

Opening Statement
Chairman Michael G. Oxley
Committee on Financial Services
September 26, 2001

**“Oxley on the U.S. Securities and Insurance Industries:
Keeping the Promise”**

My friends and fellow Committee Members, today as I speak before you, I believe that our country is undergoing a great metamorphosis. While the tragedy of September 11 will forever stain our nation’s history, it has also been a great awakening for our country.

We will never forget the pain and loss of life of innocent civilians from all parts of the world that worked in the World Trade Center. But these cowardly attacks have also brought our country together, renewing our focus on America’s priorities. The American people stand united in their faith, and we will become stronger than ever before. In trying to cripple the long-term foundations of our nation’s economy, this attack will inevitably be viewed, historically, as a failure.

Last week the stock markets opened back up and handled a record volume of trading. While the market lost enormous value during that tumultuous week of trading, the most important thing was that it was working. The free market that is the underpinning of this country's economy was touched, but not stopped, by the terrorists. And Monday of this week showed us the power and the beauty of those free markets with the fifth-largest-ever point increase in the Dow Jones Industrial Average.

The banking industry also cast off any lingering effects of the damage, helping the Fed pump hundreds of billions of dollars of new liquidity into the economy – new resources that will help our country recover from economic lethargy. And the insurance industry is coming through with flying colors, expediting the processing of individual claims to provide immediate comfort to injured victims and their families in this time of need.

Some of the worst hit companies have been the first to step forward with commitments to fulfill their policyholder obligations. In fact, I would like to publicly commend all of our company witnesses before us today for their good faith in responding to this attack.

The September 11th attack will exceed Hurricane Andrew as the most expensive disaster on American soil. But our country's financial sector has absorbed the most egregious attack in history and remained strong for now and the future. And for that, we should be proud.

Reports from A.M. Best, Standard and Poor's, and other rating firms have proclaimed that the insurance industry was well capitalized and is financially strong. In fact, today we will hear from A.M. Best, a company that has been providing analysis of the insurance industry for over a hundred years.

The short-term profitability of insurance companies may have been hit, but not the industry's fundamental soundness and safety. This Committee is dedicated to working with the financial industry to keep the promise alive for all Americans. We are strong, and will continue to build on that strength into the future.

This morning, we will first hear from the distinguished new Chairman of the SEC, Harvey Pitt, who is making his first appearance before the Committee. I want to commend Chairman Pitt for his leadership in these trying times. He, and the Commission, acted swiftly and wisely to use, for the first time, their emergency authority to reduce regulatory restrictions that might have dampened liquidity and otherwise impeded the marketplace. The Commission was also careful not to impose new rules in the name of reducing market volatility that would have harmed, rather than helped, the marketplace.

The remarkable success of the U.S. securities' markets re-opening is due, in no small part, to the leadership and vision of Chairman Pitt and the Commission.

Today Chairman Pitt will offer the Commission's perspectives on the state of our capital markets in the aftermath of the terrorist attacks. He will also discuss how money laundering enforcement affects our securities markets, and how money laundering regulation might be used in the context of those markets to track, block, and freeze funding of terrorist activities.

I would like to welcome Chairman Pitt and our distinguished panel of insurance industry regulators and CEOs. We are especially grateful that Superintendent Serio from New York could take the time to speak with us here today. Thank you all for joining us, I look forward to your testimony.