Testimony of

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Before the United States House Committee

On Financial Services

The Reauthorization of the Terrorism Risk Insurance Act of 2002

September 17, 2025

Washington, DC

Good afternoon, Chairman Hill, Subcommittee Chairman Flood, and members of the Committee. My name is Michelle Sartain, and I serve as President of Marsh's US and Canada business. Marsh is a business of Marsh McLennan, the global leader in risk, strategy, and people, with more than 90,000 colleagues advising clients in 130 countries.

Thank you for inviting me to share our perspective on the Terrorism Risk Insurance Program Reauthorization Act (TRIPRA) ahead of its expiration at the end of 2027.

As the world's leading insurance broker and risk advisor, Marsh is well positioned to provide perspective on the terrorism risk insurance marketplace. At Marsh, we understand the role insurance plays for individuals and businesses alike. We enable risk taking, guide clients through effective risk mitigation strategies, and advocate on behalf of our clients when losses do occur to help people get back on their feet.

Our colleagues advise policyholders on purchasing terrorism insurance across all industries and in every major economy in the world. Our sister business, Guy Carpenter, is the leading global risk and reinsurance specialist.

For our company, the impact of terrorism is deeply personal. Marsh McLennan lost 358 friends and colleagues in the September 11, 2001, attack on the World Trade Center.

This act of terror was the original impetus for the passage of the Terrorism Risk Insurance Act (TRIA) in 2002, which created a federal reinsurance backstop for terrorism losses. By all accounts, the program has been a model public-private partnership. The backstop remains a critical component to a stable terror insurance market, particularly for nuclear, biological, chemical, and radiological (NBCR) events, and has enabled insurance to be placed and investments to be made. As such, I urge you and your colleagues to reauthorize TRIPRA when it comes up for renewal.

My testimony addresses five main areas:

- I will start by highlighting several of TRIPRA's features that have helped its overall effectiveness.
- Second, I'll discuss some of the economic implications of TRIPRA not being reauthorized, or a decision on its reauthorization being pushed too close to the expiration date.
- Third, I will talk about TRIPRA's critical role in the workers' compensation market.
- Fourth, I will discuss current trends in the commercial insurance and reinsurance market, and highlight the dynamic nature of terrorism risk insurance.
- Finally, I will discuss some key related trends, namely cyberattacks, captive insurers, and violent acts.

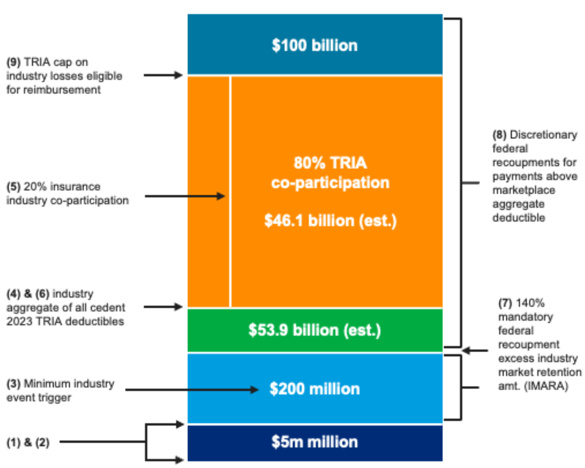
The overall effectiveness of TRIPRA

Since its inception, TRIPRA has been successful in allowing insurance and reinsurance capacity back into the market and providing layers of protection to the federal government and US taxpayers. In its current form, TRIPRA has facilitated limiting an individual insurer's potential terrorism losses, which permits it to quantify its terrorism exposure and make coverage available (see Figure 1).

There are numerous program features that help accomplish this, including:

- First, an event needs to be certified as terrorism by the US Treasury. No US terrorism event has been certified since the program's inception.
- As part of certification, an event would need to exceed $5 million in losses.
- Any certified event would also need to exceed a $200 million industry threshold.
- Each impacted insurer is subject to its individual TRIPRA deductible, which is based on 20% of its prior year's US TRIPRA eligible lines direct earned premium. These deductibles range from under $1 million for captives and small mutuals, to over $1 billion for the largest property and casualty (P&C) national insurers; for some insurers the amount is over $2 billion.
- Each insurer is then responsible for 20% of the loss in excess of its TRIPRA deductible.
- Overall, when one aggregates all insurers' TRIPRA deductibles, the industry retains a substantial amount of exposure.
- For any federal payments made in excess of directly impacted insurers' individual TRIPRA deductibles and the current industry market aggregate retention amount (IMARA), there is a mandatory recoupment of 140%.
- For any federal payments made above the IMARA (estimated at $53.9 billion), Treasury has access to a "discretionary recoupment." The IMARA is automatically revised annually and is indexed based on a three-year lagging average of commercial insurers' direct written premiums.

Figure 1: TRIPRA program recap



On December 20, 2019, the President signed into law the Terrorism Risk Insurance Program Reauthorization Act of 2019, which extended TRIP through December 31, 2027

1. US Treasury certification
2. $5M minimum certification threshold
3. Minimum $200M industry event threshold
4. Individual cedent TRIPRA deductibles (20% DEP)
5. 20% cedent co-participation
6. Industry aggregate of all carrier's TRIPRA retentions (est. $53.9B)
7. 140% mandatory federal recoupment below $48.5B est. industry market aggregate retention amount (IMARA)
8. Discretionary Federal Recoupment excess of the IMARA
9. $100 billion TRIPRA protection cap

TRIPRA's design provides several levels of insurer retention and US taxpayer protection. For more than 20 years now, TRIPRA has supported capacity in the private (re)insurance markets. Marsh data underscores the diverse scope of industries that rely on TRIPRA coverage (see Figure 2).

In its present form, TRIPRA limits the potential terrorism losses of individual insurers, allowing them to quantify their terrorism exposure and make coverage available to important parts of the American economy that are exposed to the risk.

Figure 2: Top purchasers of TRIPRA property coverage in 2024

Top purchasers by city	Top purchasers by region
1. New York City	54% Northeast
2. Houston	50% Midwest
3. Washington, DC	38% West
4. Los Angeles	35% South
5. Atlanta	
6. San Francisco	
7. Chicago	

Source: Marsh

Impact of TRIPRA backstop on economic growth

TRIPRA provides a critical federal backstop that enables the continued availability and affordability of terrorism insurance. Its presence promotes insurance market stability and continuity, especially in the wake of evolving threats. The program thus supports business and economic confidence, reassuring businesses that they can secure coverage against terrorism-related losses, which is vital for economic stability and growth.

Although the reauthorization deadline is some two years away, insurers and rating agencies closely monitor legislative activity related to TRIPRA. Any uncertainty regarding the future of the federal backstop as the deadline approaches will have an impact on the availability and nature of insurance coverage. That, in turn, could send ripple effects through the economy, and potentially affect companies' decision-making processes about hiring and investing. It's important to note that many investments span multiple years, thus requiring insurance availability that also spans multiple years. This is especially true for long-term construction projects.

Ahead of the previous reauthorization in 2020, we saw an impact on policies that extended beyond the reauthorization date, when some insurers either seemed unwilling to offer terrorism coverage beyond the expiration date or sought to increase prices to cover the additional risk to their portfolios.

Rating agencies continue to emphasize terrorism stress tests and to assess ratings against specified criteria, including scenarios where the industry trigger falls short and there is no TRIPRA backstop protection. As we approach 2027, rating agency analysts can be expected to meet with insurers and ask tough questions about these topics, further underscoring the need for timely reauthorization. This dynamic continues to have an outsized impact on approximately 650 smaller insurers, (defined as having less than $500 million in policyholder surplus (PHS)) should they be hit with a terrorism loss in the $100 million to $200 million range (see Figure 3). It is important to note that any P&C insurer, regardless of size, could potentially be hit with a mono-line or multiline terrorism loss of such magnitude, or greater.

Figure 3: P&C insurer TRIPRA deductible profiles by policyholder surplus

P&C carrier TRIPRA deductible profiles by policyholder surplus								
Policyholder surplus (PHS) (US dollars)	**<25M**	**25M to 50M**	**50M to 100M**	**100M to 300M**	**300M to 500M**	**500M to 1B**	**1B to 5B**	**>5B**
Number of companies	285	89	105	122	48	46	70	31
Average TRIPRA deductible (000s)	1,359	3,958	14,134	25,342	37,070	75,933	271,880	1,298,361
Average deductible as percentage of PHS	19%	11%	19%	14%	9.4%	11.2%	11.8%	9.1%
100M terror loss scenario	374%	55%	24%	10%	3.5%	1.3%	0.3%	0.01%
200M terror loss scenario	753%	113%	52%	22%	8.4%	3.7%	1.0%	0.01%

Based on S&P CapitalIQ Pro data at 5/8/2025. TRIPRA deductibles were estimated at 20% of Commercial DEP. Includes 796 carriers with an aggregate surplus of 1.09 Trillion.

Allowing TRIPRA to expire or renewing it with significant increases in insurer participation would impact all terrorism-exposed insurers, particularly those with less than $500 million in capital reserves. We expect this would adversely affect pricing and limit the availability of terrorism risk coverage.

If TRIPRA is allowed to expire, without replacement, those insurers that are still able to offer terrorism coverage will likely only write coverage for buyers with operations in preferred locations, and could consider increasing prices for other locations. This would lead to capacity shortfalls for central business districts, at-risk industries, and employers with significant workers' compensation accumulations, such as office workers, manufacturing facilities, and healthcare and education facilities.

Thus, a federal backstop remains essential to the availability and affordability of terrorism coverage in urban centers from New York to Los Angeles and, and in every community with a university or college, hospital or medical center, sporting arena or large shopping area.

Businesses can consider standalone property terrorism insurance, which can complement TRIPRA coverage and potentially offer broader coverage, for example, for noncertified acts of terrorism. However, its pricing along with the constraint of limited availability in aggregate for certain risks, prevent it from replacing TRIPRA for many organizations.

TRIPRA and workers' compensation coverage

One of the key roles TRIPRA plays across industries is to back all workers' compensation coverage, which is mandatory in nearly every state.

The potential expiration of TRIPRA is and will remain a major issue for US employers as buyers of workers' compensation insurance, and for insurers as providers of the coverage. Approaching the program's expiration date, employers will likely note a reduction in the number of insurers willing to write their risk, especially during 2027 when insured policy expirations approach the program's December 31, 2027, expiration date.

Absent a public-private backstop for large-scale terror attacks, many industries would struggle to find sufficient or affordable workers' compensation coverage. The potential workers' compensation losses from an incident could be staggering (see Figure 4). Without it, economic activity could slow, and large workforces could be at greater risk.

Figure 4: High potential workers' compensation losses for conventional and NBCR incidents

Large modeled WC loss scenarios today

Conventional terrorism losses		
10-ton truck bomb	$19.1B	(Los Angeles)
Loss Scenarios> $10B	90	(Countrywide)

NBCR Losses		
Nuclear detonation	$297.2B	(New York)
Biological (anthrax)	$209B	(New York)
Chemical (sarin gas)	$61.7B	(Texas)
Radiological	$619.7M	(New York)

Source: Modeled in Moody's RMS PTM v4.3, Notes: Occurrence loss figures assume 100% WC take-up rates among commercial insureds. All other lines of business – Property, Life, Liability, Business Interruption etc., are excluded. Contemplates 2023 RMS WC Cost Severities; 2018 RMS Industry Exposure Database [IED]

It is worth noting that in the world of insurance, US workers' compensation policies are unique; participation by employers is mandatory in nearly every state. By law, primary workers' compensation policies must provide coverage for terrorism risk, and thus the effective take-up rate for this line is 100%. Unlike other forms of commercial coverage, workers' compensation policies do not include any stated policy limits, and specific perils, such as terrorism or NBCR, cannot be sub-limited or excluded. Insurers can only reduce their aggregate workers' compensation terrorism exposure by limiting the number of employers for which they underwrite coverage in certain areas of high employee concentration. Because some workers' compensation pools are state funded, without TRIPRA, these pools in the absence of TRIRPA could be exposed to significant losses or insolvency.

Thus, insurers monitor their exposures to workers' compensation terrorism loss very closely — in particular, they monitor concentrations of insured employees in major urban areas and central business districts (CBD). Insurers also monitor and model the total number of accounts they insure in these areas for workers' compensation, correlated lines of business, and specific risk characteristics.

During previous reauthorizations, as insurers began to underwrite workers' compensation policies that contemplated coverage without the potential financial protections of TRIPRA, most were less willing to underwrite the risks of employers in certain high-profile industries, with large employee concentrations, or in certain major cities. Under such conditions, we could potentially see insurers again offer shorter-term policies expiring before December 31, 2027 and higher workers' compensation rates and premiums.

Organizations with large concentrations of employees would be the most likely to be affected in such a scenario. In addition to potential price increases, they also face the possibility that their insurers will decline to renew their coverage. The issue of employee aggregation affects any employer with a large number of employees in a single location or corporate campus, as is common among hospitals, higher education institutions, financial institutions, defense contractors, manufacturing plants, hotels, professional services companies, as well as power and utility companies.

Additionally, insurers that write multiple lines of business, such as workers' compensation, liability, and property, will consider the impact of potential terrorism losses across all correlated lines, including cyber and business interruption. Insurers may decline certain risks outright because they have accumulated too much risk in a particular CBD, ZIP code, or city, while others may impose a premium surcharge for a particularly large workers' compensation risk. Catastrophe modeling has also improved in its ability to produce detailed, worst-case scenarios — including some that generate losses so large that insurers would not write coverage in the absence of TRIPRA.

As we approach the reauthorization date, insurers will evaluate their risk appetite, and some will limit their exposure to workers' compensation for companies with high concentrations of employees in major cities. It is important to reiterate that because workers' compensation is mandatory, insurers cannot exclude terrorism-related losses and employers are almost always required to buy terrorism insurance, the options available to buyers will likely shrink and rates will increase, some dramatically.

In the years leading up to TRIPRA's prior renewals, some insurers attached endorsements to policies limiting coverage. It is reasonable to assume some insurers will take similar actions as TRIPRA's expiration date approaches once again. Other insurers could go further and align a policy expiration date with the program's December 31, 2027, expiration date.

If TRIPRA is allowed to expire or renewed with significant modifications, it is likely a large number of employers will be forced to obtain workers' compensation coverage from assigned risk or residual markets, which are considered to be the insurers of last resort.

Among the unique issues regarding terrorism coverage and workers' compensation:

- Workers' compensation is a unique line of business as specific perils, including terrorism and NBCR, cannot be excluded or even sub-limited.
- Policies are issued on a statutory (non-defined) limits basis.

- Employee concentrations result in large accumulations for commercial lines carriers, which becomes significantly magnified for NBCR event footprints and accumulations.
- Increased remote and hybrid working arrangements add uncertainty to where employees are at a given time, which affects insurers' peak aggregation loss potential.
- Workers' compensation losses could have among the largest payouts for major terrorism loss events, based on their continuous medical and indemnity nature.

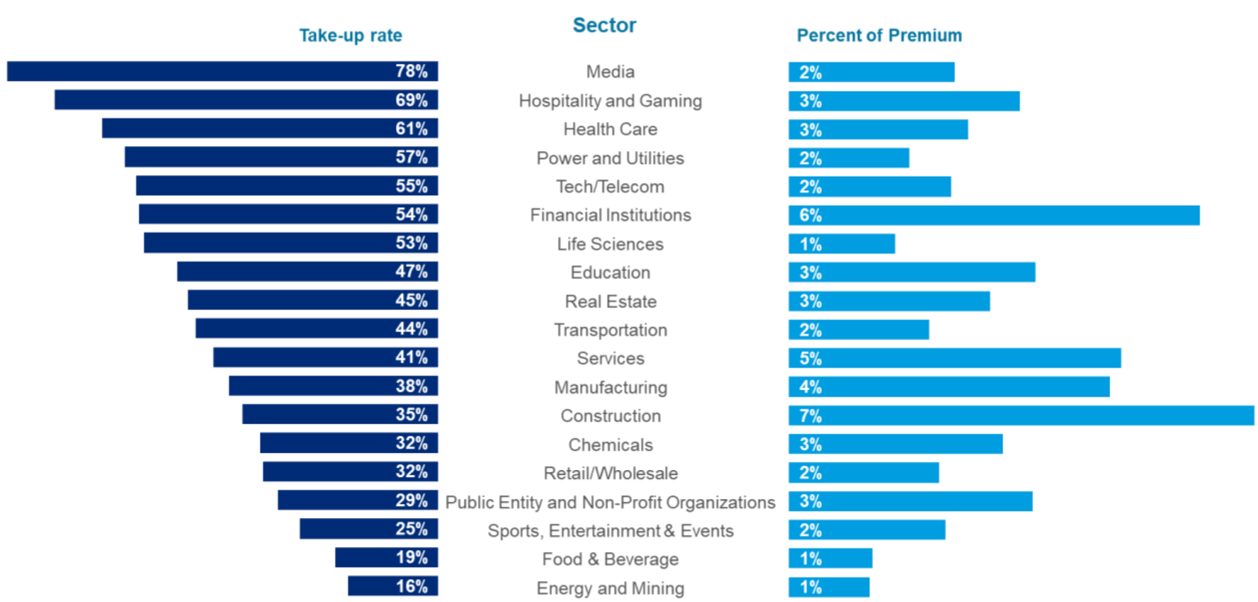
The economic impact from a TRIPRA non-renewal or notable changes to the trigger, deductibles, and co-shares could result in significant shifts from the private market to state funds and residual market pools, and would be particularly challenging for the workers' compensation line of business.

Industry focus: Healthcare organizations rely on TRIPRA

Healthcare systems already face ongoing financial pressures from rising costs and regulatory challenges; terrorism-related losses could be financially devastating without affordable insurance.

Hospital systems have a 61% take-up rate for TRIPRA coverage, one of the highest for any industry, reflecting strong reliance on the federal backstop (see Figure 5). For healthcare systems, TRIPRA offers cost-effective terrorism coverage — approximately $15 per $1 million of coverage — making it feasible for them to maintain protection.

Figure 5: Media, hospitality, and healthcare had the highest TRIPRA take-up rates in 2024



Source: Marsh

Critical infrastructure and workforce protection

As a critical infrastructure component, it's important that healthcare facilities remain operational during and after terrorism events. Affordable terrorism insurance supports rapid recovery, resilience, and continuity of care.

At the same time, protecting healthcare workers through affordable workers' compensation terrorism coverage is essential to workforce retention and maintaining healthcare delivery capacity.

Hospitals and other healthcare facilities represent potentially attractive, high-impact targets for terrorism for reasons including:

- They can hold concentrated, large numbers of vulnerable individuals, including critically ill patients.
- The traditional perception of hospitals as "safe zones" is eroding, increasing their risk profile.
- They may store hazardous materials (nuclear, chemical, biological, radiological) that could be exploited in terrorist attacks to cause mass harm.
- Hospitals' open access, symbolic value, critical community role, and stretched security resources are features terrorists may seek to exploit.

In March 2025, the American Hospital Association and Health-ISAC issued a warning about social media posts suggesting ISIS-K planned coordinated hospital attacks. Although the FBI found no credible threat, this highlights the perceived vulnerability of hospitals as soft, high-impact targets.

Industry focus: Higher education

Higher education institutions have a strong interest in TRIPRA because it guarantees terrorism coverage at a reasonable and predictable cost. Universities and colleges hold concentrated exposures in stadiums, arenas, hospitals, research facilities, and other critical assets, representing billions of dollars in investments that could be potential targets. Without TRIPRA, most insurers would either exclude terrorism coverage or price it prohibitively, leaving institutions unable to secure the insurance required by lenders, bondholders, and governing boards. In essence, TRIPRA provides financial stability and enables the long-term sustainability of campuses facing catastrophic and unpredictable risks.

Key benefits of TRIPRA for colleges and universities

- **Protection of high-value assets**: Covers stadiums, laboratories, hospitals, and billions in property assets.
- **Coverage for large venues:** Extends protection to arenas, performing arts centers, and other facilities that attract thousands.
- **Financing requirement:** Terrorism coverage is often mandated by lenders and bondholders for capital projects.
- **Risk management stability:** Offers predictability against catastrophic and unpredictable losses, supporting sound financial planning.

Financial vulnerability and reliance on TRIPRA

Educational institutions face ongoing financial pressures from rising operational costs, infrastructure investments, and regulatory compliance. Terrorism-related losses could be financially devastating without affordable insurance. Many schools and universities depend on TRIPRA-backed terrorism insurance to manage this risk through accessible and cost-effective coverage. TRIA provides affordable terrorism coverage — approximately $15 per $1 million — making it feasible for institutions to maintain protection without diverting funds from their core educational missions.

Critical infrastructure and workforce protection

Schools and universities must remain operational during and after terrorism events to provide student safety, maintain educational continuity, and support their communities. Affordable terrorism insurance supports rapid recovery, resilience, and continuity of education services. Additionally, protecting faculty, staff, and students through affordable workers' compensation terrorism coverage is essential for workforce retention and maintaining institutional capacity.

Educational institutions as high-impact terrorism targets

Schools and universities concentrate large numbers of vulnerable individuals, including children and young adults, making them potential targets for mass casualty terrorism. The traditional perception of educational institutions as safe environments is increasingly challenged, raising their risk profile. Campuses often house critical infrastructure, including research labs with hazardous materials (chemical, biological, radiological), which could be exploited in terrorist attacks to cause mass harm. Open access policies, symbolic value as community centers, and often stretched security resources make educational institutions attractive targets for terrorists. Recent intelligence and security assessments have highlighted concerns about potential threats targeting schools and universities, underscoring the importance of preparedness and insurance coverage supported by TRIA.

Current state of the terrorism insurance market

Based on data from AM Best, US property and casualty reinsurance dedicated capital for terrorism is currently estimated at $1.138 billion. According to Guy Carpenter, global dedicated reinsurance capital (traditional and third party, for terrorism) is estimated to be $607 billion. Dedicated reinsurance capital for terrorism in North America is estimated at $215 billion.

Reinsurance capacity for terrorism, however, is dependent on a reinsurer's preference, appetite, expertise, and aggregate constraints. Capital must be deployed to protect all of society's insured risks, including auto, homeowners, business interruption, and liability. It is important to note that many insurers and reinsurers (particularly capital and convergence markers) have limited appetite to write terrorism due to the correlation with a financial market loss. Capacity for terrorism insurance is determined after other needs are met.

According to AM Best, the US property and casualty market registered a $22.9 billion underwriting profit in 2024, following four years of losses.

Globally, the insurance industry is adapting to shifts in attack methodologies. We expect threats to continue becoming more diverse and complex as cyber, including generative AI; drones; NBCR scenarios; and more add to the array of possible attacks.

Some tactics used by terrorists are less sophisticated than others, but still deadly. For example, the New Year's Day 2025 truck attack in New Orleans resulted in 15 fatalities and more than 30 injuries. (The FBI has reported it is investigating the attack as domestic terrorism, potentially inspired by ISIS.)

While these new attack methodologies tend to generate relatively little property damage, the impact on businesses can be severe, to say nothing about the impact on human life. In response, we have seen some insurers offer new coverage options to businesses. According to the Insurance Information Institute, business interruption costs represented 33% of the losses attributed to the September 11 attacks, followed by property losses at 19%.

Of special interest is coverage for NBCR attacks, which are not typically covered by reinsurance programs, but can lead to very large losses that in some cases could exceed insurers' surplus.

A long-term reauthorization of TRIPRA should allow the reinsurance market to continue to assume more risk and provide insurers with additional terrorism capacity at a constant and measured pace. If, however, TRIPRA is allowed to expire at the end of 2027 or is reauthorized with substantial increases in cedent retentions, we believe that terrorism exposed insurers with under $500 million in surplus will likely need to purchase additional and substantial private reinsurance market capacity both to help protect capital and satisfy rating agencies and regulators.

This would likely lead to multiple insurers trying to simultaneously access the private reinsurance market's limited overall capacity. The impact this would have on the aggregate US reinsurance sector capacity and pricing is not clearly known.

According to the Reinsurance Association of America, the federal share of a $100 billion ground-up loss subject to TRIPRA would be 51%, with the private market covering the remaining 49%. If TRIPRA is reauthorized in 2027, the federal share will continue to decline over the years as the marketplace aggregate deductible rises with premium growth and until the uncompensated insurance industry loss share (deductibles and the 20% insurer copayment) reaches the industry retention of estimated $50 billion. Taxpayers would continue to be protected since the government is mandated to recoup 140% of its share of a certified terrorism event.

Shifting risk and insurance trends: Cyberattacks, captives, and violent attacks

Cyberattacks escalating

Cyberattacks remain an ever-present and escalating threat over which businesses have little control. For more than a decade, Marsh McLennan has cautioned that cybersecurity is an increasingly systemic risk where an attack against one industry may create a cascading impact across the entire economy without necessarily causing physical damage.

The insatiable demand for data storage, computing power, and scalable services has dramatically increased the need for speed to market in the expansion of the global digital infrastructure. From data centers and communications infrastructure to enabling technologies and access to power, investment in this sector is accelerating, with projections indicating that the global digital infrastructure market will exceed $4.5 trillion by 2034.

The evolution of digital infrastructure has also heightened awareness of the need to manage technological risk, which has driven growth in the cyber insurance market for more than a decade. From around 2013 to 2023, the global cyber insurance market grew at an estimated compound annual growth rate (CAGR) of approximately 25% to 30% per year. This rapid expansion reflects increasing awareness of cyber risks and rising demand for coverage.

One of the fundamental pieces of cyber insurance is coverage to protect against losses caused by damage to digital assets from a cybersecurity attack, as well as lost profits and additional expenses resulting from business interruptions due to those damaged or inaccessible digital assets. These coverages are commonly known as data restoration and network interruption coverage.

In 2016, Marsh noted that although cyber insurance included these property-like components that protect the digital infrastructure increasingly vital to our economy, TRIPRA was silent on whether it covered cyber losses resulting from acts of terrorism. In response, Treasury designated cyber insurance as a covered line under TRIPRA; cyber insurance is now eligible for the backstop.

Cyber remains a growing and ever-present risk for US companies, and a systemic risk for our nation. So long as the vehicle of TRIPRA provides a backstop for large losses arising from a terrorist attack, we believe that the program should account for cyberterrorism as well. Cyberattacks targeting financial institutions, the power grid, or internet service providers could have widespread consequences. In addition, cyber threats against physical infrastructure, like chemical plants, transportation, and manufacturing have the potential to cause systemic losses.

At this time, we recommend that any change in the law be required to address the risk of cyber terrorism. One of the potential difficulties in a potential cyberterrorism event would be the problem of attribution. Often, it can be difficult to determine definitively who is responsible for carrying out an attack. In the context of TRIPRA, this could lead to a question of whether the declaration of a terrorist event could be made without definitive attribution. Potentially, this issue could be resolved with congressional report language or regulatory guidance that advises that the declaration could be reached based on what infrastructure the attack targeted, what impact was rendered, and other indicia that could support the conclusion of terrorism.

Captive insurance can provide optionality and flexibility

The use of captive insurance provides some policyholders with the flexibility of securing coverage that may not be readily available in the commercial marketplace.

Marsh Captive Solutions provides management services to approximately 1,900 captive insurers globally that, for 2023 and 2024, issued 256 policies that covered one or more TRIPRA subject lines. Approximately 88% of these included at least one standalone terrorism policy; of those, approximately 63% were specific to some or all of the NBCR perils.

Although we have not formally surveyed captive owners regarding their rationale, we believe that most captives write terrorism coverage, both conventional and NBCR, due to the lack of an available commercial at appropriately high limits and/or costs that are deemed excessive (especially for NBCR) relative to the risk.

Captives generally provide embedded terrorism coverage for product lines such as general liability and workers' compensation. This relates to captive participation being determined based on optimizing what to retain versus what to transfer, especially when a competitive traditional market exists for these lines. The relatively lower policy limits required, and their availability, often apply equally to the core policy risks and the peril of terrorism on these lines.

Standalone terrorism policies issued by captives are common for property risks because captives often serve to provide coverage for higher-risk properties. In such cases, coverage from commercial insurers is often limited or entirely unavailable at indicated limits and/or for the required perils. Captives can provide higher limits and/or broader terms versus what commercial insurers are willing to offer, thereby offering terrorism coverage availability.

TRIPRA enables captive insurers to play a significant role in the terrorism insurance market, allowing them to adapt quickly to market changes. In addition to the possibility of receiving partial reimbursement for terrorism losses through TRIPRA, captives are also subject to the Act’s post-loss sharing mechanism.

Thus, regardless of whether a captive insurer experiences a terrorism loss, each policyholder of a captive that purchases a subject line is required to contribute to the payment of such losses. As a result, policyholders of captive insurers contribute to expanding the pool of terrorism risk-sharing participants.

It is important to note that any withdrawal or lessening of the “backstop” TRIPRA provides to reduce or exclude participation by captives would likely result in some exposures being underinsured or uninsured. Captives are widely used to supplement what is available in the commercial market, and in some cases captive insurers are the only available option for certain layers and/or perils. This is most common in areas of higher perceived risk, such as for property or employee-related coverages in major cities. It is also the case in sectors such as healthcare, manufacturing, education, and others.

Generally speaking, since captives are best suited to primary operating layers, or as a mechanism for accessing risk transfer solutions, it is very likely that absent a TRIPRA-like program with a backstop, captive use for terrorism coverage would change significantly.

Shifting trends in violent attacks

The terrorism threat landscape continues to evolve. For example, the organization of malicious groups has both dispersed and expanded, using technology to fit geopolitical trends. There has been a movement from the analog, hierarchical groups of the 1990s; to digitally connected groups in the 2000s; to dispersed, ideologically aligned networks in the 2010s; to the current interconnections between state and non-state malicious actors. In today's environment, attacks focused on people represent a notable risk compared to those against property or those of a mixed focus and driven by high frequency, moderate severity, and the aggregation of possible attack variants (different targets, different weapon types, and different tactics).

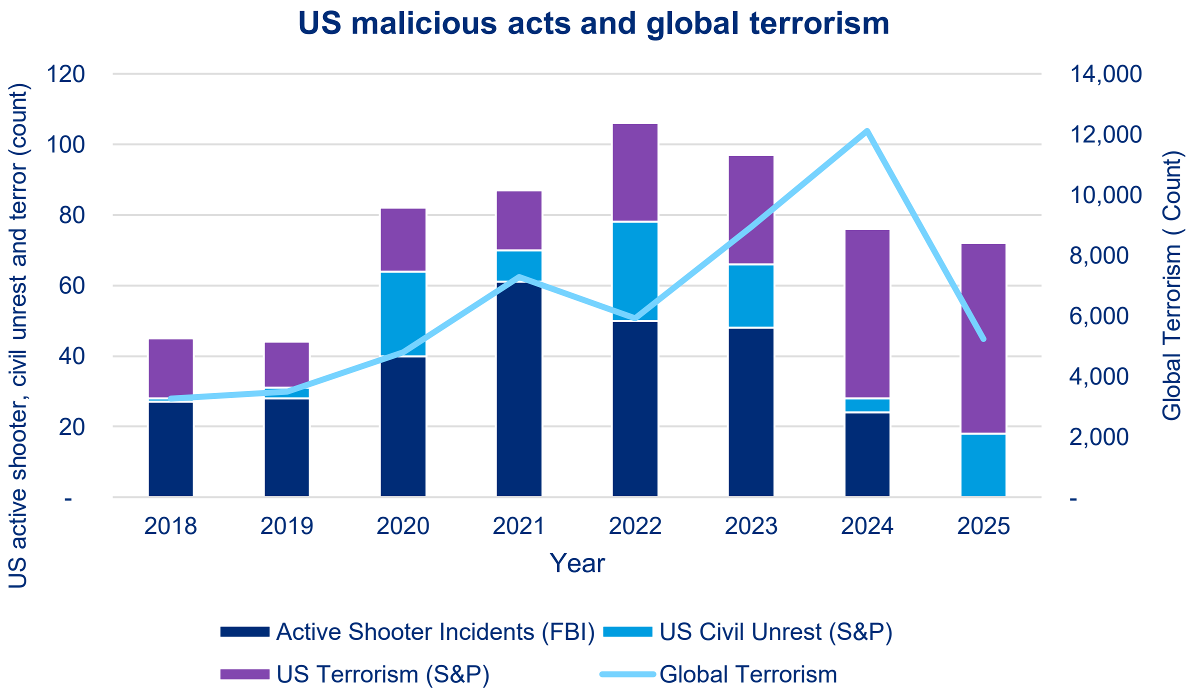
Today, many workplaces remain soft targets, increasingly vulnerable to attack types that are rising globally such as explosive devices; armed assailants; strikes, riots, and civil commotion (SRCC); and political violence. While the threat of international terrorism remains in the US, an increase in domestic extremism, violent acts, and civil unrest are a clearer and more present threat (see Figure 6).

Motivations for attacks are not always clear; sometimes they present a distraction for the original insured looking for timely and commensurate compensation.

The severity and sources of recent violent acts emanating from various modes of attack can be significant and continue to evolve. These include:

- **Explosive devices:** Insurers continue to monitor loss potential for large explosive attacks, which aligns with regulatory and rating agency requirements, alongside other emerging sources of loss.
- **Gun violence:** While gun violence is unfortunately common in the US, the scale of injury and insured loss from events such as the Las Vegas Mandalay Bay/MGM, Pulse nightclub in Orlando, a Texas Wal-Mart, a Buffalo grocery store, and other mass shootings has prompted many to reappraise the potential insurance impact of such events.
- **Strikes, riots, and civil commotion (SRCC):** Political and civil rights disputes have led to protests, riots, and civil commotion. These events are part of a persistent global trend in riots triggered by socio-economic and political factors.
- **Global political acts:** Malicious state acts that fall below the threshold of war appear to be used increasingly as an extension of politics by states trying to fulfil their foreign or domestic policy aims.

Figure 6: Increase in domestic extremism, violent acts, and civil unrest in US



Notes: This data spans 01/01/2018 to 01/06/2025; 2025 data has been extrapolated based on trends thus far observed. Active shooter incident data is from the FBI's annual reports; 2025 are currently unreleased. Global and US terrorism and US civil unrest incident counts are courtesy of S&P Global.

As methods used to perpetrate acts of terrorism continue to shift, so do the at-risk areas. We can no longer focus on larger cities, but instead need appropriate coverage to be readily available across the country. This includes protection against NBCR attacks, which are not typically covered by reinsurance programs despite the potentially devastating human and economic losses they could generate.

International public-private terrorism risk sharing

Other countries have established public-private risk-sharing mechanisms, with coverage typically triggered by a national government's declaration that an event was a terrorist attack (see Figure 7). These programs are structured in a variety of ways to meet the political and market needs of each nation. For instance, unlike the UK's Pool Re and France's GAREAT (Gestion de l'Assurance et de la Réassurance des risques Attentats et Actes de Terrorisme), TRIPRA does not tap into the private market for reinsurance, rather losses are funded by the US government and later spread throughout the industry after an event has occurred.

Figure 7: International public-private terrorism risk sharing

Country	Terrorism Pool or Reinsurance Mechanism	Year Est.	Policyholder Coverage
Australia	Australian Reinsurance Pool Corporation (ARPC)	2003	Elective
Austria	Österreichischer Versicherungspool zur Deckung von Terrorrisiken (The Austrian Terrorpool)	2002	Elective
Bahrain	Arab War Risks Insurance Syndicate (AWRIS)	1981	Elective
Belgium	Terrorism Reinsurance & Insurance Pool (TRIP)	2007	Elective For Large Property Risks
Denmark	Danish Terrorism Insurance Scheme	2010	Elective
Finland	Finnish Terrorism Pool	2008	Elective
France	Gestion de l'Assurance et de la Réassurance des risques Attentats et actes de Terrorisme (GAREAT)	2002	Mandatory
Germany	Extremus Versicherungs-AG	2002	Elective
Hong Kong - China	Motor Insurance Bureau (MIB)	2002	Elective
India	Indian Market Terrorism Risk Insurance Pool (IMTRIP)	2002	Elective
Indonesia	Indonesian Terrorism Insurance Pool (MARIEN)	2001	Elective
Israel	The Victims of Hostile Actions (Pensions) Law and The Property Tax and Compensation Fund Law	1970/ 1961	Mandatory
Namibia	Namibia Special Risk Insurance Association (NASRIA)	1987	Elective
Netherlands	Nederlandse Herverzekeringsmaatschappij voor Terrorismeschaden (NHT)	2003	Elective
Northern Ireland	Criminal Damage Compensation Scheme Northern Ireland	1972	Elective
Russia	Russian Anti-Terrorism Insurance Pool (RATIP)	2001	Elective
South Africa	South African Special Risk Insurance Association (SASRIA)	1979	Elective
Spain	Consorcio de Compensación de Seguros (CCS)	1941	Mandatory
Sri Lanka	Strike, Riot Civil Commotion and Terrorism Fund – Government	1987	Elective
Switzerland	Terrorism Reinsurance Facility	2003	Elective
Taiwan	Taiwan Terrorism Insurance Pool	2004	Elective
United Kingdom	Pool Reinsurance Company Limited (POOL RE)	1993	Elective
United States	Terrorism Risk Insurance Program Reauthorization Act of 2015 (TRIPRA)	2002	Elective

Source: Marsh, Guy Carpenter, US Government Accountability Office, World Forum Of Catastrophe Programmes, Organisation For Economic Co-Operation and Development

The presence of private-public mechanisms in different countries shows the importance of a joint approach in helping to mitigate the economic threats posed by terrorism.

Conclusion

In Marsh McLennan's view, TRIPRA is a model public-private partnership and remains instrumental in providing a reinsurance backstop for insurers, allowing them to provide sufficient limits of terrorism coverage to the business community. TRIPRA affords the private insurance market the ability to provide affordable capacity even to areas perceived as high risk. It has been essential in making terrorism insurance available and commercially viable in the US, even in areas perceived as high risk and thus contributing to economic continuity.

If changes to TRIPRA are to be considered, it is imperative to provide the insurance industry with ample time to prepare for and implement them. Program reforms should only be made with a full understanding of shifts in the nature of terrorism and how they may affect policyholders and insurers.

TRIPRA's expiration, or renewal with significant increases in retentions, would likely lead to capacity shortfalls, with high-profile businesses, top business districts and larger employers — including universities, hospitals, and hospitality companies — most affected. The expiration of TRIPRA without a replacement would adversely affect workers' compensation policies and potentially ripple across the economy. TRIPRA's benefits that lead us to support reauthorization include:

- **Promotes market stability and continuity:** TRIPRA provides a critical federal backstop that enables the continued availability and affordability of terrorism insurance. Its presence helps prevent market disruptions, especially in the wake of evolving threats.
- **Encourages insurer participation**: The "make available" requirement and federal reinsurance incentivize insurers to offer terrorism coverage, maintaining a competitive and stable market for businesses across sectors.
- **Mitigates the financial impact of systemic risk**: As cyber threats and other emerging risks grow, TRIPRA's framework can potentially be expanded to address new forms of terrorism, including cyber terrorism, helping to mitigate the financial impact of systemic risks.
- **Supports business confidence:** The program reassures businesses that they can secure coverage against terrorism-related losses, which is vital for economic stability and growth.
- **Prevents coverage gaps**: Without TRIPRA, insurers might withdraw from the terrorism market or significantly increase premiums, leaving many policyholders unprotected or unable to afford coverage. It is especially critical for workers' compensation coverage.
- **Allows for flexibility for future threats:** The program's reauthorization allows for adjustments — such as potential inclusion of cyber terrorism — to remain relevant amid changing threat landscapes.

We believe that Congress should pass legislation to extend this vital public-private backstop well in advance of its expiration at the end of 2027. Marsh McLennan looks forward to being a resource for lawmakers as the committee considers legislation to reauthorize the program.