



# NEWS RELEASE

**Immediate Release**

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## **Actuaries Submit Terrorism Risk Analysis to President's Working Group**

**WASHINGTON – 27 April 2006** – The **American Academy of Actuaries**, in response to questions posed by the President's Working Group on Financial Markets, has submitted its *Terrorism Risk Insurance Analysis*, which concludes that a national framework for terrorism risk is necessary if terrorism coverage is to be widely and readily available.

“A large chemical, nuclear, biological or radiological (CNBR) terrorist attack on New York City could cause insured losses of \$778 billion,” said **Michael McCarter**, chairperson of the **Terrorism Risk Insurance Act Subgroup**. “Without a national framework for managing terrorism risk, insurers would be exposed to losses far greater than they could sustain—significantly damaging their ability to provide the ongoing insurance coverage that is essential to the stability of the entire economy.”

The actuaries were not able to identify any insurance, reinsurance or capital market solution that could finance such potential insured losses from a large CNBR event. With their solvency threatened, insurers would be forced to limit their exposure to losses from a terrorist attack. For workers' compensation and group life insurance, an insurer could only reduce its terrorism exposure by limiting the availability of the underlying coverages.

The Academy's analysis will assist the president's working group as it prepares a report about the long-term availability and affordability of terrorism insurance. The report is due to Congress by Sept. 30, 2006.

To view the analysis in its entirety, visit [www.actuary.org](http://www.actuary.org). For more information or to schedule an interview with Michael McCarter, contact Andrew Simonelli, media relations manager for the American Academy of Actuaries, at 202.785.7872.

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The American Academy of Actuaries is the public information organization for the U.S. actuarial profession. Academy committees, task forces and work groups regularly prepare testimony and provide information to Congress and senior federal policy-makers, comment on proposed federal and state regulations, and work closely with the National Association of Insurance Commissioners and state officials on issues related to insurance, pensions and other forms of risk financing.