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POLICYHOLDERS REJECT TREASURY STUDY AS FLAWED

CIAT Calls for Congress to Act

Washington, D.C. —The Coalition to Insure Against Terrorism (CIAT) has issued this statement by spokesperson Martin L. DePoy, vice president for government relations at the National Association of Real Estate Investment Trusts®, reacting to the U.S. Department of Treasury’s assessment of the Terrorism Risk Insurance Act of 2002 (TRIA) and the state of the terrorism insurance marketplace:

“The Treasury study released today on terrorism insurance is flawed. It does not present an accurate picture of the current terrorism insurance marketplace and fails to acknowledge that the risk of terrorism is unknowable.

The study’s assertion that the now partial presence by reinsurers will somehow grow stronger in the absence of a federal backstop defies logic. Even Federal Reserve Chairman Alan Greenspan has questioned the ability of the private market alone to insure against terrorism.

The study also ignores TRIA’s value as a mechanism to help the economy rebound quickly in the event of another catastrophic attack.

Only in acknowledging that the immediate effect of TRIA’s expiration is likely to be ‘less terrorism insurance written by insurers, higher prices and lower policyholder take-up,’ does the study reflect the realities of the marketplace and thereby confirm the need for a federal role beyond December 31st.

Policyholders remain convinced that a federal terrorism insurance program of some kind must be in place next year to help protect the U.S. economy and American jobs. CIAT’s goal is a backstop that ensures there is an adequate supply of terrorism insurance while, at the same time, addressing gaps in current coverage and creating a system that maximizes the development of private risk capacity.

Treasury’s flawed treatment of the issue reinforces the urgency of Congress reopening the debate so that the American people better understand TRIA’s role and importance. The House and Senate should schedule hearings immediately.”

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The Coalition to Insure Against Terrorism represents a wide range of businesses and organizations throughout the transportation, real estate, manufacturing, construction, entertainment and retail sectors. These groups speak for business insurance policyholders as part of an ongoing effort to ensure that terrorism coverage is both available and affordable. Visit our Web site at www.insureagainstterrorism.org.