

insurance coverage, and especially of obtaining it at reasonable cost, is becoming increasingly difficult for large categories of the 102 million licensed drivers in the United States.

It has been reported, for example, that 30 million drivers are classified as substandard risks by the insurance industry, although many of these people have never had an accident.

Much publicity has attended the revelation of esoteric risk classifications. Age, race, occupation, marital status, what a jury might think of the person in a court case, residence in a slum area, sports car owners as against those with sedate sedans and other classifications have become notorious as devices for refusing to insure or for insuring only at high cost.

Complaints of arbitrary cancellations and failures to renew insurance coverage, together with the prospects of Federal investigation and regulation, have already resulted in moves by the insurance companies to moderate abuses in this particular area.

The effort by the large insurers to cream the market for preferred risks has fostered the growth of unsound companies specializing in high-risk insurance.

One of the early results of congressional probing into the auto insurance industry was a finding that in a period of 6 years, some 80 auto insurance companies had gone bankrupt, leaving more than 300,000 policyholders and accident victims high and dry, with an estimated loss of over \$100 million.

The first remedial proposal for Federal legislation in the auto insurance field was introduced in the form of a bill to establish a Federal guarantee fund to make good on the claims against insolvent insurers.

The mounting grievances over the unsatisfactory performance of the automobile insurance system have now reached a full head of steam. Few so-called consumer issues touch the lives of such a large proportion of American families, including the 14 million families of workers represented in the trade union movement.

The occupations of working people include many of those apparently most suspect to insurance companies—such as unskilled workers, stevedores and warehousemen, aircraft workers, barbers, beauticians, bar and liquor store employees, entertainers and even union representatives.

We recognize that the industry does have problems. Medical costs are up nearly 30 percent since 1958, and the insurance industry pays some amount of 4 million medical bills a year. Car repair costs have doubled in 10 years. Jury awards increase in size constantly. Insurance men complain that nearly 90 percent of drivers' claims are fraudulently inflated by dishonest repairmen, policyholders themselves, doctors and lawyers.

Proposals for fundamental reform are now being put forward ranging from opening up group insurance coverage to revision of the entire system of tort liability along the lines of the Keeton-O'Connell plan, including direct Federal operation of a basic automobile insurance program.

We cannot pretend to superior wisdom as to the best solution to the ills of the auto insurance industry, but we are frank to say that we have little confidence that these problems can be ultimately resolved by