

**OPENING STATEMENT OF  
CHAIRMAN PAUL E. KANJORSKI**  
**SUBCOMMITTEE ON CAPITAL MARKETS, INSURANCE, AND  
GOVERNMENT SPONSORED ENTERPRISES**  
**HEARING ON "THE NEED FOR INSURANCE REGULATORY REFORM"**  
**WEDNESDAY, OCTOBER 3, 2007**

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We meet this afternoon to review and discuss the need for insurance regulatory reform. Now that we have completed our initial work in the House on extending the Terrorism Risk Insurance Act for a second time, I am pleased that we can finally turn our attention to another important insurance issue.

This hearing is the first in a series that we will convene on insurance regulatory matters during the 110<sup>th</sup> Congress. Although we have already reviewed this topic in a variety of ways during about two dozen hearings since the start of the decade, approximately one third of the Members joined the Capital Markets Subcommittee this year. This hearing therefore will give them an opportunity to begin to learn the issues. It will also provide veterans of our panel with a fresh look at these matters.

The vast majority of interested parties in the debate on insurance regulatory modernization, myself included, agree that there is no longer a question of whether or not to pursue reform. The question we must answer is how best to achieve this reform. To do so, we must start at the beginning and establish in this Congress a better appreciation of the industry's needs, a clearer understanding of recent developments in the domestic insurance marketplace and world stage, and an enhanced awareness of the policy underpinnings of the industry's existing regulatory structure. A careful examination of these points will help to lay the groundwork for any decisions that the Capital Markets Subcommittee will make in the future.

On this point, I want to explain briefly my plan for the process by which we ought to proceed to consider insurance regulatory reform. Today, we will hear from a number of key participants in the insurance industry, including the regulators, on the need for regulatory modernization. In their oral testimony, I hope that our witnesses will confine their remarks to their experiences in the current system and any new developments in the insurance industry. I am also curious to know if any recent changes point in favor of or against pursuing certain regulatory reforms.

Because many others asked to testify today, we will hear additional perspectives on the need for reform in a subsequent hearing or future hearings. This issue is important and complicated. The imposition of the federal government in some form into an area traditionally regulated by the states has enormous implications for insurers, businesses, and consumers. Therefore, we should not rush ourselves into considering reform legislation.

After establishing a need for reform, we will begin to explore policy options for reform. During those hearings, we will hear from a number of stakeholders representing a variety of views on generic reform options. Additionally, we will almost certainly convene separate hearings at some point on discrete issues like solvency protections, enforcement systems, product approval, and best practices for reform implementation.

Before moving to finalize any legislation, I would additionally envision that we will create bipartisan, Member-driven task forces to study targeted issues related to insurance regulatory reform and put together recommendations for a bill. These task forces should help us to reach a consensus. I invite my colleagues to let me know of their interest in leading and serving on these task forces.

With a solid understanding of these complex issues, this Subcommittee and eventually the U.S. Congress can make meaningful, well-thought-out reforms. This process is not a sprint. We need to review these issues and the potential consequences of changes to the industry, consumers, business, and the general public.

Let me be clear: I have no battle plan, no axe to grind, and am open to considering all points of view. I may have inclinations toward pursuing certain reforms, but I have made no final decisions about how to implement such reforms and how to build a broad consensus that garners the support of many, not just a slim majority. I plan to work through the issue step-by-step.

In reviewing the testimony of our witnesses today, I know they all hold strong opinions on which reforms might best accomplish their particular goals or undermine their perceived competitive advantages. American businesses and families rely on insurance daily. It is our job in Congress to balance the needs of consumers to have the most innovative and worthwhile insurance products on the market against the economic stability and efficiency of the insurance markets.

In closing, I am optimistic that through careful deliberation and hard work, we can identify a genuine consensus about how best to achieve regulatory reform in the insurance marketplace. I am also appreciative of the work of my Ranking Republican Member, who joined me in sending out the invitations to our witnesses. It is my hope that bipartisanship will continue to guide our work in this area in the months ahead. I also look forward to an open dialogue today.

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