

American Bankers Association
American Bankers Insurance Association
American Gas Association
American Hotel and Lodging Association
American Land Title Association
American Public Gas Association
American Public Power Association
American Resort Development Association Resort Owners' Coalition
American Society of Association Executives
Associated Builders and Contractors
Associated General Contractors of America
Association of American Railroads
Association of Art Museum Directors
Babson Capital Management LLC
The Bond Market Association
Building Owners and Managers Association International
Boston Properties
CCIM Institute
Chemical Producers and Distributors Association
Commercial Mortgage Securities Association
Comerstone Real Estate Advisers, Inc.
Edison Electric Institute
Electric Power Supply Association
The Financial Services Roundtable
The Food Marketing Institute
General Aviation Manufacturers Association
Helicopter Association International
Hilton Hotels Corporation
Host Marriott
Independent Electrical Contractors
Institute of Real Estate Management
International Council of Shopping Centers
International Franchise Association
International Safety Equipment Association
The Long Island Import Export Association
Marriott International
Mortgage Bankers Association
National Apartment Association
National Association of Home Builders
National Association of Industrial and Office Properties
National Association of Manufacturers
National Association of REALTORS®
National Association of Real Estate Investment Trusts
National Association of Waterfront Employers
National Association of Wholesaler-Distributors
National Basketball Association
National Collegiate Athletic Association
National Council of Chain Restaurants
National Football League
National Hockey League
National Multi Housing Council
National Petrochemical & Refiners Association
National Restaurant Association
National Retail Federation
National Roofing Contractors Association
National Rural Electric Cooperative Association
The New England Council
Partnership for New York City
Office of the Commissioner of Baseball
Public Utilities Risk Management Association
The Real Estate Board of New York
The Real Estate Roundtable
Six Continents Hotels
Society of American Florists
Starwood Hotels and Resorts
Taxicab, Limousine & Paratransit Association
Travel Business Roundtable
Trizec Properties, Inc.
UJA-Federation of New York
Union Pacific Corporation
U.S. Chamber of Commerce
Westfield

CIAT

**COALITION TO INSURE
AGAINST TERRORISM**
www.insureagainstterrorism.org

April 5, 2005

The Honorable Richard Shelby
United States Senate
713 Hart Senate Office Building
Washington, DC 20510

Dear Chairman Shelby:

The Coalition to Insure Against Terrorism (CIAT), a broad-based coalition of business insurance policyholders representing a significant segment of the nation's GDP, strongly supports S.467, the Terrorism Risk Insurance Extension Act of 2005, introduced by Senators Bennett and Dodd. As the principal consumers of this vital insurance coverage, CIAT thanks you for your continued leadership on the issue of terrorism risk insurance and encourages you and your Committee to quickly move this legislation to the Senate floor.

With the Terrorism Risk Insurance Act (TRIA) set to expire at year-end, there is no evidence to suggest that insurance markets will be able to provide adequate insurance against catastrophic acts of terrorism without a federal reinsurance backstop. Based on recent testimony from senior Administration officials, the threat of terrorism within our homeland remains as high as it did on 9/11. Earlier this year, CIA Director Porter Goss said before the Senate Intelligence Committee: "It may be only a matter of time before al-Qa'ida or another group attempts to use chemical, biological, radiological and nuclear weapons", and "al-Qa'ida is intent on finding ways to circumvent U.S. security enhancements to strike Americans and the Homeland."

This stark reality, together with the unique factors that make the terrorist threat akin to the risk from war, continues to prevent insurers from effectively modeling and pricing the risk of future catastrophic terrorism attacks, thereby seriously hampering the development of any viable catastrophic reinsurance alternatives to TRIA.

To date, the terrorism reinsurance program established by TRIA has achieved the goals envisioned by President Bush and bipartisan leaders in Congress in 2002. First, it has helped keep the economy going in the face of continued terrorist threats by ensuring that businesses across America can secure this essential coverage, saving countless jobs in the process. Second, it serves as an important tool to minimize the severe economic disruption that almost certainly will occur should there be a future terrorist attack of catastrophic proportion.

S.467 would extend the current TRIA program for a short period of time while also creating a group of insurance and risk management experts to work with the

Presidential Working Group on Financial Markets to develop a longer-term solution. If enacted, this legislation will ensure that the nation's workers and businesses will be able to secure adequate and affordable insurance coverage against terrorism after year-end, and that the nation has a sound policy in place to enable the economy to quickly recover should another terrorist attack occur in the U.S.

CIAT believes that it is absolutely critical for your Committee to act quickly to extend the Terrorism Risk Insurance Act (TRIA) beyond December 31, 2005. Extending TRIA is an essential part of our nation's economic preparedness against terrorism, as well as an essential element of our nation's economic security. With only a few months left, American businesses and property owners face the threat of going without adequate and affordable terrorism insurance coverage next year. Without a federal terrorism risk reinsurance program in place, our economy will be needlessly disrupted and significant U.S. economic interests and jobs are likely to be exposed to the uninsured costs of a major terrorist event.

CIAT thanks you for taking a significant step towards securing the economy against terrorism risk by scheduling a hearing in the Senate Banking Committee on TRIA for April 14th. Following this hearing, we respectfully ask that you move quickly to mark-up and report out S.467. It is essential that the entire Senate debate and move toward final passage of this important legislation at the earliest possible date.

Sincerely,

The Coalition to Insure Against Terrorism