

SPEECH BY SENATOR THOMAS J. DODD AT RICHMOND'S
ALL-INDUSTRY INSURANCE DAY LUNCHEON
HOTEL JOHN MARSHALL, RICHMOND, VIRGINIA
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I am pleased to be with you this afternoon and to have the honor of participating in your first annual Richmond "I" Day.

For some time now, I have been deeply concerned over the underwriting losses which many casualty and fire insurance companies have been experiencing.

When these losses occur, they work to the disadvantage of the insurance-buying public as well as the insurance company itself. Such losses affect a company's willingness to accept certain borderline risks which, under normal circumstances, would be quite acceptable. Vanishing markets and the deterioration of a company's service to the public are the ordinary and distressing products of such a poor underwriting climate.

These losses helped to bring on the harsh, unreasonable, and indiscriminate cancellation practices which probably are more responsible than any other single factor for the recent decline in prestige of the insurance industry.

While most of our country's corporations are drawing in greater profits than they have ever before enjoyed, casualty and fire insurance companies have fallen upon bad times.

The quick and easy answer to this dilemma is to raise the rates. Too many times this has been the automatic reaction to losses. Consequently, the cost of automobile insurance is climbing to heights which soon may be beyond the financial reach of many of our country's wage earners.

Already premium rates for automobile insurance of \$300, \$400, and \$500 a year are not uncommon, and some people are paying much more.

Obviously, this method of solving the problem is a very unsatisfactory one, for we are rapidly approaching its outer limits. Companies simply cannot go on year after year substantially raising their rates.

The insurance industry must dedicate itself to the task of searching for a different and more effective remedy to this serious problem.

This is what I should like to discuss with you today.

Last year 49,000 persons met their death on the highways of our nation -- a truly staggering total -- which, incidentally, is 28 times greater than the number of Americans killed in Vietnam during the same period. In addition to these senseless deaths another 3.5 million persons were injured due to the automobile. The aggregate cost of these accidents was well over \$8 billion.

This is an incredibly tragic picture of human suffering and death.

I should like you to hear something the President recently said about this serious national problem: "The gravest problem before this Nation, next to the war in Vietnam, is the death and destruction, the shocking and senseless carnage that strikes daily on our highways and takes a higher and more terrible toll every year."

As bad as the situation is today, consider what it may be like in ten years.

By 1976 the Nation's population is expected to increase 16 percent, from 195 million to 225 million. The number of automobiles on our roads will increase about 30 percent. Moreover, it is predicted that within 15 years the ordinary work week will be down to 20 to 30 hours.

With the prospects of more people -- driving more cars -- during longer hours of leisure time -- on our already-congested highways, what hope can there be for an improved traffic safety record?

Some experts are predicting that if the current trend of mounting fatalities continues, the automobile death rate may double in the next ten years.

In spite of the unbelievable human toll being exacted each year most individuals seem to have become hardened to the horrible reality of it all. Nearly 1,000 persons die in automobile accidents every week, yet this is as accepted a part of the routine of our way of life as the evening weather report.

Slowly, however, we are awakening to the realization that these thousands of deplorable deaths are not inevitable. The American people are beginning to see that 134 deaths a day is not a necessary condition to the enjoyment and convenience of automotive travel.

Over the years safety organizations and other such interested groups have regarded the question of highway safety primarily as a matter of careless driving and poor roads.

A great deal of time, attention, and money have been devoted to these general areas and their many related subjects. And as a result, many accidents have been prevented.

Nevertheless, even with all this fine accident-prevention work, the death rate has been climbing higher every year.

We can construct the safest highways in the world and we can educate and train drivers until we are blue in the face, but as long as human beings sit behind the wheel of our automobiles, there will always continue to be great numbers of accidents.

What we really need is something to protect ourselves from our own human frailty, and it may be that we have finally discovered that something.

Lately there has been a growing concentration of attention on the question of vehicle safety and the concept of the "second collision."

This is certainly the most practical approach to the problem of highway safety that has yet been conceived. It assumes that accidents are going to happen, but seeks to prevent or lessen the injuries which ordinarily occur as a result of these accidents.

The deepening interest in this unparalleled approach has given us in the Senate new hope that something can and will be done about the daily slaughter on our highways.

The efforts currently underway to improve vehicle safety are truly impressive both in number and quality.

My colleague, Senator Abraham A. Ribicoff, is now hard at work on the problem.

New York State is designing a "crashproof" car which, it is claimed, will prevent death even in head-on crashes at speeds up to 40 m.p.h.

The Liberty Mutual Insurance Company of Boston is developing its own versions of prototype survival cars.

The General Services Administration is now requiring many safety features in the motor vehicles they purchase for the Government. This encourages the automobile manufacturers to include the same features on all cars.

Several universities throughout the country are conducting studies into the design of the automobile and its relationship to auto accident injuries.

And, most importantly, the President's Traffic Safety Act of 1966, if enacted into law, would do more than anything else toward giving the American public a safe automobile. I solicit your earnest and vigorous support of this legislation.

Just yesterday the Senate passed the Tire Safety Act which is designed to prevent tire failure through the establishment and enforcement of minimum safe performance standards for both new and newly-retreaded tires.

The development of a safe automobile, in addition to reducing human suffering, may be the answer to the major loss problem in the field of casualty insurance today.

If these planned model cars are only half as effective as it is expected they will be, the losses expressed on the financial statements of tomorrow would be trifling in contrast to those of today.

Increased profits would feed new life into the blood stream of the underwriters, and not long thereafter we would assuredly witness their return to the positions of strength and stability which they enjoyed just a few years ago.

The public would also be blessed with lower rates and finer service.

The good that would flow from such a development both to the insurance industry and the consumer is inestimable.

Therefore, I call upon the insurance industry -- long a leader in the promotion of highway safety -- to exercise the same fine leadership in this exciting and most promising area of vehicle safety.

I was pleased to learn of Liberty Mutual's efforts along this line, and it is my hope that the entire insurance industry through its many associations will substantially expand and intensify its promotion of safer automobile design.

The Detroit manufacturers have not been doing all that they are capable of doing in this regard. In recent years automobile company executives have been saying such things as: "Ten dollars of chrome will sell more new cars than one hundred dollars of safety features" and "Safety per se. . . is not likely to be a major concern of our group."

Detroit obviously needs to be prodded into the production of a safe car.

And who could do the job better than the industry which is called upon to pay the price of the devastating results of the unsafe car?

One of the most fascinating efforts in this direction was very recently announced by the New York State Insurance Department. They have launched a study of the accident frequency rates of certain automobile makes and models with a view to basing rates at least partially on the results. This may be expected to bring substantial pressures to bear on automobile manufacturers for the adoption of more safety features.

Other methods of promoting the production of a truly safe car could certainly be composed and developed by the many creative minds of the insurance industry.

The shiny, flashy, and over-powered automobile of today has brought the American people untold death and serious injury.

It has brought them agonizing grief over lost loved ones.

It has brought them more suffering by far than any other device known to modern man.

I often lament the presence of the automobile on the American scene and occasionally wonder about the wisdom of its easy accessibility.

Certainly, however, nothing should be done to eliminate the automobile and all the fine service it has afforded us, but much can be done to improve its design.

I urge you fine people gathered together with me here today to do all within your power to foster, promote, and accelerate the cause of the safe car.

Nothing, in my judgment, could do more to improve the insurance industry's public relations and enhance its public image.

Thank you.

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