Observations on the Current Program

- Since inception and in perpetuity, if there is a clean reauthorization of TRIA, a substantial amount of risk is transferred to the private sector.
- Policyholders have run and will continue to run significant economic risk through the recoupment feature and the program cap.
- Insurers' have significant and increasing retained risk through their deductible and copay levels relative to policyholder's surplus capital
- The program is generally effective, with some shortcomings as respects small/specialized companies and the potential for free-riders.



Time Series Projections of Changes to the Terrorism Risk Insurance Program

Assumptions:

- Clean reauthorization of current law after 2020
- Premium growth shown for 5%, 4%, and 3% CAGR options
 - 5% historical CAGR w/market cycle adj.
 - 4% 2011-2018 avg. P&C premium CAGR (CBO nominal GDP forecast)
 - 3% closer to OMB assumptions

| Copyright © 2019 Reinsurance Association of America All Rights Reserved. | Terrorism R | lisk Ins | urance Program (TRIP) | Premiu | m Growth Rate (CAGR) | < 2003 • • • • • • • • • • • • • • • • • • • | |
|---|--------------------|----------|---|-----------------|--|---|---------|
| TRIP Coverage Map: | Baseline (Max | \$100B P | rogram <mark>L</mark> oss Example) - 2003 | 2003 | Program Minimum | 100,0 | 000,000 |
| 100B | | | Program Cap = 10 | 0,000,000,000 | Program Cap | 100,000,0 |)00,000 |
| Sopav% | "The Van | - | Federal ShareDiscretic coupment Layer | nary | Insurers' Individual Deductible % | | 7% |
| 80B- 70B- | | | | | Insurers' Copay % | | 10% |
| 60B- | | | | | Insurers' Copay Above Mkt Plc Retention | 9,000,0 | 000,000 |
| 50B- | | | | | Marketplace Aggregate Retention | 10,000,0 | 000,000 |
| 40B- | | | | | Marketplace Share of Loss | 19,000,0 | 000,000 |
| 30B- | | | | | Federal Share of LossDiscretionary Recoupment Layer | 81,000,0 | 000,000 |
| 20B- 10B-Mkt Plc Agg Retenti Mkt P | on 10,000.000.000- | | | | Marketplace Share Pct | | 19% |
| OB- | lc Share 19% | | Program Mini | mum 100,000,000 | Federal Share Discretionary Recoupment Pct | | 81% |

| R A Terrorism Risk Insurance Program (TRIP) | Premium Growth Rate (CAGR) |
|---|---|
| Copyright © 2019 Reinsurance Association of America All Rights Reserved. TRIP Coverage Map: Baseline (Max \$100B Program Loss Example) - 2019 | 2019 |
| 100B- Program Cap = 10 | Program Minimum 180,000,000 = 100,000,000 Program Cap 100,000,000 |
| 90B- "The Vanishing" Federal ShareDiscretio | |
| 80B- | Insurers' Copay % 19% |
| 70B- 60B- | Insurers' Copay Above Mkt Plc Retention 11,875,000,000 |
| 50B- | Marketplace Aggregate Retention 37,500,000,000 |
| 40B Mkt Plc Agg Retention 37,500,000,000 Mkt Plc Share 49% | Marketplace Share of Loss 49,375,000,000 |
| 30B- | Federal Share of LossDiscretionary Recoupment Layer 50,625,000,000 |
| 20B- 10B- | Marketplace Share Pct 49% |
| 0B- | Federal Share Discretionary 51% |

| | | | | | | | | | | 5% CAGR | | | |
|-------|----------------------|------------|-----------|-----------|--------|---------|-----------|---------------|-----------------|---|------|---------------|---------|
| R | A | Terroi | rism Ri | isk Ins | uranc | e Prog | gram (| TRIP) | Premiu | m Growth Rate (CAGR) | | < 2020 . O | |
| | Coverage Map: | Baselin | e (Max \$ | \$100B Pi | rogram | Loss Ex | (ample) | - 2020 | 2020 | Program Minimum | | 200 (| 000,000 |
| 100B- | - 20% | | | | | | Prog | ram Cap = 100 | 0,000,000,000 | | | - | |
| 90B- | Copay% = | ″Th | e Vanis | shing" | Feder | al Sha | reDis | cretio | nary | Program Cap | | 100,000,0 | 000,000 |
| 80B- | ප | | | Red | coupm | ient La | yer | | - | Insurers' Individual Deductible % | þ | | 20% |
| 70B- | | | | | | | | | | Insurers' Copay % | | | 20% |
| 60B- | | | | | | | | | | Insurers' Copay Above Mkt Plc Retention | | 11,824, | 533,333 |
| 50B- | | | | | | | | | | Marketplace Aggregate Retention | n | 40,877,3 | 333,333 |
| 40B- | Mkt Plc Agg Retentio | on 40,877, | 333,333 | | | Mkt Plc | Share 53% | | | Marketplace Share of Loss | | 52,701, | 866,666 |
| 30B- | | | | | | | | | | Federal Share of LossDiscretion Recoupment Layer | nary | 47,298, | 133,334 |
| 20B- | | | | | | | | | | Marketplace Share Pct | | | 53% |
| 10B- | | | | | | | | | | Federal Share Discretionary | | | |
| 0B- | | | | | | | | Program Minir | num 200,000,000 | | | | 47% |

| Copyright © 2019 Reinsurance Association of America All Rights Reserved. | rism Risk Ins | surance Program (TRIP) | Premiu | 5% CAGR m Growth Race (CAGR) | |
|---|------------------|--|------------------|--|-----------------|
| | ne (Max \$100B P | rogram Loss Example) - 2021 | 2021 | Program Minimum | 200,000,000 |
| 100B | ., , | Program Cap = 10 | | Program Cap | 100,000,000,000 |
| 90B- 80B- | • | Federal ShareDiscretic coupment Layer | onary | Insurers' Individual Deductible % | 20% |
| 70B- | | | | Insurers' Copay % | 20% |
| 60B- | | | | Insurers' Copay Above Mkt Plc Retention | 11,666,893,333 |
| 50B- | | | | Marketplace Aggregate Retention | 41,665,533,333 |
| 40B-Mkt Plc Agg Retention 41,665, | 533,333 | Mkt Plc Share 53% | | Marketplace Share of Loss | 53,332,426,666 |
| 30B- | | | | Federal Share of LossDiscretionary Recoupment Layer | 46,667,573,334 |
| 20B- 10B- | | | | Marketplace Share Pct | 53% |
| 0B | | Program Min | imum 200,000,000 | Federal Share Discretionary Recoupment Pct | 47% |

| | | | | | | | | 5% CAGR | |
|-------------|---|-----------------|----------|----------------|---------------------|---------------|-----------------|---|-----------------------------|
| R | Ат | errorism Ri | isk Ins | urance Prog | gram (['] | TRIP) | Premiui | m Growth Rate (CAGR) | |
| TRIP | ^{19 Reinsurance Association of America} Coverage Map: B | aseline (Max \$ | 5100B Pi | rogram Loss Ex | ample) | - 2022 | 2022 | Program Minimum | 200,000,000 |
| 100B- | = 20% | | | | Prog | ram Cap = 10 | 0,000,000,000 | Program Cap | |
| 90B- | Copay% | "The Vanis | shing" | Federal Sha | reDis | cretio | nary | | 100,000,000,000 |
| 80B- | Ŭ | | Red | coupment La | yer | | | Insurers' Individual Deductible % | 20% |
| 70B- | | | | | | | | Insurers' Copay % | 20% |
| 60B- | | | | | | | | Insurers' Copay Above Mkt Plc Retention | 11,372,238,000 |
| 50B- | | | | | | | | Marketplace Aggregate Retention | 43,138,810,000 |
| 40B- | Mkt Plc Agg Retention | 43,138,810,000 | | Mkt P | Plc Share 55 | 5% | | Marketplace Share of Loss | 54,511,048,000 |
| 30B- | | | | | | | | Federal Share of LossDiscretionar Recoupment Layer | ^y 45,488,952,000 |
| 20B- | | | | | | | | Marketplace Share Pct | 55% |
| 10B- 0B- | | | | | | | | Federal Share Discretionary Recoupment Pct | 45% |
| | | | | | | Program Minir | mum 200,000,000 | Recouplinent For | |

| | | 5% CAGR |
|-----------------------------------|--|--|
| RA | | remium Growth Rate (CAGR) |
| Copyright © 20 All Rights Rese | Reinsurance Association of America | |
| TRIP | overage Map: Baseline (Max \$100B Program Loss Example) - 2023 | 2023 Program Minimum 200,000,000 |
| | % Program Cap = 100,00 | |
| 100B- | | Program Cap 100,000,000 |
| 90B- | "The Vanishing" Federal ShareDiscretion Recoupment Layer | Insurers' Individual Deductible % 20% |
| 80B- | Recouplinent Layer | |
| 70B- | | Insurers' Copay % 20% |
| 60B- | | Insurers' Copay Above Mkt Plc Retention 10,940,849,900 |
| 50B- | /kt Plc Agg Retention 45,295,750,500 | Marketplace Aggregate Retention 45,295,750,500 |
| 40B- | Mkt Plc Share 56% | Marketplace Share of Loss 56,236,600,400 |
| 30B- | | Federal Share of LossDiscretionary Recomment Layer 43,763,399,600 |
| 20B- | | Recoupment Layer 43,763,399,600 |
| 10B- | | Marketplace Share Pct 56% |
| 0B- | Program Minimum | Federal Share Discretionary 44% Recoupment Pct |

| | 5% CAGR | |
|----------------|--|-------------------------|
| Copyright © 20 | Premium Growth Rate (CAGR) | |
| | overage Map: Baseline (Max \$100B Program Loss Example) - 2024 Program Minimum | 200,000,000 |
| 100B- | No. Program Cap = 100,000,000 Program Cap II No. N | 100,000,000,000 |
| 90B- | "The Vanishing" Federal ShareDiscretionary Recoupment Layer | ole % 20% |
| 80B- 70B- | Insurers' Copay % | 20% |
| 60B- | Insurers' Copay Above Mkt F Retention | Plc 10,487,892,395 |
| 50B- | Ikt Plc Agg Retention 47,560,538,025 Mkt Plc Share 58% | ntion 47,560,538,025 |
| 40B- | Marketplace Share of Loss | 58,048,430,420 |
| 30B- | Federal Share of LossDiscr Recoupment Layer | etionary 41,951,569,580 |
| 20B- 10B- | Marketplace Share Pct | 58% |
| 0B- | Program Minimum 200,000,000 Federal Share Discretionary Recoupment Pct | 42% |

| Copyright © 2019 Reinsurance Association of America | Ferrorism Risk Insurance Program (TRIP) | Premiu | 5% CAGR m Growth Rate (CAGR) | |
|---|--|-----------------|---|-----------------|
| | Baseline (Max \$100B Program Loss Example) - 2025 | 2025 | Program Minimum | 200,000,000 |
| 100B | Program Cap = 10 | | Program Cap | 100,000,000,000 |
| 90B- 80B- | "The Vanishing" Federal ShareDiscretic Recoupment Layer | onary | Insurers' Individual Deductible % | 20% |
| 70B- | | | Insurers' Copay % | 20% |
| 60B- | | | Insurers' Copay Above Mkt Plc Retention | 10,012,287,015 |
| 50B-Mkt Plc Agg Retention | n 49,938,564,926 Mkt Plc Share 60% |) | Marketplace Aggregate Retention | 49,938,564,926 |
| 40B- 30B- | | | Marketplace Share of Loss Federal Share of LossDiscretionary | 59,950,851,941 |
| 20B- | | | Recoupment Layer | 40,049,148,059 |
| 10B- | | | Marketplace Share Pct Federal Share Discretionary | 60% |
| OB | Program Min | mum 200,000,000 | Recoupment Pct | 40% |

| | 5% CA | |
|--------------------------------------|--|-----------------------------|
| RA | Premium Growth Rate (CAG | R) |
| | verage Map: Baseline (Max \$100B Program Loss Example) - 2026 Program Minimum | 200,000,000 |
| 100B [.] | Program Cap = 100,000,000,000 Program Cap = 100,000,000,000 Program Cap | 100,000,000,000 |
| 90B | "The Vanishing" Federal ShareDiscretionary Recoupment Layer | ctible % 20% |
| 80B ⁻ 70B ⁻ | Insurers' Copay % | 20% |
| 60B | Insurers' Copay Above M Retention | kt Plc 9,512,901,365 |
| 50B | t Plc Agg Retention 52,435,493,173 Mkt Plc Share 62% Marketplace Aggregate R | Letention 52,435,493,173 |
| 40B- | Marketplace Share of Los | 6 1,948,394,538 |
| 30B- | Federal Share of LossD Recoupment Layer | iscretionary 38,051,605,462 |
| 20B | Marketplace Share Pct | 62% |
| 10B [.] 0B [.] | Program Minimum 200,000,000 Program Minimum 200,000 Program Minimum 200,000,000 Program Minimum 200,000,000 Program Minimum 200,000 Program Progra | ary 38% |

| | | | | | | | 5% CAGR | |
|--------------------------------------|--|--------------------------------|--------------|-----------------------------|-------------|----------------|--|-----------------|
| Copyright © 2 All Rights Res | 019 Reinsurance Association of America erved. | errorism Ris | k Insuranc | e Program (TR | RIP) | Premiur 5% | n Growth Rate (CAGR) | |
| TRIP | | aseline <mark>(</mark> Max \$1 | .00B Program | Loss Example) - 2 | 027 | 2027 | Program Minimum | 200,000,000 |
| 100B [.] | % = 20% | | | | | ,000,000,000 | Program Cap | 100,000,000,000 |
| 90B | Сорау% | "The Vanisł | - | al ShareDiscr Ient Layer | retio | nary | Insurers' Individual Deductible % | 20% |
| 80B ⁻ 70B ⁻ | | | · | | | | Insurers' Copay % | 20% |
| 60B | | | | | | | Insurers' Copay Above Mkt Plc Retention | 8,988,546,434 |
| 50B | Mkt Plc Agg Retention S | 55,057,267,831 | | Mkt P | lc Share | 64% | Marketplace Aggregate Retention | 55,057,267,831 |
| 40B | | | | | | | Marketplace Share of Loss | 64,045,814,265 |
| 30B | | | | | | | Federal Share of LossDiscretionary Recoupment Layer | 35,954,185,735 |
| 20B ⁻ | | | | | | | Marketplace Share Pct | 64% |
| 0B [.] | | | | Pro | ogram Minim | um 200,000,000 | Federal Share Discretionary Recoupment Pct | 36% |

| R | | Premium | 5% CAGR n Growth Rate (CAGR) | < 2028 ▼ > |
|---------------------------------|---|----------------|---|-----------------|
| Copyright © 2 All Rights Res | Terrorism Risk Insurance Program (TRIP) | 596 | ▼] | |
| TRIP | Coverage Map: Baseline (Max \$100B Program Loss Example) - 2028 | 2028 | Program Minimum | 200,000,000 |
| 1000 | % OC Program Cap = 10 | 00,000,000,000 | D | |
| 100B | "The Vanishing" Federal ShareDiscretio | | Program Cap | 100,000,000,000 |
| 90B | Recoupment Layer | | Insurers' Individual Deductible % | 20% |
| 80B | | | Insurers' Copay % | 20% |
| 70B | | | Insurers' Copay Above Mkt Plc | |
| 60B | Mkt Plc Agg Retention 57,810,131,223 | | Retention | 8,437,973,755 |
| 50B | Mkt Pic S | hare 66% | Marketplace Aggregate Retention | 57,810,131,223 |
| 40B | | | Marketplace Share of Loss | 66,248,104,978 |
| 30B | | | Federal Share of LossDiscretionary | 33,751,895,022 |
| 20B | | | Recoupment Layer | ,,, |
| 10B | | | Marketplace Share Pct | 66% |
| OB | Program Min | | Federal Share Discretionary Recoupment Pct | 34% |

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|---|--|--|
| | Baseline (Max \$100B Program Loss Example) - 2029 | 2029 Program Minimum 200,000,000 |
| 100B | | D,000,000,000 Program Cap 100,000,000 |
| 90B- | "The Vanishing" Federal ShareDiscretio Recoupment Layer | nary Insurers' Individual Deductible % 20% |
| 80B- | | Insurers' Copay % 20% |
| 70B 60B-Mkt Plc Agg Retenti | on 60,700,637,784 | Share 69% Insurers' Copay Above Mkt Plc 7,859,872,443 |
| 50B- | WIKL PIC | Marketplace Aggregate Retention 60,700,637,784 |
| 40B- | | Marketplace Share of Loss 68,560,510,227 |
| 30B- | | Federal Share of LossDiscretionary Recoupment Layer 31,439,489,773 |
| 20B- 10B- | | Marketplace Share Pct 69% |
| 0B | Program Minin | Federal Share Discretionary 31% |

| | | | | | | | 5% CAGR | |
|----------------|---------------------------------------|----------------|----------|--|---------------|----------------|--|-----------------|
| Copyright © 20 | To Reinsurance Association of America | errorism R | isk Ins | urance Program (TI | RIP) | Premiur 596 | m Growth Rate (CAGR) | |
| | | aseline (Max S | \$100B P | rogram Loss <mark>E</mark> xample) - 2 | 2030 | 2030 | Program Minimum | 200,000,000 |
| 100B- | y% = 20% | <i>//</i> | , | | | 000,000,000 | Program Cap | 100,000,000,000 |
| 90B- | Сорау% | "The Vani | - | Federal ShareDisc coupment Layer | retior | nary | Insurers' Individual Deductible % | 20% |
| 80B- 70B- | | | | | | | Insurers' Copay % | 20% |
| 60B- | Mkt Plc Agg Retention | 63,735,669,673 | | | Mkt Plc S | Share 71% | Insurers' Copay Above Mkt Plc Retention | 7,252,866,065 |
| 50B- | | | | | | | Marketplace Aggregate Retention | 63,735,669,673 |
| 40B- | | | | | | | Marketplace Share of Loss | 70,988,535,738 |
| 30B- 20B- | | | | | | | Federal Share of LossDiscretionary Recoupment Layer | 29,011,464,262 |
| 10B- | | | | | | | Marketplace Share Pct | 71% |
| 0B- | | | | Pr | rogram Minimu | um 200,000,000 | Federal Share Discretionary Recoupment Pct | 29% |

| RA Copyright © 20 | Prem Prem Terrorism Risk Insurance Program (TRIP) | 3% CAGR nium Growth Rate (CAGR) | < 2030 • • • • • • • • • • • • • • • • • • • |
|----------------------|---|--|---|
| All Rights Rese | Coverage Map: Baseline (Max \$100B Program Loss Example) - 2030 | O Program Minimum | 200,000,000 |
| 100B- | % Program Cap = 100,000,000,000,000,000,000,000,000,000 | Program Cap | 100,000,000,000 |
| 90B- | "The Vanishing" Federal ShareDiscretionary Recoupment Layer | Insurers' Individual Deductible % | 20% |
| 80B- 70B- | | Insurers' Copay % | 20% |
| 60B- | | Insurers' Copay Above Mkt Plc Retention | 9,284,170,045 |
| 50B- | Mkt Plc Agg Retention 53,579,149,776 Mkt Plc Share 6 | Marketplace Aggregate Retention | 53,579,149,776 |
| 40B- | | Marketplace Share of Loss | 62,863,319,821 |
| 30B- | | Federal Share of LossDiscretionary Recoupment Layer | 37,136,680,179 |
| 20B- 10B- | | Marketplace Share Pct | 63% |
| 0B- | Program Minimum 200,000, | Federal Share Discretionary Recoupment Pct | 37% |

| | | | | | 4% CAGR | |
|---|----------------------|--------------------|------------------------|--------------------|---|---|
| RAA | Terroris | m Risk Insuran | ce Program (TRIP | Premiu | m Growth Rate (CAGR) | < 2030 V V V • • • • • • • • • • • • • • • • • • • |
| Copyright © 2019 Reinsurance Association of America All Rights Reserved. | | | | 2020 | | |
| | | Max \$100B Program | n Loss Example) - 2030 | | Program Minimum | 200,000,000 |
| 100R | %07 <mark>= 0</mark> | | Program Cap = | 100,000,000,000 | Program Cap | 100,000,000,000 |
| 90B- | ۶ ۳The ۱ | Vanishing" Fede | ral ShareDiscreti | onary | | |
| 80B- | 3 | Recoupn | nent Layer | | Insurers' Individual Deductible % | 20% |
| | | | | | Insurers' Copay % | 20% |
| 70B- 60B- Mkt Plc Agg Patent | | | | | Insurers' Copay Above Mkt Plc Retention | 8,308,047,896 |
| MIKE FIC Agg Recent | tion 58,459,760 |),522 | Mkt F | lc Share 67% | | |
| 50B- | | | | | Marketplace Aggregate Retention | 58,459,760,522 |
| 40B- | | | | | Marketplace Share of Loss | 66,767,808,418 |
| 30B- | | | | | Federal Share of LossDiscretionary | 33,232,191,582 |
| 20B- | | | | | Recoupment Layer | ,,, |
| 10B- | | | | | Marketplace Share Pct | 67% |
| OB- | | | Program N | inimum 200,000,000 | Federal Share Discretionary Recoupment Pct | 33% |