

108TH CONGRESS
2D SESSION

H. R. 4772

To extend the terrorism risk insurance program.

IN THE HOUSE OF REPRESENTATIVES

JULY 7, 2004

Mr. CAPUANO (for himself, Mr. ISRAEL, Mr. FRANK of Massachusetts, Mr. KANJORSKI, Mr. GUTIERREZ, Mr. FROST, Mrs. MALONEY, Ms. WATERS, Mr. CROWLEY, Mr. MOORE, Ms. HOOLEY of Oregon, Mr. MEEKS of New York, Mrs. MCCARTHY of New York, Mr. EMANUEL, Mr. SHERMAN, Mr. MILLER of North Carolina, Mr. INSLEE, Mr. SCOTT of Georgia, Mr. LYNCH, Mr. DAVIS of Alabama, Mr. WATT, Mr. MATHESON, Mr. BELL, Mr. CLAY, Mr. ROSS, Mr. GONZALEZ, Mr. KIND, and Mr. SANDLIN) introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To extend the terrorism risk insurance program.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Terrorism Risk Insur-
5 ance Program Extension Act of 2004”.

1 **SEC. 2. PROGRAM YEARS.**

2 Paragraph (11) of section 102 of the Terrorism Risk
3 Insurance Act of 2002 (15 U.S.C. 6701 note) is amended
4 by adding at the end the following new subparagraphs:

5 “(E) PROGRAM YEAR 4.—The term ‘Pro-
6 gram Year 4’ means the period beginning on
7 January 1, 2006 and ending on December 31,
8 2006.

9 “(F) PROGRAM YEAR 5.—The term ‘Pro-
10 gram Year 5’ means the period beginning on
11 January 1, 2007 and ending on December 31,
12 2007.

13 “(G) FINAL PROGRAM YEAR.—The term
14 ‘Final Program Year’ means the period begin-
15 ning on January, 1, 2008 and ending on De-
16 cember 31, 2008.”.

17 **SEC. 3. APPLICABILITY OF PROGRAM TO FINAL PROGRAM**
18 **YEAR.**

19 Paragraph (5) of section 102 of the Terrorism Risk
20 Insurance Act of 2002 (15 U.S.C. 6701 note) is amend-
21 ed—

22 (1) by redesignating subparagraphs (A) and
23 (B) as clauses (i) and (ii) and realigning such para-
24 graphs, as so redesignated, so as to be indented 6
25 ems from the left margin;

1 (2) by striking all of the matter that precedes
2 subparagraph (A) and inserting the following:

3 “(5) INSURED LOSS.—

4 “(A) IN GENERAL.—The term ‘insured
5 loss’ means any loss resulting from an act of
6 terrorism (including an act of war, in the case
7 of workers’ compensation) that is covered by
8 primary or excess property and casualty insur-
9 ance issued by an insurer if such loss—”;

10 (3) by adding at the end the following new sub-
11 paragraph:

12 “(B) FINAL PROGRAM YEAR.—With re-
13 spect to the Final Program Year, such term
14 means only such losses as are described in sub-
15 paragraph (A) that are covered by primary or
16 excess property and casualty insurance that—

17 “(i) is issued before January 1, 2008;

18 and

19 “(ii) expires not later than December
20 31, 2008.”.

21 **SEC. 4. INSURER DEDUCTIBLE.**

22 Paragraph (7) of section 102 of the Terrorism Risk
23 Insurance Act of 2002 (15 U.S.C. 6701 note) is amend-
24 ed—

1 (1) by striking subparagraph (D) and inserting
2 the following new subparagraph:

3 “(D) for Program Years 3, 4, and 5, the
4 value of an insurer’s direct earned premiums
5 over the calendar year immediately preceding
6 such Program Year, multiplied by 15 percent;”;

7 (2) in subparagraph (E)—

8 (A) by striking “or Program Year 3” and
9 inserting “Program Year 3, Program Year 4, or
10 Program Year 5”; and

11 (B) by striking the period at the end and
12 inserting “; and”; and

13 (3) by adding at the end the following new sub-
14 paragraph:

15 “(F) for the Final Program Year, the
16 value of an insurer’s direct earned premiums
17 for the terms remaining under any policies for
18 insurance described in paragraph (5)(B) as of
19 the occurrence of the act of terrorism during
20 such Year that results in insured losses, as de-
21 termined by the Secretary, multiplied by 15
22 percent.”.

1 **SEC. 5. MANDATORY AVAILABILITY.**

2 Subsection (c) of section 103 of the Terrorism Risk
3 Insurance Act of 2002 (15 U.S.C. 6701 note) is amend-
4 ed—

5 (1) by striking all of the matter that precedes
6 subparagraph (A) of paragraph (1) and inserting the
7 following:

8 “(c) MANDATORY AVAILABILITY.—During the period
9 beginning on the first day of the Transition Period and
10 ending on the last day of Program Year 5, each entity
11 that meets the definition of an insurer under section
12 102—”;

13 (2) by striking paragraph (2); and

14 (3) by redesignating subparagraphs (A) and
15 (B) as paragraphs (1) and (2) and realigning such
16 paragraphs, as so redesignated, so as to be indented
17 2 ems from the left margin.

18 **SEC. 6. INSURED LOSS SHARED COMPENSATION.**

19 Subsection (e) of section 103 of the Terrorism Risk
20 Insurance Act of 2002 (15 U.S.C. 6701 note) is amend-
21 ed—

22 (1) in paragraph (2)(A), by striking “or Pro-
23 gram Year 3” and inserting “, Program Year 3,
24 Program Year 4, Program Year 5, or the Final Pro-
25 gram Year”;

1 (2) in paragraph (3), by striking “or Program
2 Year 3” and inserting “, Program Year 3, Program
3 Year 4, Program Year 5, or the Final Program
4 Year”; and

5 (3) in paragraph (6)(C), by striking “Program
6 Year 3” and inserting “each of Program Year 3,
7 Program Year 4, Program Year 5, and the Final
8 Program Year”.

9 **SEC. 7. COVERAGE OF GROUP LIFE INSURANCE.**

10 (a) IN GENERAL.—Section 102(5) of the Terrorism
11 Risk Insurance Act of 2002 (15 U.S.C. 6701 note) is
12 amended in the matter that precedes subparagraph (A)
13 by inserting “or group life insurance” after “property and
14 casualty insurance”.

15 (b) TECHNICAL AND CONFORMING AMENDMENTS.—
16 The Terrorism Risk Insurance Act of 2002 (15 U.S.C.
17 6701 note) is amended—

18 (1) in section 102(1)(B)(ii), by inserting “and
19 group life insurance” after “property and casualty
20 insurance”;

21 (2) in section 102(4), by inserting “or group life
22 insurance” after “property and casualty insurance”;

23 (3) in section 102(6)(B), by inserting “or group
24 life insurance coverage” after “property and casualty
25 insurance coverage”;

1 (4) in section 102(12)(B)(v), by striking “in-
2 cluding group life insurance” and inserting “(except
3 that this exclusion from the definition under this
4 paragraph shall not be construed as affecting the in-
5 clusion of group life insurance coverage within the
6 Program under this title)”;

7 (5) in section 103(e)(8)(A)(i), by inserting “and
8 group life insurance policies” after “property and
9 casualty insurance policies”;

10 (6) in subparagraphs (A)(iii) and (C) of section
11 103(e)(8), by inserting “, or group life insurance
12 coverage, as the case may be,” after “property and
13 casualty insurance coverage”;

14 (7) in section 103—

15 (A) by striking subsection (h); and

16 (B) by redesignating subsection (i) as sub-
17 section (h); and

18 (8) in paragraph (1) of section 108(d), by in-
19 serting “and the group life insurance industry” after
20 “property and casualty insurance industry” .

21 **SEC. 8. TERMINATION OF PROGRAM.**

22 Section 108 of the Terrorism Risk Insurance Act of
23 2002 (15 U.S.C. 6701 note) is amended—

24 (1) in subsection (a), striking “December 31,
25 2005” and inserting “December 31, 2008”; and

1 (2) in subsection (d), by adding at the end the
2 following new paragraph:

3 “(3) FINAL GAO STUDY AND REPORT.—The
4 Comptroller General of the United States shall con-
5 duct an assessment of the matters referred to in
6 paragraph (1) and shall submit a report to the Con-
7 gress, not later than June 30, 2007, on the results
8 of such study.”.

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