

I think this great body of information in addition to the original research that the Department will undertake could contribute so much to the understanding of the nature of the problem we are attempting to deal with initially here today.

Thank you, gentlemen, very much.

Mr. SMITH. Thank you, Mr. Chairman.

I might say that any of the information that we have at hand or that we have gained we will be happy to put it at the disposal of the committee or the Department of Transportation.

We will be happy to cooperate as we have indicated in our statement.

Mr. Moss. Thank you, sir.

At this time I request unanimous consent that a statement on behalf of the National Association of Insurance Commissioners supporting the Resolution be inserted at this point in the record.

Mr. WATKINS. No objection.

Mr. Moss. Hearing none, it is so ordered.

(The statement referred to follows:)

STATEMENT OF JAMES L. BENTLEY, PRESIDENT, NATIONAL ASSOCIATION
OF INSURANCE COMMISSIONERS

Gentlemen, I appreciate the opportunity to appear before your Committee as President of the National Association of Insurance Commissioners. For the past two years, Congress, as well as the press, has devoted a great deal of time and effort to the deficiencies of the automobile insurance system. Staff studies and reports have been prepared which include so-called "findings"—most of which have been cursory in nature, without proper factual basis and which are, to say the least, misleading.

When I first learned of Senator Magnuson's and Congressman Moss' desire for an intensive investigation to be conducted by the Department of Transportation, I immediately contacted Secretary Boyd. I would like to quote from that letter:

I pledge to you the fullest cooperation and enthusiastic interest of our association as you undertake this review. It would be a pleasure to assist your Department with technicians from various states who are skilled in rating, examinations, liquidations, underwriting and all of the many activities of regulation. These men could be made available for whatever amount of time necessary to assist you.

Meanwhile, we are expanding the technical and research facilities of our National Association and continuing to expand the work already underway which has been summarized to you. I will be glad to meet with you at any time to further explore and develop these areas where we might be helpful to you and of course, talk about any new areas of cooperation.

Since that time the National Association has furnished to Secretary Boyd and his assistants a great deal of material to substantiate certain points which I shall mention in this statement.

At this time I would like to again offer the services of the National Association in this project.

BACKGROUND

The Dodd bill

Senator Dodd of Connecticut, in October 1966, introduced a bill, S. 3919, to establish a Federal Motor Vehicle Insurance Guarantee Corporation. This same bill was later reintroduced in January 1967 by Senator Magnuson as S. 688. The so-called "Dodd" bill envisioned the establishment of a governmental organization similar to FDIC to guarantee the contractual performance of insurers writing motor vehicle policies. In connection with the Dodd bill, a staff report was prepared. This report was apparently predicated upon the erroneous assumption of high rates of insolvency, large scale cancellations, and high premiums.

The Dodd bill, well intentioned as it may be, is not grounded upon any detailed study of the industry and its problems. When stripped of its verbiage