

April 28, 2004

Opening Statement by Congressman Paul E. Gillmor
House Financial Services Committee
Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises
and Subcommittee on Oversight and Investigations
Joint Hearing entitled, "A Review of the Terrorism Risk Insurance Act of 2002 (TRIA)
and its Effect on the Economy: Helping America Move Forward"

Thank you, Mr. Chairman and Ms. Chairwoman, for calling this important hearing and for your continued leadership on this issue.

Our committee passed the Terrorism Risk Insurance Act (TRIA) in 2002, to address serious concerns regarding the continued availability of insurance against acts of terrorism. Without this important federal backstop, such coverage may easily have ceased to exist, or certainly to be affordable, for commercial policies given the uncertainty surrounding the cost of possible losses. Architects, engineers, construction workers, realtors and other American jobs dependent on the availability of such insurance coverage faced a serious risk of unemployment.

TRIA addressed these issues by ensuring the widespread availability of affordable terrorism insurance for the duration of the Act and providing a transitional period during which insurance market participants could diversify their exposure and develop resources and mechanisms that would enable private industry to offer affordable terrorism insurance after TRIA expires on December 31, 2005.

I look forward to hearing from today's witnesses on their evaluations of the TRIA program and related reforms within the industry. I recently cosigned a letter with several of my committee colleagues and our Full Committee Chairman commending the Treasury Department for their diligent work in implementing TRIA and promoting the availability of insurance for economic development in the aftermath of September 11, 2001.

The letter also addressed the expiration of the important "make available" provision of TRIA at the end of this year, that would end the requirement that all insurers selling

commercial lines of property and casualty insurance make available coverage for certain terrorist events. I feel it is important for the industry that this provision be extended while the remaining Treasury Department reports required under TRIA come due and private market solutions continue to be developed.

I would like to thank our distinguished Chairmen again for calling this hearing, and I look forward to an informative session.