

benefits from his own insurance company. The insurance company would be required to pay month-by-month as doctor bills, hospital bills, and lost wages occurred, rather than delaying as under the present system until the injured persons and the company could agree on a lump sum, or have their disagreement resolved in long-delayed trails.

This form of insurance should be coupled with a new law to do away with claims based on negligence, unless the damages were higher than \$5,000 for pain and suffering or \$10,000 for all other items such as medical expense and wage loss. This would mean that all but a very small percentage of the claims for injuries in automobile accidents would be handled entirely under the new system. The wasteful expense of bickering over fault—with all the cost of the time of investigation, lawyers, and the courts—would be eliminated, except in the few cases in which injuries were very severe.

A result of this system would be to sharply reduce the overhead of the present system. Naturally this greater efficiency would help to reduce insurance costs. Also, eliminating the arguments and multitude of small cases that now occur over fault, lump sum awards, and damages for pain and suffering would remove the chief occasions and opportunities for fraud and exaggeration in the present system. No one should expect that this would eradicate fraud completely, but at least fraud would be substantially reduced and, besides being a good thing in itself, this would tend to reduce the high cost of insurance.

(Whereupon, at 12:10 p.m. the subcommittee adjourned.)

