TERRORISM RISK INSURANCE ACT REAUTHORIZATION

119th Congress

STATUS

- Authorization expires December 31, 2027
- Legislation to reauthorize TRIA has not yet been introduced
- The House Financial Services Committee held a TRIA reauthorization hearing in September of 2025

THE ASK

To prevent confusion and delay when building owners begin renewing annual policies en masse in 2027, BOMA urges Congress to make TRIA reauthorization a priority in 2026 and support passage of a clean, long-term bill (8-10 years).

SUMMARY

TRIA was enacted in 2002 following 9/11 and has been reauthorized with bipartisan support four times (2005, 2007, 2015, and 2019). The current iteration of the law (P.L. 116-94) is set to expire December 31, 2027. Reauthorization of TRIA is important for many reasons, but the threat of terrorism and economic volatility top the list.

The most obvious and compelling reason to reauthorize TRIA is that terrorist attacks are still a threat to the United States and its citizens. Within the last 90 days, federal law enforcement agencies, led by the FBI, have announced three foiled terrorist attacks planned for Michigan, Southern California, and North Carolina. The suspects arrested in the various incidents planned on targeting businesses such as government and military entities, logistics centers, grocery stores, restaurants, bars, clubs, and crowded public venues. The TRIA safety net must remain in place should a future attack go undetected.

Secondly, the lack of terrorism coverage if TRIA is not reauthorized would create economic uncertainty and confusion in the commercial real estate industry. That uncertainty would not only affect our members who own and manage buildings, but also the companies and their employees who work to keep our buildings running smoothly.

Like standard commercial insurance policies, terrorism risk policies are based on an annual or multi-year timeframe, with policies extending into the following calendar year or beyond. Millions of policies entered into in 2026 or earlier will start to renew starting in January of 2027. If TRIA is not reauthorized in 2026, those policies will contain exclusions from terrorism coverage starting after December 31, 2027, leaving commercial property owners and managers unprotected and vulnerable.

Without terrorism risk insurance, our members will not be able to get financing from banks or other lenders to operate, potentially leading to problems, or in a worst-case scenario, bankruptcy, unless Congress acts. The inability to function normally will create uncertainty, confusion, and delays in the commercial real estate market, just as it did in 2014-2015, the last time TRIA was not reauthorized before it expired. Well before the law expires, we expect companies to drastically reduce expenditures to meet payroll, debt service, and other critical expenditures. Given the challenging business environment over the last several years, this would be another financial hit neither the industry nor the American economy needs.

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TRIA BACKGROUND AND PROGRAM INFORMATION

After the tragic events of 9/11, insurers and reinsurers began to exclude coverage for terrorism risk from commercial policies. Congress created TRIA to ensure that terrorism risk insurance coverage would remain available and affordable for catastrophic losses in the commercial property and casualty insurance market. TRIA provides stability and predictability for property owners, managers, lenders, and insurers, which is vital for commercial real estate transactions, financing, and long-term property management.

Importantly, participants are not directly subsidized by the government. Instead, the government functions as a reinsurer for commercial real estate interests, sharing the cost of losses with the industry in the event of a certified foreign or domestic act of terrorism - but only if the event exceeds certain thresholds.

According to a 2022 CRS Report (R47042) the private market for terrorism risk insurance fails one or more of four ideal elements of an insured risk: (1) a sufficiently large number of insureds to make losses reasonable predictable; (2) losses must be definite and measurable; (3) losses must be fortuitous or accidental; and (4) losses must not be catastrophic (i.e. large losses must not be incurred by a large number of policy holders at the same time.).[i]

The 2018 Department of the Treasury Federal Insurance Office's conclusion that the current terrorism risk insurance program is "effective in making terrorism risk insurance available and affordable in the insurance marketplace," and that there is insufficient "private reinsurance capacity for the exposure the Program currently supports in connection with a catastrophic terrorism loss.[ii]"

TRIA QUALIFICATIONS

Changes directed by Congress, coupled with increases in the insurance industry's premium base over time, have reduced federal exposure to insured losses and increased private market exposure. [ii[i]]

- Certified Acts of Terrorism must be >$5M in insured damages; damages up to $44B covered by insurers.
- Events with damages between $44B and $100B are split, with 20% being covered by insurers and the rest by the government; the government can recoup payments (and is expected to recoup) from fees on future TRIA policies from insurers and policyholders.
- Insureds with damages exceeding $100B receive no federal payments but may still be eligible for coverage under private insurance, subject to the terms of their policies.

To date, no terrorist act has been certified under TRIA, and no payments have been made. Therefore, TRIA has been, and continues to be, a no-cost program.

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i Report on the Effectiveness of the Terrorism Risk Insurance Program. US Treasury, June 2022

ii Terrorism Risk Insurance: Overview and Issue Analysis (R47042), March 8, 2022

iii Report on the Effectiveness of the Terrorism Risk Insurance Program. US Treasury, June 2022