

Mr. Dowdy. It states within thirty days after the date of this act all insurers shall establish an industry placement facility to take care of this.

As a condition of his authority to transact such kinds of insurance each insurer shall participate in such industry placement facility.

It also says the program may also provide for the assessment of all members in amounts sufficient to operate the facility.

Within thirty days after the effective date of the act all insurers shall establish a joint reinsurance association. Every insurer shall be a member of that association and that association shall be authorized to assume and cede reinsurance, and so on.

Mr. KNEIPP. It does not—

Mr. Dowdy. I think this is a FAIR Plan. It is the same thing. If you call it a FAIR Plan rather than a placement what is the difference? If they don't join in it and can't do business in the District of Columbia what is the difference?

Mr. DENENBERG. There have been extensive studies in the last few years on the problem of the insurance regulator. One of the things all these studies indicate is that it is a mistake to give the regulator the sole power either to throw the company out of the state or to let it do business there. There ought to be a better way to arrive at a proper agreement and get what has to be done done. That is the essential idea of the Patten, Tydings and Diggs bills. It permits the industry to come up with the proper program but if they do not the Commissioner can promulgate one and hope it will work.

There is a situation where the Commissioner has an either/or proposition, either you do it or we throw you out. That is what the other bills boil down to.

There is no way to get some level of action on the Commissioner's part. He either has to take what the industry gives him or throw them out. He cannot come up with what has to be done.

Mr. Dowdy. In the final windup if they do not do it they are thrown out.

Mr. DENENBERG. That is the procedure. I think the experience of all insurance regulation in the last few years demonstrates you get more satisfactory results if you do not face that alternative and if the Commissioner can come up with a program and not say either you come up with it or we throw you out.

Mr. McMILLAN. Mr. Chairman?

Mr. Dowdy. I think it is the same thing in different words.

Mr. McMILLAN. What worries me about this bill more than anything else is this: Is it not a fact that you are bypassing the present District of Columbia Superintendent of Insurance in all this new proposal that you tacked on to the Banking and Currency bill?

Mr. DENENBERG. The Mayor already indicated in a letter to the Senate Committee that he intends to delegate this responsibility to the Superintendent of Insurance and there is no idea to by-pass anyone. The idea was just to stay in conformity with Congressional reorganization.

Mr. McMILLAN. I think everyone knows that practically every bill we pass relating to insurance in the District is used as a model throughout the United States.

If in the preparation of this bill, the authors by-passes the Superintendent Insurance of the District, why won't the Federal Government