



September 24, 2013

The Honorable Tim Johnson
Chairman
Senate Committee on Banking, Housing and Urban Affairs
Washington, D.C. 20510

The Honorable Mike Crapo
Ranking Member
Senate Committee on Banking, Housing and Urban Affairs
Washington, D.C. 20510

Dear Chairman Johnson and Ranking Member Crapo:

On behalf of the National Multi Housing Council (NMHC) and the National Apartment Association (NAA) we applaud your leadership in holding this hearing on “Reauthorizing TRIA: the State of the Terrorism Risk Insurance Market.” With the current program set to expire next year, we are encouraged by the Committee’s efforts to evaluate the effectiveness of the program as well as efforts to reauthorize the Act.

NMHC/NAA represent the nation’s leading firms participating in the multifamily rental housing industry. Our combined memberships engage in all aspects of the apartment industry, including ownership, development, management and finance. NMHC represents the principal officers of the apartment industry’s largest and most prominent firms. NAA is a federation of 170 state and local apartment associations comprised of approximately 60,000 multifamily housing companies representing more than 6.6 million apartment homes throughout the United States and Canada.

The Terrorism Risk Insurance Act (TRIA) and subsequent extensions of the program have been the mechanism that provides ready access to affordable terrorism coverage for apartment property owners, developers and managers across the country. The federal government’s involvement has been the key factor to ensuring availability of insurance for terrorist events. Terrorism risk does not resemble any other commercial risk. Unlike natural disasters in which insurers have had significant experiences and data to project the risk of damage, terrorism is unpredictable. The impact can be enormous, and insurance modeling for such risks is still not reliable, thus underscoring the importance of continued federal involvement.

The NMHC conducts an annual survey to capture insurance costs, limits, deductibles, etc. for apartment properties. Data is generally collected from approximately 60-70 member companies representing over one million apartment units nationwide. Overall, take up rates for the apartment sector have always been one of the highest reported among commercial property types. The 2011 results report 85% of apartment firms surveyed purchased terrorism coverage as part of their property program. This is not insignificant and demonstrates that certainty in

costs and coverage limits are critical components in a multifamily property owner's continued ability to offer safe and affordable housing

As you consider the proposals before you today we ask that you work expeditiously. If TRIA is allowed to lapse, businesses will once again be unable to secure coverage for catastrophic terrorism. The short term interruptions that result with looming expiration dates are harmful to the overall health of the economy.

We believe the federal government should continue in its role to ensure that terrorism risk insurance is available and affordable for all American businesses while continuing to explore options for a future private market solution. We urge you to reauthorize the TRIA beyond its 2014 expiration and we look forward to working with you.

Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "Douglas M. Bibby". The signature is fluid and cursive, with the first name being the most prominent.

Douglas M. Bibby
President
National Multi Housing Council

A handwritten signature in black ink, appearing to read "Douglas S. Culkin". The signature is fluid and cursive, with the last name being the most prominent.

Douglas S. Culkin, CAE
President
National Apartment Association