

MEMORANDUM

January 13, 2015

TO: The Honorable Chair and Members of The School Board of Miami-Dade County, Florida

FROM: Alberto M. Carvalho, Superintendent of Schools *AMC*

SUBJECT: TERRORISM RISK INSURANCE ACT EXTENDED

The Terrorism Risk Insurance Act (TRIA), unexpectedly blocked in the final days of the 113th Congress, was the first bill to pass the new Congress during its first week in session. The bill was passed with nearly unanimous support, by 416-5 in the House and 93-4 in the Senate. Reauthorization was a major legislative priority for Miami-Dade County Public Schools, as a lapse in federal risk coverage would have disrupted insurance markets and placed the District out of compliance with financial contracts that require terrorism coverage. Attached is an Education Alert that was sent to our Congressional Delegation on this matter.

The new bill extends TRIA for six years, providing federal insurance in the event of major terrorism incidents while doubling the threshold to \$200 million in losses before federal coverage is triggered. Although TRIA coverage has never been utilized, it has prevented spikes in insurance markets by capping local losses and efficiently spreading risks nationally.

If you have any questions, please contact Ms. Iraida R. Mendez-Cartaya, Associate Superintendent, Office of Intergovernmental Affairs, Grants Administration, and Community Engagement, at 305 995-1497.

AMC:mdn
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Attachment

cc: School Board Attorney
Superintendent's Cabinet

Education Alert

Legislation of Vital Concern to Miami-Dade County's Students

DATE: January 7, 2015
TO: Members of the South Florida Congressional Delegation
FROM: Alberto M. Carvalho, Superintendent of Schools
SUBJECT: REAUTHORIZATION OF TERRORISM RISK INSURANCE ACT

Federal risk protection against terrorist attacks is essential to stabilize insurance rates for institutions with major building assets, including Miami-Dade County Public Schools. Yet despite nearly unanimous support, the Terrorism Risk Insurance Act (TRIA) was unexpectedly blocked in the Senate after the House had already adjourned for 2014. **The reauthorization of TRIA should be an urgent priority for the new Congress.**

Background: The risk of terrorism is a national matter, but a lapse in federal risk insurance would drive substantial insurance increases at the local level that directly harm public school budgets. Although TRIA coverage has never been utilized, it has prevented spikes in insurance markets by capping local losses and efficiently spreading risks nationally. Without the TRIA federal safety net, the majority of property insurance carriers would exclude terrorism coverage, and the lack of capacity would result in a dramatic increase in premiums from the remaining carriers willing to provide such coverage. Any lapse in existing risk coverage would place the school system out of compliance with financial contracts that require the District to carry terrorism coverage.

Before its expiration on December 31, 2014, a six-year extension of TRIA was approved by the House in a vote of 417 to 7. The Act provides federal insurance organizations with extensive building assets in the event of major incidents. The bipartisan House bill would have extended the Act for six years while doubling the threshold to \$200 million in losses before federal coverage is triggered.

After the House adjourned, the expected Senate vote was blocked by retiring Senator Tom Coburn (R-OK), who objected to certain provisions including the sale of insurance across state lines. Because there was no opportunity to change or reconcile any provisions, the Act lapsed as of January 1, 2015. The House has fast-tracked the bill that passed last session, passing January 7 by a vote of 416 to 5. If the House and Senate fail to pass and reconcile TRIA in a timely manner, coverage would lapse and rates would increase for public school systems and other institutions with major building assets, resulting in a shift of funding from student education to terrorism insurance.

ACTION NEEDED: We urge Florida's Congressional delegation to **support an immediate and bipartisan reauthorization of TRIA** to prevent a lapse in required risk coverage or a spike in insurance rates that would harm education budgets. Should you have any questions, please contact Ms. Iraida R. Mendez-Cartaya, Associate Superintendent, Office of Intergovernmental Affairs, Grants Administration, and Community Engagement, at 305 995-1497.

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