



# The Real Estate Roundtable

## Reauthorizing Federal Terrorism Insurance

### Capital and Credit

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## Summary

Today, the risk of terrorism remains as strong as ever. According to the 2025 Annual Threat Assessment from the Office of the Director of National Intelligence (ODNI), “A diverse set of foreign actors are targeting U.S. health and safety, critical infrastructure, industries, wealth, and government. State adversaries and their proxies are also trying to weaken and displace U.S. economic and military power in their regions and across the globe.”<sup>1</sup>

For more than two decades, at almost no cost to the taxpayer, the national terrorism insurance program established by the Terrorism Risk Insurance Act (TRIA) in 2002 has made it possible for businesses to purchase the terrorism risk coverage they need. Threatened with acts of terrorism, and in the absence of a viable private market, business insurance consumers would be unable to secure adequate coverage without such a program. The Real Estate Roundtable supports a long-term reauthorization of TRIA and urges prompt congressional action to renew this critical program in advance of its expiration on Dec. 31, 2027.

## Key Takeaways

- Terrorism risk is a national security challenge that requires a federal solution.
  - TRIA has successfully maintained market stability for over 20 years at minimal taxpayer cost.
  - Without TRIA, terrorism risk coverage would become scarce or unaffordable, threatening economic resilience and recovery.
  - Should a terrorist attack occur without adequate coverage in place, underinsured businesses will face the risk of ruin, with potentially catastrophic local economic effects, and the federal government will face significant pressure to hastily assemble financial assistance to underinsured victims.
  - Early reauthorization will ensure continued business confidence and prevent market disruption as the program approaches its 2027 expiration.
  - It is important to enact a long-term reauthorization of TRIA well in advance of its termination date of December 31, 2027.
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## Background

### Terrorism Risk Requires a Federal Insurance Backstop Takeaways

- For commercial real estate properties of all types—from hospitals and museums to public utilities and manufacturing facilities—maintaining adequate levels of insurance is essential to managing risk and protecting assets from all potential perils, including terrorism. These business consumers cannot properly manage the risks of today’s world if terrorism insurance coverage is not available.
- To help protect the economy from this peril, the nation’s current terrorism risk insurance program provides continuity to the marketplace so that policyholders—American businesses large and small—are able to obtain the insurance coverage they need to manage terrorism risk, grow their businesses, create jobs, and protect the workers they employ.
- Unfortunately, the nation’s federal terrorism risk insurance program established by TRIA and its subsequent extensions is scheduled to sunset at the end of 2027. Because a viable private sector marketplace for this coverage does not yet fully exist, the program’s expiration would leave policyholders and taxpayers exposed and unprotected—just as they were after 9/11. The Government Accountability Office (GAO), President’s Working Group on Financial Markets, and other terrorism risk observers have consistently

<sup>1</sup> 2025 Annual Threat Assessment (ATA), Office of the Director of National Intelligence, March 2025.



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concluded that “acts of terrorism” are uninsurable risks.<sup>2</sup>

- Terrorism is not aimed at a specific business or property owner; it is aimed at America, our government, our people and our way of life. Maintaining a workable federal terrorism insurance mechanism is vital for the nation’s economy, and private markets alone cannot and will not provide the level of terrorism insurance our economy demands.
- Some 22 other nations recognize that private markets alone cannot underwrite this risk, and each has a permanent terrorism insurance program.<sup>3</sup>
- RER helped establish the Coalition to Insure Against Terrorism (CIAT) in 2002. CIAT is a broad coalition of commercial insurance consumers formed immediately after 9/11 to ensure that American businesses could obtain comprehensive and affordable terrorism insurance.
- In the aftermath of 9/11, it was virtually impossible for commercial policyholders to secure coverage against terrorism risk; however, banks and other capital providers would not provide financing without it. According to an RER survey, over \$15 billion in real estate-related transactions were stalled or even cancelled because of a lack of terrorism risk insurance in the 14 months between 9/11 and TRIA’s enactment.
- CIAT’s diverse membership represents key elements of the commercial facilities sector, including commercial real estate, banking, energy, construction, hotel and hospitality, higher education, manufacturing, transportation, entertainment, the major league sports and racing, as well as public sector buyers of insurance. According to a 2019 Marsh<sup>4</sup> study, the education, health care, financial institutions, and real estate sectors had the highest “take-up” rates among the 17 industry segments surveyed—all above 70 percent.
- The House Financial Services Subcommittee on Insurance, Housing, and Community Opportunity held a hearing on Sept. 17, 2025, just after the 24th anniversary of the September 11th attacks, to examine the terrorism risk capacity of the insurance industry and to discuss the future of the nation’s federal terrorism risk insurance program. CIAT submitted a [statement](#) to the Subcommittee stressing the importance of enacting a long-term reauthorization well in advance of the sunset date. This hearing was just the first step in a much longer journey to extend the federal government’s role in the terrorism risk insurance market.
- Despite our successful legislative efforts in 2002, 2005, 2007, 2015, and 2019, and the fact that terrorism remains a clear and present danger, we appreciate the work of the Subcommittee to focus on the importance of reauthorizing TRIA on a timely basis. While the program does not sunset until 2027, efforts to reauthorize the federal program have already begun.

## Recommendations

**Reauthorize and Strengthen TRIA:** TRIA has been a tremendous success. It is a comprehensive plan to provide for economic continuity and recovery in the wake of a major terrorist attack, while simultaneously protecting taxpayers via a mandatory recoupment mechanism. We urge Congress to promptly enact a long-term reauthorization of this important program.

- **TRIA has been, and remains, extremely effective in achieving its primary purpose.** The purpose was to stabilize the market following 9/11 and to ensure the continued availability of terrorism coverage for commercial policyholders in the future.
- **America needs a stable and reliable terrorism insurance market.** As part of its national economic security, the country must ensure that employers can invest in assets and create jobs without assuming the risk and liabilities of a terrorist attack. At almost no cost to the taxpayer, the program has been the key factor in ensuring that the private insurance market has remained intact and continues to meet the needs of

<sup>2</sup> *Terrorism Risk Insurance: Report of the President’s Working Group on Financial Markets*, September 2006, p.12; *Terrorism Insurance: Measuring and Predicting Losses from Unconventional Weapons Is Difficult, but Some Industry Exposure Exists*, United States Government Accountability Office, September 2006, p. 4.

<sup>3</sup> *Background on: Terrorism risk and insurance*, Insurance Information Institute, April 18, 2024.

<sup>4</sup> *2019 Terrorism Risk Insurance Report*, Marsh Risk Management Research, 2019.



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commercial policyholders during the ongoing threat of a future terrorist attack.

- **Allowing the program to sunset would threaten economic and homeland security.** Should the program be allowed to sunset, we would expect a period of profound economic slow-down—posing a very real threat to our economic and homeland security. American businesses, schools, real estate owners, bond holders, and the entire financial services system all depend on their ability to finance insured collateral. Without the ability to maintain adequate insurance coverage, a business or a property owner's capacity to finance is materially impaired and its liquidity is jeopardized.
- **The absence of terrorism insurance had significant economic and employment impacts.** Due to deferred construction investment, the White House Council of Economic Advisors estimated that there was a direct loss of 300,000 jobs during the 14 months between 9/11 and TRIA's enactment. In short, the lack of availability of terrorism insurance for commercial policyholders had a very real and far-reaching impact on the economy.
- **Federal analysis confirms TRIA's ongoing effectiveness.** RER concurs with the 2024 Department of Treasury Federal Insurance Office's *Report on the Effectiveness of the Terrorism Risk Insurance Program*, which concluded that the current terrorism risk insurance program is "effective in making terrorism risk insurance available and affordable in the insurance marketplace,"<sup>5</sup> and that there is insufficient "private reinsurance capacity for the exposure the Program currently supports in connection with a catastrophic terrorism loss."<sup>6</sup> There has been no evidence that private markets can develop adequate terrorism risk capacity without some type of federal participation.
- **Letting TRIA lapse would destabilize the market and limit coverage.** Without TRIA in place, we believe the availability of terrorism risk coverage will diminish, or insurers will simply stop offering the coverage altogether. CIAT members have seen evidence of this each time that TRIA has been up for renewal (most recently in 2019). In each instance, policy renewals often included "springing exclusions," which would have voided terrorism coverage upon the expiration of TRIA.

<sup>5</sup> Federal Insurance Office, U.S. Dept. of the Treasury, *Report on the Effectiveness of the Terrorism Risk Insurance Program 2* (June 2018).

<sup>6</sup> *Id.* at 47.