

Mr. Moss. Our next witness is our colleague, the Honorable John Murphy, from the 16th District of New York.

Mr. Murphy.

STATEMENT OF HON. JOHN M. MURPHY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Mr. MURPHY. Thank you, Mr. Chairman, for the opportunity to testify in support of House Joint Resolution 958, to authorize the Secretary of Transportation to conduct a comprehensive study and investigation of the existing compensation system for motor vehicle accident losses.

The automobile has had more influence on this Nation than any other machine. Its use has reduced the size of the Nation to where traveling hundreds of miles a day is a common experience. The automobile has given us freedom and mobility unequalled in any other nation.

But the price of this convenience and freedom has been high. More than a million and a half people have been killed in automobile accidents in the United States since the first automobile was invented; 50,000 people will die on our highways this year alone. Of the more than 100 million cars roaming our highways this year one in four will be damaged in an accident.

Our first concern should be to present these accidents, and the National Traffic and Motor Vehicle Safety Act of 1966 is a significant step in the right direction.

Under this act, the Secretary of Transportation is authorized to establish safety standards for all motor vehicles.

A second law, the Highway Safety Act, will assist State governments in upgrading highway design standards and driver licensing and training requirements.

Even the perfect safety legislation will not prevent all accidents, however, and thus we will always have the need for a system of automobile insurance.

Today, there are 900 of these automobile insurance companies in the United States competing for more than \$9½ billion in premiums paid by drivers each year.

Recently, public attention has been focused on the operations of this industry. Increased accident rates, soaring repair costs, and intensive competition are beginning to strain the economic strength of the industry.

Consumers are complaining about rapidly rising insurance rates, what to many seem to be arbitrary cancellations and failures to renew, claims settlement policies which are often ineffective and unfair, and a growing number of failures among high-risk companies.

Committees in both the House and Senate have conducted studies of these problems which have uncovered a number of abuses in the industry.

Just last year the staff of the House Judiciary Committee made the statement that—

By any objective standard performance of the auto insurance business in the United States is unsatisfactory. The system is slow, incomplete and expensive.