

CONCLUSION OF MORNING
BUSINESS

The PRESIDING OFFICER. Morning business is now closed.

TERRORISM RISK INSURANCE ACT
OF 2002

The PRESIDING OFFICER. Under the previous order, the Senate will now proceed to the consideration of S. 2600, which the clerk will report.

The senior assistant bill clerk read as follows:

A bill (S. 2600) to ensure the continued financial capacity of insurers to provide coverage for risks from terrorism.

The PRESIDING OFFICER. The Senator from Connecticut.

Mr. DODD. Mr. President, I want to shortly yield to my colleague, the chairman of the Banking Committee, for an opening statement he may wish to make on this bill.

Mr. President, just for the order of business, we will probably take a few minutes with some opening statements this morning on the bill, although I think over the months there has been a lot of knowledge about what is involved. I know the Presiding Officer has an amendment and is interested in the subject matter. I think Senator KYL may have an amendment he wants to offer fairly soon. Senator GRAMM from Texas, obviously, is very familiar with the bill.

My hope is that colleagues who have amendments would, first of all, let us know what their amendments are. That would be helpful. I do know what many of them are already. There may be others. So I would ask staffs of Members of both parties if they would get to the ranking member or the manager of the bill the amendments from both sides so everyone has an idea what we are looking at over today and possibly tomorrow and/or however long it takes to get this done.

My hope is they would be relevant amendments, that we would stick with the subject matter at hand rather than using this vehicle to bring up extraneous matters.

With that said, let me turn to the chairman of the full committee. I thank him. I will make a longer statement in a few minutes myself. But I certainly thank the majority leader, Senator DASCHLE. I want to thank the minority leader. Senator GRAMM has been deeply involved.

Certainly the chairman of the committee, Senator SARBANES, has been involved in this issue from the very beginning. Going back to last fall, when we tried to sort this out, he made a Herculean effort to bring it together. When we do these things, it becomes difficult because we get 97 other people, as I mentioned yesterday, who all have something they want to add to the discussion and debate. As a result of that, a good effort did not work out as well as we wanted initially, but I think a better effort may prevail as a result of more people being involved.

So while we have lost some time, I think the product we are putting before the Senate today is actually a stronger proposal.

With that, I will turn to my colleague from Maryland.

Mr. REID. Will the Senator from Maryland yield to the Senator from Nevada to make a brief statement?

Mr. SARBANES addressed the Chair. The PRESIDING OFFICER. The Senator from Maryland.

Mr. SARBANES. I yield to the Senator from Nevada.

Mr. REID. Mr. President, I, on behalf of Senator DASCHLE, alert everyone, as Senator DODD has done, that we want to have ample opportunity for everyone to offer any relevant amendments. We think it is very important that if people believe this bill isn't what it should be, they have an opportunity to make it better. But I hope that everyone understands we are not going to wait forever to move on cloture if it appears people are stalling, trying to kill the bill, through amendment or otherwise.

There will be ample time for amendments, I repeat. But we are not going to stand around here for hours at a time in wasteful time. We have so much to do.

The last week before the July recess we have to spend on the Defense authorization bill. We have to do that. And that leaves next week to complete everything else that needs to be done.

So I say to everyone, if they have amendments, come over and offer them. Senator SARBANES and Senator DODD have worked on this legislation for months. We almost had it done before Christmas of last year. Senator DODD and I have offered numerous unanimous consent requests so we could move forward on this more quickly.

So I repeat, for the third time, as I did when the Senate opened this morning, we want to have a bill that comes out of the Senate, and we are going to get one, one way or the other. We hope it would be done with people cooperating, trying to improve the legislation; when they offer an amendment, and it does not pass, or it is tabled, that they do not start crying and say: Well, I am going to kill the bill then.

This legislative process is what it is. This legislation is important. We are going to do everything we can to move it expeditiously.

The PRESIDING OFFICER. The Senator from Maryland.

Mr. SARBANES. Mr. President, I commend my colleague, Senator DODD, for his leadership on this very important issue. I have joined with him in cosponsoring the legislation he has introduced, S. 2600, which is now before the body. I thank Senator DASCHLE and Senator REID for moving the Senate to this issue, and we appreciate the willingness of the other side of the aisle to cooperate in that endeavor.

This bill is now open to amendment, and we hope as we move forward today,

in short order, that those who have amendments will be offering them and that we will be able to consider them as we address the important issue contained in the legislation.

This legislation is designed to ensure the continued financial capacity of insurers to provide coverage for risks from terrorism. It obviously stems from the attacks of September 11 which raised a very large question about the future availability of property and casualty insurance for terrorism risk.

Shortly after those attacks, the administration, interacting with the Congress, put forward certain ideas for addressing this issue, and there has been an effort to try to deal with this issue over the intervening months. It is a difficult and complex question. A number of questions have been raised with respect to it. Hearings have been held by more than one committee in the Congress on both the House and the Senate side. The Banking Committee held hearings in late October in which the witnesses who appeared acknowledged the need for legislation and agreed that the future availability and affordability of terrorism insurance would be placed in jeopardy absent congressional action.

Many have outlined the potential negative consequences for the U.S. economy from the financial instability which would arise if terrorism insurance were not available.

That view is reflected in the congressional findings on which the Terrorism Insurance Act rests. Let me quote briefly from those findings. It is very important to lay the basis as to why we are trying to move this legislation. I quote:

Widespread financial market uncertainties have arisen following the terrorist attacks of September 11, 2001, including the absence of information from which financial institutions can make statistically valid estimates of the probability and the cost of future terrorist events and, therefore, the size, funding, and allocation of the risk of loss caused by such acts of terrorism.

A decision by property and casualty insurers to deal with such uncertainties, either by terminating property and casualty coverage for losses arising from terrorist events or by radically escalating premium coverage to compensate for risks of loss that are not readily predictable, could seriously hamper ongoing and planned construction, property acquisition, and other business projects, and generate a dramatic increase in rents and otherwise suppress economic activity.

The findings go on to say:

The United States Government should provide temporary financial compensation to insured parties, contributing to the stabilization of the U.S. economy in a time of national crisis, while the financial services industry develops the systems, mechanisms, products, and programs necessary to create a viable financial services market for private terrorism risk insurance.

That basically sets out the problem we are trying to address with this legislation.