**NATIONAL CONFERENCE OF INSURANCE LEGISLATORS  
RESOLUTION IN SUPPORT OF A FEDERAL BACKSTOP FOR INSURANCE AGAINST TERRORISM**

*Adopted by the NCOIL Executive Committee on November 16, 2001.*

WHEREAS, the September 11, 2001, terrorist attacks have had a substantial impact on the American economy; and

WHEREAS, insurers estimate that their losses from the attacks could reach $70 billion; and

WHEREAS, insurance coverage on the World Trade Center and the businesses in and around the Trade Center were multi-layered, and will affect insurers of all kinds, including: property-casualty, liability, workers’ compensation, business interruption, life, health, and reinsurance; and

WHEREAS, insurers across the country have expressed their commitment to meet policyholder obligations resulting from the events; and

WHEREAS, insurers are concerned that they cannot adequately or accurately price insurance coverage for future catastrophes resulting from terrorism; and

WHEREAS, the private insurance industry faces an immediate crisis because most reinsurance policies renew on January 1, 2002; and

WHEREAS, reinsurers are already notifying their customers that they will no longer cover terrorism risk, and primary carriers are notifying state insurance regulators that they intend to seek exclusions of terrorism coverage in their contracts with policyholders; and

WHEREAS, without adequate insurance coverage, banks may be unwilling to extend loans for commercial transactions, such as mortgages, construction projects and other capital-intensive programs; and

WHEREAS, the inability of the insurance industry to cover losses from future terrorist activities may require action by the federal government; and

WHEREAS, a federal backstop would assure an available and affordable insurance market for America’s consumers and businesses in these challenging times; an

WHEREAS, a federal backstop program would help to eliminate market constriction and prohibitively high prices, would facilitate insurance transactions necessary for commerce, and would assure the broad-based ability of families and businesses to recover from future incidences of terrorism; and

WHEREAS, without a backstop, a limited availability of insurance against terrorism would have a severe adverse effect on our country’s economy as financiers would be reluctant to lend, businesses would be reluctant to invest, and consumers would be unable to afford insurance;

NOW, THEREFORE, BE IT RESOLVED, that NCOIL supports the concept of a limited and temporary federal backstop for insurance against terrorism; and

NOW, THEREFORE, BE IT FURTHER RESOLVED, that NCOIL urges Congress and the Administration to take action as soon as possible to address this critical issue.