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Terrorism Risk Insurance Act (TRIA)

In the event of a large-scale terrorist attack, this act enables insurers to write coverage for risks that could otherwise render them insolvent. Let's dive further into what it is and when its's used.

The Terrorism Risk Insurance Act (TRIA) was passed by the United States Congress in 2002 in the aftermath of the September 11, 2001 terrorist attacks. Providing a federal backstop, the law enables insurers to write coverage for risks that could otherwise render them insolvent in the event of a large-scale terrorist attack.

The definition of a certified act of terrorism has been expanded to cover both domestic and foreign acts of terrorism.

What It Covers

A commercial terrorism policy is designed to cover damaged or destroyed property, including buildings, equipment, furnishings, and inventory. It may also cover losses associated with the interruption of business, as well as liability claims against the business associated with a terrorist attack.

What It Excludes

Depending on the state, a terrorism insurance policy may exclude coverage for fire following. Nuclear, biological, chemical, and radiological (NBCR) attacks are also excluded, except in the life, health, and workers' compensation lines of insurance.

How It Works

Losses are only covered by a terrorism insurance policy if the U.S. Department of the Treasury officially certifies an event as an act of terrorism. This requires that the act be violent and be driven by the desire of an individual(s) to coerce U.S. civilians or government. No act shall be certified by the Secretary of State as an act of terrorism if property and casualty losses, in the aggregate, do not exceed $5 million The act must also cause at least $100 million in damage to be considered a terrorist attack.

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