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
### Terrorism Risk Insurance Program (TRIP)

**TRIP Coverage Map: Baseline (Max $100B Program Loss Example) - 2003**

<table>
<thead>
<tr>
<th>Coverage Level</th>
<th>Program Cap</th>
<th>Program Minimum</th>
</tr>
</thead>
<tbody>
<tr>
<td>100B</td>
<td>100,000,000,000</td>
<td>100,000,000,000</td>
</tr>
<tr>
<td>90B</td>
<td></td>
<td></td>
</tr>
<tr>
<td>80B</td>
<td></td>
<td></td>
</tr>
<tr>
<td>70B</td>
<td></td>
<td></td>
</tr>
<tr>
<td>60B</td>
<td></td>
<td></td>
</tr>
<tr>
<td>50B</td>
<td></td>
<td></td>
</tr>
<tr>
<td>40B</td>
<td></td>
<td></td>
</tr>
<tr>
<td>30B</td>
<td></td>
<td></td>
</tr>
<tr>
<td>20B</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10B</td>
<td></td>
<td></td>
</tr>
<tr>
<td>0B</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

"The Vanishing" Federal Share--Discretionary Recoupment Layer

- **Program Cap**: 100,000,000,000
- **Program Minimum**: 100,000,000,000
- **Insurers' Individual Deductible %**: 7%
- **Insurers' Copay %**: 10%
- **Insurers' Copay Above Mkt Plc Retention**: 9,000,000,000
- **Marketplace Aggregate Retention**: 10,000,000,000
- **Marketplace Share of Loss**: 19,000,000,000
- **Federal Share of Loss--Discretionary Recoupment Layer**: 81,000,000,000
- **Marketplace Share Pct**: 19%
- **Federal Share Discretionary Recoupment Pct**: 81%
"The Vanishing" Federal Share--Discretionary Recoupment Layer
Terrorism Risk Insurance Program (TRIP) Coverage Map: Baseline (Max $100B Program Loss Example) - 2020

"The Vanishing" Federal Share--Discretionary Recoupment Layer

Program Cap = 100,000,000,000

- Program Minimum: 200,000,000
- Program Cap: 100,000,000,000
- Insurers' Individual Deductible %: 20%
- Insurers' Copay %: 20%
- Insurers' Copay Above Mkt Plc Retention: 11,824,533,333
- Marketplace Aggregate Retention: 40,877,333,333
- Marketplace Share of Loss: 52,701,866,666
- Federal Share of Loss--Discretionary Recoupment Layer: 47,298,133,334
- Marketplace Share Pct: 53%
- Federal Share Discretionary Recoupment Pct: 47%

RAA 2019 TRIP Legislative Model V1.2
Terrorism Risk Insurance Program (TRIP)

TRIP Coverage Map: Baseline (Max $100B Program Loss Example) - 2021

"The Vanishing" Federal Share--Discretionary Recoupment Layer

Program Minimum: 200,000,000

- Program Cap: 100,000,000,000
- Insurers' Individual Deductible %: 20%
- Insurers' Copay %: 20%
- Insurers' Copay Above Mkt Plc Retention: 11,666,893,333
- Marketplace Aggregate Retention: 41,665,533,333
- Marketplace Share of Loss: 53,332,426,666
- Federal Share of Loss--Discretionary Recoupment Layer: 46,667,573,334
- Marketplace Share Pct: 53%
- Federal Share Discretionary Recoupment Pct: 47%
"The Vanishing" Federal Share--Discretionary Recoupment Layer
Terrorism Risk Insurance Program (TRIP)

TRIP Coverage Map: Baseline (Max $100B Program Loss Example) - 2023

Program Minimum: 200,000,000
Program Cap: 100,000,000,000

- Insurers' Individual Deductible %: 20%
- Insurers' Copay %: 20%
- Insurers' Copay Above Mkt Plc Retention: 10,940,849,900
- Marketplace Aggregate Retention: 45,295,750,500
- Marketplace Share of Loss: 56,236,600,400
- Federal Share of Loss--Discretionary Recoupment Layer: 43,763,399,600
- Marketplace Share Pct: 56%
- Federal Share Discretionary Recoupment Pct: 44%

"The Vanishing" Federal Share--Discretionary Recoupment Layer
Terrorism Risk Insurance Program (TRIP)

TRIP Coverage Map: Baseline (Max $100B Program Loss Example) - 2024

<table>
<thead>
<tr>
<th>Coverage</th>
<th>Payor %</th>
<th>Program Minimum</th>
<th>Program Cap</th>
</tr>
</thead>
<tbody>
<tr>
<td>100B</td>
<td>20%</td>
<td>20,000,000</td>
<td>100,000,000,000</td>
</tr>
<tr>
<td>90B</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>80B</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>70B</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>60B</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>50B</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>40B</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>30B</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20B</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10B</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0B</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

"The Vanishing" Federal Share--Discretionary Recoupment Layer

Mkt Plc Agg Retention 47,560,538,025
Mkt Plc Share 58%

Program Cap = 100,000,000,000

<table>
<thead>
<tr>
<th>Insurers' Individual Deductible %</th>
<th>20%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insurers' Copay %</td>
<td>20%</td>
</tr>
<tr>
<td>Insurers' Copay Above Mkt Plc Retention</td>
<td>10,487,892,395</td>
</tr>
<tr>
<td>Marketplace Aggregate Retention</td>
<td>47,560,538,025</td>
</tr>
<tr>
<td>Marketplace Share of Loss</td>
<td>58,048,430,420</td>
</tr>
<tr>
<td>Federal Share of Loss--Discretionary Recoupment Layer</td>
<td>41,951,569,580</td>
</tr>
<tr>
<td>Marketplace Share Pct</td>
<td>58%</td>
</tr>
<tr>
<td>Federal Share Discretionary Recoupment Pct</td>
<td>42%</td>
</tr>
</tbody>
</table>
Terrorism Risk Insurance Program (TRIP)

TRIP Coverage Map: Baseline (Max $100B Program Loss Example) - 2025

"The Vanishing" Federal Share--Discretionary Recoupment Layer

Program Cap = 100,000,000,000

Program Minimum = 200,000,000

- Program Cap: 100,000,000,000
- Insurers' Individual Deductible %: 20%
- Insurers' Copay %: 20%
- Insurers' Copay Above Mkt P1c Retention: 10,012,287,015
- Marketplace Aggregate Retention: 49,938,564,926
- Marketplace Share of Loss: 59,950,851,941
- Federal Share of Loss--Discretionary Recoupment Layer: 40,049,148,059
- Marketplace Share Pct: 60%
- Federal Share Discretionary Recoupment Pct: 40%

Premium Growth Rate (CAGR)

5% CAGR
# Terrorism Risk Insurance Program (TRIP)

## TRIP Coverage Map: Baseline (Max $100B Program Loss Example) - 2026

- **Program Cap:** $100,000,000,000
- **Program Minimum:** $200,000,000

### "The Vanishing" Federal Share--Discretionary Recoupment Layer

- **Mkt Plc Agg Retention:** $52,435,493,173
- **Mkt Plc Share:** 62%

### Key Figures:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program Cap</td>
<td>$100,000,000,000</td>
</tr>
<tr>
<td>Insurers' Individual Deductible %</td>
<td>20%</td>
</tr>
<tr>
<td>Insurers' Copay %</td>
<td>20%</td>
</tr>
<tr>
<td>Insurers' Copay Above Mkt Plc Retention</td>
<td>$9,512,901,365</td>
</tr>
<tr>
<td>Marketplace Aggregate Retention</td>
<td>$52,435,493,173</td>
</tr>
<tr>
<td>Marketplace Share of Loss</td>
<td>$61,948,394,538</td>
</tr>
<tr>
<td>Federal Share of Loss--Discretionary Recoupment Layer</td>
<td>$38,051,605,462</td>
</tr>
<tr>
<td>Marketplace Share Pct</td>
<td>62%</td>
</tr>
<tr>
<td>Federal Share Discretionary Recoupment Pct</td>
<td>38%</td>
</tr>
</tbody>
</table>

---

RAA 2019 TRIP Legislative Model V1.2
Terrorism Risk Insurance Program (TRIP)

TRIP Coverage Map: Baseline (Max $100B Program Loss Example) - 2027

"The Vanishing" Federal Share--Discretionary Recoupment Layer

Mkt Plc Agg Retention 55,057,267,831

Mkt Plc Share 64%

Program Minimum 200,000,000

Program Cap 100,000,000,000

Insurers' Individual Deductible % 20%

Insurers' Copay % 20%

Insurers' Copay Above Mkt Plc Retention 8,988,546,434

Marketplace Aggregate Retention 55,057,267,831

Marketplace Share of Loss 64%

Federal Share of Loss--Discretionary Recoupment Layer 35,954,185,735

Federal Share Discretionary Recoupment Pct 36%
Terrorism Risk Insurance Program (TRIP)

TRIP Coverage Map: Baseline (Max $100B Program Loss Example) - 2028

"The Vanishing" Federal Share--Discretionary Recoupment Layer

Program Cap = 100,000,000,000

- Program Minimum: 200,000,000
- Program Cap: 100,000,000,000
- Insurers' Individual Deductible %: 20%
- Insurers' Copay %: 20%
- Insurers' Copay Above Mkt Plc Retention: 8,437,973,755
- Marketplace Aggregate Retention: 57,810,131,223
- Marketplace Share of Loss: 66,248,104,978
- Federal Share of Loss--Discretionary Recoupment Layer: 33,751,895,022
- Marketplace Share Pct: 66%
- Federal Share Discretionary Recoupment Pct: 34%
### Terrorism Risk Insurance Program (TRIP)

#### TRIP Coverage Map: Baseline (Max $100B Program Loss Example) - 2029

- **Program Minimum**: $200,000,000
- **Program Cap**: $100,000,000,000

#### "The Vanishing" Federal Share - Discretionary Recoupment Layer

- **Marketplace Aggregate Retention**: $60,700,637,784
- **Marketplace Share of Loss**: 69%
- **Federal Share of Loss - Discretionary Recoupment Layer**: $31,439,489,773
- **Marketplace Share Pct**: 69%
- **Federal Share Discretionary Recoupment Pct**: 31%

#### Insurers' Individual Deductible
- **Deductible %**: 20%

#### Insurers' Copay
- **Copay %**: 20%
- **Copay Above Mkt Plc Retention**: $7,859,872,443

#### Program Growth Rate (CAGR)
- **5% CAGR**
Terrorism Risk Insurance Program (TRIP)

TRIP Coverage Map: Baseline (Max $100B Program Loss Example) - 2030

"The Vanishing" Federal Share--Discretionary Recoupment Layer

Program Cap = 100,000,000,000

Program Minimum = 200,000,000

Program Cap = 100,000,000,000

Premium Growth Rate (CAGR)
5%

- Insurers' Individual Deductible %: 20%
- Insurers' Copay %: 20%
- Insurers' Copay Above Mkt Plc Retention: 7,252,866,065
- Marketplace Aggregate Retention: 63,735,669,673
- Marketplace Share of Loss: 70,988,535,738
- Federal Share of Loss--Discretionary Recoupment Layer: 29,011,464,262
- Marketplace Share Pct: 71%
- Federal Share Discretionary Recoupment Pct: 29%

Mkt Plc Agg Retention: 63,735,669,673
Mkt Plc Share: 71%
### Terrorism Risk Insurance Program (TRIP)

**TRIP Coverage Map: Baseline (Max $100B Program Loss Example) - 2030**

- **Program Cap**: 100,000,000,000
- **Program Minimum**: 200,000,000
- **Marketplace Aggregate Retention**: 53,579,149,776
- **Marketplace Share of Loss**: 62,863,319,821
- **Federal Share of Loss--Discretionary Recoupment Layer**: 37,136,680,179
- **Marketplace Share Pct**: 63%
- **Federal Share Discretionary Recoupment Pct**: 37%

**"The Vanishing" Federal Share--Discretionary Recoupment Layer**

<table>
<thead>
<tr>
<th>Coverage</th>
<th>Pay %</th>
</tr>
</thead>
<tbody>
<tr>
<td>100B</td>
<td>20%</td>
</tr>
<tr>
<td>90B</td>
<td></td>
</tr>
<tr>
<td>80B</td>
<td></td>
</tr>
<tr>
<td>70B</td>
<td></td>
</tr>
<tr>
<td>60B</td>
<td></td>
</tr>
<tr>
<td>50B</td>
<td></td>
</tr>
<tr>
<td>40B</td>
<td></td>
</tr>
<tr>
<td>30B</td>
<td></td>
</tr>
<tr>
<td>20B</td>
<td></td>
</tr>
<tr>
<td>10B</td>
<td></td>
</tr>
<tr>
<td>0B</td>
<td></td>
</tr>
</tbody>
</table>

**Premium Growth Rate (CAGR)**: 3%
Terrorism Risk Insurance Program (TRIP)

TRIP Coverage Map: Baseline (Max $100B Program Loss Example) - 2030

"The Vanishing" Federal Share--Discretionary Recoupment Layer

Program Minimum: 200,000,000
Program Cap: 100,000,000,000

Insurers' Individual Deductible %: 20%
Insurers' Copay %: 20%
Insurers' Copay Above Mkt Plc Retention: 8,308,047,896
Marketplace Aggregate Retention: 58,459,760,522
Marketplace Share of Loss: 66,767,808,418
Federal Share of Loss--Discretionary Recoupment Layer: 33,232,191,582
Marketplace Share Pct: 67%
Federal Share Discretionary Recoupment Pct: 33%