We appreciate our state regulators’ efforts to provide insurers notice of additional requirements under Section 111 of the Terrorism Risk Insurance Program Reauthorization Act of 2015 (“TRIA” or “TRIPRA”) prior to January 1, 2016. We agree wholeheartedly with the statements made at the recent Working Group meeting that it is already very late for insurers to change systems to assure collection of needed data for policies written in 2015. We believe that the proposed Annual Statement supplement data collection approach is premature at best and is very likely to result in multiple sets of reports that insurers will need to be prepared to implement quickly.

Since TRIA was originally enacted in late 2002, regulators have not requested TRIA-specific information for solvency regulation, and thus such information has not been part of the key solvency regulation tool, the Annual Statement. Given that terrorism is a coverage and not a line of business, we believe that the Annual Statement is not the most effective tool for collecting useful information on a coverage that is very complicated and spans multiple lines of business. The current proposal does not address all of the elements listed in the Act, and does nothing to address other information that will clearly be needed for Treasury to do its assigned analyses. Even standard and much more detailed statistical data, as specified in the NAIC Handbook of Statistical Data Available to Regulators may not contain detail sufficient to allow Treasury to evaluate the market for terrorism coverage.

We also note that TRIPRA as amended in 2015 specifies that Treasury work with an insurance data aggregator to obtain needed information from companies in consultation with state regulators. TRIPRA also contemplates that additional data collection include non-public information, something that cannot be accomplished through a publicly available Annual Statement.

We believe that it is necessary that all concerned parties, including insurers and statistical agents, meet with Treasury to discuss what information is readily available, as well as what kinds of information are needed to perform the required analyses in order to produce substantive and useful information for Congress. The NAIC is uniquely positioned to facilitate that dialogue.
As with any proposed collection of data, the analysis needs to begin with a thorough understanding of exactly what questions need to be addressed, followed by an evaluation of what kinds of data are needed to answer the questions, and then compare that to what is currently available, what may be readily available in the short-term, what could be available in the longer term (and at what cost), and finally, what may never be available.

We urge you to set aside the proposed Annual Statement supplement and instead focus your efforts on helping Treasury to collaborate with the industry and state regulators on the important and substantive issues regarding the effectiveness of the TRIA program as set forth in the Act.

Sincerely,

American Association of Managing General Agents (AAMGA)

American Insurance Association (AIA)

Insurance Services Office (ISO)

National Association of Mutual Insurance Companies (NAMIC)

National Council on Compensation Insurance (NCCI)

Property Casualty Insurers Association of America (PCI)