Dear Senator:

The National Association of Manufacturers (NAM)—the largest manufacturing association in the United States—supports the Terrorism Risk Insurance Program Reauthorization Act of 2015. This legislation would ensure that manufacturers and other businesses will be able to obtain adequate insurance to protect against losses from a terrorist attack, minimizing the potential impact of these events on commerce and the economy overall.

In addition, the Terrorism Risk Insurance Program Reauthorization Act of 2015 will ensure that derivatives end-users, like manufacturers, will not be required to post margin on derivatives transactions under the Dodd-Frank Wall Street Reform Act. Manufacturers use derivatives to hedge commercial risk and mitigate against fluctuations in currency and interest rate valuations and commodity prices. This legislation will provide these companies with the certainty that they will not be subject to costly—and unnecessary—margin requirements that could serve as barriers to job creation and investment.

The Terrorism Risk Insurance Act (TRIA), which has been reauthorized in 2005 and 2007 with bipartisan support, expired at the end of 2014. Since Congress first enacted TRIA after 9/11, the TRIA program has been particularly important for manufacturers since it helps prevent the cost of workers’ compensation (WC) from increasing significantly.

Unlike other lines of insurance, WC coverage is strictly defined by statutes. Without TRIA, insurance companies would be forced to limit their exposure by raising premiums and/or declining coverage to employers facing high terrorism risk. Because WC coverage is mandatory for most U.S. employers, manufacturers operating in areas with a high risk of terrorism would be forced to purchase coverage in alternative markets, at a significantly higher cost. The multi-year extension of TRIA in this legislation would provide certainty to policyholders.

While our economy continues to improve, economic growth is not where it should be coming out of a recession, in part because of increasing costs and uncertainty faced by manufacturers and other businesses. The provisions in the Terrorism Risk Insurance Program Reauthorization Act of 2015—which will ensure that terrorism coverage is available and affordable and that manufactures are not subject to costly margin requirements on derivatives trades—will both provide manufacturers some certainty on key business issues and help reduce the cost of doing business in the United States.

Thank you in advance for supporting this important legislation.

Sincerely,

Dorothy Coleman
Vice President
Tax and Domestic Economic Policy