signed by both spouses. In this connection Table No. 4 shows a significant percentage of contracts co-signed by the spouse in some areas.

INSURANCE PREMIUMS

A substantial amount of litigation is based upon contracts for the financing of automobile liability insurance. Approximately 2500 such suits were filed in the Municipal Division in 1965. During the period under study, 80 such suits were filed. The total principal claimed for the studied suits was $7,328.48. To this sum, $1,556.96 in attorney's fees and interest was added (an additional 21%).

There is no statutory regulation of the financing of automobile insurance premiums. Consequently, there are great fluctuations from suit to suit as to down payments required and finance or service charge exacted. The average finance or service charge for all such suits was 15.8%. The average charge in those suits where a finance charge was made (i. e. excluding those which did not expressly state any charge) was 32.4%. The highest finance charge made was 97% simple annual interest.

In 24 of the 80 suits a down payment was required, the average down payment being 13.8% of the cash premium. The average down payment for all suits including those where the insured merely signed a contract and did not pay anything was 4.1%.

In 28 of these suits the principal claimed was $49 or under. In 44 of these suits it was between $50 and $100.

The insurance is almost always placed with a marginal insurance company. (Generally the company is a mutual, and in the event of liquidation of the company, an assessment will be made against the insured.)

When the insured misses a payment, or when the policy is canceled for other reasons, the payment schedule is such that the insured still owes money. Then suits such as these are brought.

Because such contracts are not regulated, they are often filled out in a manner which gives the purchaser a minimum of information. For instance, 12 of the contracts did not describe the policy being purchased! 9 of the contracts had other blanks which were not filled in. Other important information which was not stated in some of the contracts was: the number of payments, the amount of each payment, the address of the purchaser (important if notice of cancellation of the insurance policy is to be given), schedule of payments, address of insurance agency-seller.

The State Director of Insurance has prepared legislation which would allow him to regulate contracts for the financing of insurance premiums. Such regulation is urgently needed. Until some governmental protection is provided, people will be buying undisclosed amounts of insurance with undisclosed insurance carriers and will be paying finance charges which range from zero to exorbitant, depending, apparently, only on how fast the salesman can talk.

NEW CARS

New and used car purchases accounted for a substantial portion of the studied litigation. Special payments were required by the seller in 14 of the 50 or 28% of the new car purchases. A special payment is one made after the down payment and in addition to the regularly scheduled monthly payments. The significance of the special payment is that the dealer is apparently dissatisfied with the amount of the down payment, but the purchaser is financially unable to increase the down payment at the time of sale; therefore, the extra or special payment is agreed upon. This puts an additional burden on the purchaser during the first month or two of the contract when the special payments are required. Many automobile contract forms have a blank for the amount and due date of these special payments.

In an automobile purchase, the Retail Installment Sales Act permits the dealer to state the combined cost of insurance and finance charges as a singled gross sum. Such contracts were segregated in our study and the costs attributable to insurance were approximated assuming the car to be an Oldsmobile or its equivalent. Taking the suits where finance charges were separately stated, the highest finance rate for a new automobile was 22.2% and the average rate was 12.6% simple annual interest. The highest rate for all suits including those where finance charges and insurance premiums were combined was 24.5% and the average was 13.1% simple annual interest. Thus, there were extreme differences between new car and used car finance rates (see below).