

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Committee on Banking and Insurance

BILL: SM 1538

INTRODUCER: Senator Bean

SUBJECT: Terrorism Risk Insurance Act

DATE: March 18, 2014

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Matiyow</u>	<u>Knudson</u>	<u>BI</u>	<u>Pre-meeting</u>
2.	_____	_____	<u>CJ</u>	_____
3.	_____	_____	<u>RC</u>	_____

I. Summary:

SM 1538 urges Congress to reauthorize the Terrorism Risk Insurance Act of 2002 before December 31, 2014.

II. Present Situation:

On November 26, 2002, President George W. Bush signed into law the Terrorism Risk Insurance Act of 2002 (TRIA).¹ The law created a temporary, federally backed Terrorism Risk Insurance Program (TRIP) administered by the Treasury Department. TRIP provides reinsurance to insurers that are required to offer terrorism insurance for Property and Casualty lines. Subject to a deductible and program trigger, the government will reimburse insurers for up to 85 percent of losses from any terrorism events that have been verified by the Department of the Treasury, the State Department and the Attorney General. The original law was set to expire on December 31, 2005.

On December 22, 2005, President George W. Bush signed into law The Terrorism Risk Insurance Extension Act of 2005 (TRIEA).² The law extended the implementation of TRIP.

On December 26, 2007, President George W. Bush signed into law the Terrorism Risk Insurance Program Reauthorization Act of 2007 (TRIPRA).³ The law extended the implementation of TRIP through December 31, 2014, however, several provisions of the initial 2002 Act were changed in the 2007 extension. Most notably the definition for an “act of terrorism” was changed to include domestic non-foreign sponsored acts of terrorism.

¹ Pub. L. 107-297, 116 Stat. 2322.

² Pub. L. 109-144, 119 Stat. 2660.

³ Pub. L. 110-160, 121 Stat. 1839.

III. Effect of Proposed Changes:

SM 1538 urges Congress to reauthorize the Terrorism Risk Insurance Act of 2002 before December 31, 2014.

IV. Constitutional Issues:**A. Municipality/County Mandates Restrictions:**

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:**A. Tax/Fee Issues:**

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

SM 1538 urges Congress to renew the Terrorism Risk Insurance Act of 2002, however the last time Congress renewed the Act in 2007 several changes were made to the Terrorism Risk Insurance Program. A clarifying amendment may be needed urging Congress to renew the 2002 Act as last amended by the Terrorism Risk Insurance Program Reauthorization Act of 2007.

VII. Related Issues:

None.

VIII. Statutes Affected:

None.

IX. Additional Information:

- A. **Committee Substitute – Statement of Changes:**
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

- B. **Amendments:**

None.

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.
