

Mr. ROSENTHAL. Between that time and the present time have the conditions which you described in the book changed in any way? Have they improved for the poor consumer or have they gotten worse?

Mr. CAPLOVITZ. I am sure they have not improved. In my statement I cite, in the part that I skipped, I cite several examples that are much more recent than those covered in my book and those incidents are illustrative of the continuing exploitative practices.

As I travel about the country, I run across people who tell me they tried to replicate my New York study in their own locale, and to their own surprise they discover that many of those problems exist in their smaller towns, and they exist in other parts of the country.

Mr. ROSENTHAL. You know, insurance is one of the fields that is still controlled exclusively by the 50 States and not by the Federal Government.

Do you think if there was national legislation to control the insurance industry, it would be helpful in this field?

Mr. CAPLOVITZ. I do in many ways, not only as far as insurance touches the interests of the businessmen, but I think there is a great need for examining the kinds of insurance that are sold to low-income families, and to consider whether there are frightening alternatives to the insurance that they now buy.

One of the frightening things about poverty, and this comes out of conversations with poor people, is the terror that if there is a death in the family, the family will not be able to cope with funeral expenses, and the notion of a decent burial is strongly ingrained in all of us, especially among the poor, for this is the ultimate symbol of self-respect. As a result the poor are very vulnerable to all kinds of schemes for insurance.

Although I do not go into this in my testimony, I feel that a serious investigation of the kinds of insurance the poor people buy will disclose they are buying very inadequate insurance, and that this is a heavy drain on their income.

Mr. ROSENTHAL. Is this door-to-door weekly kind of insurance?

Mr. CAPLOVITZ. Weekly industrial insurance, a quarter a week, 50 cents a week.

Mr. ROSENTHAL. Is there much loss of premiums by default?

Mr. CAPLOVITZ. A great loss of premiums by default, a great deal. The family would have been much better off putting those quarters and half dollars in a savings account and collecting interest.

Behind many of the companies that operate in areas like Harlem, and these companies have names that we have never heard of, like the Golden Eagle Insurance Co., but behind those companies are many of the largest insurance companies in America.

Mr. ROSENTHAL. You do not have any proof of that.

Mr. CAPLOVITZ. No, but I have been told that such tie-ins exist. But, no, I do not have proof of that. But nonetheless there are insurance companies that specialize in selling industrial insurance to the poor, and this is a very poor buy.

Mr. ROSENTHAL. You said something that interested me. You said that essentially the company store has been rebuilt in American urban society.