

financial losses. But as yet, the American public has shown little willingness to do so. As a nation, we tolerate a fantastic degree of irresponsibility on our highways. People are allowed to kill, maim, and inflict economic damages on other people with relative impunity, so long as they do it with an automobile. In 1966, this nation's increasingly destructive use of the highways killed 53,000 human beings, injured nearly 2 million, and damaged 22 million vehicles.

Very few of the drivers responsible for this appalling destruction were removed from the roads or required to undergo remedial training. You can go into any state in the Union today and find on the highways people who have repeatedly demonstrated their unfitness to drive. Yet they retain their driver's licenses, or drive without them, because our automobile-oriented society refuses to hold to a reasonable standard of performance.

It is against this backdrop that the insurance industry must deal with such politically sensitive issues as premium surcharges, underwriting standards, rate classifications, cancellation, and nonrenewal of policies. We trust that these issues will be considered in the light of the conflicting demands we are trying to satisfy.

This does not mean that the Alliance is satisfied with the status quo, or that we would defend the actions of all companies in their struggle to cope with the automobile problem. On the contrary, our member companies and other responsible segments of the industry have been working on several fronts to overcome the shortcomings of our present system and to curb abuses on the part of a few companies.

For example, the industry has made available plans in every state to assist motorists who need auto liability insurance and who have difficulty in obtaining it. The Alliance advocates expanded use of these plans and stands ready to cooperate with other segments of the industry in attaining this objective.

Over the years, our companies also have participated in expanding the auto liability policy from a rather limited contract into a package of coverages that provide broad protection to travelers upon the highways. This broadening of protection has been brought about by extending the policy to cover drivers other than the policyholder, vehicles other than the car he owns, and hazards other than the ones originally insured. One example is the widely sold auto medical payments coverage. Another is the Uninsured Motorist coverage, which protects policyholders and their families if they are injured by an uninsured driver.

This coverage, available in every state, has now become the source of protection against insolvencies as well. Twenty-six states now require that companies offer insolvency protection to their policyholders under the Uninsured Motorist coverage. In the remaining twenty-four states, bureau companies and some other insurers have automatically extended insolvency protection to all purchasers of the Uninsured Motorist coverage. In other words, the policyholder and his family can look to their own company for payment should they be injured by a motorist whose company later becomes insolvent.

The insurance industry also has supported measures that would provide more adequate staffs for state insurance departments, and has supported enactment of laws to strengthen the hand of regulatory officials in dealing with companies in shaky financial condition.

Over the years, our industry has sought to alleviate the burden on our inadequate court facilities, which have not kept pace with the growth in population and the startling increase in legal matters of all kinds—particularly criminal cases. As a result of the industry's efforts, an estimated 97 to 98 per cent of all automobile accident claims are settled without the necessity of a trial. Where courts are congested, auto injury cases make up a disproportionate part of the backlog because the courts give precedence to other types of cases and spend relatively little of their available judicial manpower hearing injury cases. However, even in the most congested courts, attorneys with hardship cases can bring them to trial in a reasonably short time by requesting that such cases be moved forward on the calendar. All of these facts are well documented in research done at the University of Chicago and elsewhere.

On the matter of cancellations, the principal stock and mutual rating bureaus have had in effect for the past five years a program of voluntary restrictions on the right of their members and subscribers to cancel private passenger automobile liability policies. As of January 1, 1968, the right to cancel was further restricted to just two allowable reasons: Non-payment of premium or loss of driving privileges. In addition, the guarantee against cancellation was extended to other coverages such as collision, fire, and theft.