voluntarily agree to give notice of our intention not to renew a policy at least twenty days before the end of its current term so that the policyholder may have reasonable opportunity of filling his insurance needs with another carrier while his protection is still in force.

These procedures adopted by many in our industry have unquestionably helped to prevent further constriction of this market and indicate our efforts to date to respond to public concern over market availability. While I do not have any industry figures with respect to cancellation and nonrenewal our own Companies' data for 1967 may be helpful in assessing the magnitude of these concerns. Out of over 1,650,000 auto policies, 43,164, or 2.6%, were cancelled for nonpayment of premium and 14,589, or 0.9%, were cancelled for other permitted reasons. We are satisfied that the further restrictions on our right to cancel introduced early this year will further reduce this figure.

During the same year, we declined to renew automobile insurance for 19,438 policyholders, or 1.2% of the total. We did not renew the policies of an additional 28,988, or 1.8%, because the agent through whom the policy had been written no longer did business with us. Some of these policyholders continue to be insured with AEtna through other agents.

AEtna Life & Casualty seeks to do an increasingly better job in meeting the public's need for insurance protection. If the study authorized by Senate Joint Resolution 129 can contribute to the knowledge, understanding and solution of the basic problems of the automobile insurance business, it will importantly serve the public interest.

Statement of Harold Scott Baile, Executive President, General Accident Group of Insurance Companies

My name is Harold Scott Baile. I am Executive Vice President of the General Accident Group of Insurance Companies, with headquarters in Philadelphia, Pennsylvania.

Automobile insurance premiums represent more than 50% of our companies' writings, which approximate $200,000,000 per year. We therefore have a very substantial interest in the automobile reparation system.

I appear here today to urge your favorable consideration of S.J. Res. #129. We feel it is timely and desirable that there be an impartial objective re-examination of the underlying tort liability principles upon which we rely to relieve victims of the consequences of the automobile accidents.

With the advent of the automobile and victims of its operation, the various legal jurisdictions of this country applied the principle that a person who is free from fault may recover damages only if some third person's wrong or fault caused his injury. With this principle established, the insurance mechanism was employed to protect motorists not for the loss they might sustain if injured, but against the economic loss they might sustain as a result of being held legally liable to an injury person.

Thus, the tort liability principle and the insurance mechanism in combination constituted an automobile reparation system which allowed only some victims to be redressed, and those victims were placed in an adversary position with the payor of their losses.

That system of reparations was conceived shortly after the turn of the century, when there were fewer automobiles traveling, at slower speeds on the highways than there were teams of horses. It is, therefore, not untimely to review that system in the light of present-day traffic and economic conditions, when over 90,000,000 automobiles travel on the highways, with greatly increased horse power and at high speeds, with the result that there are almost 4,000,000 accident victims a year.

By the very nature of the system of reparations that was structured, there are certain incidents which necessarily flow from it, and are inherent in the system itself:

1. There must be a determination of fault. Only if fault exists can anyone be redressed, and this determination requires time. It involves the interrogation and recording of the observations of witnesses, the examination of the scene of an accident for physical facts, the inspection of the vehicles involved, the reviewing of investigations by police authorities, and resort to expert techniques of reconstruction of prior events by the use of photographs and measurements. It involves the human fallacies of observation, recollection, and recitation of events.