# Study of Small Insurer Competitiveness in the Terrorism Risk Insurance Marketplace

FEDERAL INSURANCE OFFICE, U.S. DEPARTMENT OF THE TREASURY

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## Glossary

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| 2005 Extension Act | ......... | Terrorism Risk Insurance Extension Act of 2005, Pub. L. No. 109-144, 119 Stat. 2660 |
| 2007 Reauthorization Act | ......... | Program Reauthorization Act of 2007, Pub. L. No. 110-160, 121 Stat. 1839 |
| 2015 Reauthorization Act | ......... | Terrorism Risk Insurance Program Reauthorization Act of 2015, Pub. L. No. 114-1, 129 Stat. 3 |
| 2019 Reauthorization Act | ......... | Terrorism Risk Insurance Program Reauthorization Act of 2019, Pub. L. No. 116-94, 133 Stat. 2534 |
| 2017 Small Insurer Study | ......... | FIO, *Study of Small Insurer Competitiveness in the Terrorism Risk Insurance Marketplace* (June 2017) |
| 2018 Effectiveness Report | ......... | FIO, *Report on the Overall Effectiveness of the Terrorism Risk Insurance Program* (June 2018) |
| 2019 Small Insurer Study | ......... | FIO, *Study of Small Insurer Competitiveness in the Terrorism Risk Insurance Marketplace* (June 2019) |
| 2020 Effectiveness Report | ......... | FIO, *Report on the Overall Effectiveness of the Terrorism Risk Insurance Program* (June 2020) |
| 2021 Small Insurer Study | ......... | FIO, *Study of Small Insurer Competitiveness in the Terrorism Risk Insurance Marketplace* (June 2021) |
| 2022 Effectiveness Report | ......... | FIO, *Report on the Overall Effectiveness of the Terrorism Risk Insurance Program* (June 2022) |
| 2023 Small Insurer Study | ......... | FIO, *Study of Small Insurer Competitiveness in the Terrorism Risk Insurance Marketplace* (June 2023) |
| 2024 Effectiveness Report | ......... | FIO, *Report on the Overall Effectiveness of the Terrorism Risk Insurance Program* (June 2024) |
| Alien Surplus Lines Insurer | ......... | Non-U.S. insurer that is an eligible surplus lines insurer as listed on the National Association of Insurance Commissioners' Quarterly Listing of Alien Surplus Lines Insurers |
| Captive Insurer | ......... | Insurer formed to insure the risk exposures of its policyholder owner(s), which is regulated by the captive insurance laws of a particular state jurisdiction |
| Co-Pay Share | ......... | The percentage of losses that an insurer is obligated to pay after meeting its deductible and the Program Trigger is satisfied. The federal government is responsible for the remaining percentage of losses above the insurer's deductible. The co-pay share for CY 2024 was 20 percent. |
| CY | ......... | Calendar year |
| DEP | ......... | Direct earned premium |

| | | |
|---|---|---|
| Federal Share of Compensation | ......... | The percentage of an insurer's losses that the federal government will pay after the insurer meets its deductible and the Program Trigger is satisfied. The insurer is responsible for the remaining percentage of losses above its deductible. The Federal Share of Compensation for CY 2024 was 80 percent. |
| FIO | ......... | Federal Insurance Office |
| Insurer Deductible | ......... | The amount an individual insurer must pay before receiving the Federal Share of Compensation, after an event is certified as an act of terrorism and the Program Trigger is exceeded. An insurer's deductible is 20 percent of its TRIP-eligible DEP in the prior year. |
| NBCR | ......... | Nuclear, biological, chemical, or radiological |
| P&C | ......... | Property and casualty |
| PML | ......... | Probable maximum loss |
| Program | ......... | Terrorism Risk Insurance Program (also, TRIP) |
| Program Cap | ......... | Maximum aggregate exposure limit for the federal government and insurers under TRIP in any CY |
| Program Trigger | ......... | Minimum amount of insurance industry aggregate insured losses resulting from certified act(s) of terrorism that must occur in a calendar year before any federal payments can be made under TRIP |
| Study | ......... | FIO, *Study of Small Insurer Competitiveness in the Terrorism Risk Insurance Marketplace* (June 2025) |
| Secretary | ......... | Secretary of the Treasury |
| September 11 Attacks | ......... | Terrorist attacks occurring on September 11, 2001 |
| Small Insurer | ......... | An insurer as defined under 31 C.F.R. § 50.4(z) |
| Treasury | ......... | U.S. Department of the Treasury |
| TRIA | ......... | Terrorism Risk Insurance Act of 2002, as amended |
| TRIP | ......... | Terrorism Risk Insurance Program (also, Program) |
| TRIP-eligible lines of insurance | ......... | Commercial P&C insurance subject to the TRIP pursuant to 31 C.F.R. § 50.4(w) |

# I. INTRODUCTION AND EXECUTIVE SUMMARY

Under the Terrorism Risk Insurance Program Reauthorization Act of 2015 (2015 Reauthorization Act),[1] the Secretary of the Treasury (Secretary) is required to conduct a study of small insurers participating in the Terrorism Risk Insurance Program (TRIP or Program) and identify any competitive challenges small insurers face in the terrorism risk insurance marketplace. The study must identify:

A. changes to the market share, premium volume, and policyholder surplus of small insurers relative to large insurers;
B. how the property and casualty insurance market for terrorism risk differs between small and large insurers, and whether such a difference exists within other perils;
C. the impact of the Program's mandatory availability requirement on small insurers;
D. the effect on small insurers of increasing the Program Trigger;
E. the availability and cost of private reinsurance for small insurers; and
F. the impact that state workers' compensation laws have on small insurers and workers' compensation carriers in the terrorism risk insurance marketplace.[2]

The findings and conclusions of the study must be submitted in a report to Congress no later than June 30, 2025 (Study).[3]

The 2015 Reauthorization Act also requires the Secretary to collect Program data on an annual basis.[4] The Federal Insurance Office (FIO) assists the Secretary in Program administration.[5]

[1] Terrorism Risk Insurance Program Reauthorization Act, Pub. L. No. 114-1, 129 Stat. 3 (2015). The provisions of the Terrorism Risk Insurance Act of 2002 (TRIA), Pub. L. No. 107-297, 116 Stat. 2322 (2002), as amended (including the 2015 Reauthorization Act), appear in a note of the United States Code (15 U.S.C. § 6701 note), and, therefore, references to the provisions of TRIA or the 2015 Reauthorization Act are identified by the sections of the law, *e.g.,* "TRIA § 102(1) (definition of an 'act of terrorism')."

[2] TRIA § 108(h).

[3] The 2015 Reauthorization Act required the Secretary to submit a report on the findings and conclusions of the small insurer study to Congress no later than June 30, 2017, and every other June 30 thereafter. Treasury previously published four reports with small insurer studies, beginning in 2017. *See* Federal Insurance Office (FIO), *Study of Small Insurer Competitiveness in the Terrorism Risk Insurance Marketplace* (2017), https://home.treasury.gov/system/files/311/Study_of_Small_Insurer_Competitiveness_in_the_Terrorism_Risk_Insurance_Marketplace_%28June_2017%29.pdf (*2017 Small Insurer Study*); FIO, *Study of Small Insurer Competitiveness in the Terrorism Risk Insurance Marketplace* (2019), https://home.treasury.gov/system/files/311/2019_TRIP_SmallInsurer_Report.pdf (*2019 Small Insurer Study*); FIO, *Study of Small Insurer Competitiveness in the Terrorism Risk Insurance Marketplace* (2021), https://home.treasury.gov/system/files/311/2021TRIPSmallInsurerReportJune2021.pdf (*2021 Small Insurer Study*); FIO, *Study of Small Insurer Competitiveness in the Terrorism Risk Insurance Marketplace* (2023), https://home.treasury.gov/system/files/311/2023%20TRIP%20Small%20Insurer%20Report%20FINAL.pdf (*2023 Small Insurer Study*). This Study addresses Treasury's findings and conclusions from its fifth small insurer study, described further in Section V.

[4] TRIA § 104(h)(1).

[5] Federal Insurance Office Act of 2010, 31 U.S.C. § 313(c)(1)(D) (2012).

Since the 2015 Reauthorization Act, the U.S. Department of the Treasury (Treasury) has conducted ten data calls—a voluntary call in 2016 seeking calendar year (CY) 2015 data, and nine mandatory calls in 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, and 2025 requiring, respectively, the production of CY 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, and 2024 data. This Study addresses the six statutory considerations identified above, and principally uses information from the 2023, 2024, and 2025 TRIP Data Calls.

Based on its analysis of the collected information, Treasury has reached the following conclusions, which are discussed in this Study:

A. The percentage of small insurer direct earned premium (DEP) in the TRIP-eligible lines of insurance has remained relatively constant since Treasury began collecting data on a mandatory basis in 2017. Refer to Section V.A.

B. As noted in prior small insurer studies, numerous market differences exist between small insurers and larger (non-small) insurers. Refer to Section V.B. These differences include:

   1. When insurers charge for terrorism risk insurance coverage, small insurers reported for 2024, on average, allocation of a higher percentage of DEP for terrorism risk insurance than did non-small insurers, which is a change from the results of prior data calls. Small insurers remain, however, more likely than non-small insurers to charge no premium for terrorism risk coverage. Based on the most recent reported data, the extent to which terrorism risk insurance is purchased (*i.e.*, the take-up rate) by policyholders of small insurers is lower than the take-up rates for the policyholders of non-small insurers. Small insurers also provide coverage in fewer states than do non-small insurers, and small insurers earn a higher percentage of DEP in the commercial multi-peril and workers' compensation lines than do non-small insurers.

   2. Small insurers continue to issue a limited number of policies for standalone terrorism insurance (*i.e.*, policies that provide coverage only for terrorism risk).

   3. Small insurers participate in the cyber insurance market in the TRIP-eligible lines of insurance at different premium levels and at different terrorism risk insurance take-up rates than other market participants. Small insurers now have a similar share of the cyber insurance market as compared to their share of the overall market for TRIP-eligible lines. The small insurers' share is more heavily weighted to coverage issued to small policyholders than is the case for other categories of insurers.

   4. The reported data shows that small insurers exclude coverage for nuclear, biological, chemical, and radiological (NBCR) risks from their terrorism risk insurance coverage at similar percentages as compared to other industry participants. Nonetheless, small insurers' reported limits continue to indicate that they may still have a significant aggregate exposure associated with such NBCR losses.

5. The market share of small insurers in the lines of insurance covered by TRIP is slightly higher than their market share in property and casualty (P&C) insurance lines not covered by TRIP.

6. Small insurers are the largest market provider of terrorism risk insurance for places of worship, in an amount significantly exceeding their share of the overall terrorism risk insurance market.

C. The mandatory availability requirement appears to affect small insurer participation in the terrorism risk insurance market by causing them to assume more terrorism risk exposure than they might otherwise provide absent the requirement. To the extent this coverage presents risk to small insurers that they would not have assumed but for Program requirements, the Program's backstop provisions address some of that potential risk. The continuing ability of small insurers to compete in the terrorism risk insurance market indicates that the mandatory availability requirement does not unduly limit their market participation in the TRIP-eligible lines of insurance. Refer to Section V.C.

D. Under some loss scenarios, individual or multiple small insurers could sustain significant terrorism losses without federal backstop support from TRIP if their aggregate losses fail to satisfy the Program Trigger. This could have a negative effect on small insurers, particularly in the absence of private reinsurance addressing this exposure. The data also continues to show that some small insurers do not purchase private reinsurance sufficient to cover the potential gap between their individual Program deductibles and the Program Trigger, or their estimated Probable Maximum Loss. Modeling analysis undertaken by FIO indicates that this risk may be partially mitigated, but not eliminated, by the likelihood that the aggregate losses incurred by other market participants from certified acts of terrorism would satisfy the Program Trigger. Refer to Sections V.D, V.G.1.

E. Small insurers cede a larger percentage of their DEP to purchase reinsurance than do non-small insurers. The most recent reported aggregate reinsurance purchases, as measured by limits, by small insurers for terrorism risk have increased, reversing some prior declines noted in previous reports. In addition, small insurers purchase less reinsurance for NBCR-related terrorism risk than for conventional terrorism risk. Refer to Section V.E.

F. Workers' compensation insurance cannot exclude coverage for either conventional or NBCR-related terrorism losses. Therefore, workers' compensation remains a difficult exposure from a terrorism risk standpoint for the insurance market. Small insurers face an elevated risk for workers' compensation losses given that a higher percentage of their TRIP-eligible DEP is from workers' compensation policies (in comparison to non-small insurers). The limited availability of NBCR reinsurance further increases this risk to small insurers. Refer to Section V.F.

This Study also briefly discusses, in Section VI, FIO's involvement in the International Forum of Terrorism Risk (Re)Insurance Pools.

## II. BACKGROUND

Prior to September 11, 2001, commercial P&C insurance policies generally did not exclude coverage for losses resulting from terrorism. The events of September 11, 2001 (September 11 Attacks) resulted in approximately $59 billion of P&C insurance losses, more than two-thirds of which were reimbursed by reinsurers to insurers.[6] Following the September 11 Attacks, insurers and reinsurers began to exclude coverage for terrorism risk from commercial P&C policies.

The Terrorism Risk Insurance Act of 2002 (TRIA) was enacted, in part, because the widespread unavailability of terrorism risk insurance "could seriously hamper ongoing and planned construction, property acquisition, and other business projects, generate a dramatic increase in rents, and otherwise suppress economic activity."[7] TRIA established the Program, a national security response to the September 11 Attacks, which requires insurers to make terrorism risk coverage available within certain lines of commercial P&C insurance (TRIP-eligible lines of insurance).[8] To assist insurers with the potential financial exposure resulting from this required offer of terrorism risk insurance, certain insurance losses resulting from an "act of terrorism" (as defined by TRIA and certified as such by the Secretary) are eligible for reimbursement through the Program.[9] The Program is housed in Treasury and administered by the Secretary with the assistance of FIO.[10]

TRIA originally authorized the Program for a three-year period ending December 31, 2005. The Program has since been reauthorized four times, most recently by the 2019 Reauthorization Act, which extended the Program through December 31, 2027.[11] Changes enacted in Program renewals have reduced potential federal exposure to insured losses and increased private market exposure, either through reductions in federal government sharing percentages or increases in insurer and market retention amounts on account of the increasing industry premium base.

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[6] Insured losses shown in 2024 dollars. *See* Willis Towers Watson, *The Terrorism Pool Index: Review of Terrorism Insurance Programs in Selected Countries 2025* (2025) (*2025 Terrorism Pool Index*), 41, https://iftrip.org/the-terrorism-pool-index-2025/.

[7] TRIA § 101(a)(5).

[8] *See* TRIA § 103(c). Treasury regulations define "TRIP-eligible lines of insurance" with reference to certain lines identified for state regulatory purposes as follows: Fire, Allied Lines, Commercial Multiple Peril (non-liability), Commercial Multiple Peril (liability), Ocean Marine, Inland Marine, Workers' Compensation, Other Liability (but not including Professional Liability, which is otherwise within this line for state reporting purposes), Products Liability, Aircraft, and Boiler and Machinery. 31 C.F.R. § 50.4(w)(1) (2022). Some of these lines also contain personal P&C premium exposures that are not subject to the Program. There are also certain other defined exclusions within these lines. *See* 31 C.F.R. § 50.4(w)(2).

[9] Further details on Program operation are provided in Section III.

[10] Federal Insurance Office Act of 2010, 31 U.S.C. § 313(c)(1)(D).

[11] *See* Terrorism Risk Insurance Extension Act of 2005 (2005 Extension Act), Pub. L. No. 109-144, 119 Stat. 2660 (2005); Terrorism Risk Insurance Program Reauthorization Act of 2007 (2007 Reauthorization Act), Pub. L. No. 110-160, 121 Stat. 1839 (2007); 2015 Reauthorization Act; Terrorism Risk Insurance Program Reauthorization Act of 2019 (2019 Reauthorization Act), Pub. L. No. 116-94, 133 Stat. 2534 (2019). Treasury issued rules in June 2021 to implement changes to TRIA under the 2019 Reauthorization Act. *See* Terrorism Risk Insurance Program; Updated Regulations in Light of the Terrorism Risk Insurance Program Reauthorization Act of 2019, and for Other Purposes, 86 Fed. Reg. 30,537 (June 9, 2021) (2021 Updated TRIP Regulations).

## III. TERRORISM RISK INSURANCE PROGRAM

The Program requires that each entity meeting the definition of an insurer make available coverage for insured losses resulting from acts of terrorism.[12] This offer must "not differ materially from the terms, amounts, and other coverage limitations applicable to losses arising from events other than acts of terrorism."[13] The "make available" requirement applies only to TRIP-eligible lines of insurance.[14] TRIA does not mandate that insurers offer terrorism risk insurance at a particular price,[15] nor does TRIA require any policyholder to purchase insurance for terrorism risk.[16] All commercial P&C insurers writing in TRIP-eligible lines and required to make terrorism risk insurance available under their policies are considered Program participants, regardless of whether their policyholders accept the offer to take up the coverage.

Insurers are eligible for federal payments under the Program only for losses resulting from "acts of terrorism." An "act of terrorism" is defined under TRIA as an act certified by the Secretary in consultation with the Attorney General of the United States and the Secretary of Homeland Security:

- to be an act of terrorism;
- to be a violent act or an act that is dangerous to human life, property, or infrastructure;
- to have resulted in damage within the United States;[17] and
- to have been committed by an individual or individuals, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the U.S. government by coercion.[18]

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[12] TRIA defines an insurer as any entity, including any affiliate thereof, which receives direct earned premiums for TRIP-eligible lines of insurance and is licensed or admitted to engage in the business of insurance in any state; an eligible surplus lines carrier; a federally-approved maritime, energy, or aircraft insurer; a state residual market insurance entity or workers' compensation fund; or, to the extent provided in rules issued by the Secretary, a captive insurer or a self-insurance arrangement. TRIA § 102(6).

[13] TRIA §103(c)(2).

[14] Reinsurance is excluded from the TRIP-eligible lines of insurance. TRIA § 102(11)(B)(vii). Issues concerning the availability of private reinsurance for terrorism risk are discussed further in Section V.E.

[15] State insurance rating laws and regulations may affect the price that insurers can charge for terrorism risk insurance subject to TRIA.

[16] In some circumstances, state law may require the purchase of (or limit the ability to exclude) coverage for terrorism risk, such as in the case of workers' compensation insurance, discussed further in Section V.F.

[17] TRIA also provides that an act of terrorism may occur outside the United States in the case of certain air carriers or vessels, or on the premises of a U.S. mission. TRIA § 102(1)(A)(iii).

[18] TRIA § 102(1)(A). An "act of terrorism" satisfying the TRIA definition may be certified by the Secretary, whether it is committed by domestic or foreign persons. *See* 2007 Reauthorization Act, § 2 (deleting "acting on behalf of any foreign person or foreign interest" from "act of terrorism" definition).

Additionally, the Secretary may not certify an act that results in P&C insurance losses totaling $5 million or less,[19] or that was committed as part of the course of a war declared by Congress.[20]

If the Secretary certifies an act of terrorism, participating insurers may submit claims to Treasury, and Treasury will determine whether, and in what amounts, insurers are eligible for payments under the Program.[21] Treasury must then obtain reimbursement of certain payments of the Federal Share of Compensation through a recoupment process, and may require reimbursement of additional payments depending on the amount of total losses. A participating insurer's recovery under the Program is based on several factors, including its individual Insurer Deductible, the Program Trigger, the Federal Share of Compensation of an insurer's losses, and the Program Cap. These factors are described in greater detail below.

**Insurer Deductible**

After the Secretary certifies one or more acts of terrorism, two prerequisites must be met before an insurer is eligible for Program payments from Treasury: (1) the insurer's losses must exceed its deductible (as defined under the Program); and (2) the Program Trigger must be satisfied. TRIA defines an individual insurer's deductible as 20 percent of the insurer's DEP in the TRIP-eligible lines for the prior calendar year.[22]

**Program Trigger**

The Program Trigger is the minimum amount of insurance industry aggregate insured losses resulting from a certified act (or acts) of terrorism that must occur in a particular calendar year before Treasury can make any federal payments. The Program Trigger has been $200 million since CY 2020, and will remain at this level for each calendar year until the current expiration of the Program in 2027.[23] Once the Program Trigger has been satisfied, Treasury will make payments to individual insurers for the Federal Share of Compensation above their respective deductibles.

**Federal Share of Compensation**

After an insurer meets its deductible and the Program Trigger is satisfied, the federal government will pay a certain percentage of that insurer's losses in excess of the insurer's deductible. For CY 2024, and through the current expiration of the Program, the Federal Share of Compensation

[19] TRIA § 102(1)(B)(ii).

[20] This limiting clause regarding an act of war does not apply to coverage under the Program for workers' compensation insurance. TRIA § 102(1)(B)(i).

[21] Treasury makes all determinations pursuant to the Program regulations. *See* 31 C.F.R. Part 50.

[22] TRIA § 102(7).

[23] TRIA § 103(e)(1)(B). The 2005 Extension Act introduced the Program Trigger requirement, initially set at $50 million (for losses occurring in 2006) and increasing to $100 million for losses occurring in 2007. The 2015 Reauthorization Act provided for annual $20 million increases in the Program Trigger beginning in 2016 and continuing until 2020, resulting in a Program Trigger of $200 million in 2020. The 2019 Reauthorization Act did not modify the Program Trigger, which remains at $200 million through 2027.

is 80 percent of an insurer's losses above its deductible, with the insurer responsible for the remaining 20 percent.[24]

**Program Cap**

TRIA limits, for both insurers and the federal government, the aggregate insured loss exposure arising from one or more acts of terrorism. Specifically, TRIA prohibits the Secretary from making payments for any portion of aggregate insured losses (including amounts paid by Program participants and the federal government) from acts of terrorism that exceed the Program Cap of $100 billion during any calendar year.[25] If the Program Cap is reached, an insurer that has met its Insurer Deductible by making payments for insured losses subject to the Program is not liable for any portion of losses that exceeds the Program Cap.[26]

**Recoupment**

The Secretary will collect "terrorism loss risk-spreading premiums" from insurers if federal payments are made to insurers. Under this mechanism, known as recoupment, Program participants may be required to collect funds from policyholders by placing a surcharge on insurance policies written in TRIP-eligible lines. The surcharges will be set based upon the amount that must be recovered by Treasury[27] and the time within which they must be recovered, as required by TRIA. Insurers must then remit these surcharges to the Secretary.[28] The requirement to collect, or recoup, terrorism loss risk-spreading premiums applies not only to insurers that received federal payments under the Program, but also to all insurers writing policies in TRIP-eligible lines of insurance. Surcharges are placed on all TRIP-eligible insurance policies regardless of whether the policyholder purchased terrorism risk insurance.[29]

[24] TRIA § 103(e)(1)(A).

[25] TRIA § 103(e)(2)(A).

[26] TRIA requires the Secretary to notify Congress if insured losses are projected to exceed the Program Cap, and to determine the pro rata share of insured losses to be paid by each affected insurer. TRIA §§ 103(e)(2)-(3).

[27] Treasury must recover amounts—mandatory recoupment—where total industry payments are below the insurance marketplace aggregate retention amount (IMARA): the annual aggregate average of Insurer Deductibles over the prior three-year period. Treasury calculates the IMARA each year based upon its TRIP Data Calls. *See* TRIA §§ 103(e)(6)-(7); 31 C.F.R. § 50.4(m)(2) (2022). For CY 2025, the IMARA is $53.3 billion. *See* IMARA Calculation for Calendar Year 2025 Under the Terrorism Risk Insurance Program, 89 Fed. Reg. 105,688 (Dec. 27, 2024).

[28] TRIA §§ 103(e)(7)-(8).

[29] Depending on how any federal payments under TRIP compare with the total insured losses paid by participating insurers, TRIA provides that recoupment under the Program may be mandatory or may be subject to the Secretary's discretion. For amounts subject to mandatory recoupment, Treasury must collect 140 percent of total amounts expended. *See* TRIA §§ 103(e)(7)-(8).

## Small Insurer Definition

The 2015 Reauthorization Act directed the Secretary to develop a regulatory definition of "small insurers" participating in TRIP for purposes of the biennial small insurer study.[30] Treasury regulations define small insurers in direct relation to the Program Trigger:

> *Small insurer* means an insurer (or an affiliated group of insurers . . .) whose policyholder surplus for the immediately preceding year . . . is less than five times the Program Trigger amount for the current year and whose direct earned premium for the preceding year is also less than five times the Program Trigger amount for the current year. An insurer that has not had a full year of operations during the immediately preceding calendar year is a small insurer if its policyholder surplus in the current year is less than five times the Program Trigger amount for the current year. A captive insurer is not a small insurer, regardless of the size of its policyholder surplus or direct earned premium.[31]

For the purposes of the 2025 TRIP Data Call, small insurers were insurers with both a 2023 policyholder surplus under $1 billion and a 2023 TRIP-eligible DEP under $1 billion, each of which are equal to five times the 2024 Program Trigger of $200 million.

## Significance of the Program Trigger for Small Insurers

The Program Trigger has no practical impact for insurers above the small insurer size threshold. This is because any "non-small" insurer that satisfies its own individual Insurer Deductible will also have sufficient losses to individually meet the Program Trigger. Under the Program, a non-small insurer will always be entitled to submit claims for the Federal Share of Compensation once it meets its Insurer Deductible.

However, the Program Trigger can pose a barrier to recovery of the Federal Share of Compensation by small insurers. A small insurer may satisfy its individual Insurer Deductible, but still have total losses that are less than the Program Trigger. For example, if a small insurer had a 2024 Insurer Deductible of $50 million, and experienced $100 million in total insured losses due to a certified act of terrorism, the insurer would only be able to receive payment of the Federal Share of Compensation if aggregate insured losses among all Program participants exceeded the Program Trigger ($200 million in 2024). If this insurer were the only insurer to sustain insured losses in the act of terrorism (or if aggregate industry losses were under $200 million), the Program Trigger would not be satisfied, and the insurer would not be able to submit a claim for the Federal Share of Compensation, despite experiencing significant losses and satisfying its individual Insurer Deductible under the Program.

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[30] TRIA § 108(h)(1). Treasury's small insurer definition should not be viewed as having relevance to any other definition of "small insurer" that may be used in other statutory and regulatory determinations, either at the federal or state levels.

[31] 31 C.F.R. § 50.4(z).

# IV. DATA COLLECTION

## A. Data Collection Process

The 2015 Reauthorization Act provides that the Secretary shall require participating insurers to provide information and data to the Secretary for purposes of analyzing the overall effectiveness of the Program.[32] The information to be provided to the Secretary by participating insurers includes information regarding:

(1) lines of insurance with exposure to terrorism losses;

(2) premiums earned on coverage offered for terrorism losses;

(3) geographical location of exposures;

(4) pricing of terrorism risk coverage offered;

(5) the take-up rate for terrorism risk coverage;

(6) the amount of private reinsurance for acts of terrorism purchased; and

(7) such other matters as the Secretary considers appropriate.[33]

This Study is based primarily on the results of Treasury's 2023, 2024, and 2025 TRIP Data Calls (*i.e.*, relating to CY 2022, 2023, and 2024, respectively). In addition, Treasury performed qualitative research and sought comments from stakeholders and the public regarding this Study through a Federal Register Notice.[34] When analyzing certain market changes over time for this Study, Treasury also considered information reported by insurers to state regulators.

The 2023, 2024, and 2025 TRIP Data Calls were mandatory for participating insurers, subject to an exception for small insurers with less than $10 million in TRIP-eligible lines DEP in any individual reporting year.[35]

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[32] TRIA § 104(h)(1).

[33] TRIA §§ 104(h)(1)(A)-(G).

[34] *See* Comments in Aid of Analyses of the Terrorism Risk Insurance Program, 90 Fed. Reg. 14,522 (April 2, 2025). In response to its notice seeking comments in connection with this Study, Treasury received comments from Michael Ravnitsky (April 5, 2025) (Ravnitsky Comments), and the National Council on Compensation Insurance (May 19, 2025) (NCCI Comments). The comments are available at https://www.regulations.gov/docket/TREAS-TRIP-2025-0001/comments.

[35] Based on state reporting data, Treasury estimates that the approximately 350 insurers eligible for this reporting exception in the 2025 TRIP Data Call constituted 0.3 percent of the TRIP-eligible lines premium market, and 2.0 percent of the small insurer market segment. These amounts are slightly less than Treasury's estimates for the prior TRIP Data Calls. State reporting data cited in this Study are as of December 31, 2024, as derived from S&P Global Market Intelligence (S&P Global) on April 17, 2025.

Treasury collected data on a group basis because TRIP is generally administered on a group basis.[36] Treasury collected data concerning DEP, policy exposures, policyholder take-up rates, and reinsurance.

Treasury collected data through a third-party insurance statistical aggregator, as required by the 2015 Reauthorization Act.[37] The statistical aggregator provided results to Treasury in an aggregated, anonymous format that did not identify any specific reporting groups or individual insurers. Treasury obtained most of the workers' compensation insurance data from the National Council on Compensation Insurance (which provided data from the states in which it operates as well as on behalf of other independent state workers' compensation rating bureaus), the California Workers' Compensation Insurance Rating Bureau, and the New York Compensation Insurance Rating Board, thereby reducing the burden of the reporting requirements on the insurance industry.

### B. Responding Insurer Categories

Insurer groups were required to report in one of four categories, based on the requirements of TRIA and its implementing regulations.[38] These insurer categories (listed below) collectively encompass non-small and small domestic insurers that were "admitted" or licensed to write business in at least one U.S. jurisdiction, domestic and foreign insurers that were permitted as a matter of state law to write U.S. business on a surplus lines basis, and captive insurers admitted or licensed to write TRIP-eligible lines of insurance in at least one U.S. jurisdiction.[39] For the 2025 TRIP Data Call, the four insurer categories required to report information were:

(1) **Small Insurers:** Domestic insurers or groups (including affiliated alien surplus lines insurers) with *both* 2023 DEP in TRIP-eligible lines of insurance of less than $1 billion *and* a 2023 policyholder surplus of less than $1 billion. The small insurer threshold is calculated annually in relation to the Program Trigger amount.

(2) **Non-Small Insurers:** Domestic insurers or groups (including affiliated alien surplus lines insurers) with either DEP in TRIP-eligible lines of insurance above the small insurer threshold or a policyholder surplus above the small insurer threshold.

(3) **Captive Insurers:** Insurers formed to insure the risk exposures of their policyholder

[36] Calculation of the deductible and the submission of claims under TRIP is on a group basis in light of the "affiliate" definition in the TRIP regulations. An "affiliate" under TRIP is "any entity that controls, is controlled by, or is under common control with the insurer." 31 C.F.R. § 50.4(c)(1). Recoupment surcharges, however, are assessed and collected on an individual company basis. *See* 31 C.F.R. § 50.96. Insurer groups may include both domestic insurers as well as foreign insurers writing business in the United States on a surplus lines basis.
[37] TRIA § 104(h)(3). Insurance Services Office, Inc. was the data aggregator for the 2023, 2024, and 2025 TRIP Data Calls.
[38] Each insurer category was provided with a different reporting template that was tailored to that category. Insurers that are not small insurers were subject to reporting templates that requested more data elements.
[39] An admitted company is "an insurance company licensed to do business in a state(s), domiciled in an alternative state or country." "Glossary of Insurance Terms," National Association of Insurance Commissioners (NAIC), http://www.naic.org/consumer_glossary.htm. Non-admitted insurers can write insurance on a surplus lines basis when the desired coverage cannot be obtained from admitted insurers in the jurisdiction in question. *See* 31 C.F.R. § 50.4(o)(1)(i)(B). *See also* "Glossary of Insurance Terms," NAIC.

owners and regulated by the captive insurance laws of a particular state jurisdiction.[40] Captive Insurers are explicitly excluded from the regulatory definition of small insurers, and therefore were not subject to this Study's analysis of small insurers.

(4) **Alien Surplus Lines Insurers:** Alien surplus lines insurers not affiliated with either a non-small or small insurer.[41] Alien surplus lines insurers were not subject to this Study's analysis of small insurers (unless affiliated with an admitted small insurer group).[42]

### C. Response Rate

Treasury estimates that the response rate for admitted insurers in the 2025 TRIP Data Call (measured by TRIP-eligible DEP) was 100 percent for non-small insurers, and at least 86.4 percent for small insurers.[43]

### D. Data Quality Evaluation

This Study analyzes data from CY 2015 through 2024, with particular attention to implications and trends based on data from the 2023, 2024, and 2025 TRIP Data Calls.[44] In addition, Treasury reviewed state reporting data to draw conclusions for CY 2015.[45] Treasury also compared the results of its 2023, 2024, and 2025 TRIP Data Calls with state reporting data for the same period to further validate the accuracy of reported data.

The comparison between the TRIP Data Calls and state reporting data is relevant because TRIP-eligible lines are defined by regulation with general reference to state insurance reporting lines. State insurance regulators collect P&C insurance information from insurers licensed in

[40] *See* 31 C.F.R. § 50.4(g).
[41] Alien surplus lines insurers are non-U.S. insurers qualified by state regulators to participate in U.S. insurance markets on a surplus lines basis. They are allowed to write insurance for risks that cannot be placed with domestic licensed insurers in the admitted market. *See* 31 C.F.R. § 50.4(o)(1)(i)(B).
[42] Although most alien surplus lines insurers are below the "small insurer" size threshold, the coverages and policyholders in the surplus market may differ significantly from risks placed in the admitted market. In addition, although admitted small insurers may write insurance in the surplus market, only 13.8 percent of the individual insurers within the small insurer class or market segment that reported in the 2025 TRIP Data Call identified as surplus lines insurers.
[43] The small insurer response rate may be higher than this figure because the non-responder category likely includes some small insurers that were not subject to the data call. Determining the response rate for alien surplus lines and captive insurers under TRIP is more difficult to evaluate because those insurers typically do not submit publicly available information that Treasury can use to independently assess response rates. Based upon prior evaluations and coordination with relevant state insurance regulators, Treasury estimates that the significant majority of alien surplus lines and captive insurers participating in the Program responded to the 2025 TRIP Data Call.
[44] Some of the figures reported in this Study relating to the 2023 and 2024 TRIP Data Calls may not be identical to similar information previously reported by Treasury because of late-reported or corrected data that was submitted after publication of the prior report.
[45] Treasury performed its first data collection in 2016. However, because it was the first year of data collection under the 2015 Reauthorization Act, Treasury made participation in the collection voluntary to reduce the imposition of undue burdens on insurers, which resulted in a lower participation rate than in subsequent mandatory data calls. Because of the limited response to the 2016 TRIP Data Call, the Study does not compare results from the 2016 voluntary data call to the mandatory data calls. For more information about the voluntary 2016 TRIP Data Call, see FIO, *Report on the Overall Effectiveness of the Terrorism Risk Insurance Program* (2016), 7, https://home.treasury.gov/system/files/311/2016_TRIP_Effectiveness_%20Report_FINAL.pdf.

their respective jurisdictions, and although the collection has not historically included information specific to the terrorism risk insurance component of P&C insurance policies, the information collected identifies DEP by lines of insurance. By relying on state-defined insurance lines and reporting data standards to determine the insurance that is subject to the Program, TRIP promotes efficient program administration. It also enables Treasury to determine whether the data reported by non-small insurers and small insurers under TRIP Data Calls is generally consistent with similar data reported for state regulatory purposes.

The use of the state reporting data in this Study permits analysis of the entire period from 2015 to 2024.[46] However, the nature of the state reporting data results in some variations between the state data and the TRIP data collected by Treasury. TRIP-eligible lines of insurance and the same lines of insurance when used for state reporting purposes do not entirely align because some state reporting lines include certain premium that is not subject to the Program.[47] Treasury has adjusted the state data to account for the premium differential between the TRIP-eligible lines of insurance and the state reporting lines from 2015 to 2024 by assuming that similar amounts of premium in the state reporting lines were not subject to the Program but still reported for state purposes. In addition, the state reporting data used in this analysis relates to the TRIP-eligible lines and is not specific to terrorism risk. For purposes of this analysis, Treasury considers the data, as adjusted, to be instructive and generally consistent with the information generated by the TRIP Data Calls.

The relationship between the small insurer definition and the Program Trigger also affects the analysis of market changes from 2015 to 2024. The Program Trigger increased each year between 2016 and 2020, affecting the number of insurers defined as small insurers in each of these years. Specifically, the number of insurers classified as small insurers increased because an increasing number of insurers were below the small insurer threshold. Such changes in the Program Trigger have the result of increasing the market share of small insurers, assuming all other considerations remain the same. Treasury discussed this factor in its 2017 and 2019 Small Insurer Studies.[48] Because the Program Trigger is now fixed at $200 million from 2020 until expiration of the Program in 2027, classification of insurers as "small insurers" after 2020 will no longer be affected by periodic changes in the amount of the Program Trigger.

[46] All reported state data includes data for the District of Columbia in addition to the 50 U.S. states.

[47] The principal differences between state reporting lines and TRIP-eligible lines are: (1) certain lines of insurance (principally Fire and Allied Lines, but also other lines) encompass policies written to cover personal, and not commercial, exposures, which are not subject to TRIP; and (2) Professional Liability insurance is not subject to TRIP, even though it is reported for state purposes under the Other Liability line of insurance, which is otherwise a TRIP-eligible line of insurance. *See* 31 C.F.R. § 50.4(w).

[48] *See* FIO, *2017 Small Insurer Study*, 11-12; FIO, *2019 Small Insurer Study*, 15.

## V. 2025 STUDY OF SMALL INSURER COMPETITIVENESS IN THE TERRORISM RISK INSURANCE MARKETPLACE

TRIA requires each small insurer study to include an analysis of the following six areas:

A. Changes to market share, premium volume, and policyholder surplus of small insurers relative to large insurers;
B. How the P&C insurance market for terrorism risk differs between small and large insurers and whether such a difference exists within other perils;
C. The impact of the Program's mandatory availability requirement on small insurers;
D. The effect on small insurers of increasing the Program Trigger;
E. The availability and cost of private reinsurance for small insurers; and
F. The impact that state workers' compensation laws have on small insurers and workers' compensation carriers in the terrorism risk insurance marketplace.

This Study analyzes these areas in subsections A through F below. In addition, Section V.G discusses the results of its catastrophe risk modeling which bears on the areas above.

Because of the Program's structure, changes in the broader P&C insurance market, unrelated specifically to terrorism risk, may affect the terrorism risk insurance and reinsurance markets.[49]

### A. Changes to Market Share, Premium Volume, and Policyholder Surplus

Figure 1 sets forth summary information from the 2023, 2024, and 2025 TRIP Data Calls concerning the insurer categories participating in TRIP, as indicated by reported TRIP-eligible DEP.

**Figure 1: TRIP-Eligible DEP by Insurer Category ($ billions)[50]**

| | **2023 TRIP Data Call** | | **2024 TRIP Data Call** | | **2025 TRIP Data Call** | |
|---|---|---|---|---|---|---|
| | 2022 DEP in TRIP-Eligible Lines | % of Total | 2023 DEP in TRIP-Eligible Lines | % of Total | 2024 DEP in TRIP-Eligible Lines | % of Total |
| Alien Surplus Lines Ins. | $ 16.7 | 6% | $ 16.4 | 6% | $ 18.9 | 6% |
| Captive Insurers | 12.0 | 4% | 14.0 | 5% | 17.0 | 5% |
| Non-Small Insurers | 209.3 | 78% | 227.2 | 78% | 243.7 | 78% |
| Small Insurers | 31.2 | 12% | 33.9 | 12% | 34.4 | 11% |
| **Total** | $ 269.2 | 100% | $ 291.4 | 100% | $ 314.1 | 100% |

Source: 2023-2025 TRIP Data Calls

[49] *See, e.g.*, Willis Towers Watson, *Insurance Marketplace Realities, 2021 Spring Update* (2021), 61, https://www.willistowerswatson.com/en-US/Insights/2021/04/insurance-marketplace-realities-2021-spring-update ("Embedded terrorism (TRIA) coverage—coverage included in property and casualty programs—remains inevitably and, at the moment, disadvantageously linked to property and casualty market fluctuations.").

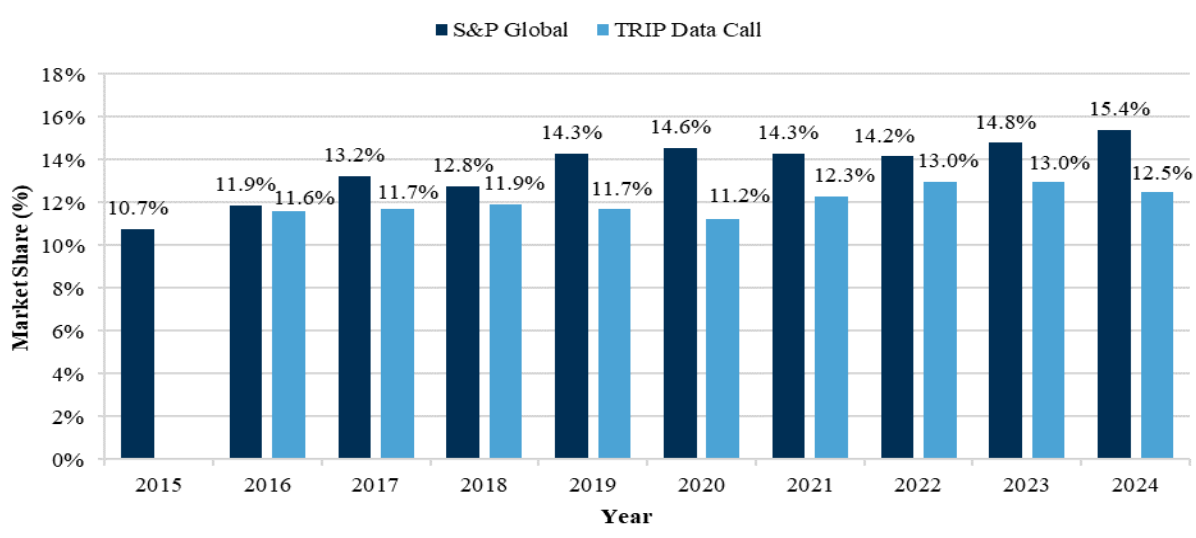
[50] Due to rounding, some totals in the Study may not equal the aggregation of the elements.

Treasury's analysis of the 2025 TRIP Data Call is consistent with Treasury's 2024 Effectiveness Report that found that the market for terrorism risk insurance in the United States was relatively stable; that such insurance was both available and affordable to U.S. policyholders; and that the Program has been effective in promoting the observed market stability.[51] Treasury will continue to evaluate the market in its next report on the effectiveness of the Program, to be issued in June 2026.

This section examines changes to the market share, premium volume, and policyholder surplus of small insurers as compared to large (or non-small) insurers between 2015 and 2024. This analysis does not include the market shares of alien surplus lines insurers and captive insurers, given the lack of comparable data. Therefore, the overall market share of small insurers when measured only against non-small insurers in this section is slightly higher than their 11 to 12 percent share of the entire market between 2022 and 2024 as shown in Figure 1.

Treasury performed multiple analyses to evaluate the changes in market shares discussed in this section. First, Treasury examined the market share of small insurers, using the definition of small insurer that directly relates to the Program Trigger. Although the small insurer definition was not adopted until 2016, Treasury analyzed 2015-2024 data based on the number of insurers that would have been considered small insurers under the Program if the small insurer definition had been in effect since 2015.[52] Figure 2 uses the state reporting data for the entire 2015-2024 period, as well as the more specific results from Treasury's 2017-2025 TRIP Data Calls, arrayed next to the corresponding years of state data from those years.

**Figure 2: 2015-2024 Market Share by DEP of Small Insurers in TRIP-Eligible Lines based upon Application of Small Insurer Definition in Each Year**




Source: S&P Global and 2017-2025 TRIP Data Calls

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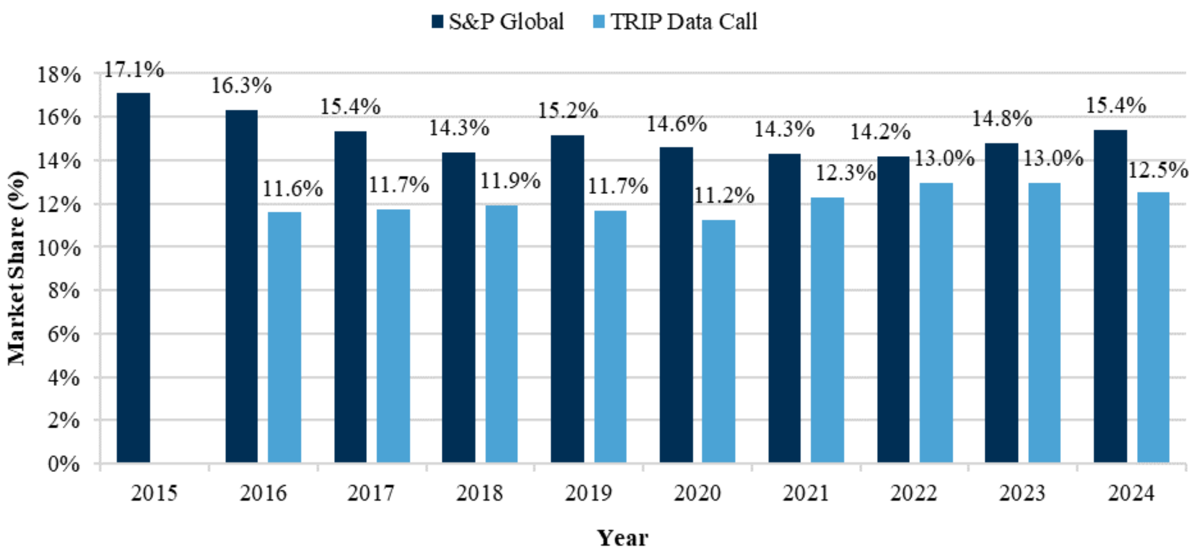
[51] FIO, *Report on the Effectiveness of the Terrorism Risk Insurance Program* (2024), 13, https://home.treasury.gov/system/files/311/2024ProgramEffectivenessReportFINAL6.28.2024508.pdf (*2024 Effectiveness Report*).

[52] Thus, Treasury's analysis assumes that small insurers in 2015 had less than $500 million in DEP and policyholder surplus, because the Program Trigger was $100 million in 2015.

Figure 2 reflects some changes in the market share of small insurers as compared to non-small insurers. These changes are partially caused by the change in the number of small insurers in the market during each year because of the application of Treasury's small insurer definition and changes in the Program Trigger. During the 2016-2020 period, the increase in the Program Trigger increased the number of insurers within the small insurer category. To account for how changes in the Program Trigger affect the number of small insurers, Treasury applied a fixed small insurer threshold between the years 2015 and 2024. This approach identifies all insurers meeting the 2024 definition of small insurer—that is, all insurers with less than $1 billion in TRIP-eligible lines premium and policyholder surplus. Using this approach, Figure 3 shows the same market share analysis from 2015 to 2024, again using both the state reporting data as well as data from the TRIP Data Calls.

**Figure 3: 2015-2024 Market Share by DEP of Small Insurers in TRIP-Eligible Lines based upon 2022 Application of Small Insurer Definition**

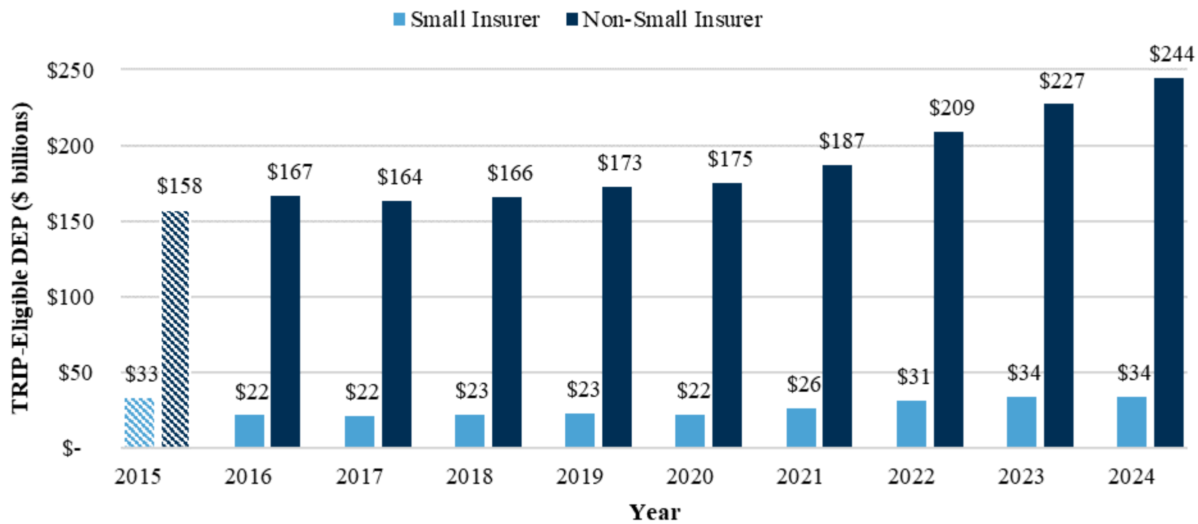



Source: S&P Global and 2017-2025 TRIP Data Calls

After accounting for the definitional change in the small insurer threshold, Figure 3 shows that the small insurer market share has remained relatively constant during the entire period, ranging from a low of 11.2 percent to a high of 13.0 percent (solely based upon the TRIP Data Call information).

Figure 4 compares the premium volume for TRIP-eligible lines for small insurers and non-small insurers from 2015 to 2024. It uses the 2024 small insurer threshold to evaluate the experience of small and non-small insurers over time. Figure 4 uses state data for 2015 and the TRIP Data Call information for the 2016-2024 period.

**Figure 4: 2015-2024 Premium Volume Comparison for TRIP-Eligible Lines Small Insurers vs. Non-Small Insurers**



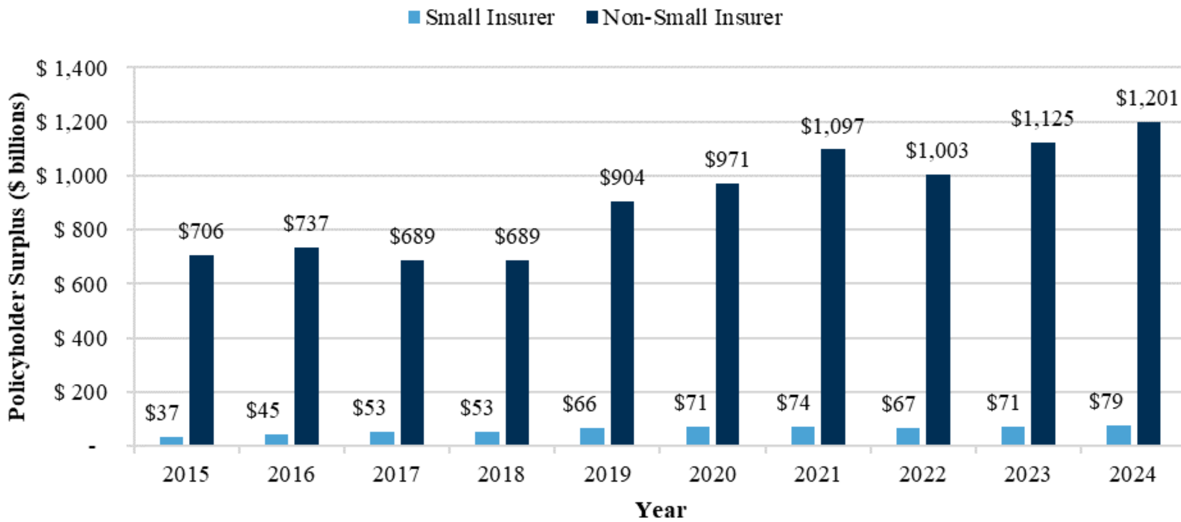

Source: S&P Global (2015) and 2017-2025 TRIP Data Calls (2016-2024)

As shown in Figure 4, small insurer DEP (based upon the TRIP Data Call information alone) has gradually increased between 2016 to 2024, growing by over 50 percent during the entire period, or at an average annual increase of approximately 6 percent. In comparison, the premium of non-small insurers also generally increased during this same period, growing by approximately 46 percent from 2016 to 2024. The result is a modest increase in small insurer market share over the period as compared to non-small insurers.

Figure 5 compares policyholder surplus for small insurers and non-small insurers between 2015 and 2024, while applying the 2024 small insurer threshold for each year. Policyholder surplus is an indicator of an insurer's financial health and its ability to pay claims and write new business.[53]

[53] Policyholder surplus is the measurement of an insurer's "assets in excess of the liabilities of a company or net income above any monies indebted to legal obligation." "Glossary of Insurance Terms," NAIC. The policyholder surplus of a P&C insurer is not limited to supporting an insurer's terrorism insurance exposure; rather, it "backs all property and casualty insurance policies in the United States and is subject to depletion in a wide variety of events. For example, extreme weather losses could particularly draw capital away from the terrorism insurance market, because events such as hurricanes share some characteristics – low frequency and the possibility of catastrophic levels of loss – with terrorism risk." Congressional Research Service, *Terrorism Risk Insurance: Overview and Issue Analysis for the 116th Congress* (2019), 11, https://crsreports.congress.gov/product/pdf/R/R45707.

**Figure 5: 2015-2024 Policyholder Surplus Comparison**
**Small Insurers vs. Non-Small Insurers**




Source: S&P Global

Between 2015 and 2024, the aggregate policyholder surplus for all small insurers ranged from a low of $37 billion in 2015 to a high of $79 billion in 2024. The policyholder surplus of non-small insurers generally increased from 2015 through 2016 and, after a small decrease in the 2017-2018 period, continued to grow from 2019 to 2021. Policyholder surplus of both small insurers and non-small insurers declined in 2022 in response to, among other things, significant catastrophic loss experience sustained by P&C insurers that year.[54] Since 2022, both small and non-small insurers have reported a total increase in policyholder surplus of almost 20 percent over the two-year period.

In summary, the market share of small insurers as compared to non-small insurers (measured by TRIP-eligible lines premium and adjusting for the small insurer size threshold over time) has been relatively constant over the past decade and reflects a modest increase for the entire period. Policyholder surplus for small insurers has increased over the last decade for both small and non-small insurers (although fluctuating in different years for different groups). Nonetheless, from 2015 to 2024, the amount of small insurer policyholder surplus as compared to non-small insurer policyholder surplus has not changed significantly (*i.e.*, small insurer policyholder surplus was 5.2 percent of the amount of non-small insurer policyholder surplus in 2015 and 6.6 percent in 2024).

### B. Market Differences Between Small Insurers and Larger Insurers in the Terrorism Risk Insurance Marketplace and Comparison to Other Perils

Based upon information collected through Treasury's TRIP Data Calls, this section analyzes premiums, take-up rates, geographic scope of writings, and the lines of insurance in which small

[54] *See, e.g.*, "Near $27B Underwriting Loss in 2022 Largest for U.S. P/C Insurers Since 2011," *Business Insurance*, March 30, 2023, https://www.insurancejournal.com/news/national/2023/03/30/714476.htm.

insurers are more heavily concentrated than non-small insurers and comprised a larger share of the overall market. These analyses are viewed through the lens of how the coverage is provided (*i.e.*, embedded versus standalone policies), as well as for particular perils and policyholder groups.

Terrorism risk coverage provided under TRIP is generally "embedded" in policies that also cover other risks. In 2024, approximately 85 percent of the U.S. terrorism risk insurance market (as measured by terrorism risk insurance DEP) was comprised of such embedded policies. The remaining 15 percent of the U.S. terrorism risk insurance market in 2024 was comprised of policies provided on a "standalone" basis, where the policy specifically provides coverage only for terrorism risk. This section separately examines coverage provided on a standalone basis, as well as the additional specialized coverage areas of cyber terrorism and terrorism risk insurance for NBCR terrorism events. The section then compares small insurers' share of the market for terrorism risk with its share for other perils. The section concludes with an analysis of terrorism risk insurance for places of worship.

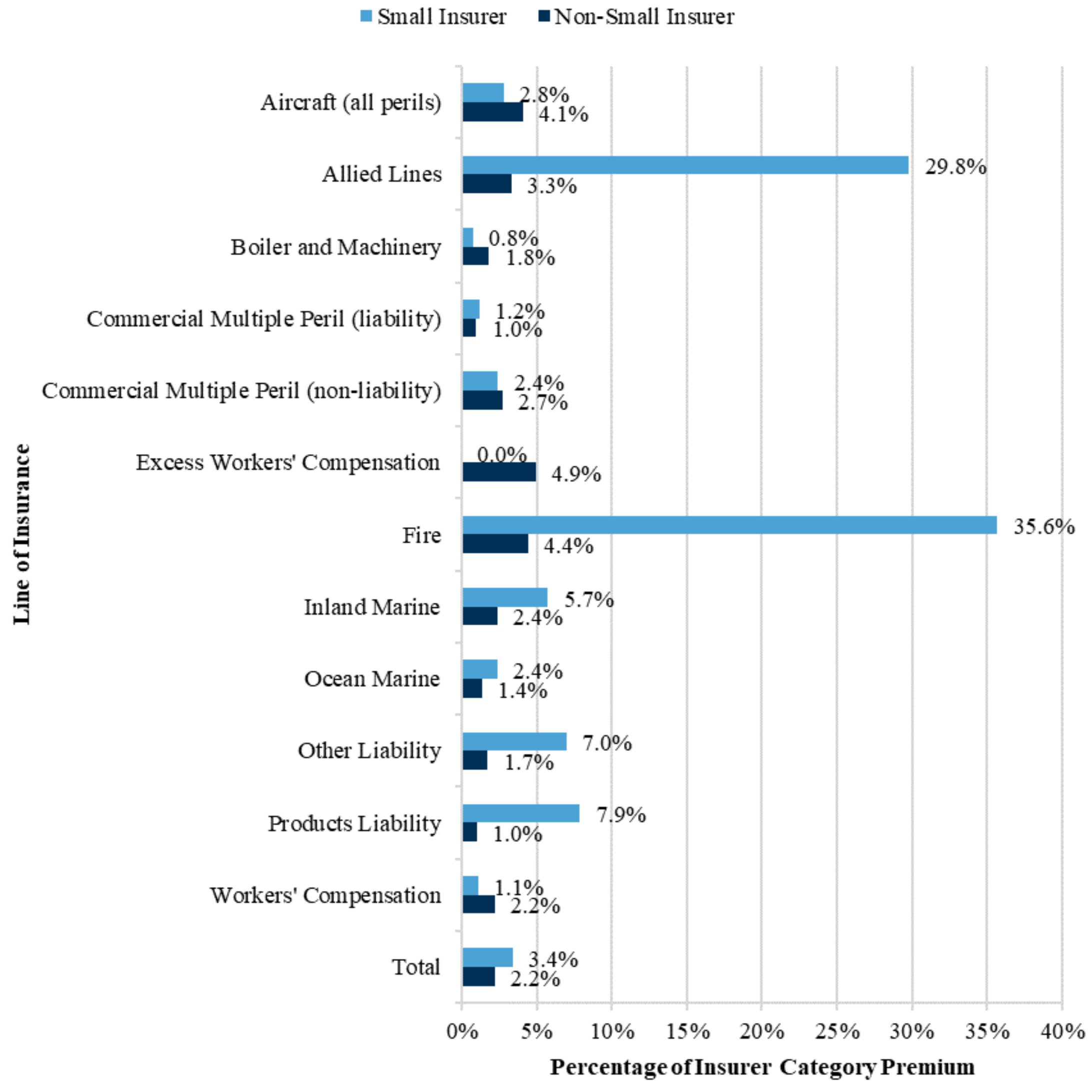
### 1. Embedded Policies

Embedded terrorism risk insurance is provided in P&C policies that also cover other risks. Under the Program, insurers must disclose to policyholders the amount of premium charged for embedded terrorism risk insurance.[55] The premium can be expressed to the policyholder as a percentage of the total premium charged for the policy. Similarly, analyses of terrorism risk insurance also typically express the cost of terrorism risk insurance as a percentage of total premiums charged. In many cases, terrorism risk insurance is included at a disclosed premium of $0, meaning it is provided by insurers at no additional charge.

Figure 6 compares the 2024 percentage of total policy DEP allocated to terrorism risk by small insurers and non-small insurers on a line-by-line basis. This figure excludes P&C policies where the insurer did not charge for terrorism risk coverage. Figure 6 shows that when insurers charge a premium for terrorism risk insurance in 2024, the overall percentage of the total policy premium relating to terrorism risk for small insurers is slightly higher than the percentage charged by non-small insurers, with even higher percentages reported in some TRIP-eligible lines. In most prior years the reported data reflected that small insurers typically charged somewhat less on a percentage basis for terrorism risk coverage.

[55] *See* 31 C.F.R. §§ 50.10, 50.12.

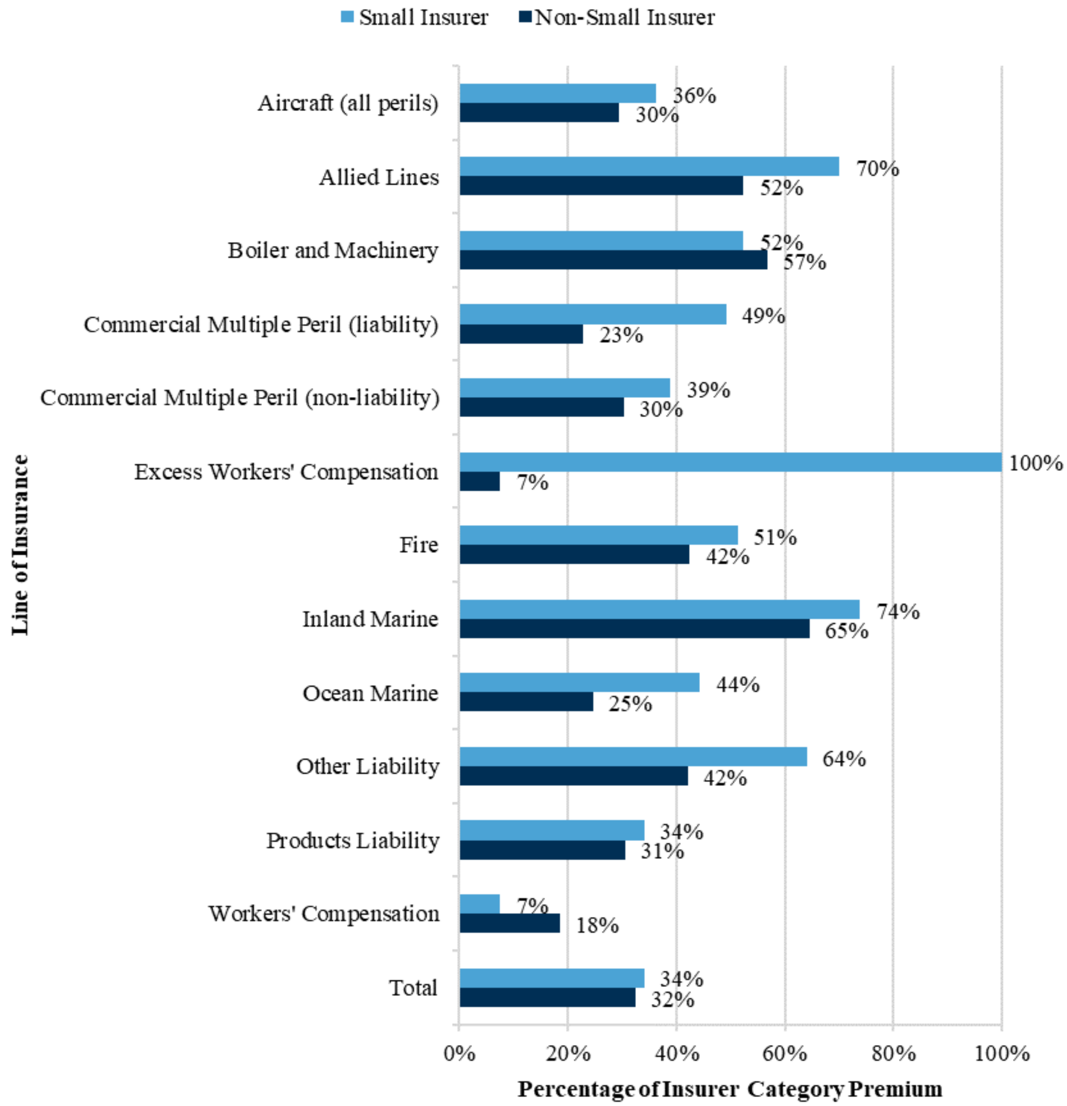
**Figure 6: 2024 Percentage of Total Policy DEP Allocated to Terrorism Risk (by Line of Insurance and Insurer Category)**




Source: 2025 TRIP Data Call

Figure 7 identifies, by percentage of total policy DEP for those policies that provide terrorism risk insurance, where the coverage was provided by insurers for no additional charge.

**Figure 7: 2024 Percentage of DEP Where Policies Include Terrorism Coverage at No Additional Cost (by Line of Insurance and Insurer Category)**

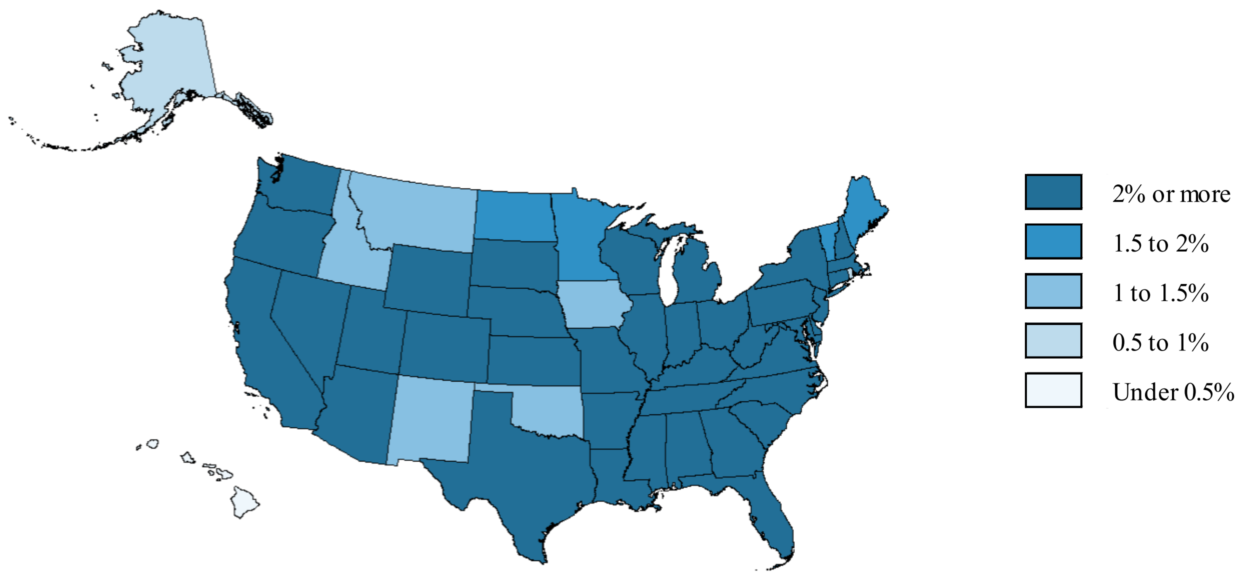



Source: 2025 TRIP Data Call.

Figure 7 shows that small insurers are more likely to charge no premium for terrorism risk under embedded policies.

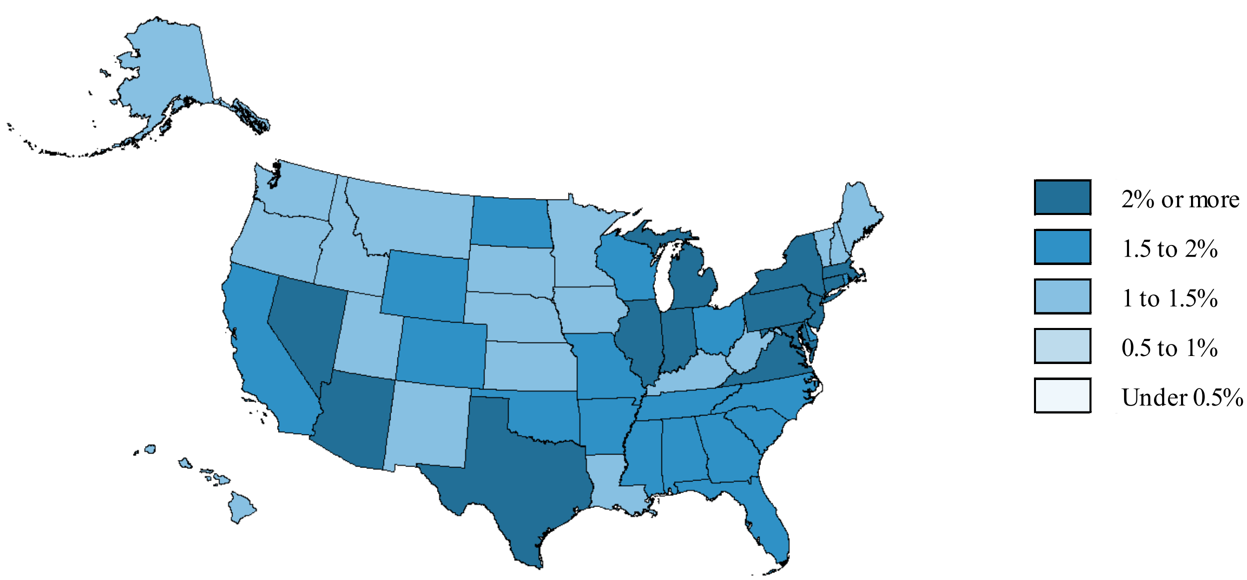
The amounts that insurers charge for terrorism risk coverage vary not only by line of insurance but also by geographic area. Figures 8 and 9 present maps illustrating the percentage of total premiums charged for terrorism risk by small insurers (Figure 8) and non-small insurers (Figure 9) in each of the 50 states and the District of Columbia. The percentages in Figures 8 and 9 only account for policies in which a charge was made by insurers, and do not include those policies in which no charge was made. When evaluating the premium that an insurer charges for terrorism risk insurance, the available data does not provide any information concerning the nature of the particular risks being insured by a given policy or insurer, which will affect the premium being charged.

**Figure 8: 2024 Percentage of Total Policy DEP Allocated to Terrorism Risk by Small Insurers (by State)**




Source: 2025 TRIP Data Call

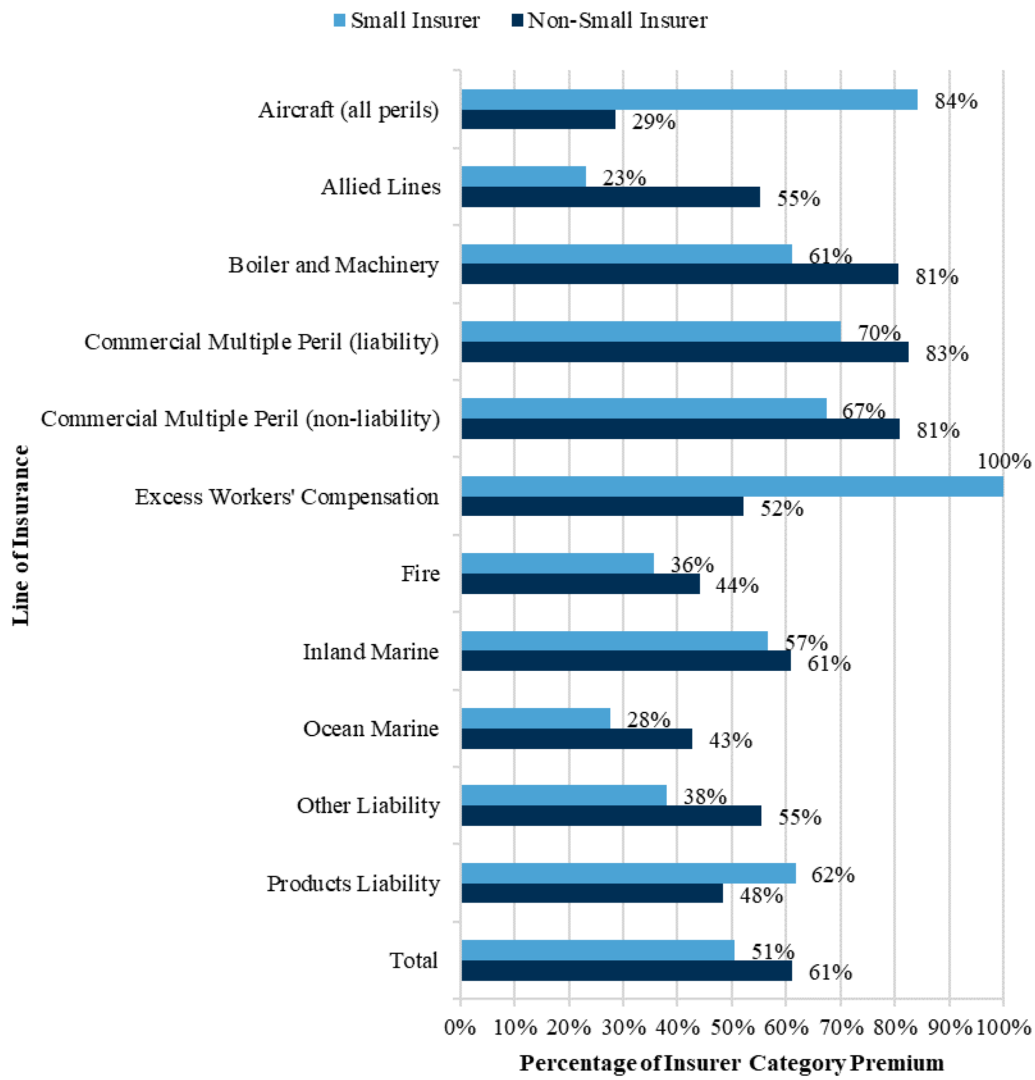
**Figure 9: 2024 Percentage of Total Policy DEP Allocated to Terrorism Risk by Non-Small Insurers (by State)**




Source: 2025 TRIP Data Call

Figure 10 compares the take-up rates for terrorism risk insurance issued by small insurers and non-small insurers on a line-by-line basis.[56]

**Figure 10: 2024 Terrorism Risk Insurance Take-Up Rates (by Line of Insurance and Insurer Category)**



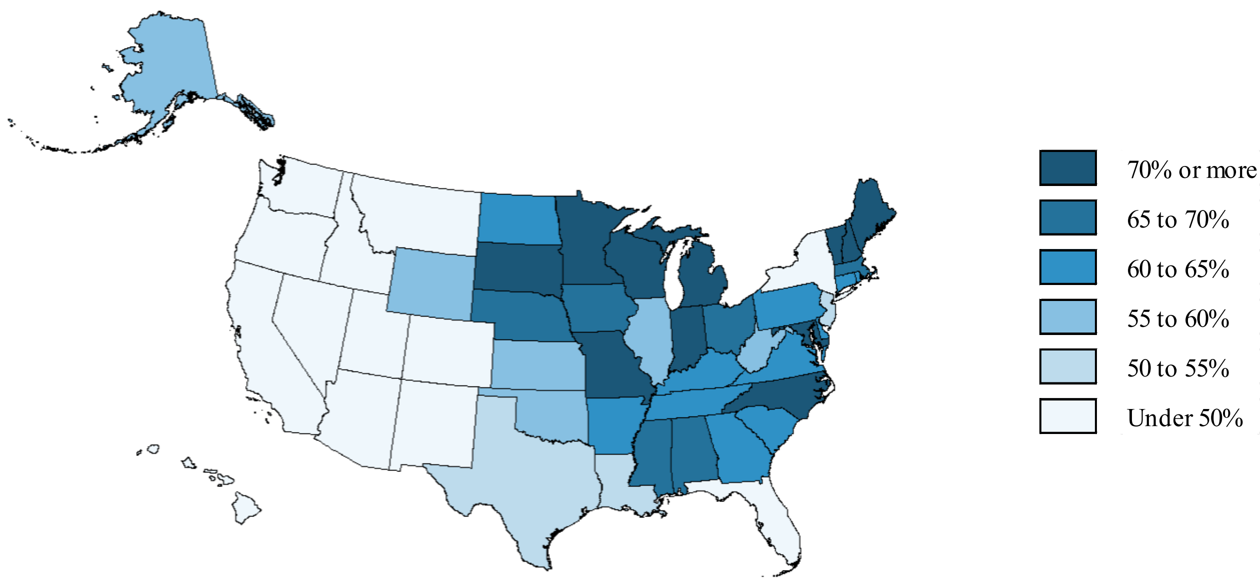

Source: 2025 TRIP Data Call

[56] As a matter of state law, primary workers' compensation policies must provide coverage for terrorism risk, and thus the effective take-up rate for this line is 100 percent and is not included in this figure and the next. By contrast, excess workers' compensation is included because policyholders can decline terrorism risk insurance in connection with such insurance. Excess workers' compensation insurance is purchased by companies that otherwise self-insure for workers' compensation liability. The excess policy will provide coverage in excess of the obligations to the policyholder as defined in the policy. Because state law permits excess workers' compensation insurance to exclude or limit certain risks, the take up rate for terrorism risk insurance under excess workers' compensation insurance can be less than 100 percent (although the self-insured policyholder will remain liable for any excluded exposure). *See also* Section V.G.

When measured by DEP, policyholder take-up rates for policies written by small insurers were lower than those take-up rates of non-small insurers, both within most individual lines and across the overall market.

Figures 11 and 12 illustrate take-up rates on a state-by-state basis for small insurers and non-small insurers, respectively. These figures include policyholder take-up rates for all lines except workers' compensation.[57] Appendix 1 to this Study lists the specific 2024 take-up rates presented in Figures 11 and 12 by state for both small and non-small insurers. Appendix 2 provides more detailed take-up information for small and non-small insurers both by state and by groups of TRIP-eligible lines of insurance. The Appendices together provide further detail on how take-up rates may vary by state, type of insurance, and small versus non-small insurers.

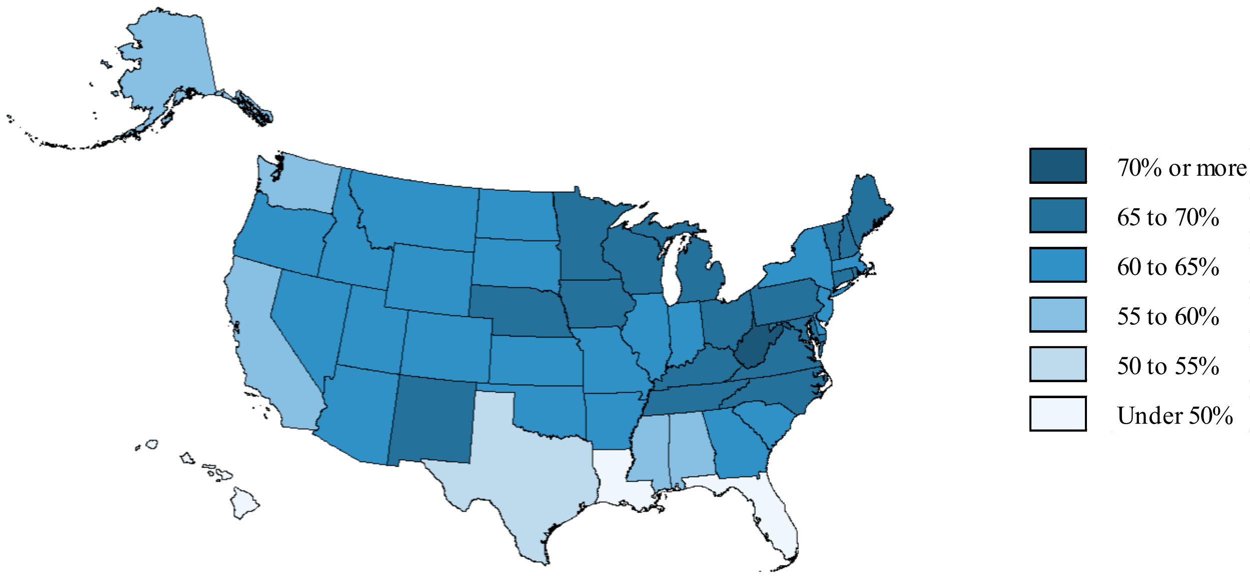
**Figure 11: 2024 Terrorism Risk Insurance Take-Up Rates for Small Insurers (by State)**




Source: 2025 TRIP Data Call

[57] Workers' compensation insurance is not included because, as noted above, policyholders must obtain terrorism risk insurance under such policies and the take up rate is thus effectively 100 percent.

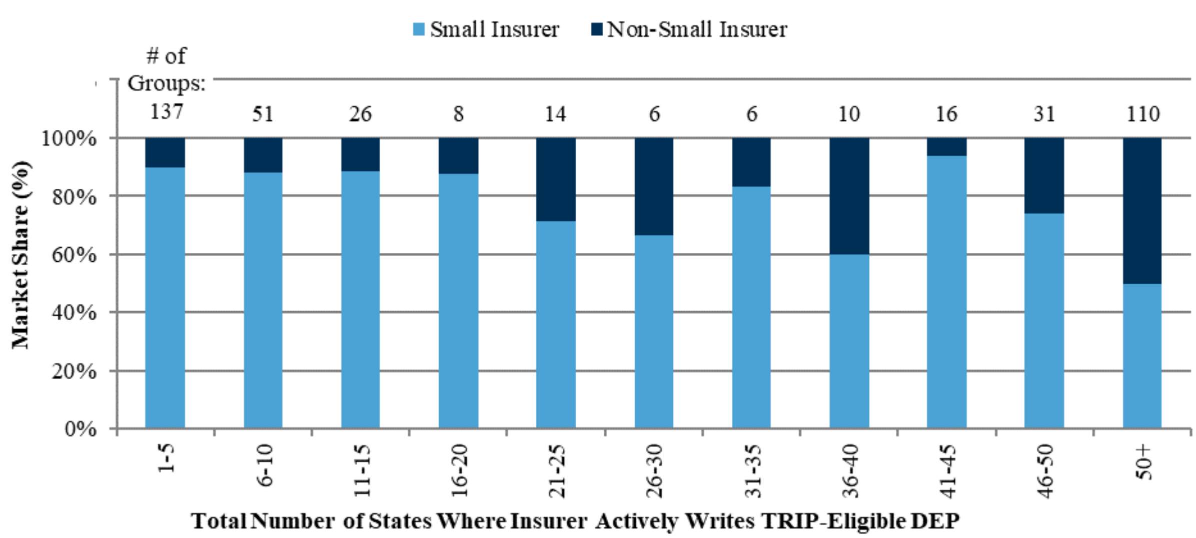
**Figure 12: 2024 Terrorism Risk Insurance Take-Up Rates for Non-Small Insurers (by State)**




Source: 2025 TRIP Data Call

Figure 13 compares the geographic footprints of small insurers and non-small insurers by examining the number of states in which each insurer reported DEP and then grouping the results by the number of states.

**Figure 13: 2024 Geographic Scope of DEP (by Insurer Category)**

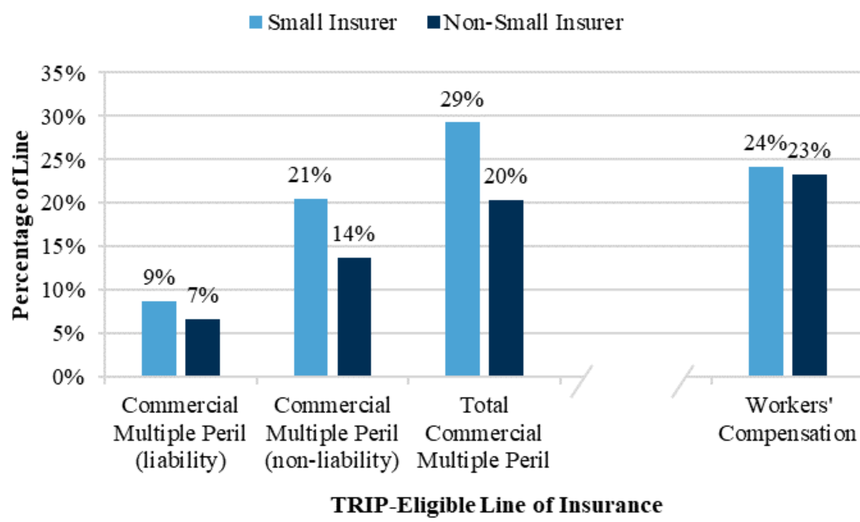



Source: S&P Global

Figure 13 demonstrates that small insurers typically cover policyholder risks within a smaller geographic footprint than do larger insurers. Small insurers tend to operate on a regional basis in a smaller number of states than do non-small insurers, which may result in small insurers having a significant presence in individual local markets.[58]

Figure 14 compares the DEP written by small insurers and non-small insurers in selected lines of insurance. Specifically, this figure examines TRIP-eligible lines DEP written within the commercial multi-peril and workers' compensation lines. Commercial multi-peril products provide coverage for multiple lines of insurance within a single policy and tend to be marketed towards small- to medium-sized businesses.[59] Workers' compensation insurance, which is discussed in greater detail in Section V.F, provides insurance for workplace injury benefits available under state workers' compensation systems.

**Figure 14: 2024 Percentage of DEP in the Commercial Multi-Peril and Workers' Compensation Lines (by Insurer Category)**




Source: 2025 TRIP Data Call

Figure 14 shows that the TRIP-eligible DEP of small insurers is more heavily concentrated in the commercial multi-peril and workers' compensation lines of insurance than is the case for non-small insurers. As a result, small insurers have a larger share of the commercial multi-peril and workers' compensation lines of insurance than they have of other TRIP-eligible lines.

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[58] *See, e.g.*, Comments of the National Association of Mutual Insurance Companies (May 9, 2023) (NAMIC 2023 Comments), 2, https://www.regulations.gov/comment/TREAS-TRIP-2023-0004-0002 ("If the program were kept in place with the mandatory offer provision, but the various levels were increased to a point where small insurers would have to pull out of certain markets due to a fear of being unable to access the TRIA program, this would have a negative impact on the broader insurance market in those areas. This is because many of these smaller regional carriers play an important role in ensuring there is available coverage across lines of insurance.").

[59] *See generally* "Understanding Business Owners Policies (BOPs)," Insurance Information Institute, February, 2024, http://www.iii.org/article/understanding-business-owners-policies-bops.

### 2. Standalone Terrorism Policies

Standalone policies provide coverage only for terrorism risk, and they are generally used when properties or operations present heightened exposure to terrorism risk, or possibly where the provision of embedded coverage might result in an inappropriate terrorism premium for the risk. Standalone terrorism coverage can be provided either through "certified" standalone terrorism risk policies, which are written subject to the terms and conditions of TRIP, or through "non-certified" standalone terrorism policies, which do not meet the terms and conditions of TRIP. Non-certified standalone terrorism policies therefore cover terrorism-related losses (as defined in the specific policy) regardless of whether the Secretary has certified an act of terrorism under TRIA.[60]

Small insurers continued to report limited involvement in the standalone terrorism risk insurance market, consistent with the findings from prior TRIP Data Calls. Figure 15 provides information on how the various categories of insurers issued such policies in 2024.

**Figure 15: 2024 Certified Standalone Policies and Non-Certified Standalone Policies (by Policy Count and DEP)**

| | Certified Standalone Policies | | | Non-Certified Standalone Policies | | |
|---|---|---|---|---|---|---|
| | # of Policies | Total DEP | Average Policy Cost | # of Policies | Total DEP | Average Policy Cost |
| Alien Surplus Lines Insurers | 7,444 | $ 122,181,316 | $ 16,413 | 1,754 | $ 54,053,141 | $ 30,817 |
| Captive Insurers | 236 | 434,951,955 | 1,843,017 | 2 | 53,266,469 | 26,633,235 |
| Non-Small Insurers | 1,947 | 44,633,513 | 22,924 | 1,724 | 75,422,625 | 43,749 |
| Small Insurers | 106 | 111,514 | 1,052 | - | - | - |
| **Total** | **9,733** | **$ 601,878,298** | **$ 61,839** | **3,480** | **$ 182,742,235** | **$ 52,512** |

Source: 2025 TRIP Data Call

### 3. Cyber Risk

As Treasury has previously noted, "[c]yber insurance has been generally characterized as providing coverage for risks arising 'from the use of electronic data and its transmission, including technology tools such as the internet and telecommunications networks,' as well as providing coverage for 'physical damage that can be caused by cyber attacks, fraud committed by misuse of data, any liability arising from data storage,' and other risks associated with 'the availability, integrity and confidentiality of electronic information.'"[61]

[60] While "non-certified standalone terrorism" policies can provide broader (*i.e.*, beyond the scope of TRIP) coverage in certain circumstances, industry participants have noted that "its pricing, along with the constraint of limited available aggregate for certain risks, prevent it from serving as a replacement for TRIPRA [the 2015 Reauthorization Act] for many organizations." *The Reauthorization of the Terrorism Risk Insurance Program*, Before the United States Senate Committee on Banking, Housing, and Urban Affairs, 116th Cong. (June 18, 2019) (statement of Tarique Nageer, Terrorism Placement and Advisory Leader, Marsh & McLennan Companies, Inc.) 12, https://www.banking.senate.gov/imo/media/doc/Nageer%20Testimony%206-18-19.pdf.

[61] FIO, *2023 Small Insurer Study*, 30 (citation omitted).

Depending on the circumstances, malicious cyber activity could constitute an act of terrorism under TRIA. To the extent cyber insurance is written in TRIP-eligible lines of insurance and the requirements of TRIA and TRIP are met, reimbursement for losses from a cyber attack that is certified as an "act of terrorism" is potentially available under TRIP.[62]

Cyber insurance has been one of the fastest growing segments of the P&C market over the last decade. In 2023, the U.S. cyber insurance market accounted for 59 percent of the global $16.7 billion in premium written for cyber coverages.[63] The cyber insurance market remains very small by comparison with the overall P&C market, where total direct premiums written reached $964 billion in 2023.[64]

A significant increase in ransomware attacks beginning in late 2019 helped spur growth in the cyber insurance market.[65] As both the increase in ransomware and the associated increase in insured losses were unexpected by insurers and not priced into cyber insurance rates, insurer underwriting performance and loss ratios initially deteriorated significantly in 2020 and 2021. In response, the cyber insurance market adjusted by increasing prices, tightening underwriting standards, and incorporating more restrictive coverage terms in cyber policies. By 2022, the market had largely adapted to the increasingly common attritional (*i.e.*, non-catastrophic) ransomware attacks and insurer loss ratios subsequently improved, with pricing remaining higher.[66] In 2023 pricing softened slightly (while still remaining much closer to the 2022 peak than to pre-ransomware spike levels), in part due to greater policyholder adoption of cybersecurity controls.[67]

Figure 16 shows the market participation for cyber policies within TRIP-eligible lines.[68]

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[62] *See* 31 C.F.R. § 50.4(w)(1); 2021 Updated TRIP Regulations, 86 Fed. Reg. 30,537 (adopting regulation to codify within the Program Rules Treasury's prior guidance concerning cyber insurance under TRIP).

[63] Memorandum from NAIC to Members and Interested Regulators of the Property and Casualty Insurance (C) Committee and Innovation Cybersecurity and Technology (H) Committee (October 15, 2024), 1, https://content.naic.org/sites/default/files/cmte-h-cyber-wg-2024-cyber-ins-report.pdf.

[64] FIO, *Annual Report on the Insurance Industry* (2024), 49, https://home.treasury.gov/system/files/311/2024-09-30%20Clean%20FIO%20AR%20508_2.pdf.

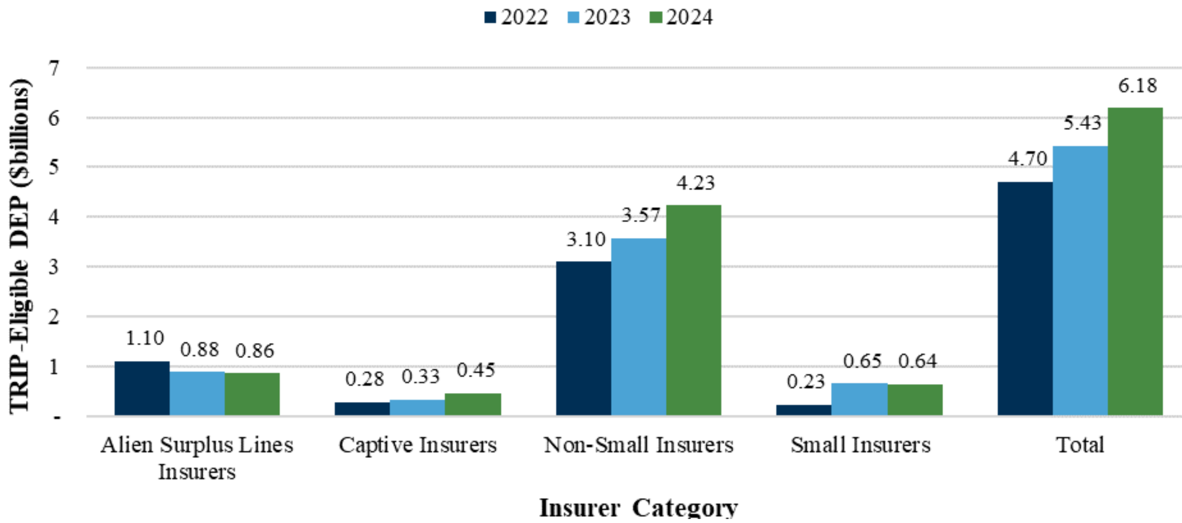
[65] FIO, *Report on the Effectiveness of the Terrorism Risk Insurance Program* (2022), 62-65, https://home.treasury.gov/system/files/311/2022%20Program%20Effectiveness%20Report%20%28FINAL%29.pdf (*2022 Effectiveness Report*).

[66] *See, e.g.*, Geneva Association, *Cyber Risk Accumulation: Fully Tackling the Insurability Challenge* (2023), 10-11, https://www.genevaassociation.org/publication/cyber/cyber-risk-accumulation-fully-tackling-insurability-challenge.

[67] *See, e.g.*, "US Cyber Insurance Market Update: Rates Decrease, Threats Evolve," Marsh, May 22, 2025, https://www.marsh.com/en/services/cyber-risk/insights/cyber-insurance-market-update.html; Gallagher, *2025 Cyber Insurance Market Conditions Outlook: Cyber Market Stabilization as Cyber Risks Evolve*, 7, https://www.ajg.com/-/media/files/gallagher/us/news-and-insights/2025/2025-cyber-insurance-market-conditions-outlook.pdf.

[68] Most cyber insurance in the United States is written in lines of insurance subject to TRIP. However, cyber insurance can also be written in a variety of forms and packages that are classed as professional liability insurance, which is excluded from the Program by TRIA. The 2025 Data Call reflects that the amount of cyber insurance

**Figure 16: 2022-2024 TRIP-Eligible DEP for Cyber Policies**



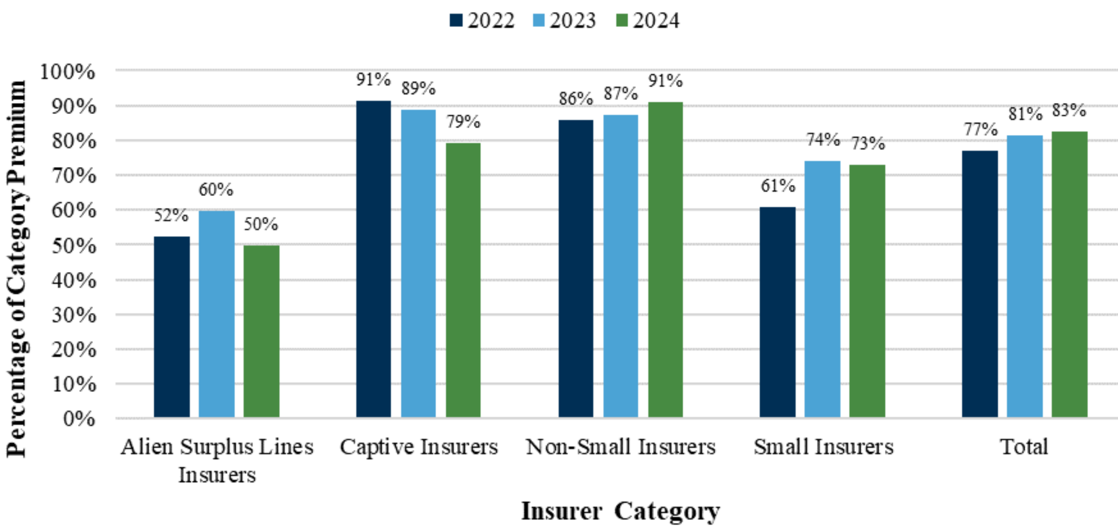

Source: 2023-2025 TRIP Data Calls

Figure 16 indicates that small insurers participate in the market for cyber insurance in the TRIP-eligible lines of insurance. Although data from earlier years shows that small insurers' cyber insurance market share has been less than their market share in the overall TRIP-eligible lines of insurance, data from 2023 and 2024 reflects small insurer percentages for cyber insurance in the TRIP-eligible lines of insurance that are broadly consistent with their shares in the overall market.

Figure 17 shows the 2022 through 2024 take-up rates for policyholders that obtained terrorism risk insurance in connection with purchasing cyber coverage.

earned in the TRIP-eligible lines of insurance by participating insurers is approximately 13 percent of the total amount of cyber insurance earned overall by those insurers. The amount of cyber insurance not subject to TRIP could be larger than this percentage because Treasury's data would not capture cyber insurance premium written by insurers not otherwise subject to reporting in the TRIP Data Calls.

**Figure 17: 2022-2024 Take-Up Rates for Terrorism Risk Insurance under Cyber Policies (by TRIP-Eligible DEP)**




Source: 2023-2025 TRIP Data Calls

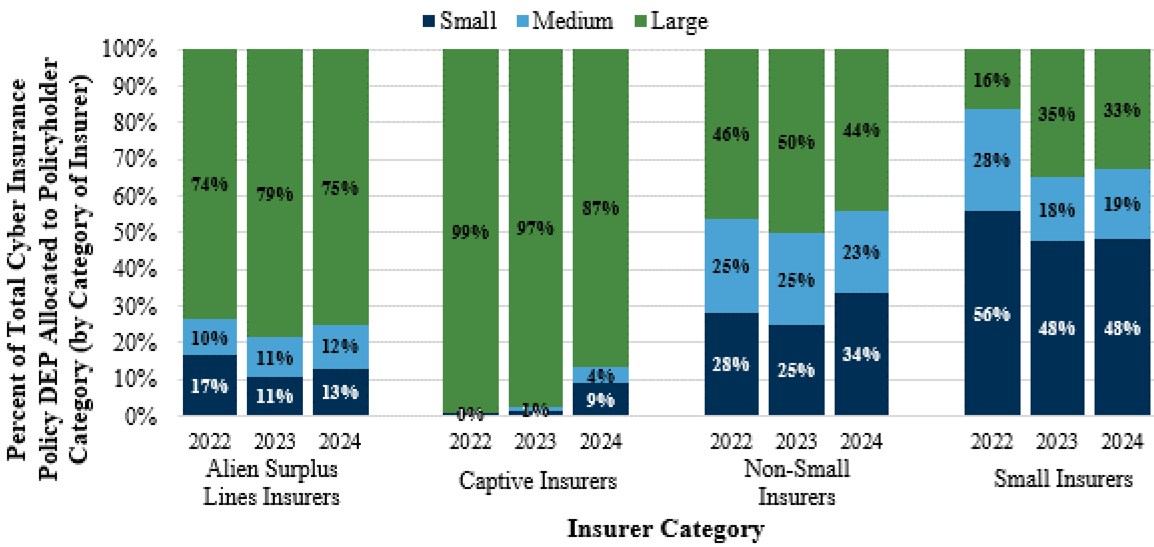
The take-up rate for terrorism risk insurance under cyber policies is significantly higher than the rate reported in overall TRIP-eligible lines of insurance. Although the take-up rates reported by small insurers for cyber terrorism risk are lower than the rates reported by the market as a whole, they are still higher than the take-up rates reported by small insurers in the TRIP-eligible lines overall.

In 2022, Treasury began seeking more detailed information in the TRIP Data Calls on cyber insurance. Among other things, the TRIP Data Call sought information on cyber insurance take up by size of policyholder.[69] Most insurers participating in the 2025 Data Call reported information by size of policyholder, both in terms of number of policies issued and DEP.[70] The data in Figure 18 reflects that the small insurer share of the cyber insurance market is more heavily weighted to cyber insurance issued to small policyholders than is the case for the respective market shares of the other insurer categories.

[69] *See* FIO, *2022 Effectiveness Report*, 66-69 (discussing expanded cyber insurance data call elements and initial findings from same).

[70] The policyholder size categories for the TRIP Data Call were the following: small (100 employees or less, or less than $10 million in revenue), medium (101-500 employees or $10-$100 million in revenue), and large policyholders (more than 500 employees or more than $100 million in revenue). *See* 2023 Terrorism Risk Insurance Program Data Call, 88 Fed. Reg. 18,632, 18,632 & n.6 (March 29, 2023). Based upon a comparison of total cyber insurance premiums reported generally in the 2025 TRIP Data Call versus total cyber insurance premium reported by size of policyholders, about 80 percent of insurers reported the information allocated by policyholder size in the 2025 TRIP Data Call.

**Figure 18: 2022-2024 Share (by DEP) of Cyber Insurance Writings by Category of Insurer based upon Size of Policyholder**




Source: 2023-2025 TRIP Data Calls

Some cyber-related risks that could result in catastrophic losses typically remain outside the coverage of most cyber policies, resulting in a potential cyber risk insurance protection gap.[71] For example, most cyber policies exclude losses from the failure of critical infrastructure such as the power grid, telecommunication systems, or the internet.[72] In addition, most cyber policies have a war exclusion (often subject, in light of TRIP requirements, to a carveout for cyber attacks certified by Treasury as an "act of terrorism").[73] Some insurers tightened coverage by broadening the war/state-supported action exclusion for cyber coverage. Since 2022, Treasury has been evaluating the scope of this potential protection gap, including whether and how potential cyber losses may fall outside or within the provisions of TRIP.[74] FIO is continuing to

[71] Marsh McLennan and Zurich, *Closing the Cyber Risk Protection Gap* (2024), https://www.marshmclennan.com/web-assets/insights/publications/2024/september/mmc-zurich-cyber-whitepaper.pdf; *see also generally* Lockton Reinsurance, *Cyber Risk Pools and Public Private Partnerships: Time to Dive In?* (2025), https://downloads.ctfassets.net/zr7mmeciv2ps/54J7F0RCbaWGhGrxmWbxxI/3328b4e72cf925e06a92ad32fb25fcc9/CyberRiskPoolsReportfeb25.pdf (reflecting potential structures to address cyber insurance protection gaps).

[72] FIO, *2022 Effectiveness Report*, 60.

[73] FIO, *2022 Effectiveness Report*, 61.

[74] *See* U.S. Government Accountability Office (GAO), *Cyber Insurance: Action Needed to Assess Potential Federal Response to Catastrophic Attacks* (2022), https://www.gao.gov/assets/d22104256.pdf (requesting that FIO and the Cybersecurity Infrastructure and Security Agency evaluate a potential federal response for catastrophic cyber risk). In response to the GAO request, FIO sought information from stakeholders and held a number of events to further explore the issues. *See, e.g.*, Potential Federal Insurance Response to Catastrophic Cyber Incidents, 87 Fed. Reg. 59,161 (September 29, 2022) (request for information seeking comments); "Potential Federal Response to Catastrophic Cyber Incidents," Treasury, September 29, 2022, https://www.regulations.gov/document/TREAS-DO-2022-0019-0001/comment (comments submitted in response to information request); FIO and New York University,

assess developments regarding the adequacy of insurance coverage for cyber risk, including both catastrophic cyber risk and a cyber "act of terrorism" as defined in TRIA. FIO also continues to evaluate areas of potential convergence and divergence between addressing the insurance protection gap regarding catastrophic cyber risk and TRIP.

Treasury will continue to evaluate issues related to the availability and scope of cyber insurance, both in the context of the terrorism risk insurance market and the overall insurance markets, in future reports by FIO.

### 4. Nuclear, Biological, Chemical, and Radiological Risk

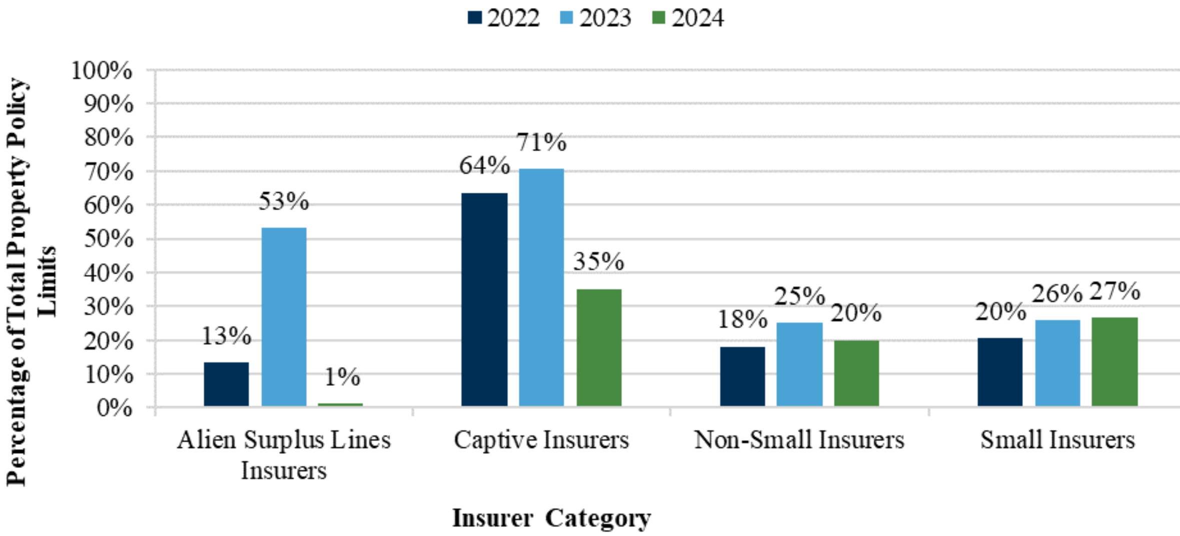
TRIA requires participating insurers to offer insurance for terrorism risk on the same basis as insurance offered for other perils. Insurers are not required to offer terrorism risk insurance in the case of perils for which non-terrorism coverage is generally not provided or is specifically excluded.[75] Starting with the 2019 TRIP Data Call, Treasury requested information on NBCR coverage provided by insurers in order to determine the extent to which NBCR coverage may be available under TRIP-eligible lines policies. Figure 19 shows the percentage of terrorism risk insurance property limits where NBCR exposures are not entirely excluded, while Figure 20 shows the percentage for liability policy limits.[76]

*Agenda: Catastrophic Cyber Risk and a Potential Federal Insurance Response* (November 17, 2023), https://home.treasury.gov/system/files/311/Treasury-NYU%20Nov%2017%20cat%20cyber%20insurance%20conference%20agenda%20%28updated%20final%2014%20Nov%202023%29.pdf; FIO, *Agenda: Exploring Potential Forms of a Federal Insurance Response to Catastrophic Cyber Incidents* (May 16, 2024), https://home.treasury.gov/system/files/311/Agenda%20for%20May%2016%20cat%20cyber%20insurance%20conference%20%28final%20public%29.pdf.

[75] *See* 31 C.F.R. § 50.22(b).

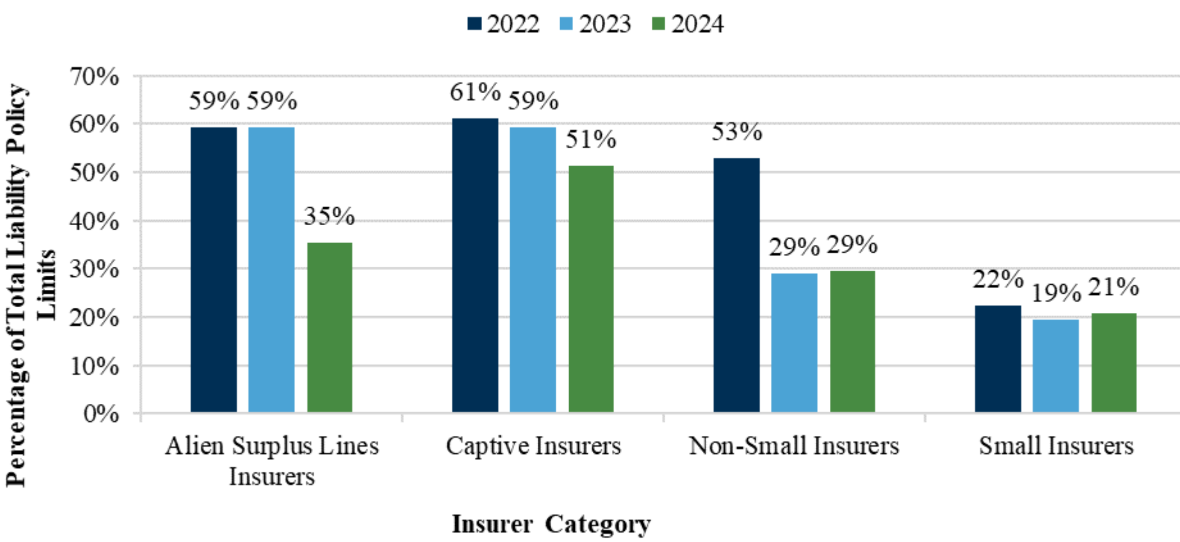
[76] Treasury collected information on both property and liability policy limits where terrorism risk insurance was provided ***and*** coverage for all NBCR events was ***not*** entirely excluded. This approach results in an analysis of the policy limit levels where at least some terrorism coverage for NBCR-related events is provided. The data is not a measurement of the limits insured for any particular type of NBCR event (*e.g.*, nuclear). The figures will therefore tend to overstate the total amount of NBCR coverage available, particularly on a per peril basis. Treasury did not seek further information concerning workers' compensation policies because such policies must cover all perils, including NBCR risks.

**Figure 19: 2022-2024 Percentage of Terrorism Risk Insurance Property Limits Where NBCR Exposures are not Entirely Excluded**




Source: 2023-2025 TRIP Data Calls

**Figure 20: 2022-2024 Percentage of Terrorism Risk Insurance Liability Limits Where NBCR Exposures are not Entirely Excluded**




Source: 2023-2025 TRIP Data Calls

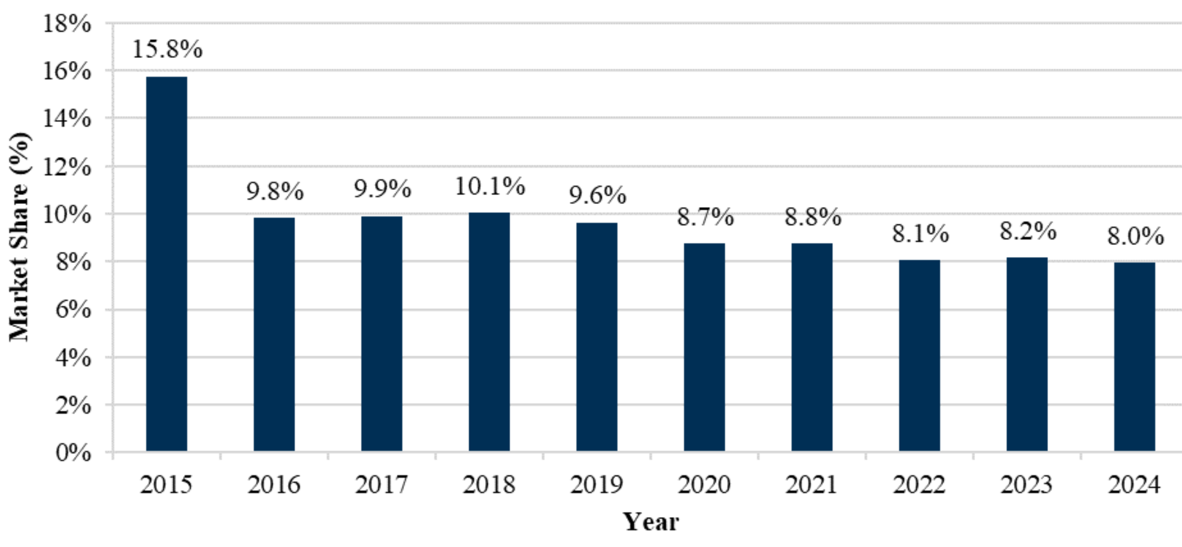
The extent of coverage for NBCR terrorism events is an important consideration because such losses may pose a very substantial risk of aggregation of catastrophic terrorism losses, given the potential magnitude of attacks using nuclear, biological, chemical, and radiological agents. The reported information indicates that small insurers, like other industry segments, generally exclude a significant portion of all NBCR-related exposures when they are providing coverage for terrorism risk. However, the reported information also continues to show that small insurers do not completely exclude NBCR exposures for property risks in proportions significantly different than the other industry segments (excepting Captive Insurers). Additionally, there also remain variations in connection with liability insurance across all industry segments. While the data reflects that each industry segment retains a significant amount of terrorism risk exposure that is not subject to a complete exclusion of NBCR-related exposures, the existence of such exclusions does indicate that a large NBCR event could result in significant uninsured losses and relatively little resulting support from the Program.

### 5. Comparison to Other Perils

The information collected in connection with the 2023, 2024, and 2025 TRIP Data Calls shows differences between the participation of small insurers and non-small insurers in the terrorism risk insurance marketplace. The TRIP Data Calls did not indicate any differences between coverage for terrorism risk as compared to other perils covered by small P&C insurers under lines of insurance not subject to TRIP. To obtain further information for purposes of this analysis, Treasury also examined market share information for small insurers in the P&C lines of insurance that are not subject to the Program.

Figure 21 provides the market share by DEP of small insurers and non-small insurers in P&C lines not subject to TRIP. DEP is calculated using the 2024 small insurer threshold, as described in Section V.A.

**Figure 21: 2015-2024 Small Insurer DEP Market Share in P&C Lines of Insurance Not Subject to TRIP**




Source: S&P Global

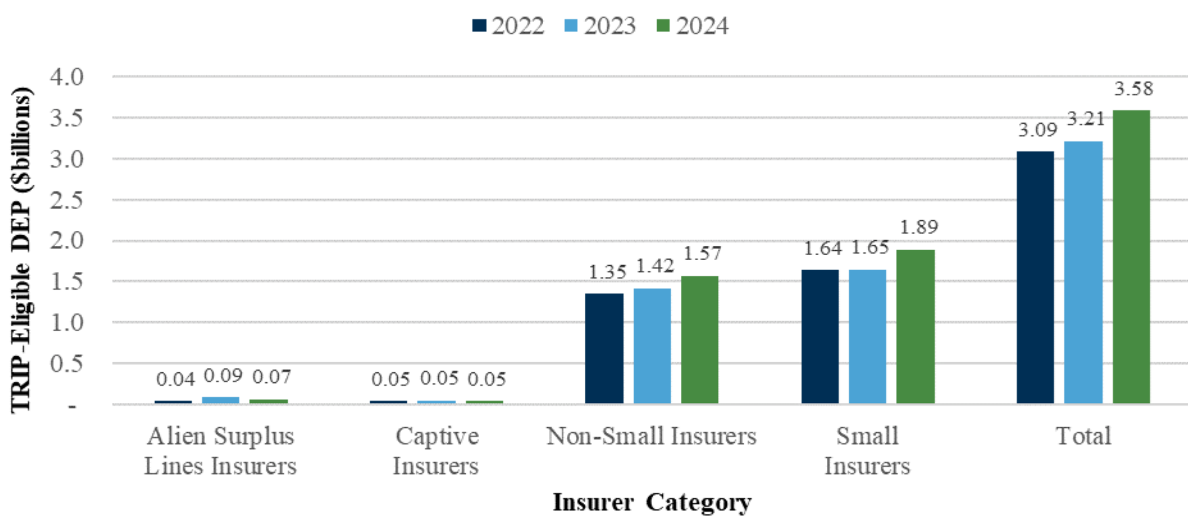
Based on state regulatory reporting data, Figure 21 illustrates that the market share of small insurers (compared to non-small insurers) measured by DEP in the P&C lines of insurance not subject to the Program has declined since 2015. In the last five years, the market shares of small insurers generally ranged between 8 percent and 9 percent, which is slightly less than the 11 to 13 percent share indicated for the TRIP-eligible lines of insurance in that period (see Figure 2) by the information reported in the TRIP Data Calls.

### 6. Terrorism Risk Insurance for Places of Worship

The 2019 Reauthorization Act modified TRIA to require that, in reports concerning the effectiveness of the Program, the Secretary shall provide "an evaluation of the availability and affordability of terrorism risk insurance, which shall include an analysis of such availability and affordability of terrorism risk insurance specifically for places of worship."[77] Accordingly, in the 2020 Effectiveness Report, Treasury addressed the availability and affordability of terrorism risk insurance for places of worship for the first time, utilizing a new data collection worksheet to obtain information on the subject.[78] Based upon the first year of data, Treasury determined (among other things) that small insurers have a much larger share of the market for terrorism risk insurance for places of worship than they have in the overall market.[79] Information from subsequent TRIP Data Calls continues to confirm this initial observation.

Figure 22 shows the market share (in 2022, 2023, and 2024) by insurer category based upon reported earned premium for places of worship.

**Figure 22: 2022-2024 Market Share of TRIP-Eligible Lines Premium for Places of Worship by Insurer Category**




Source: 2023-2025 TRIP Data Calls

As shown by Figure 22, small insurers represent, by premium, more than 50 percent of the entire TRIP-eligible lines insurance market for places of worship when all lines are considered.

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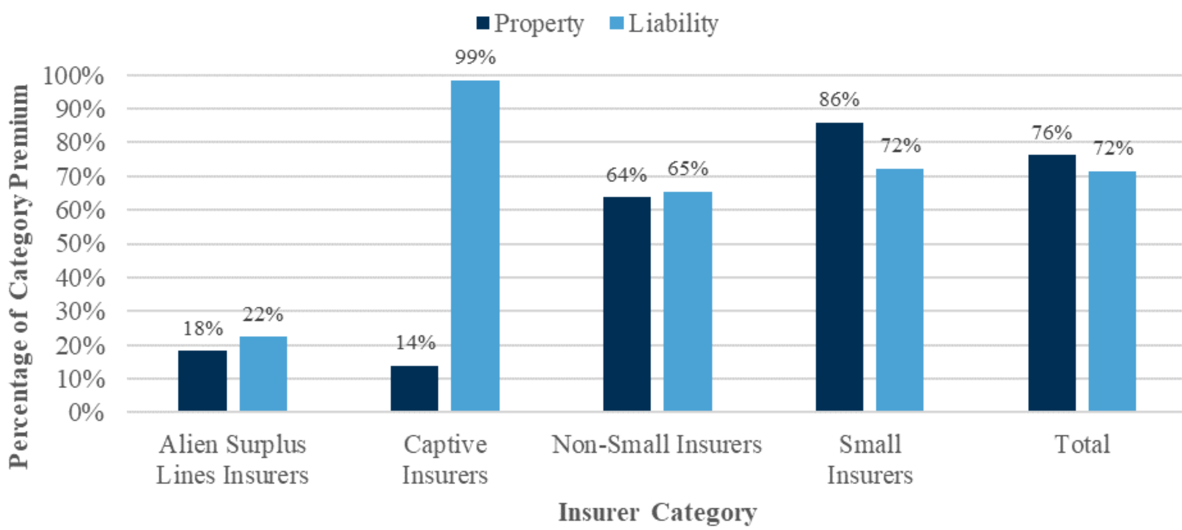
[77] 2019 Reauthorization Act, § 502(c); TRIA, § 104(h)(2)(B).

[78] *See* FIO, *Report on the Effectiveness of the Terrorism Risk Insurance Program* (2020), 40-42, https://home.treasury.gov/system/files/311/2020-TRIP-Effectiveness-Report.pdf (*2020 Effectiveness Report*).

[79] FIO, *2020 Effectiveness Report*, 42 ("Also of note is the significant role played by small insurers, which represent (by premium) 45 percent of this market segment, even though they only represent approximately 11 percent of the entire market in the TRIP-eligible lines of insurance.").

Figure 23 illustrates the 2024 take-up of terrorism risk insurance by places of worship, by premium, by insurer category, and by type of coverage.

**Figure 23: 2024 Terrorism Risk Insurance Take-Up Rates by Places of Worship (by Premium) (by Insurer Category and Type of Coverage)**



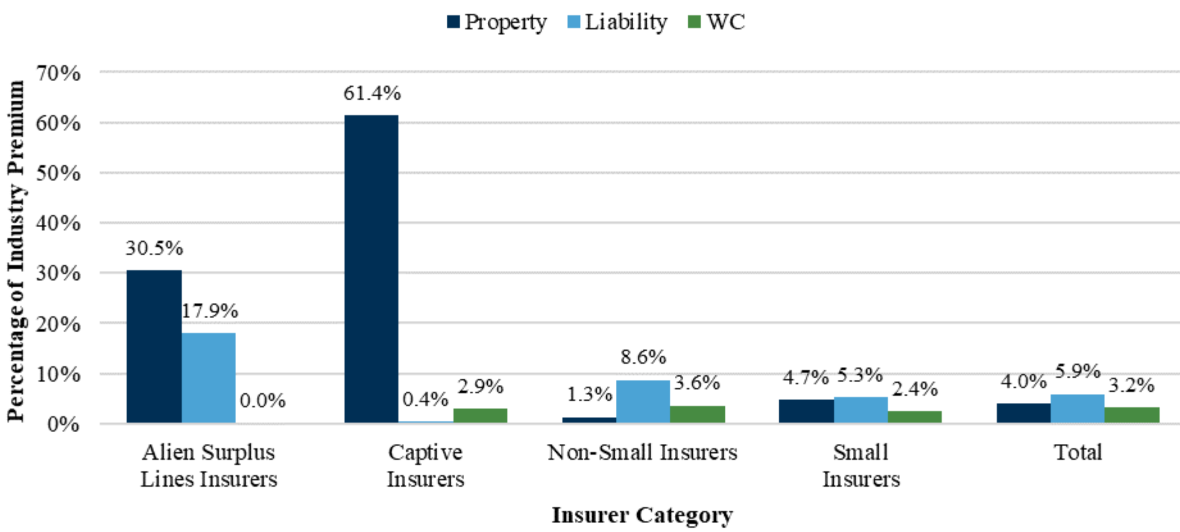

Source: 2025 TRIP Data Call

As shown in Figure 23, in terms of take-up rates and premium charged for terrorism risk insurance for houses of worship, small insurer results differ slightly when compared to the total for this market.

Figure 24 shows for 2024 the percentage charge, by premium, for places of worship, by insurer category, and by type of coverage.[80]

[80] Treasury did not collect information concerning when a $0 premium for terrorism risk insurance was identified for places of worship. Therefore, this cost analysis is based upon the total amount of terrorism risk premium charged against TRIP-eligible lines premium where terrorism risk insurance was provided.

**Figure 24: 2024 Percentage of Total Policy DEP Allocated to Terrorism Risk for Places of Worship (by Insurer Category and Type of Coverage)**




Source: 2025 TRIP Data Call

Small insurers support a much larger amount of this market than they do for terrorism risk insurance overall. The reported data is consistent with prior comments reported by Treasury that small insurers may have a much more significant terrorism risk insurance market share in particular segments of the market than overall.[81]

### C. Mandatory Availability Requirement

TRIA requires insurers to make terrorism risk coverage available within the TRIP-eligible lines of insurance on terms that do not materially differ from the terms, amounts, and coverage limitations applicable to losses arising from events other than acts of terrorism.[82] This mandatory availability requirement does not include any pricing restrictions,[83] although state law rating requirements may define or limit the amounts that an insurer may charge for terrorism insurance. As described in Section III, the mandatory availability requirement does not require an insurer to offer terrorism coverage for particular risks that an insurer regularly excludes or for which it does not offer coverage (such as losses arising from NBCR events).[84] As a condition for receiving federal payments under the Program, participants must meet certain documentation requirements to demonstrate compliance with the mandatory availability requirement.[85]

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[81] *See, e.g.*, FIO, *2019 Small Insurer Study*, 29, 29 n.63.

[82] TRIA § 103(c); 31 C.F.R. §§ 50.20(a), 50.22(a). If the prospective policyholder does not accept the mandatory offer, the parties may negotiate a different arrangement for terrorism risk coverage which is not on the same terms as provided for other risks. 31 C.F.R. § 50.21(c).

[83] *See* 31 C.F.R. § 50.22(a).

[84] TRIA § 103(c)(2); 31 C.F.R. § 50.22(b).

[85] TRIA § 103(b); 31 C.F.R. Part 50, Subpart B.

Because insurers must offer terrorism risk insurance in TRIP-eligible lines for the risks for which they are otherwise offering or providing coverage, the mandatory availability requirement affects how insurers underwrite P&C insurance, primarily because of the aggregation risk presented by acts of terrorism. Insurers therefore underwrite to manage potential aggregation risks within either a particular geographic area or proximity to locations considered potential targets for terrorist activities. Insurers of all sizes may use such analyses when deciding whether to write policies that are subject to terrorism risk.[86]

In addition to the mandatory availability requirement, at least two other factors cause companies to provide terrorism risk insurance when they might not otherwise provide such coverage.

First, state law requires the provision of terrorism insurance in a number of lines of insurance and jurisdictions.[87] In these situations, an insurer must offer terrorism risk insurance irrespective of the mandatory availability requirement. As noted in Section V small insurers receive a higher percentage of their DEP than non-small insurers from the workers' compensation line of insurance. However, the historical experience in the workers' compensation market after the September 11 Attacks and prior to the passage of TRIA suggests that continued small insurer participation in this market may be highly dependent upon the existence of the backstop. The unique issues presented by workers' compensation insurance are discussed further in Section V.F.

Second, the ability to offer terrorism risk insurance may be necessary for insurers to compete in certain U.S. markets, particularly large metropolitan areas. Take-up rates for terrorism risk insurance vary by jurisdiction and locality, and the take-up rate of terrorism risk insurance tends to be higher in major metropolitan areas.[88] The TRIP data indicates that the Program promotes policyholder access to a variety of carriers, which might be more limited in the absence of a backstop.[89] Furthermore, the reported data from the last few years indicates that small insurers have maintained a generally consistent market share as compared to non-small insurers. This

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[86] *See* GAO, *Terrorism Risk Insurance: Market Challenges May Exist for Current Structure and Alternative Approaches* (2017), 18-19, http://www.gao.gov/assets/690/682064.pdf.

[87] The principal example here is the workers' compensation line of insurance. See Section V.F for further discussion regarding workers' compensation. "Fire following" states also require terrorism coverage in some circumstances. *See* FIO, *Report on the Effectiveness of the Terrorism Risk Insurance Program* (2018), 32 n.84, https://home.treasury.gov/system/files/311/2018_TRIP_Effectiveness_Report.pdf.

[88] For example, Marsh & McLennan has stated that "[t]he federal backstop created by TRIA and reauthorized as TRIPRA . . . remains crucial to the continued stability and health of the property terrorism insurance market." Marsh & McLennan also noted that take-up rates are highest in major metropolitan areas and provided location-specific analysis. Marsh & McLennan Companies, *2019 Terrorism Risk Insurance Report* (2019), 5, 11, https://www.marsh.com/us/services/terrorism-risk/insights/2019-terrorism-risk-insurance-report.html.

[89] Commenters have previously noted the potential disruptive effects on the broader insurance market in the absence of a backstop, or a backstop that failed to promote the participation of small insurers. *See* NAMIC 2023 Comments, 2 ("[S]maller regional carriers play an important role in ensuring there is available coverage across lines of insurance. If they were forced to exit a market because of their terrorism exposure this means they would also no longer be offering the other coverages in other lines as well. Because it is not at all clear that remaining companies could or would provide this missing coverage, the probable effect of a higher trigger, etc., would be to reduce the amount of total private capital allocated to all risks in certain areas.").

information suggests that the mandatory availability aspects of TRIP as currently structured are not discouraging the participation of small insurers in the TRIP-eligible lines market.

### D. Effect of the Program Trigger on Small Insurers

As described in Section III, even if an insurer satisfies its individual Insurer Deductible, total aggregate insured losses must exceed the Program Trigger before the Federal Share of Compensation can be paid. Therefore, an insurer with a deductible lower than the Program Trigger could satisfy its Insurer Deductible, but still find that its terrorism losses—including when combined with the losses of other insurers (if any)—fall short of satisfying the Program Trigger. The Program Trigger requirement therefore could preclude recovery by a small insurer under TRIP and require such insurer to take additional steps to manage this exposure. This risk is not faced by larger insurers that have individual Insurer Deductibles under the Program that are greater than the Program Trigger.

In 2024, more than 200 domestic U.S. insurance groups reporting in the 2025 TRIP Data Call had TRIP deductibles that were less than the Program Trigger. Depending upon the magnitude of the terrorism losses experienced by other insurers, each of these insurers could face a gap between their Insurer Deductible and the Program Trigger.[90] Because the Program Trigger remains constant from 2020 until 2027, these potential gaps should not increase further, assuming the premium writings of small insurers continue to increase over time consistent with the trends that Treasury has observed to date.

There has never been a certified act of terrorism to trigger the Program, and thus there have been no situations in which a small insurer has been unable to access Program support solely on account of the Program Trigger. Commercial reinsurance, assuming it is available and affordable, is one way for small insurers to mitigate the impact that a significant terrorism loss may have upon the balance sheet of a small insurer that may be unable to access Program support solely on account of not satisfying the Program Trigger. The use of reinsurance for this purpose is described further in Section V.E. How risk modeling can be used to further analyze the use of reinsurance is described in Section V.G.1.

### E. Availability and Cost of Commercial Reinsurance for Small Insurers

This section considers the availability and cost of private commercial reinsurance for small insurers. It is challenging to assess the availability and cost of private terrorism risk reinsurance for small insurers. First, reinsurers are not Program participants, and thus are not subject to Treasury's TRIP Data Calls. Second, reinsurance is subject to neither standard terms and rates, nor to the range of state-level reporting requirements applicable to direct insurers in the admitted market. Third, reinsurance arrangements are generally highly complex and customized, with many factors affecting price and availability such as limits, the price of the underlying risk, the amount of available information concerning that underlying risk, the claims experience between an insurer and its reinsurers, and general market conditions when the reinsurance is sought and

[90] This analysis does not include small insurers that wrote TRIP-eligible lines DEP of less than $10 million and were excused from reporting. This subset of insurers could also be affected.

purchased. Finally, treaty reinsurance agreements, which cover multiple policies and often multiple classes of risks, can make it difficult to isolate and assess how reinsurance responds to terrorism risk specifically.[91]

A small insurer concerned about its ability to manage terrorism losses within its TRIA deductible (or seeking to transfer risk within its co-pay share) may seek to limit its exposure by purchasing reinsurance.[92] For example, a small insurer could purchase reinsurance that provides reimbursement for any losses experienced if an act of terrorism is certified but the Program Trigger is not met by aggregate industry insured losses and no payments are made under the Program. An insurer's purchase of such reinsurance (assuming that it is available) will depend, in part, upon the cost of the reinsurance and the insurer's assessment of its ability to bear exposure to such loss without reinsurance. Probable maximum loss (PML) information reflects the largest single loss an insurer projects it might sustain based on its portfolio of policies. A small insurer with a modest PML, based upon its book of business, will need less reinsurance to protect itself against catastrophic loss, assuming that it has evaluated exposures under its portfolio correctly.[93]

In its 2023 Small Insurer Study, Treasury noted that although reinsurance market capacity had remained available for most P&C risks, declines in available capital and increases in catastrophe losses had led to further price increases in the reinsurance market.[94] However, since 2022, the amount of available reinsurance capital has increased, driven by improved combined ratios, the growth of insurance-linked securities, and reinsurer investment performance.[95] This increase in available reinsurance capital has allowed reinsurance buyers to achieve more favorable terms and pricing, despite increasing demand for reinsurance, although buyers that have experienced losses have faced a more difficult purchasing environment.[96]

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[91] Treaty reinsurance is broadly distinguished from facultative reinsurance, which provides reinsurance for a specific risk or policy. *See generally* "The Fundamentals of Property and Casualty Reinsurance – The Reinsurance Contract," Reinsurance Association of America, https://www.reinsurance.org/RAA/RAA/About-the-RAA/Fundamentals/The%20Reinsurance%20Contract.aspx.

[92] The co-pay share is the percentage of losses that an insurer is obligated to pay after meeting its deductible and the Program Trigger is satisfied. The federal government is responsible for the remaining percentage of losses above the insurer's deductible. The co-pay share for CY 2024 was 20 percent.

[93] PML, as defined for purposes of Treasury's collection of data from participating insurers, seeks the largest loss figure for a single insurer emanating from a single location, assuming the detonation of a 5-6 ton truck bomb at that location. *See* FIO, *Instructions for Terrorism Risk Insurance Program (TRIP) 2025 Data Call: Small Insurers* (2025), 28, https://home.treasury.gov/system/files/311/2025%20Data%20Call%20Instructions%20Small%20Insurers%20%28FINAL%29.pdf.

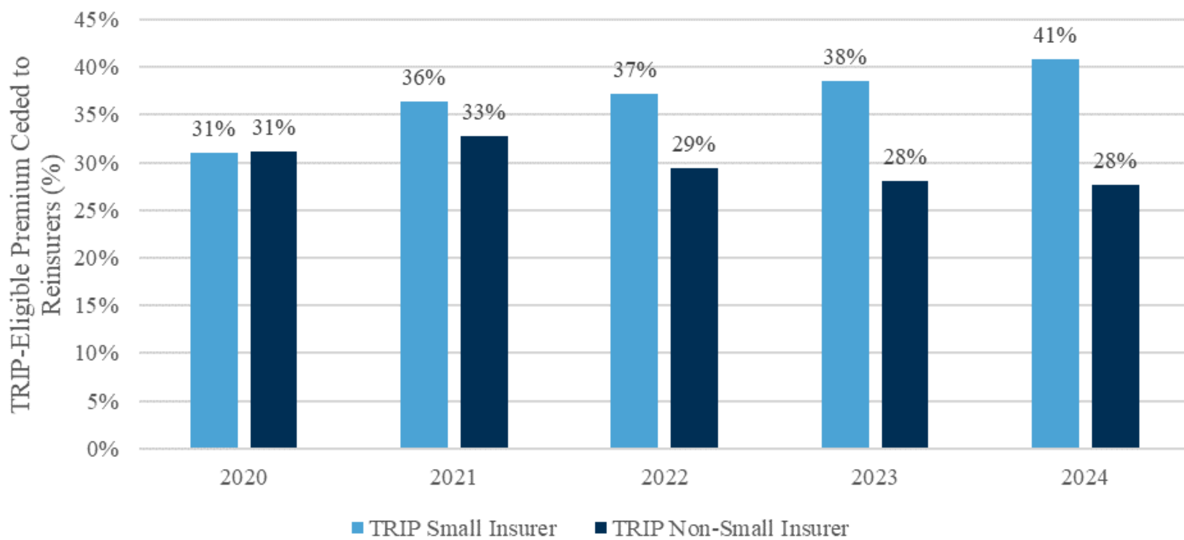
[94] FIO, *2023 Small Insurer Study*, 43-44.

[95] *See, e.g.*, Gallagher Re, *Reinsurance Market Report: Results for Full-Year 2024* (2025), 3, https://www.ajg.com/gallagherre/-/media/files/gallagher/gallagherre/news-and-insights/2025/april/gallagherre-reinsurance-market-report-2024.pdf; Aon, *Reinsurance Market Dynamics: April 2025 Renewal* (2025), 10-11 https://www.aon.com/en/insights/reports/reinsurance-market-dynamics.

[96] *See, e.g.*, "January 1, 2025 Reinsurance Renewal: Strong Reinsurer Appetite Drives Excess Property Catastrophe Capacity at January 1," Guy Carpenter, https://www.guycarp.com/insights/renewal-hub.html.

Figure 25 illustrates the percentage of TRIP-eligible lines premiums ceded by direct insurers to reinsurers between 2020 and 2024.[97]

**Figure 25: 2020-2024 Percentage of DEP Ceded by Insurers to Reinsurers (by Insurer Category)**



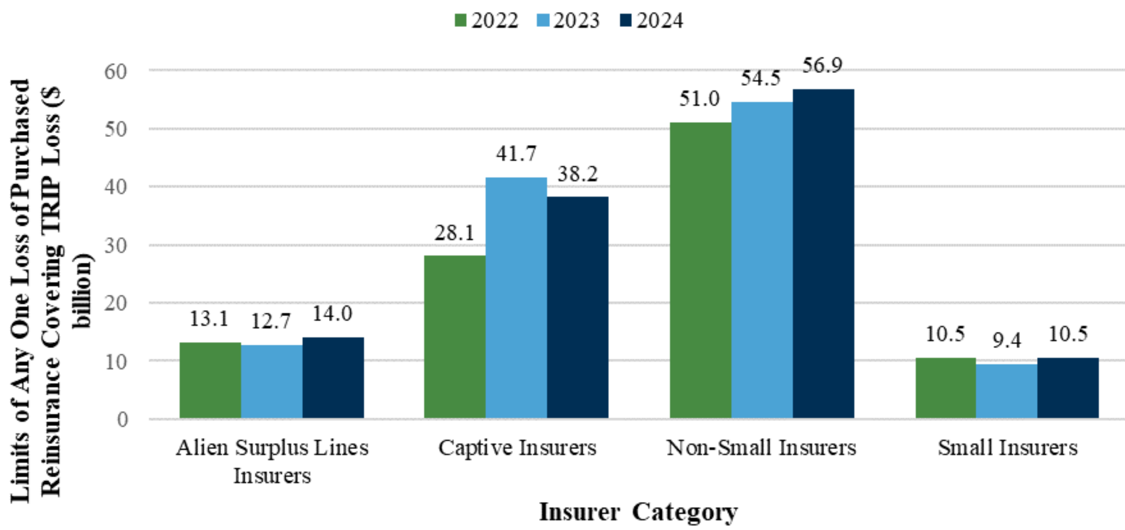

Source: S&P Global

Figure 25 reflects, as Treasury has observed in most of its prior analyses, that small insurers typically cede a greater percentage of their direct premiums to reinsurers than do non-small insurers.

Figure 26 identifies the total amounts of per loss terrorism risk reinsurance purchased by responding insurers that will cover losses subject to the Program during the period 2022 to 2024.

[97] In prior small insurer studies, Treasury arrayed this information by reference to the small insurer definition then applicable, further adjusted by the Consumer Price Index (CPI). This presentation was done because of the Program's fluctuating size definition of small insurers over time and so that the size of small versus non-small insurers in each year was comparable for analytical purposes. This presentation has also resulted in the reporting of different percentages for the same calendar years in different small insurer studies. The size definition of small insurers for Program purposes is now stable through 2027. Therefore, Treasury is arraying the information in this Study based upon the 2020 size definition of small insurers, adjusted by the CPI, only for years before 2020. The information arrayed on this basis will more consistently reflect any trends in purchasing reinsurance.

**Figure 26: 2022-2024 Total Per Loss Reinsurance Limits Purchased for Losses Subject to TRIP (by Insurer Category)**

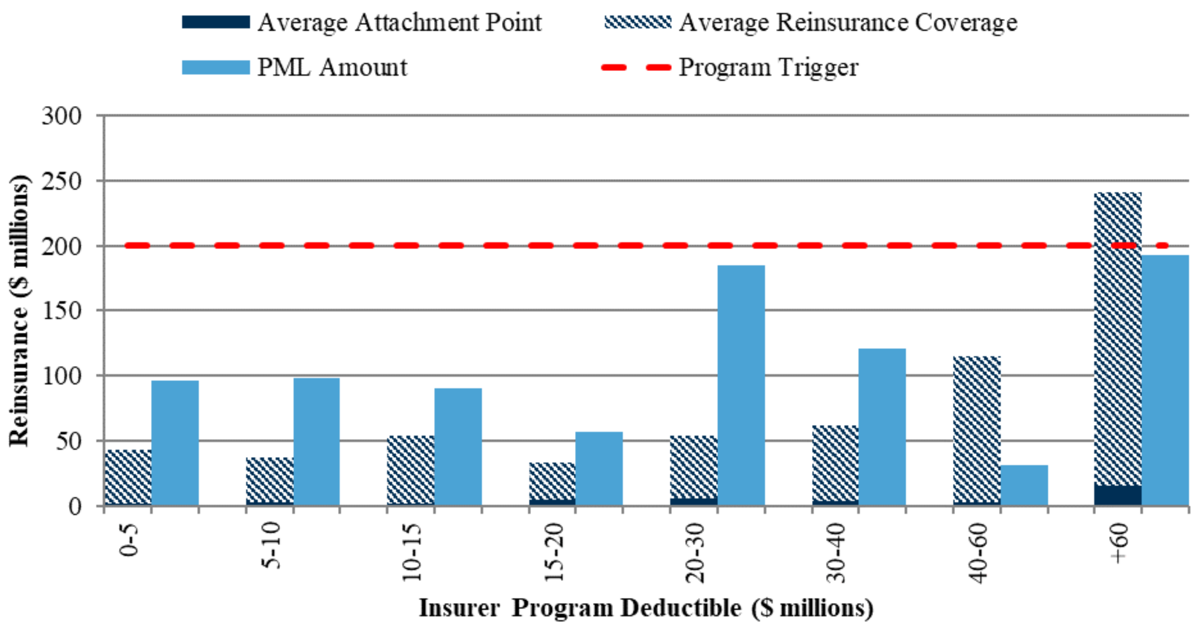



Source: 2023-2025 TRIP Data Calls

As illustrated by Figure 26, reported terrorism risk reinsurance purchases by small insurers, as measured by limits, increased in 2024 to the amounts reported in 2022 (after a decline in 2023). During the same period, non-small insurers reported increasing amounts of reinsurance purchases in each year, with other industry segments reporting fluctuating purchases by limits, depending upon the year.

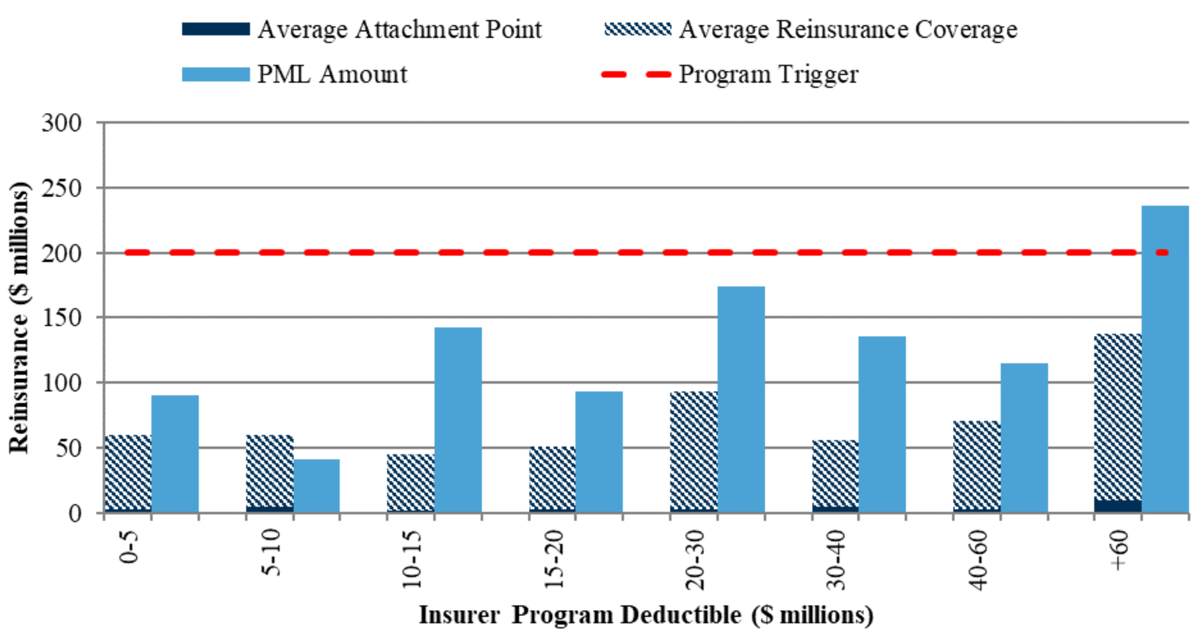
The 2023, 2024, and 2025 TRIP Data Calls also collected information from insurers concerning their associated PML amounts, which takes into account the relative size of the exposures underwritten by small insurers, in order to determine the extent to which PML levels may be impacting reinsurance purchases. Figures 27 and 28 illustrate the 2023 and 2024 average reinsurance purchases for small insurers with reference to their Insurer Deductibles under the Program, the Program Trigger, and average PML amounts reported by those insurers.

**Figure 27: 2023 Comparison Between Small Insurer Deductibles, Reported PML Amounts, and Reinsurance Purchases**




Source: 2024 TRIP Data Call

**Figure 28: 2024 Comparison Between Small Insurer Deductibles, Reported PML Amounts, and Reinsurance Purchases**




Source: 2025 TRIP Data Call

Where reinsurance purchases approximate a small insurer's PML, the lack of reinsurance up to the Program Trigger may not be as significant for protecting such insurer's risk exposure, particularly if this reflects that the small insurer is less likely to be exposed to a catastrophic loss up to the Program Trigger amount. Figures 27 and 28 group small insurers by the size of their respective individual program deductibles. As shown in Figures 27 and 28, PML estimates below the Program Trigger may explain the lack of reinsurance purchases up to the amount of the Program Trigger in some cases. The reported information, however, continues to reflect a significant portion of small insurers that remain exposed for a PML above the Insurer Deductible and below the Program Trigger threshold, without the support of private reinsurance for all of that exposure. In both 2023 and 2024, the data continues to reflect that most sizes of small insurers, on average, have some PML exposure above average reinsurance purchases, and at levels below the Program Trigger.

### F. Impact of State Workers' Compensation Laws

The workers' compensation system provides an important mechanism for the protection of U.S. workers from the consequences of employment-related injuries and illnesses.[98] Certain aspects of this important workplace protection system increase the aggregate terrorism exposures of insurers participating in the workers' compensation market.

The costs of medical care and treatment, rehabilitation, loss of wages, and other financial hardships faced by employees who experience job-related injuries are covered under workers' compensation policies. Because payments under these policies are defined by the scope of benefits mandated under state law and are not subject to express limits of liability, losses under a workers' compensation policy are only limited by the amount of benefits payable under the workers' compensation system, which could extend for decades in the case of serious, long-term injuries.[99] Workers' compensation policies are subject to specific pricing rules under state law, which will limit what insurers can charge for workers' compensation (as well as specifically for terrorism risk) and potentially affect whether the purchase of reinsurance is economically

[98] The 2022 Effectiveness Report provides an overview of the workers' compensation system in the United States. FIO, *2022 Effectiveness Report*, 86-87. In addition to the jurisdictions identified in that summary, South Dakota, like Texas, does permit employers to opt out of the workers' compensation system and leave the resolution of workplace injury claims to judicial proceedings. *See* S.D. Codified L. 62-5-1, 62-5-7 (2017); "Workers' Compensation," S.D. Dept. of Labor & Regulation, Workers' Compensation, https://dlr.sd.gov/workers_compensation/default.aspx ("There is no law in South Dakota requiring any employer to carry workers' compensation insurance. However, it is highly recommended. An uninsured employer may be sued in civil court by an injured worker.").

[99] National Academy of Social Insurance, *Workers' Compensation: Benefits, Costs, and Coverage* (2024), 6, https://www.nasi.org/wp-content/uploads/2024/11/2024-WC-Report-2022-Data-Final.pdf ("In principle, workers' compensation pays 100 percent of covered injury-related medical costs for injured workers, and cash (indemnity) benefits that replace a portion of wages lost because of the injury."); *see also* "Workers' Compensation and Employers Liability Policy: Rule VII: Limits of Liability," New York Compensation Insurance Rating Board, https://www.nycirb.org/digital-library/public/page/wcel-latest/A4E00D96-5539-4FD3-9489-41864BBB4012?section_id=A4E00D96-5539-4FD3-9489-41864BBB4206 ("There is no limit of liability in the Standard Policy for Part One – Workers' Compensation. The policy provides all benefits required by any workers' compensation law of a state listed in Item 3.A. of the Information Page.").

viable.[100] Thus, although the workers' compensation line remains a profitable one for insurers,[101] a large-scale act of terrorism could create significant aggregation risks for both small insurers and non-small insurers writing workers' compensation insurance, particularly in the event of extensive losses arising from an NBCR event.[102]

Because insurers are required by state law to cover terrorism risk (including NBCR-related terrorism risk) in connection with workers' compensation insurance, workers' compensation carriers must find ways to manage their aggregation risk. One potential option for workers' compensation carriers includes declining to write certain risks altogether. For example, insurers may avoid writing policies that could create a substantial accumulation of exposures in the same location. However, this could present challenges for insurers that seek to write business in large metropolitan areas with dense populations, as well as for employers seeking to purchase coverage in those areas.

To the extent coverage is unavailable in the "voluntary" market, policyholders may need to obtain workers' compensation insurance in a state's residual market, which is required to provide coverage to all applicants.[103] Coverage provided in residual markets tends to require a higher premium, and the responsibility for paying claims is distributed among all insurers writing in the state. After the September 11 Attacks, the market share of the residual market for workers' compensation significantly increased and included individual risks viewed as "high profile" targets for purposes of terrorism risk.[104] Since the enactment of TRIA, the share of the workers' compensation residual market stabilized between 4 to 6 percent of the market. The residual market share currently is approximately 4 percent, which is a level consistent with the share of the residual market before the September 11 Attacks.[105]

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[100] *See* Atlantic Charter, "Atlantic Charter's Remarks to TRIA Federal Advisory Committee" (presentation, Advisory Committee on Risk Sharing Mechanisms (ACRSM), Washington, DC, March 31, 2017), 11, https://home.treasury.gov/system/files/311/Presentation_Atlantic_Charter.pdf (noting potential disconnect between permitted premium charges for direct insurance and potential reinsurance costs). *See also* Ravnitzky Comments, 1 ("Small insurers who struggle to afford reinsurance may stop offering policies in certain regions, leaving these areas without enough coverage."). One commenter addressed the development of terrorism loss costs controlling the premium charge for workers' compensation insurance under state law and also explained how modeling is used to determine, in part, the portion of premium charged for terrorism risk. NCCI Comments, 3-4; *see also* Section V.G (discussing use of modeling in the insurance industry). Because the manner in which terrorism risk is modeled takes into account the existence of the TRIP backstop, the absence of TRIP would necessarily result in increased cost factors. *See* NCCI Comments, 3-4.

[101] *See* "2024 State of the Line Guide," NCCI, May 14, 2024, https://www.ncci.com/SecureDocuments/SOLGuide_2024.html (noting a "2023 private carrier combined ratio of 86% [that] marks the seventh consecutive year of results under 90% and a full decade of underwriting gains").

[102] *See* FIO, *2023 Small Insurer Report*, 51-54.

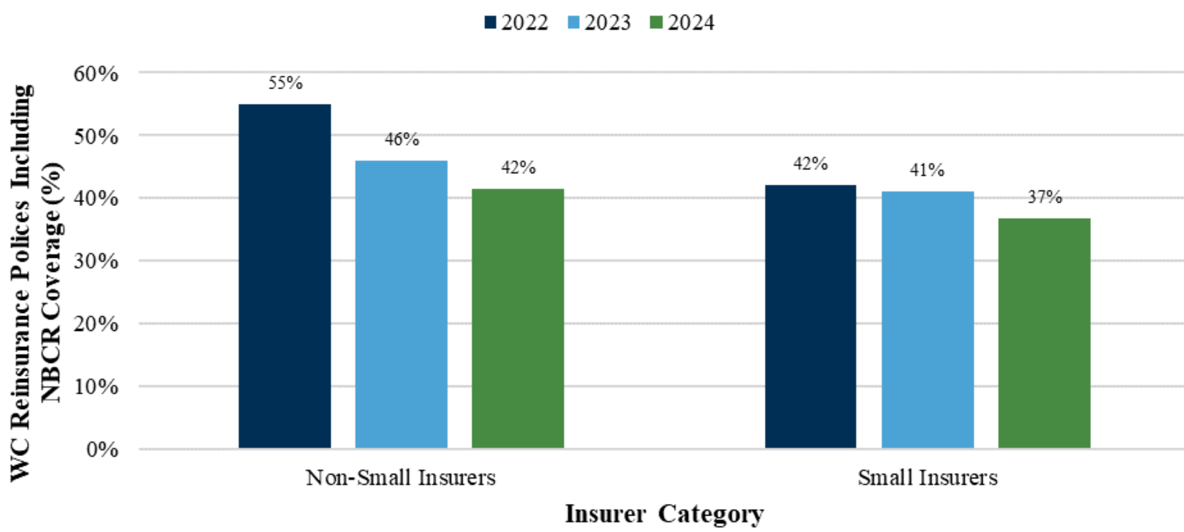
[103] A residual market provides insurance coverage for policyholders that cannot obtain coverage in the regular, or voluntary, market. Insurers operating in a particular jurisdiction are generally required to participate in residual markets as a condition of doing business in the voluntary market. The extent of an insurer's participation in the residual market is generally based upon its share of the voluntary market. *See, e.g.*, NCCI Comments, 2.

[104] NCCI Comments, 2-3.

[105] NCCI Comments, 3.

Private reinsurance can help insurers in the workers' compensation market manage their aggregation risks, including those from NBCR events. Figure 29 analyzes the extent to which private reinsurance purchased by insurers writing workers' compensation insurance since the 2023 Small Insurer Study included coverage for NBCR risks associated with workers' compensation policies.

**Figure 29: 2022-2024 Reinsurance Purchases Including Coverage for Workers' Compensation Losses Arising from NBCR Risks (by Insurer Category)**




Source: 2023-2025 TRIP Data Calls

The TRIP Data Calls continue to indicate that a significant percentage of small insurers with workers' compensation risks did not purchase any reinsurance coverage for workers' compensation losses caused by NBCR risks. The minority percentage of small insurers that did obtain reinsurance coverage for this type of risk obtained coverage at limits lower than the limits obtained under their conventional terrorism reinsurance policies.[106]

Figure 29 demonstrates that a higher percentage of non-small insurers obtained reinsurance coverage for workers' compensation losses arising from NBCR risks, as compared to small insurers. However, although the limits such insurers obtained were higher than the limits purchased by small insurers for workers' compensation NBCR exposures, the amounts of coverage that non-small insurers obtained for NBCR risks were much lower than their limits obtained for conventional terrorism risk—only about 20 percent of total terrorism risk reinsurance limits of such insurers in any one year.[107]

[106] For example, small insurers that obtained NBCR reinsurance limits for workers' compensation in 2023 obtained an average per loss limit of $40 million, compared to a general average terrorism reinsurance limit of $81 million. In 2024, these figures were $41 million and $87 million, respectively.

[107] For example, in 2024, the reported average purchase of NBCR workers' compensation reinsurance on a per loss basis by non-small insurers that purchased the reinsurance was $183 million—as compared with an average limit of $935 million obtained by those same non-small insurers for conventional terrorism risk.

Treasury's data indicates that the terrorism-related risks posed by the workers' compensation system have not prevented small insurers from participating in this market. However, it remains unclear as to whether this continued participation is due to the existence of the Program. If large workers' compensation losses fall disproportionately upon a small number of participating insurers and exceeds the Program Trigger, TRIP provides a backstop that will operate as a risk-spreading mechanism across the industry. In this situation, the Program could be a factor that allows an insurer to continue participating in the workers' compensation market.[108] Although this risk-spreading mechanism applies irrespective of the size of the insurer participating in the workers' compensation market, it may be a more critical mechanism for small insurers.

### G. Catastrophe Risk Modeling

Catastrophic risk modeling assists Treasury and program participants in evaluating how small (and other) insurers are impacted by the Program and the type of terrorist events to which the Program may be required to respond. Following recommendations by the statutorily-required Advisory Committee on Risk-Sharing Mechanisms (ACRSM),[109] Treasury has used certain modeling resources to assist in its administration of the Program and has reported previously about the results of that work.[110] Section V.G.1 updates the results of a prior analysis evaluating how the losses of other insurers may (or may not) affect whether certain small insurers are able to claim benefits in light of TRIP's Program Trigger. Section V.G.2 considers the different modeling issues presented under cyber risk models and evaluates how a sample cohort of small insurers (using certain information from the TRIP Data Calls) might be affected by a significant cyber event (which potentially could be certified as an act of terrorism under TRIP).

#### 1. Use of Terrorism Risk Modeling to Evaluate the Likelihood of Satisfying the Program Trigger

The Program Trigger is the amount of insured losses that must be sustained before Treasury may reimburse an insurer for the Federal Share of Compensation—even if that insurer has otherwise satisfied its Program deductible. The Program Trigger has the effect of excluding lower-loss terrorism events from receiving compensation under the Program. The Program Trigger could preclude a small insurer from recovering under the Program in connection with an event that, while relatively small when considered across the entire insurance industry, could have a

[108] One commenter noted that "[g]iven the challenges presented by the terrorism peril, Congress determined a workable solution was needed that provides primary insurance carriers with a mechanism to manage the impact of the terrorism peril. That solution was the creation of TRIP, and it appears it may have contributed to a relatively stable workers compensation insurance market." NCCI Comments, 4.

[109] ACRSM, "Initial Report of the Committee" (presentation, ACRSM, Washington, DC, May 11, 2020), https://home.treasury.gov/system/files/311/5-20-ACRSM-Report-Final.pdf.

[110] *See* FIO, *2023 Small Insurer Study*, 47-54; FIO, *2024 Effectiveness Report*, 80-91. In addition, since the inception of its reporting on TRIP, Treasury has reported on the results of the modeled loss question posed in the annual TRIP Data Call in Treasury's biennial TRIP Effectiveness Report.

significant impact upon a particular small insurer that is disproportionately affected by the loss. Treasury has addressed this issue in its prior Small Insurer Studies.[111]

Starting in 2023, Treasury's analysis also assessed the likelihood that the aggregated losses of all insurers from a particular terrorist attack could meet the Program Trigger. In a terrorist attack, this assessment depends upon the number of insurers impacted by a particular act of terrorism and the insured losses they sustain, in addition to the losses reported by any individual small insurer. For the 2023 Small Insurer Study, Treasury analyzed data from the 2022 TRIP Data Call that, when joined with the results of Treasury's terrorism risk model, could show where a small insurer's terrorism losses might be significant and yet not trigger the Program. This analysis was based upon modeled results from the overall sector when a particular insurer likely could rely upon other insured losses to satisfy the Program Trigger.[112] Treasury has updated that analysis to include information from the 2023-2025 TRIP Data Calls to determine if similar results would be reached. Specifically, using information reported in the 2023-2025 TRIP Data Calls, Treasury has:

(1) mapped (where its model identifies potential exposures) those ZIP Codes with modeled 5-ton truck bomb attacks coinciding with reported PML amounts by ZIP Code provided by small insurers;

(2) estimated all loss (from both property and workers' compensation lines of insurance) arising from modeled truck bomb events and adjusted the loss amounts to account for policyholder losses and take-up rates (in order to reach an insured loss estimate); and

(3) identified those small insurers reporting their PML in a ZIP Code where the model results reflect that the Program Trigger is unlikely to be met (*i.e.*, total insured losses arising from the event will be less than $200 million). Treasury then examined the reported PMLs and reinsurance information reported by these small insurers to assess their potential risk of not being able to access Program benefits because of the Program Trigger limitations described above.

Figure 30 shows the number of small insurers meeting the respective criteria in the analysis outlined above.

[111] FIO, *2017 Small Insurer Study*, 25-27; FIO, *2019 Small Insurer Study*, 41-43; FIO, *2021 Small Insurer Study*, 46; FIO, *2023 Small Insurer Study*, 45-47; *see also* Sections V.D and V.E.

[112] *See* FIO, *2023 Small Insurer Study*, 49-51.

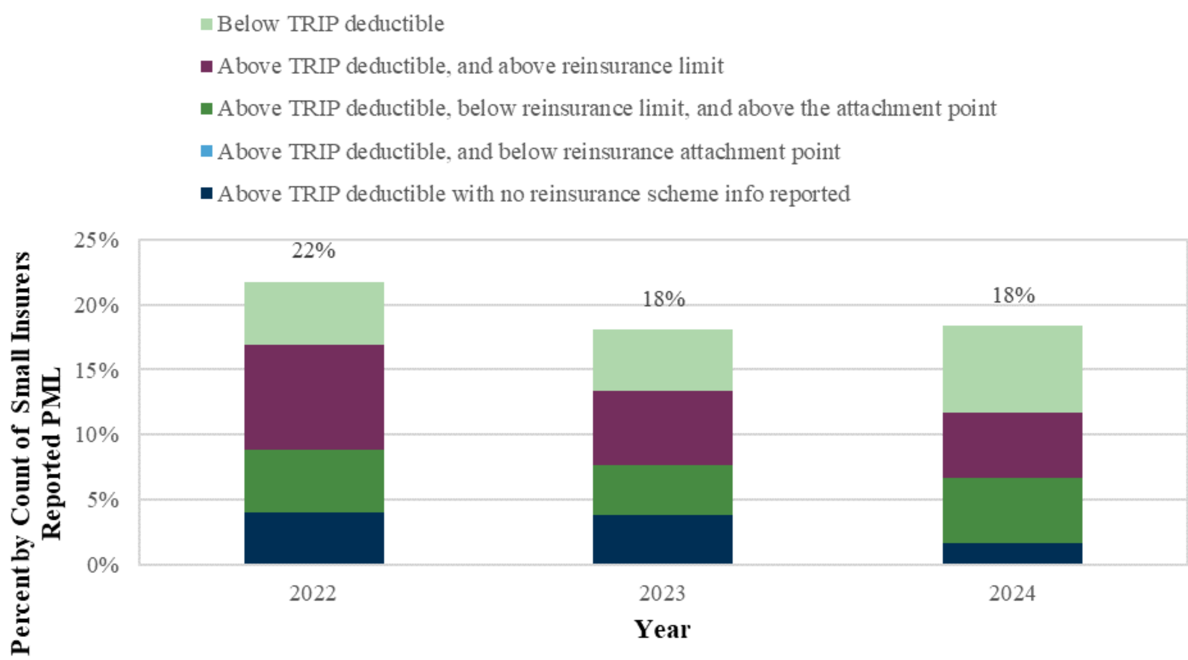
**Figure 30: Modeled Small Insurer PML and Reinsurance Reporting Analysis by Count**

| Count of Reporting Small Insurers | 2022 | 2023 | 2024 |
|---|---|---|---|
| Number of reporting small insurers | 171 | 174 | 179 |
| Small insurers with: | | | |
| A. PML ZIP Code location and amount information available | 147 | 128 | 150 |
| B. Modeled 5-ton truck bomb scenarios that match a reported PML ZIP Code | 127 | 122 | 120 |
| C. ZIP Code-level losses below the Program Trigger and above TRIP deductible | 24 | 14 | 14 |
| D. Sufficient reinsurance information reporting | 126 | 129 | 140 |
| Small insurers with A., B., C., and D. | 16 | 10 | 12 |
| And reported purchases of reinsurance at limits that are below their reported PML amounts | 10 | 6 | 6 |

Source: 2023-2025 TRIP Data Calls

While Figure 30 shows the number of reporting small insurers for which there is adequate analytical information in the various relevant categories, Figure 31 evaluates the estimated percentage of small insurers that may still face financial issues on account of the likelihood that the losses of other insurers may not help them to satisfy the Program Trigger in an individual loss situation.

**Figure 31: 2022-2024 Small Insurer with ZIP Code-level Losses Below the Program Trigger PML and Reinsurance Scheme Reporting Analysis by Percentage**




Source: 2023-2025 TRIP Data Calls

This analysis confirms the findings from the 2023 Small Insurer Study that when the losses of a single insurer from a particular act of terrorism may not satisfy the Program Trigger, the Program Trigger may be satisfied in certain cases by the aggregate losses sustained by other insurers in connection with that act of terrorism. However, the analysis also shows (Figure 31) that the Program Trigger may not be satisfied in all situations. Further, as many as 18 percent of small insurers (based on 2024 results) in the modeled scenario may have significant losses but no recovery from TRIP. The analysis also showed that a majority of the affected small insurers (*i.e.* the 18 percent) did not have sufficient reinsurance protection in place to cover their potential terrorism risk losses.

Treasury will continue to study how small insurers are assessing their exposure to terrorism risk, as well as their ability to obtain private reinsurance coverage in circumstances when their terrorism risk exposure may be insufficient to trigger the Program.

**2. Use of Cyber Risk Modeling to Evaluate how a Cohort of Small Insurers Might be Exposed to a Catastrophic Loss**

Beginning in 2024, FIO began working with cyber risk modeling tools, which permit analysis of the potential impact of a variety of cyber attacks on a hypothetical or "synthetic" insurance portfolio, which can be constructed based upon TRIP data combined with sample policy information extracted from the modeling tool's industry exposure database.

Unlike terrorism risk modeling that was developed in 2002 soon after the September 11 Attacks, commercial cyber risk modeling tools emerged more recently in 2015 in response to insurers' and reinsurers' desire to better understand their potential total exposure.[113] A better understanding of cyber exposure allows insurers to underwrite more policies and/or higher limits, as well as develop a more effective reinsurance strategy. However, the lack of historical data—especially for potential low frequency and high impact events—led insurers to start using probabilistic cyber risk modeling tools.[114]

Probabilistic cyber risk modeling tools provide insurers and other stakeholders with the ability to simulate the frequency and potential severity of economic and insured losses from a variety of scenarios. These tools perform simulations thousands of times under various attack scenarios, including data breaches, distributed denial of service disruptions, cloud outages, ransomware and malware infections, business email compromises, financial system theft, and infrastructure and operational technology attacks. The impacts of these scenarios can be modeled on a variety of different cyber coverages, including investigation and response, data restoration, business interruption, contingent business interruption, funds transfer fraud, regulatory costs, legal liability, and extortion payments. Results for either attritional or catastrophic events can be presented in numerous ways, such as through an estimated average annual loss or a year loss

[113] *See* "Willis Re Launches Industry-First Cyber Risk Modeling Tool, PRISM-Re(TM)," iPMI Magazine, February 3, 2015, https://ipmimagazine.com/medical-health-insurance/en/articles/item/3535-willis-re-launches-industry-first-cyber-risk-modeling-tool-prism-re-tm; Chris Westfall, "Willis Fires First Salvo in the Cyber Risk Model Race," *Risk Market News*, February 4, 2015, https://www.riskmarketnews.com/willis-fires-first-salvo-cyber-risk-model-race/.

[114] *See* "First Probabilistic Cyber Risk Model Launched by RMS," *Artemis*, March 7, 2018, https://www.artemis.bm/news/first-probabilistic-cyber-risk-model-launched-by-rms/; CyberCube, "CyberCube Analytics Emerges from Stealth Mode, Providing the First Inside-Out View of Risk Exposure for the Cyber Insurance Industry," news release, March 22, 2018, https://www.cybcube.com/news/2018/03/cybercube-analytics-emerges-from-stealth-mode.

table, or through exceedance probability curves that a loss will exceed a given threshold over various return periods, typically ranging from 10 to 1,000 years, on an occurrence or aggregate basis, or as a tail conditional expectation.

Recent studies have highlighted both the potential usefulness of cyber risk modeling and its limitations, while also noting that "the changing reinsurance landscape and the beginning of a cyber insurance linked securities (ILS) market is due, in part, to the increasing maturity of commercial cyber models."[115] However, such studies also note that while significant progress has been made in advancing cyber catastrophe models over the past decade, "a notable degree of variability across model outputs still exists which can pose a challenge to insurance and reinsurance companies . . . ."[116] Cyber risk modeling results should be appropriately caveated, and feedback from insurers and reinsurers should be used to continue to improve modeling approaches.

Based upon information reported by certain small insurers in the 2024 TRIP Data Call, FIO constructed a synthetic portfolio of cyber insurance data. For analytical purposes in this Study, the policies were distributed among various sectors using data from cyber modeling vendors. Using the premium data for small insurers of various sizes, and overall coverage limits, FIO established coverage bands with average premiums and average limits. Depending on the size of a small insurer's premium and its overall coverage limit, coverage was assumed for breach of privacy events, data and software recovery, business interruption, contingent business interruption, incident response costs, regulatory and defense costs, legal liability, financial theft and fraud, and cyber extortion. Policy deductibles, coverage sub-limits, and business interruption/contingent business interruption waiting periods were also estimated using data extracted from the modeling tool's industry exposure database. Neither exclusions nor reinsurance were included in the analysis, meaning the results will not account for loss limitations imposed on account of exclusions, and will otherwise be for gross loss without accounting for reinsurance recoveries.

Application of the model to this synthetic portfolio identified an average annual loss from cyber incidents over a period of one year of $209.8 million based on 2024 TRIP data.[117]

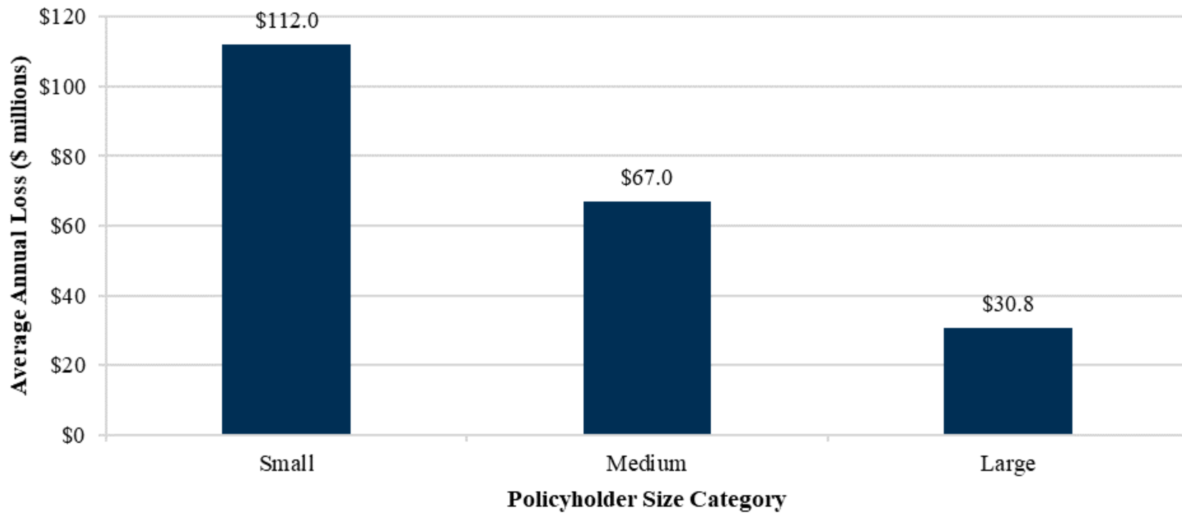
Figure 32 shows the distribution of the total average annual loss by size of policyholder. Since small insurers disproportionately provide coverage for small policyholders, a significant portion of the modeled portfolio losses (53.4 percent) is from small companies.

[115] Guy Carpenter, *Through the Looking Glass: Interrogating the Key Numbers Behind Today's Cyber Market* (2023), 6, https://www.guycarp.com/insights/2023/05/through-the-looking-glass-interrogating-key-numbers-behind-todays-cyber-market.html.

[116] Guy Carpenter, *Under The Lens: Investigating Cyber Vendor Model Divergence* (2023), 4, https://www.guycarp.com/insights/2023/06/under-the-lens-investigating-cyber-vendor-model-divergence.html.

[117] Average annual loss (also called a catastrophe load) can be used to estimate the annual policy premium needed to cover losses from modeled cyber catastrophes over time, assuming the exposure remains constant.

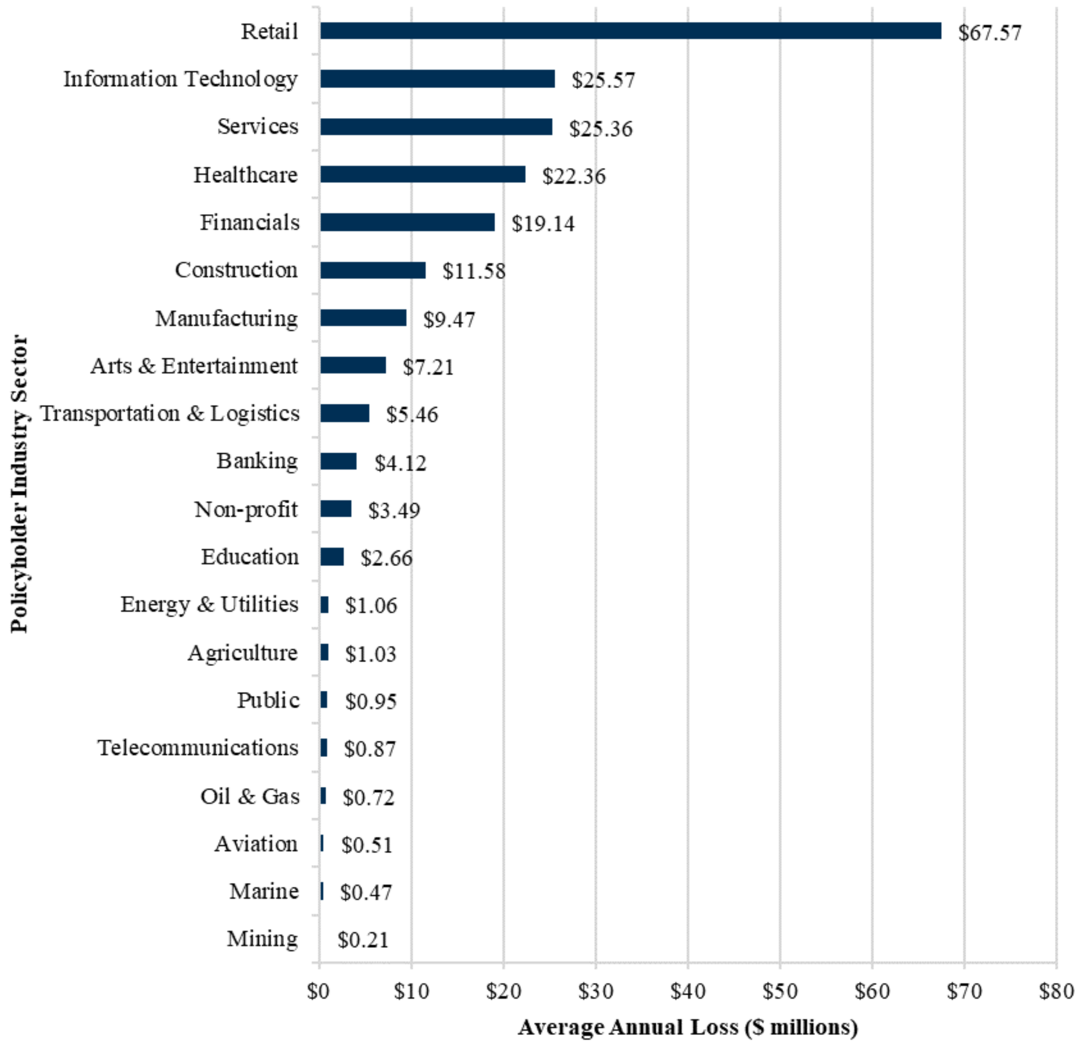
**Figure 32: Modeled Average Annual Loss by Size of Policyholder**




Source: 2025 TRIP Data Call and Modeling Application

Figure 33 shows the distribution of the total $209.8 million modeled average annual loss by sector. Retail, IT, healthcare, financials, and construction comprised 81.8 percent of the estimated average annual loss. Small policyholders comprise a disproportionately large number of the firms in these sectors.

**Figure 33 Modeled Average Annual Loss by Sector**

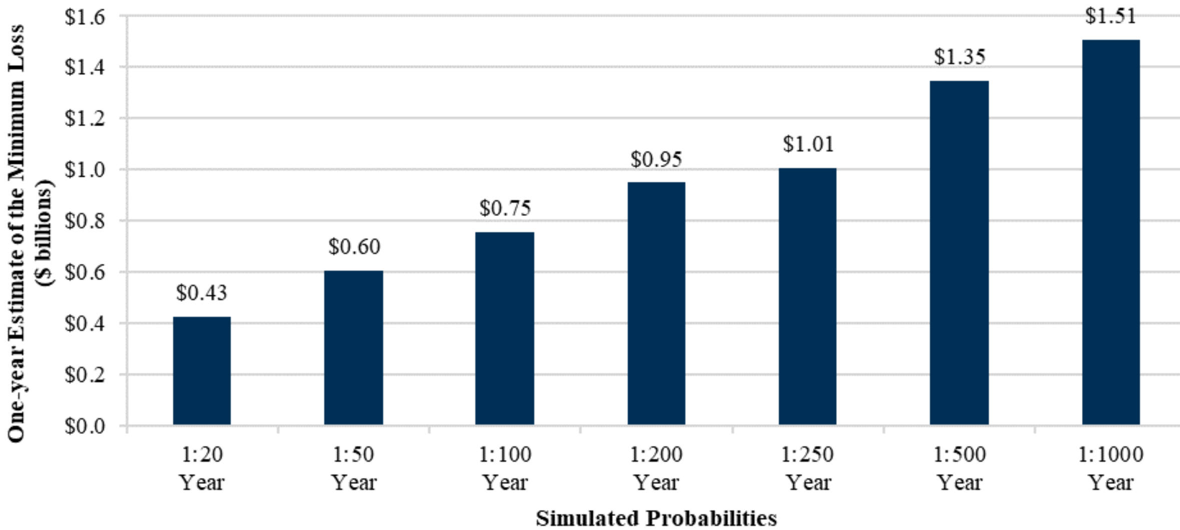



Source: 2025 TRIP Data Call and Modeling Application

Cyber insurance models also can calculate the aggregate exceedance probability, *i.e.*, the probability that the total losses to an insurer's portfolio from a single event or multiple events in a specified time frame (such as a year) will exceed a given threshold. This metric is useful when assessing the cumulative insured losses of events over a time period, and it is often used by insurers to understand the total exposure they might face, factoring in multiple occurrences. Based upon the parameters within the model, Treasury calculated the aggregate exceedance probability of the synthetic portfolio it constructed experiencing financial losses from all events over a certain threshold amount in 20-, 50-, 100-, 200-, 250-, 500-, and 1,000-year return periods. A 1-in-100 return period is the equivalent to a one percent chance of the aggregate loss from all events exceeding the stated value in a given year.

Figure 34 shows the aggregate exceedance probability ranges of losses from $427.8 million in the 1-in-20-year return period (5 percent), to over $1.5 billion in the 1-in-1,000 return period (0.1 percent).

**Figure 34: Aggregate Exceedance Probability**




Source: 2025 TRIP Data Call and Modeling Application

The model results display a high degree of variability in the projected losses because of the model's reliance upon a synthetic portfolio. However, the modeled results demonstrate how the TRIP Data Calls, including the cyber data collected, can be used to model the possible impacts of a catastrophic cyber attack on Program participants and TRIP. If a significant cyber attack resulted from a certified act of terrorism, the modeled results indicate that the financial impact could exceed the minimum amount of insurance industry aggregate insured losses needed to trigger the Program.

* * * * *

Risk modeling provides Treasury with additional tools to evaluate how the Program will operate in various circumstances and assists Treasury in its administration of the Program. Risk modeling can also help assess the extent to which specific market participants may be able to increase their private risk capacity for terrorist events. Modeling also helps Treasury assess how insurers can protect themselves against the risks that they have already assumed, including by how they allocate their portfolios across policyholder sectors and obtain reinsurance. As illustrated in this Study, information from the TRIP Data Calls can also be analyzed in association with commercially available information to inform modeling results. Risk modeling can also assist Treasury in assessing whether any changes to the Program may be needed in future years. Treasury will include additional analyses from these tools in future reports.

## VI. INTERNATIONAL FORUM OF TERRORISM RISK (RE)INSURANCE POOLS

Many countries with substantial insurance markets have adopted terrorism risk insurance mechanisms that rely, to a greater or lesser degree, upon government involvement in case of a significant terrorism event. The International Forum for Terrorism Risk (Re)Insurance Pools (IFTRIP) is an organization of international terrorism risk insurance programs that serves as a forum for the development of best practices, thought leadership, and discussion of areas of common interest in the insurance of terrorism risk.[118] FIO participates in IFTRIP activities as part of its assistance to the Secretary in the administration of TRIP. FIO currently serves as IFTRIP's Chair.

IFTRIP hosted its annual Conference in Cape Town, South Africa in May 2025. During the closed session of the conference, representatives of IFTRIP member pools provided updates and engaged in discussion regarding emerging and ongoing issues facing their organizations, such as cyber terrorism risk, terrorist financing, terrorism risk modelling, and a joint IFTRIP-Geneva Association report on NBCR risk. The open session of the conference focused upon terrorism risks and conflict issues on the African continent and provided an opportunity for the private sector, academia, and government to discuss a range of topics, including the value of ongoing collaboration, emerging risks, multi-risk pools, terrorism risk modeling, and the participation of the capital markets in supporting the insurance and reinsurance of terrorism risk.[119]

IFTRIP is an important forum for international collaboration on critical financial resilience issues presented by the risk of terrorism. Treasury's leadership of IFTRIP has led to increased collaboration and information sharing with the other national terrorism risk pools.

[118] *See, e.g.*, "Sharing Knowledge About Terrorism Risk," International Forum for Terrorism Risk (Re)Insurance Pools, http://iftrip.org/ (providing general information and news about IFTRIP); Willis Towers Watson, *2025 Terrorism Pool Index* (summarizing salient features of terrorism risk programs in IFTRIP member countries). Among other IFTRIP activities, between 2020 and 2022, IFTRIP and the Geneva Association issued a series of reports addressing the issues presented by the insurance of hostile cyber activity. *See* FIO, *2022 Effectiveness Report*, 61-62, 61 nn. 141-142.

[119] *See* IFTRIP, *Programme Overview* (May 13-14, 2025), https://iftrip2025.powerappsportals.com/Agenda/ (outlining public conference presentations and discussions).

# VII. CONCLUSION

Small insurers are important components of the large and diverse U.S. insurance market, and they are significant participants in the market for terrorism risk insurance in the United States. The market share of small insurers in the TRIP-eligible lines of insurance has been relatively constant since 2017. In some areas, such as coverage provided to places of worship or cyber coverage provided to small policyholders, small insurers may have a larger than average percentage of these respective markets. While coverage in the lines of insurance subject to the Program generally remains concentrated in larger non-small insurers, small insurers continue to play a significant role for some segments of policyholders and in many areas of the country.

Treasury's small insurer studies regularly evaluate the percentage charge for terrorism risk that small insurers make as compared to non-small insurers, as well as whether a charge is made at all. In many of the prior years, the data reflects that small insurers make a lower charge than non-small insurers. The 2024 data shows that small insurers may charge slightly more than non-small insurers for terrorism risk insurance when a charge is assessed. Small insurers remain more likely than non-small insurers to charge no premium at all for terrorism risk coverage. Additionally, terrorism risk insurance take-up rates by the policyholders of small insurers are lower than the take-up rate for non-small insurers' policyholders. Small insurers also tend to operate on a regional basis by writing in fewer states than non-small insurers. Small insurers also have heavier concentrations of writings in the commercial multi-peril and workers' compensation lines of insurance (and therefore a larger overall market share in those lines) than non-small insurers. Small insurers do not participate in a significant way in the market for standalone terrorism insurance policies and typically report few policies issued. Small insurers do participate in the market for cyber insurance, including cyber terrorism insurance under TRIA, and they are more heavily concentrated in cyber risk insurance issued to small policyholders. Furthermore, small insurers' greater portfolio share of workers' compensation insurance as compared to non-small insurers, where NBCR insurance must be provided, increases their total risk of aggregated exposure arising from such losses.

The mandatory availability requirement requires that small insurers offer and write terrorism risk insurance in some circumstances where they otherwise might not write insurance. The financial backstop provided by the Program provides some support to mitigate the economic impact of this requirement for small insurers. If the federal backstop becomes insufficient to support small insurers because of changes in market conditions or Program mechanics, the mandatory availability requirement could cause small insurers to not provide insurance in certain markets. This could reduce the availability of insurance—not only in terrorism risk insurance but also in other TRIP-eligible lines of insurance.

Additionally, in some circumstances, the Program Trigger requirement could prevent small insurers who have met their individual Insurer Deductibles from receiving the Federal Share of Compensation. Small insurers would be protected from such outcomes where the aggregate of all insurer losses will exceed the Program Trigger. Modeling analysis also indicates that, in many cases, the losses experienced by other insurers will help satisfy the Program Trigger in cases where the Program Trigger would not be satisfied based upon the losses of a single small insurer. However, a highly concentrated act of terrorism that affects a limited number of insurers could result in insured losses to small insurers that fail to reach the Program Trigger. Although small insurers may purchase private reinsurance to avoid this potential risk, many small insurers do not purchase sufficient private reinsurance to address this possibility. The reported data indicates that small insurers continue to cede significant, and increasing, amounts of their DEP for reinsurance purchases. The reported data on limits reported also indicates that the aggregate reinsurance purchases by such small insurers covering losses subject to the Program have increased after declines in prior years.

Small insurers could have the highest potential for unreimbursed losses in connection with the workers' compensation line of insurance. Small insurers have a larger share of this market as compared to the overall share of the TRIP-eligible lines market, which is subject to very high loss amounts with no defined limits of liability and significant potential aggregation risks. Because this line is highly regulated by the U.S. states from a pricing standpoint, insurers that write workers' compensation insurance may find it difficult to buy reinsurance that will cover their underwritten risks. Treasury's data over the last several years also indicates that many small insurers do not obtain reinsurance coverage for NBCR-related losses in workers' compensation lines. Additionally, the reinsurance that small insurers do obtain is in amounts significantly lower than they are otherwise able to obtain for terrorism risk.

FIO will continue to monitor and report on developments related to the terrorism risk insurance markets, including those involving small insurers.

# Appendix 1: 2024 Take-Up Rates by State

Appendix 1 to this Study contains a table setting forth the 2024 take-up rates, based upon premium, presented graphically in Figures 11 and 12, by state for both small and non-small insurers. Workers' compensation is not included within these figures, although excess workers' compensation is included.

| | Non-Small Insurers | Small Insurers | Combined |
|---|---|---|---|
| Alabama | 59% | 70% | 61% |
| Alaska | 56% | 59% | 56% |
| American Samoa | 7% | NA | 7% |
| Arizona | 63% | 48% | 61% |
| Arkansas | 64% | 64% | 64% |
| California | 59% | 33% | 56% |
| Colorado | 62% | 40% | 60% |
| Connecticut | 66% | 61% | 66% |
| Delaware | 61% | 62% | 61% |
| District of Columbia | 70% | 70% | 70% |
| Florida | 48% | 22% | 43% |
| Georgia | 63% | 62% | 63% |
| Guam | 26% | 32% | 26% |
| Hawaii | 50% | 47% | 49% |
| Idaho | 64% | 28% | 59% |
| Illinois | 64% | 57% | 64% |
| Indiana | 63% | 75% | 65% |
| Iowa | 68% | 66% | 68% |
| Kansas | 65% | 56% | 64% |
| Kentucky | 66% | 64% | 66% |
| Louisiana | 49% | 55% | 49% |
| Maine | 69% | 88% | 72% |
| Maryland | 69% | 71% | 69% |
| Massachusetts | 65% | 68% | 65% |
| Michigan | 67% | 70% | 68% |
| Minnesota | 66% | 71% | 66% |
| Mississippi | 60% | 67% | 61% |
| Missouri | 65% | 72% | 66% |
| Montana | 61% | 41% | 58% |
| Nebraska | 66% | 70% | 67% |
| Nevada | 63% | 38% | 61% |
| New Hampshire | 67% | 85% | 70% |
| New Jersey | 64% | 55% | 63% |
| New Mexico | 68% | 35% | 63% |
| New York | 63% | 39% | 60% |
| North Carolina | 69% | 72% | 69% |

| | Non-Small Insurers | Small Insurers | Combined |
|---|---|---|---|
| North Dakota | 62% | 63% | 62% |
| N. Mariana Islands | 1% | NA | 1% |
| Ohio | 69% | 68% | 69% |
| Oklahoma | 62% | 59% | 62% |
| Oregon | 62% | 39% | 59% |
| Pennsylvania | 67% | 64% | 67% |
| Puerto Rico | 29% | 1% | 15% |
| Rhode Island | 67% | 63% | 67% |
| South Carolina | 62% | 62% | 62% |
| South Dakota | 61% | 77% | 63% |
| Tennessee | 67% | 63% | 66% |
| Texas | 52% | 50% | 52% |
| US Virgin Islands | 33% | 2% | 28% |
| Utah | 63% | 42% | 62% |
| Vermont | 66% | 88% | 71% |
| Virginia | 66% | 62% | 66% |
| Washington | 59% | 45% | 57% |
| West Virginia | 74% | 58% | 72% |
| Wisconsin | 68% | 71% | 68% |
| Wyoming | 65% | 56% | 64% |

Source: 2025 TRIP Data Call

# Appendix 2: 2024 Take-Up Rates by State and Line Groups

Appendix 2 to this Study contains more detailed take-up information for small and non-small insurers, by state and by groups of TRIP-eligible lines of insurance. To streamline the data display and provide information by more general categories of information, Treasury displays the information by the following categories: (1) property insurance;[120] and (2) liability insurance.[121] Appendix 2 indicates differences in take-up rates, on a state-by-state basis, between small insurers and non-small insurers, by the more general coverage categories identified.

| | **Non-Small** | | **Small** | | **Combined** | |
|---|---|---|---|---|---|---|
| | Property | Liability | Property | Liability | Property | Liability |
| Alabama | 60% | 58% | 67% | 73% | 61% | 61% |
| Alaska | 75% | 48% | 62% | 56% | 73% | 50% |
| American Samoa | 1% | 78% | NA | NA | 1% | 78% |
| Arizona | 68% | 60% | 56% | 42% | 67% | 58% |
| Arkansas | 68% | 60% | 69% | 58% | 68% | 60% |
| California | 64% | 57% | 39% | 30% | 62% | 54% |
| Colorado | 68% | 60% | 54% | 32% | 67% | 56% |
| Connecticut | 76% | 64% | 71% | 51% | 75% | 63% |
| Delaware | 67% | 60% | 72% | 56% | 68% | 59% |
| District of Columbia | 78% | 64% | 70% | 69% | 77% | 65% |
| Florida | 43% | 56% | 12% | 31% | 35% | 51% |
| Georgia | 69% | 61% | 72% | 54% | 69% | 60% |
| Guam | 67% | 29% | 0% | NA | 60% | 29% |
| Hawaii | 45% | 58% | 33% | 66% | 43% | 59% |
| Idaho | 67% | 62% | 22% | 33% | 61% | 58% |
| Illinois | 75% | 60% | 58% | 58% | 73% | 60% |
| Indiana | 67% | 61% | 76% | 76% | 68% | 63% |
| Iowa | 75% | 61% | 72% | 74% | 75% | 62% |
| Kansas | 70% | 61% | 59% | 51% | 69% | 60% |
| Kentucky | 69% | 63% | 63% | 72% | 69% | 64% |
| Louisiana | 48% | 54% | 67% | 40% | 51% | 52% |
| Maine | 78% | 65% | 91% | 86% | 80% | 69% |
| Maryland | 74% | 67% | 73% | 70% | 74% | 67% |
| Massachusetts | 72% | 62% | 79% | 56% | 73% | 61% |
| Michigan | 72% | 64% | 72% | 68% | 72% | 64% |
| Minnesota | 71% | 61% | 77% | 64% | 72% | 62% |
| Mississippi | 62% | 60% | 69% | 65% | 63% | 61% |
| Missouri | 70% | 61% | 73% | 73% | 70% | 63% |
| Montana | 66% | 59% | 62% | 25% | 65% | 52% |

[120] Fire, Allied Lines, Boiler & Machinery, and Commercial Multi-Peril (Property) combined.

[121] Commercial Multi-Peril (Liability), Products Liability, and Other Liability combined.

| | **Non-Small** | | **Small** | | **Combined** | |
|---|---|---|---|---|---|---|
| | Property | Liability | Property | Liability | Property | Liability |
| Nebraska | 76% | 61% | 76% | 60% | 76% | 61% |
| Nevada | 68% | 62% | 41% | 33% | 67% | 59% |
| New Hampshire | 76% | 63% | 88% | 85% | 78% | 66% |
| New Jersey | 71% | 63% | 66% | 47% | 70% | 61% |
| New Mexico | 74% | 65% | 67% | 22% | 73% | 56% |
| New York | 71% | 62% | 62% | 29% | 70% | 57% |
| North Carolina | 74% | 64% | 77% | 70% | 75% | 65% |
| North Dakota | 67% | 56% | 67% | 59% | 67% | 56% |
| N. Mariana Islands | NA | 1% | NA | NA | NA | 1% |
| Ohio | 74% | 63% | 68% | 65% | 73% | 63% |
| Oklahoma | 67% | 58% | 70% | 40% | 67% | 55% |
| Oregon | 67% | 59% | 58% | 30% | 66% | 55% |
| Pennsylvania | 76% | 62% | 67% | 62% | 74% | 62% |
| Puerto Rico | 26% | 42% | 0% | 0% | 14% | 14% |
| Rhode Island | 74% | 66% | 73% | 52% | 73% | 64% |
| South Carolina | 60% | 65% | 59% | 65% | 60% | 65% |
| South Dakota | 65% | 57% | 83% | 70% | 68% | 59% |
| Tennessee | 73% | 64% | 63% | 65% | 72% | 64% |
| Texas | 52% | 54% | 48% | 41% | 52% | 52% |
| US Virgin Islands | 24% | 38% | 1% | 0% | 17% | 38% |
| Utah | 69% | 62% | 37% | 45% | 66% | 60% |
| Vermont | 71% | 62% | 91% | 86% | 77% | 67% |
| Virginia | 73% | 64% | 66% | 68% | 72% | 65% |
| Washington | 65% | 59% | 56% | 40% | 64% | 57% |
| West Virginia | 78% | 71% | 62% | 51% | 77% | 69% |
| Wisconsin | 76% | 63% | 80% | 67% | 76% | 63% |
| Wyoming | 71% | 58% | 66% | 44% | 71% | 56% |

Source: 2025 TRIP Data Call