

**OPENING REMARKS OF THE HONORABLE RUBEN HINOJOSA
COMMITTEE ON FINANCIAL SERVICES
SUBCOMMITTEE ON CAPITAL MARKETS
HEARING ON
“STABILIZING INSURANCE MARKETS FOR COASTAL CONSUMERS”**

Chairman Baker and Ranking Member Kanjorski,

I would like to ask unanimous consent that the following materials from the Texas Department of Insurance be submitted for the hearing record:

1. Summaries of the Texas Seacoast insurance market for residential property and commercial property and lists of the following:
2. A list of: casualty companies, Fire and Casualty Companies, risk retention groups, and Title companies licensed in Texas since January 2005 to August 2006;
3. A list of withdrawal plans filed in Texas since Hurricane Rita; and
4. A list of Property & Casualty carriers operating in Texas from the 2005 year-end available data.

Mr. Chairman, I am very concerned that certain insurance companies have decided not to issue new property and casualty insurance policies in certain areas of my district.

I am particularly concerned about the insurance industry's approach to issuing property and casualty insurance in what are known as Tier 1 and Tier 2 areas.

According to the Texas Department of Insurance, the following counties in my district fall in Tier 1 areas: Refugio and San Patricio. Tier 2 areas include: Bee, Brooks, Goliad, Hidalgo, Jim Wells, and Live Oak.

I respectfully request that each witness provide in writing an explanation of their understanding of the definition of Tier 1 and Tier 2 areas; an explanation as to why the counties I have mentioned fall in either the Tier 1 or Tier 2 category; and the impact this designation will have on the constituents in my county, both financially and in terms of insurance coverage.

Mr. Chairman, my goal here is not to punish the companies that have decided either not to issue new policies in certain areas of my district. Nor is it to punish them for deciding to restrict the issuance of new policies in TX-15.

I merely seek an explanation for their decision. I seek a better understanding of the impact Hurricanes Katrina and Rita had on their bottom line; and ways to ensure that the insurance companies operating in Texas have the ways and means to provide property and casualty insurance to all my constituents.

Thank you very much Chairman Baker and Ranking Member Kanjorski.

I yield back the remainder of my time.