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FED CHAIRMAN QUESTIONS ABILITY OF PRIVATE MARKET ALONE TO INSURE AGAINST TERRORISM

Greenspan Testimony Follows CIA Warning About Terrorists' Intent To Strike America

Washington, D.C.—Federal Reserve Chairman Alan Greenspan today told Members of Congress he has yet to be convinced the private market alone can adequately insure against the continuing threat of terrorism.

In an appearance before the House Financial Services Committee, Greenspan was asked about the looming expiration of the Terrorism Risk Insurance Act (TRIA) by U.S. Representative Sue Kelly (R-NY). He said, "There are regrettable instances in which markets do not work, cannot work," and added "I have yet to be convinced" that the terrorism insurance market can be made to work.

Greenspan's remarks came just one day after Senate testimony by CIA Director Porter Goss that the terrorist threat endures and that "it may be only a matter of time" before extremist groups attempt to use chemical, biological, radiological or nuclear weapons in the U.S. According to Goss, al-Qaeda remains "intent on finding ways to circumvent U.S. security enhancements to strike Americans and the homeland."

Martin L. DePoy, steering committee coordinator of the Coalition to Insure Against Terrorism (CIAT), and vice president for government relations at the National Association of Real Estate Investment Trusts® (NAREIT), said, "Americans are well aware that it is not a matter of if, but when, terrorists will strike again, a fact reiterated yesterday by Director Goss."

"Goss' observations, in combination with Greenspan's comments, underline the importance of Congress acting now to provide for the availability of terrorism insurance next year," according to DePoy. He urged lawmakers to quickly determine how best to structure the law to ensure that citizens are able to secure truly comprehensive coverage against terrorism. "The risks cited by the CIA director—chemical, biological, radiological and nuclear attacks—are almost wholly uninsured today. As Congress works to extend the availability of terrorism insurance into next year, we ask that it also begin efforts to identify a long-term solution to the insurance challenge presented by acts of terrorism, whether through conventional or unconventional means," he said.

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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.