AUTHORIZING A STUDY OF THE MOTOR VEHICLE ACCIDENT COMPENSATION SYSTEM

WEDNESDAY, MARCH 20, 1968

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON COMMERCE AND FINANCE,
COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE,
Washington, D.C.

The subcommittee met at 10 a.m., pursuant to notice, in room 2322, Rayburn House Office Building, Hon. John E. Moss (chairman of the subcommittee) presiding.

Mr. MOSS. The committee will be in order.

I would like to have the record reserved at this point to receive a statement from the Honorable Ronald Reagan, Governor of the State of California, on behalf of the National Conference of Governors in support of the resolution.

Is there any objection?

Hearing none, it is so ordered.

(The document referred to follows:)

STATEMENT BY HON. RONALD REAGAN, GOVERNOR OF CALIFORNIA, CHAIRMAN, COMMITTEE ON TRANSPORTATION, NATIONAL GOVERNORS CONFERENCE

Mr. Chairman, I appreciate this opportunity to submit a statement concerning the auto insurance study proposed in H.J. Res. 958. In my capacity as Chairman of the Transportation Committee of the National Governors' Conference, I can report that the Transportation Committee adopted a policy statement supporting the auto insurance study by the Department of Transportation. The Committee expects further reports and possibly will take further action at their Annual Conference in July. This action was taken at the Governors' recent Mid-Year Meeting in Washington, D.C. The Committee recommends that the states offer their full cooperation to the Department of Transportation in the proposed study.

I have noted that several witnesses before this Subcommittee have called attention to the auto insurance laws of California. They have described them as being progressive and as a model for other states to follow.

I am pleased that California is setting this example of excellence. Our competitive insurance rate law in widely regarded as a model and has worked successfully. Rate setting by a political body in a business where several companies compete is contrary to our Nation's free enterprise system. Auto insurance is not like a public utility requiring certain government regulation. It ought to be free to offer the best services in a competitive market. We have found in California that the citizen consumer is the one who benefits.

We are pleased that last year Florida, Georgia, and Indiana enacted new rating legislation closely modeled after our law.

States can lead the way in developing more workable auto insurance legislation. Each of the fifty states have served as a laboratory of government testing various forms of insurance regulation. Some have worked very well, as in California. We have a special study commission in California looking into ways in which we can improve our own laws.

Mr. Chairman, I would like to leave with you a few recommendations for consideration: