



DEPARTMENT OF THE TREASURY

OFFICE OF PUBLIC AFFAIRS

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FACT SHEET ON SURVEYS OF TERRORISM RISK INSURANCE MARKETS

- The Terrorism Risk Insurance Act of 2002 (TRIA) requires the Treasury to provide Congress with an assessment of the effectiveness of the Terrorism Risk Insurance Program, the likely capacity of the property and casualty insurance industry to offer terrorism risk insurance after the Program sunsets on December 31, 2005 and the availability and affordability of such insurance for various policyholders, including railroads, trucking and public transit. The report is due no later than June 30, 2005.
- The Act also requires the Treasury to compile information annually on terror risk insurance premiums for the preceding year.
- In order to fulfill the requirements, Treasury needs quantitative information that is unbiased, statistically reliable and accurately reflects the experience and views of the program's diverse constituents.
- Treasury has contracted with Westat, an organization with experience in the collection and analysis of confidential data, to develop confidential surveys of insurers, policyholders, and reinsurers. The participants will be chosen at random to be a representative sample of commercial property/casualty insurance and reinsurance markets.
- To enable Treasury to compare the year-to-year changes in insurance coverage purchased and premiums for terrorism risk covered by TRIA, the participants will be asked to report the same data over three time periods, beginning with the coverage purchased during the period before passage of the Act, and on an approximately annual basis thereafter.
- The policyholder survey will collect information on the demand and cost of terrorism risk insurance for large and small companies, companies in different geographical regions and broad industry groups, and companies in urban or non-urban locations. It will also collect information on other means of financing terrorism-related losses and on methods to mitigate the risk.

- The insurer survey will request information on the cost and uptake of terrorism insurance, and information on changes in insurer financial condition, including the availability of reinsurance. Survey data will also be collected from re-insurers, to assess their capacity to offer coverage for this risk to primary insurers.
- Survey data for 2002 and 2003 will be collected from October 30, 2003, through February 15, 2004. The second survey data collection, for 2004 data, is scheduled for April – June, 2004; the third, for January-March 2005.
- This issue is an important one for our national economy, and for individual businesses or organizations. We all know that the risks of acts of terrorism are real. It is crucial that we deal with them in the best manner possible, for the health of our economy and for our security. Participation in the surveys is a crucial component of our ability to do this.