

**REMARKS OF CONGRESSMAN RUBÉN HINOJOSA**  
**HOUSE COMMITTEE ON FINANCIAL SERVICES**  
**HEARING ON H.R. 522, THE FEDERAL DEPOSIT INSURANCE REFORM ACT**  
**MARCH 4, 2003**

I want to thank Chairman Oxley, Ranking Member Frank, Financial Institutions Subcommittee Chairman Bachus and Ranking Member Sanders for holding this very important hearing on deposit insurance reform. This issue has come before Congress several times, and I hope that this will be the year for it to pass and be enacted into law. The Administration agrees with much of what is contained in the bill before us, H.R. 522, the Federal Deposit Insurance Reform Act, of which I am an original cosponsor. Similar legislation has been introduced in the Senate. Hopefully, both houses will arrive at a consensus on this legislation and send it to the President.

In the beginning of the 107<sup>th</sup> Congress, I was appointed to serve on the newly-formed Financial Services Committee with its broad jurisdiction. This pleased me for several reasons, but especially for the opportunities it would provide me to help the people and businesses of the 15<sup>th</sup> Congressional District of Texas.

H.R. 522 will help the people and businesses of my district as well as the nation as a whole.

This legislation will benefit community banks, large banks, credit unions, savings associations and consumers. They will benefit by replacement of the current fixed statutory reserve ratio of 1.25 percent with a provision allowing the FDIC to set a flexible designated reserve ratio between 1.15 percent and 1.40 percent. They will benefit from the requirement that the FDIC charge all institutions an insurance premium. Consequently, my community will benefit.

Merging the Bank Insurance Fund and the Savings Association Insurance Fund will help solidify the banking market. By increasing the deposit insurance coverage from the current \$100,000 to \$130,000, the legislation will encourage more people to place their funds in banks, thrifts, or credit unions, thus increasing the savings rate in the United States and helping to improve the overall economy. Increasing coverage for retirement accounts from \$100,000 to \$260,000 will also encourage more growth.

After having said all of this, I must admit that I realize that three out of the four regulators who testified before the Senate Committee last week on deposit insurance reform legislation opposed increasing individual deposit insurance coverage to \$130,000 from \$100,000 or even indexing it to inflation. Regardless, they have found common ground on other areas of the bill. The bill will move forward. It is good for the country and good for my community.