For every case where a fender was smashed, there were 10 cases where just the light was knocked out.

I think, Congressman, that you may be referring in part to a very interesting phenomenon, and that is that the claims that have money loss under $100 get paid off much more than that.

The University of Pennsylvania did a study on this in which they showed that on claims under $100, if the people collected they were very likely to collect more than five times the dollar loss.

They had a $75 cost on knocking out a headlight. They collected $500 if they collected at all.

Mr. WATKINS. I would have to agree with that. I would have to agree that the claims are exorbitant and not fair.

If I may interrupt you, personally, that is my opinion, I don't see how you can say you will eliminate claims under $100 because there would be so few.

Mr. CONARD. Excuse me, it is the monetary loss.

Mr. WATKINS. I don't know of any claim; in fact, my answer to you is due to the fact that the Interstate Commerce Commission demand we report all claims; we don't take any chance on them even though they have a limit.

I forget what the limit is. I think they increased it to $350 or something like that now.

But there is a limit. We report all claims to eliminate fines. I am just wondering how your study worked out on public liability. I think this has turned out to be one of the biggest rackets in America, the payment of public liability claims. The biggest majority of them wind up in the courts where there is any chance to collect any money, where there is any chance at all to make money.

In the decisions that are being made both in local and Federal courts the sums are exorbitant.

Would you entertain an idea, and this is only for the record, and I do not want to consume too much time, Mr. Chairman, but would you think that perhaps in this study there should be some consideration that public liability claims be paid on the basis of compensation?

Mr. CONARD. Congressman, absolutely.

Mr. WATKINS. In other words, a set rule that could be set up that these claims could be settled on a fairer basis. I think some of the decisions are just terrible, are exorbitant, and very hazardous to people in business.

For instance, suppose your car hit a school bus and you injured some children. What would be the result? You have $25,000 to $50,000 liability. You might lose everything you had before this claim was settled.

For the amount of money to be collected under public liability it seems to me there has to be some set form whether you agree with this or not.

I would like to know how you feel, if there has to be a pattern set for the payment of damages under public liability.

Mr. CONARD. I certainly agree with your basic approach here. I would like to correct myself. You said there is no such thing as a small claim and you are right. There is such a thing as a small monetary loss. It becomes a big claim in practice.