It is for these reasons that we request that you undertake a comprehensive study of compensation for motor vehicle accident losses. We have prepared, based upon our preliminary investigations, the enclosed outline of those subjects which should properly be encompassed by such study.

Are you now in a position to undertake such a study with reasonable dispatch so that Congress might have the benefit of your efforts in determining the proper course of action?

Sincerely,

WARREN G. MAGNUSON,
U.S. Senator.

JOHN E. MOSS,
Member of Congress.

OUTLINE FOR A COMPREHENSIVE STUDY OF COMPENSATION FOR MOTOR VEHICLE ACCIDENT LOSSES

I. Analysis of present U.S. system of compensation for vehicle-induced accident losses:

A. General description of present system.

B. Extent of loss incurred:

Number of events ("accidents").

Character of loss: medical care, economic (foregone income), additional expense, other extent of loss: property, personal injury.

Nature of events: kinds, places, causes, human factors, other circumstances.

C. Compensation for losses incurred:

Extent of compensation: aggregate, micro (What proportion of what types and scales of accident-incurred losses was compensated?).

Sources of types of compensation: Insurance—Type contractural party; Employer; Public (Government compensation, Treasury via tax deduction as casualty loss).

D. Features of existing system for providing compensation:

Role of legal system.

Character.

Concepts of fault, contributory negligence, etc.

Efficiency (time, etc.).

Public investment (physical court facilities, personnel including judges and other participants).

Nature of the decision-making system.

Role of insurance carriers.

Role of the injured.

Role of other parties to event.

Role of others in system: lawyers, doctors.

E. Appraisal of existing system for providing compensation:

In terms of: efficiency, equity, time, other factors.

As it effects: the injured, the legal system, the wrongdoer, the insurance carrier, the public generally.

F. Implications of the existing system for traffic safety and overall transportation efficiency.

II. Examination of existing public supervision of auto insurance:

A. General description.

B. Formal role of government: Federal, State.

C. Character of present State regulation:

(i) Notation of basic differences in types of State regulation; classification of States by type, if possible.

(ii) Economic regulation: An appraisal:

Requirements for rate filing, prior approval, hearings, etc.

Supervision of overall rate of return as reflected in earnings from: premium income, investment income, related income.

Supervision of carrier administrative and operating expenses.

Supervision of premium rate structure.

Supervision of premium classification definition, insurance eligibility criteria, cancellation criteria.