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**Subject:** : Workman's Comp Needs a Terror Backstop - Washington Post Today  
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CREATOR:Kirk Blalock ( CN=Kirk Blalock/OU=WHO/O=EOP [ WHO ] )

CREATION DATE/TIME: 5-JUN-2002 11:53:52.00

SUBJECT:: Workman's Comp Needs a Terror Backstop - Washington Post Today

TO:Claire E. Buchan ( CN=Claire E. Buchan/OU=WHO/O=EOP@EOP [ WHO ] )

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TO:Matthew Kirk ( CN=Matthew Kirk/OU=WHO/O=EOP@EOP [ WHO ] )

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TO:D. Marcus Sumerlin ( CN=D. Marcus Sumerlin/OU=OPD/O=EOP@EOP [ OPD ] )

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TO:Randall S. Kroszner ( CN=Randall S. Kroszner/OU=CEA/O=EOP@EOP [ CEA ] )

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Another realted issue.....

Workers' Comp Needs a Terror Backstop

By M. R. Greenberg

Wednesday, June 5, 2002; Page A23

One tragic lesson we learned on Sept. 11 is that the working people of the United States are at great risk from a terrorist attack. At the World Trade Center and the Pentagon, thousands of working men and women had their lives taken from them while they were beginning their workday and providing for their families. We now know that large concentrations of working people are prime targets for terrorists who want to destroy American lives, our economy and our freedoms.

The first economic defense for the working family is the workers' compensation system. Under the laws of each state, a working person who suffers injury or death on the job is guaranteed a payment that becomes a critical safety net for the employee and his or her family.

Even in normal times, workers' compensation costs and claims are significant. Costs for an injured employee can exceed \$1 million. A catastrophic attack directed at a densely populated facility has the potential for losses that would be financially unbearable to both employers and insurers.

Insurers and self-insured employers will pay between \$2 billion and \$3 billion in workers' compensation claims following Sept. 11. Unfortunately, an even more tragic event is not outside the realm of the possible. An explosion leading to the release of deadly chemicals or the detonation of a nuclear device could result in losses 10 to 40 times that amount.

Workers' compensation statutes mandate that all risks -- even those resulting from war or a terrorist attack involving biological, chemical or radiation components -- must be covered, with no exclusions permitted for employers or insurers. But since Sept. 11, the risk profile for high concentrations of workers has changed. We now know the unthinkable is possible. As difficult as it may be to think in such terms, an incident at a single complex of 10,000 employees could result in a \$50 billion loss. Just do the math if 100,000 employees are involved.

No employer or insurer could absorb such a loss. Without a federal backstop, employers in big cities such as New York are faced with a serious dilemma. Should they run the risk of being unable to meet their obligations to their employees in the event of war or nuclear attack? Or should they contemplate relocation and dispersal of their employee force? The problem is not confined to major metropolitan areas. Any location around the nation employing large numbers of workers could be hard hit -- bank credit card offices in South Dakota, telecommunications call centers in Florida, industrial installations in virtually any state.

The insurance industry is not capable of insuring against the risks of war, nuclear, chemical and biological attack on any mass basis. The private sector simply does not have the financial capacity to cope with such enormous losses. This can be done only by government. It is illusory to expect that private companies and their insurers will be able to bear the costs of an enormous act of war or terrorism. But without federal intervention, these losses must, under the laws of every state, be borne by employers and their insurers.

In order for our nation to be prepared for a threat of this magnitude, Congress must enact legislation to federalize or reinsure the risks to working people of injury or death in the event of war or an act of terror. After Sept. 11, I advocated, for similar reasons, a broad-based federal terrorism insurance backstop to cover losses resulting from all forms of terrorism.

Various approaches to sharing the burden between the private market and the government have been proposed and debated in both houses, but Congress has failed to act. The obstacle to enactment has been the opposing points of view in the Senate as to whether punitive damage awards should be permitted in connection with acts of terrorism. Congress must move quickly to resolve this issue.

When it comes to workers' compensation claims and coverage, punitive damages are not at issue. Therefore, Congress should be able to act decisively now to prevent the economic catastrophe that could result from another attack at the workplace. We owe the millions of Americans who courageously returned to their jobs following Sept. 11 nothing less.

The writer is chairman and chief executive officer of American International Group Inc.

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-----Original Message-----

**From:** Jeffrey Kurzweil [P6/b(6)]

**Sent:** Wednesday, June 05, 2002 10:22 AM

**To:** Jim Ryan; 'Charles Marshall'; MARTY DEPOY; Steve Wechsler; 'TONY EDWARDS'; Chip Rodgers; mgold@legstrat.com; David Crane; Tom Gallagher; William H. Edwards Jr.; dmikulin@corphq.hyatt.com; Jim Bayless; Bradley R. Wood ; 'Brenda Meister'; Burton, Richard ; Carolyn Handlon; Charlotte Sterling; Dan Lungren; Dave Little; Diefenderfer, Bill (Diefenderfer, Bill); Ed Bethune; [P6/b(6)]  
Marc Grossman; Jeff's Venable E-Mail; Thomas Ladd (Thomas Ladd); Power, Steve; Ryan, Joe; Tom Donnelly; [P6/b(6)] 'Jeanne Morin'

**Subject:** workman's comp needs a terror backstop

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