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**NCOIL ENDORSES FEDERAL BACKSTOP FOR**

**TERRORISM INSURANCE**

**Albany, New York, October 18, 2001-**The National Conference of Insurance Legislators (NCOIL) firmly endorsed the concept of a federal "backstop" for terrorism insurance in a letter sent yesterday to Congressional leadership considering plans that would protect insurers from catastrophic terrorist-related losses.

NCOIL President and Illinois Rep. Terry Parke wrote on October 17 that "the private insurance industry [was] facing an immediate crisis" and said that since most reinsurance policies were subject to renewal on January 1, 2002, it was imperative Congress pass legislation within 30 days. Following the September 11 terrorist attacks, he noted, "insurers are concerned they can no longer adequately or accurately price insurance coverage for future catastrophes resulting from terrorism." He said the subsequent widespread loss of terrorism coverage would result in financiers reluctant to lend, businesses reluctant to invest, and consumers unable to afford insurance.

Praising Congress for its recent "decisive and commendable action to assure the health of our economy," Rep. Parke said the additional creation of a federal backstop would help ease market constriction and "prohibitively high prices." A backstop would also, he said, beyond recovery associated with last month’s terrorist acts, help businesses and families cope with similar violence in the future.

The letter went to Speaker of the House J. Dennis Hastert (R-IL); Senate Majority Leader Thomas A. Daschle (D-SD); House Minority Leader Richard Gephardt (D-MO); and Senate Minority Leader Trent Lott (R-MS). It followed an industry proposal to establish an insurer-financed terrorism reinsurance pool, which the Bush administration recently rejected in favor of its own plan for a federal backstop.

NCOIL is an organization or state legislators whose main area of public policy concern is insurance legislation and regulation. Many legislators active in NCOIL either chair or are members of the committees responsible for insurance legislation in their respective state houses across the country.

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