The Alliance has publicly declared that it will support state legislation requiring all companies writing automobile insurance to meet a similar standard.

The Alliance likewise has been responsive to criticisms of the automobile liability system, which sets the ground rules for the settlement and adjudication of claims. While the insurance industry is not basically responsible for that system, we are nevertheless deeply involved in it. Our companies felt that they had a responsibility to participate in efforts to make the system more responsive to changing public needs and expectations.

Accordingly, more than five years ago the Alliance began looking for ways to accomplish that objective. We discovered that there was very little available in the way of authoritative data on which valid judgments could be based. In an effort to overcome this information gap, we embarked in 1962 on a research project involving detailed analysis of about 26,000 auto accident claims.

While the project was under way, other researchers were turning up additional information—on the economics of automobile injury reparations, on the attitudes of claimants, on the effectiveness of the American jury system, and on such related subjects as court congestion.

A high-level committee of Alliance company executives began working with this new body of information, evaluating the present system and looking for ways to improve it. One result was a report strongly urging the need for change and suggesting a number of already tested measures which could be taken to get more people paid.

Since then, we have embarked on a bolder and more imaginative approach to auto insurance reform with the development of a test program called Guaranteed Benefits. The Alliance plus a number of non-member insurance companies, both stock and mutual, already are experimenting with this new claims-handling program in two Illinois counties. Another major experiment will start in the near future in New York State. There has been widespread favorable reaction to the Guaranteed Benefits experiment from legislators, the press, members of the public, and officials in many states.

The whole idea of the Guaranteed Benefits experiment is to find out from auto accident victims themselves what kind of changes they want made in the present automobile insurance system and what effect those changes would have on the cost of insurance.

Our objective is to perfect a new way of handling claims that will pay more people, pay them quickly and equitably, and eliminate the irritants which have created dissatisfaction with the present system. We also hope to stabilize the cost of automobile insurance for all categories of motorists.

We believe that these objectives can be accomplished without sacrificing the desirable features of the present system. Just as our system of government has evolved within the basic framework established in 1789, we believe that the practical changes desired in the handling of auto accident claims can be made within the basic framework of our long-established legal system.

For example, the Guaranteed Benefits plan preserves the right of every claimant to have his day in court, if he wants one. Our experimental plan also preserves those aspects of the present system which bring to bear the pressures of the marketplace on motorists who cause more than their share of the accidents, injuries, and economic losses.

The Guaranteed Benefits program produces a number of practical changes which are frankly intended to tip the scales more in favor of the injured victim. If our experiments indicate that the plan is workable, and the Guaranteed Benefits program or some modification of it is adopted generally, automobile accident victims would be assured of receiving up to $12,500. This includes up to $5,000 in medical benefits, to be paid without delay or red tape. Injured claimants would not be required to make a commitment of any kind in order to receive these benefits. In addition, they would be offered a new settlement option covering up to $7,500 in other damages such as income losses, physical impairment, and extra living expenses made necessary by the accident. Survivor's benefits will be paid in death cases.

Claimants who choose to accept this new option would simply be paid the money, without delay and without having to prove that the other driver was at fault. In return, they would agree orally not to pursue a liability claim. We are willing to take their word that they won't sue.

This program is compatible with present operating methods in that payments will be made on a third-party basis in most cases. That is, the other driver's