

October 1, 2004

The Honorable Bill Frist  
Senate Majority Leader  
Russell 416  
Washington, DC 20510

The Honorable Tom Daschle  
Senate Minority Leader  
Hart 509  
Washington, DC 20510

The Honorable Dennis Hastert  
Speaker of the House  
235 Cannon  
Washington, DC 20515

The Honorable Nancy Pelosi  
House Minority Leader  
2371 Rayburn  
Washington, DC 20515

Dear Majority Leader Frist, Speaker Hastert, Senator Daschle and Representative Pelosi:

In the aftermath of September 11, 2001, our economy struggled to find its footing in an uncertain world. One of the key factors that allowed for the economy to stabilize and grow was the adoption of the Terrorism Risk Insurance Act of 2002 (TRIA). TRIA is a public-private partnership established two years ago that provides a federal guarantee against losses resulting from a catastrophic terrorist attack. We are writing to ask that Congress act this year to extend TRIA for two years beyond its current December 31, 2005, expiration date.

The ability of businesses and individuals to obtain property and casualty insurance at reasonable and predictable prices, in order to spread the risk of both routine and catastrophic loss, is critical to economic growth. The capability of the insurance industry to cover the unprecedented financial risk presented by the potential acts of terrorism is essential to obtain financing to build new buildings, operate businesses, or even conduct sporting events.

Due to the timing of the business cycle for the insurance industry, prompt action to extend TRIA is required by the Congress prior to its adjournment. The insurance industry is presently negotiating its insurance policy renewals for 2005; most of those policies will extend beyond the expiration of TRIA. At present, policy holders are finding that their insurers are placing conditional endorsements on policies extending into 2006, which would severely limit or exclude terrorism coverage. The progression of this trend will have a negative ripple effect throughout the business community and is likely to pose a significant obstacle to our continued economic growth.

Additionally, TRIA mandated that the U.S. Department of the Treasury, in conjunction with the insurance industry and other experts, assess the effectiveness of Terrorism Insurance Program created by TRIA, the likely capacity of the insurance industry to offer terrorism insurance after TRIA expires, and the cost of such insurance. The assessment, however, is not due until June 2005; six months prior to the expiration of TRIA. We are

seriously concerned that six months will not provide sufficient time for proper analysis of the conclusions contained in the Assessment by the insurance industry and more importantly, Congress. Due to the vital role TRIA has played in preserving the economic health of our economy, it is imperative that substantial time is dedicated to ensuring that affordable insurance is available to protect businesses and individuals from the debilitating economic impacts of terrorist events.

We believe that to preserve the stability of the economy and ensure adequate analysis of impacts of terrorism on the insurance industry, TRIA must be extended through December 31, 2007. The extension of TRIA is supported by the National Governors Association, the National Association of Insurance Commissioners and nearly 200 members of the House of Representatives from both sides of the aisle.

While the time remaining in the current Congress is limited, we believe that this issue is of such grave importance to the health and well being of the economy that it needs to be dealt with in what brief time remains. We urge you to make the extension of TRIA through December 31, 2007, a priority in the remaining days of this Congress.

Sincerely,

Governor M. Jodi Rell  
Connecticut

Governor George E. Pataki  
New York

Governor Bob Riley  
Alabama

Governor Mike Huckabee  
Arkansas

Governor Jeb Bush  
Florida

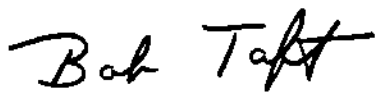
Governor John Baldacci  
Maine

Governor Robert L. Ehrlich Jr.  
Maryland

Governor Mike Johanns  
Nebraska

Governor Kenny Guinn  
Nevada

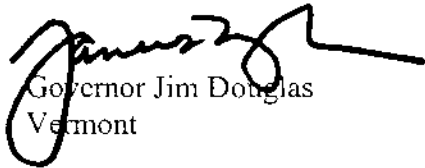
Governor James E. McGreevey  
New Jersey



Governor Bob Taft  
Ohio



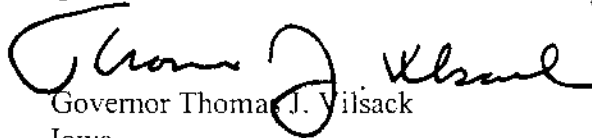
Governor Don Carcieri  
Rhode Island



Governor Jim Douglas  
Vermont



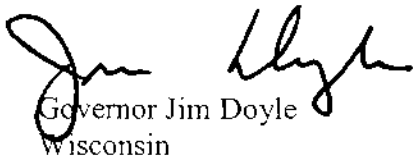
Governor Mark R. Warner  
Virginia



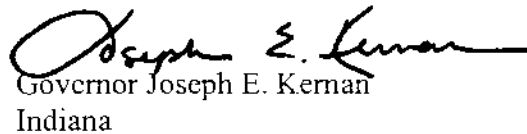
Governor Thomas J. Vilsack  
Iowa



Governor Tim Pawlenty  
Minnesota



Governor Jim Doyle  
Wisconsin



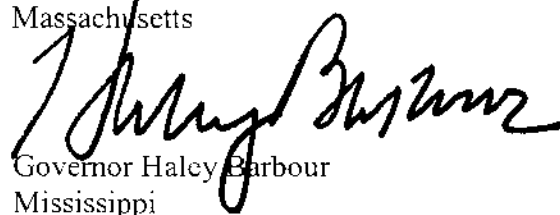
Governor Joseph E. Kernan  
Indiana



Governor Mitt Romney  
Massachusetts



Governor Rick Perry  
Texas



Governor Haley Barbour  
Mississippi