
December 9, 2014

House Releases Standalone TRIA Reauthorization Bill; Talks with Senate Break Down

This afternoon text of legislation to reauthorize the Terrorism Risk Insurance Act (TRIA) was posted on the House Rules Committee website, after talks between House Financial Services Committee Chairman Jeb Hensarling (R-TX) and senior Senate Banking Committee member Chuck Schumer (D-NY) broke down over the inclusion of extraneous matters in the bill. A copy of the language is attached. It will not be considered as part of the “Omnibus” spending bill, as was previously discussed.

Instead, the House is moving forward with a vote on a standalone bill that includes the framework of the compromise related to TRIA that press reports indicated the two sides had agreed to in recent days. Specifically, the bill would:

- Reauthorize TRIA for six years through 2020; and
- Phase in an increase in the threshold from \$100 million to \$200 million over the six years.

The bill, by-and-large, follows the model of the Senate-passed bill (S. 2244), which passed 93-4. For instance, it includes provisions to:

- Increase insurers’ co-pay from 15 to 20%, with the government still covering 80% of each company’s additional losses;
- Raise the mandatory recoupment threshold to \$37.5 billion; and
- Require a Government Accountability Office (GAO) study on the viability of upfront premiums, among other provisions.

The bill also maintains the Senate-passed language requiring that at least one member of the Federal Reserve Board of Governors have community banking experience (which was included in the Senate bill via an amendment from Senator David Vitter (R-LA) during the Banking Committee’s markup).

Title II of the bill includes the NARAB II provisions (National Association of Registered Agents and Brokers) from the Senate-passed bill.

Title III includes language to exempt end users from Dodd-Frank Act derivatives rules. A standalone version of Title III previously passed the House by a vote of 411-12. Many Senate Democrats, including Schumer and Sen. Elizabeth Warren (D-MA), are adamantly opposed to changes to the Dodd-Frank Act at this time.

Currently, the future of the standalone TRIA bill is in doubt. Reports are that House Democrats are whipping against the legislation, and the Democrat-controlled Senate may not even consider the bill should it pass the House. As such, there is a chance that TRIA could expire at the end of the month. In essence, the House is banking on pressure from outside business group to force the Senate to accept the new legislation. I will continue to update with additional information as it becomes available.

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