



January 18, 2022

Submitted by Federal eRulemaking Portal <http://www.regulations.gov>

Federal Insurance Office
Attention: Richard Ifft
Room 1410 MT
Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Re: 2022 TRIP Data Collection Comments

Dear Mr. Ifft:

We appreciate this opportunity to comment on the changes proposed by the U.S. Department of the Treasury ("Treasury") to the data reporting requirements for captive insurers under the Terrorism Risk Insurance Program ("TRIP"). These comments are submitted on behalf of the Captive Insurance Companies Association (CICA), the Vermont Captive Insurance Association (VCIA) and the Captive Insurance Council of the District of Columbia (CIC-DC). CICA is the leading domicile-neutral trade association representing the global captive insurance industry. VCIA is the largest trade association for captive insurance in the world and represents the captive insurance industry in Vermont. CIC-DC is the trade association representing captive owners and captive insurance professionals in the District of Columbia. Many of our members rely on captive insurance to obtain coverage for terrorism risks that is not available from traditional insurers.

As you know, TRIP was established under the Terrorism Risk Insurance Act of 2002 ("TRIA") to "provide a framework for market stability to facilitate the underwriting of terrorism insurance risk following the terrorist attacks of 9/11/2001."¹ Captive insurers have played, and continue to serve, a critical role in achieving this goal by providing coverage for terrorism that is not available from traditional, commercial insurers or only available on highly restrictive or unaffordable terms. Captives are especially important because of the coverage they furnish in geographical areas and sectors of the economy at greatest risk for terrorist attack. The terrorism insurance provided by captives includes, for example, coverage for properties in urban centers, stadiums, and other public venues and for properties near high-risk facilities such as nuclear power plants. It also includes coverage for high-risk industries such as transportation, telecommunications, and public utilities. In addition, captives are an important means of obtaining terrorism coverage for nuclear, biological, chemical, and radiological (NBCR) risks, which many traditional insurers exclude from coverage entirely or cover only with significant limits and exclusions.

¹ Advisory Committee on Risk Sharing Mechanisms, Initial Report of the Committee, at p. 8 (May 11, 2020) (ACRSM 2020 Initial Report).

180 Battery Street
Burlington, Vermont 05401
phone: 802-658-8242
e-mail: smith@vcia.com

4248 Park Glen Road
Minneapolis, MN 55416
phone: 952-928-4655
e-mail: dtowle@cicaworld.com

1401 Eye Street, N.W.; Suite 600
Washington, D.C. 20005
phone: 202-408-5153
e-mail: jholahan@mmmlaw.com

Treasury has proposed a number of changes to the TRIP data reporting requirements for captives. The proposed changes would require captives to report more detailed information concerning their coverage of terrorism risk, including information reported on a line-by-line concerning deductible reimbursement coverage, information concerning non-TRIP eligible premiums and information concerning coverage written exclusively for NBCR risks. The proposed changes also require the reporting of substantial new information concerning the coverage of cyber risks, including coverage for non-TRIP eligible lines of business.

The proposed changes to the TRIP data reporting requirements will add materially to the amount of time and resources captives must devote to the reporting requirements. Although we do not object to the changes, we ask that Treasury be mindful of the accumulating burden on captives presented by the data collection requirements. Captives are small entities and already bear the substantial expense of comprehensive annual financial, actuarial, and regulatory reporting requirements as well as the cost of annual independent audits and periodic financial examinations. The proposed changes increase the burden on captives and further changes could make the cumulative burden insupportable.

We note that the Federal Register notice setting forth the proposed changes states, "As in prior years, captive insurers that write policies in TRIP-eligible lines of insurance are required to report unless they do not provide their insureds with any terrorism risk insurance that is subject to the Program." 86 *Fed. Reg.* 64600, 64602 (Nov. 18, 2021). We fully support Treasury's decision to exempt captives that do not write terrorism insurance from the reporting requirements. This approach is consistent with TRIA § 104(h) and avoids establishing burdensome reporting requirements that would produce no useful data.

The information sought by Treasury under the TRIP data reporting requirements is highly confidential. For this reason, we ask for confirmation that, consistent with the requirements of TRIA § 104(h)(3), Treasury will continue to contract with the Insurance Services Office (ISO) or another appropriate insurance statistical aggregator to take receipt of the data on a confidential basis and provide it to Treasury in aggregated or other de-identified form.

Thank you again for this opportunity to comment on the proposed changes to the TRIP data reporting requirements.

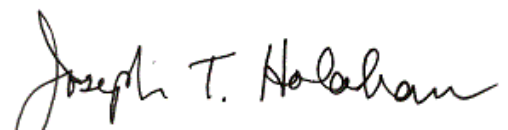
Sincerely yours,



Richard S. Smith
President
VCIA



Daniel D. Towle
President
CICA



Joseph T. Holahan
President
CIC-DC

180 Battery Street
Burlington, Vermont 05401
phone: 802-658-8242
e-mail: smith@vcia.com

4248 Park Glen Road
Minneapolis, MN 55416
phone: 952-928-4655
e-mail: dtowle@cicaworld.com

1401 Eye Street, N.W.; Suite 600
Washington, D.C. 20005
phone: 202-408-5153
e-mail: jholahan@mmmlaw.com