I think, Mr. Chairman, there are three or four things that are very essential that should be considered almost immediately. First is whether or not the insurance industry can really today effectively operate under the existing system of State regulation, with 50 different commissioners coming up with 50 different types of regulation, and with all of these companies basically involved in interstate commerce, how they can really effectively, in spite of their very best effort, do the job that has to be done, confronted as they are with 50 different regulatory agencies.

Second, it seems to me that there ought to be some minimal standards almost immediately as far as policies of insurance are concerned.

As you undoubtedly know, policies are issued in some States in this Nation which only insure the driver of the car and only protect the public for accidents that occur within that State.

So, we have the situation today where a man may be insured in Massachusetts but if he goes across the line to Connecticut and is involved in an accident the person injured in Connecticut is not covered and the driver of the Massachusetts car is not protected.

We have, as has been evidenced in Pennsylvania, flagrant violations, it seems to me, and I am sure the gentleman from Pennsylvania is aware of the number of insolvencies that we have had.

This all indicates to me inadequate investigation in the first instance of the capital structure of the company and inadequate supervision of the continued operations of the company in the second instance so as to insist that adequate reserves be present.

These things, it seems to me, cry out for immediate attention. I think there should be some minimal standards on policies, there should be some minimal standards on capitalization; there should be some minimal Federal involvement for the purpose of insuring that these companies continue to have adequate funds to write the policies that they are writing.

I think as far as insolvency is concerned, we need some legislation, perhaps along the lines of the FDIC so that we can protect our public.

Mr. Chairman, you know better than I, because I know how interested you are in all matters that come before your committee, that this is indeed, today, with over a hundred million automobiles, a social problem of great magnitude.

I commend you and all of your members for your interest in this matter and want to assure you that while I oppose the assignment of this responsibility to the Department of Transportation for the reasons I have given, I nevertheless applaud the interest that is evidenced here because I think it is something that the Nation really needs. Hopefully, when the matter is discussed on the floor of the House, a great deal of facts can be presented which I think will recommend the procedures that I have outlined; namely, an investigation by a legislative committee of the Congress.

Thank you very much, Mr. Chairman, for this opportunity of appearing before you.

Mr. Moss. Thank you, and I want to assure you that the committee will give very thoughtful consideration to the suggestions you have made.

I would observe that the study would not contemplate in any way the foreclosure of this field for possible legislative action upon an appropriate showing of need for that action.