

There are other "hidden" expenses—the cost of operating the courts, investigating accidents, and regulating insurance.

The National Safety Council estimates that the insurance companies' own administrative costs alone approached \$3.5 billion in 1966. Partly because of the great expense of administration of insurance—leaving aside the costs borne by all the taxpayers through their support of the court system—it has been estimated that only about half of the premiums collected for auto insurance is paid out in compensation.

As motor vehicle accidents increase—reflecting in part the rising number of automobiles and licensed drivers, and increasing auto use—the costs of providing compensation have followed a steady upward course.

The industry, according to published statistics, paid out \$1 billion in accident losses in 1950 and more than \$5 billion in 1965.

Paralleling this rise, auto insurance premiums have soared. Automobile insurance net premiums have advanced from \$2.6 billion in 1950 to \$9.2 billion in 1966.

In some areas premiums have gone up more than 30 percent in the last half dozen years. Increases of from \$50 to \$100 in premiums paid by the average family have been common in the period since 1961.

This has meant a sharp increase in the cost of operating an automobile, placing particularly great strain on those with lower incomes.

The existing auto insurance system has been criticized on other grounds. Here are a few of the principal allegations that have been made:

Auto insurance policies are frequently cancelled or insurance applications rejected for reasons regarded as either arbitrary or inexplicable. The elderly, the young, members of the military, and Negroes and other members of racial minority groups appear particularly subject to such practices.

Claims for compensation are processed slowly and inefficiently, often leaving accident victims without means to pay for their medical expenses and to receive proper rehabilitative care.

The distribution of compensation is uneven and perhaps inequitable. It has been estimated that from 14 to 23 percent of those injured receive nothing. Small injury claims may be overcompensated, larger claims undercompensated.

Too often recourse must be taken to litigation to receive compensation. Not only is this often protracted and expensive, but it burdens the courts with a great many suits, slowing even more the pace at which disputes can be resolved.

The legal concept of compensation based solely on fault is said by some critics to be outdated and in need of basic reform.

Insurance company failures in recent years raise the fear in the minds of many people that they will never be able to obtain compensation, however clear their right to recovery may be. Since 1961, at least 80 companies have been liquidated or have gone into receivership. A 1965 estimate, based only on 58 of these failures, indicated that 300,000 people had stated claims totaling over \$600 million against insurance companies with net assets of no more than \$25 million.

All of these problems and allegations—the soaring premiums, delays in payment, arbitrary cancellations and rejections, insurance insol-