

TRIA

Terrorism Risk Insurance Act

OECD

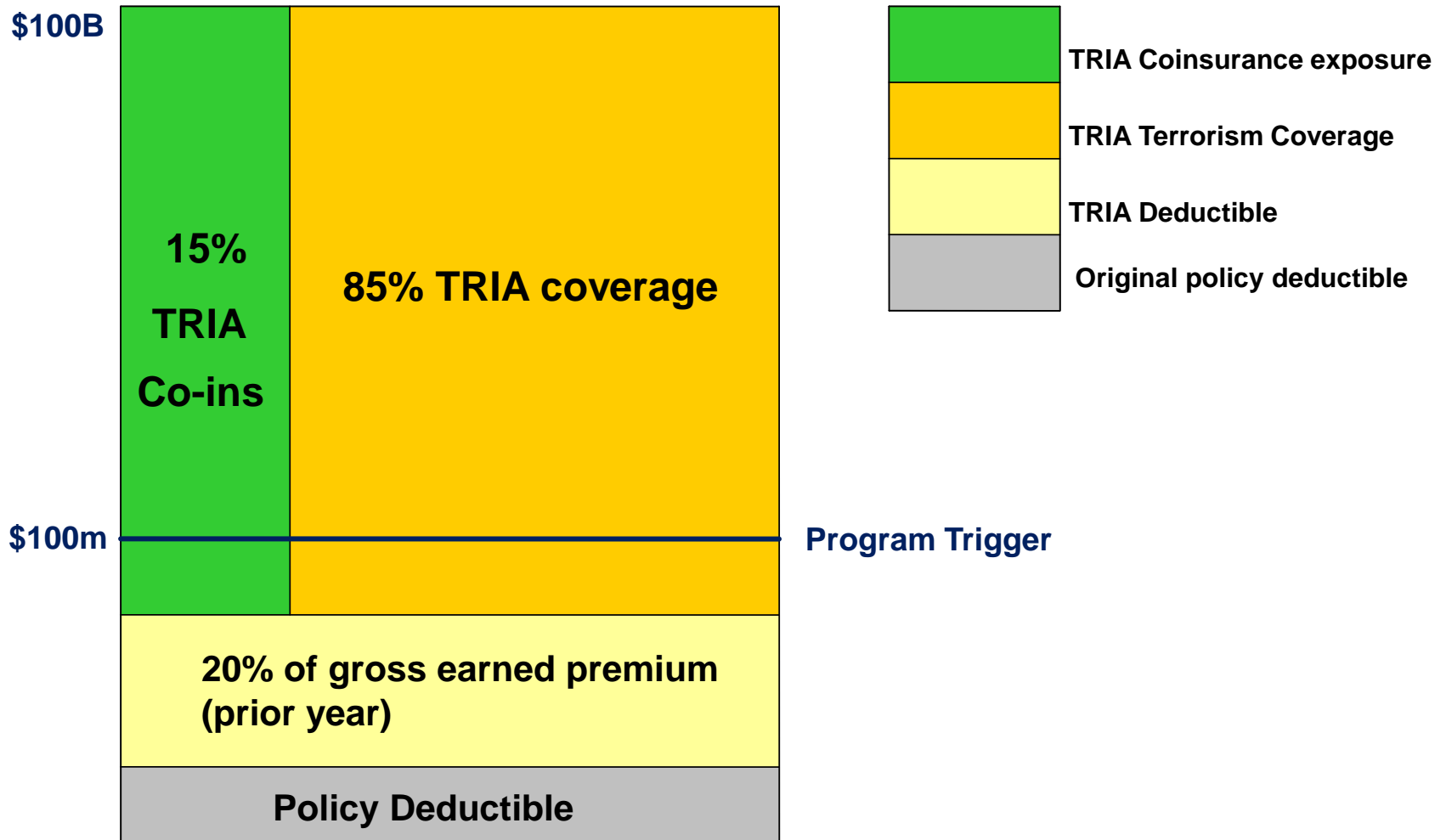
December 5, 2012

Frank Nutter, President

Reinsurance Association of America



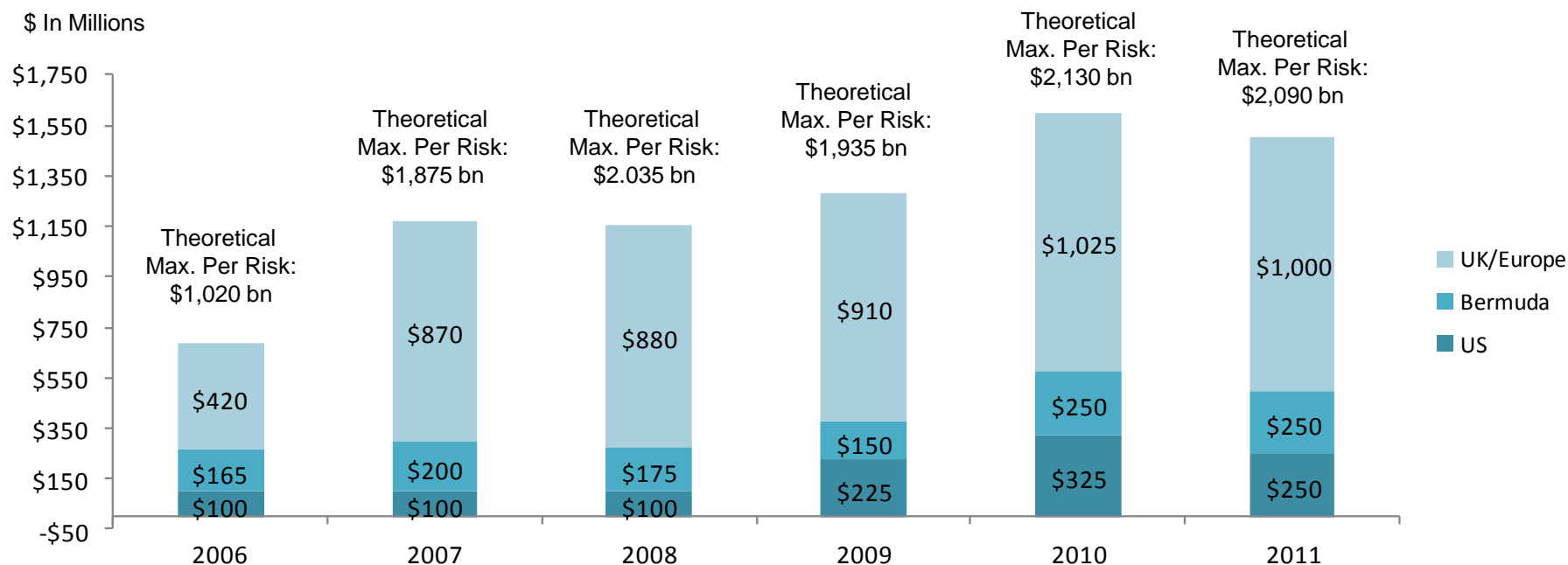
TRIA – U.S. Terrorism Risk Program



Standalone Terrorism Capacity Trending: 2006 to 2011 YE

Year-On-Year: US, Bermuda & Europe Markets

Standalone Capacity by Region – Normal Per Risk Maximum Line
(Excludes Berkshire Capacity) – Includes Theoretical Maximum Per Risk Capacity



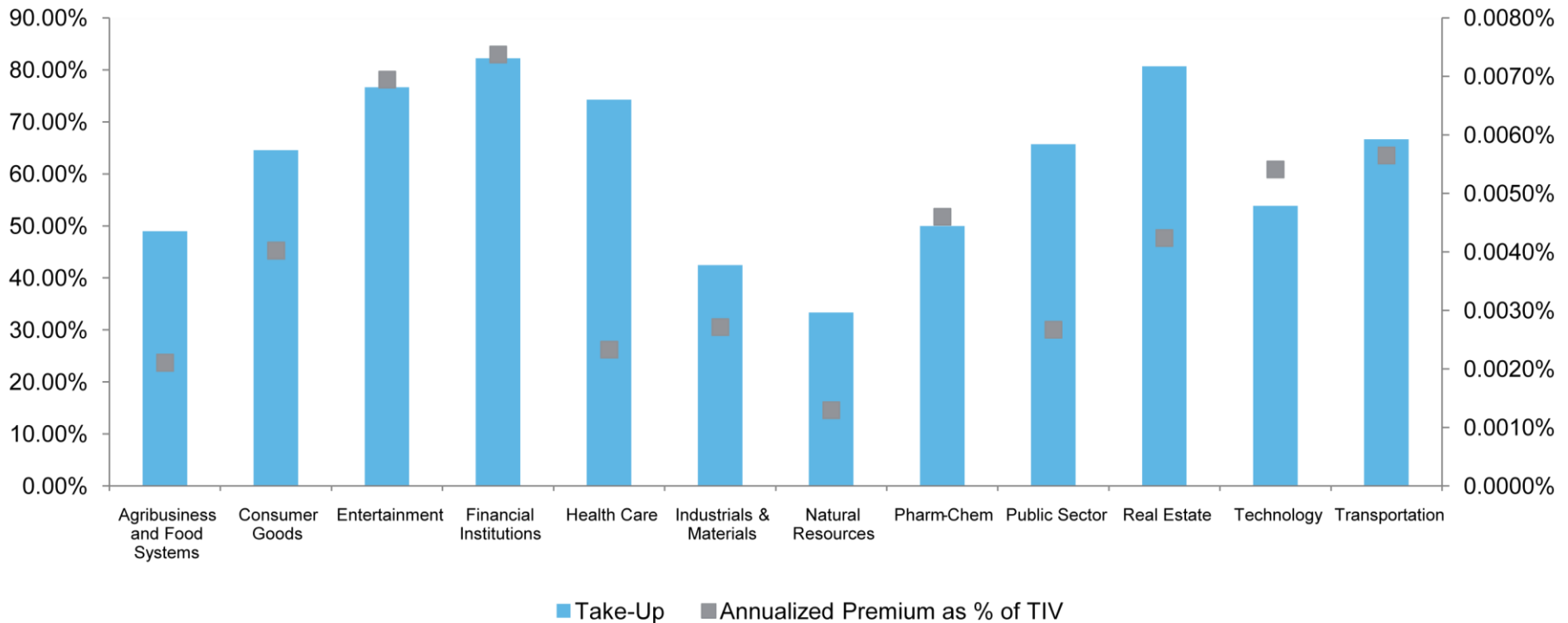
Source: Aon Risk Solutions
Annual Capacity Charts



Terrorism Take-Up Rate and Pricing by Industry

- % of Total Insured

Terrorism Insurance Take-Up and Pricing by Industry
 Twelve Months Ending 6/30/12
 Source: Aon Data

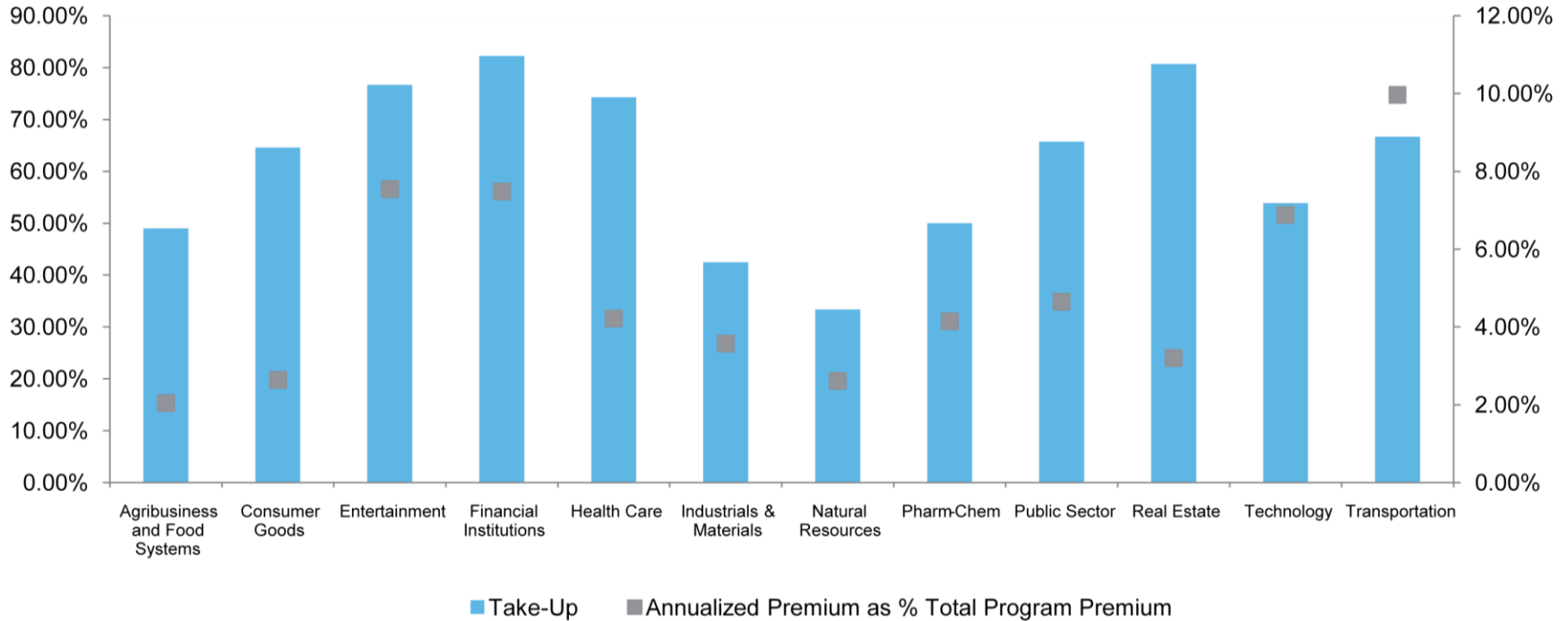


Source: Aon Risk Solutions



Terrorism Take-Up Rate and Pricing by Industry - % of Property Premium

Terrorism Insurance Take-Up and Pricing by Industry
 Twelve Months Ending 6/30/12
 Source: Aon Data



Source: Aon Risk Solutions



Summary of TRIPRA 2007

Duration	Extension ends December 31, 2014
Covered Lines	<ul style="list-style-type: none"> • Most commercial P&C, including W/C; • Life/group life & health excluded; • Nuclear, Biological, Chemical and Radiological (NBCR) terrorism excluded
Terrorism Defined	Domestic and foreign acts covered
Trigger	Treasury Secretary must certify an act of terrorism
“Make Available” Requirement	All licensed insurers must “make available” coverage in all covered lines for a certified act of terrorism
Program Trigger	\$100 million of industry aggregate insured losses from a certified act
Insurer deductible	20% of insurer’s prior year’s direct earned premiums
Federal Share (exceeding insurer deductible)	85%
Annual program cap (combined Federal and Industry shared losses)	\$100B
Federal Recoupment	Recoupment of federal share via policyholder surcharges

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