

FOR IMMEDIATE RELEASE
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STATEMENT OF SENATOR BOB DOLE
SENATE LABOR AND EDUCATION COMMITTEE
FEBRUARY 13, 1990

WASHINGTON - SENATE REPUBLICAN LEADER BOB DOLE (R-KS) TODAY MADE THE FOLLOWING STATEMENT BEFORE THE LABOR SUBCOMMITTEE HEARING ON PENSION RATING RISKS:

THANK YOU, MR. CHAIRMAN, FOR THE OPPORTUNITY TO SPEAK HERE TODAY BEFORE YOU AND THE DISTINGUISHED MEMBERS OF THE SUBCOMMITTEE.

LAST SPRING, WHEN MACANDREWS & FORBES FIRST TOOK OVER THE COLEMAN COMPANY, THEY GAVE ASSURANCES - TO THE EMPLOYEES, TO FEDERAL REGULATORS, AND TO ME - THAT THE RIGHTS OF COLEMAN PENSION HOLDERS WOULD NOT BE ADVERSELY AFFECTED. WHEN PLANS WERE ANNOUNCED TO RESTRUCTURE COLEMAN'S PENSION PLANS, WE STARTED HEARING ABOUT IT. WHEN IT THEN DEVELOPED THAT THE INSURANCE CARRIER FROM WHICH THE ANNUITY HAD BEEN PURCHASED, THAT IS, THE ANNUITY ON WHICH THE RETIREMENT INCOME OF 6,300 COLEMAN EMPLOYEES WOULD DEPEND, HAD BEEN DOWNGRADED TO SOMETHING LESS THAN THE VERY HIGHEST RATING, WHAT WE HEARD BECAME AN OUTCRY.

ALONG WITH SENATOR KASSEBAUM, I ASKED THE PENSION BENEFIT GUARANTEE CORPORATION, WHICH OVERSEES AND PROTECTS THE PENSION BENEFITS OF THIRTY MILLION AMERICANS, TO WITHHOLD ITS REQUIRED APPROVAL OF THIS PLAN UNTIL CONCERNS ABOUT IT COULD BE THOROUGHLY RESOLVED. AND I ASKED THE COLEMAN COMPANY AND MACANDREWS & FORBES TO SATISFY ME AND THE PEOPLE WHO DEPEND UPON THEM - THE COLEMAN EMPLOYEES - THAT ALL STEPS WERE BEING TAKEN TO ENSURE THE SAFETY OF THEIR RETIREMENT INCOME.

I THINK WE'VE MADE SOME REAL PROGRESS. LAST FRIDAY, THE PBGC AND THE COLEMAN COMPANY AGREED THAT THE TERMINATION PLAN WOULD NOT GO FORWARD FOR AT LEAST ANOTHER 60 DAYS, UNTIL CONCERNS REGARDING THE SECURITY OF THE PENSION FUNDS HAD BEEN MET.

LAST WEEK, SENATOR KASSEBAUM AND I MET IN MY OFFICE WITH OFFICIALS OF THE DEPARTMENT OF LABOR AND, SUBSEQUENTLY WITH REPRESENTATIVES OF THE COLEMAN COMPANY AND MACANDREWS & FORBES, SOME OF WHOM ARE HERE THIS MORNING. WHEN I CALLED IN THE COMPANIES, THEY ASSURED US THAT THEY WOULD NOT GO FORWARD WITH ANY ANNUITIZATION PLAN WITH ANYONE OTHER THAN A AAA RATED CARRIER.

SO WHAT'S THE ANSWER?

MAYBE WE DO NEED TO LOOK AT STRICTER INVESTMENT STANDARDS FOR ANNUITY PROVIDERS. STRICTER ENFORCEMENT IS SURELY PART OF THE SOLUTION AS WELL.

BUT A FEW THINGS ARE CLEAR: WE CAN'T TOLERATE TAKING CHANCES WITH RETIREES' HARD-EARNED PENSIONS. WE CAN'T TOLERATE SELF-DEALING THAT PUTS RETIREES AT RISK. COMPANIES HAVE TO KEEP THEIR PROMISES.

THANK YOU, MR. CHAIRMAN.

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