



## News Release

FOR IMMEDIATE RELEASE

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### **Actuarial Analysis Concludes “Permanent” Solution Needed for Economic Consequences of Terrorist Acts**

#### **Insured Losses from Terrorist Attack Could be \$700 Billion**

(Dec. 2, 2005 - Washington, D.C.) The TRIA subgroup of the **American Academy of Actuaries** issued a statement today that concluded that the “magnitude of potential insurance claims due to terrorist events makes permanent federal legislation necessary in order to make terrorism coverage widely and readily available.” The subgroup based its conclusion on its analysis of the potential impact of terrorist attacks and “how an insurer may react to a sudden change in its perceived exposure to catastrophes.” The statement was sent to Congressional leaders and Treasury Secretary John Snow because “certain key results of the Subgroup’s analysis are relevant” to the bills to extend and modify the Terrorism Insurance Act of 2002 that Congress is considering.

“Because of the potential for terrorist attacks that cause very large losses, the Subgroup does not believe there is any strategy that could develop sufficient terrorism insurance capacity without some form of legislation to limit insurer liability should these events occur,” they said in their statement.

The results of a major terrorist attack could be catastrophic and could overwhelm the insurance industry. “Terrorists with access to nuclear, biological, chemical, and radiological weapons of mass destruction have the potential to cause single-event catastrophic insured losses many times the size of the total insured losses from Sept. 11, 2001. Modelers now estimate that terrorists with such weapons could cause insured losses ranging up to about \$700 billion, depending on weapon type and location.”

For a copy of the statement go to [http://www.actuary.org/pdf/casualty/tria\\_dec05.pdf](http://www.actuary.org/pdf/casualty/tria_dec05.pdf) . To arrange an interview with an Academy spokesperson, contact Chris Robichaux at 202-223-8196, [Robichaux@actuary.org](mailto:Robichaux@actuary.org) .

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