

the District during the preceding calendar year bear to the aggregate premiums written in the District of Columbia.

The Association would be governed by a board of eleven directors elected annually by its members and would be subject to supervision by the Commissioner.

The bill is very similar to legislation adopted in New York State April 8, 1968 (2 N.Y. Laws '68 Chap. 131), with amendments apparently designed to conform with the requirements of the pending national reinsurance legislation and the structure of the District of Columbia government. In principle, the Association to be created by H.R. 17607 is similar to the Joint Underwriting Association which would be authorized to be created by the Commissioner under H.R. 17647, also pending before the Committee. H.R. 17647, however, also contains provisions which would authorize the Commissioner to adopt rules and regulations designed to improve the operations of the normal insurance market in the District, and would create an Industry Placement Facility to help property owners and insurance agents and brokers place an application for insurance with insurers. These additional provisions are necessary to allow the District to carry out the recommendations 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 program such as that authorized by H.R. 17647 will permit the District to more adequately meet its insurance problems than the limited program envisioned in H.R. 17607, and, accordingly, the District recommends against the enactment of H.R. 17607.

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).

AMERICAN INSURANCE ASSOCIATION,
Washington, D.C., July 18, 1968.

Re H.R. 18541—District of Columbia Insurance Placement Act.

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

DEAR MR. McMILLAN: The American Insurance Association is a trade group representing the interests of 160 capital stock insurance companies active in writing property insurance throughout the United States.

We have noted with interest your introduction of the captioned measure and have also noted the news report in the *Washington Post* of July 17, 1968, which quotes you as stating, "my committee staff has been working with the American Insurance Company and numerous other insurance companies in an effort to have a bill prepared for the District . . .". The American Insurance Company is a member company of our trade organization, and to our best knowledge has not been consulted or contacted with reference to this measure, nor have other members of our Association. We assume that this reference was an inadvertent error.

We, too, believe that enabling legislation for the District of Columbia is imperative to assure the swift restoration of a healthy insurance market. Our organization has worked with the American Mutual Insurance Alliance and the National Association of Independent Insurers to structure a model FAIR Plan statute which has received some preliminary circulation on a tentative basis, but has not yet been endorsed by the three trade associations for legislative submission.

Last week we indicated our support of the D.C. enabling legislation, as revised, now part of the omnibus housing measure (H.R. 17989—Title XI). This proposal seems to offer the quickest vehicle for accomplishing the purpose which your Committee and the entire insurance industry is anxious to achieve.

Very truly yours,

MELVIN L. STARK, *Manager*.

Mr. Dowdy. The first witness this morning is Mr. John J. Nangle, Washington Counsel of the National Association of Independent In-