communities are discouraged from doing so by the fact that they can only get partial insurance coverage, none at all, or are forced to pay exorbitant rates for insurance. The results are obvious: Higher prices, lower quality goods and/or lack of adequate shopping facilities in black communities."

I have talked with businessmen, agents and brokers and other representatives of insurers. They all tell the same story. Insurance is often unavailable in the damaged areas of the city, at any price. Insurance in the surrounding areas is available often only at extremely high rates. High-risk rates average five times the authorized rate and in some cases range as high as seventeen times the authorized rate. Cancellations of policies have reached serious and unprecedented proportions.

The latest estimate of the Superintendent of Insurance, as of this morning, is that there have been 2,900 cancellations since the riots.

Four bills are being considered by this Committee which were intended by their authors to help improve the insurance market in the District. These are H.R. 17607, introduced by Congressman O'Konski; H.R. 18149 introduced by Congressman Brasco; H.R. 17647 introduced by Congressman Diggs, and H.R. 18541 introduced by Congressman McMillan.

H.R. 17607 and H.R. 18149 are very similar to legislation adopted in New York State April 8, 1968, with amendments apparently designed to conform with the requirements of the pending national reinsurance legislation and the structure of the District of Columbia government. In essence these bills would create a joint underwriting association which would provide insurance to property covered directly, that is it would issue policies in its own name, and would provide reinsurance to District insurers.

The principal problem with these two bills is that they do not authorize the Commissioner to adopt rules and regulations designed to improve the operations of the normal insurance market in the District through a FAIR Plan as contemplated under the national reinsurance program.

The purpose of a FAIR Plan is to assure that no property owner is denied basic property insurance at an unsurcharged premium without an inspection of his property by a fire rating bureau inspector or other expert and a careful evaluation of the inspection report by an insurer. It thus is designed to eliminate the possibility that a person might be denied property insurance without consideration of the condition of his property merely because the area in which the property is located is regarded as "blighted".

The inspection discloses the condition of the particular property. If there are defects in the property such as bad wiring, a faulty chimney, or a dangerous accumulation of rubbish, the owner is informed and given an opportunity to repair the property to bring it up to insurable standards.

Where a property owner is refused insurance, a copy of the inspection report, listing the specific reasons for the refusal, is sent to the applicant for insurance and the Department of Insurance.

The FAIR Plans thus should encourage property improvement and loss-prevention by responsible owners. The statistics available as a result of such inspections will keep District officials informed of the nature of the problems that the urban core property owner has in obtaining insurance. Further, these statistics will give them information essential for carrying out programs designed to revitalize blighted areas.

Under a FAIR Plan insurers are to be prohibited from penalizing agents and brokers for soliciting applications for insurance on properties which are inspected.

In addition, H.R. 17607 and H.R. 18149 do not authorize the establishment of an Industry Placement Facility as contemplated by the National reinsurance program. Such a Facility is designed to seek to place applications for insurance upon the request of a property owner or an insurance agent or broker. The Facility would apportion these applications for property insurance equitably among all property insurers in the District. This Facility is most likely to be called upon to help an insurance agent or broker who can not place, or does not want to place, a risk with the particular companies which he represents or where his companies are unwilling or unable to insure fully a particular property.

It is, of course, important that a property owner be given the opportunity to insure his property for its full insurable value, subject only to such deductibles, percentage participation clauses or other underwriting devices which are employed to meet special problems of insurability. Without insurance to cover the full value of his property the property owner may be left exposed to considerable loss. Indeed, if the owner has a substantial mortgage on his property, he may