

109TH CONGRESS
1ST SESSION

S. 467

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

IN THE SENATE OF THE UNITED STATES

FEBRUARY 18, 2005

Mr. DODD (for himself, Mr. BENNETT, Mr. SCHUMER, Mr. HAGEL, Mr. CORZINE, Mr. BUNNING, Mr. REED, Mr. LUGAR, Mrs. CLINTON, Mr. NELSON of Nebraska, Mr. CARPER, Mrs. DOLE, Mr. CHAMBLISS, and Mr. LAUTENBERG) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

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.”.

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

8 (a) EXTENSION OF PROGRAM YEARS.—Section
9 108(a) of the Terrorism Risk Insurance Act of 2002 (15

1 U.S.C. 6701 note, 116 Stat. 2336) is amended by striking
2 “2005” and inserting “2007”.

3 (b) CONTINUING AUTHORITY OF THE SECRETARY.—
4 Section 108(b) of the Terrorism Risk Insurance Act of
5 2002 (15 U.S.C. 6701 note, 116 Stat. 2336) is amended
6 by striking “arising out of” and all that follows through
7 “this title”.

8 **SEC. 3. CONFORMING AMENDMENTS.**

9 (a) DEFINITIONS.—

10 (1) PROGRAM YEARS.—Section 102(11) of the
11 Terrorism Risk Insurance Act of 2002 (15 U.S.C.
12 6701 note, 116 Stat. 2326) is amended by adding
13 at the end the following:

14 “(E) PROGRAM YEAR 4.—The term ‘Pro-
15 gram Year 4’ means the period beginning on
16 January 1, 2006 and ending on December 31,
17 2006.

18 “(F) PROGRAM YEAR 5.—The term ‘Pro-
19 gram Year 5’ means the period beginning on
20 January 1, 2007 and ending on December 31,
21 2007.

22 “(G) OTHER PROGRAM YEARS.—Except
23 when used as provided in subparagraphs (B)
24 through (F), the term ‘Program Year’ means,
25 as the context requires, any of Program Year 1,

1 Program Year 2, Program Year 3, Program
2 Year 4, or Program Year 5.”.

3 (2) INSURED LOSSES.—Section 102(5) of the
4 Terrorism Risk Insurance Act of 2002 (15 U.S.C.
5 6701 note, 116 Stat. 2324) is amended—

6 (A) by inserting “on or before December
7 31, 2007, as required by this title,” before “if
8 such loss”;

9 (B) by striking “(A) occurs within” and
10 inserting the following:

11 “(A) occurs on or before the earlier of the
12 expiration date of the insurance policy or De-
13 cember 31, 2008; and

14 “(B) occurs—

15 “(i) within”; and

16 (C) by striking “occurs to an air carrier”
17 and inserting the following:

18 “(ii) to an air carrier”.

19 (3) CONFORMING AMENDMENTS.—Section 102
20 of the Terrorism Risk Insurance Act of 2002 (15
21 U.S.C. 6701 note, 116 Stat. 2323) is amended—

22 (A) in paragraph (1)(A)(iii)(I), by striking
23 “(5)(B)” and inserting “(5)(B)(ii)”; and

1 (B) in paragraph (4), by striking “sub-
2 paragraphs (A) and (B)” and inserting “sub-
3 paragraph (B)”.

4 (b) APPLICABLE INSURER DEDUCTIBLES.—Section
5 102(7) of the Terrorism Risk Insurance Act of 2002 (15
6 U.S.C. 6701 note, 116 Stat. 2325) is amended—

7 (1) in subparagraph (D)—

8 (A) by inserting “and each Program Year
9 thereafter” before “, the value”; and

10 (B) by striking “preceding Program Year
11 3” and inserting “preceding that Program
12 Year”; and

13 (2) in subparagraph (E), by striking “for the
14 Transition” and all that follows through “Program
15 Year 3” and inserting the following: “for the Transi-
16 tion Period or any Program Year”.

17 (c) CONTINUATION OF MANDATORY AVAILABILITY.—
18 Section 103(c)(1) of the Terrorism Risk Insurance Act of
19 2002 (15 U.S.C. 6701 note, 116 Stat. 2327) is amend-
20 ed—

21 (1) by striking “last day of Program Year 2”
22 and inserting “termination date established under
23 section 108(a)”; and

24 (2) by striking the paragraph heading and in-
25 serting “IN GENERAL.—”.

1 (d) DURATION OF POLICIES.—Section 103(c) of the
2 Terrorism Risk Insurance Act of 2002 (15 U.S.C. 6701
3 note, 116 Stat. 2327) is amended—

4 (1) by redesignating paragraph (2) as para-
5 graph (3); and

6 (2) by inserting after paragraph (1) the fol-
7 lowing:

8 “(2) MANDATORY DURATION.—Coverage for in-
9 sured losses required by paragraph (1) under a pol-
10 icy issued at any time during Program Year 5 shall
11 remain in effect for not less than 1 year following
12 the date of issuance of the policy, except that no loss
13 occurring after the earlier of the expiration date of
14 the subject insurance policy or December 31, 2008,
15 shall be considered to be an insured loss for pur-
16 poses of this title.”.

17 (e) INSURED LOSS SHARED COMPENSATION.—Sec-
18 tion 103(e) of the Terrorism Risk Insurance Act of 2002
19 (15 U.S.C. 6701 note, 116 Stat. 2328) is amended—

20 (1) in paragraph (2)(A), by striking “ending
21 on” and all that follows through “Program Year 3”
22 and inserting “ending on the termination date estab-
23 lished under section 108(a)”; and

24 (2) in paragraph (3), by striking “ending on”
25 and all that follows through “Program Year 3” and

1 inserting “ending on the termination date estab-
 2 lished under section 108(a)”.

3 (f) AGGREGATE RETENTION AMOUNT.—Section
 4 103(e)(6) of the Terrorism Risk Insurance Act of 2002
 5 (15 U.S.C. 6701 note, 116 Stat. 2328) is amended—

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

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

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

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

12 “(i) \$17,500,000,000; and

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

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

17 “(i) \$20,000,000,000; and

18 “(ii) the aggregate amount, for all in-
 19 surers, of insured losses during such Pro-
 20 gram Year.”.

21 **SEC. 4. COVERAGE OF GROUP LIFE INSURANCE.**

22 Section 103 of the Terrorism Risk Insurance Act of
 23 2002 (15 U.S.C. 6701 note, 116 Stat. 2327) is amended
 24 by striking subsection (h) and inserting the following:

25 “(h) APPLICABILITY TO GROUP LIFE INSURANCE.—

1 “(1) IN GENERAL.—The Secretary shall, by
2 rule, apply the provisions of this title to providers of
3 group life insurance, in the manner determined ap-
4 propriate by the Secretary, consistent with the pur-
5 poses of this title.

6 “(2) CONSISTENT APPLICATION.—The rules of
7 the Secretary under this subsection shall, to the ex-
8 tent practicable, apply the provisions of this title to
9 providers of group life insurance in a similar manner
10 as those provisions apply to an insurer otherwise
11 under this title.

12 “(3) CONSIDERATIONS.—In determining the ap-
13 plicability of this title to providers of group life in-
14 surance, and the manner of such application, the
15 Secretary shall consider the overall group life insur-
16 ance market size, and shall consider the establish-
17 ment of separate retention amounts for such pro-
18 viders.

19 “(4) RULEMAKING REQUIRED.—Not later than
20 90 days after the date of enactment of the Ter-
21 rorism Risk Insurance Extension Act of 2005, the
22 Secretary shall issue final regulations to carry out
23 this subsection.

24 “(5) RULE OF CONSTRUCTION.—Nothing in
25 this subsection may be construed to affect or other-

1 wise alter the applicability of this title to any in-
2 surer, as defined in section 102.

3 “(6) DEFINITION.—As used in this subsection,
4 the term ‘group life insurance’ means an insurance
5 contract that provides term life insurance coverage,
6 accidental death coverage, or a combination thereof,
7 for a number of persons under a single contract, on
8 the basis of a group selection of risks.”.

9 **SEC. 5. RECOMMENDATIONS FOR LONG-TERM SOLUTIONS.**

10 Section 108 of the Terrorism Risk Insurance Act of
11 2002 (15 U.S.C. 6701 note, 116 Stat. 2328) is amended
12 by adding at the end the following:

13 “(e) RECOMMENDATIONS FOR LONG-TERM SOLU-
14 TIONS.—The Presidential Working Group on Financial
15 Markets shall, in consultation with the NAIC, representa-
16 tives of the insurance industry, and representatives of pol-
17 icy holders, not later than June 30, 2006, submit a report
18 to Congress containing recommendations for legislation to
19 address the long-term availability and affordability of in-
20 surance for terrorism risk.”.

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