

109<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# S. 467

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## AN ACT

To extend the applicability of the Terrorism Risk Insurance  
Act of 2002.

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 Risk Insur-  
5        ance Extension Act of 2005”.

1 **SEC. 2. EXTENSION OF TERRORISM RISK INSURANCE PRO-**  
2 **GRAM.**

3 (a) PROGRAM EXTENSION.—Section 108(a) of the  
4 Terrorism Risk Insurance Act of 2002 (15 U.S.C. 6701  
5 note; 116 Stat. 2336) is amended by striking “2005” and  
6 inserting “2007”.

7 (b) MANDATORY AVAILABILITY.—Section 103(c) of  
8 the Terrorism Risk Insurance Act of 2002 (15 U.S.C.  
9 6701 note; 116 Stat. 2327) is amended—

10 (1) by striking paragraph (2);

11 (2) by striking “**AVAILABILITY.—**” and all  
12 that follows through “each entity” and inserting  
13 “**AVAILABILITY.—**During each Program Year, each  
14 entity”; and

15 (3) by redesignating subparagraphs (A) and  
16 (B) as paragraphs (1) and (2), respectively, and  
17 moving the margins 2 ems to the left.

18 **SEC. 3. AMENDMENTS TO DEFINED TERMS.**

19 (a) COVERED ACTS OF TERRORISM.—Section  
20 102(1)(B)(ii) of the Terrorism Risk Insurance Act of  
21 2002 (15 U.S.C. 6701 note; 116 Stat. 2324) is amended  
22 by inserting before the period “, with respect to an act  
23 occurring before Program Year 4, \$50,000,000 with re-  
24 spect to an act occurring in Program Year 4, or  
25 \$100,000,000 with respect to an act occurring in Program  
26 Year 5”.

1 (b) PROGRAM YEARS.—Section 102(11) of the Ter-  
 2 rorism Risk Insurance Act of 2002 (15 U.S.C. 6701 note;  
 3 116 Stat. 2326) is amended by adding at the end the fol-  
 4 lowing:

5 “(E) PROGRAM YEAR 4.—The term ‘Pro-  
 6 gram Year 4’ means the period beginning on  
 7 January 1, 2006 and ending on December 31,  
 8 2006.

9 “(F) PROGRAM YEAR 5.—The term ‘Pro-  
 10 gram Year 5’ means the period beginning on  
 11 January 1, 2007 and ending on December 31,  
 12 2007.”.

13 (c) EXCLUSIONS FROM COVERED LINES.—

14 (1) IN GENERAL.—Section 102(12)(B) of the  
 15 Terrorism Risk Insurance Act of 2002 (15 U.S.C.  
 16 6701 note; 116 Stat. 2326) is amended—

17 (A) in clause (vi), by striking “or” at the  
 18 end;

19 (B) in clause (vii), by striking the period  
 20 at the end and inserting a semicolon; and

21 (C) by adding at the end the following:

22 “(viii) commercial automobile insur-  
 23 ance;

24 “(ix) burglary and theft insurance;

25 “(x) surety insurance;

1                   “(xi) professional liability insurance;  
2                   or  
3                   “(xii) farm owners multiple peril in-  
4                   surance.”.

5                   (2) CONFORMING AMENDMENT.—Section  
6                   102(12)(A) of the Terrorism Risk Insurance Act of  
7                   2002 (15 U.S.C. 6701 note; 116 Stat. 2326) is  
8                   amended by striking “surety insurance” and insert-  
9                   ing “directors and officers liability insurance”.

10                  (d) INSURER DEDUCTIBLES.—Section 102(7) of the  
11                  Terrorism Risk Insurance Act of 2002 (15 U.S.C. 6701  
12                  note; 116 Stat. 2325) is amended—

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

15                   (2) by redesignating subparagraph (E) as sub-  
16                   paragraph (G);

17                   (3) by inserting after subparagraph (D), the  
18                   following:

19                   “(E) for Program Year 4, the value of an  
20                   insurer’s direct earned premiums over the cal-  
21                   endar year immediately preceding Program  
22                   Year 4, multiplied by 17.5 percent;

23                   “(F) for Program Year 5, the value of an  
24                   insurer’s direct earned premiums over the cal-

1           endar year immediately preceding Program  
 2           Year 5, multiplied by 20 percent; and”]; and  
 3           (4) in subparagraph (G), as so redesignated, by  
 4           striking “through (D)” and all that follows through  
 5           “Year 3” and inserting the following: “through (F),  
 6           for the Transition Period or any Program Year”.

7 **SEC. 4. INSURED LOSS SHARED COMPENSATION.**

8           Section 103(e) of the Terrorism Risk Insurance Act  
 9 of 2002 (15 U.S.C. 6701 note; 116 Stat. 2328) is  
 10 amended—

11           (1) in paragraph (1)—

12                   (A) by inserting “through Program Year  
 13                   4” before “shall be equal”; and

14                   (B) by inserting “, and during Program  
 15                   Year 5 shall be equal to 85 percent,” after “90  
 16                   percent”; and

17           (2) in each of paragraphs (2) and (3), by strik-  
 18           ing “Program Year 2 or Program Year 3” each  
 19           place that term appears and inserting “any of Pro-  
 20           gram Years 2 through 5”.

21 **SEC. 5. AGGREGATE RETENTION AMOUNTS AND**  
 22 **RECOUPMENT OF FEDERAL SHARE.**

23           (a) **AGGREGATE RETENTION AMOUNTS.**—Section  
 24 103(e)(6) of the Terrorism Risk Insurance Act of 2002  
 25 (15 U.S.C. 6701 note; 116 Stat. 2329) is amended—

1           (1) in subparagraph (B), by striking “and” at  
2 the end;

3           (2) in subparagraph (C), by striking the period  
4 at the end and inserting a semicolon; and

5           (3) by adding at the end the following:

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

7                           “(i) \$17,500,000,000; and

8                           “(ii) the aggregate amount, for all in-  
9 surers, of insured losses during such Pro-  
10 gram Year; and

11                   “(E) for Program Year 5, the lesser of—

12                           “(i) \$20,000,000,000; and

13                           “(ii) the aggregate amount, for all in-  
14 surers, of insured losses during such Pro-  
15 gram Year.”.

16           (b) RECOUPMENT OF FEDERAL SHARE.—Section  
17 103(e)(7) of the Terrorism Risk Insurance Act of 2002  
18 (15 U.S.C. 6701 note; 116 Stat. 2329) is amended—

19           (1) in subparagraph (A), by striking “, (B),  
20 and (C)” and inserting “through (E)”; and

21           (2) in each of subparagraphs (B) and (C), by  
22 striking “subparagraph (A), (B), or (C)” each place  
23 that term appears and inserting “any of subpara-  
24 graphs (A) through (E)”.

1 **SEC. 6. LITIGATION MANAGEMENT.**

2 Section 107(a) of the Terrorism Risk Insurance Act  
3 of 2002 (15 U.S.C. 6701 note; 116 Stat. 2335) is amend-  
4 ed by adding at the end the following:

5 “(6) **AUTHORITY OF THE SECRETARY.**—Proce-  
6 dures and requirements established by the Secretary  
7 under section 50.82 of part 50 of title 31 of the  
8 Code of Federal Regulations (as in effect on the  
9 date of issuance of that section in final form) shall  
10 apply to any cause of action described in paragraph  
11 (1) of this subsection.”.

12 **SEC. 7. ANALYSIS AND REPORT ON TERRORISM RISK COV-**  
13 **ERAGE CONDITIONS AND SOLUTIONS.**

14 Section 108 of the Terrorism Risk Insurance Act of  
15 2002 (15 U.S.C. 6701 note; 116 Stat. 2336) is amended  
16 by adding at the end the following:

17 “(e) **ANALYSIS OF MARKET CONDITIONS FOR TER-**  
18 **RORISM RISK INSURANCE.**—

19 “(1) **IN GENERAL.**—The President’s Working  
20 Group on Financial Markets, in consultation with  
21 the National Association of Insurance Commis-  
22 sioners, representatives of the insurance industry,  
23 representatives of the securities industry, and rep-  
24 resentatives of policy holders, shall perform an anal-  
25 ysis regarding the long-term availability and afford-  
26 ability of insurance for terrorism risk, including—

1                   “(A) group life coverage; and

2                   “(B) coverage for chemical, nuclear, bio-  
3                   logical, and radiological events.

4                   “(2) REPORT.—Not later than September 30,  
5                   2006, the President’s Working Group on Financial  
6                   Markets shall submit a report to the Committee on  
7                   Banking, Housing, and Urban Affairs of the Senate  
8                   and the Committee on Financial Services of the  
9                   House of Representatives on its findings pursuant to  
10                  the analysis conducted under subsection (a).”.

                  Passed the Senate November 18 (legislative day, No-  
vember 17), 2005.

Attest:

*Secretary.*



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