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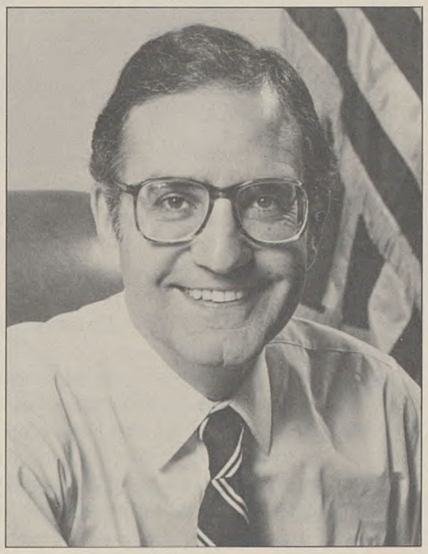
Consumers Make Modest Gains in Elections

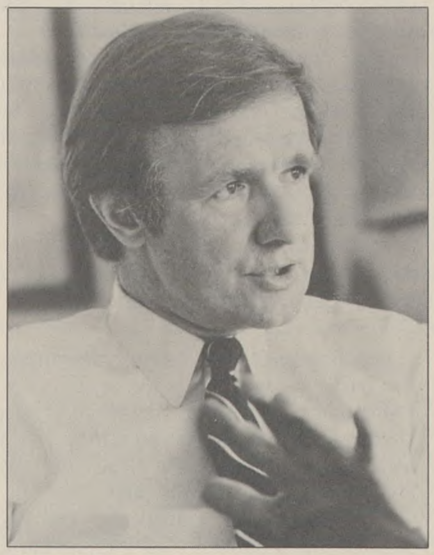
Now that the dust has settled on the 1988 Congressional elections, it appears consumers made some modest gains in both the U.S. House and the Senate.

"With the defeat of Rep. Fernand St Germain; the election of Connie Mack and Trent Lott to the Senate over strong pro-consumer candidates; and the defeat of all but one of CFA's endorsees in races for open seats or against anti-consumer incumbents, our first reaction was that consumers lost some ground in this election," said CFA Legislative Director Gene Kimmelman. "However, once the dust settled and we took a closer look at all the races, we began to see sizable positive results as well."

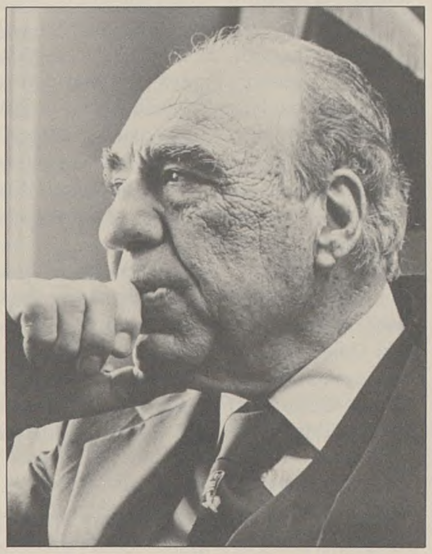
Overall in the seats that changed hands, more went to the pro-consumer candidates than to anti-consumer candidates. The six Senate candidates endorsed by CFA retained their seats. And of the 80 House incumbents CFA endorsed, only Rep. St Germain was defeated.



New Senate Majority Leader George Mitchell



New Senate Banking Chairman Don Riegle Jr.



New House Banking Chairman Henry Gonzalez

New Senators Slightly More Pro-Consumer

The ten new senators are slightly more pro-consumer, as a group, than their predecessors. Three of the new senators are expected to be far stronger in their support of consumer issues, and one is expected to be far worse on consumer issues. The rest are expected to be either roughly the same as their predecessors or only moderately different.

The biggest negative turn-around for consumers came in Florida, where the seat vacated by Sen. Lawton Chiles, who has a lifetime CFA voting record of 51 percent, was filled by Rep. Connie Mack, whose lifetime House voting record is 13 percent.

On the other hand, consumers scored important gains in Nebraska, Nevada and Virginia. Both former Nebraska Governor Robert Kerrey and Nevada Governor Richard H. Bryan, who are expected to be strong consumer advocates, defeated strongly anti-consumer incumbents in Sens. David K. Karnes (R-NE) and Chic Hecht (R-NV). Karnes and Hecht have lifetime CFA voting records of 22 and 12 percent respectively. Former Virginia Governor Charles S. Robb, a leader among more conservative Democrats, fills the seat vacated by retiring Sen. Paul S. Trible Jr., whose CFA lifetime record is 29 percent.

House Results a Mixed Bag

Perhaps the biggest upset for consumers was the defeat of powerful consumer ally Rep. St Germain (D-RI), chairman of the House Banking Committee. "The defeat of Rep. St Germain has important implications for consumers," said CFA Legislative Representative Peggy Miller, who worked with the chairman on consumer banking issues. "On a wide variety of consumer issues, but particularly in the area of banking, he has been an impassioned advocate of the little guy."

And among the 11 CFA endorsed challengers and candidates for open seats, only Frank Pallone Jr. of New Jersey was elected. Pallone takes over the traditionally Democratic seat vacated upon the death of Rep. James J. Howard, a loyal supporter of the consumer agenda with a lifetime voting record of 81 percent.

On the other hand, several traditional consumer opponents were defeated by significantly more pro-consumer candidates. For example, George E. Sangmeister, who was considered a strong consumer advocate during his 14 years in the Illinois legislature and who scored well on CFA's candidate questionnaire, defeated Rep. Jack Davis (R-IL), whose CFA lifetime voting record is 21 percent. In Nebraska, Peter Hoagland, also expected to be a strong consumer advocate, defeated Rep. Hal Daub, whose CFA lifetime voting record is 21 percent. And Rep. Pat Swindall (R-GA), who also has a 21 percent lifetime rating, was defeated by actor Ben Jones, who describes himself as a "mainstream Democrat."

"All of these changes can be expected to represent major improvements for consumers," said Miller.

To the surprise of many, and to the pleasure of consumer advocates, Sen. George Mitchell (D-ME) was elected Senate Majority Leader of the 101st Congress. Sen. Mitchell, who has a strong record of consumer support, is a particularly articulate spokesman on environmental and health issues. "We hope Sen. Mitchell will continue his strong leadership on indoor air quality and use his new position to push for quick passage of indoor air legislation in the 101st Congress," said CFA Legislative Representative Sandra Eskin. Kimmelman added, "We expect Sen. Mitchell to lead the charge for basic health benefits and long-term care."

A dramatic shake-up on issues of importance to consumers comes with the change in chairmanship of both the House and Senate Banking Committees as a result of Rep. St Germain's defeat and Sen. Proxmire's retirement.

Both seats pass to long-time consumer advocates—Don Riegle Jr. (D-MI) in the Senate and Henry B. Gonzalez (D-TX) in the House. "Consumers have long been able to count on both these men's support in the key battles for consumer banking protections, and we feel fortunate to have them as leaders of these vitally important committees," Miller said.

But next year is expected to be an especially difficult one for these committees, as they wrestle with the issue of FSLIC reform and bailout and return to the thorny problem of banking deregulation.

"Conventional wisdom has it that both Sen. Riegle and Rep. Gonzalez will tend to use a 'loose reins' approach to chairing committees. The impact of that approach on consumer banking provisions remains to be seen," Miller said. "Frankly, without powerful, almost unyielding leadership in this next year, it may be difficult to move any legislation on these controversial issues."

"There have been numerous occasions when consumer protections were kept in banking legislation only because Rep. St Germain and Sen. Proxmire refused to let the legislation out of committee without those protections," Miller added. "We will be anxious to see whether Sen. Riegle and Rep. Gonzalez are willing to exert that same kind of control," she said.

Consumer Bills Signed

President Reagan has signed three consumer protection bills into law that were still awaiting his approval when the last issue of this newsletter went to press.

In late November, the president signed the home equity loan reform bill (H.R. 3011, P.L. 100-709), which makes home equity loans a safer product for consumers by limiting lenders' rights to unilaterally change the terms of loans and improving disclosures so that consumers will have the information they need to make a wise decision. The Federal Reserve Board now writes regulations, and the law will go into effect this summer.

"Passage of this bill was one of the most important consumer victories on banking issues in the last Congress," said CFA Legislative Representative Peggy Miller.

H.R. 4939, a bill dealing with lead contamination in water coolers, was also signed into law as P.L. 100-572. And H.R. 4847, which requires improved labeling of toxic substances in art supplies, was signed into law as P.L. 100-695.

FSLIC Will Top Congress's Banking Agenda

The most pressing consumer issue for the next Congress in the financial services area is finding a solution to the savings and loan crisis in a way that ends industry abuses and is fair to consumers, said Rep. Charles E. Schumer (D-NY) in a keynote address at CFA's December conference on consumer financial services.

Rep. Schumer, a member of the House Banking Committee, said the FSLIC crisis tops the list of consumer issues that will be on the agenda of the 101st Congress because industry losses are enormous, because the cost of a solution grows with each day of delay, and because the types of solutions being discussed to the safety and soundness problem could also influence other consumer issues of access and information.

The most controversial issue is how to pay for it all, but the panelists—Fred Wolf of the U.S. General Accounting Office and Coley O'Brien of the U.S. League of Savings Institutions—generally agreed that to try to find off-budget solutions will delay and thus raise the cost of a solution.

Consumers Will Pay

The cost of the solution has already reached a point at which it "easily exceeds the ability of the thrift industry to handle it," Rep. Schumer said. Since the federal government cannot and will not consider abandoning its commitment to insuring deposits, the only solution is for consumers to bear a major part of the burden of cost, he said.

Rep. Schumer outlined a series of reforms that need to be undertaken, including liquidating those thrifts that are irreparably insolvent, strengthening regulation and enforcement of capital requirements, separating FSLIC from the Federal Home Loan Bank Board, and refusing federal insurance in the future to those institutions that do not meet federal requirements for safety and soundness in their investment practices. "We in Congress will not sign a $50 billion check without demanding that some comprehensive reforms are in place that insure that this will never happen again," he said.

Wolf said the approach taken by FSLIC in the past year in attempting to deal with ailing thrifts has cost $25 to $30 billion while doing almost nothing to solve the problem. "The deals that have been done are not real solutions. In fact, most of them will almost certainly end up being more expensive than if we had just liquidated the institutions," he said.

Rep. Schumer called on consumer groups to play a part in devising solutions. "When you have an industry that affects so many individual consumers on the verge of major change, the job of every consumer advocate is to be involved," he said.

Congress to Tackle Low Income Issues

Rep. Schumer also pledged his support for truth-in-savings, lifeline and government check-cashing, and community reinvestment reform, which he said were the other issues that would head the consumer banking agenda next year.

This view was reinforced by two members of a panel on low income banking, who said legislation is essential because banks have been unwilling to act voluntarily to ensure that all citizens have a safe place to keep their funds, a way to get cash, and a way to make payments.

Neil Fogarty, President of the New Jersey Consumers League, said that industry proposals to deal with the problem of government check-cashing through a system of electronic transfer to "non-accounts" that earn no interest "are not the answer to consumers' problems" since studies show that poor and elderly consumers have a low acceptance of electronic banking.

"Basic banking accounts should come first," he said. "After they are in place, any system of electronic deposits should be voluntary and should go into an account with interest."

Rep. Charles E. Schumer discussed the savings and loan crisis at the financial services conference.

Allen Fishbein, General Counsel for the Center for Community Change, said a consensus developed on the House and Senate banking committees at the end of the last session that the Community Reinvestment Act is not being effectively enforced in large part because banking regulatory agencies "were not doing their job." He predicted the CRA reform legislation would be reintroduced with some changes" to make the process more streamlined.

Agreeing that some improvements could be made in CRA, particularly if incentives for good performance are included, Jack Kolesar, President and Chief Executive Officer of Ameritrust Development Bank, argued that banks should be allowed to develop voluntary policies on low income access issues.

Insurance Regulation Needs Reform

At the state level, insurance regulatory reform is the major emerging consumer issue. Consumers are placed at risk when weak regulation allows insurance companies to make bad investments that could result in insolvencies, allows rates to rise and fluctuate dramatically, is based on bad rating policies that permit excessively high premiums, and permits the lack of standardized information to allow consumers to compare policies, said CFA Legislative Representative Peggy Miller. Furthermore, she said consumers should be concerned about a regulatory system with a revolving door to the insurance industry.

"Consumer groups need to get much more directly involved in the issues, working with their state legislatures and with their insurance departments," Miller said.

David Ream, President of the National Association of Professional Insurance Agents, outlined a series of proposals for reforms that were derived jointly by PIA and the Consumer Insurance Information Group. Among other proposals, the groups agreed that state insurance departments need increased funding, should institute on-going market examinations of insurance companies with an automatic triggering mechanism when complaints reach a certain level, and should increase consumer representation in policy-making.

Two other members of the panel—William H. McCartney, Director of Insurance for the State of Nebraska, and Robert Seiler, Senior Vice President, Secretary, and General Counsel for Allstate Life Insurance Company—argued that, while there is room for improvement, state regulation is essentially effective.

McCartney emphasized the growing role the National Association of Insurance Commissioners is playing in strengthening state regulation. Seiler said that a cost-benefit analysis should be used to determine which are the most effective procedures for regulation.

Nearly 200 consumer leaders, regulators, and industry representatives attended the conference, which was planned by CFA with advice from 14 industry groups.

Congress To Address Future of Phone Industry

The next Congress will be faced with decisions about the entire structure of the telecommunications industry that will call for a vision of the future that goes beyond private interests, Larry Sidman, Chief Counsel to the U.S. House Telecommunications Subcommittee, told attendees at the 1988 telephone conference.

Sidman was a keynote speaker at the November conference, co-sponsored by CFA and the Telecommunications Research and Action Center, which included consumer leaders, federal and state regulators, and industry representatives.

Two issues that are almost certain to be on the Congressional agenda next session—whether to lift some information service restrictions on Regional Bell Operating Companies and whether to replace rate of return regulation with price cap regulation—"engulf the whole communications universe," Sidman said.

"What we really want to know," he said, "is what is your vision of what the tele-

communications world should look like? What kind of competition should there be? What kind of safeguards are required? What's the nature of the social contract?" It will then be up to Congress to synthesize the many different views and determine what is in the public interest, he said.

Rep. Edward Markey (D-MA), chairman of the U.S. House Telecommunications Subcommittee, "is not opposed to the idea of regulatory flexibility, but he does have strong reservations about the specific proposal put forward by the FCC," Sidman said.

Sidman said he is hopeful that under President-elect Bush there will be a "return from the extremes of telecommunications policy to the mainstream of telecommunications policy" and an end to the "fractious relationship" that has existed between Congress and the FCC under President Reagan.

"The nation can't afford a continued paralysis of policy," he said. "We need to move forward. We are on the brink of some major technological breakthroughs. We've got to be prepared to see that the American public reaps the benefits. The rest of the world is not standing in place."

In a session on "The Future of New Consumer Information Services," John Windhausen, Counsel to the Senate Commerce Committee, also described a Congress that is skeptical of the FCC, "given [the FCC's] past history and general philosophy that good regulation is no regulation, and let the market work."

Any bills that are put forward to lift the information services restrictions will be tested according to three basic questions, he said: 1) Why do we need change? 2) What kind of protections are we going to have against anti-competitive practices? 3) How would lifting these restrictions affect U.S. competitiveness and the balance of trade?

RBOC Restrictions Defended

In Congress, "the distinction between content and conduit is a distinction with a very long history," he said. Given the skepticism about the FCC's ability "to detect and prevent anti-competitive conduct," anyone looking to lift the restrictions is going to face "a tough fight."

CFA Legislative Director Gene Kimmelman outlined a basic conflict—between the interests of consumers, particularly low income consumers, in having easy access to high-quality, low-cost service on the one hand and the profit-making interests of the phone companies on the other. This conflict needs to be considered in any decision over whether to lift restric-

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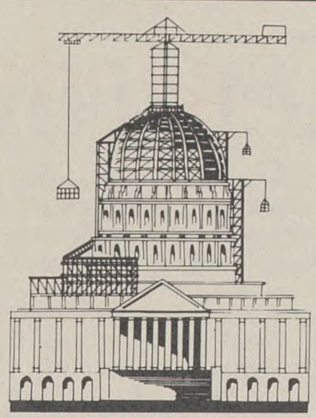

WASHINGTON PERSPECTIVE

An Open Letter to the President

Recently, Consumer Reports *asked several consumer leaders to submit a letter offering advice to the new president to be included in a composite article early in 1989. The one below was submitted by CFA Executive Director Stephen Brobeck.*

Dear Mr. President:

You take office at a time when the welfare of many consumers has never been better. Some of us enjoy the highest disposable income of our lives and the greatest array of goods and services on which to spend it. Because of improvements in our personal health habits and in product safety, we are leading healthier and longer lives.

Yet, there is no room for complacency. You must act to prevent the decline of consumer welfare in the next decade, and into the next century. You must also address the growing consumer needs of a significant and growing minority in our population.

What you can do almost immediately is strengthen federal safety agencies that have been weakened for eight years. The budgets of most of these agencies—Food and Drug Administration, National Highway Traffic Safety Administration, Consumer Product Safety Commission, Environmental Protection Agency, U.S. Department of Agriculture (safety programs), and Federal Aviation Administration—are lower today than in 1980, in some cases substantially less. The CPSC's budget, for example, has been cut in half.

Today, we are beginning to see some of the effects of these reductions—lower and unacceptable air safety margins, inadequate meat and poultry inspections, less safe drinking water, to mention only a few. By preventing accidents and disease, investments of tens of millions of dollars in these agencies now can save our society hundreds of millions of dollars in the future.

Even more important, you must appoint competent, dedicated persons to administer these agencies. Such leaders will ensure that the Congressional mandate of their agencies is responsibly carried out; that has not always been the case in recent years.

The Poor Grow Poorer

A second initiative of your administration must be seeking to meet the growing consumption needs of low and moderate income households. There are two related problems. First, a significant minority of our population has limited financial resources available for consumption. Two-fifths of all households receive a total income of less than $20,000 annually. Of even greater concern, nearly two-fifths of all households hold less than $1,000 in financial assets—cash, checking, savings, investments. Many of these same individuals and families are heavily in debt. In the past decade, for these households real income and real financial assets have declined while debt has mounted.

Higher prices for essential goods and services worsen the financial condition of the poor and near-poor. In the past ten years, the costs of medical care, energy, housing, auto insurance, and banking have risen more rapidly for these groups than has the Consumer Price Index.

At least low income households qualify for Medicaid, low income energy assistance, and subsidized housing. Moderate income individuals and families are the group in the population hit the hardest by these price hikes. As a result, many are without any health insurance, spend over half their incomes for housing and energy, are assessed auto insurance premiums of several thousand dollars annually, and, unable to meet minimum balance requirements, pay a large share of escalating bank fees.

Simultaneously, many consumers are not able to function adequately in today's complex and risk-laden marketplace. In 1977 a national study on functional competence, funded by the U.S. Department of Education, concluded that 29 percent of all adults were "functionally incompetent" in the area of consumer economics, while another 33 percent were only "marginally competent." Functional competence meant such rudimentary skills as understanding a check-cashing policy notice, filling out a check, calculating correct change due, and selecting the lowest priced package.

Marketplace More Complex

Changes in the marketplace have aggravated the problems of consumer competence. Because of deregulation and the implementation of new technologies, goods and services have grown more complex—more difficult to understand, purchase, and get serviced. The extreme case is telephone service. Because of the breakup of the Bell system, consumers must now select among long distance carriers, decide whether to purchase or rent equipment, make relatively sophisticated diagnoses of repair problems, and decipher more complex bills. On top of this, local phone companies are more aggressively marketing "bells and whistles," such as call forwarding and call waiting. Thus, functionally incompetent consumers who formerly were taken care of by "Ma Bell" are now at risk.

This problem of unmet consumer needs of the poor and near-poor is a tough one to solve. In large measure it reflects a lack of adequate schooling and job compensation. Yet, the federal government is poorly prepared to address it, for there is no agency with responsibility for more than a small part of the problem.

As a first step, you should appoint a national commission to examine the issue. It should review existing research, recommend new research needed, and evaluate policy options, such as greater income subsidies (e.g., mandatory health insurance, energy assistance, telephone lifeline, basic banking), consumer protections (e.g., prohibitions against high pressure or deceptive phone sales), and improved consumer education (e.g., stronger consumer education mandates at the secondary level).

Energy Conservation Needed

A third action you should take, Mr. President, is the aggressive promotion of energy conservation. As a nation, over the past decade we have greatly improved our energy efficiency. Yet, we still lag far behind the rest of the industrialized world. The stakes have been high: energy costs represent one of the largest consumer expenditures. Some low and moderate income households spend over one-third of their disposable income just on gas, electricity, and home heating oil. Moreover, the more quickly we deplete our energy sources, the more dependent we grow on the rest of the world. Sadly, there just is not that much oil and gas left to be found on our lands and off our shores.

As new environmental hazards emerge, the stakes grow even higher. Our high energy consumption is a major contributor to acid rain and to a global warming that most scientists agree is taking place. The latter problem could have profound consumer impacts—high electricity costs, higher food prices, declining home values, greater health hazards.

While conservation is not a panacea for our energy problems, it is a necessary step toward their solution. Most important, we must improve the fuel efficiency of our motor vehicles. The last administration buckled under to auto industry pressure to lower CAFE standards. These standards must be raised, substantially. Also, we must step up efforts to improve building and appliance efficiency. Mandatory disclosure of energy efficiency and life-cycle costs should be expanded.

Along with increased conservation, you should encourage the development of renewables. We are running out of oil and gas, and coal is the least clean of all energy sources. Even though solar technologies will help us meet only a small fraction of our energy needs in this century, they offer great promise for the next. You should greatly increase the minuscule research monies allocated to this clean and inexhaustible energy source.

These three actions—strengthening federal safety agencies, addressing low and moderate income consumer needs, and promoting conservation—would improve consumer welfare. In the long run, they would also improve the efficiency and competitiveness of our economy.

Sincerely,

Stephen Brobeck

Telephone Conference

(Continued from Page 2)

tions, he said, particularly since AT&T and the Bell Companies have a history of discrimination against competitors, manipulation of costs, and efforts to shield profits from regulators.

Kimmelman called on the phone companies to "bring local rates down to what they were before the breakup, create a mechanism to keep them coming down like they used to. . .and offer concrete benefits to consumers along with the many potential benefits and risks associated with information services."

While agreeing that some safeguards are necessary, John Gunter, Vice President of Information Services and Market Plans at BellSouth, argued that fears about Bell Company domination of information services are unfounded. "We just want to be one of the players," he said.

In a session on "Universal Service: Programs and Perspectives," CFA Research Director Mark Cooper argued that all of the attention to information services, which affect only a small percentage of consumers, should not be allowed to obscure the real issue for consumers, which is universal service.

Given the facts that one in four households with incomes below $5,000 and one in six households with incomes between $5,000 and $10,000 have no telephone in the home, "lack of telephone service is clearly a low income problem," he said. Furthermore, virtually no progress has been made in increasing the percentage of households with telephones during the 1980s, "in contrast to a historical trend in which there was constant improvement," he said.

Cooper blamed this stagnation on "the post-divestiture policy of regressive pricing and inadequate amelioration." While congratulating the FCC on its sponsorship of programs to assist low income households in getting on the network and in paying their bills, Cooper said design flaws in the programs, restrictive eligibility criteria at the state level, and telephone company opposition have kept them from being entirely effective.

Larry Povich, Program Analyst for the FCC, said that the states are defining universal service through the eligibility requirements they set for lifeline and Link-Up programs, and he advised consumers that the state level is therefore where they can have the greatest influence.

William Stern, Vice President for Policy Development for the United States Telephone Association, argued, on the other hand, that with lifeline and Link-Up programs in place, "the campaign for universal service is largely won."

CFAnews

CONSUMER FEDERATION OF AMERICA
1424 16th Street, N.W., Washington, D.C. 20036
(202) 387-6121

President: *Kenneth McEldowney*
Executive Director: *Stephen Brobeck*
Legislative Director: *Gene Kimmelman*
Assistant Director: *Ann Lower*
Research Director: *Mark Cooper*
Public Affairs Director: *Jack Gillis*
Product Safety Director: *Mary Ellen Fise*
Legislative Representative: *Peggy Miller*
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Administrative Assistant: *Sarah Gardner*
Staff Assistant: *Miguel Carpio*

CFAnews Editor: *Barbara Roper*

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Prop 103 Spurs Insurance Reform

AT THE GRASSROOTS

The passage of Proposition 103 by California voters in November has spurred insurance reform efforts around the country. CFA Executive Director Stephen Brobeck noted that "for the next several years, auto insurance reform will probably be the consumer movement's highest priority."

After approval of Prop 103, its backers reported that dozens of activists around the nation had called for information about organizing their own insurance reform campaigns. Already, the Maryland Citizen Action Coalition has announced that it will initiate such a campaign early in 1989, and the Illinois Public Action Council has indicated they will be seeking an auto insurance rate rollback and repeal of the industry's antitrust exemption. Insurance reform campaigns are also underway or in the planning stage in Florida, Ohio, Michigan, Colorado, New Jersey, and Connecticut.

The model for many new reforms is Prop 103, which sought four types of improvements. To improve competition, it proposed repealing the industry's antitrust exemption, allowing banks to sell insurance, repealing a prohibition on agent rebates, and requiring the insurance department to provide consumers with information on rates for auto insurance and other types of consumer coverage.

To improve regulation, Prop 103 provided for an elected insurance commissioner; required prior approval of rate increases by the commissioner; required insurers to move away from territorial ratings to those based on driving record, annual miles driven, and years of driving experience; and banned cancellation or nonrenewal of auto insurance policies except for nonpayment.

To ensure that consumers have more input into insurer decisions, the initiative requires the commissioner to establish a consumer advocacy organization similar to citizen utility boards, which have been organized to intervene before public service commissions.

Court Approves All But Rate Rollback

The most controversial part of Prop 103 was a 20 percent rate rollback on property and casualty premiums, including auto, below 1987 levels. Recently, the California Supreme Court allowed all provisions to go into effect except the rate reduction.

Prop 103 was the sole survivor of four consumer reform proposals developed early in 1988. It was developed by Voter Revolt, an organization led by Harvey Rosenfield and supported by Ralph Nader.

Another consumer proposal that was on the ballot, Prop 100, was voted down. Initiated by the Insurance Consumer Action Network, this measure was generally similar to Prop 103, except that it provided the 20 percent rate rollback only to good drivers and established, instead of a CUB-type organization, an office of consumer insurance advocacy within the California Department of Justice. Prop 100 was backed by the National Insurance Consumer Organization, by CFA, and by the California trial lawyers' association.

A third consumer proposal that did not make it onto the ballot was authored by Consumers Union. Although sharing many similarities to 100 and to 103, it also mandated no-fault auto insurance and required the state to operate a fund to provide minimum auto insurance coverage for annual premiums of $300.

Driving all these reform proposals was consumer dissatisfaction with high and escalating auto insurance premiums. It is not unusual for good drivers in urban areas to be charged several thousand dollars in premiums each year.

Underlying the analysis of these high rates by groups like Consumers Union and CFA is the assumption that the only effective way to restrain premiums is to implement effective loss control measures as well as industry reform. Said CFA's Brobeck: "Through either tougher regulation or effective competition, or a combination of both, we must seek greater industry efficiency. The Insurance Services Organization (ISO) and state rate bureaus propose rates that reflect overly generous estimates of future losses and administrative expense levels of the least efficient insurers. Through repeal of the industry's antitrust exemption and other measures, competition can be increased."

"At the same time," Brobeck added, "insurers have a point that their losses for such things as medical expenses and auto repair charges are out of control. If insurers are prepared to make a significant commitment to loss control measures, they will find that consumer advocates strongly support these proposals," he said.

CFA, NY Attorney General Seek Ban of Dangerous Crib Toys

CFA and the Attorney General of New York have petitioned the Consumer Product Safety Commission to ban dangerous crib toys for babies. In releasing the petition, CFA and Attorney General Robert Abrams also charged the CPSC with ignoring the issue of crib toy safety.

Between 1973 and 1987 at least 49 incidents involving crib toys—including 30 deaths, one case of severe brain damage, and 18 near misses—were reported in the United States. These deaths and other incidents all occurred when the infant's or young child's neck: 1) became entangled in a cord or cords attached to the toy; 2) became entangled in clothing worn by the child which hooked on to a part of the crib toy; or 3) became suspended over a cord or over toy parts attaching the toy to the crib or playpen.

The CFA/NYAG petition seeks to ban certain crib toys whose design or other characteristics have been responsible for crib toy deaths and injuries. Crib toys which do not pose these hazards could still be sold.

The petition is based on a July 1987 report by CPSC staff, which analyzes cases of crib toy strangulation, categorizes them by crib toy type, and concludes that the existing voluntary standard is inadequate to protect children. Despite these statistics, no mandatory standard exists governing the performance of or labeling for crib toys, and crib toys are not scheduled for review by the commission in this fiscal year, nor are they included in the commission's operating plan for fiscal year 1990.

"Unfortunately, this is another case where the CPSC has decided to look the other way and ignore its own in-house study. Had it not been for our petition, the report detailing these strangulation deaths and recommending action by the commission would almost certainly have remained buried in the CPSC files," said CFA Product Safety Director Mary Ellen Fise.

Crib toys include crib gyms, mobiles, activity boxes, suspended stuffed toys, music boxes, mirrors, and other toys marketed for use in cribs and playpens. CPSC staff estimates that, based on 1984 data, there are approximately 350,000 crib gyms and 800,000 crib mobiles currently in use. Furthermore, a survey of 500 women found that 53 percent of those surveyed considered crib toys as essential for their baby, and 60 percent considered mobiles essential.

"Nothing could be more devastating to a parent than the knowledge that a toy, purchased to amuse an infant child, ended up causing that child's death," Abrams said. "The numbers over the past 15 years indicate a clear need for tougher safety standards if we hope to prevent additional tragedies."

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Consumer Federation of America
1424 16th Street, N.W. • Washington, D.C. 20036 • (202) 387-6121

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