IMPACT OF CRIME ON SMALL BUSINESS—1968

WEDNESDAY, MAY 15, 1968

U.S. SENATE,
SELECT COMMITTEE ON SMALL BUSINESS,
Washington, D.C.

The committee met, pursuant to recess, at 10 a.m. in room 1202, New Senate Office Building, Senator George A. Smathers (chairman) presiding.

Present: Senators Smathers, Javits, Baker, and Dominick.

Also present: William T. McInarnay, staff director and general counsel; and Ernest P. Evans, professional staff member.

The CHAIRMAN. The meeting will come to order.

Before we continue with our witnesses on loan sharking, I hope you will pardon the chairman for his pride in the fact that a year ago in April this committee started hearings here in Washington on how small businessmen were losing their insurance coverage as a result of the vandalism, the riots, and particularly the burglaries which were so common in this particular area, as well as in the Detroit area, New York areas, and others.

I am reminded of this as I look on the front page of this morning's Washington Post and see the headline which says "Firms in riot area losing insurance." I will just read the first paragraph:

> The insurance policies of at least 100 firms doing business in riot affected areas of the city have been canceled, District superintendent of insurance said yesterday. The superintendent, Albert F. Jordan, said his office is receiving five and 10 complaints of cancellation a day, and that more than 100 cancellations have been verified.

A year ago in April we had witnesses who testified that they could no longer get insurance because they had been burglarized or vandalized at least one or more times. After that, the President appointed a commission, headed by Governor Hughes of New Jersey, who made a further study into this matter, and when they came to the same conclusion, the President and his commission finally sent to the Congress a proposal. But that was after we had developed a bill in this committee and had introduced it into the Congress, and it had been sent to the Banking and Currency Committee of the Senate, and the subcommittee, headed, I believe, by the distinguished Senator from New Jersey, Senator Williams, had reported favorably on the bill—after making certain amendments in it.

Obviously we are proud of the fact that we initiated that bill with the same type and character of hearings as we have today.

We think there will be a solution to the problems of the small businessman who loses his insurance because he is either within or on the borders of the zone where the riots and vandalism occurred.