

ing cannot be repaired. New businesses cannot be opened, and existing businesses cannot expand, or even survive.

Without insurance, buildings are left to deteriorate; services, goods, and jobs diminish. Efforts to rebuild our nation's inner cities cannot move forward. Communities without insurance are communities without hope.

In brief, the bill provides for the Commissioner of the District of Columbia to adopt rules and regulations implementing the industry placement facility required by the new section 1212 proposed to be added to the National Housing Act, on a voluntary basis if the insurers cooperate in such effort, or by order of the Commissioner of the District of Columbia if the insurers are unable to develop a plan of operation acceptable to him. The bill also provides for the creation of a joint underwriting association to take certain actions with respect to the plan of operation prepared by the Commissioner. The bill also, as noted above, authorizes the District to reimburse the Corporation; establishes administrative and review procedures; authorizes the Commissioner to delegate any of the functions that are vested in him by the Act; and amends existing law in such manner as to authorize the District of Columbia Court of Appeals to take jurisdiction of appeals from orders and decisions of the Commissioner.

It is our belief that enactment of the attached draft bill is not only desirable but is necessary if the District of Columbia is to be able to take steps to assure that its property owners have fair access to basic property insurance. This assurance is vital to rebuilding and improving the District of Columbia. Further, this bill is necessary to allow the District of Columbia to take advantage of the provisions of the National Insurance Development Corporation Act of 1968, at the earliest possible time after that proposed legislation becomes law. The Government of the District of Columbia strongly urges the early enactment of the attached draft bill.

The Government of the District of Columbia has been advised by the Bureau of the Budget that the enactment of the legislation would be consistent with the Administration's objectives.

Sincerely yours,

THOMAS W. FLETCHER,
Assistant to the Commissioner
(For Walter E. Washington, Commissioner).

GOVERNMENT OF THE DISTRICT OF COLUMBIA,
EXECUTIVE OFFICE,
Washington, D.C., July 17, 1968.

HON. JOHN L. McMILLAN,
Chairman, Committee on the District of Columbia,
U.S. House of Representatives, Washington, D.C.

DEAR MR. McMILLAN: The Government of the District of Columbia has for report H.R. 18541, 90th Congress, a bill "To authorize reinsurance with appropriate loss sharing by the District of Columbia against insurance losses resulting from riots and other civil disturbances, and for other purposes."

The bill requires the establishment of an Industry Placement Facility by all insurers licensed to write and engaged in writing in the District of Columbia, on a direct basis, basic property insurance or any component thereof in multi-peril policies. This Facility is to administer a program for the equitable apportionment among the insurers of basic property insurance which may be afforded applicants in urban areas whose property is insurable, without regard to neighborhood or area location, in accordance with reasonable underwriting standards. However, any such applicant must first make a "diligent effort" to procure such insurance through normal channels. In this connection, the bill fails to establish any standard for determining whether an applicant for insurance has made the required "diligent effort". The bill also requires the establishment of a Joint Reinsurance Association (hereafter, Association) by the same group of insurers, authorized to assume and cede reinsurance on risks written by insurers in conformity with the program formulated by the Industry Placement Facility.

Section 9 of the bill creates a fund to be known as the "District of Columbia Insurance Development Fund," to provide monies for such payments as may be required of the District of Columbia to any Federal reinsurance entity, or to an insurer or the Association for losses sustained in excess of the amount of retention of such losses "as shall be provided for by the Commissioner" (presumably