

American Bankers Association
American Bankers Insurance Association
American Gas Association
American Hotel and Lodging Association
American Public Power Association
American Resort Development Association Resort Owners' Coalition
American Society of Association Executives
America's Community Bankers
Associated Builders and Contractors
Associated General Contractors of America
Association of American Railroads
Association of Art Museum Directors
The Bond Market Association
Building Owners and Managers Association International
Boston Properties
CCIM Institute
Chemical Producers and Distributors Association
Commercial Mortgage Securities Association
Edison Electric Institute
Electric Power Supply Association
The Financial Services Roundtable
The Food Marketing Institute
General Aviation Manufacturers Association
Helicopter Association International
Hilton Hotels Corporation
Host Marriott
Institute of Real Estate Management
International Council of Shopping Centers
The Long Island Import Export Association
Marriott International
Mortgage Bankers Association of America
National Apartment Association
National Association of Home Builders
National Association of Industrial and Office Properties
National Association of Manufacturers
National Association of REALTORS®
National Association of Real Estate Investment Trusts
National Association of Waterfront Employers
National Association of Wholesaler-Distributors
National Basketball Association
National Collegiate Athletic Association
National Council of Chain Restaurants
National Football League
National Hockey League
National Multi Housing Council
National Petrochemical & Refiners Association
National Restaurant Association
National Retail Federation
National Roofing Contractors Association
National Rural Electric Cooperative Association
The New England Council
New York City Partnership
Office of the Commissioner of Baseball
Public Utilities Risk Management Association
The Real Estate Board of New York
The Real Estate Roundtable
Six Continents Hotels
Society of American Florists
Starwood Hotels and Resorts
Taxicab, Limousine & Paratransit Association
Travel Business Round Table
UJA-Federation of New York
Union Pacific Corporation
U.S. Chamber of Commerce
Westfield

CIAT

COALITION TO INSURE AGAINST TERRORISM

insure against terrorism.org

September 25, 2002

The Honorable Paul S. Sarbanes
Chairman
Senate Committee on Banking, Housing, and Urban Affairs
534 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Michael G. Oxley
Chairman
House Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairmen Sarbanes and Oxley:

As the 107th Congress enters the last of its legislative days, *The Coalition To Insure Against Terrorism (CIAT)* wants to thank you and all of your colleagues for all that you have done to meet the remarkable new challenges facing America after September 11, 2001.

Although so much has been achieved in so little time, there still remains an extraordinarily urgent piece of unfinished legislative business of profound consequence to our nation's economic and homeland security: *terrorism insurance legislation*.

We believe that this work must be completed now. The reason is simple and certain: The vast majority of leading American businesses find themselves operating with no terrorism insurance or grossly deficient terrorism insurance. In the midst of our nation's war against terrorism, this condition is far too dangerous for all concerned. To properly prepare and protect our economy in the event of future terrorist attacks, our nation's policymakers should not permit the absence of terrorism insurance to become the norm for America's businesses, both large and small.

According to a recent survey undertaken by the authoritative Risk and Insurance Management Society (RIMS) (which represents over 80% of the Fortune 500 companies and thousands of commercial insurance policyholders), two-thirds of the responding companies indicated that they have no terrorism insurance at all, and over 80% do not have confidence that their respective companies are sufficiently covered in the event of a terrorist attack. The RIMS survey also reported that over 70% believe that obtaining adequate coverage is very difficult or impossible.



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This survey starkly underlines – one year after September 11, 2001 – what only can be described as a profound market failure. Any other description of today's terror insurance marketplace ignores this simple reality.

If another attack occurs and the American economy tries to absorb such a blow without adequate terrorism insurance in place, the consequences will be enormous. We must remember that most American businesses had insurance policies effective against terrorism in force on 9/11/01. As the RIMS survey now makes clear, that is not the case one year later.

The House and Senate have passed responsible versions of terrorism insurance legislation, and CIAT is appreciative of all that was involved in the passage of each bill. CIAT, among others, has expressed its views on both bills; we find much to applaud and support in each version. However, the important work already conducted by the House and Senate does not complete the task at hand. Critical compromises now must be made. We strongly believe that the House, Senate and Administration must act swiftly to find common ground.

We fully understand that certain items, such as those dealing with procedures tied to civil actions and litigation management, may be especially challenging. Nonetheless, we are confident that goodwill among and an earnest effort by negotiators will find that common ground. As an example, both sides in the debate have indicated, in slightly different language, that those parties who bear no responsibility for what is deemed a federally certified terrorist attack should be free from punitive damages in resulting civil actions. Surely, common ground can and must be found on this issue.

As CIAT stated previously, we support the inclusion of sensible procedures tied to civil actions and litigation management, and we continue to believe that innocent victims of terrorism must be protected. Further, we support a definition of terrorism that is sufficiently broad, a backstop of suitable duration, and comprehensive coverage (including losses from biological, chemical, radiological and cyber-based events and extending to losses from business interruption).

Notwithstanding the importance of the individual provisions of the two bills that must be reconciled, nothing could possibly be worse than the unacceptable prospect of Congress adjourning in October with this urgently needed legislation left undone.

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The differences between the two bills are significant and should not be dismissed lightly. However, these differences will seem insignificant and inconsequential if we are attacked again, and the pending legislation was allowed to founder and fail.

CIAT respectfully urges the Congressional Conferees to complete their work on this critically important legislation on an expedited basis so that American businesses can properly prepare themselves for what the future may bring and so that our nation's economy can fully prosper.

Sincerely yours,

COALITION TO INSURE AGAINST TERRORISM

cc: House and Senate Terrorism Insurance Conferees
House and Senate Leaders
President Bush