



Is the Tea Party trying to derail Tria?

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Last week the saw the Senate passed its own extension of the Terrorism Risk Insurance Act (TRIA).

The bill, S.2244 was passed with overwhelming support by 94 votes to 4 with most Senators happy to pass a relatively straight extension of the programme for seven years. Signs were positive for progression and many felt following the Senate vote that the process was begging to gather pace.

Focus now shifts to the House of Representatives which begins the process of debating a very different kind of extension bill and it now appears that there are murmurs off discontent in among its members. Republicans and Democrats are torn over whether to modify the programme and yesterday Congressman Peter King (R-NY) revealed the discussion on Tria will likely now be delayed until September following the congressional summer break.

This is a huge disappointment for some who felt that the House was likely to discuss its own version of the bill this week.

H.R.4871, the House's version of Tria extension is a bill proposed by Texan congressman Randy Neugebauer (R-TX) a close ally of the conservative chairman of the House Financial Services Committee, Jeb Hensarling (R-TX). The House's version of an extension, seeks to raise the loss trigger for the payouts under Tria to \$500m from \$100m over the course of a five-year extension thereby cutting the programme and shifting risk back to the private market. This follows several suggestions from the intellectual wing of the conservative/libertarian movement that private market can handle terrorism cover on its own.

In particular the conservative research think-tank the Heritage Foundation and the libertarian think-tank the Cato Institute have been critical of Tria, suggesting that it is little more than a handout to the insurance industry allowing them to reap billions of dollars worth of premium, while the risk is guaranteed by the Fed.

Democrats in Congress have been overwhelmingly hostile towards the attempts by House Republicans to limit the programme. The committee vote on Tria extension was a party-line vote with every Democrat on the House Financial Services Committee voting against the Republican version of the bill because of the modifications that the GOP are attempting to make to the programme.

Not all Republicans however are against extending the programme without significant modification.

People close to the hill have intimated that the Hensarling may not have the votes to push through his version of the bill as many Republicans in the House could vote against his bill with Democrats.

Some have been publically vocal about their support for a Tria extension bill without a raise in the loss figure. Congressman Peter King told Politico in a recent interview that he would lead a campaign for the House to take up the Senate's proposals if Hensarling will not change his position and amend the bill currently favoured by the House Financial Services Committee.

With only a few legislative weeks between Congress's return in September and the beginning of mid-term election campaigning there is an urgency to get a Tria extension passed quickly. If it is not disagreements between Republicans and Democrats and divisions in the Republican Party itself could derail the process and make an extension more unlikely.