

Mr. DENENBERG. I think it might create an impasse. I think experience in other states demonstrates it is always better to give the Commissioner clear authority he can use rather than force him to rely on voluntary agreement.

I think the bill puts in all kinds of safeguards to give the industry a voice and let them come forward with their proposal. I am sure this ability of the Commissioner to promulgate these rules will be used only as a last resort in the same fashion as New Jersey, Virginia, and New York.

Mr. DOWDY. Then I think what you get down to is that if any insurance company does not want to follow the plans laid down by the Commissioner it can not write insurance in the District of Columbia. That is what it amounts to. Is that right?

Mr. DENENBERG. That is right.

Mr. DOWDY. Or whatever state. We are talking about the District here.

Mr. SISK. If the Chairman would yield on that point.

Mr. DOWDY. Actually there is not too much difference between these particular provisions. All right.

Mr. SISK. When you get right down to it we have certain Federal laws under the regulatory agencies which states that the insurance company shall comply with those and if they fail to comply they will be out of business. I think we are quibbling over terms here.

I will agree with the Chairman that in essence this is all right. I think this is a matter of difference of opinion.

I think we will either have to say "You will comply or not do business in the United States" or something else. That is what we say in the Federal laws regulating the insurance industry. In a sense we would be saying the same thing here in the District or in any state.

This to me seems to be the power we have to have, though.

As I say, I may be wrong.

Mr. DOWDY. Whichever way you go that is what you are actually enacting here. I wanted to see if there was a difference among these bills. It appears on that point there is not a great deal of difference.

Mr. KNEIPP. There are other differences. The District report of July 17 which has been entered into the record points out that under the so-called model bill the District would not be able to participate fully in the national reinsurance program.

Again I will have to refer to Professor Denenberg on the technical aspects but there are some shortcomings in the model bill which would operate to prevent the District from taking full advantage of the national legislation of the Congress.

I would like to skip to the O'Konski-Brasco bill—

Mr. DOWDY. Let us skip that. We might get that point worked out later.

You say your advisor has to explain. One of the bills would not let the District take complete advantage of this?

Mr. KNEIPP. The model bill. It does not provide for the establishment of a FAIR Plan, although the bill in one of the earlier sections, Section 2(4) indicates that is one of the purposes of the bill. Nothing in the bill requires establishment of a FAIR Plan.