

vencies, and uncertainties about the fairness of distribution of compensation—are individually of great consequence.

At the same time, however, they are closely interrelated and only by viewing them in their total perspective can they be properly appraised, evaluated, and where necessary, corrected.

The comprehensive study proposed by House Joint Resolution 958 promises to yield a cohesive body of information that should provide a better, more accurate idea of how the existing system works and how it can be improved.

The scope of the proposed study will be broad and comprehensive. It will carefully consider the effectiveness of the existing compensation system, explore its strengths and weaknesses, and produce appropriate recommendations for reform.

Put in this simple, summary way, the study's actual dimensions and complexities are not fully revealed.

Our preliminary evaluation shows, however, that a great amount of factual information must be developed for the first time. No study of automobile insurance as comprehensive as that proposed in the joint resolution has ever been conducted in the United States.

Let me give you some idea how we would propose to carry out the study if Congress sees fit to approve the joint resolution. In doing so, let me emphasize that this study outline is necessarily tentative and subject to change. I would expect the Department would seek the advice of a number of experts in defining the exact final study plan. Those details can more prudently be considered when the resolution has been adopted and the status of its funding is assured.

As we view it, the study will be divided into four major phases: organization, data collection, analysis, and the formulation of recommendations and a report.

The first phase would take 3 to 4 months. In this critical period staff will be selected and basic organizational planning will be completed.

The second phase will take approximately a year and will be devoted to the collection of basic research material. Many of the data essential to a sound appraisal of the compensation system will have to be developed through extensive field work, drawing upon the work of statisticians, economists, and other professional personnel.

Court records, insurance company statistics, and State insurance commission data, and other sources of information will be examined.

As you can well appreciate, this will be a major undertaking—but I consider it absolutely essential to develop this kind of informational base so that our analysis and recommendations can be firmly grounded in the facts rather than conjecture and suspicion.

Once the second phase is completed, the third or analytical phase will commence. This will require approximately 7 to 9 months.

The information developed in the second phase will be evaluated and such additional information as may be needed will be collected. Special in-depth issue studies will be carried out as warranted by the circumstances.

The fourth phase, running 3 to 4 months, will involve the formulation of recommendations and the preparation of an extensive final report.

You will note that the sum of the separate periods I have indicated substantially exceeds 24 months. While the net period can be shortened