

July 14, 2014

SUMMARY – TRIA Conference Call Update

Led by Marty DePoy, Bockorny Group
Monday, July 14, 2014 at 4:00 p.m.

PURPOSE OF THE CALL: To update members of the Coalition to Insure Against Terrorism (CIAT) on the status of legislative efforts to reauthorize the Terrorism Risk Insurance Act (TRIA) in both the Senate and the House.

KEY POINTS:

- **The Senate will likely pass its version of TRIA reauthorization later this week, with broad, bipartisan support.**
- **The roadmap in the House is less clear. House Financial Services Committee Jeb Hensarling (R-TX) is insisting on passage of the House bill as-is, without amendment; he believes he has the votes for that. If so, the House bill may move later this week or next week. If the support does not materialize, the future is uncertain.**
- **Hensarling has made clear that if there are successful efforts to amend or weaken the House bill, he will abandon it in favor of a 6-month extension of TRIA. He will then work to produce legislation next year with additional changes that he promises the business and insurance communities will not like.**
- **CIAT is remaining quiet at this point regarding the House’s efforts; the thinking is, it’s best not to upset leadership because the result may be no bill at all.**

SUMMARY

SENATE: The Senate appears set to consider its TRIA reauthorization bill (S. 2244, the *Terrorism Risk Insurance Program Reauthorization Act of 2014*) some time this week – originally the thought was earlier in the week, but now the thinking is that consideration may slip until the later half of the week. Per an agreement between the two sides, the chamber will debate 4 amendments along with the bill, two of which are of interest to those concerned with TRIA:

- **S. Amdt. 3551 (Flake, R-AZ)** – to establish an “Advisory Committee on Risk-Sharing Mechanisms” at the Department of Treasury that would “encourage the

growth of nongovernmental, private market reinsurance capacity for protection against losses arising from acts of terrorism.” This amendment is likely to be accepted.

- **S. Amdt. 3549 (Coburn, R-OK)** – to allow the Secretary of the Treasury to adjust the mandatory recoupment payment timeline beyond the statutory deadline dates, but within 10 years of the event, if the required recoupments exceed \$1 billion. Senator Coburn introduced a similar amendment during the Banking Committee markup, but it was defeated by a vote of 6-16. The amendment will likely receive a roll-call vote, and is expected to fail.

The additional amendments are:

- **S. Amdt. 3550 (Vitter, R-LA)** – to require the federal Reserve Board of Governor to have at least one member with community banking or community bank supervision experience at all times. Senator Vitter offered the amendment at the Banking Committee’s markup, but withdrew it. The amendment will likely be adopted.
- **S. Amdt. 3552 (Tester, D-MT)** – to create a nonprofit “National Association of Registered Agents and Brokers” to oversee the licensing of insurance agents and brokers to work outside their home state. Similarly, this amendment will likely be accepted as well.

At the end of the day, it is anticipated that the bill will pass the Senate by a wide, bipartisan margin. It previously passed the Senate Banking Committee by a 22-0 vote on June 3rd. CIAT does not plan to be engaged in taking positions on the amendments to the bill.

HOUSE: The story is less cut-and-dry in the House. The House bill (H.R. 4871, the *TRIA Reform Act of 2014*) passed the House Financial Services Committee on June 20th by a partisan 32-27 vote. Leading up to that, there had been hope among committee staff that it could pass by voice vote. However, a lot of pressure was brought to bear on Democrats that they needed to fix the bill because if House bill passed Committee by a wide bipartisan vote, it may encourage greater support on the House floor and weaken the Senate’s hand in conference. The Senate bill has a longer reauthorization period, and is a cleaner extension; the House bill, in contrast, contains numerous changes, many of which are opposed by the business and insurance industries alike. As such, Democrats ultimately opposed the bill in committee, despite their support for the program.

Last Friday, Financial Services Committee Chairman Jeb Hensarling (R-TX) held a meeting along with the House bill’s author, Rep. Randy Neugebauer (R-TX), who chairs the relevant Subcommittee, and a variety of stakeholders, including CIAT, the National Association of Mutual Insurance Companies (NAMIC), Property Casualty Insurers Association of America (PCI), the American Insurance Association (AIA), and the Financial Services Roundtable (FSR). Hensarling made it very clear that he wants to pass the House bill in its current form without amendment on the House floor, given that he has moved tremendously from his starting position, which would have made more dramatic changes to the program. Hensarling told the group that he wants to dispel the notion that he intends to ram the House bill down the Senate’s throat without engaging in any further negotiation; however, he made it clear that he wants this bill to be the one that goes into conference with the Senate bill for negotiation, not a version

that makes changes to look more like the Senate bill. He also gave his assurance that he will negotiate in good faith and will deal with issues of interest to business/insurance communities, and that his overarching goal is to get a bill to the President's desk for signature .

However, Hensarling said he is confident he has the votes to defeat any efforts to change the bill on the House floor, and that he has the backing of the Republican leadership in his endeavor. He told the group that if the House bill is modified significantly by amendment, he will abandon it and instead offer up a 6-month extension of TRIA as-is. He will then wait to produce a new bill next Congress, when the Senate may be controlled by Republicans and the House Financial Services Committee may include more conservative members. Hensarling told the group that if you don't like the bill the way it is now, you certainly won't like it next year.

As of right now, the House bill may be "whipped" tomorrow (Tuesday) to determine where Republicans stand on passage of the bill as-is. Most Democrats will likely oppose the bill without changes; the question is, how many Republicans will oppose it for whatever reason? If Hensarling et al. have backing for bill without amendment, it will likely move through the House later this week or possibly next week. Otherwise, the future is uncertain. If the bill does move forward in the near term, the question of whether or not amendments will be allowed still remains undetermined; it will be up to the Rules Committee to determine that process.

CONCLUSION: Marty said that we all share goal of getting a bill done, and taking on leadership now will not yield positive results – in fact, we could end up with no bill. As such, *the group believes it prudent for CIAT to wait to get sense of the vote count before engaging in any lobbying effort.* The general thinking is, if the majority has the votes to pass the House bill as-is, don't upset the applecart; however, if the vote count is weak, there may be opportunity for lobbying various members to support reauthorization with potential changes.

Thank you to all NEC members who were able to participate today. If there are further follow-up calls in the future, I will be sure you are aware of them, and provide summaries of the discussion.

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