

If the trend of cancellation and inability to obtain new policies continues very much longer, the economy of this City will be seriously threatened. It will be impossible to rebuild areas which were destroyed as no business can open without insurance and no insurance company will be able to carry that insurance without some form of reinsurance as stated in the recommendations of the Hughes Panel.

Local enabling legislation to participate in the national reinsurance program is thus one of the top legislative priorities for the District. At the end of May the District Government, with the approval of the President, transmitted draft legislation which would create the reinsurance program we need in the District. This bill was introduced as H.R. 17647, which essentially followed what the Hughes Panel called for in its report and is what Governor Hughes has enacted in his own State of New Jersey. The substance of that bill for his State is the same program that was included in the House as Title XI of the Omnibus Housing Bill and is known as the District of Columbia Insurance Placement Act.

I want to reemphasize as strongly as I can the support of the District Government for a measure along the lines which we originally proposed. Our original bill, H.R. 17647, and Title XI of the House version of Omnibus Housing Bill enable the District to participate fully in the national reinsurance program.

Mr. DOWDY. Is this the same as the Patten Amendment?

Mr. HECHINGER. Yes, sir.

Mr. DOWDY. Identical?

Mr. HECHINGER. Identical. It gives the Commissioner of the District of Columbia the administrative authority to assure such participation. Contrary to the popular impression, the American Insurance Association, which has been mentioned several times this morning, is an association of 160 companies which I understand write the majority of the insurance in the District of Columbia. Some estimates are as high as 75 percent. This association has endorsed this bill, and I would like to read, if I may, a letter from Mr. Melvin L. Stark, Manager of the Washington Office of the American Insurance Association, addressed to Chairman John L. McMillan of this Committee:

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

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 association for legislative submission.

Last week we indicated our support of the District of Columbia 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.