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Monday, June 2, 2014

The Honorable Tim Coburn
172 Russell Senate Office Building
Washington, DC 20510

Dear Senator Coburn:

On behalf of the one-million members of the National Association of REALTORS® (NAR) and its affiliates, the CCIM Institute, the Institute of Real Estate Management (IREM), and the Society of Industrial and Office REALTORS® (SIOR), we urge your support for S. 2244, the "Terrorism Risk Insurance Program Reauthorization Act of 2014," which the Senate Banking Committee marks up this week. This bipartisan legislation was introduced by Sen. Chuck Schumer (D-NY) with original sponsors Senators Heller (R-NV), Reed (D-RI), Kirk (R-IL), Murphy (D-CT) and Johanns (R-NE). It takes a balanced approach to renewing the program created by the Terrorism Risk Insurance Act of 2002 (TRIA) that has, for the past 12 years, allowed for terrorism insurance to be widely available and affordable throughout the country. Given the time-sensitive nature of this matter, it is our hope that the Committee and the full Senate will take this matter up quickly to eliminate the uncertainty that has already begun to impact commercial properties.

NAR's membership includes commercial practitioners and brokers who work with clients that would be adversely affected if TRIA is allowed to expire at the end of 2014, or if it is renewed in such a way that constricts the ability of private insurers to provide necessary coverage. As we saw following the September 11, 2001 attacks when private insurers withdrew from the terrorism insurance market, without it construction projects stall and commercial property values drop. Terrorism insurance is also an important security element for the Commercial Mortgage Backed Securities (CMBS) market; without it, CMBS borrowers face the threat of default which could lead to bond downgrades.

Over the course of the last year, the Senate Banking Committee and the House Financial Services Committee have held multiple hearings addressing TRIA and its future, and have heard overwhelmingly from experts in the insurance industry that the program works. It provides stability to the terrorism risk insurance market, as private insurers simply do not have the capacity to provide the terrorism insurance needed across the country.

S. 2244 renews TRIA for seven years, providing certainty in the market that terrorism insurance will be available at affordable rates through the year 2021. In addition, it has a Congressional Budget Office score of "zero," as it costs taxpayers no money. Without affordable and available terrorism insurance, commercial real estate financing would be thrown into flux, and the jump in premium rates that would occur would cause a reduction in the value of many commercial properties throughout the country. The National Association of REALTORS® asks for your support for this critical piece of legislation, and looks forward to working with you to advance the measure.

Sincerely,



Steve Brown
2014 President, National Association of REALTORS®