

DEPARTMENT OF THE TREASURY**31 CFR Part 50****RIN 1505-AB67****Terrorism Risk Insurance Program;
TRIA Extension Act Implementation****AGENCY:** Departmental Offices, Treasury.**ACTION:** Notice of proposed rulemaking by cross-reference to interim final rule.

SUMMARY: The Department of the Treasury (Treasury) is issuing this proposed rule as part of its implementation of amendments made to Title I of the Terrorism Risk Insurance Act of 2002 (TRIA or Act)¹ by the Terrorism Risk Insurance Extension Act of 2005 (Extension Act).² The Act established a temporary Terrorism Risk Insurance Program (Program) that was scheduled to expire on December 31, 2005, under which the Federal Government shared the risk of insured losses from certified acts of terrorism with commercial property and casualty insurers. The Extension Act extends the Program through December 31, 2007, and makes other changes which are implemented by this rule. In particular, the rule addresses changes to the types of commercial property and casualty insurance covered by the Act, the requirements to satisfy the Act's mandatory availability ("make available") provision and the operation of the new "Program Trigger" provision in section 103(e)(1)(B) of the Act. This proposed rule proposes to adopt as a final rule the interim final rule published elsewhere in this issue of the **Federal Register**. The text of the interim final rule serves as the text of this proposed rule.

DATES: Written comments may be submitted on or before June 12, 2006.

ADDRESSES: Submit comments by e-mail to triacomment@do.treas.gov or by

mail (if hard copy, preferably an original and two copies) to: Terrorism Risk Insurance Program, Public Comment Record, Suite 2100, Department of the Treasury, 1425 New York Avenue, NW., Washington, DC 20220. Because paper mail in the Washington, DC area may be subject to delay, it is recommended that comments be submitted electronically. All comments should be captioned with "TRIA Extension Act Proposed Rule Comments". Please include your name, affiliation, address, e-mail address, and telephone number in your comment. Comments may also be submitted through the Federal eRulemaking Portal: <http://www.regulations.gov>. Comments will be available for public inspection by appointment only at the TRIP Office. To make appointments, call (202) 622-6770 (not a toll-free number).

FOR FURTHER INFORMATION CONTACT: Howard Leikin, Deputy Director, or David Brummond, Legal Counsel, Terrorism Risk Insurance Program (202) 622-6770 (not a toll-free number).

SUPPLEMENTARY INFORMATION:**I. The Proposed Rule**

Published elsewhere in this issue of the **Federal Register** is an interim final rule amending subparts A, B, C, F, and I to 31 CFR part 50, which in part comprises Treasury's regulations implementing the Act. The preamble to the interim final rule explains these provisions of the proposed rule in detail, and the text of the interim final rule serves as the text for this proposed rule. Treasury is soliciting comments on all aspects of this proposed rule from all interested parties.

II. Procedural Requirements

This proposed rule is not a significant regulatory action under the terms of Executive Order 12866. Pursuant to the Regulatory Flexibility Act (5 U.S.C. chapter 6), it is hereby certified that this proposed rule will not have a significant economic impact on a substantial number of small entities. The Act requires all licensed or admitted

insurers to participate in the Program. This includes all insurers regardless of size or sophistication. The Act also defines property and casualty insurance to mean commercial lines without any reference to the size or scope of the commercial entity. The disclosure and "make available" requirements are required by the Act. The proposed rule allows all insurers, whether large or small, to use existing systems and business practices to demonstrate compliance. Treasury is required to pay the Federal share of compensation to insurers for insured losses subject to the new Program Trigger provisions in the Act. The requirement that insurers seek advance approval of certain settlements is now required by the Act.

Accordingly, any economic impact associated with the proposed rule flows from the Act and not the proposed rule. However, the Act and the Program are intended to provide benefits to the U.S. economy and all businesses, including small businesses, by providing a federal reinsurance backstop to commercial property and casualty insurance policyholders and spreading the risk of insured losses resulting from an act of terrorism.

List of Subjects in 31 CFR Part 50

Terrorism risk insurance.

Authority and Issuance

For the reasons set forth above, the Department of the Treasury proposes to adopt as a final rule this proposed rule that revises 31 CFR part 50 as follows: The text of subparts A, B, C, F, and I are revised to be the same as the text of subparts A, B, C, F, and I to 31 CFR part 50 in the interim final rule published elsewhere in this issue of the **Federal Register**.

Dated: May 4, 2006.

Emil W. Henry, Jr.,

Assistant Secretary of the Treasury.

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¹ Pub. L. 107-297, 116 Stat. 2322, 15 U.S.C. 6701 note.

² Pub. L. 109-144, 119 Stat. 2660, 15 USCA 6701 note.