stand to lose his entire equity in his property. Equally important, the inability to obtain full insurance may prevent some persons from being able to obtain needed credit to purchase or improve property.

The FAIR Plan and the Industry Placement Facility are integral parts of programs that must be carried out by insurers to be eligible for national reinsurance under Title X of the Housing and Urban Development Act of 1968 which has been adopted by both the House and Senate. While that title does contain provision for the Administrator of the program, the Department of Housing and Urban Development, to waive these requirements if other adequate provision is made, we cannot be certain that they will do this. Personally, I seriously doubt that the Joint Underwriting Association authorized under H.R. 17607 and H.R. 18149 would be adequate to justify the elimination of a sound FAIR Plan and Industry Placement Facility. Consequently, I doubt that these bills are adequate to permit insurers in the District to be eligible for national reinsurance unless they adopted these plans on a voluntary basis.

It is questionable, however, whether a voluntary industry program which only meets the minimum standards set forth in Title X would be adequate to resolve the critical insurance problems of the District. Indeed, the National legislation was designed to rely upon the ability of the local insurance authorities to build upon the minimum national standards as needed to meet local problems. It contemplates that the local insurance authority will be authorized to initiate and develop meaningful programs tailored to local conditions. This is an essential element for the success of the national program.

I might also point out that the FAIR Plan and Industry Placement Facility were recommended by the President's National Advisory Panel on Insurance. These recommendations were *unanimously* supported by representatives of the industry in hearings on the national reinsurance program before both the Senate and House.

There are numerous technical errors in these two bills which I will not go into but which were fully described in a leter from the District to the Chairman of this Committee.

I would now refer to H.R. 18541. This bill while authorizing an Industry Placement Facility and Joint Underwriting Association does not permit the District of Columbia to develop a FAIR Plan. This plus other deficiencies in the bill could mean that insurers in the District would not be eligible for national reinsurance under the bill. Consequently insurers would be required to perform certain obligations under the national program on a voluntary basis and in contradiction to H.R. 18541 to qualify for national reinsurance. For example, the Bill does not provide for agents and brokers to utilize the services of the Industry Placement Facility as required under the national program. Further it permits the placement Facility to establish limitations on the amount of insurance that can be placed through the Facility. This too is contrary to the requirements of the national program.

In addition, H.R. 18541 requires an applicant for insurance to make a diligent effort to obtain insurance coverage before he is entitled to an inspection of his property, or industry assistance in locating insurance. This requirement is contrary to the requirements of the national reinsurance programs which provide that no person is to be denied insurance without an inspection. Requiring a property owner to make a diligent search for insurance would undermine the philosophical base of the national program and the recommendations of the Presidents' Insurance Panel. As Congressman Moorhead, one of the sponsors of the National Reinsurance Program has said, that program represents "a major step forward in consumer protection programs by helping to assure that no property owner will be required to pay a higher insurance premium than the nature of the risk requires". It also represents "a dramatic new concept in consumer assistance programs by placing on the private insurance industry the responsibility for locating insurance".

The "diligent effort" requirement as embodied in H.R. 18541 is entirely inconsistent with this philosophy.

Section 9 of the Bill (H.R. 18541) creates a Fund to provide monies for such payments as may be required by the District of Columbia to make reimbursements under the national program.

Such a provision is, of course, necessary.

Under the national reinsurance program each State, including the District of Columbia, has the responsibility of assuming a portion of the losses reinsured by the proposed National Insurance Development Corporation in excess of the