

When a man buys an insurance policy he may not discuss repayment immediately, but two or three weeks later——

The CHAIRMAN. Excuse me. May I interrupt you for a moment.

What type of insurance is covered by your insurance finance?

Mr. HORNE. All types of auto insurance, fire insurance, homeowners tax policies, big policies for industry, Workmen's Compensation policies, some life insurance, but very little. That is, straight life. There is no credit life picked up with our insurance premium financing, and that is what I am talking to you about today.

The CHAIRMAN. Thank you.

Mr. HORNE. If I may get back to this date of the transaction, I thought, and I am still a little worried about the date of transaction. He mentioned the Federal Reserve Board would have the authority to determine such things as to how your rates should be charged and so forth, but when I look at the scope of the Reserve Board's authority, it didn't seem broad enough to me, because we would be prepared to use the actuarial method.

We are just starting on our change from the inception date of the insurance contract, you see.

So that I would like to propose an amendment to this section, which I do not think would do any harm to the section. If I may show you this amendment——

The CHAIRMAN. I have a copy of it here, Mr. Horne. I think perhaps it might be just as well if we carried out this conversation on our own time. This is a pretty technical matter, and I am not sure it is for a hearing such as this.

Thank you very much. We do appreciate your bringing these problems to our attention. You raised a number of problems, as far as I am concerned, that are quite new.

Mr. HORNE. Thank you very much.

Congressman HALPERN. I, too, want to commend Mr. Horne for his very articulate and well prepared testimony.

The CHAIRMAN. We have a statement from the Attorney General of New York State, Hon. Louis J. Lefkowitz.

STATEMENT OF ATTORNEY GENERAL LOUIS J. LEFKOWITZ

Mr. LEFKOWITZ. Consumer credit is vitally essential to the nation's economy and its wise use is responsible for much of the comfort Americans enjoy as well as the nation's continuing industrial and commercial growth. But the flagrant abuses of the consumer through hidden charges, excessive interest, penalties and other costs demand that positive action be taken requiring that lending agencies and other extenders of credit give the consumer a better picture of the cost of such credit.

Few of the hundreds of thousands of families who make use of credit can determine exactly how much interest they are paying and tragically it is the poor and persons with language difficulties who can least afford to pay excessive charges who find themselves caught in the web of excessive credit costs.

Congresswoman Leonor K. Sullivan's bill offers, in my opinion, much needed protection to the public because it calls for full disclosure of the cost of revolving credit and full disclosure of other interest rates, such as those on first mortgages. The "truth in lending" bill, passed by the United States Senate, does not contain these vital features. I do support and urge the passage of the bill introduced by Mrs. Sullivan.

One need pay a visit to the Bureau of Consumer Frauds and Protection of my office almost any day in the week to witness the plight of New York consumers who have been caught in the web of credit costs. I have been appalled by the lack of information available and I recommended a measure to the 1967 New York State Legislature to require that greater explanation be given in all credit dealings. Unfortunately, the measure did not pass but it is my firm intention to present a similar measure to the Legislature in 1968.

Personal bankruptcies, defaults, legal judgments and garnishment of salaries and wages are all too frequently the result of high cost of borrowing by a credit conscious public. Such tragic results are destructive factors in the economy of the nation and no business man wants them to occur. We can help the consumer to wiser use of credit by passage of the "truth in lending" bill sponsored by Mrs. Sullivan and I urge its enactment.

The CHAIRMAN. That concludes our hearing for today.

I would like to express my great appreciation to my colleague and a senior member of this Committee for taking the time to be here today, and the Com-