

STATEMENT OF VESTAL LEMMON, PRESIDENT, NATIONAL ASSOCIATION OF INDEPENDENT INSURERS; ACCOMPANIED BY ROGER DOVE, VICE PRESIDENT; AND JOHN NANGLE, COUNSEL

Mr. LEMMON. I have on my right Mr. John Nangle, our Washington counsel, who was in the insurance business in St. Louis for many years; on my left, Roger Dove, vice president of our association.

My name is Vestal Lemmon, and I am president of the National Association of Independent Insurers. We are a trade association of 350 casualty and property insurers of all types including stocks, mutuals, reciprocals, and Lloyds.

We estimate that companies affiliated with us write more than half the private passenger automobile insurance in the United States.

We appreciate the invitation to present our views to this committee and in this national forum.

The NAII believes that an objective and comprehensive study into the automobile insurance system as suggested in the President's consumer message and in House Joint Resolution 958 is a proper approach.

We feel that the call for a careful study recognizes the complex nature of the legal system under which the insurance business is required to operate and the demands placed on us by a rapidly growing motor vehicle population.

In conferring with our member companies in preparation for this appearance here today, they asked that I emphasize what they feel is a critical point in the present automobile insurance controversy.

For more than 20 years, as the needs and conditions in our motorized society have undergone a drastic metamorphosis, the independent insurance companies of the United States have met change with change.

This is our stock in trade; this has been our formula for success. The challenge of evolution has not fazed us. We have been in the forefront of innovation. We have demonstrated the flexibility to meet new needs with new techniques, new products, new services, a new outlook. We have never fought—and we do not fight today—for the status quo.

The situation being considered by your committee did not develop overnight. It started to build up early in the 1960's as a result of a variety of social and economic factors. We were not unmindful of this trend; it had our closest attention and deepest concern.

As long as several years ago, the top executives of our companies were personally exploring these matters in depth.

Two years ago, their efforts resulted in the NAII recommending that our members voluntarily make available additional coverages and services for motorists in the assigned risk plans. It brought relief to an area troubling some of the public. A year ago, this program was further expanded.

Meanwhile, voluntary restrictions on cancellation were pioneered within NAII, and most of our companies, and the industry generally, soon inserted such provisions in their policies.

In addition, our association developed and supported—and continues to develop and support—model laws regulating cancellation