



UNITED STATES SENATE
BUDGET COMMITTEE
RANKING MEMBER CHUCK GRASSLEY

Opening Statement by Senator Chuck Grassley of Iowa
Ranking Member, Senate Budget Committee
Hearing titled, “Riskier Business: How Climate is Already Challenging Insurance Markets”
Wednesday, June 5, 2024

If the federal government is going to remain ready to respond to natural disasters and national emergencies, we have to have the capability of doing that. It seems that begs the need to put the nation’s fiscal house in order.

Yet, even with interest on our national debt, set to surpass defense spending this year, the majority refuses to write a budget or work together to curb reckless Washington spending.

This week is more of the same, with our 19th hearing on climate change.

President Biden and the majority would like us all to ignore our exploding \$34.5 trillion debt.

The majority hopes that we stop discussing how unchecked deficit spending has fueled inflation, hammering hardworking Americas, and as I will say shortly, has something to do with driving up the cost of insurance.

Families now face prices that are 20 percent higher than when President Biden took office.

65 percent of Americans report that entrenched inflation has made their financial situation worse off under the Biden administration. That’s not Chuck Grassley, that’s according to the Federal Reserve.

Moreover, recent high interest rates have contributed to Americans struggling to pay record high credit card bills or afford a home mortgage.

As Federal Reserve Chairman Powell has said, “It’s probably time, or past time, to get back to an adult conversation among elected officials about getting the federal government back on a sustainable fiscal path.”

Absent corrective action, Iowans, and for that matter, all Americans, will be faced with even higher interest rates, lower incomes and elevated inflation. That’ll be the situation for years to come.

As for the subject of today’s hearing, we’ve seen this show before.

The majority continues to crusade against American fossil fuel companies.

They want to bully insurers into abandoning their diversified portfolios, so they stop underwriting all fossil fuel projects.

If the majority gets their way, Americans can expect to pay much more to put gas in their cars and heat their homes.

Now, I've done battle with Big Oil in the past, particularly when it comes to their opposition to biofuel, and I support reasoned oversight over insurance companies.

But oversight isn't the same thing as advocacy that seeks to punish those that hold different views from one's own.

As Justice Sotomayor wrote in last week's unanimous *NRA v. Vullo* decision, "Government officials cannot attempt to coerce private parties in order to punish or suppress views that the government disfavors."

Insurance premiums are far too high across the board, and may increase after the recent storms, including those very storms in my state of Iowa.

Climate change isn't the primary driver of insurance rate hikes and collapse of the insurance industry isn't imminent, although I'll have to say, Iowa had six property and casualty companies pull out of insuring Iowans.

Climate change doesn't explain why auto insurance premiums in 2024 have increased by a whopping 20 percent year-over-year.

It also doesn't account for the consistent failure of liberal cities to fight crime, which has raised insurance risk and even caused insurers to deny coverage.

Expensive liberal policies, not climate change, are much to blame for these market dynamics.

Insurance companies and reinsurers are scrambling to wrangle inflation like the rest of us.

Disasters cost more than ever because goods and services are much more expensive.

Moreover, there are more rich people living in areas affected by weather, all the way from Newport, Rhode Island down to Miami Beach, Florida.

It's simply more costly to pay the bill for insurance claims.

What's more, the Federal Reserve can't keep up with "Bidenflation," despite hiking interest rates to a 23-year high.

Reinsurance companies are in the business of purchasing risk from insurance company portfolios.

It's only rational for them to forgo risky investments when U.S. Treasuries pay such a healthy return.

Inflation has become embedded in the economy and historic levels of borrowing by the federal government are crowding out the private sector.

It only makes sense that the majority would rather point the finger at climate change.

To do otherwise means that they acknowledge their reckless spending is a major cause of the problem.

So, I welcome all of today's witnesses.

I look forward to each of your testimonies and hope you guide this committee to focus on our primary responsibility.

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