

Statement of Congresswoman Sue Kelly House Financial Services Committee Hearing on America's Insurance Industry: Keeping the Promise

September 26, 2001, 9:30 a.m.; 2128 Rayburn

Thank you Chairman Oxley and Mr. LaFalce for holding this hearing on the effects of the September 11 tragedy on our insurance industry and for making our committee's oversight of New York's financial services industry the top priority of our committee and a truly bipartisan effort. As a New Yorker and as the Chairwoman of our Oversight and Investigations Subcommittee, I am concerned about both the short and long-term effects of the destruction of September 11.

Fortunately, our financial markets were able to open and work properly six days later, due to the herculean efforts of Mayor Giuliani, Governor Pataki and many other great New Yorkers. I know Richard Grasso of the NYSE and Wick Simmons of NASDAQ worked tirelessly, right along with many dedicated and wonderful men and women who made this opening possible. I stood at NASDAQ just last Monday with Chairman Oxley, Secretary O'Neil, Richard Grasso and Wick Simmons to strike the closing bell. The fact that the markets opened on time and functioned without problems gave the investors of the world notice that while the buildings may be destroyed the might of the U.S. economic markets cannot.

Anyone who wanted to trade that day was able to do so. The stock market handled a greater volume than ever before – successfully this should comfort anyone who has a question of whether the U.S. trading markets are a sound investment. They are.

The long-term effects of this tragedy on our insurance industry, however may be much more difficult to quantify. While some reports have estimated losses to insurance companies in the \$30 to \$40 billion range others have stated that any such estimates are

premature. While this loss can be handled by our competitive and sound insurance industry I am concerned about what effect the insurance industry may have in liquidating a portion of their short-term assets in order to pay these claims. It is my understanding that many insurance companies invest their short term assets in bonds and liquidating these bonds, especially municipal savings bonds, may have a secondary hit to both our bond market and our towns and cities which are dependent on these bonds for critical infrastructure projects.

The insurance companies are to be congratulated for their proactive response and their willingness to waive the standard practice of requiring a death certificate to make a claim. I have read news accounts of insurance companies proactively paying claims based on passenger lists. In this time of sadness it is the positive response of these companies to pay claims now, ask questions later that will help the countless families and individuals who have been devastated by these events to put their lives back together again.

I want to briefly thank our distinguished witnesses, and especially our excellent N.Y. Insurance Superintendent, Gregg Serio, who have taken time out of their incredibly busy schedules to join us here today and discuss these issues with us. A top priority for this committee should be to focus on how we rebuild after the damage that was inflicted upon our financial markets. The Oversight and Investigations Subcommittee will continue to diligently examine the issues of the long term effects of this terrorism, considering what we can do to prevent future acts of terrorism and what can be done to reduce the impact of such threats.