

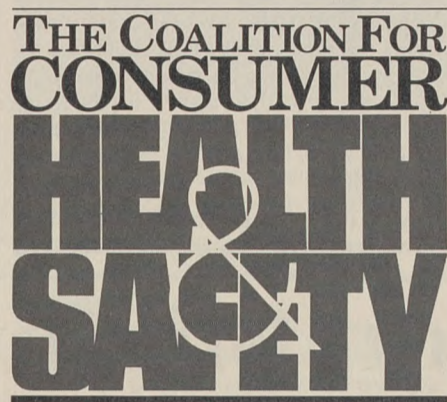
Coalition Presents Health and Safety Agenda

A landmark coalition of more than two dozen consumer, health, and insurance groups has developed an agenda to reduce product-related deaths, injuries, and illnesses. In March, the coalition delivered copies of their "Consumer Health & Safety Agenda" to President Bush, Transportation Secretary Samuel Skinner, Health and Human Services Secretary Louis Sullivan, and top congressional leaders.

"For the first time ever, national consumer groups and large insurance organizations have united behind a wide-ranging program to improve consumer health and safety," said Stephen Brobeck, Executive Director of the Consumer Federation of America and Chairman of the Coalition for Consumer Health and Safety.

The coalition agenda covers six product-related areas: motor vehicle safety, home and product safety, indoor air pollution, food safety and nutrition, cigarette consumption, and alcohol consumption. The agenda also addresses educational measures to combat AIDS, which, while not a product-related hazard, was viewed by the coalition as posing a health threat too serious and imminent to be ignored.

For each of the seven designated areas, the agenda includes an assessment of the scope of the problem and its impact on consumer health and safety; an analysis of causes and factors contributing to the



problem; and both general and specific recommendations for minimizing the threat posed by the particular hazard. The agenda also contains specific policy recommendations to be implemented.

"While coalition members could not reach a consensus on a few issues, what

surprised all of us was the extent of agreement," noted Brobeck. "We have learned that on consumer health and safety issues, consumer and insurer groups share much common ground."

With the agenda now complete, the goal of the coalition is to work together to advance the agenda's recommendations.

"The stakes are enormous—hundreds of thousands of lives are lost, millions of injuries and illnesses are suffered, and hundreds of billions of dollars in medical and related costs are spent each year as a result of products that pose an unreasonable risk to consumers," Brobeck said.

In addition to delivering the agenda to key policymakers, the coalition has requested meetings to discuss its policy recommendations with President Bush, Secretary Skinner, Dr. Sullivan, Senate Majority Leader George Mitchell, Senate Minority Leader Robert Dole, Speaker of the House Jim Wright, House Majority Leader Thomas Foley, and House Minority Leader Robert Michel. The coalition also is distributing the agenda to other members of Congress, governors, state health officials, consumer groups, and insurers.

The following organizations are members of the Coalition for Consumer Health and Safety: American Academy of Pediatrics; American Association of Retired Persons; American College of Preventive Medicine; Americans for Democratic Action; American Lung Association; American Public Health Association; Center for Auto Safety; Center for Science in the Public Interest; CFA; Motor Voters; National Consumers League; National Council of Senior Citizens; Public Voice for Food and Health Policy; Alliance of American Insurers; Allstate Insurance Company; American Council of Life Insurance; American Insurance Association; CUNA Mutual Insurance Group; Insurance Information Institute; John Hancock Financial Services; The Kemper Group; Liberty Mutual Insurance Group; Nationwide Insurance Company; The Principal Financial Group; The Prudential Insurance Company of America; State Farm Insurance Companies.

A copy of the document may be obtained by writing to CFA at 1424 16th Street, N.W., Suite 604, Washington, D.C. 20036. (It is free to press and government officials, \$15.00 to all others.)

Coalition Policy Priorities

Each topic of the Consumer Health and Safety Agenda includes specific policy recommendations to reduce product-related deaths, injuries, and illnesses. Below are listed some of the most important of those recommendations.

Motor Vehicle Safety

To reduce the deaths and injuries associated with vehicle accidents, the Coalition supports:

- steps to increase the use of safety belts and airbags, including educational campaigns and improved enforcement and passage of state mandatory use laws;
- extension of automobile safety standards, particularly those mandating passive restraint systems, to light trucks, vans, and utility vehicles; and
- enactment and enforcement of tougher drunk driving laws and a widespread effort through the media and other sources to educate the public on the dangers of drinking and driving.

Home and Product Safety

The Coalition supports:

- improvements in the operation and funding of the U.S. Consumer

Product Safety Commission (CPSC), the federal agency charged with protecting consumers from unsafe consumer products; and

- further action by the CPSC and appropriate state agencies to address the hazards posed by a number of products, in particular all-terrain vehicles, bicycles, cribs, flammable clothing, and swimming pools.

Indoor Air Quality

The Coalition supports:

- enactment of federal legislation that would develop a comprehensive approach for addressing the indoor air pollution problem, through expanded research, demonstration programs on methods to mitigate indoor air problems, and grants to state indoor air programs; and
- measures to ensure the reliability of laboratories and firms involved in indoor air pollution diagnosis and mitigation.

Food Safety and Nutrition

The Coalition supports:

- development of a mandatory inspection program for fish and shellfish in order to curb the incidence of food-borne illness;

- setting of firm guidelines on labeling by requiring full nutrition and ingredient labeling on all foods;
- elimination of "and/or" ingredient labeling;
- labeling of tropical oils as saturated fats; and
- setting of meaningful standards for the use of the terms "lite," "light," and "lean."

Cigarette Consumption

The Coalition supports:

- greater financing of local, state, and federal programs aimed at educating the public about the health hazards related to smoking;
- restrictions on smoking in public facilities, particularly on public transportation; and
- employer initiatives to discourage smoking, such as implementation of nonsmoking policies at the worksite and sponsorship of smoking cessation programs.

Alcohol Consumption

The Coalition supports:

- limitations on alcohol advertising directed at underage drinkers;
- additional measures to balance alcohol

advertising on television and radio with messages highlighting the risks related to drinking;

- strengthening of drunk/drugged driving laws and their enforcement by state and local legislators; and
- commitment of greater resources to public education campaigns about the dangers of drunk/drugged driving.

AIDS

The Coalition chose to focus on broad educational and public awareness efforts aimed at addressing the AIDS problem. Toward this end, the Coalition supports:

- the making of a personal commitment by public and private sector leaders to educate the general public about AIDS;
- the adoption by employers of more humane corporate policies towards those with the disease; and
- provision by employers of education and awareness programs for employees with AIDS.

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June 15, 1989
Capital Hilton Hotel

Consumers Support Auto Insurance Reform

A recent national opinion survey reveals that the public believes auto insurance rates are far too high and supports a wide range of reform measures.

"The dissatisfaction with auto insurance rates is widespread and intense," noted Stephen Brobeck, Executive Director of the Consumer Federation of America, which released the survey results with Consumers Union and the National Insurance Consumer Organization. "Clearly there is strong support for reforms ranging from the repeal of the insurance industry's antitrust exemption to the establishment of state-funded consumer insurance advocates."

The survey was conducted by the national research firm, Opinion Research Corporation, Inc., in January of this year. ORC interviewed a national random sample of 1008 households.

Rates Too High

Seventy-two percent of the sample said automobile insurance rates were too high, while less than one percent indicated they were too low. Perhaps more significantly, 41 percent said that these rates were "much too high." "The 41 percent who feel their auto insurance rates are 'much too high' represent a critical mass of support for consumer insurance reform throughout the nation," Brobeck said. "What happened in California—the pas-

sage of Prop 103 — could happen in other states."

Interestingly, there was greatest dissatisfaction among the poor and the very affluent. Fifty-one percent of those with household incomes under \$15,000 and 48 percent of those with incomes over \$50,000 said rates were much too high. Even more surprisingly, among age groups, there was the most dissatisfaction, not among the young and the elderly who often pay higher rates, but among those aged 45-54: 48 percent of this group said rates were much too high. "Dissatisfaction cuts across income and age groups," said Brobeck.

Reforms Supported

The survey revealed support for two reforms at the state level. By a greater than two to one margin, consumers favor "the establishment of a state-funded consumer insurance advocate to represent consumers before state insurance departments." Sixty-one percent support this measure while only 26 percent oppose it.

Consumers also favor prohibiting a "revolving door" from state insurance departments to the industry, again by a two to one margin. Sixty percent support "prohibiting state insurance commissioners from working for the insurance industry for a period of two years after they leave their state jobs." For this measure, there was strongest support among those aged

35-54 (69 percent), and those with incomes over \$40,000 (67 percent).

"There is no question that the public finds state insurance departments wanting," stated J. Robert Hunter, President of the National Insurance Consumer Organization. "It views these departments as too close to the industry and in need of an independent consumer point-of-view. The creation of state insurance advocates would do as much as anything to improve state regulation of auto insurance."

At the federal level, consumers endorse "increasing auto insurer competition by eliminating the industry's antitrust exemption" by a 41 percent to 26 percent margin (with 33 percent undecided). Strongest support came from the best educated and those with the highest incomes. By a greater than two to one margin, those with college degrees (54 percent to 24 percent) and those with incomes over \$30,000 (49 percent to 24 percent) favored eliminating the antitrust exemption. According to NICO's Hunter, "these results suggest that the better informed consumers are about the industry and its products, the more strongly they favor repeal of the antitrust exemption."

No-Fault Favored

Also, consumers support no-fault auto insurance, by a 49 percent to 37 percent margin. However, there are important dif-

ferences between groups. Most strikingly, college graduates are far more supportive (57 percent to 32 percent) than are those with a high school degree or less (43 percent to 41 percent). Said Consumers Union Legislative Counsel Linda Lipsen: "Consumers support establishment of no-fault auto insurance. Moreover, the greater the understanding that no-fault compensates more of the injured, more quickly, with more benefits, the stronger that support is."

Finally, the public strongly supports "having the government provide limited, low-cost policies so that everyone can afford at least minimal coverage." Sixty-nine percent favor this assistance while only 26 percent oppose it. Said Lipsen: "The public knows that the poor are being asked to pay more for auto insurance, sometimes as much as several thousand dollars annually. Therefore, it is appropriate for states to supply low cost policies for minimal coverage."

"Auto insurance reform has become the Consumer Movement's top priority," Brobeck concluded. "That's why CFA, Consumers Union, and NICO are leading the effort to repeal the industry's federal antitrust exemption. That's also why the three groups support a broad range of reforms including the repeal of prohibitions on agent rebates and group sales, ready access to price information to allow comparison shopping, no-fault insurance, and effective loss prevention measures."

Insurance Exemption Challenged

Leading members of the House and Senate have introduced bills that would essentially repeal the insurance industry's antitrust exemption. Consumer advocates are more optimistic about prospects for this legislation than at any other time since the passage in 1945 of the McCarran-Ferguson law, which established the exemption.

The most encouraging development to advocates was the recent decision by Rep. Jack Brooks (D-TX) to join with Rep. Don Edwards (D-CA) in introducing legislation approved by a House Judiciary subcommittee last year. This "Brooks compromise" prohibits such anti-competitive activities as price-fixing, market division, tying arrangements, and monopolization.

Said Peggy Miller, CFA Legislative Representative: "The fact that Rep. Brooks, who is new chairman of the House Judiciary Committee, has taken initiative on the insurance exemption will help ensure that the issue is given adequate consideration by the House this year."

On the Senate side, Sen. Howard Metzenbaum (D-OH) has introduced a bill that goes beyond the House legislation. It would repeal the exemption outright, except for the preamble, which gives states the right to regulate the industry. As well as proscribing anti-competitive activities, the bill allows the Federal Trade Commission to apply fair trade provisions to insurers. It is co-sponsored by Sens. Joseph Biden (D-DE), Edward Kennedy (D-MA), and Paul Simon (D-IL).

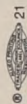
Additional evidence of heightened congressional interest in repealing the antitrust exemption is the introduction by Rep. James Florio (D-NJ) of H.R. 1093. This bill effectively repeals the exemption, not by repealing the language in the McCarran-Ferguson Act exempting the industry from antitrust laws, but by enacting a new statute that prohibits and penalizes anti-competitive activities by insurance companies. It goes beyond the Brooks-Edwards bill in prohibiting insurers from taking "any action to impair the availability or affordability of insurance."

Consumer groups strongly support the repeal of the antitrust exemption as an essential remedy to high auto insurance rates. The exemption, for example, allows the Insurance Services Office (ISO) to "trend" historical loss data and issue "advisory rates." These rates, which influence pricing by many auto insurers, reflect high assessments of future losses and generous allowances for insurer administrative expenses and profits.

CFA Executive Director Stephen Brobeck said, "the repeal of the antitrust exemption is an essential condition for improving competition in auto insurance markets. Together with repeal of state prohibitions on agent discounts and group sales, and provision of adequate price information to consumers, repeal would allow billions of dollars of waste and inefficiency to be squeezed out of the system."

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