

109TH CONGRESS
1ST SESSION

H. R. 1153

To extend the terrorism insurance program of the Department of the
Treasury.

IN THE HOUSE OF REPRESENTATIVES

MARCH 8, 2005

Mr. CAPUANO (for himself, Mr. ISRAEL, Mr. FRANK of Massachusetts, Mr. KANJORSKI, and Mr. CROWLEY) introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To extend the terrorism insurance program of the
Department of the Treasury.

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 Insurance
5 Backstop Extension Act of 2005”.

6 **SEC. 2. EXTENSION OF TERRORISM INSURANCE PROGRAM.**

7 (a) PROGRAM YEARS 4 AND 5.—Paragraph (11) of
8 section 102 of the Terrorism Risk Insurance Act of 2002
9 (15 U.S.C. 6701 note) is amended by adding at the end
10 the following new subparagraphs:

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

5 “(F) PROGRAM YEAR 5.—The term ‘Pro-
6 gram Year 5’ means the period beginning on
7 January 1, 2007 and ending on December 31,
8 2007.”.

9 (b) INSURER DEDUCTIBLE.—Paragraph (7) of sec-
10 tion 102 of the Terrorism Risk Insurance Act of 2002 (15
11 U.S.C. 6701 note) is amended—

12 (1) by redesignating subparagraph (E) as sub-
13 paragraph (H);

14 (2) in subparagraph (D), by striking “and” at
15 the end;

16 (3) by inserting after subparagraph (D) the fol-
17 lowing new subparagraphs:

18 “(E) for Program Year 4, the value of an
19 insurer’s direct earned premiums over the cal-
20 endar year immediately preceding Program
21 Year 4, multiplied by 15 percent;

22 “(F) for Program Year 5, the value of an
23 insurer’s direct earned premiums over the cal-
24 endar year immediately preceding Program
25 Year 4, multiplied by 20 percent; and”;

1 (4) in subparagraph (H) (as so redesignated by
2 paragraph (1) of this subsection)—

3 (A) by striking “(D)” and inserting “(F)”;

4 and

5 (B) by striking “or Program Year 3” and
6 inserting “Program Year 3, Program Year 4, or
7 Program Year 5”.

8 (c) MANDATORY AVAILABILITY.—Subsection (c) of
9 section 103 of the Terrorism Risk Insurance Act of 2002
10 (15 U.S.C. 6701 note) is amended—

11 (1) by striking all of the matter that precedes
12 subparagraph (A) of paragraph (1) and inserting the
13 following:

14 “(c) MANDATORY AVAILABILITY.—During the Pro-
15 gram, each entity that meets the definition of an insurer
16 under section 102—”;

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

18 (3) by redesignating subparagraphs (A) and
19 (B) as paragraphs (1) and (2) and realigning such
20 paragraphs, as so redesignated, so as to be indented
21 2 ems from the left margin.

22 (d) INSURED LOSS SHARED COMPENSATION.—Sub-
23 section (e) of section 103 of the Terrorism Risk Insurance
24 Act of 2002 (15 U.S.C. 6701 note) is amended—

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

5 (2) in paragraph (3), by striking “or Program
6 Year 3” and inserting “, Program Year 3, Program
7 Year 4, Program Year 5, or the final Program
8 Year”;

9 (3) in paragraph (6)—

10 (A) in subparagraph (B), by striking
11 “and” at the end;

12 (B) in subparagraph (C) by striking the
13 period at the end and inserting a semicolon;
14 and

15 (C) by adding at the end the following new
16 subparagraphs:

17 “(D) for Program Year 4, the lesser of—

18 “(i) \$17,500,000,000; and

19 “(ii) the aggregate amount, for all in-
20 surers, of insured losses during such Pro-
21 gram Year;

22 “(E) for each of Program Year 5 and the
23 Final Program Year, the lesser of—

24 “(i) \$20,000,000,000; and

1 “(ii) the aggregate amount, for all in-
2 surers, of insured losses during such Pro-
3 gram Year; and”; and

4 (4) in paragraph (7)—

5 (A) in subparagraph (A), by striking “and
6 (C)” and inserting “(C), (D), and (E)”; and

7 (B) in subparagraphs (B) and (C), by
8 striking “or (C)” each place such term appears
9 and inserting “(C), (D), or (E)”.

10 (e) COVERAGE OF GROUP LIFE INSURANCE.—

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

16 (2) TECHNICAL AND CONFORMING AMEND-
17 MENTS.—The Terrorism Risk Insurance Act of 2002
18 (15 U.S.C. 6701 note) is amended—

19 (A) in section 102—

20 (i) in paragraph (1)—

21 (I) in subparagraph (B)(i), by in-
22 serting “or group life insurance” after
23 “workers’ compensation”; and

24 (II) in subparagraph (B)(ii), by
25 inserting “and group life insurance”

- 1 after “property and casualty insur-
2 ance”;
- 3 (ii) in paragraph (4)—
- 4 (I) by inserting “or for group life
5 insurance” after “property and cas-
6 ualty insurance”; and
- 7 (II) by striking “paragraph (5)”
8 and inserting “paragraph (6)”;
- 9 (iii) in paragraph (5), by inserting
10 “and group life insurance” after “workers’
11 compensation”; and
- 12 (iv) in paragraph (6)—
- 13 (I) in subparagraph (A)(i), by in-
14 serting “property and casualty or
15 group life” after “excess”;
- 16 (II) in subparagraph (B), by in-
17 serting “or group life insurance cov-
18 erage” after “property and casualty
19 insurance coverage”;
- 20 (v) by redesignating paragraphs (5)
21 through (16) as paragraphs (6) through
22 (17), respectively; and
- 23 (vi) by inserting after paragraph (4),
24 the following new paragraph:

1 “(5) GROUP LIFE INSURANCE.—The term
2 ‘group life insurance’ means an insurance contract
3 that provides term life insurance coverage, acci-
4 dental death coverage, or a combination thereof, for
5 a number of persons under a single contract, on the
6 basis of a group selection of risks.”;

7 (B) in section 103—

8 (i) in subsection (b)(1), by inserting
9 “(including a named beneficiary in the
10 case of a group life insurance policy)” be-
11 fore the second comma;

12 (ii) in subsection (c)—

13 (I) in paragraph (1) (as so redesi-
14 gnated by subsection (c)(3) of this
15 section), by inserting “and group life”
16 after “property and casualty”; and

17 (II) in paragraph (2) (as so re-
18 designated by subsection (c)(3) of this
19 section), by inserting “and group life”
20 after “property and casualty”;

21 (iii) in subsection (e)—

22 (I) in paragraph (6), by striking
23 “~~For~~” and inserting “Except as pro-
24 vided in subparagraph (F) of this
25 paragraph, for”;

1 (II) in paragraph (6), by insert-
2 ing after subparagraph (E) (as added
3 by subsection (d)(3)(C) of this sec-
4 tion) the following new subparagraph:

5 “(F) for each of the periods referred to in
6 subparagraphs (A) through (E), the amounts
7 provided under such subparagraphs, as such
8 amounts shall be increased by the Secretary be-
9 fore the expiration of the 90-day period begin-
10 ning on the date of the enactment of the Ter-
11 rorism Insurance Backstop Extension Act of
12 2005, based on the increase in the size of the
13 Program caused by the inclusion of group life
14 insurance pursuant to such Act, in proportion
15 to the increased premiums involved.”;

16 (III) in paragraph (7)(C), by in-
17 serting “or group life insurance” after
18 “workers compensation”;

19 (IV) in paragraph (8)(A)(i), by
20 inserting “and group life” after
21 “property and casualty”; and

22 (V) in paragraph (8), by insert-
23 ing “or group life” after “property
24 and casualty” each place such term

1 appears in subparagraphs (A)(iii) and
2 (C); and

3 (iv) by striking subsection (h);

4 (C) in section 105(c), by inserting “or
5 group life” after “property and casualty”; and

6 (D) in section 108(d)(1), by inserting “and
7 the group life insurance industry” after “prop-
8 erty and casualty insurance industry”.

9 (3) REQUIRED RULEMAKING.—Not later than
10 90 days after the date of the enactment of this Act,
11 the Secretary of the Treasury shall issue final regu-
12 lations to carry out this subsection.

13 (f) STUDY ON LONG-TERM SOLUTIONS.—Section
14 103 of the Terrorism Risk Insurance Act of 2002 (15
15 U.S.C. 6701 note) is amended by striking subsection (i)
16 and inserting the following new subsection:

17 “(h) STUDY ON LONG-TERM SOLUTIONS.—By Sep-
18 tember 1, 2005, the Secretary shall conduct a study and
19 submit a report to the Congress on alternatives for ex-
20 panding the availability and affordability of terrorism in-
21 surance after the termination of the Program that do not
22 involve a Federal financial backstop.”.

23 (g) TERMINATION OF PROGRAM.—

24 (1) TERMINATION.—Subsection (a) of section
25 108 of the Terrorism Risk Insurance Act of 2002

1 (15 U.S.C. 6701 note) is amended by striking “De-
2 cember 31, 2005” and inserting “December 31,
3 2007”.

4 (2) FINAL GAO STUDY AND REPORT.—Sub-
5 section (d) of section 108 of the Terrorism Risk In-
6 surance Act of 2002 (15 U.S.C. 6701 note) is
7 amended by adding at the end the following new
8 paragraph:

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

15 **SEC. 3. FINAL PROGRAM YEAR.**

16 (a) DEFINITION.—Paragraph (11) of section 102 of
17 the Terrorism Risk Insurance Act of 2002 (15 U.S.C.
18 6701 note), as amended by the preceding provisions of this
19 Act, is further amended by adding at the end the following
20 new subparagraph:

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

1 (b) INSURED LOSSES.—Paragraph (5) of section 102
2 of the Terrorism Risk Insurance Act of 2002 (15 U.S.C.
3 6701 note) is amended by adding after and below subpara-
4 graph (B) the following new sentence:

5 “With respect to the Final Program Year, such term
6 means only such losses as are described in the pre-
7 ceding sentence that are covered by primary or ex-
8 cess property and casualty insurance or group life
9 insurance, that is issued before January 1, 2008,
10 and expires not later than December 31, 2008; ex-
11 cept that the Secretary may exclude from insured
12 losses for the Final Program Year losses covered by
13 a policy for such insurance if the Secretary deter-
14 mines that the primary purpose in establishing the
15 particular term of the policy was obtaining com-
16 pensation under the Program for losses covered by
17 the policy.”.

18 (c) INSURER DEDUCTIBLE.—Paragraph (7) of sec-
19 tion 102 of the Terrorism Risk Insurance Act of 2002 (15
20 U.S.C. 6701 note), as amended by the preceding provi-
21 sions of this Act, is further amended by inserting after
22 subparagraph (F) the following new subparagraph:

23 “(G) for the Final Program Year, the
24 value of an insurer’s direct earned premiums
25 for the terms remaining under any policies for

1 insurance described in the last sentence of
2 paragraph (5) as of the occurrence of the act
3 of terrorism during such Year that results in
4 insured losses, as determined by the Secretary,
5 multiplied by 20 percent; and”.

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