Chairman Price called the meeting to order at 5:00 p.m. with the following members and guests present:

PRESENT: Chairman Price
Vice Chairman Polish
Mr. Beyer
Mr. DuBois
Mr. Glover
Mr. Mello
Mr. Prengaman
Mr. Schofield
Mrs. Westall

Please see attached guest register for guests present.

Chairman Price called attention to the packet of information distributed and identified as EXHIBIT I (attached), which was a memo from Sharon Alcamo, Chief of the Drivers License Division of DMV containing suggested amendments to AB 109 and a supplemental memo from Mr. Howard Clark, Director of the National Insurance Consumer Organization containing suggested amendments to AB 69 and 70. He reminded the members that Mr. Clark participated in the telephone communication hook-up when this committee previously heard testimony on this concept.

AB 69 - Prescribes duties for commissioner of insurance.

Speaking in support of both AB 69 and 70 was Mr. Bob Heaney, President of the Nevada Trial Association. He reminded the committee that he had furnished members of this committee, as well as members of Senator Wilson's committee with a letter dated March 27, 1981 and reiterated some of the areas contained therein. His association is very much in favor of AB 69 and 70 and they feel it is up to this committee to resolve some of the specifics that may be bothering some people with respect to the details of the shoppers guide, rate comparisons, etc. They support the principles contained in these bills with respect to strengthening the requirements for insurance companies to disclose certain information and, at the same time, reaching out to protect the public in terms of consumer information. He did point out that these bills are a product of the interim study committee and have been proposed because that committee found that there was a need in these areas. He feels certain this committee is cognizant of that fact and will keep it in mind during the deliberations of these bills. The purpose of their presence today is simply because his organization is interested in, and does speak for, the public and they feel these bills are good, and right for the public. They endorse the comments that were heard during the telephone hook-up on these concepts and emphasized one important aspect in AB 69 and that is the disclosure aspect for investment income. He feels that is very vital in terms of the insurance commissioner's factual basis for considering rate increases. He feels with the mandatory insurance law, the insurance companies have the benefit of a "captive market". He stated there is justification 389 for making insurance companies disclose that information fully to this legislature and to the insurance commissioner of this state so insurance rates can be intelligently evaluated in terms of what insurance companies are really making from the insurance dollar.

Testifying next was Mr. Richard Garrod, representing the Farmers Insurance Group, who stated that he would make a few comments on the bill as amended, or proposed to be amended. He called attention to AB 69, page 1, lines 3 to 5 where it tells the insurance commissioner and each new insurance commissioner to adopt regulations which will establish uniform territories. These will be used in setting rates for insurance which covers vehicles used in Nevada per his concept of a district. That means that every 8 years, you are going to have a new insurance commissioner, which means that the constituents stand the risk of having their insurance territory redistricted because the commissioner might want to do a little gerrymandering. The insurance industry, basically, does not change its territories. Once they establish a territory, they are not changed unless something very drastic develops.

He next suggested further review and possible amendment of page 5, line 14, where it states "the commissioner shall deny any increase in rates for automobile insurance if the rate is not based on...". He raised, again, the question of changing commissioners. The amendment, which strikes the language from lines 11 to 22 on page 1 is a tried and true method for the insurance commissioner and it establishes guidelines, that is removed. Then you go to the will of the commissioner on line 14 and that can be the will of each commissioner. There is nothing that says that once these are established by the commissioner, that they have to be maintained as such; it says the commissioner "shall".

Referring next to line 21, which states, "in determining whether rates for automobile insurance are excessive or inadequate, the commissioner shall consider income from the investment of unearned premium reserves and loss reserves and may consider this factor with respect to other kinds of insurance." They have a question as to what are the "other kinds of insurance." Does this bill attempt to transfer fire reserves to auto, commercial lines to auto, and also, as they read this language about unearned reserves and unearned premiums, he pointed out that these monies required by law to be set aside and invested for the benefit of those who paid in that premium. Now it is entirely unfair, or hinges on the case of almost illegal, for the insurance commissioner to say that the people who paid the premium in January for an insurance policy to protect them in December, their investment should be applied to help reduce the rate of the man who buys a premium in November. That is what this says in the opinion on the Farmer's Group. He explained that the Farmers Group isa reciprocal corporation; management receives 12% of the 390 premium and that 12% is to pay commissions to the agents, the administrative underwriting and all those types of operations. The remaining 88% is entirely assigned to paying claims, investment to pay additional claims, pay the salaries of the adjusters, etc. It is impossible for one penny of the unearned premium, which is in the hands of the reciprocal insurance company to go to the stockholders. That money all goes into the pot to pay losses which are incurred by the insured. By law, they are required to have a certain amount of reserve, approximately 30 to 40% to match the premium dollar income.

Mrs. Westall asked what happens to the interest on those investment funds and was advised that the interest remains in the exchange and it becomes part of the reserve or it is used to pay losses. In the State of Nevada they did utilize $4,700,000 to pay losses, which were greater than the premium income of the Farmers Automobile business in the State of Nevada. Mrs. Westall further asked how much they had in the fund to begin with, and was advised that it was approximately $2 billion plus. Mrs. Westall pointed out that is the part they are trying to get at on the rates, as it is getting bigger and bigger all the time and all they hear is the small amount that they do pay out. They try to sound like they are really hurting and, obviously, they are not.

Mr. Garrod responded by saying that the amount of money they have in reserve is annually reviewed by the various insurance commissioners and the insurance commissioner in California tells them exactly how much money they have to maintain in reserve. They are on the edge of 30% in relation to the premium dollar of income. The insurance company is governed by California law in management of the company as they are a domestic company and they have to invest under their law.

Mr. Garrod then went on to point out that there is one good part of this bill on page 2, line 39, where it requires that you publish a guide for the purchase of automobile insurance including the coverage provisions, exclusions and other information which the commissioner deems appropriate for the instruction of purchasers of automobile insurance. If you struck everything else in the bill and just retained that, you would have a good bill.

There being no further testimony at this time, the committee began testimony on the next bill on the agenda.

AB 70 - Imposes duties on insurers in relation to rates and coverage for motor vehicle insurance.

Mr. Richard Garrod, representing the Farmers Insurance Group, began the testimony on this bill by called attention to page 1, lines 21 and 22, which is language to clear up the language which was adopted by the Senate Commerce Committee last session. That has created a situation of "stacking" as far as underinsured insurance is concerned.

The real meat in this bill is on page 2, lines 3 where there is all new language. It denies an insurance company from rejecting insurance for any reason i.e., age, sex, marital status, occupation, lives in certain areas, or duration of residence, does not have motor vehicle insurance in force at the time of application, drives a certain distance or is not the registered owner of the motor vehicle, or operates and/or owns several vehicles. Referring to subsection "F", he stated that provision would force the average automobile insurer to insure taxicab fleets, that's the first thing he would do. It would put the average automobile insurer in the fleet business, which they don't like. That would, eventually, mean an increase in everyones rates because there isn't a taxicab fleet in the world that drives as safely as the average person.

He gave statistics on drivers as far as safe vs. unsafe drivers and broken down into sex, age, occupation, etc. He pointed out that there are different types of insurance companies such as preferred insurance who will not insure anyone who keeps alcohol in the house or, on the other side of the coin, there are ones that cover everyone known as the "take-all comers", etc.

Mr. Garrod then called attention to line 17, section 2, which states, "this does not limit the weight to be given to any of these factors in computing a reasonable rate", then they have to go back to AB 69 to try to determine what is a reasonable rate, what is the insurance commissioner going to say. Going on to line 30, page 2, section 6 which states, "section 4 and 5 of this act shall become effective upon passage and approval." Section 4 says each insurer shall file a list of criteria, which it uses in underwriting risk for coverage under policies. Section 5 contains the criteria for underwriting risk for coverages under policies of motor vehicles and explanations of that criteria." Passage and approval must be filed on or before July 1, 1981. They would still be required to use and file an explanation under that language which is stricken on line 11 through 22 in AB 69 because that will be the language of the state until July 1 of 1981. There is a little bit of confusion as we are telling him to report criteria for what they are doing under all these things that the commissioner may do, but the law will not be repealed under AB 69 until July 1 if this passes. They then have to work under the old law, which under AB 69, starts line 11, page 1 through line 22. Section 4 requires the filing of the criteria immediately for the new act, but as we are still going to be under the old act, it just doesn't make sense.

He warned that the insurance companies are going to be in trouble when you have a bill such as this that says you have to accept anyone and everyone that comes along, and when you say "exhausting the capacity", you are referring to the fact that the insurance commissioner comes along and says, "you have only so much reserve to the amount of premiums you are writing and, therefore, you cannot write another policy of insurance". Then the law says, if they come in the door, you have to write, they would be in violation of the law and the insurance commissioner has to declare them insolvent. That is the way he reads that law.

Chairman Price stated this is basically a "take all comers", which they have in a lot of states. He asked if any insurance companies have gone broke because of that provision. Mr. Garrod deferred to Mr. Slevin, representing the American Insurance Association, who stated he was not aware of any information in that area.

The discussion then centered around the feasibility of publishing a "shoppers guide" with pros and cons brought out by representatives of the insurance companies and members of the committee. It was the general consensus of the committee members that there was a great deal to be gained by having a shoppers guide published which would tell people where they could obtain various kinds of insurance and at what rates. The representatives of the insurance companies expressed the opinion that by the time a guide could be compiled and published, the rates would have changed considerably and would be outdated by the time it was available for distribution.

Speaking next was Mr. Hale Bennett, Chief of Registration for the DMV, who called attention to page 2 and the distribution system that this bill provides for. Section 4, page 2, lines 46 through 50 indicate that the guide to prices shall be furnished to the Department of Motor Vehicles and mailed out with every application for renewal for motor vehicles registration. The problem he has with that is that late this year they intend to go to a postcard mail-out for renewal. The reason for that is that they have tried it for two years for drivers licenses and it has been successful in saving a great deal of money both in preparation of the renewal and in postage. They intended to use that for mail-out for renewals this fall for registration. That creates some problems in sending a shoppers guide with the postcards. Additionally, in lines 37 and 38 where the guide to prices shall be delivered to the DMV. He suggested that the committee consider amending out lines 46 through 50 and amending out the first two words of line 37 and all of line 38 and using the language that is used for the distribution of the guide for the purchase of automobile insurance starting on line 42, "the commissioner shall provide for the distribution of the guide at no cost to the users through the DMV, county assessors, schools, courthouses, libraries and other public places." He feels that is a good method of distribution for both the guides that are mentioned in this bill. Chairman Price suggested we might also make them available at insurance agents' offices.

Testifying next was Mr. Virgil Anderson, representing Triple A, who stated that he feels the issue has been well discussed but commented briefly on his agency and what he feels competition does in providing a good insurance climate. In their case, they are a dual corporate entity and a motor club licensed under the laws of the State of California and approved in Nevada and a reciprocal insurer licensed in both states. They operate on a non-profit basis and whatever is not used at the end of the year for payment of claims and operating expenses goes back to the policyholders in the form of a dividend. Previous years have not been profitable in Nevada, but this year has. Effective May 1st, insured members are getting back a 10% dividend on premiums paid last year. As an insurer with approximately 47,000 vehicles in Nevada, they feel that the various types of companies that operate have provided a good climate and the system that has developed from the standpoint of the consumers is as well as any there is in the nation. Insurance in Nevada is much cheaper than in California.

Mr. DuBois asked if California has any laws relating to this concept and was advised that they have a "file and use" law and the companies file their rates with the insurance commissioner and they can put them into operation. If they are deemed to be excessive, they can be rolled back by the insurance commissioner. He added that insofar as these bills are concerned, there are certain aspects of them that do strike directly at his organization, particularly the "take all comers" provision. They insure private passenger cars only and do not insure commercial fleets or commercial vehicles. They do no insure anyone but their own members and knows there are some other organizations in that category as well. This bill would override that and they feel it has very serious implications for insurers like themselves.

Speaking next was Patsy Redmond, Acting Commissioner of Insurance and Chuck Knauss, the Casualty Actuary who has been responsible for furnishing the committee with information through the last few years. Mrs. Redmond pointed out that she has a few comments she wanted to make on AB 69. In addressing the proposed changes in this bill, consideration must be given to the direction in which the Nevada legislation wants the Nevada rate law to go and pointed out that several alternatives are available. She proceeded to read through some written alternatives they would suggest.

Mrs. Redmond commented on some of the work their division has done and advised that they are presently in the process of getting a comparison guide printed. They have been holding off further work on the guide until the completion of the proposed legislation, but they have contacted the top twenty writers in Nevada who represent about 95% of the market and out of those, they found that in comparing prices, it would be determined on the classifications that they are using. They have tried to choose a cross section of writers, including the least expensive and the most expensive, but also including those that would write a substandard risk. They have tried to use different types of situations so that the person reading the shoppers guide could determine that there were insurers that were writing different things and what their prices would be. Chairman Price reminded Mrs. Redmond that the reason most insurance policies are written by a handful of insurers is due not only to price, but primarily due to the advertising that is put out.

Mr. Mello asked if they have this project in their present budget or will they need additional funds for this shoppers guide. Mrs. Redmond advised that they have addressed that in a fiscal note and if it is not included in the bill, it is included in the fiscal note with the DMV. If the DMV does not distribute the guide as the bill indicates, they would have to reconsider additional expenses for distribution. Mr. Mello asked what their estimated cost will be and was advised that it was $116,358 when they were planning on using the mail-out system. If they were to do it by providing state agencies with copies for distribution, it would be less expensive.

Mrs. Redmond stated they have some preliminary figures on the development. Printing and postage for the guide was included in the original fiscal note. That figure was for 100,000 copies of the guide at $2,700. Mr. Mello then asked if the $2,700 was to print the guides and was advised that the cost comparison was for printing of the guides only. Mr. Mello then asked what the total amount for printing would be and was advised that if they do the cost comparison on a quarterly basis, it would be broken down for the first fiscal year, 1981-82 at $18,863 at 4 times a year. Mr. Mello then asked how many copies they would get and was advised it would be 700,000 that DMV would issue, plus the 100,000 that would include the guide.

Mr. Mello then suggested that if this guide is done right and contains the necessary information, it would be to the advantage of the taxpayer to have one and perhaps they should propose collecting a small fee. Mrs. Redmond stated that as far as the committee was concerned, it was their determination that it should be free. Mr. Mello reiterated that with the legislature being concerned with saving money and with this guide being to the benefit of the taxpayer, he feels they would be more apt to use it if they were charged a small fee, perhaps $1 or $2. Mrs. Redmond agreed that a small fee would give them an idea of whether people were interested.

Mr. Mello then pointed out that if the committee is interested in passing this bill, with some amendments, it should be sent over to Ways and Means Committee. However, if a small fee is put in the bill, it can be amended where necessary and passed out. He then asked if "start'up" money would be necessary and was advised it would be.

Mr. Prengaman reminded Mrs. Redmond that she had stated that the insurance division is doing a good job, but if we are sixth in the nation in terms of cost, and our rates are so high, he doesn't understand how she feels the job is being done.

That was answered by Mr. Knauss as the technical person who explained that rates are figured on losses. Mr. Knauss advised the committee that there are a number of measures that should be considered as to how effective any state agency is. For example, one measure of effectiveness of insurance regulation might be how easy it is for a person who has a good driving record to go out and buy insurance. If there are 25 companies who are willing to write him, as opposed to say a person with a good driving record having to go into the assigned risk plan. In terms of price alone as a measure, our current rate law talks about using "due consideration shall be given to past and prospective losses and expenses and balancing those against premium income of insurance companies together with some consideration for investment income." In terms of giving consideration to all those factors, having insurance companies that are willing to do business in Nevada, having an active competitive market, he feels that using those measures, we are very successful. He added that if you look at any rate law there is, the rate law will say that rates shall not be inadequate, excessive or unfairly discriminatory. They define an "inadequate rate" as one which, taken together with investment income, as being insufficient to pay losses and expenses. It would be very possible to interpret those words to mean that if everything is done perfectly, the minimum return an insurance company should make, including investment income, is to break even. The maximum return they could make would get into the area of excessive rates and most companies, in their rate-making formula, have a 5% allowance for profit and contingencies; that is 5% of sales. There are very few insurance companies in Nevada that are making that return on private passenger automobile insurance and yet, we do have a healthy market. It is a matter of selecting which measures you believe to be most effective and focusing on those and trying to explain them.

Chairman Price asked Mrs. Redmond to recall when they discussed comparisons, they were talking about a single sheet with the comparisons listed. He stated he has a problem figuring the cost she has quoted for a single sheet. Mrs. Redmond pointed out that the cost she quoted was for both the guide and the single sheet. Discussion followed on the expenses to be incurred through the use of state personnel presently budgeted for, however, there was considerable concern expressed by members of the committee on staffing requirements.

Mr. Mello suggested that in light of the many questions raised this evening, there be no action taken tonight and that the Chairman appoint a subcommittee to give further consideration to these pieces of legislation. This being agreed upon by all members present, Chairman Price volunteered to serve as chairman of a subcommittee and appointed Mrs. Westall and Mr. Prengaman to serve with him.

There was no action taken on either bill, and there being no further business to come before the committee, the meeting was adjourned.

Respectfully submitted,

Nykki Kinsley

Nykki Kinsley, Acting Committee Secretary

ASSEMBLY

AGENDA FOR COMMITTEE ON TRANSPORTATION

Date Monday April 20, 1981 Time 5:00 p.m. Room 214

Bills or Resolutions to be considered	Subject	Counsel requested*
AB 69	Prescribes duties for commissioner of insurance.	
AB 70	Imposes duties on insurers in relation to rates and coverage for motor vehicle insurance.	

*Please do not ask for counsel unless necessary.

7421

ASSEMBLY TRANSPORTATION COMMITTEE

GUEST LIST

Date: April 20, 1981

PLEASE PRINT YOUR NAME	PLEASE PRINT WHO YOU REPRESENT	I WISH TO SPEAK FOR	I WISH TO SPEAK AGAINST	BILL NO.
David Gamble	N.T.L.A.	AB 69 AB 70		
Bob Shriver	Nev. Trial Lawyers	AB 69 70		
Dick Garrod	Farmers Ins Group		~~AB~~	69-70
H.B. Bennett	DMV			69
[illegible]	Amer. Ins. Assn		AB 69-70	
Virgil Anderson	AAA		AB 69-70	
Gary Pauley	State Farm Ins. Cos.		AB 69-70	
George L. Vargas	Amer Ins Assn		AB 69-70	
John Borda	Nev Motor Trans Ass'n			
Robert E. Heaney	Nevada Trial Lawyers	AB 69, 70		

ROBERT LIST
Governor

STATE OF NEVADA

S. BARTON JACKA
Director

DEPARTMENT OF MOTOR VEHICLES
555 WRIGHT WAY
CARSON CITY, NEVADA 89711
DRIVER'S LICENSE DIVISION
(702) 885-5360

April 16, 1981

TO: CHAIRMAN PRICE
ASSEMBLY TRANSPORTATION COMMITTEE

FROM: SHARON P. ALCAMO, CHIEF Sharon Alcamo
DRIVER'S LICENSE DIVISION

SUBJECT: AB109

It is requested AB109 be amended as follows:

1. Section 485.185.3, Page 2, Line 44:

    3. Whenever an application for a driver's license is made by a person required to maintain proof of financial responsibility by the state of his prior residency, he must file proof with the division of his financial responsibility before he may obtain a license, and maintain it for the period of time which that state requires. If he does not so maintain it, his license and registration must be suspended.

2. In conjunction with the changes made in Section 485.140, Page 2, Lines 1 - 13, it is also necessary to delete 485.199 to eliminate all references to a trial de novo.

    [485.199 Determination of amount of security: Judicial review. If a ruling or decision is adverse to the operator or owner he may, within 10 days from the date of the decision, appeal therefrom to the district court. The district court may conduct a trial de novo on the decision.]

3. Correct the spelling error on Page 6, Line 2 from foreging to foregoing.

Thank you for your assistance.

398

Exhibit I

NATIONAL INSURANCE
CONSUMER ORGANIZATION

April 6, 1981

The Honorable Bob Price
Chairman
Assembly Transportation Committee
State of Nevada
Legislative Building - Capital Complex
Carson City, Nevada 89710

Re: AB - 69; AB - 70

Dear Mr. Price:

Consonant with your request, I am happy to provide, in writing, the suggestions which I made in the course of the telephone conference covering the referenced bills. The latter was, I might add, a delightful experience for me, and I deeply appreciate the opportunity to participate.

I. AB - 69

(1) I would recommend that subsection 1 end with the word "discriminatory" on line 8, so that it would then read: "Rates must not be excessive, inadequate or unfairly discriminatory."
Comment: Any lower rate, if continued long enough, may destroy competition or tend to create a monopoly but there are better ways of dealing with excessive concentration than prohibiting an insurer from using a rate which may tend to create a monopoly. There is a very proper concern with respect to a rate which is so inadequate as to jeopardize the solvency of the insurer, but this is covered in subsection 3.

(2) I recommend that you incorporate into subsection 2 the same theme of investment income as is contained in subsection 3 to the end that in considering excessiveness both the rates and investment income enter into the determination.

344 Commerce Street
Alexandria, Virginia 22314
(703) 549-8050

Thus, I would have this provision read:
"Rates are excessive if they, together with the investment income attributable to them, are likely to produce a long-run profit that is unreasonably high . . ."
Comment: If an insurer with an otherwise inadequate rate is to receive the benefit of the doubt through consideration of the investment income flowing from the investment income from the unearned premium and loss reserves, the same sort of consideration should be given to determining whether an insurer's rates or proposed rates are excessive.

(3) Again, referring to subsection 2, I would recommend that an insurer's rates or proposed rates be measured against the "riskiness" of the particular class of business which that insurer writes. Accordingly, at p. 2, line 1, I would interpolate, after the word "business" and before the word "or", the words:
"generally accepted by the insurer . . ."
Comment: If insurers are going to be permitted to be ultra-selective in their underwriting acceptances their rates or proposed rates ought to be measured in the same way in respect to excessiveness or prospective excessiveness. Otherwise, the group of select risks providing better loss experience can be denied the benefit of its superior experience. Insurers have regularly used the legal proposition that a proposed rate which is less than a rate already being used by another insurer or rating organization cannot, as a matter of law, be deemed excessive. Such a rule rewards "creaming and tracking". Thus, an insurer which has "creamed the market" can increase its rates, even though its own experience belies an increase, simply because the deteriorating experience of other insurers or their rating organizations has brought forth increased rates.

Combining recommendations (2) and (3), above, I would recommend that subsection 2 be amended so as to read:

"Rates are excessive if they, together with the investment income attributable to them, are likely to produce a long-run profit that is unreasonably high in relation to the riskiness of the class of business generally accepted by the insurer, or if expenses are unreasonably high in relation to the services rendered."

II. AB - 70

I recommend that section 3, subsection 1 be amended by adding, at the end thereof, a new item (h) which would read:
"(h) failed to meet an underwriting standard which does not constitute an objective and generally accepted insurance underwriting standard"
The amended provision would then read:
"No insurer may refuse to insure any eligible person under a policy of motor vehicle insurance, refuse to continue to provide such coverage or limit the coverage available because the person:
failed to meet an underwriting standard which does not constitute an objective and generally accepted insurance underwriting standard."
Comment: I have expressed the concern that the naming of the specific prohibitions in section 1, as presently constituted, might imply that cancellation or refusal to write or renew for any other reason is permissible, no matter how arbitrary or capricious that action might be. In other words, I would fear application of the rule "expresio unius est exclusio alterius".
The suggested additional item would bar cancellation or refusal to write or renew based upon subjective criteria or standards which are not generally accepted underwriting standard.

In closing, let me again say that I deem it an honor and a privilege to have participated in your endeavor.

Sincerely yours,

Howard B. Clark
Director

HBC/m

State Farm Insurance Companies

ONE STATE FARM PLAZA
BLOOMINGTON, ILLINOIS 61701

CRANFORD A. INGHAM
ASSOCIATE GENERAL COUNSEL
(309) 662-2037

April 6, 1981

Assemblyman Robert Price
Chairman, Transportation Committee
Nevada State Assembly
Nevada State Capitol
Carson City, NV 89701

Dear Chairman Price:

Recently I appeared before your committee and testified concerning Assembly Bills 69 and 70. During the course of my testimonies some questions arose as to the size of the Assigned Risk Plan in New Jersey. I promised to send you some facts on this issue.

Attached is a compilation prepared by the Auto Insurance Plan Service Office in New York, which compiles facts relative to the size of residual markets. The currently available data is for 1978 and in a difficult to understand format, so we have prepared a chart indicating the percent of insured vehicles insured in the residual market for the four states which were mentioned during the course of testimony. In 1978, 29.4 percent of the insured vehicles in New Jersey were in the Assigned Risk Plan. For the same year, the percent for Nevada was 00.1 percent.

1978 CAR YEARS

	Voluntary Cars Insured	Auto. Ins. Plan Cars	Total	Auto. Ins. Plan %
N.J.	2508878	1043651	3552529	29.4%
N.C.	2399832	864660	3264492	26.5%
Nev.	367934	469	368403	00.1%
S.C.	1048847	407111	1455958	28.0%

Source: AIPSO Facts 1980

STATE FARM MUTUAL AUTOMOBILE INSURANCE COMPANY
STATE FARM LIFE INSURANCE COMPANY
STATE FARM FIRE AND CASUALTY COMPANY

We anticipate receiving updated figures from the Auto Insurance Plan Service Office in the next few weeks and we will forward them to you as they become available. We expect these figures will show additional growth in the New Jersey Assigned Risk Plan during 1979 and 1980.

During the course of my testimony I mentioned that the Insurance Commissioner in Arkansas, William Woodward, who is also president of the National Association of Insurance Commissioners, had issued a press release relative to rate comparisons for automobile and homeowners insurance. Attached is a copy of a clipping from the Arkansas Democrat, which I thought you would find to be of interest.

You will note this article and the Commissioner's comments are based upon the high and low cost for these policies in Arkansas. He did not make any reference to individual companies, but relied upon the range of costs in order to motivate the insurance buying public to shop.

I will be away from the office for the next few weeks. Should you need any additional information, please call Gary Pauley at 309-662-2729.

I appreciated the opportunity to appear before your committee. If we can be of assistance to you, please let me know.

Yours very truly,

Pete Ingham

Pete Ingham
Associate General Counsel

CAI/kl
Enclosure
cc: Gary Pauley
Phil Heyde

C. A. Ingham

APR 03 1981

404

AUTOMOBILE REGISTRATIONS AND NUMBER OF VEHICLES INSURED
PRIVATE PASSENGER NON-FLEETS

EXHIBIT A - PAGE 4
COMPILED MAY 7, 1980

STATE	TYPE OF BUSINESS	PERCENT CHANGE FROM PRIOR YEAR — CALENDAR YEAR					
		1974	1975	1976	1977	1978	1974-1978
NEBRASKA	REGISTRATIONS	605000.	+ 2.6	+ 2.6	-1.5	-3.6	-0.0
	TOTAL CAR YEARS	775182.	+ 5.8	-0.2	+ 3.9	+ 0.2	+ 10.0
	VOLUNTARY CAR YEARS	774322.	+ 5.9	-0.2	+ 3.9	+ 0.2	+ 10.0
	AIP CAR YEARS	860.	-25.4	-4.9	+ 22.8	+ 3.4	-9.9
NEVADA	REGISTRATIONS	369047.	-7.7	+ 4.2	+ 14.4	-9.2	-0.0
	TOTAL CAR YEARS	269677.	+ 6.5	+ 8.2	+ 7.9	+ 9.7	+ 36.6
	VOLUNTARY CAR YEARS	269563.	+ 6.5	+ 8.1	+ 7.7	+ 9.9	+ 36.4
	AIP CAR YEARS	114.	+ 21.9	+229.4	+117.6	-52.9	+ 311.4
NEW HAMPSHIRE	REGISTRATIONS	427330.	+ 2.1	-4.2	+ 21.2	+ 8.7	+ 29.0
	TOTAL CAR YEARS	357183.	+ 3.6	+ 1.4	+ 6.6	+ 5.5	+ 18.4
	VOLUNTARY CAR YEARS	341560.	+ 2.5	-6.8	+ 4.9	+ 4.5	+ 4.7
	AIP CAR YEARS	15623.	+ 28.9	+146.7	+ 17.8	+ 11.3	+ 317.6
NEW JERSEY	REGISTRATIONS	3701475.	-2.2	+ 7.2	+ 0.2	+ 0.2	+ 5.3
	TOTAL CAR YEARS	3175582.	+ 3.7	-1.4	+ 5.8	+ 3.3	+ 11.8
	VOLUNTARY CAR YEARS	2872244.	+ 2.3	-8.6	-3.5	-3.1	-12.6
	AIP CAR YEARS	303338.	+ 17.1	+ 58.0	+ 50.6	+ 23.2	+ 244.0
NEW MEXICO	REGISTRATIONS	518000.	+ 6,5	+ 4.8	+ 1.1	+ 8.1	+ 22.2
	TOTAL CAR YEARS	423817.	+ 6.0	+ 4.2	+ 4.4	+ 4.6	+ 20.7
	VOLUNTARY CAR YEARS	422922.	+ 6.0	+ 4.1	+ 4.3	+ 4.6	+ 20.7
	AIP CAR YEARS	895.	+ 10.6	+ 11.4	+ 24.1	-7.0	+ 42.1
NEW YORK	REGISTRATIONS	6724000.	+ 0.7	+ 1.4	-2.4	+ 1.4	+ 1.1
	TOTAL CAR YEARS	5922812.	+ 3.8	-5.1	+ 0.4	+ 2.6	+ 1.5
	VOLUNTARY CAR YEARS	5443168.	+ 4.0	-7.7	-1.6	+ 1.1	-4.4
	AIP CAR YEARS	479644.	+ 1.8	+ 24.9	+ 18.1	+ 13.3	+ 70.5
NORTH CAROLINA	REGISTRATIONS	2807000.	+ 1.2	+ 4.1	+ 4.9	+ 4.3	+ 15.4
	TOTAL CAR YEARS	2672634.	+ 5.0	+ 1.6	+ 5.3	+ 8.5	+ 22.1
	VOLUNTARY CAR YEARS	2086585.	+ 3.0	+ 7.2	-3.3	+ 7.7	+ 15.0
	AIP CAR YEARS	586049.	+ 12.1	-16.6	+ 42.3	+ 10.8	+ 47.5
NORTH DAKOTA	REGISTRATIONS	318289.	+ 8.9	-2.5	+ 0.8	+ 2.1	+ 9.3
	TOTAL CAR YEARS	316699.	+ 8.3	+ 11.4	+ 2.8	+ 2.5	+ 27.2
	VOLUNTARY CAR YEARS	316446.	+ 8.3	+ 11.3	+ 2.7	+ 2.3	+ 26.8
	AIP CAR YEARS	253.	-8.6	+164.0	+ 65.9	+ 45.9	+ 483.7
OHIO	REGISTRATIONS	5798928.	0.0	+ 12.8	-6.5	+ 6.1	+ 11.9
	TOTAL CAR YEARS	4712826.	+ 0.5	+ 1.7	+ 3.3	-0.2	+ 5.5
	VOLUNTARY CAR YEARS	4701505	+ 0.6	+ 1.7	+ 3.2	-0.1	5.5
	AIP CAR YEARS	11371.	-20.0	+ 10.8	+ 15.3	-17.5	-22.0

C. A. Ingham

APR 03 1981

405

		PERCENT CHANGE FROM PRIOR YEAR					
		CALENDAR YEAR					
STATE	TYPE OF BUSINESS	1974	1975	1976	1977	1978	1974-1978
OKLAHOMA	REGISTRATIONS	1406000.	+ 1.3	+ 2.1	+ 5.6	+ 6.6	+ 16.6
	TOTAL CAR YEARS	1158849.	+ 5.9	+ 9.5	+ 8.2	-2.2	+ 22.8
	VOLUNTARY CAR YEARS	1157072.	+ 5.9	+ 9.4	+ 8.1	-2.2	+ 22.7
	AIP CAR YEARS	1777.	-11.5	+ 52.6	+ 86.0	-22.6	+ 94.3
OREGON	REGISTRATIONS	1439693.	0.0	-5.3	+ 36.1	-2.5	+ 25.6
	TOTAL CAR YEARS	1164040.	+ 3.3	-1.2	+ 8.5	+ 6.0	+ 17.5
	VOLUNTARY CAR YEARS	1160471.	+ 3.3	-1.3	+ 8.6	+ 6.3	+ 17.6
	AIP CAR YEARS	3569.	+ 29.9	+ 20.2	-11.5	-54.0	-36.4
PENNSYLVANIA	REGISTRATIONS	6313031.	+ 0.6	+ 7.8	+ 0.2	-18.8	-11.6
	TOTAL CAR YEARS	4542192.	+ 9.8	+ 3.6	+ 6.0	-2.4	+ 17.8
	VOLUNTARY CAR YEARS	4467537.	+ 9.2	+ 3.0	+ 1.6	-2.9	+ 10.9
	AIP CAR YEARS	74655.	+ 48.9	+ 32.8	+157.3	+ 3.9	+ 428.8
RHODE ISLAND	REGISTRATIONS	515000.	-0.9	-0.3	-1.6	-4.5	-7.4
	TOTAL CAR YEARS	352737.	+ 3.9	+ 1.4	+ 1.4	-2.8	+ 3.9
	VOLUNTARY CAR YEARS	343937.	+ 3.9	-0.5	-0.7	-5.0	-2.6
	AIP CAR YEARS	8800.	+ 3.9	+ 81.9	+ 49.5	+ 27.7	+ 261.2
✓ SOUTH CAROLINA	REGISTRATIONS	1281014.	+ 2.9	+ 12.1	-1.0	+ 2.8	+ 17.4
	TOTAL CAR YEARS	1115867.	+ 14.4	+ 5.4	+ 3.9	+ 3.9	+ 30.4
	VOLUNTARY CAR YEARS	1005291.	+ 4.1	-4.3	+ 3.0	+ 1.5	+ 4.3
	AIP CAR YEARS	110576.	+107.8	+ 50.2	+ 6.3	+ 10.7	+ 268.1
SOUTH DAKOTA	REGISTRATIONS	328477.	+ 1.0	+ 3.9	+ 4.0	-0.2	+ 9.0
	TOTAL CAR YEARS	316768.	+ 1.7	+ 14.7	+ 2.3	+ 1.3	+ 21.0
	VOLUNTARY CAR YEARS	316346.	+ 1.7	+ 14.6	+ 2.3	+ 1.2	+ 21.0
	AIP CAR YEARS	422.	-13.2	+ 40.4	-0.5	+ 16.0	+ 40.5
TENNESSEE	REGISTRATIONS	2034000.	-8.6	+ 17.0	+ 1.8	+ 10.9	+ 29.4
	TOTAL CAR YEARS	1616101.	+ 6.1	+ 3.2	+ 4.3	+ 4.1	+ 19.1
	VOLUNTARY CAR YEARS	1563424.	+ 6.7	+ 3.0	+ 3.3	+ 4.0	+ 18.2
	AIP CAR YEARS	52677.	-12.8	+ 12.6	+ 35.6	+ 7.9	+ 43.7
TEXAS	REGISTRATIONS	5829613.	+ 5.2	+ 3.6	+ 8.7	-5.4	+ 12.0
	TOTAL CAR YEARS	4521040.	+ 6.0	+ 3.2	+ 1.7	+ 3.5	+ 15.3
	VOLUNTARY CAR YEARS	4276318.	+ 7.7	+ 3.4	-0.6	+ 3.7	+ 14.8
	AIP CAR YEARS	244722.	-22.8	-3.4	+ 64.2	+ 0.2	+ 22.5
UTAH	REGISTRATIONS	619880.	-0.3	-2.0	+ 3.0	-3.5	-3.0
	TOTAL CAR YEARS	598674.	+ 1.0	-2.3	+ 4.2	+ 4.9	+ 7.9
	VOLUNTARY CAR YEARS	598359.	+ 1.0	-2.3	+ 4.2	+ 4.9	+ 7.9
	AIP CAR YEARS	315.	-28.8	+ 10.7	+ 3.6	-33.8	-46.0

Arkansas Democrat/Robert Ike Thomas

who had expected to receive paychecks last Friday got them just before noon Monday, about two hours before Judge W.E. "Bill" Beaumont announced the extension to the county of a $670,000 loan from 10 of the county's 12 banks.

First National Bank and Union National Bank, both of Little Rock, declined to participate in the loan package.

The refusal of the same two banks to participate in a $1 million loan package last week was a contributing factor to the county's failure to pay the employees at the scheduled time.

Beaumont explained at a news conference the two banks were frightened away by the "precedent" of extending an interest-free loan to the county.

Those two banks were expected to provide 33 percent of the $1 million loan under a pro-rata distribution formula.

Beaumont said the participating banks each would lend a share of the total package equal to its share of total bank deposits in the county. In other words, if a single bank has 10 percent of the deposits, its share of the loan would be 10 percent of the total.

Sheriff Tommy Robinson and Circuit Clerk Jacque Alexander, who have filed suit against Beaumont and the Quorum Court over the 1981 appropriations for their departments, were among four department heads and three justices of the peace who sat in on the press conference.

Beaumont also announced that he was lifting an order of impoundment imposed Friday, which, in effect, directed county officials to make no more purchases except for emergencies.

"But," Beaumont said, "I am issuing an appeal to each elected official and department head to use restraint in spending and delay purchases as long as possible."

Beaumont said he had asked the legislature to refrain from approving bills that would require additional expenditures by the county and that he planned

Beaumont extends olive branch to feuding officials.

Article, Page 5B

Beaumont ... paid Dec. 10, ... expects to re... total tax rever...

The loan ... Beaumont M... day's aborted ... total amount.

Beaumont, ... package was n... Friday's payro... loan on the b... and that he de... should be mad... backed out.

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Beaumont ... had come up w... tainly would m... get paid Monda... disclose details ... ference.

Beaumont s...

...ces payroll met

... man in jail ...ed hostages ...rom ordeal

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gle against the government of President (Mohammed) Zia ul-Haq."

The planeload of hostages were freed Saturday when the prisoners arrived.

In Washington, the State Department said Soviet and Afghan authorities may have contributed to the hijacking by providing weapons to the air pirates while the plane was on the ground at the airport in Kabul.

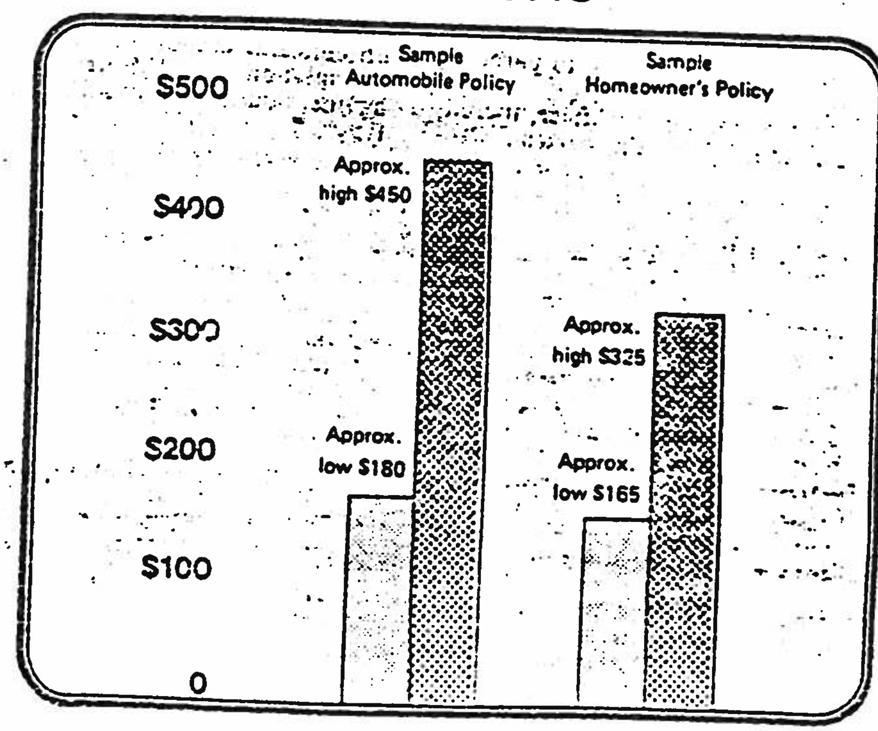
Citing what he said were witness' accounts, State Department spokesman William Dyess said the three hijackers were armed with pistols on arrival in Kabul but left with machine guns.

On Sunday, Pakistani President Mohammed Zia ul-Haq said Afghanistan's Soviet-backed communist government supplied the hijackers with automatic weapons and explosives.

At the request of the Canadian government, police detained the "mystery man" who had traveled as Lawrence Clifton Mangum of New York, diplomatic sources said. Officials in Ottawa said he had been identified tentatively as Lawrence Lome, a fugitive from a Canadian penitentiary, who escaped from custody in 1976 while serving time for "a drug-related offense."

He was arrested in his hotel lobby Monda... A spokesman ...

RATE COMPARISONS



Policy shopping

Chart reflects price variances in policy rates charged by different insurance companies.

Article, Page 6C

PSC chairman wants panel's powers clarified

By ED PHILLIPS
Democrat Staff Writer

Public Service Commission ...

It is Norton's contention, however, that the three-member commission has sole discretion to em...

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By DENIS...
Democrat Sta...

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406

407

Shop around for best insurance deal, department says

Arkansas consumers could save "considerable amounts" of money if they shop around on insurance premiums, according to the state Insurance Department, which regulates the insurance industry.

"Different insurance companies charge different amounts for essentially the same coverage," a department release said. "Consumer cost depends on the type of insurance as well as coverage limits, deductibles, exclusions, etc."

Other factors to be considered are services provided by the company's representatives and its reputation in settling claims, the release said.

In order to show consumers how much rates can vary, the department recently developed a chart (see Page 1A) to reflect the range of rates reflecting approximate high and low premiums for the 10 largest writers of auto and homeowner's insurance in Arkansas.

Every insurance company writing automobile and homeowner's policies in Arkansas must submit premium comparison reports to the Insurance Department's Compliance Division.

"Some consumers could be paying twice as much as it would cost them to get the same insurance coverage from another company," said Insurance Commissioner W.H.L. Woodyard III.

Act 731 of 1970 — the open competition rating law — "opens the market place to price competition ... the competition itself keeps rates at the lowest possible level," Woodyard said.

Before Act 712 was enacted, companies were required to obtain prior approval of their rates from the Insurance Department. "Now, they can file rates and 10 days later write business at those rates," Woodyard said.

BUSINESS BRIEFS

McCain Mall is site for 7th Home Show

The Seventh Annual Home Show, sponsored by the Home Builders Association of Greater Little Rock, will open at noon Wednesday at McCain Mall in North Little Rock.

"Nailing down" the opening will be a nail driving contest featuring local television personalities.

The four-day Home Show will include more than 70 booths displaying new products and ideas for the home, according to program chairman David Kunkel.

"In this time of rising costs, the key to building and maintaining a home is economy," Kunkel said. "Many of the booths will show patrons how to make the environment work for them in reducing energy costs. New technologies can help people get a better home for their money."

Dillard stockholders to get 10¢ dividend

Dillard Department Stores Inc. has declared a 10 cent per share quarterly cash dividend on its Class A and Class B common stock, payable May 1 to stockholders of record as of March 31.

NAACP chairman to meet press in LR

Margaret Bush Wilson of St. Louis, national chairman of the National Association for the Advancement of Colored People and an advocate for domestic energy development, will hold a press conference Friday in Little Rock.

Mrs. Wilson is participating in

Business & Farm

Sports, business beginning to mix in big bucks game

BUSINESS MIRROR

John Cunniff

NEW YORK — The line between sports and business grows fuzzier by the day, with business borrowing the suspense, the glamour and drama of games, and athletes getting involved in multimillion dollar deals.

Malcolm Baldrige, the new commerce secretary and former chairman of Scovill Inc., is off riding in the rodeo, while a pinstriped Al Kaline, the former baseball star, endorses *U.S. News'* sound economic reporting.

Ray Kroc, who succeeded in business with McDonald's hamburgers, would like to do the same with his San Diego Padres baseball team. But Robert Carpenter, who loves baseball, is nevertheless selling the Philadelphia Phillies because the economics of the game aren't what they used to be.

George Steinbrenner, who runs the *New York Yankees*, assembles teams with dollars and imagination, buying the best available tal-

... batting title? Can the price of gold hit still another high?

Perhaps it is only because of the season, but the sports page and the business page do seem alike, and statistics have a lot to do with it.

Statistics, especially esoteric ones, have long fascinated baseball fans, but have you noticed some of the numbers they've been playing around with in business lately? Like M1, interest rate to price ratios, taxation to productivity equations and the like. Are they more meaningful than batting averages, runs batted in, earned run averages?

It's hard to say, but there is a

Credit Letters Urged to Cut Re Firms' Risk

By EDWIN UNSWORTH
Journal of Commerce Staff

EDINBURGH — Letters of credit should be used by reinsurers to reduce security risks, a leading Lloyd's underwriter recommended.

Speaking at the Fifth International Reinsurance seminar here Thursday, Edward Nelson, director of the K.F. Alder syndicate at Lloyd's and a member of the Committee of Lloyd's, said that reinsurance companies and underwriters should be prepared to offer

Insurers at Lloyd's are ordered to pay $52.5 million claim to Shell Oil Co., thus ending the "bizarre saga" of the sinking of the tanker Salem last year off South Africa.

letters of credit approved by banks as one means of reducing the security risk faced by other insurers with whom they deal.

Mr. Nelson said that current anxieties over the ability of many insurers to meet their gross liability can best be alleviated by letters of credit "which will provide for the immediate drawdown facility for paid and approved losses."

All reinsurers should be prepared to issue such letters of credit on catastrophe reinsurances, with the expectation that a similar facility will be made available to them, Mr. Nelson proposed.

The viability of this practice has already been proven, he said. Lloyd's underwriters, when they became licensed insurers in New York, continued to provide letters of credit on catastrophe business to assure clients that reimbursements would be possible within 48 hours, if required.

Like other speakers at the seminar, Mr. Nelson expressed concern about the "explosive" growth of the reinsurance market over the last decade and more recently the substantial and increasing underwriting losses being reported by insurers almost without exception, subsidized by historically high levels of investment earnings.

While the situation of investors being content with investment rather than underwriting profits prevails, we are in for a period of continuous deficit underwriting, said Mr Nelson. If interest rates should fall, as they have already started to do, the industry will be left stranded. This would be particularly true in regard to claims and expense costs, which will continue to grow with inflation, he warned.

In another talk delivered at the seminar, Georges Pieccoff, president of the Assurances Generales de France, said that greater use of data banks and improved means of compiling and distributing insurance information could well be a means for the

Nationwide Decision Heightens Clamor For Reform in NJ

By JULIE SCHLENGER
Journal of Commerce Staff

Nationwide's announcement that it intends to withdraw from the property-casualty business in New Jersey met with demands that the state Legislature take action on auto insurance reform.

The Ohio insurer is the eighth company to withdraw from the Garden State in the last five years, reinforcing the long-standing complaint that companies are unable to make money there.

Nationwide attempted to pull out of New Jersey in 1977, and subsequently reduced its auto, home and commercial policies in half, leaving some 51,000 policies in force. Last year, the company sustained losses there of $6.4 million on premiums of $23 million.

Some companies have elected to stay out of New Jersey altogether, as is the case with the Metropolitan Property and Casualty Co.

Insurers in the Garden State have recorded heavy auto losses; in 1979 for example, insurers paid out $201 million more in auto claims than was taken in by premiums.

The Professional Insurance Agents cited the failure of the Legislature to act on auto reform as the reason for Nationwide's decision. A spokesman for the producers said the association regretted the decision and added that it was mandated by the political climate.

Threshold Battle

The state Legislature and the governor have been fighting for four years on whether the state should have a verbal threshold or increase the monetary threshold. The Senate has rejected at least a half dozen verbal threshold proposals offered by the governor in the past. Opposition to the verbal threshold is strongest from the state bar association.

Producer groups have fought for a verbal threshold; however, opposition from the trial attorneys has resulted in their willingness to back off and go to a monetary threshold.

Observers of the auto insurance scene in New Jersey believe that the inability to change the law was the motivating factor in Nationwide's leaving.

In some circles, it is speculated that other companies may follow Nationwide's exodus from the state.

According to the industry — both companies and producers — no one is satified with the auto business in New Jersey and there is strong feeling that something has to be done.

In Massachusetts, a state long known for its auto insurance problems, the governor this week introduced comprehensive legislation to revise the system with competitive rating.

In the past, companies were required to "take all comers" at rates established by the state Insurance Department, regardless of their driving and claims records.

The new legislation calls for elimination of the Motor Vehicle Reinsurance Facility, which covers some 40 percent of the state's motorists. It would be replaced by a joint underwriting association if the governor's bill is adopted.

The assigned risk pool in New Jersey has expanded from 225,000 motorists to its current 1.2 million in just eight years. More than half of Nationwide's auto policies are in the assigned risk.

Sheeran Orders Change In Auto Rating

Journal of Commerce Special

TRENTON — Insurance Commissioner James Sheeran Thursday ordered automobile insurance companies to end their system of basing insurance rates on age, sex and marital status.

Industry representatives at the news conference indicated they would take the issue to court, challenging the authority of the commissioner to change what industry sources said was a tried-and-true system.

Mr. Sheeran has also ordered the companies to, within 60 days, use an additive rather than multiplicative method in combining class and territorial factors, flatten expenses and temper rates.

That order, he said, would bring the high and low extremes of class prices closer to statewide averages.

That 60-day order he called a "short-term step" to change the system.

He ordered that all companies must, within a year, abandon the 40-year-old system where age, sex, marital status and territory are part of how an insurance rate is determined.

The major effect of Mr. Sheeran's order, if it withstands challenges, is that car insurance rates of the young unmarrieds in urban areas would drop by about 20 percent while rates for suburban and rural adult drivers could go up by at least 10 percent.

The order was issued after the department had conducted year-long hearings in 1979 challenging the present rating system.

Mr. Sheeran said that the present system had no validity and was unfair and that there were no proofs presented by the industry at the hearings to justify its existence.

Study Predicts Magnitude Of Quake Loss

By BRIAN P. SULLIVAN
Journal of Commerce Staff

Losses from a single major earthquake in California could exceed the entire dollar surplus of U.S. insurers, according to figures in a California Department of Insurance report.

The report estimates a major quake would cause property damage in excess of $80 billion in northern California and $85 billion in southern California. A large portion of these losses would not be covered by earthquake insurance, but rather would fall into the areas of property and casualty insurance, a department spokesman said.

Assistant Insurance Commissioner Bernard Farrell noted that with the company surplus dollars for 1980 estimated at only $47 billion (for the 202 companies in the report), "it is quite obvious that the property and casualty business does not have the capacity to handle losses of that magnitude."

Property and casualty losses from a major quake would result from secondary damage rather than the actual destruction of property by the earthquake itself. The extensive fire damage expected to result from an earthquake, for example, would be covered by fire insurance rather than earthquake coverage. The same would hold true for other homeowners and casualty policies, officials say.

Ironically, the report suggests that in the event of a major incident, present earthquake coverage would not be overextended. The report shows aggregate insured loss in a single quake for these companies would total $844 million in San Francisco Bay area, and $1.2 billion in Los Angeles and Orange Counties.

Of the 231 companies offering earthquake coverage, 202 have responded to a California law requiring insurance companies to report earthquake risks.

The Federal Insurance Administration has been instructed by Congress to look into the federal government's role in earthquake insurance, according to an FIA official.

The federal government has not established a federal earthquake insurance program, in part because such coverage is offered by private companies (unlike flood insurance, which is offered by the federal government because it is not readily available through private insurers).

A federal earthquake reinsurance plan has been suggested as a possibility by FIA officials if a capacity problem developed. Such a plan would depend on the findings of the FIA study (expected to be completed by September) and congressional action, officials say.

RIMS Con…

Risk M… For Co…

Journal of Commerce

SAN FRANCISCO … have no program for loss control," was t… ed complaint of risk … for ports and port … on Tuesday at … conference of the … Insurance Managem… ety.

Risk and insuranc… ers representing a … port authorities thr… country described … erty loss control pr… non-existant, inade… "lousy."

The greatest prob… face in this area

INA E… Plans U… Investm…

By FRANCINE C. BRE…
Journal of Commerce

SAN FRANCISCO … Insurance Co. of N… ica has created a c… underwrite the risks … production and to … in the investment … of such ventures, … nounced here Wedn… the annual conferen… Risk and Insurance … ment Society.

Tentatively called … Energy Insurance … will underwrite an… risk management … neering services to … range of energy ve… cluding: geotherma… droelectric plants, … er, reservoirs and … thetic fuels, gas … windmills. The … dates INA's existing … in the area.

The company ha… underwritten a … plant and was the … on the construct… Alaska Pipeline, w… insures.

John R. Cox, INA … said at a press conf… through this unit … become more inv… vestment in ener… tion. INA is a pa… joint venture on … submersible drillin… already.

"Property-casua… panies will be in … more and more … longer a real … industries to dea… dollar transfer … are continuously … joint ventures." …

Performance Gu…

Besides under… physical plant, I… performance gua… the energy produc… will produce … within a specified … ing the example … thermal plant, M… plained, "We'll gu… amount of proven … steam."

Private Business Has Key Role