## STATEMENT OF WALLACE M. SMITH, MANAGER, MID-ATLANTIC OFFICE, AMERICAN MUTUAL INSURANCE ALLIANCE, ACCOMPANIED BY: LEE B. HOLMES, COUNSEL, MID-ATLANTIC OFFICE, AMERICAN MUTUAL INSURANCE ALLIANCE

Mr. SMITH. Mr. Chairman, my name is Wallace M. Smith. I am Manager of the Mid-Atlantic Office of the American Mutual Insurance Alliance located in Washington. Our home office is located in Chicago.

With me is Mr. Lee B. Holmes, who is Counsel in our Mid-Atlantic Office.

I am sorry I do not have a prepared statement. I do have several observations to make regarding this legislation, and then we shall be glad to try to answer any questions members of the Committee may have.

I think, as stated by Mr. Nangle, our organization desires the proper type of bill that will provide a stable insurance program for the District of Columbia. If we get a proper type bill to take care of the problem here, it will benefit the insurance industry as well as the citizens of the District of Columbia in that it will allow us to provide proper insurance for the citizens and businesses of the District of Columbia. This we desire to do. We are in the business of selling insurance and we want to do it.

I want to call the attention of the Committee to this fact: There was no sizable problem in the property insurance business in the District of Columbia prior to the April riots. In a situation where there is a breakdown of law and order, I think everyone would be agreeable that hardly any industry can operate successfully in a community. This has happened in the District of Columbia and I think it is a recognizable fact. There has been no assurance to our industry, to our Association's knowledge, that the governmental leaders of the District of Columbia have given any assurance that law and order will be or can be maintained in the District of Columbia, and, frankly, I think this is what is causing some of the insurance companies to cancel policies, and this is creating a larger problem. I believe this is the basis of the problem here. When you have such a situation as exists here, we think there is all the more necessity for legislation to assist in taking care of the insurance problem, specifically.

The bill on which the industry has worked we think will take care of the problem. This bill, which we term as a model bill for the industry, has been worked on for a number of months by three associations and their representatives.

Mr. DOWDY. That is H.R. 18541?

Mr. SMITH. That is correct. There has been a great deal of expertise from the insurance ranks, there have been consultations with public officials, with the State Insurance Commissioners, whom I think all of us would recognize as being highly knowledgeable in the insurance field, and we have come up with something we think is a superior type bill and one that will take care of the problem locally in the District of Columbia.

There have been questions on how we differ with the position of the American Insurance Association in reference to this bill and the Tydings bill. I think, in regard to the questions of Mr. Fuqua and Mr. Sisk, we see two major distinctions in those bills.