

## **CIAT Talking Points – TRIA Reauthorization & Captive Insurers**

### **Importance of TRIA**

- TRIA has been indispensable in maintaining the stability of the U.S. terrorism insurance marketplace for more than two decades. A timely reauthorization will prevent unnecessary market disruption and preserve the ability of both traditional insurers and captive insurers to provide affordable terrorism coverage to commercial policyholders.
- TRIA expires on December 31, 2027 — early reauthorization is critical to prevent market disruption.

### **Role of Captive Insurers & Alternative Risk Transfer Vehicles**

- Captive insurers are licensed insurers formed to insure the risks of a parent entity or other affiliated entities. Such companies in the United States are supervised and regulated by the state insurance departments, under state laws and regulations specifically applicable to captive insurers.
- Captives extend TRIA's protections directly to the businesses that Congress intended to safeguard, balancing corporate self-insurance with TRIA's federal backstop, ensuring protection against catastrophic losses.
- Captive insurance and other alternative risk transfer vehicles now play an increasingly important role in the risk management strategies of American businesses, allowing businesses to customize terrorism coverage when commercial markets are limited or costly. They play a vital role in extending TRIA's protections to commercial policyholders — especially in real estate, energy, transportation, and manufacturing.
- Given their widespread use, it is vital that the ambiguities and uncertainties regarding the application of TRIA to captives and their role in the Program be resolved. The Treasury Department, policyholders and the insurance community must carefully study and consider how best to integrate captives and other alternative risk transfer vehicles into TRIA. Without clarification, captives' ability to provide terrorism coverage may be weakened, undermining risk management strategies for U.S. businesses.

### **Bottom Line**

- TRIA protects jobs, communities, and the U.S. economy from terrorism's financial consequences.
- Captives are now an integral part of U.S. risk management.
- Congress must act to ensure TRIA's long-term stability and clear role for captives in the program.

## **Why Early Reauthorization Matters**

Uncertainty about TRIA's continuation destabilizes risk planning, reduces coverage capacity, and introduces pricing volatility into both the commercial and captive insurance markets. Without timely reauthorization:

- Coverage availability for terrorism risk would contract.
- Captive insurers' ability to serve policyholders would be compromised.
- Critical economic sectors dependent on terrorism coverage would face disruption.

## **Request to Congress**

As you consider reauthorizing TRIA, CIAT respectfully urges the following:

1. Early, Long-Term Reauthorization – Extend TRIA well before its expiration to provide certainty to markets and policyholders.
2. Preservation of Captive Insurer Participation – Explicitly maintain and clarify the eligibility of state-licensed captive insurers and alternative risk transfer vehicles to participate in TRIA.
3. Resolution of Ambiguities – Direct the Treasury Department, working with the insurance community, to resolve longstanding uncertainties related to the treatment of captives and other alternative risk transfer mechanisms under TRIA and any successor program.
4. Program Stability – Avoid structural changes that could inadvertently limit the ability of captives to provide coverage alongside traditional carriers.

## **Conclusion**

TRIA is a proven, cost-effective public-private partnership that protects American businesses, employees, and communities from the economic consequences of terrorism. Captives and other alternative risk transfer vehicles are now an integral part of the U.S. risk management landscape. To ensure that TRIA's protections remain robust, Congress must act to reauthorize TRIA, preserve captive participation, and address longstanding ambiguities in the program's application to alternative risk financing mechanisms.

## **Coalition to Insure Against Terrorism**

The [Coalition to Insure Against Terrorism \(CIAT\)](#), representing a broad cross-section of the nation's policyholders—including commercial real estate, manufacturing, retail, transportation, energy, and other critical sectors—strongly urges Congress to reauthorize the Terrorism Risk Insurance Act (TRIA) well in advance of its scheduled expiration on December 31, 2027.