

meaning "Superintendent", the term used elsewhere in the bill). The District of Columbia Insurance Development Fund is to consist of all monies appropriated to the fund and securities acquired by and through the use of monies belonging to the fund, together with interest and accretions earned thereon."

The Government of the District of Columbia is of the view that H.R. 18541 is deficient in a number of respects. While it purports to require insurers to establish an Industry Placement Facility and a Joint Reinsurance Association, the bill imposes no effective sanction against the insurers should they fail to establish such a facility and association. Further, the District objects to the establishment of an Insurance Development Fund comprised of appropriated funds. Rather, the District is of the view that any such fund should be comprised of monies derived from an assessment against the insurers participating in the program. Finally, the District notes that, notwithstanding the creation of a fund consisting of monies appropriated to it, the bill contains no authorization for the appropriation of such funds.

Most important, the District notes that the bill is inconsistent in certain respects with the pending national legislation. For example, it does not provide for the utilization by agents and brokers of the services of the Industry Placement Facility. Further, it places limits on the amount of insurance that can be placed through the Facility. It does not moreover, provide for the establishment of a FAIR plan, although section 2(4) indicates this to be one of the purposes of the bill. The District is of the view that these, and perhaps other provisions of the bill that are inconsistent with the pending national legislation, would preclude insurers in the District from participating in the national reinsurance program.

There is also pending before the Committee legislation sponsored by the Government of the District of Columbia and introduced as H.R. 17647. This bill contains the necessary provisions to allow the District to carry out the recommendation of the President's National Advisory Panel on Insurance in Riot-Affected Areas to improve the availability of insurance in urban areas and to carry out programs contemplated under the pending national reinsurance legislation. The District believes a broader and more effective program such as that authorized by H.R. 17647, or legislation substantially similar thereto, will permit the District to meet more adequately its insurance problems than does H.R. 18541, and, accordingly, the District recommends against the enactment of H.R. 18541.

The Government of the District of Columbia has been advised by the Bureau of the Budget that, from the standpoint of the Administration's program, there is no objection to the submission of this report to the Congress.

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. 17607, 90th Congress, a bill "To establish a joint underwriting association to provide fire, extended coverage, and essential property insurance in the District of Columbia."

The bill establishes a Joint Underwriting Association (hereafter, Association) to furnish "essential property insurance" in the District of Columbia directly; i.e., by the issuance of policies in its own name, or through reinsurance of policies written by its members. The term "essential property insurance" is defined in the first section of the bill as fire and extended coverage insurance and "insurance for such types, classes, and locations of property against the perils of vandalism, malicious mischief, burglary, theft, holdup, and robbery." Apparently a phrase such as "as the Commissioner by rule may designate" was inadvertently omitted from the sentence.

The Association is to be composed of all insurers in the District writing essential property insurance directly. Expenses, losses, and profits of the Association would be shared by its members in the proportion that their premiums written in