

One of the states which did not adhere to the concept of the model rate regulatory law was California and this was because even back in 1945 vigorous rate competition prevailed for automobile insurance in that state. Instead of the model bill California adopted a no-filing law which has operated successfully to this day.

Now there is a growing awareness of a need for change in the rate regulatory laws of other states in order to conform to present competitive market conditions and state rating laws are being reexamined and reshaped to this end. In the past few years, Louisiana has adopted a form of file-and-use law; so has Indiana. Florida and Georgia last year enacted new rating legislation closely modeled after the California law which, as I have already indicated, does not require rates to be filed but still gives the insurance commissioner the general authority to prevent rates from being inadequate, excessive or unfairly discriminatory. Director of Insurance Bolton of Illinois is seeking to have the Illinois prior-approval law replaced by a no-filing, open competition law. It appears, therefore, that many state commissioners are following the lead of Commissioners Bentley of Georgia (currently the NAIC President) and Williams of Florida who came to the conclusion that a rigid prior-approval law is not in the best interest of the public.

We are not alone in our view that the rating laws should be undated to conform to present market conditions. Other major segments of the industry support this view. In addition, the Senate Judiciary Subcommittee on Antitrust and Monopoly endorsed a change in the prior approval laws (Report No. 831, August 29, 1961, p. 119). Similar support was forthcoming from the Department of Justice in connection with rating legislation for the District of Columbia (testimony of Lee Loevinger, Assistant Attorney General, Antitrust Division, Department of Justice, before Subcommittee on Business and Commerce, Senate Committee on the District of Columbia, June 21, 1962).

If S.J. Res. 129 is passed we hope that it will result in a review and analysis of state rating laws by the Department of Transportation since such laws continue to have an important impact on the market capacity of insurance companies to serve the public.

STATEMENT OF WILLIAM O. BAILEY, VICE PRESIDENT, AETNA LIFE & CASUALTY,
HARTFORD, CONN.

I am William O. Bailey, Vice President, of Aetna Life & Casualty. I appear here today to share with you my Companies' earnest concern over the problems which have beset the writing of automobile insurance, to urge the adoption of Senate Joint Resolution 129 and to pledge you and the Department of Transportation our full cooperation in the study contemplated by that resolution.

Automobile insurance is not the exclusive concern of the twelve-hundred companies which write it. Nor is it solely the concern of the one-hundred million licensed drivers who seek to be protected by insurance. It is equally the concern of every man, woman and child in the United States who is a potential victim of the financial injury which often follows when cars collide.

Other representatives from the insurance industry are testifying on the subjects of accident prevention, insurance costs, claims practices and regulatory patterns. I will direct my remarks to the availability of automobile insurance and the matters of cancellation and nonrenewal which have caused widespread concern.

During 1967 Aetna wrote \$414,000,000 of automobile insurance premiums, ranking second in this line among agency stock companies and fourth among all automobile insurers. Over the past five years the number of our insureds has increased by nearly 70%, a rate three times faster than the growth in automobile registrations. Our goal has been and continues to be, to provide a wider and wider market to the insurance-buying public wherever conditions exist which reasonably offer an opportunity for profitable underwriting.

In spite of these efforts and those of other companies, surveys conducted under the auspices of the Insurance Information Institute indicate that four percent of the public report difficulty in obtaining automobile insurance coverage either because of a refusal by a company or because coverage was placed through one of the Assigned Risk Plans in existence in all states. An additional seven percent reported a problem during the last two years of cancellation, refusal to renew or a reduction in coverage previously carried.