Terrorism Risk Insurance Program

Purpose

• Address Insurance Market Disruptions

• Ensure Availability and Affordability of Commercial P&C Terrorism Coverage

• Provide Transition Period

• Stabilize and Build Capacity in Private Market

• Strengthen Overall Economy
Terrorism Risk Insurance Program

Overview

Certifies Act of Terrorism Resulting in Damage > 5M*

IN

United States

U.S. Missions

U.S. Air Carriers

U.S. Vessels

FOR

Specified Commercial Lines

Workers Compensation

*Program Trigger $100M
Terrorism Risk Insurance Program
As Amended

• All Acts of Terrorism Covered
• Extended 2014
• Insurer Deductible 20%
• Insurer “Co Pay” 15%
• Program Trigger $100M
• $100B “HARD” Cap on losses
• 3% Cap Surcharge Mandatory Recoupment Eliminated
1. Company submits certification of loss with bordereau

2. Reviews COL for accuracy/recommends payment

3. Co. establishes segregated account

4. TRIP Office approves payment

5. Treasury issues funds
Terrorism Risk Insurance Program

Recoupment Example

- Assumptions
  - Loss occurs 2008
  - 100 Insurers Impacted
  - TRIA covered DEP 100 Insurers = $30B
  - 20% Deductible = $6.0B
  - 15% Coinsurance = $5.1B
  - 100 Companies Pay $11.1B

- Program Trigger Event $100M
- Discretionary Recoupment $12.5B
- Mandatory Recoupment $16.4B*
- Trip Pays $28.9B
- $40B Insured Loss
- $27.5B Industry Aggregate Retention
- $11.1B Paid by 100 companies

* 16.4B plus 33% (5.4B) = 21.8B Total Recoupment – PAYGO