



**IRMI**<sup>®</sup>

Preconference Workshop 6

***TERRORISM RISK AND INSURANCE ACT***

Presented by

Terry D. Gray  
President—  
Construction Business Unit  
Zurich

***Monday, November 8, 9 a.m.–4:30 p.m.***

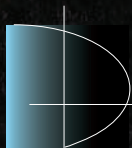
# Risky? We don't think so.



The Construction Industry has experienced a variety of Insurance challenges recently. The legal environment has dramatically changed the Insurance marketplace for Residential Construction projects. For over twenty years, insurance brokers representing Construction Risks have relied on our market knowledge and expertise in satisfying the unique coverage requirements of the Construction Industry.

We represent the specialty underwriters who are ready and willing to provide Insurance for your coverage challenge - whether Artisan or General Contractor. We also have Builders Risk markets - including Frame and Coastal exposures!

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**Terry D. Gray**  
**President—Construction**  
**Zurich**

Mr. Gray is a panelist for Monday's Preconference Workshop 6, "What's Hot in Construction Risk Management?" He serves as president of Zurich's construction business unit, located in Minneapolis. In his role, Mr. Gray leads the construction property and casualty business, including developing strategies and achieving overall results. Mr. Gray has more than 19 years of experience in financial operations and risk management and more than 15 years in the construction industry.

Mr. Gray joined Zurich's construction unit in 1995 and has held several vital positions as part of the senior management team. Before assuming his current position, Mr. Gray served as executive vice president for the large contractor customer segment. He was also instrumental in developing and promoting Zurich's Subguard® product.

Before joining Zurich, Mr. Gray served as the risk and financial manager at Cianbro Corporation, a large general contractor. He began his career in 1985 with Ernst & Whinney (now Ernst & Young).

Mr. Gray earned his bachelor of science degree in business administration from the University of Maine. He is also a certified public accountant.

## ***Notes***

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# TERRORISM RISK AND INSURANCE ACT

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*Terry D. Gray*  
*Zurich*

## Terrorism Risk and Insurance Act (TRIA) Current Status

- The original intent of the act has been achieved, at least temporarily
- Coverage for “certified acts” is available
- Currently the Act sunsets on December 31, 2005



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## TRIA Underwriting Issues

- Accumulations
  - Insureds
  - Lines of business
  - Insurance company operating units
- Underwriting Information
  - Detailed location information
    - Owned Property Locations
    - Job-site locations
    - High profile locations
  - Employees
    - Construction tends to be a mobile workforce
  - Catastrophe management plans



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## TRIA Underwriting Issues

- Software sophistication
  - Multi-line
  - Detailed locations
  - Modeling of potential loss scenarios
- Reinsurance availability
  - “Certified Acts”
  - “Non-certified Acts”



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## TRIA Sunset Issues

- Sunset is December 31, 2005
- Policies extending beyond sunset
  - Uncertainty
  - Conditional Endorsements
- Availability of adequate reinsurance capacity
- Ability to match primary coverage with available reinsurance capacity
- Pricing, terms & conditions and exclusions
  - Nuclear, chemical and biological (NBC)

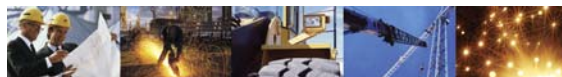


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## Outlook

- Congressional extension
  - Two year extension currently being considered
  - Treasury Department study due mid-2005
- Permanent Solution
  - Government involvement
  - Private Industry



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