



RICK SCOTT
GOVERNOR

March 25, 2014

Dear Florida Congressional Delegation:

The Terrorism Risk Insurance Act (TRIA) is set to expire at year-end 2014. As Governor of Florida, I support the long-term reauthorization of TRIA. The Act increases the availability of property liability insurance for America's businesses and the affordability of terrorism coverage for those enterprises. As a member of Florida's Congressional Delegation, I am asking for your support of TRIA's reauthorization without any major structural changes.

TRIA will help protect Florida's 7.6 million workers at various properties throughout the state. Florida's commercial properties such as popular theme parks and shopping malls require terrorism insurance. TRIA also provides economic protection to the thousands of restaurants and hotels that serve the thriving Florida tourism industry, which provided more than \$76.1 billion to the state's economy and supported 1.1 million jobs in 2013. These numbers are continuing to grow as Florida becomes one of the most popular places to work and live. We must provide the protection Florida's families and businesses deserve.

TRIA is particularly critical to small and medium-sized insurers in Florida that are required to offer TRIA coverage, but whose solvency could be jeopardized by a significant loss. Almost 98 percent of all business insurers that write TRIA coverage in the U.S. are small or medium-sized, and they account for almost half of the insurance premiums for the TRIA-covered lines of coverage.

Rating agencies, such as A.M. Best Company, have voiced concerns about the impact of terrorism losses on insurers in the absence of TRIA. Significant changes to the program that detrimentally impact insurance companies could also result in rating agency consequences, because no insurer can risk a single event wiping out its capital base. This would likely lead to rating agency downgrades and seriously impede the abilities of some insurers to remain financially sound.

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Should Congress fail to reauthorize TRIA, or if there are significant structural changes that threaten insurers' solvency, it is unlikely that insurers would accept additional, vulnerable businesses for which they would be required to offer terrorism coverage.

I again urge your support for the reauthorization of TRIA. Thank you in advance for your attention to, and favorable consideration of, this important federal legislation.

Sincerely,

A handwritten signature in blue ink, appearing to read "Rick Scott", with a large, stylized initial "R" and a long, sweeping underline.

Rick Scott
Governor