

NOVEMBER 29, 2001

**SCHAKOWSKY WARNS CONSUMERS LOSE PROTECTION IN INSURANCE COMPANIES PUBLIC BAILOUT BILL**

WASHINGTON, D.C. - U.S. Representative Jan Schakowsky (D-IL) today said that H.R. 3210, the Terrorism Risk Protection Act, is another special interest giveaway that harms the public interest. Schakowsky opposed the legislation, which was passed by the House, and instead supported a substitute that was a responsible response to the tragedies of September 11.

Below is Schakowsky's Congressional Record statement during the debate:

*"Once again, the House is being asked to consider legislation that purports to address a legitimate public need but which is cloaked in special interest giveaways that do harm to the public interest. That is why I rise today in strong opposition to H.R. 3210, the Terrorism Risk Protection Act, and in support of the LaFalce substitute to that bill.*

*"First, we acted to provide a \$15 billion airline bailout that did nothing to help laid-off airline workers, improve safety or even guarantee that funds would be reinvested in improving American airlines. Airline workers are still waiting for unemployment insurance compensation and health care benefits. The need to help airlines and their employees after the tragedies of September 11 was legitimate, but the legislation we passed was a special interest giveaway that failed to meet that need.*

*"Second, we passed a so-called economic stimulus bill that will do little to stimulate the economy but instead includes tax breaks for the wealthy and for giant corporations, including refunds for taxes paid back to 1986 and incentives to invest overseas. And, again, the needs of laid-off workers and their families are ignored. We need to enact economic recovery measures, but the House-passed bill is largely a package of long-demanded tax breaks that will bring little, if any, benefit to the vast majority of American families and small businesses.*

*"Today, we are being asked to pass the legislation that not only provides an unwarranted bailout to the insurance industry but actually takes away consumer protections by making it extremely difficult for those injured to seek full compensation. Again, there is a legitimate concern. Although no one denies that the insurance industry has sufficient revenues to meet its current obligations, there is a need to address the decision of reinsurance companies to stop providing terrorism risk coverage in the future. This problem would seem to demand a narrow, well-considered approach. But this vehicle has served as a magnet for companies that are trying to avoid responsibility by limiting their payout liabilities and by preventing injured consumers from getting their fair day in court.*

**"As The Washington Post reported today, "The insurance industry's lobbying campaign for federal help covering future terrorism claims was in full swing last month when a group representing Lloyd's of London investors published a newsletter highlighting the 'historic opportunity' for insurers to make money after the Sept. 11 attacks." This is not the history that we want to write here today.**

**"In the event of future terrorist attacks, H.R. 3210 requires that U.S. taxpayers pay for 90 percent of all claims, including first dollar losses. It is simply outrageous that, as unemployed workers and their families are waiting for federal assistance, our first priority should be to bail out an insurance industry that is sitting on major reserves. The LaFalce substitute, unlike the underlying bill, would require that the industry pay a deductible of at least \$5 billion to \$10 billion annually. The LaFalce substitute not only protects U.S. taxpayers, it ensures that insurance companies will still have incentives to press their policyholders to act to improve safety and security. That is why groups like Consumer Federation of America, the National Taxpayers Union, and Consumers Union oppose H.R. 3210 and support the LaFalce substitute.**

**"Even more disturbing to me than the size of the potential bailout in H.R. 3210 is the assault on the rights of victims. There is no justification for taking away the rights of injured consumers or their families to seek redress through our civil justice system. There is no justification for immunizing companies from dangerous behavior. Yet, H.R. 3210 would do just that.**

**"H.R. 3210 would prevent future juries from awarding punitive damages. These damages are extremely rare and used only where injuries are caused by recklessly dangerous and irresponsible conduct. Under H.R. 3210, a security firm that hires felons, a building owner who refuses to put in fire escapes, a construction firm that doesn't meet building codes, or a company that fails to provide escape procedures for persons with disabilities would be immunized from punitive damages.**

**□**

**"H.R. 3210 also limits a jury's or judge's discretion to award non-economic damages. If we agree to this provision, we are saying that the loss of a child or husband and the inability to walk or have children are injuries that are not worthy of full compensation.**

**"Finally, H.R. 3210 provides a one-sided and unfair limitation on victims by limiting attorney's fees. Defendants would, of course, be free to pay their attorneys whatever they wish. But plaintiffs, who usually rely on a contingency fee system because they lack the funds to pay upfront lawyers' fees, are hampered. As a result, victims may find it difficult to find qualified attorneys to take what may be complicated and costly cases to prepare.**

**"Unlike H.R. 3210, the LaFalce substitute leaves our civil justice system intact. It does not assault the rights of victims. And it leaves in place the potential for damages that will encourage firms to be as careful as possible in improving security and contingency plans.**

***"We pray that we will not suffer from future terrorist attacks. But, as we mourn the victims of September 11, we must not take away the rights of any future victims or their families. Nor should we reduce the incentives on the insurance industry and other companies to do everything possible to prevent terrorist attacks or prepare safety measures in case they occur. By limiting insurance industry liability, shielding wrongdoers from liability, and reducing the ability of victims to recover for their losses, H.R. 3210 would do far more harm than good. It should be defeated. "***