

Agents and brokers

1. No agent, broker, or other producer shall be penalized in any way by an insurance company for submitting applications for insurance under the plan to the all-industry placement facility or to the company.

2. Losses on property insured under the plan shall not reduce the producer's contingent commission income from premiums written on other property nor shall such losses be included in calculating losses on business submitted by the producer.

3. Any agent or broker may submit an application for insurance on property under the plan to an all-industry placement facility. The all-industry placement facility will seek to place the insurance up to the full insurable value of the building, if requested, less any deductibles, percentage participation clauses or other amounts necessary to meet special problems of insurability, on an equitable basis with one or more companies participating in this plan.

4. Commissions shall be paid to the originating agent or broker on business placed through the efforts of the all-industry placement facility reasonably commensurate with the normal commission scale.

GOVERNMENT OF THE DISTRICT OF COLUMBIA,
EXECUTIVE OFFICE,
Washington, D.C.

DEAR SIR: I appreciate greatly the opportunity to meet with representatives of the insurance industry on April 10, 1968, so quickly after our recent disorders and I was deeply gratified by the pledge of support and cooperation that I received at that meeting. Property damage, as we all are painfully aware, was severe during those several days of civil disorder. I have been assured that you are taking every possible action to see that all claims are equitably and promptly settled. I want to assure you that the Government of the District of Columbia is taking immediate steps to initiate a rebuilding process that will eliminate to the maximum degree possible the problems that plagued these areas before the disturbances.

While these measures are being carried forward, it is essential to maintain an adequate insurance market for property and casualty coverage. I understand well the pressures on insurance companies to attempt to avoid losses arising from civil disturbances, but response to such pressure in the form of cancellations of fire or casualty insurance policies would be a source of great hardship at this time, and I believe contrary to the public interest. I, therefore, seek your assistance in preventing cancellation or nonrenewal as a response to the recent disorders and also in working actively to meet the insurance needs of the city.

I am sure you know that Congress is now considering the National Insurance Development Corporation Act of 1968 which is designed to implement the recommendations of the President's National Advisory Panel on Insurance in Riot-Affected Areas, on which I served. This legislation is intended to assure an adequate insurance market in such areas by providing financial back-up for very large riot losses, together with a number of other measures.

I respectfully request and sincerely hope that you will give your full cooperation to Insurance Superintendent Albert F. Jordan in establishing a viable FAIR Plan for the District of Columbia along the lines recommended by the President's National Advisory Panel on Insurance, and I urge you to take any other steps necessary to provide adequate insurance in the District of Columbia.

You can be assured that the Government of the District of Columbia is making every effort to provide the kind of environment on which a sound insurance market depends.

Sincerely yours,

WALTER E. WASHINGTON, *Mayor*.

(Subsequently, the following additional statement was submitted for the record by Mr. Denenberg:)

STATEMENT OF HERBERT S. DENENBERG, CONSULTANT ON INSURANCE TO THE DISTRICT OF COLUMBIA, ON THE PROPOSED DISTRICT OF COLUMBIA INSURANCE PLACEMENT ACT

JULY 18, 1968.

Mr. Chairman and Members of the Subcommittee: My name is Herbert S. Denenberg. I am the Harry J. Loman Professor of Property and Liability Insurance at the Wharton School of Finance of the University of Pennsylvania. I was