

the automobile insurance industry by the Department of Transportation.

I am sure, Mr. Chairman, I do not need to review in detail for the members of this subcommittee the *prima facie* case that has already been made in behalf of such a study: the widespread criticism of the prices and underwriting practices of the industry, and the importance of establishing an efficient and equitable system of automobile insurance for the motoring public and for all citizens who may ever be involved in an automobile accident.

Let me just mention a few of the kinds of abuses that have been developing, in part summarized from the Congressional Quarterly, material we have received from members of our unions and material we have obtained from other sources.

Let us suppose an elderly man is driving down a suburban street. Suddenly he is hit in the eye by a BB shot from a gun fired by an unidentified child. The man swerves off the road and hits a little girl.

Who was to blame? A boy with a BB gun whom the police never found.

But under the current method of distributing insurance claims, unless the boy is found and his parents sued, no one gets any insurance money from the accident.

Or suppose you are a recent divorcee, a Negro, a barber, or even a clergyman. In such circumstances you might not be holding an insurance policy in the first place. Some insurance companies have been shying away from these people as too great a risk.

Or, if you live in Chicago and go to court to obtain compensation for damages, it may be 6 years before a decision is reached in your case, no matter how meritorious it may be. Courts throughout the Nation have a huge backlog of cases.

Or, if you are involved in an accident—even a relatively minor one—you may find that your policy is canceled.

Or, perhaps more frequently than anything else, when you open your next premium notice you may find that you will have to pay more for the same insurance. Insurance rates have risen dramatically in the last decade.

Working people are among those hardest hit by soaring car insurance costs and arbitrary cancellations. With factories now so widely dispersed and beyond the reach of obsolete public transit systems, their car is for many workers the lifeline to their jobs. But insurance companies can, and all too often do, threaten that lifeline through their ability to withhold insurance, or at least to extract crushing fees for it.

On such a record, we believe, clearly the performance of the automobile insurance business in the United States is unsatisfactory. The system is slow, inadequate, and expensive. We have the right to expect far better performance from the companies and organizations involved in furnishing this essential service to the public.

The President of the United States in his consumer message of February 6, called for the major study such as would be authorized by House Joint Resolution 958. He succinctly summarized the principal faults of our present automobile insurance system: rising premiums; arbitrary coverage and policy cancellations; collapse of high-risk in-