

Mr. WATKINS. Thank you, Mr. Chairman.

I want to apologize for being late. I am happy to see my distinguished colleague from New Jersey whom I think all of us on both sides of the aisle respect his views and respect him as a Congressman for the hard work he does on Capitol Hill.

Frankly, the reason I was late this morning, Mr. Chairman, is that my automobile was stolen last night.

Mr. CAHILL. I hope you recover it.

Mr. WATKINS. I hope they don't find it.

I apologize for not being able to hear your testimony. I shall read the record. I am sure it will be constructive and helpful what you have said here, not knowing what you did say.

You understand this legislation here is for a study only?

Mr. CAHILL. Yes.

Mr. WATKINS. I notice in talking with the chairman you feel as though the time is ripe for some positive legislation?

Mr. CAHILL. Yes.

Mr. WATKINS. May I ask the distinguished gentleman how does your insurance department of the State of New Jersey feel about this? Are you in about the same trouble as we are in Pennsylvania?

Mr. CAHILL. I will say, really, that I think we have a good insurance department in the State of New Jersey. I think the commissioner is doing his very, very best. I think he is qualified and capable.

It is interesting to note that since the efforts have been made, I think, nationally in this entire problem, that for the first time our Governor, through the attorney general, appointed a public defender to represent the public in opposing a rate increase that was requested by the companies.

Heretofore, it has been almost a one-way street, where they collected the data from the ratemaking bureaus, presented it, justified an increase, and it was given.

The public was very ably represented and an application for an increase of some \$30 million was denied. For the first time our commissioner held that the investment income of an insurance company had to be considered in an overall evaluation whether or not that company was making a fair profit.

So, I would say to Mr. Watkins that I think that New Jersey has now taken a very progressive and helpful view in this overall problem.

I think that they now recognize, unless the courts upset it, that in any future application by any company in the State of New Jersey for a rate increase that the overall income or loss of the company, including in the investment portfolio, will be considered.

Mr. WATKINS. In other words, you feel as though the State of New Jersey is interested in the Federal Government getting into this business?

Mr. CAHILL. I cannot speak for the State of New Jersey but I will say this, I think—whether the representatives of the company will say it publicly or not, I don't know—but I think today the knowledgeable officials of the better companies recognize that some Federal intervention absolutely has to take place.

I think, Mr. Watkins, that 50 commissioners, some qualified, some not qualified, some arbitrary, some objective, no company today can really, I think, efficiently operate under that system.