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## **Terror Insurance Drag on Real Estate Still Climbing** *Over \$15.5 Billion of Projects in 17 States Now Affected*

WASHINGTON, DC — Over \$15.5 billion worth of real estate projects in 17 states have been stalled or cancelled because of a continuing scarcity of terrorism insurance, according to the latest results of an ongoing member survey by The Real Estate Roundtable ([www.rer.org](http://www.rer.org)). The reported delays have occurred across the country, from large states such as New York and California, to smaller ones such as Alabama and Nevada.

“The one-year anniversary of Sept. 11 has come and gone and thousands of U.S. business owners are still finding themselves uninsured or underinsured against potentially catastrophic economic losses from future terrorist attacks,” said Real Estate Roundtable President and COO Jeffrey D. DeBoer. “We need a federal backstop on terrorism insurance to protect our nation’s economic security, and we need it now.”

The Roundtable on September 4 released the results of an August survey showing \$10.5 billion in stalled or cancelled real estate transactions in 13 states. Since then, additional responses from Roundtable members have pushed up the total value of affected projects by \$5 billion. Responses received during the past two weeks also showed an increase in the number of retail real estate projects affected. According to the Roundtable’s latest tally, which is based on responses from 40 senior real estate executives, the dwindling supply of terrorism insurance coverage has stalled or derailed 24 office projects during the past year. In other property sectors, reported delays or cancellations affected 10 retail projects, eight apartment building projects, six hotel and industrial projects, and three mixed-use developments.

The Roundtable unveiled its revised figures at a meeting with Treasury Secretary Paul O’Neill yesterday that included other members of the Coalition to Insure Against Terrorism (CIAT), a multi-industry group representing policyholders from the transportation, real estate, manufacturing, construction, entertainment and retail sectors.

O'Neill yesterday restated his concern that the lack of terrorism insurance is putting a drag on the nation's \$4 trillion real estate sector by stalling projects and idling construction workers, thereby jeopardizing prospects for a broader economic recovery.

"While we continue to recover from the terrorist attacks of a year ago, too many leases remain unsigned, too many development projects are on hold, and too many construction workers are unemployed because businesses can't get the coverage they need," O'Neill said.

Added DeBoer, "The price of inaction on terrorism insurance — in terms of hundreds of thousands of lost jobs, shrinking property tax revenues that help fund essential local community services, potential losses in the stock portfolios of thousands of individual investors — is too high. Every day we wait is one more day that we undermine our nation's economic recovery."

House-Senate conference committee members have been meeting informally since August to work out a compromise between the two versions of terrorism insurance legislation (H.R. 3210, S. 2600). However, with only several weeks to go in the legislative session, the two sides have yet to agree on the basic structure of a terrorism insurance backstop (loan program vs. grant) and liability reform issues, among others.

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