

The companies and organizations involving furnishing this service to the public in many respects do a poor job.

One major problem is the discriminatory underwriting practices which appear to exist to a significant degree. Committee files are full of complaints covering a wide range of abuses, including arbitrary cancellation, failures to renew, geographical, racial and economic blackouts in coverage, discriminatory premium rates, and unfair claims settlement practices.

Mr. Chairman, in the National Observer a writer named Mark R. Arnold had an article published called "Everybody Is Unhappy: Why Changes Are Being Proposed for the Auto-Insurance Industry." In that article he details many of the abuses I just mentioned and some specific cases. I would ask for the edification of this subcommittee that this article be submitted for printing in the record.

Mr. Moss. If there is no objection, and hearing none, the item will be included at this point in the hearing record.

(The article referred to follows:)

[From the National Observer, Mar. 11, 1968]

EVERYBODY IS UNHAPPY: WHY CHANGES ARE BEING PROPOSED FOR THE AUTO-INSURANCE INDUSTRY

(By Mark R. Arnold)

WASHINGTON, D.C.—Everybody is unhappy with auto insurance.

Those who sell it, about 900 insurance companies, complain they can't make a profit on it. Those who buy it, the motoring public, bemoan the increasing cost of the premiums. And those who lay claim to its benefits, the auto-accident victims, say it takes too long to collect.

What's more, the system gets less efficient, more expensive year by year. This year 100,000,000 cars will roam the nation's highways. One out of four will be damaged in accidents. The result: more claims, longer delays, higher settlements, increased premiums.

How will it all end? Probably in some radical changes in the concept of auto insurance—but don't expect them until the 1970s.

SENATE HEARINGS OPEN

This week the Senate Commerce Committee, besieged with complaints from irate motorists, puts auto-insurers' practices on the line in three days of hearings. Chairman Warren G. Magnuson of Washington, who is fashioning a role for himself as a champion of consumers, argues that discriminatory and sharp underwriting practices exist "to a significant degree."

The hearings may ignite some sparks, but the fires will smolder for at least another two years. Only one measure is on the legislative calendar, and it should pass Congress almost unanimously. It authorizes, at President Johnson's request, a two-year study by the Department of Transportation into "all aspects" of the auto-insurance industry. Its expected cost: \$2,000,000. Most lawmakers favor delaying any action until the report is in.

What's wrong with auto insurance? A day spent flipping through the Magnuson panel's voluminous files turns up complaints like these:

An Auburn, Wash., youth, 19, with a perfect driving record learns his coverage has been canceled when he enlists in the Air Force. He can give up driving or take a policy with a high-risk company, at twice the price.

A Lantana, Fla., man, injured permanently nine years ago when his car was struck in two separate accidents, can't collect on either claim because both companies maintain the disability was incurred in the other accident.

A Palos Verdes Estates, Calif., family had its insurance rates raised \$200 after a speeding, drunken driver operating at night without lights crossed a divided highway and struck their car head on.