

We agree with H.J. Res. 958 in its provision for a comprehensive study of automobile insurance. We also believe it to be in order to appoint an inter-agency advisory committee to work with the Secretary of Transportation in conducting the study. A comprehensive study would also require information from all major segments of the insurance industry and, especially, the State Insurance Departments.

Our Association has reviewed with great interest the various proposals that have been advanced as solutions to automobile insurance problems. The plans so far proposed leave many unanswered questions in their ability to fulfill the objectives of improvement in cost and compensation. Impact on the insuring public of major changes in the system should be carefully weighed.

In one recent plan, the authors have claimed advantages in reduction of cost of bodily injury coverage by lowering administrative and legal expenses; by speeding up claim payments and reducing court congestion. This plan, which has received prominence, establishes a compulsory non-fault basic protection in place of liability insurance; abolishes the common law doctrine of tort liability, except where damages for pain and suffering exceeds \$5,000 and economic loss exceeds \$10,000. Commenting on this plan, a prominent law professor said in an *American Bar Association Journal* article, "A Plaintiff's lawyer would have everything to gain and nothing to lose by trying for a big verdict in a tort suit, secure in the knowledge that he and his client would be taken care of by basic protection no matter what happened in the lawsuit."

This plan and others should have very careful study because of the controversy surrounding them and also because some plans would change the legal concept of fault or negligence, which is centuries old. Statutes and decisions of Federal and State courts have applied the doctrine to all types of accidents involving personal injury or property damage. Changing this legal concept for automobile insurance would involve statutory enactments in every state. It would take years to overcome legal precedents of centuries.

The insurance industry has taken great strides in recent years to make encouraging progress in many areas of automobile insurance, within the framework of the present system of marketing and state insurance regulation. Some of these areas are—

1. Insolvencies are rapidly being eliminated as a problem. The growing acceptance of mandatory uninsured motorist coverage with added insolvency protection, combined with tough regulatory legislation will eliminate even the small fraction of 1% of premiums that have been written in companies which failed.

2. Cancellations, which have never involved more than about 1% of all policies country-wide, have become even more limited under the industry supported model legislation for cancellation limitations.

3. The traffic safety legislation passed by Congress, and implemented by vehicle and highway safety standards, gives real promise of a major improvement in the area which is caused by the spiraling losses for which the system must pay.

In addition, experiments by ten companies with different types of marketing operations are now underway to offer injured motorists a new settlement option providing guaranteed benefits. Those to whom it is offered and accept will be paid automatically without having to prove which driver was at fault. The agents are awaiting the results of this experiment with great interest, since it offers a possible solution within the framework of established law and state regulation of insurance.

Complete studies are also underway in several states by direction of the governor or commissioner of insurance, or by legislative enactment. The three major insurance company trade associations are also conducting thorough studies. H.J. Res. 958 will provide a means to coordinate these and other studies and lead to sharing experience and techniques.

On September 1, 1967, this Association directed a letter to the Hon. Alan S. Boyd, Secretary, Department of Transportation, in which we commended plans for an in-depth, long-range study of the automobile insurance problem and offered our complete cooperation in such a study. We renew our commendation and offer our cooperation in any way in which we can be of assistance in adoption and implementation of H.J. Res. 958.

Respectfully submitted.

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