of life in  
7 the event of catastrophic losses to persons or property; and

8 WHEREAS, the terrorist attack of September 11, 2001, produced insured losses larger than  
9 any other man-made event in United States history, with claims paid by insurers to their  
10 policyholders eventually totaling some \$32.5 billion, making this the second most costly  
11 insurance event in United States history; and

12 WHEREAS, the sheer enormity of the terrorist-induced loss, combined with the possibility  
13 of future attacks, produced financial shockwaves that shook insurance markets causing insurers



1 and reinsurers to exclude coverage arising from acts of terrorism from virtually all commercial  
2 property and liability policies; and

3 WHEREAS, the lack of terrorism risk insurance contributed to a paralysis in the economy,  
4 especially in construction, tourism, business travel, and real estate finance; and

5 WHEREAS, the United States Congress originally passed the Terrorism Risk Insurance Act  
6 of 2002, Pub. L. 107-297 (TRIA), in which the federal government agreed to provide terrorism  
7 reinsurance to insurers and reauthorized this arrangement via the Terrorism Risk Insurance  
8 Extension Act of 2005, Pub. L. 109-144, and the Terrorism Risk Insurance Program  
9 Reauthorization Act of 2007, Pub. L. 110-160 (TRIPRA); and

10 WHEREAS, under TRIPRA the federal government provides such reinsurance after  
11 industry-wide losses attributable to annual certified terrorism events exceed one hundred million  
12 dollars; and

13 WHEREAS, coverage under TRIPRA is provided to an individual insurer after the insurer  
14 has incurred losses related to terrorism equal to twenty percent of the insurer's previous year  
15 earned premium for property-casualty lines; and

16 WHEREAS, after an individual insurer has reached such a threshold, the insurer pays fifteen  
17 percent of residual losses and the federal government pays the remaining eighty-five percent;  
18 and

19 WHEREAS, the Terrorism Risk Insurance Program has an annual cap of one hundred billion  
20 dollars of aggregate insured losses, beyond which the federal program does not provide  
21 coverage; and

22 WHEREAS, TRIPRA requires the federal government to recoup one hundred percent of the  
23 benefits provided under the program via policy holder surcharges to the extent the aggregate  
24 insured losses are less than twenty-seven billion five hundred million dollars and enables the

1 government to recoup expenditures beyond that mandatory recoupment amount; and

2 WHEREAS, without question, TRIA and its successors are the principal reason for the  
3 continued stability in the insurance and reinsurance market for terrorism insurance to the benefit  
4 of our overall economy; and

5 WHEREAS, the presence of a robust private and public partnership has provided stability  
6 and predictability and has allowed insurers to actively participate in the market in a meaningful  
7 way; and

8 WHEREAS, without a program such as TRIPRA, many of our citizens who want and need  
9 terrorism coverage to operate their businesses all across the nation would be either unable to get  
10 insurance or unable to afford the limited coverage that would be available; and

11 WHEREAS, without federally provided reinsurance, property and casualty insurers will face  
12 less availability of terrorism reinsurance and will therefore be severely restricted in their ability  
13 to provide sufficient coverage for acts of terrorism to support our economy; and

14 WHEREAS, unfortunately, despite the hard work and dedication of this nation's  
15 counterterrorism agencies and the bravery of the men and women in uniform who fought and  
16 continue to fight battles abroad to keep us safe here at home, the threat from terrorist attacks in  
17 the United States is both real and substantial and will remain as such for the foreseeable future:

18 NOW, THEREFORE, BE IT RESOLVED, by the House of Representatives of the Eighty-  
19 Ninth Legislature of the State of South Dakota, the Senate concurring therein, that the United  
20 States Congress and the President of the United States reauthorize the Terrorism Risk Insurance  
21 Program.