

is so costly in terms of human suffering and consequent economic hardship.

Mr. Moss. Thank you for your brief statement, Mr. Miller.

We have yet another Member to hear from today. Our next witness is the Honorable John Tunney.

**STATEMENT OF HON. JOHN V. TUNNEY, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF CALIFORNIA**

Mr. TUNNEY. Mr. Chairman, first I would like to commend you and the other members of your committee for the outstanding work you have done in this field.

I feel that House Joint Resolution 958 to direct the Secretary of Transportation to conduct a comprehensive study and investigation of all relevant aspects of the existing motor vehicle accident compensation system, should be enacted.

Second, as you know, I cosponsored a previous bill which you introduced to establish a Federal Motor Vehicle Insurance Guarantee Corporation. This bill would protect all those who hold auto insurance policies from losing the protection offered by the company insuring them if it goes into bankruptcy.

The proposed new Federal corporation is patterned closely after the Federal Deposit Insurance Corporation which protects the savings in bank accounts, and who have a claim against a bankrupt company would be paid.

This legislation would be particularly helpful to those senior citizens whose insurance policies are canceled after they reach a certain age and who must seek out high-risk companies. The rate of bankruptcy is much higher with these companies. It will also help our servicemen who have difficulty getting companies to insure them and who must also rely on high-risk companies. Most military posts require that a serviceman's car be insured. According to the Senate Antitrust Subcommittee, servicemen lost hundreds of thousands of dollars to fly-by-night insurance companies. I believe that the passage of this legislation will help the States to regulate the auto insurance business and protect policy holders. The legislation would reinforce but not replace State insurance regulation.

Significant facts, showing the need for this legislation have been brought forth during hearings held by the Senate Antitrust and Monopoly Subcommittee in May of 1965. The hearings showed that over a 6-year period, 73 companies writing motor vehicle insurance had been placed in liquidation or receivership. These companies were chartered in 22 States and over half were writing auto insurance policies in States other than their home State. This resulted in a loss of over \$100 million to over 300,000 policyholders and accident victims. Between 1945 and 1959, approximately 98 property and casualty insurers have been declared insolvent and liquidated. According to the Senate Antitrust Subcommittee the estimated public loss was \$150 million.

The purpose of this legislation is to guarantee the contractual performance of insurers issuing motor vehicle insurance policies in interstate commerce. It also provides coverage for insurers issuing interstate policies if they desire to apply for guarantee status.