

Statement by Ranking Member Spencer Bachus Regarding the House Financial Services Capital Markets, Insurance, and Government Sponsored Enterprises Subcommittee's February 14th, 2008 Hearing Entitled, "The State of the Bond Insurance Industry"

February 14, 2008

"More than a year ago, I communicated my concerns about municipal securities markets to the SEC, well before the subprime crisis called into question the financial soundness of the bond insurers.

"The largely unregulated risks to taxpayers and ratepayers have been the matters of greatest concern to me.

"Now my fears are being realized. The inadequacy of the current regulatory system is being clearly illustrated in the situation unfolding in Jefferson County, Alabama.

"While the involvement of bond insurers in the subprime mortgage and commercial bond markets is the trigger for the very serious problems now being experienced, the structural weaknesses in the municipal debt markets go far beyond these immediate difficulties.

"We must find a solution to current, pressing crises, but we must also move to deal with these structural weaknesses. This is not an isolated problem, and band aid solutions today will not prevent similar, maybe even worse problems down the road.

"Protecting taxpayers and ratepayers remains a major concern, and will continue to guide my efforts moving forward."