



Bush Energy Plan Misses the Mark

The energy plan released by the Bush Administration in May misses the mark on virtually all fronts, according to a series of critiques released by CFA in recent months.

"This is a clearly one-sided and flawed plan that fails to address the key causes of the current energy situation, which the Bush Administration declared a crisis," said CFA Research Director Mark Cooper.

In introducing the plan, President Bush focused on the risks associated with overdependence on foreign energy sources, Cooper noted, but "the energy price shock of recent months was entirely domestic in origin — a self-inflicted wound," he said.

Furthermore, much of the damage — in rapidly rising prices for electricity in California, for natural gas at the well-head, and for gasoline at the pump — has occurred since the November election.

"Electricity prices in California were rising before the election, but they skyrocketed after it," Cooper said, despite the fact that winter is the off-peak season in California.

The \$6 billion paid by California to merchant generators just in the month of December nearly equals the total paid for electricity in the state in all of 1999, he noted.

But "electricity prices in California are not the only energy prices that have risen dramatically since November," Cooper said. "Prices for gasoline and natural gas have gone wild."

Price Increases Cost Consumers Billions

Based on data from the U.S. Department of Energy, CFA and CU estimated that the increase in costs for gasoline and natural gas from November 2000 to May of this year was between \$30 and \$50 billion.

One reason for the skyrocketing prices, Cooper said, is that energy producers have taken unfair advantage of the deregulated energy market since the election.

CFA and CU blamed the administration for failing to take aggressive action to end price-gouging, "which sends a message to the energy companies to keep doing what they're doing," said CU Policy Analyst Adam Goldberg.

In July, CFA released a report that took a closer look at the causes of rising gasoline prices over the past two years and concluded that growing industry concentration is the chief culprit.

This growing concentration has allowed refiners and marketers to reduce refining and storage capacity and withhold supplies in individual markets.

Between 1994 and 1999, over ten percent of the nation's refineries and

branded gasoline stations were closed, the nation's petroleum storage facilities were reduced by nearly 15 percent, and industry systematically lowered stocks on hand to the point where only a one- or two-day supply above minimum levels was available to keep the country's gasoline distribution running (compared to a supply of about a week in the 1980s).

The result has been price shocks to the consumer, especially low income consumers, and escalating profits for industry, Cooper said.

Instead of focusing almost exclusively on increasing drilling, as the Bush plan does, "the administration and Congress should focus their oil-based energy policy on increasing competition, expanding refinery and storage capacity, and boosting the fuel efficiency of motor vehicles," Cooper said.

The report lays out five types of actions federal policy makers should take to increase competition, discourage market manipulation, and assist low-income consumers.

"In the short term, it is most important to ensure adequate storage of product,"

Cooper said. "In the long term, increasing fuel efficiency is the best way to restrain prices, but only if supplies are not allowed to contract."

In addition, said CFA Chairman Sen. Howard Metzenbaum (Ret.), "The Department of Justice and the Federal Trade Commission should work with state attorneys general to curb anti-competitive refining and marketing practices."

No Effort Made To Restrain Costs

By the administration's own admission, its energy plan was not designed to address the immediate crisis of rising energy prices.

In justifying this approach, the president argued that his tax cut proposal offered a way to help consumers pay for rising energy bills.

The problem with that approach, according to a CFA analysis released in May, is that lower income households incur a much larger share of consumer energy expenditures than they receive in tax cut savings, about two to three times

as much.

"Lower income Americans absorb about 28 percent of energy expenditures, but they only receive about eight percent of the fully phased in tax cut," Cooper said. "On the other hand, the wealthiest 20 percent of the population pays about 29 percent of the energy bill, but receives about 59 percent of the fully phased in tax reduction."

"What's missing here is fairness," he said.

Ultimately, mounting political pressure forced the administration to take a more active role in California.

FERC Sets Electricity Price Caps in West

In June, after months of standing on the sidelines, the Federal Energy Regulatory Commission did finally act to address the California electricity crisis, by imposing broader price caps.

The order, which is to stay in effect through September of next year, was stronger than many observers expected, containing several of the key changes

(Continued on Page 2)

Strong Regulation Benefits Insurance Consumers and Industry

With the insurance industry pressuring state regulators to deregulate, and taking their deregulatory message to Congress as well, a new CFA study shows that, contrary to industry claims, both consumers and industry have benefited from California's strong regulatory system.

Released in June, the report concludes that California's Proposition 103 has produced the most pro-consumer auto insurance regulation in the nation, while also benefiting insurers.

"Prop 103 has created a system with higher profits, lower rate increases, and more rapid declines in assigned rate drivers than any other state," said CFA Director of Insurance J. Robert Hunter.

After Proposition 103 passed in 1988, California drivers received an immediate rate rollback totalling \$1.3 billion. But their greatest gain came over the next decade, when auto insurance rates declined by four percent in California (from 1989 to 1998) while rising by more than 25 percent in the rest of the nation.

During that same period, California auto insurers also enjoyed healthy profits. Specifically, using a calculation of annual return on net worth, the report found that California auto insurers received 16.0 percent from 1990 to 1999, compared with only 10.9 percent received by auto insurers nationally.

New Data Shows Trend Continues

Data released a week after the report by the National Association of Insurance Commissioners confirms that the trend is continuing, with auto insurance costs in California dropping by 8.5 percent in 2000. Including the new data, and factoring in inflation, the national average auto insurance rates have risen by 2.4 percent, while California rates have fallen by 34 percent.

"Despite industry opposition, Prop. 103 created a system mixing greater competition with smarter regulation and greater consumer participation," Hunter said. "The result was lower consumer rates with higher industry profits."

"Instead of eagerly embracing industry deregulation proposals, state insurance commissioners should look to California for guidance about how to effectively regulate personal lines of insurance," he said.

Hunter called on the National Association of Insurance Commissioners, as it studies personal lines regulation, not to bow to industry pressure to "simply deregulate the current non-competitive systems. Instead, NAIC should adopt the sort of full competition and excellent regulatory backup that Prop. 103 has pro-

vided for California's consumers," he said.

CFA distributed copies of the report to state regulators. Hunter also described its findings in June testimony before a House Financial Services subcommittee.

In that testimony, he urged Congress "not to allow the industry to continue to use you as a threat to gain the mindless deregulatory changes they propose."

While not opposing some federal regulatory role, Hunter urged Congress to reject "any system that gives the regulated an option to go back and forth between regulators, playing them off against each other to lower protections."

Principles for Federal Role Outlined

Rather, he said, any optional system must contain high minimum standards for both regulatory regimes, based on the following principles:

- consumers must have access to timely and meaningful information on the costs, terms, risks, and benefits of insurance policies;
- insurance policies should be designed to promote competition, facilitate comparison shopping, and provide meaningful and needed protection against loss;
- all consumers should have access to adequate coverage and not be subject to

(Continued on Page 2)

Health and Safety Update:

Groups Oppose "Compromise" Gun Show Bill

As the debate began to heat up over the best way to close the gun show loophole, a group of 50 organizations, including CFA, wrote to members of the Senate in June opposing the McCain-Lieberman gun show bill on the grounds that it would open more loopholes than it would close.

The "gun show loophole" is an anomaly in current law that requires federal firearms license holders to conduct Brady background checks on sales made at gun shows, but exempts gun show sales by unlicensed individuals from the requirement.

"This deadly loophole allows felons, domestic abusers, minors, and other prohibited persons to purchase guns without a background check," said CFA Project Manager Susan Peschin.

In fact, a 1999 report by the Treasury and Justice departments concluded that: "Gun shows provide a large market where criminals can shop for firearms anonymously."

While the McCain-Lieberman bill (S. 890) would require sales by unlicensed individuals at gun shows to be subject to background checks, it would allow the period for law enforcement to conduct such checks to be shortened from three days to 24 hours if certain conditions are met.

According to the Department of Justice, 95 percent of all background checks are completed within two hours, but extra time is essential to follow up on checks that raise a red flag. Since many gun shows take place on the weekend, when state and local law enforcement offices are closed, the information necessary to

complete a background check often would not be accessible within 24 hours.

In contrast, S. 767, sponsored by Sen. Jack Reed (D-RI), would extend existing federal law requiring background checks to all sales at gun shows and preserve the three business day provision for completing the checks. CFA endorses the Reed bill.

"The three business day provision must be preserved for all sellers at gun shows," the groups wrote in their letter to the Senate. "Anything less will be a windfall for criminals and a nightmare for law enforcement."

CPSC To Develop Baby Bath Seat Rules

The Consumer Product Safety Commission voted unanimously in May to begin a rulemaking to set safety standards for baby bath seats.

CFA led a group of consumer and safety groups in petitioning the agency last July to ban the seats. The petition cited continued deaths and a deadly misperception by parents and caregivers that the products are safe.

"We are grateful for the agency's granting of our petition and believe it underscores the very deadly nature of this product," said CFA General Counsel Mary Ellen Fise.

The seats are intended to assist in bathing infants by holding the child in a sitting position in a full-size bathtub. Drownings typically occur when the infant is left unattended for a brief time and tips over, climbs out of, or slides through the seat. However, some drownings and nearly 38 percent of near misses

have occurred with a caregiver present.

To date, there have been at least 78 drowning deaths to infants and 106 reports of near drowning incidents associated with infant bath seats. Fifty-two of those deaths have occurred since 1994, when CPSC decided not to take action to regulate or ban the seats.

"While CPSC continues its examination of bath seats, we recommend that parents not buy the product or, if they already own one, throw it away," Fise said.

Study Supports Need for Playground Renovations

A new CPSC study of playground risks confirms the need for playground renovation projects, CFA and U.S. PIRG warned in a May news release.

"Injury levels have not decreased and children remain at risk," Fise said. In 1999, an estimated 205,850 children were injured seriously enough by playground equipment to require hospital emergency treatment.

The "widespread pattern of hazards" uncovered by CFA and U.S. PIRG's nation-

wide playground safety surveys was reflected in the new CPSC data, said U.S. PIRG Staff Attorney Rachel Weintraub.

In 2000, CFA and U.S. PIRG surveyed 1,024 playgrounds in 27 states and Washington, D.C. They found serious dangers at a majority of public playgrounds, including hard surfacing, equipment that is too high, openings in equipment that can entrap children, and swings that are too close together.

The CPSC study reviewed playground equipment-related injuries treated in hospital emergency room from November 1998 through October 1999 as well as playground-related deaths reported to CPSC from January 1990 through August 2000.

The study's findings support CFA and PIRG's emphasis on the importance of adequate surfacing and of limiting equipment height. Falls comprise 79 percent of all injuries on public playgrounds, according to the CPSC data.

CPSC also found a marked increase in climber-related injuries. In 1999, 53 percent of injuries occurred on climbers, compared with 32 percent in 1988.

Energy Policy

(Continued from Page 1)

advocated by CFA and a number of its member organizations.

It applies 24 hours a day, seven days a week, not just in emergency situations, and it covers all the states in the Western States Coordinating Council, not just California.

It addresses megawatt laundering by prohibiting energy companies from selling power outside the region, only to import it back in with no restrictions on the price they can charge.

Although the plan also called for a meeting of the various parties involved in the California crisis to resolve issues of refunds for overcharges and unpaid generator bills, those meetings failed to produce an agreement, and another round of hearings is in the offing.

Despite the improvements over previous FERC inaction, the order still falls far short of the return to cost-based pricing that is needed to restore reasonable electricity prices in the region, Cooper said.

Instead, FERC set the "ceiling price" at the cost of the least efficient generator paying the highest price for natural gas and pollution credits.

"What the FERC did was to establish a system where electric producers get the higher of the market price or their book cost. That is the exact opposite of how a market is supposed to work," Cooper said. "It leaves a massive windfall on the table

for energy producers."

Meanwhile, efforts to move the administration's energy plan in Congress have produced little of substance.

Administration efforts to open environmentally sensitive areas to drilling have been rebuffed, with large numbers of House Republicans voting against their own party's legislation.

Efforts by Democrats to increase fuel efficiency standards and to limit electricity price increases have been rebuffed in the House, where the Republicans have a majority.

"Opinion polls show that the public has soundly rejected the Bush administration's view of the energy situation," Cooper said.

"The energy producers have launched a nationwide advertising campaign to convince the public that there is a crisis, but with the administration's negatives on the energy issue running so high, the real objective seems to be damage control for the 2002 elections," he said. "The result is likely to be legislative gridlock."

The CFA analyses of gasoline price hikes and of the fairness of linking tax cuts to energy price increases are available on the website at www.consumerfed.org/gaspricehikes.pdf and taxcutenergy.pdf respectively.

The CFA/CU analysis of natural gas and gasoline price hikes since the election is available on the Consumers Union website at www.consumersunion.org/telecom/waxdc501.htm.

Anti-consumer Broadband Bill Stalls

Despite having garnered significant bipartisan support in the House, and won approval in the Energy and Commerce Committee, anti-consumer legislation to allow the Baby Bells into the broadband Internet business hit a serious roadblock June.

First, the House Judiciary Committee amended and unfavorably reported the bill (H.R. 1542), leaving it to the Rules Committee to determine which of the two competing versions to send to the House floor.

Then, newly minted Senate Commerce Committee Chairman Ernest F. Hollings (D-SC) declared the bill dead on arrival in the Senate.

Faced with Sen. Hollings' opposition, Republican leaders have been in no hurry to schedule a floor vote in the House.

That is good news for consumers, since the proposed legislation "would seriously harm the interests of American consumers and jeopardize competition in both local telephone and advanced Internet services markets, according to an analysis of the bill released by CFA and Consumers Union in April.

"The Internet Freedom and Broadband Deployment Act of 2001 would be a boon for the Baby Bells, but a disaster for consumers," said CFA Research Director Mark Cooper.

"After five years of fighting tooth and nail to eliminate the pro-competitive provisions of the Telecom Act, the Bells are being rewarded with a bill that would

help them to maintain their local phone monopolies in almost every state and, at the same time, establish a new nationwide monopoly — this time in the broadband services market," he said.

CFA and CU wrote to members of the House Energy and Commerce Committee in April urging them to oppose the bill on the grounds that it would undermine the efficacy of the Telecommunications Act of 1996 and one of that bill's primary objectives, to encourage vibrant local telephone competition.

Because it would allow the Bells into long distance data traffic, the bill would remove one of the best incentives for the them to open their local markets to competition, Cooper said. The likely outcome would be continued Bell control over more than 95 percent of all local residential and small business lines.

The bill would also retard development of strong competition in the broadband Internet services market, the groups charged, by denying competitors access to the existing local phone network. Such access is essential to provide consumers with an alternative to the Bells' high-speed Internet services.

"If Congress reopens the Telecom Act, it should not be to reward the Baby Bells for their anti-competitive practices," Cooper said. "It should be to remove ongoing monopolistic practices that thwart competition and deny consumers greater choice and lower prices for telephone and cable services."

Insurance Report

(Continued from Page 1)

unfair discrimination;

- all consumers should reap the benefits of technological changes in the marketplace that decrease prices and promote efficiency and convenience;
- consumers should have control over whether their personal information is shared with affiliates or third parties;
- consumers should have access to a meaningful redress mechanism when they suffer losses from fraud, deceptive practices, or other violations, and wrongdoers should be held accountable directly to consumers;
- consumers should enjoy a regulatory structure that is accountable to the pub-

lic, promotes competition, remedies market failures and abusive practices, preserves the financial soundness of the industry, protects policy holders' funds, and is responsive to the needs of consumers; and

• consumers should be adequately represented in the regulatory process.

The report, "Why not the Best?," is available on the CFA website at www.consumerfed.org/whynotthebest.pdf. The news release on the report is available at autoinsuranceprop103.pdf, and a news release updating the report's findings is at cainsurancepr.pdf.

For a print copy of the report, send \$10 prepaid to CFA, 1424 16th Street, N.W., Suite 604, Washington, D.C. 20036.

Groups Protest "Virtual" Privacy Protections

As the July 1 deadline loomed for implementation of the new financial privacy law, leading consumer and privacy organizations called on Congress to pass real privacy protections and urged regulators to use their authority to strengthen existing rules.

The 1999 Financial Services Modernization Act required financial institutions to send their customers a notice by July 1 of their information sharing and selling practices. Consumers have only a limited ability to opt out of having their information shared or sold.

"This new law provides Americans with what can only be described as virtual privacy," said CFA Legislative Director Travis Plunkett. "Consumers get the illusion of privacy protection, but not the reality."

The problem, he said, is that "the law puts the burden on the consumer to say no, assuming they even are aware of and can understand the privacy notice, instead of forcing the company to convince the consumer to say yes."

Plunkett also pointed out that the law does not give consumers the right to stop the sharing of information between affiliated businesses. "If my bank is affiliated with an insurance company I've never heard of, there is nothing I can do to stop them from sharing sensitive information about my account history," he said.

In light of these inadequacies, the advocates — Ralph Nader, Remar Sutton, and representatives of Consumers Union, Electronic Privacy Information Center, Public Citizen Litigation Group, the Privacy Rights Clearinghouse, and U.S. Public Interest Research Group, as well as CFA — called on Congress to pass real, opt-in privacy protections.

Specifically, the groups support legislation based on fair information practices: limitations on information collection, the right to review and correct records, and consent before sale or secondary use of information.

"In Congress, there is strong bi-partisan support for real, opt-in privacy protection," said Ralph Nader. "Strong privacy protection would pass if the leadership of both houses would let a clean bill come to the floor for a straight up or down vote."

The groups also announced their intention of filing a formal petition to regulators to compel them to use their existing authority to strengthen privacy rules.

In July, the groups followed through by petitioning eight federal regulators with responsibility to implement the financial privacy law to "revise the regulations and require that financial institutions provide understandable notices and convenient opt-out mechanisms."

In the meantime, the groups launched a website, www.privacyrightsnow.com, to help consumers prevent financial institutions from selling their confidential records and to enlist them to join the fight for passage of opt-in privacy laws.

Advocates Meet with FTC Chair

Members of the Privacy Coalition and a smaller group of consumer advocates met with the new Federal Trade Commission in July to discuss ways in which the FTC could improve its enforcement of privacy protections.

In their meeting with Chairman Timothy Muris, Privacy Coalition members outlined ways in which the commission could improve the processing of privacy complaints by providing a dedicated system for documenting and monitoring these complaints.

Coalition members also urged the commission to improve its reporting on complaints and how they are handled.

"The FTC has become the federal government's privacy protection agency," said CFA Director of Consumer Protection Jean Ann Fox. "To do that job well, the FTC must design a privacy complaint system that serves consumers, tracks trends in privacy abuses, and holds the FTC accountable for outcomes."

In one promising sign that progress may be possible, Muris told consumer group representatives that privacy is his highest consumer protection priority.

Courts Address Identity Theft

Meanwhile, in April a federal court upheld regulations that restrict the sale of "credit header" information from credit reports.

The credit headers include consumers' names, Social Security numbers, dates of birth, addresses, and phone numbers. Credit bureaus have sold this information to direct marketers, detectives, and information brokers who have, in turn, sold the information to a wide variety of parties.

In implementing the financial modernization bill, federal agencies restricted the sale of credit header information, a move strongly opposed by credit bureaus and members of the data-selling industry.

"The sale of credit header information has been linked to identity theft and violates fair information practices," Fox said. "This decision strengthens the FTC's ability to protect consumers against the information broker industry."

Meanwhile, the U.S. Supreme Court has agreed to hear another case involving identity theft.

In this case, credit bureau TRW is attempting to undermine the Fair Credit Reporting Act statute of limitations, by limiting it to two years from the time of the error by the credit bureau rather than two years from the discovery of the identity theft.

A recent Federal Trade Commission study found that at least 20 percent of identity theft victims do not even discover the identity theft for two years. If TRW were to prevail, these victims would lose any opportunity to seek redress in the courts.

CFA signed on to an amicus brief filed by the National Association of Consumer Advocates in June supporting the identity theft victim in the case.

The brief argues that the interpretation of the statute of limitations sought by industry:

- "would seriously undermine the paramount method chosen by Congress to provide the necessary incentive for reporting agencies to meet their obligations to protect the integrity and confidentiality of individual consumer reports — private enforcement by aggrieved consumers;" and

- "would create a nearly all-encompassing exception to suits by the individuals who are the victims of the current identity theft epidemic."

Anti-Spam Legislation Called Too Weak

In June, the House Judiciary Committee reported out a weak bill, H.R. 718, to protect consumers against senders of unsolicited commercial email.

A similar Senate bill, S. 630, had been scheduled for mark-up in May, but no action has been taken since the switch to Democratic leadership in the Senate. Sen. Ernest F. Hollings (D-SC), who now chairs the Commerce Committee, has expressed reservations about the adequacy of the bill's protections.

Those concerns are shared by consumer and privacy groups.

CFA, Commercial Alert, Consumer Action, Junkbusters Corp., and Privacy Rights Clearinghouse warned in a letter to Congress earlier this year that both H.R. 718 and S. 630 fail to include two essential features: an opt-in policy and a private right of action.

"Because consumers incur costs to receive unsolicited commercial email, the correct policy is to prohibit unsolicited commercial email, just as Congress prohibited junk faxes in the Telephone Consumer Protection Act of 1991," they wrote.

"An opt-out policy, which is taken in S. 630 and H.R. 718, will not significantly reduce the widespread damage to consumers' interests and confidence."



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Workers Lack Adequate Disability Coverage

Most American workers (82 percent) either have no long-term disability income coverage or have coverage they believe is inadequate, according to a survey released in April by CFA and the American Council of Life Insurance (ACLI).

The joint survey also found that 73 percent of workers believe they would be adversely affected financially if they were unable to work for a year or longer.

"Considering these findings, it is no surprise that 72 percent of workers rate long-term disability income coverage as an important work-related benefit," said CFA Director of Insurance J. Robert Hunter.

The survey also revealed that workers do not understand their disability income benefits at work at all well. Among those with disability coverage, for example, 43 percent did not know their basic long-term disability benefit.

To combat this problem, CFA and ACLI have prepared a free brochure, "Long-term Disability Income Insurance — Financial Protection for You and Your Family," which:

- describes resources, including Social Security, that provide benefits to disabled workers;
- discusses the features of private dis-

ability income insurance, including related cost factors;

- gives tips on purchasing this insurance; and

- provides a consumer checklist to evaluate long-term disability income insurance policies and their benefits.

One of the groups' goals in distributing the brochure is to raise awareness and thus encourage employers to provide long-term disability income insurance at work.

"Unless they receive long-term disability coverage at work, many below average income wage earners will find that, as a practical matter, they will have to rely on Social Security as their only source of disability benefits," said CFA Life Insurance Actuary Jim Hunt. "For lower income people, these benefits are not insignificant," he added.

Survey findings indicate that many Americans don't consider disability a significant risk. Only seven percent of those surveyed, for example, said they are very likely to become disabled and unable to work for one year or longer, while 32 percent rated that risk as somewhat likely.

Although there is no recent reliable information on worker disability risk,

1987 actuarial tables released by the National Association of Insurance Commissioners indicate that a worker at age 35 has about a 24 percent chance of being disabled for more than 90 days during the remainder of his or her working life.

"The survey results illustrate how widespread misunderstanding about disability is," said ACLI President and CEO Carroll A. Campbell, Jr.

"Disabilities can strike anyone, regardless of age, gender, or income level — endangering our ability to put food on the table, cover our mortgage or rent, and meet other financial obligations. Simply put, if you are the family money machine, how will your family function if you break down?"

The complete news release, containing additional information on survey findings, is available on the CFA website at www.consumerfed.org/ltddisability.pdf. The brochure is available both on the CFA website, at ltddbrochure.pdf, and on the ACLI website, www.acli.com.

To obtain a print copy of the brochure, call 1-800-589-ACLI and ask for publication number 7200004.

CPSC Urged to Address Recall Defects

Nearly one in five recent child-safety product recall hotlines suffers from a "serious breakdown" that leaves parents with little or no ability to protect their child by availing themselves of the recall remedy, according to information released by CFA in June.

In releasing the report, CFA formally petitioned CPSC to enact new regulations to protect America's children by:

- requiring that recall remedies be available indefinitely;
- requiring manufacturer's name and contact information on all products; and
- requiring direct to consumer notification of safety recalls.

"This is no isolated problem," said CFA General Counsel Mary Ellen Fise. "We've uncovered a genuinely shocking breakdown that encompasses roughly 18 percent of child-safety recall lines."

Specifically, CFA found that 108 of 595 hotlines or phone lines listed in recent Consumer Product Safety Commission child product recalls have the wrong number, are disconnected, ring a fax machine, are always busy, or are answered by company personnel who either don't know about the recall or say they are out of repair parts.

"These are products that, in some cases, have injured and even killed children," Fise said. "When you combine the defective recall numbers with other problems identified in our petition to CPSC, the case for a swift regulatory response by the commission is quite compelling."

CFA uncovered the hotline problem while developing its new child safety website, SafeChild.net. (See box.)

In attempting to verify the recall information in CPSC press releases for use on the website, Fise and SafeChild.net Project Manager Susan Winn unearthed "a startling disconnect between the recall hotlines or phone numbers provided to the public and what companies are actually doing," Fise said.

Those problems and other problems that inhibit recall effectiveness formed the basis of CFA's petition to CPSC.

"In the absence of a regulation requiring child product manufacturers to keep recall hotlines in operation, too many of the product-recall numbers are being

abandoned after just a few years," Fise said.

This is unacceptable, she said, because children's products can continue in use for years as they are passed down from child to child, are sold in thrift shops or at yard sales, or are loaned to others by friends and family members. Meanwhile, parents can go to the CPSC website and get information about the recalls but be denied access to an effective remedy.

Requiring manufacturers to put their name and contact information on all products would both improve consumers' ability to determine if they have

the product that is subject to the recall and improve CPSC's ability to track down manufacturers of unsafe products and force a recall, Fise said.

Requiring direct-to-consumer notification of recalls would also greatly increase recall effectiveness, she said. "This currently occurs on a very limited basis, and mechanisms to obtain consumer information that would facilitate such notification are inadequate and inappropriate."

CFA called on CPSC to mandate the provision of Consumer Safety Registration Cards with all products sold for children. CFA specified that such cards should: be postage paid by the manufacturer; be pre-labeled with product information; collect only the consumer's name and address or e-mail address; protect consumer privacy by not selling or disclosing any information provided; and be used only in the event of a safety recall.

Coincidentally, CPSC issued an Advance Notice of Proposed Rulemaking in June which recommends requiring manufacturers of certain types of products, including juvenile products, to provide product registration cards in order to increase recall effectiveness.

The report and the complete news release are available on the CFA website at www.consumerfed.org/recallreport.pdf and recallrelease.pdf respectively. They are also available on the SafeChild website.

For a written copy of the report, send \$10 prepaid to Recall Report, CFA, 1424 16th Street, N.W., Suite 604, Washington, D.C. 20036.

Child Safety Website Launched

The Consumer Federation of America Foundation launched a comprehensive new child safety website in June called SafeChild.net.

Although still under development, with additional content being added, the website is now available to the public at www.safechild.net.

It received more than one million hits in its first month of operation.

"Because of the breadth and number of topics, we believe this is one of the largest non-commercial websites on the Internet addressing children's safety and health," said SafeChild.net Project Manager Susan Winn.

The website provides information on a full range of safety and health issues that affect children newborn through age 12.

Content is specially targeted for three audiences concerned about child safety:

parents; professionals who interact with children, including child care providers, teachers, coaches, and health professionals; and advocates who work on child safety issues.

The website currently contains 685 documents. The parents' section covers more than 225 general topics, organized within eight categories: products for children, recalls, safety at home, safety outside the home, health, childcare and education, traveling with children, and resources.

Many of the topic areas contain multiple articles, offering parents an in-depth examination of an issue affecting their children.

The website also offers a free, non-commercial, and confidential email notification service detailing major child safety product recalls and related child safety tips.

Few Americans Want President To Sign Bankruptcy Bill

Only about one-quarter of Americans want President Bush to sign bankruptcy legislation that in July cleared a final hurdle blocking conference committee consideration. According to a poll released by CFA in May, nearly half of those polled want the president to veto the bill.

"Americans don't support a harsh and one-sided bankruptcy bill," said CFA Legislative Director Travis Plunkett. The poll by Opinion Research Corporation International (ORCI) shows lack of support for the legislation that is consistent across demographic groups and regions.

"Creditors have cleverly exploited broad public support for a principle — that no one who can afford to pay off their debts should be allowed to wipe them out in bankruptcy — to claim support for a bill drafted largely by creditor interests," Plunkett said. "For Americans, however, the devil is in the details."

The poll also shows that Americans have not been made aware of key aspects of the bill. Nearly six in ten (58 percent) were not aware that the House bankruptcy bill would allow wealthy individuals in some states to declare bankruptcy and still own expensive homes; 51 percent were not aware that the bills would not restrict credit card issuers from marketing or extending credit to those who cannot afford it; and 48 percent were not aware that the bill is strongly opposed by consumer groups.

As previous polling has shown, "the more people learn about the bankruptcy bill, the more they oppose it," Plunkett said. For example, a June 2000 ORCI poll found that 64 percent favor including a provision to discourage creditors from lending money to high-risk persons already carrying large debts, and 84 percent oppose allowing wealthy individuals to declare bankruptcy and still retain expensive homes.

Ironically, the legislation got a boost from the change to Democratic leadership in the Senate, which broke the logjam on appointing conferees that had stalled the legislation since its passage in both the House and Senate in March. Senate Majority Leader Thomas Daschle (D-SD) appointed 13 Senate conferees — seven Democrats and six Republicans. Unfortunately for consumers, Sen. Daschle included Sen. Joe Biden (D-DE), an outspoken supporter of the legislation, among the Democratic conferees. This could tip the balance on the committee toward Republicans who support sending the legislation to the president with few, if any, improvements.

"We urge the president and Congress to listen to the public and reject legislation that benefits creditors at the expense of those who have suffered real financial misfortune," Plunkett said.

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