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Insurance Industry Responds to Treasury Request for TRIA Comments

Burlington, VT— In response to the Treasury Department's request for comments, the National Association of Mutual Insurance Companies (NAMIC) wrote that the federal backstop provided for terrorism insurance by the Terrorism Risk Insurance Act continues to remain a necessity.

"A public-private partnership limiting maximum exposure of insurers is essential," the association's letter stated. The group went on to note that catastrophic acts of terrorism are basically uninsurable if left solely to the private market, thus the importance of the TRIA backstop, which expires in 2014.

"While NAMIC's comments do not specifically address terrorism risk and the role of captives, they do note how crucial the continuation of TRIA remains," says Thomas P. Stokes, Managing Principal of The Towner Management Group (NY) LLC and Consulting Practice Leader for TMG. "This is a positive development. We will continue to monitor the process and inform our clients on final recommendations of the working group."

The industry response was submitted to the President's Working Group on Financial Markets, which is chaired by Treasury, to evaluate the continued availability and affordability of terrorism insurance. The group is required by law, which extended TRIA in 2007 until 2014, to periodically provide a review and report to Congress, as it will this year.

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