

In the Senate of the United States,

December 16, 2005.

Resolved, That the Senate agree to the amendment of the House of Representatives to the bill (S. 467) entitled “An Act to extend the applicability of the Terrorism Risk Insurance Act of 2002.”, with the following

SENATE AMENDMENT TO HOUSE AMENDMENT:

In lieu of the matter proposed to be inserted by the House amendment to the text of the bill, insert:

1 ***SECTION 1. SHORT TITLE.***

2 *This Act may be cited as the “Terrorism Risk Insur-*
3 *ance Extension Act of 2005”.*

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

6 *(a) PROGRAM EXTENSION.—Section 108(a) of the Ter-*
7 *rorism Risk Insurance Act of 2002 (15 U.S.C. 6701 note;*
8 *116 Stat. 2336) is amended by striking “2005” and insert-*
9 *ing “2007”.*

1 (b) *MANDATORY AVAILABILITY.*—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 striking paragraph (2);

5 (2) by striking “**AVAILABILITY.**—” and all that
 6 follows through “each entity” and inserting “**AVAIL-**
 7 **ABILITY.**—During each Program Year, each entity”;
 8 and

9 (3) by redesignating subparagraphs (A) and (B)
 10 as paragraphs (1) and (2), respectively, and moving
 11 the margins 2 ems to the left.

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

13 (a) *PROGRAM YEARS.*—Section 102(11) of the *Ter-*
 14 *rorism Risk Insurance Act of 2002* (15 U.S.C. 6701 *note*;
 15 116 Stat. 2326) is amended by adding at the end the fol-
 16 *lowing:*

17 “(E) *PROGRAM YEAR 4.*—The term ‘Pro-
 18 *gram Year 4*’ means the period beginning on
 19 *January 1, 2006 and ending on December 31,*
 20 *2006.*”

21 “(F) *PROGRAM YEAR 5.*—The term ‘Pro-
 22 *gram Year 5*’ means the period beginning on
 23 *January 1, 2007 and ending on December 31,*
 24 *2007.*”.

25 (b) *EXCLUSIONS FROM COVERED LINES.*—

1 (1) *IN GENERAL.*—Section 102(12)(B) of the Ter-
 2 rorism Risk Insurance Act of 2002 (15 U.S.C. 6701
 3 note; 116 Stat. 2326) is amended—

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

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

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

9 “(viii) commercial automobile insur-
 10 ance;

11 “(ix) burglary and theft insurance;

12 “(x) surety insurance;

13 “(xi) professional liability insurance;

14 or

15 “(xii) farm owners multiple peril in-
 16 surance.”.

17 (2) *CONFORMING AMENDMENT.*—Section
 18 102(12)(A) of the Terrorism Risk Insurance Act of
 19 2002 (15 U.S.C. 6701 note; 116 Stat. 2326) is amend-
 20 ed by striking “surety insurance” and inserting “di-
 21 rectors and officers liability insurance”.

22 (c) *INSURER DEDUCTIBLES.*—Section 102(7) of the
 23 Terrorism Risk Insurance Act of 2002 (15 U.S.C. 6701
 24 note; 116 Stat. 2325) is amended—

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

3 (2) *by redesignating subparagraph (E) as sub-*
4 *paragraph (G);*

5 (3) *by inserting after subparagraph (D), the fol-*
6 *lowing:*

7 *“(E) for Program Year 4, the value of an*
8 *insurer’s direct earned premiums over the cal-*
9 *endar year immediately preceding Program Year*
10 *4, multiplied by 17.5 percent;*

11 *“(F) for Program Year 5, the value of an*
12 *insurer’s direct earned premiums over the cal-*
13 *endar year immediately preceding Program Year*
14 *5, multiplied by 20 percent; and”;* and

15 (4) *in subparagraph (G), as so redesignated, by*
16 *striking “through (D)” and all that follows through*
17 *“Year 3” and inserting the following: “through (F), for*
18 *the Transition Period or any Program Year”.*

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

20 *Section 103(e) of the Terrorism Risk Insurance Act of*
21 *2002 (15 U.S.C. 6701 note; 116 Stat. 2328) is amended—*

22 (1) *in paragraph (1)—*

23 (A) *by inserting “through Program Year 4”*
24 *before “shall be equal”; and*

1 (B) by inserting “, and during Program
2 Year 5 shall be equal to 85 percent,” after “90
3 percent”; and

4 (2) in each of paragraphs (2) and (3), by strik-
5 ing “Program Year 2 or Program Year 3” each place
6 that term appears and inserting “any of Program
7 Years 2 through 5”.

8 **SEC. 5. AGGREGATE RETENTION AMOUNTS AND**
9 **RECOUPMENT OF FEDERAL SHARE.**

10 (a) *AGGREGATE RETENTION AMOUNTS.*—Section
11 103(e)(6) of the Terrorism Risk Insurance Act of 2002 (15
12 U.S.C. 6701 note; 116 Stat. 2329) is amended—

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

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

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

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

19 “(i) \$25,000,000,000; and

20 “(ii) the aggregate amount, for all in-
21 surers, of insured losses during such Pro-
22 gram Year; and

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

24 “(i) \$27,500,000,000; and

1 “(ii) the aggregate amount, for all in-
2 surers, of insured losses during such Pro-
3 gram Year.”.

4 (b) *RECOUPMENT OF FEDERAL SHARE*.—Section
5 103(e)(7) of the Terrorism Risk Insurance Act of 2002 (15
6 U.S.C. 6701 note; 116 Stat. 2329) is amended—

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

9 (2) in each of subparagraphs (B) and (C), by
10 striking “subparagraph (A), (B), or (C)” each place
11 that term appears and inserting “any of subpara-
12 graphs (A) through (E)”.

13 **SEC. 6. PROGRAM TRIGGER.**

14 Section 103(e)(1) of the Terrorism Risk Insurance Act
15 of 2002 (15 U.S.C. note, 116 Stat. 2328) is amended—

16 (1) by redesignating subparagraph (B) as sub-
17 paragraph (C); and

18 (2) by inserting after subparagraph (A) the fol-
19 lowing:

20 “(B) *PROGRAM TRIGGER*.—In the case of a
21 certified act of terrorism occurring after March
22 31, 2006, no compensation shall be paid by the
23 Secretary under subsection (a), unless the aggre-
24 gate industry insured losses resulting from such
25 certified act of terrorism exceed—

1 “(i) \$50,000,000, with respect to such
2 insured losses occurring in Program Year 4;

3 or

4 “(ii) \$100,000,000, with respect to such
5 insured losses occurring in Program Year
6 5.”.

7 **SEC. 7. LITIGATION MANAGEMENT.**

8 Section 107(a) of the Terrorism Risk Insurance Act
9 of 2002 (15 U.S.C. 6701 note; 116 Stat. 2335) is amended
10 by adding at the end the following:

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

18 **SEC. 8. ANALYSIS AND REPORT ON TERRORISM RISK COV-**
19 **ERAGE CONDITIONS AND SOLUTIONS.**

20 Section 108 of the Terrorism Risk Insurance Act of
21 2002 (15 U.S.C. 6701 note; 116 Stat. 2336) is amended
22 by adding at the end the following:

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

1 “(1) *IN GENERAL.*—*The President’s Working*
2 *Group on Financial Markets, in consultation with the*
3 *National Association of Insurance Commissioners,*
4 *representatives of the insurance industry, representa-*
5 *tives of the securities industry, and representatives of*
6 *policy holders, shall perform an analysis regarding*
7 *the long-term availability and affordability of insur-*
8 *ance for terrorism risk, including—*

9 “(A) *group life coverage; and*

10 “(B) *coverage for chemical, nuclear, biologi-*
11 *cal, and radiological events.*

12 “(2) *REPORT.*—*Not later than September 30,*
13 *2006, the President’s Working Group on Financial*
14 *Markets shall submit a report to the Committee on*
15 *Banking, Housing, and Urban Affairs of the Senate*
16 *and the Committee on Financial Services of the*
17 *House of Representatives on its findings pursuant to*
18 *the analysis conducted under subsection (a).”.*

Attest:

Secretary.

109TH CONGRESS
1ST SESSION

S. 467

**SENATE AMENDMENT TO
HOUSE AMENDMENT**