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Joe Ventrone, Vice President
Jamie Gregory, Deputy Chief Lobbyist

500 New Jersey Ave., NW
Washington, DC 20001-2020
Ph. 202-383-1194 Fax 202-3837580
www.REALTOR.org

September 24, 2013

The Honorable Tim Johnson
Chairman, Senate Banking Committee
136 Hart Senate Office Building
Washington, DC 20510

The Honorable Mike Crapo
Ranking Member, Senate Banking Committee
239 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Johnson and Ranking Member Crapo:

On behalf of the one million members of the National Association of REALTORS® (NAR), thank you for continuing the dialogue began by the House Financial Services Committee last week on the future of terrorism risk insurance with the upcoming Senate Banking Committee hearing on the issue.

Terrorism insurance is often vital to the financing of commercial real estate transactions. The availability and affordability of coverage is important not only for property management and brokerage, but can also impact the stability and health of real estate markets. NAR supports the long term extension of the Terrorism Risk Insurance Program Reauthorization Act of 2007 (TRIPRA), which provides real estate practitioners the economic certainty needed to more accurately predict property operating expenses and obtain financing over time.

By creating a federal risk-sharing mechanism against losses resulting from a catastrophic terrorist attack, TRIPRA has allowed economic development to flourish and kept the commercial real estate markets strong amidst the ongoing threat of a terror attack. However, we are concerned that the uncertain future of TRIPRA may result in a spike in insurance premiums, and cause coverage to become unavailable in numerous markets. Further, this uncertainty may prompt insurers to drop terrorism coverage if the TRIPRA is allowed to expire at the end of 2014. This became evident in 2005 when private insurers became more reluctant to offer terrorism coverage due to uncertainty regarding the program's extension.

American businesses must have access to affordable terrorism insurance coverage. Without this coverage, the nation's economic infrastructure is totally exposed to large-scale business disruptions after an attack. As our economic interests continue to be targeted by terrorists, it is appropriate, necessary, and vital that Congress reauthorize TRIPRA.

Again, thank you for making discussion of the Terrorism Risk Insurance Program a priority. We look forward to working with you on this important issue.

Sincerely,

Gary Thomas
2013 President, National Association of REALTORS®

cc: Senate Banking Committee



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