

Mr. WATKINS. That is right.

Mr. CONARD. So, the thing I am recommending that the people absorb themselves are the small losses.

Mr. WATKINS. You have made no study on a preventive cure for these exorbitant claims then, have you?

Mr. CONARD. We have indeed shown that in the small losses the payments are very much in excess of the monetary loss. I mentioned Pennsylvania because they went down to a smaller level. We took a group under a thousand and we found that losses under a thousand were likely to be paid, if paid at all, more than one and a half times the loss.

On the other hand, large losses, over \$25,000, were rarely paid more than a quarter of the loss. This means that we are overpaying little losses and underpaying the big ones.

The cause of that is very clear, Congressman. It is the pain and suffering damages. I could not go along with calling it a racket because the law now says that the individual is entitled to payment for pain and suffering.

Mr. WATKINS. I think it is a racket. Go ahead, I am sorry.

Mr. CONARD. I think we know what the cause of this inflation of the small losses is. It is pain and suffering, that is very clear.

Mr. WATKINS. But you have made no study on a formula on public liability payments.

Mr. CONARD. I did not answer your question on that. No, sir; we did not study any particular proposal.

I think this is well worth studying but, sir; I think when you eliminate pain and suffering and pay economic losses you are down to hard figures.

I think that is what you want to do. I think you can do that with or without a schedule. I think a schedule is certainly worth a study.

Mr. WATKINS. You take claims today that are made and are taken into court. There is a habit of some insurance companies of taking cases to court anyway because they feel that they will die a natural death before they hear them.

I know of cases in Pennsylvania that have been hanging for 6 years. People are either dead or gone and maybe they don't know whom to talk to, the heirs have even left. That is why I think there should be some method.

I thank the gentleman very much.

Mr. Moss. Mr. Guthrie.

Mr. GUTHRIE. Professor Conard, could you state for the record over which the Illinois study was done that you referred to?

Could you supply that information for the record? It might have some bearing on the amount that you stated.

Mr. CONARD. Yes, sir. The base date for the Illinois study was 1958. It is possible that the absolute amounts have gone up.

On the other hand, it is impossible to know, and one of the reasons I am very happy to have the suggestion of a further study is that the 1958 studies, our Michigan one, and the Illinois one, undoubtedly need to be updated.

On the other hand, it seems to me that we probably have a phenomenon in nature here. That is that regardless of anything that hap-