

insurance will have to comply with all applicable State insurance regulatory requirements. This will ensure a level competitive playing field and consistent consumer protection.

On September 22, 1994, Congresswoman COLLINS of Michigan, joined me in introducing a substantially similar bill, H.R. 5075, the Insurance Sales and Underwriting Consumer Protection Act of 1994. I commend the gentleman from Virginia for expanding upon those efforts.

While some of you may wonder at the necessity of having a Federal law saying that people in the insurance business must comply with State insurance laws, I assure my colleagues that it is very necessary indeed. The hearing record in past Congresses in the Energy and Commerce Committee's Oversight and Investigations Subcommittee and its Commerce, Consumer Protection, and Competitiveness Subcommittee, as well as recent actions by the Comptroller of the Currency and the courts, demonstrate the urgent need for this bill.

First, during our oversight hearings on the problems faced by financial services providers as a result of savings and loan failures, we discovered that a number of failed savings and loans had sold insurance products to their customers, and that they had done so without disclosing to these customers that the insurance products were not insured by the Federal Government. When the savings and loans failed—and the insurance company that had underwritten many of these policies also failed—customers were stunned to discover that the FDIC did not cover their insurance. As a result, they suffered both significant emotional and financial losses.

A second example can be found in the aftermath of the Los Angeles riots following the Rodney King trial. Many of the small business people devastated by the riots filed claims with their insurance companies, only to find out that these companies had violated California law by selling insurance in California without authorization. Many of these companies would not, or could not, pay these valid claims. Many of these businesses were forced to close and others suffered extreme financial difficulties because the insurance they purchased was no insurance at all.

Finally, there is the so-called retirement CD. This is a product, originally offered by the Blackfeet National Bank, that is designed to obtain FDIC insurance protection for an annuity, that is, insurance, product. The promoters of this product have described it as free from taxes on inside buildup, as is true of life insurance; as insured by the FDIC; and as free from all State insurance regulation, whether these regulations apply to underwriting financial requirements to protect the safety and soundness of the bank or to consumer protection requirements. In May 1994, the Comptroller of the Currency approved this product for bank sales subject to certain conditions, in apparent agreement with the proposition that Federal banking laws preempt State insurance laws, and that banks may provide insurance. Not only is it absolutely clear that Congress has never preempted State insurance laws as to banks providing insurance, it is also a clear misreading of the laws Congress has passed. The National Bank Act has been interpreted to prohibit national banks from engaging in the business of insurance. In addition, the Glass-

Steagall Act prohibits banks from engaging in commerce.

In 1990, the Comptroller ruled that national banks could sell annuities. The Comptroller further concluded that annuities should be classified as investments, rather than as insurance. The Comptroller's ruling was challenged in Federal court by Variable Annuity Life Insurance Co., a unit of Houston-based American General. In January of this year, the Supreme Court ruled that national banks may sell annuities. Last month, a Federal judge in New Mexico ruled that the State insurance commissioner could not prevent First National Bank of Santa Fe from selling the retirement CD.

The impact of these decisions on consumers is troublesome and significant as pointed out by Jane Bryant Quinn this past Sunday, "Think Twice About New Retirement CDs." Washington Post, Sunday, March 12, 1995, at H2:

The rates are lower than you would get on the open market. That's the price you pay for the tax deferral and the deposit insurance. But the banks can't pay you less than 3 percent. You face serious penalties for early withdrawal except in the case of death, disability or, at the Santa Fe bank, lengthy hospitalization.

At maturity, you must turn at least one-third of your savings into a lifetime income from the same bank—so you shouldn't buy this CD unless you intend to keep it. You can't even switch banks without creating tax obligations on the money.

Bottom line: There's no escape from a retirement CD except at considerable cost. With an insurance company annuity, you can switch to a new insurer, tax free, if the new one pays a better rate. But with a bank, you're stuck. The banks know you're trapped, which may tempt them to pay low yields every time you renew your CD.

Even now, the bank's return is poor. Given a \$51,000 accumulation, for a 65-year-old woman, the retirement CD would pay \$229 to \$279 a month for life at the banks now offering the product. By contrast, the top 10 insurance company annuities are paying an average of \$386, according to Annuity Shopper magazine in Englishtown, N.J. That's a lot of money to give up for deposit insurance. I think the banks should try again.

It is no secret that the Oversight and Investigations Subcommittee has had many hearings on the inadequacy of the current State insurance regulatory system, and that I believe that there should be Federal regulation of this interstate and international industry. I still hold that belief. However, the State insurance regulatory system is all that currently exists to protect insurance consumers and to ensure the financial stability and safe operation of insurance providers. It is imperative, for the protection of consumers, and to ensure the financial soundness of insurance products, that, at the very least, existing State insurance standards and protections are met by everyone selling or underwriting insurance, whether they are a bank, foreign company, or insurance company.

The bill I am cosponsoring today, does not impose any new substantive requirements on anyone who provides insurance. It simply says that if you provide insurance in interstate commerce, regardless of who you are, you must comply with the insurance sales, licensing, and financial requirements of the State in which you are providing the insurance.

I urge my colleagues to support this sensible and fair legislation when it comes to the House floor.

## PERSONAL RESPONSIBILITY ACT OF 1995

SPEECH OF

**HON. JACK REED**

OF RHODE ISLAND

IN THE HOUSE OF REPRESENTATIVES

*Thursday, March 23, 1995*

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 4) to restore the American family, reduce illegitimacy, control welfare spending, and reduce welfare dependence:

Mr. REED. Mr. Chairman, throughout the debate on welfare reform, I have stated that real welfare reform must meet three important tests: Does the proposed plan promote work? Does it provide States with adequate resources? Does it protect children? Although the bill offered by Representative DEAL as a Democratic substitute is not perfect, I believe that it meets these three tests.

Individual responsibility is at the heart of this bill. On the first day an individual applies for welfare benefits, that individual will be required to sign a comprehensive individualized responsibility plan detailing what the individual is expected to do to find a job and what the State is expected to do to assist them in achieving this goal. If an individual refuses to sign such a plan, that individual will not be eligible for AFDC benefits. In contrast, the Republican bill does not require that an individual actively look for a job for 2 years. In fact, the Congressional Budget Office [CBO] has stated in its analysis of the Republican bill that all 50 States will fail to meet the job requirements of the bill.

In addition, whereas the Republican bill simply requires States to move a growing percentage of their welfare caseload off of the welfare rolls, the Democratic bill requires States to move a growing percentage of their welfare caseload off of the welfare rolls and into jobs.

The substitute also removes traditional barriers to employment by recognizing the reality of our changing work force. If welfare reform is successful and truly about work, the demand for child care will increase as individuals move from welfare to work. The substitute guarantees that child care assistance will be provided to any parent on AFDC who needs child care assistance to accept and keep a job or participate in a work program. In recognition of this accepted increase in demand, the substitute increases child care assistance for the working poor by \$424 million over 5 years above current projections. Under our current system, States are often forced to choose between providing child care assistance to individuals on welfare and the working poor.

The Deal bill recognizes that real welfare reform is not cheap, and it provides States with the resources needed to move recipients from welfare to work. The bill provides \$9 billion to assist States in establishing programs to move people into the work force.

The Democratic substitute also maintains the current structure of successful child nutrition programs. In contrast, the Contract With

America proposal would have consolidated dozens of programs into block grants and handed over responsibility, without the necessary resources, to the states. As one of my colleagues recently stated, "their bill is about who gets the problem, not how to fix the problem".

The Deal bill does not make children suffer for the shortcomings, real or imagined, of their parents. The bill does not require that States deny benefits to teen mothers or their children, but the bill does require, however, that teen mothers live with a responsible adult and that the teen mother stay in school.

The Deal bill also retains the guarantee that abused and neglected children will receive foster care and adoption assistance.

There has been a lot of talk about the abuses in the Supplemental Security Income Program [SSI]. The Deal bill attempts to get at the abuses in the program without harming the medically disabled children the program was established to assist. And perhaps most importantly, the bill retains the decisionmaking power on how to care for a disabled child with the family, not with a State bureaucrat. In contrast, the Republican bill would deny cash benefits to 700,000 disabled children in the SSI Program.

This is welfare reform that is tough, but fair. It promotes work, provides States with the resources to design effective programs, and provides protection for our children. At the heart of the Democratic welfare reform bill is work—at the heart of the Republican welfare reform bill is shifting responsibility, not resources to States. The Democratic bill represents real welfare reform that does not take from our children to pay for tax cuts for the rich.

#### TED W. MYATT RETIRES

#### HON. G.V. (SONNY) MONTGOMERY

OF MISSISSIPPI

IN THE HOUSE OF REPRESENTATIVES

*Friday, March 24, 1995*

Mr. MONTGOMERY. Mr. Speaker, on March 31, Ted W. Myatt will retire after almost 19 years as Director of the Department of Veterans Affairs Regional Office in Houston, TX. Since August 1, 1976, when Ted became director, he has served the veterans of southern Texas with resolute dedication and sound leadership.

Theodore "Ted" W. Myatt was born and reared in Johnson County in north central Texas. He graduated from Decatur Baptist College and received his Juris Doctor degree from Baylor University Law School in 1955. He served as an enlisted man in the 2d and 5th Armored Divisions of the U.S. Army in 1948 and 1949. Ted served two terms in the Texas House of Representatives, 1956–59, representing the 61st Legislative District—Johnson, Hood, and Somervell counties. He served as county judge of Johnson County from 1959 to 1964. Ted resigned in 1964 to accept an appointment as deputy chief counsel, Area Redevelopment Administration, Department of Commerce, here in Washington. He later joined the Department of Veterans Affairs in Washington as a staff attorney in the Office of the General Counsel.

Ted returned to Texas with the VA serving as chief attorney and district counsel at the Waco Regional Office from 1968 to 1976, at

which time he was appointed Director of the Houston Regional Office. This is one of VA's largest regional operations covering the southern half of Texas and American veterans residing in Mexico.

One of Ted's many extraordinary accomplishments is the development of the state-of-the-art regional office now being constructed on the grounds of the VA medical center in Houston. For the major part of his directorship, Ted worked unceasingly to secure approval and funding for this collocation project. Ted was committed to ensuring that regional office employees would be housed in a modern, stimulating work environment before he left the VA. In spite of many challenges and difficulties, Ted, with the help of many in central office, the area field director's office, and his own employees, finally achieved success.

This facility is the first to be developed by a private developer under the "enhanced use" legislation signed into law a few years ago. Collocation of VA regional offices on the campus of VA medical centers is a goal I have personally supported for many years. Ted has kept me advised of his progress from the beginning and, when I last visited Houston, gave me a tour of the site. The facility will be dedicated later this year, and the veterans of southern Texas will be the beneficiaries of this facility for decades to come.

Mr. Speaker, to show their appreciation for the outstanding leadership of Ted Myatt, the current and former employees of the regional office will dedicate the conference room in the new building in Ted's honor. What better gesture could be made of one's worth and value. Ted has always been known for his strong support for those who work under his direction, and this wonderful gesture clearly demonstrates his staff's affection and respect for Ted.

Mr. Speaker, Ted Myatt has been one of VA's very best regional office directors. Respected for his integrity and professionalism, Ted has testified before our committee many times, and those of us serving on the Veterans' Affairs Committee have greatly benefited from his counsel. We shall miss him.

Ted has two children, Wade Barkley Myatt of Bryan, TX, and Jeanne Melissa Myatt of Houston. Ted's lovely wife is the former Ana Proa of Gonzales, TX. As he leaves the Department of Veterans Affairs on March 31, we wish for him, Ana and the family, much happiness and the very best always.

#### SOMERSET COUNTY CELEBRATES ITS BICENTENNIAL

#### HON. JOHN P. MURTHA

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

*Friday, March 24, 1995*

Mr. MURTHA. Mr. Speaker, the history of the United States has been built on the western expansion of its population. The young days of the Republic saw ambitious men and women looking westward for opportunities which did not exist on the eastern seaboard. But the first obstacle they saw as they looked west was the Appalachian Mountain Range.

As settlers began the trek westward in the late 1700's, the difficulties they encountered were enormous. Many died; many turned back. But just as many persisted, and commu-

nities began to be established in the fertile lands west of the first range of the Appalachians. One area which attracted settlers was on a high plateau between two ranges of the Appalachians, and in 1795, Somerset County, PA was established.

In 1995, Somerset County is celebrating its bicentennial. The hard-working citizens of this area have seen many changes and challenges over the past 200 years, but the early pioneering spirit of the people who founded Somerset County can still be found there today. This spirit has led to vibrant communities throughout the county, proud of their heritage, but also looking forward to a bright future.

Travelers on the Pennsylvania Turnpike know Somerset as an exit high in the Pennsylvania mountains. Driving by, they see a magnificent county courthouse in the Borough of Somerset, and a spot to break up the trip to points east and west. But getting off the highway and traveling through the county would introduce them to many historic communities located in the beautiful Pennsylvania highlands which offer a great deal in terms of recreation and friendliness. As Somerset County, PA celebrates the 200th anniversary of its founding, I would like to offer my congratulations to its citizens as they move forward into a third century of work and growth, and invite my colleagues to come experience the celebrations planned to take place all summer long.

#### TRIBUTE TO MAYOR KATHRYN NACK

#### HON. CARLOS J. MOORHEAD

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Friday, March 24, 1995*

Mr. MOORHEAD. Mr. Speaker, I rise today to honor Mayor Kathryn Nack of Pasadena, CA, upon her retirement from a distinguished career in public service. Mayor Nack has been a member of the Pasadena City Council since 1987. She was elected by her colleagues as vice mayor in May 1992 and as mayor in May 1994. Prior to her service on the council, Mayor Nack was a member of the Pasadena Board of Education from 1979 to 1987, serving as the board's president for three terms. And from 1975 to 1979, she served as a member of the Pasadena Planning Commission.

During her 20 years of serving the citizens of Pasadena, Mayor Nack has been a leader on many issues, most notably in the area of children and families. In Pasadena, she was the driving force behind the development of the ground-breaking Pasadena Family Policy, and as a board member of both the League of California cities and National League of Cities, Mayor Nack's expertise was often highlighted in organizational panel discussions and workshops on the local government role in providing services to needy children and families. Her extensive knowledge of this subject has contributed heavily to Pasadena's reputation as a leader in the delivery of human services.

As a result of her dedicated public service, many people in my district may not realize that Mayor Nack is an architect by trade and became a pioneer among women in that profession. While in college in her native Texas, she was chosen as 1 of 100 female math and