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

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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%

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	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)
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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	
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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%