

**COMPARISON OF HOUSE AND SENATE TRIA EXTENSION BILLS
(AFTER COMMITTEE MARK-UPS – NOVEMBER 16, 2005)**

	House (H.R. 4314)	Senate (S. 467)
Duration	Minimum two-year extension through December 31, 2007 (see <i>infra</i> , long-term availability)	Two-year extension through December 31, 2007
Covered Lines	All of the lines covered by the current program with the exception of commercial auto and the addition of group life	All of the lines covered by the current program except for commercial auto, professional liability (other than D&O), surety, burglary & theft, and farmowners multi-peril; No Group life insurance
Make Available	The requirement that insurers make coverage available to policyholders in all lines covered by the program is retained. Insurers must also offer NBCR coverage (freedom to sub-limit). Life insurance policies may not exclude coverage of lawful foreign travel, may not charge "excessive" or non-actuarial based premium	The requirement that insurers make coverage available to policyholders in all lines covered by the program is retained.
Event Triggers	Year 4 (2006): \$50 million Year 5 (2007): \$100 million Any additional yr: + \$50 million	2006: \$50 million 2007: \$100 million
Deductibles	Workers' Comp: 16% + 2.0% /year Property: 20%+ 2.5% /year Group Life: 21.5% + 2.5% / year Casualty: 25%+ 5% / year Within each above four silos: NBCR: 7.5% + .75% / year	17.5% of DEP in 2006 20.0% of DEP in 2007
Co-Shares/Co-pays	Insurers' co-shares increased for smaller events and decreased for mega-events: 20% for first \$10 billion 15% for next \$10 billion 10% for next \$20 billion 5% for amounts over \$40billion	2006: 90% federal/ 10% insurer 2007: 85% federal/ 15% insurer

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“Reset” Mechanisms	<p>Deductibles and triggers are reduced following year if a major event(s) occur:</p> <p>Deductibles: -0.1% per \$1 billion in insured losses (5% minimum)</p> <p>Triggers: -\$10 million per \$1 billion in insured losses</p>	N/A
Annual Program Cap	\$100 billion per year for insured losses (federal and industry combined)	\$100 billion per year for insured losses (federal and industry combined)
Recoupment of Federal Share via Policyholder Surcharge	Mandatory recoupment of all federal payments subject to surcharges not to exceed 3% of premiums per year	<p>Mandatory recoupment of difference between \$15 billion and affected insurer’s aggregate deductible/co-shares and subject to 3% limitation</p> <p>Discretionary recoupment of balance of federal payments</p> <p>(No change from current law)</p>
TRIA Capital Reserves	Insurers are allowed to treat a portion of their identified terrorism premiums as dedicated terrorism capital. Subject to call by Secretary, but insurer could use these funds first to pay for any of their own covered terrorism losses. Portion taken to reduce Federal expenditure would be replenished as part of surcharges.	N/A
Risk Sharing Mechanisms	A voluntary risk sharing mechanism (mutual reinsurance pool) established by Treasury would to help insurers share the risk of terrorism losses beneath the trigger levels. Insurers could use TRIA capital reserves to share this risk loss.	N/A
Foreign v. Domestic	The distinction between foreign-inspired and purely domestic acts of terrorism is removed so that domestic terrorism would be covered.	N/A
Insurance Market Reforms	"Exempt commercial purchasers" allowed easier access to surplus lines marketplace for terrorism	N/A

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	<p>coverage (no "diligent search")</p> <p>Multi-state terrorism policies (including for surplus lines) are subjected to review only in the policyholder's home state</p> <p>Encourages States to streamline rate and form filings (SERFF)</p>	
Long-term Availability	<p>A public-private commission is created to draft specific proposals to establish a long-term pooling terrorism bill that would reduce the federal involvement and exposure. Unless the Treasury determines the Commission has not reported appropriate recommendations, TRIA would be extended for a third year as a transition.</p>	<p>The President's Working Group on Financial Markets is required to report to Congress by September 30, 2006 concerning the long-term availability and affordability of terrorism insurance, including the availability and affordability of group life insurance.</p>
Studies	<p>Three GAO studies on (1) NBCR risks, (2) personal lines terrorism exposure, and (3) Federal/private backstop for natural catastrophe exposures.</p>	<p>(See long-term availability above)</p>
Litigation Management	<p>The bill continues current litigation management provisions.</p>	<p>The bill continues current litigation management provisions and codifies existing Treasury regulations concerning advance approval of certain settlements which an insurer intends to submit for reimbursement under the TRIA program.</p>