TRIA & NARAB II Signed into Law

Huge victory for Big “I” independent insurance agents and insurance consumers

In one of the biggest legislative victories for the Independent Insurance Agents & Brokers of America in a decade, a bill extending the Terrorism Risk Insurance Act (TRIA) program and establishing the National Association of Registered Agents and Brokers (NARAB II) was signed into law yesterday by President Barack Obama. The Big ‘I’ praised the President for signing H.R. 26, the “Terrorism Risk Insurance Program Reauthorization Act of 2015,” into law.

“The Big ‘I’ is extremely proud that all of our hard work on TRIA and NARAB II has come to fruition and will benefit thousands of small businesses and insurance consumers across the country,” says Bob Rusbuldt, Big “I” president & CEO. “It’s been a long time coming, but the Big ‘I’ has been vigilant for our members and consumers and today’s action by the President on this bipartisan legislation marks a tremendous victory for our association and the rest of the industry.”

H.R. 26 would extend for six years the Terrorism Risk Insurance Act (TRIA) program, which expired Dec. 31, 2014, leaving much of the commercial property/casualty market and important segments of the U.S. economy at risk to a terrorist attack. This important legislation also includes the National Association of Registered Agents and Brokers (NARAB II) legislation that would establish a permanent NARAB to streamline nonresident agent licensing to benefit small businesses and many insurance consumers.

“The retroactive reauthorization of TRIA provides certainty and stability for insurance markets, policyholders and commercial lenders, and the quick action by Congress should result in little to no market disruption from the short expiration that occurred,” says Charles Symington, Big “I” senior vice president of external and government affairs. “Attention now turns to implementation of NARAB II, and the Big ‘I’ will continue to lead the charge as we have since NARAB II was first introduced in Congress. While this may take some time, the Big ‘I’ looks forward to working on implementation of this important new law that will provide relief for agents and brokers as well as increased choice for consumers.”

In addition to reauthorizing the TRIA program for six years, the bill would also raise the trigger amount needed in total losses before the TRIA program kicks in from the current $100 million to $200 million, over five years, beginning in calendar year 2016. Also over five years, starting Jan. 1, 2016, the mandatory recoupment would also go from $27.5 billion to $37.5 billion, increasing by $2 billion each year. For all events, the bill would raise the private industry recoupment total from the current 133% of covered losses to 140% of covered losses. Once signed into law, it will retroactively restore the federal reinsurance backstop for policyholders and the insurance market in the event of a catastrophic act of terror on American soil.

NARAB II would achieve much needed reciprocity in producer licensing and help policyholders by giving consumers more flexibility. This legislation would build upon regulatory experience at the state level, promote greater consistency in non-resident agent and agency licensing, ease the burden that many agents face in doing business across state lines, and increase consumer choice.