



United States Senate
Committee on Banking, Housing, and Urban Affairs

Christopher J. Dodd (D-CT), Chairman

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Contact: Kirstin Brost/Justine Sessions, 202-224-7391

REMARKS OF CHAIRMAN CHRISTOPHER J. DODD
U.S. SENATE COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS
REGULATORY MODERNIZATION: PERSPECTIVES ON INSURANCE

We live in an uncertain world. The economic crisis has claimed as casualties millions of Americans who have lost jobs, homes, retirement savings, and their families' economic security.

But even in the best of times, there is always risk. And that's why the insurance industry exists – to provide stability to families and businesses.

Today's hearing is the latest in a series examining our financial regulatory system and exploring ways to modernize it for the 21st century. At issue is what should be done to better regulate the insurance industry.

As always, my primary concern is protecting working Americans who have paid the highest and most unfair price for our regulatory deficiencies.

What to do about insurance regulation is complicated. Some have called for federal regulation of insurance, while others strongly defend the current system of state regulation.

It is important we get this right. A strong economy requires the effective flow of capital. Insurance, and the security it brings, is a key element to getting credit moving.

My home state of Connecticut has a long and proud history of acting as home to insurance firms that provide a foundation of security for all manner of transactions, from the purchase of a home to the building of a factory.

And so, there is a solid case to be made that state-based regulation of insurance has worked well for more than a century. Millions of American families, too, have relied on one form of insurance or another in a time of crisis – when they needed to rebuild their homes after a devastating fire or needed economic security after the loss of a breadwinner.

But, there is also a case to be made that it's time for a change. Insurance companies have become more global and more complex. Even though the insurance industry did not create the economic crisis, like almost every other industry it has been hit hard, and as a result many are calling to modernize regulations.

The Administration's plan for regulatory modernization would create an office of National Insurance within Treasury to collect information and coordinate insurance policy at the federal level.

It is one of many ideas worth considering, and so today we have assembled an impressive panel of academics and experts. I'm grateful to have you here today, and I'm eager to hear your thoughts as we go through the process of deliberating this important issue.

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