

1,239  
VOL. T

OLS  
LIBRARY

P U B L I C     H E A R I N G

before

SPECIAL COMMITTEE TO STUDY ALLEGED  
DISCRIMINATORY PRACTICES IN CONNECTION  
WITH WRITING AUTOMOBILE LIABILITY  
INSURANCE, CREATED PURSUANT TO  
ASSEMBLY RESOLUTION NO. 2 (1964).

Held:  
July 31, 1964  
Public Service Building  
70 Park Place  
Newark, New Jersey

U

Members of Committee present:

Assemblyman Douglas E. Gimson (Chairman)

Assemblyman Jerome U. Burke

Assemblyman Francis J. Werner

Also:

Samuel A. Alito, Secretary

\* \* \*





I N D E X

|  | <u>Page</u> |
|--|-------------|
| Edward B. Steinmann<br>Hammonton, N. J.    | 2 - 71      |
| Felix White<br>Newark, N. J.               | 8           |
| Otto Mulsow<br>Lake Hiawatha, N. J.        | 13          |
| Frederick D. Hackney, Jr.<br>Newark, N. J. | 23          |
| Lionel Harvey<br>Clifton, N.J.             | 30          |
| Salvatore Malanga<br>Newark, N. J.         | 35          |
| Dykes A. Brookins<br>East Orange, N. J.    | 41          |
| Robert Gaffin, Sr.<br>Camden, N. J.        | 60          |
| Mary Reggitts                              | 63          |
| Alexander Mitchell<br>Roselle Park, N. J.  | 65          |



ASSEMBLYMAN DOUGLAS E. GIMSON (Chairman): Before we begin, I would like to introduce myself and the other people who are seated up here: Assemblyman Francis Werner from Camden County, Assemblyman Jerry Burke from Essex County, and I am Assemblyman Douglas Gimson from Hunterdon County, acting as Chairman of this Committee.

I hope that you are all familiar with the contents of the Resolution under which this hearing is being held. We have copies of this Resolution which was introduced February 10, 1964 by Assemblyman Werner and Assemblyman Bigley from Camden County, referred to the Committee on Business Affairs and subsequently passed by the House. The Committee that you see here has been appointed by Speaker Alfred Beadleston and has conducted preliminary hearings and meetings in Trenton. Today's public hearing will be recorded and used in compiling a report on the subject of discrimination because of age, race, creed, color and national origin, which will be given to the General Assembly upon its reconvening in November.

We will hold hearings, following this hearing, with insurance companies to come up with possibly their solutions to the problems as they arise that may be drawn to our attention at this hearing here today.

If necessary, we will also hold additional hearings to continue what we run into at this hearing. If it is extremely necessary, we may even go to other portions of the State to gain information to compile this report.

I might say that normally we follow the rule that we take our witnesses as they sign in on the register. However,

today I have notified one gentleman, who traveled here from Hammonton, New Jersey, and who is rather elderly, that we would accept his testimony at the outset of this hearing. So at this time I will call Edward B. Steinmann as our first witness.

E D W A R D     B.     S T E I N M A N N: I am Edward B. Steinmann of Hammonton, New Jersey, 75 years of age, and I would like to give a brief statement on my performance over the years.

I was employed with one concern for 51 consecutive years. I have been driving an automobile for over 50 years. And I will touch wood not to be smart, I've never had an accident.

I was covered by two insurance companies over this period of years and the company I was engaged with saw fit, in 1930, to change over to a company, and I thought it was my policy, being manager in an organization of a fleet of 100 cars, to go with this company. I was with them for approximately 38 consecutive years and never had an accident - I'll touch wood again, if you'll pardon me for going through the motion - and, to my surprise, this year when I became the age of 75 and the expiration of my policy was May 1st -- now usually I got the policy renewed about the 1st of April, I paid well in advance when the premium was due, I always paid in a lump sum, and this year I got a little suspicious when they didn't renew it at the given time. So my agent called me and when he announced his name I said, "I think they are going to cancel my insurance." He said, "What made you say that?"

I said, "I just have a hunch." He said, "Well, you're right." I said, "Well, that's terrible." - and if I may be excused to quote the language I used, I said, "That's a dirty, lousey trick." I was very much disturbed to think after years - they only paid \$6.00 for a towing job over the years and dropped me on account of my age.

I then naturally protested to him. This agent is a friend of mine. I went to Philadelphia to see him personally and asked him what could be done. He said, "Nothing. You've reached the age and the company doesn't see fit to carry on any longer." So I said that if I had been an accident-frequency holder I could understand why they would drop me. Well, he said, "That's it." So I told him I wasn't very happy with this situation and I felt something should be done to cover me over the - particularly the conditions of today, I didn't want to be uninsured. So after a couple of weeks they called me up and told me to come up and he thought he had some good news for me. Underderstand, I was covered for quite a large amount and they reduced it to about a quarter of what I had.

So with that I wasn't too happy. And he said, "Well, there's another way of approaching it. I think the company is going to take the smaller coverage but you can get excess coverage." So I applied for that and the company had an investigator come down and interview me at the home and they approved it. And I have a small coverage with the company I was originally with and the extra coverage.

I have a letter here to substantiate - they in

their own writing say - if you care to read this, when I get it outlined a little bit - it says I have an excellent record, however, they felt that they should discontinue the larger amount. With that, there was nothing derogatory all the way along the line outside of a \$6.00 towing job. And that's about it.

Now, if you care to ask some questions, I'll be glad to answer them.

BY ASSEMBLYMAN GIMSON:

Q Yes. Before I turn it over to the other members of the Committee, I would like to have for the record your driver license number and the name of the insurance company refusing you coverage.

A Maybe this is an unfair statement to make - I don't want to put my foot in my mouth and have somebody here because they usually have a representative and hold it against me in the future. Would that be in keeping?

Q In your letter did you give the name of your insurance company?

A No, sir.

Q I think it's imperative that we have the name of your company.

A That's quite all right. I mean, I just feel sometimes you can talk a little too much and make a little trouble for yourself which would backfire, so to speak.

Q I would hope that would not be true, sir.

A I hope so too, sir. Do you want me to call out this number or do you wish to take it? I have a Pennsylvania license also which has a very low serial number, which proves



my driving record, if you care to take that into the record.

(License No. 3101807 issued to Edward B. Steinmann  
Pleasant Mills Rd., Hammonton, N. J.)

Q The reason we are asking for this information is so that we may check to see if there is any record of violation or accident on your motor vehicle record, and to give us a sound basis from which to proceed in any action that we feel necessary.

A I can assure you this, my statements are 100 percent accurate.

Q Yes and I am not inferring that they're not.

A No, sir. I just wish to emphasize that.

Q May I ask you if you have copies of the letters that you have given to us to examine here?

A No, sir. But if you wish, I could get mimeographed copies of them.

Q All right, will you, and we will hold this as Exhibit A-1. We will mark that A-1 and the photostat will show that, so that we have that as a record for the Committee.

ASSEMBLYMAN GIMSON: Are there any questions?

ASSEMBLYMAN WERNER: Yes.

BY ASSEMBLYMAN WERNER:

Q This U.S.F. & G., is that United States Fire and Guaranty?

A Fidelity.

Q Fidelity?

A Yes.

Q This is the one you were insured with or are insured with?

A Are, am, was and now, small

coverage.

Q The same one. A Yes, sir, for over 30 years.

Q We're investigating to see if it's their policy to discriminate. If we find more than one with the same kind of company, why it will indicate that they are doing the same thing. This is what we are checking.

Might I ask you this, too, Mr. Steinmann, in the last ten years, has this been brought on by any serious illness that you might have incurred? A None whatever, sir. As a matter of fact, I might add, the agent when he cancelled, the agent said to the authorities of the company that he wished they'd see this man. And that's not bragging about myself. But he said, he's very alert and capable of driving and he felt that I should be insured.

Q No physical disabilities? A No, sir.

Q No heart condition -- A No.

Q -- or diabetes, which would have given them any occasion -- A No, sir, nothing derogatory.

BY ASSEMBLYMAN BURKE:

Q Mr. Steinmann, how much was your original policy for, before this policy was reduced?

A \$100,000 and \$300,000.

Q \$100,000 and \$300,000. And this has been reduced to what? A Twenty-forty.

Q Twenty and forty? A Yes.

Q And there's no other reason - you feel that it has been reduced as a result of age. A Definitely

to age.

Q Have you been doing business with this agency all the years that -- A As I stated, 38 years.

Q 38 years, sir? Has it always been with the U. S. F. & G. during the last 38 years? A That's correct.

Q As I recall your testimony you said you were insured or you had insurance for 50 years, you were with another company but as a result of your employer changing to U. S. F. & G. you felt it was to your advantage to do the same thing. Right? A That's right.

ASSEMBLYMAN BURKE: I have no further questions.  
BY ASSEMBLYMAN WERNER:

Q Mr. Steinmann, is it necessary for you to use a car to get around from the particular place where --

A Oh, definitely. I'm out in the country. I drive on an average of 10,000 miles a year. By pure coincidence, my meter just turned over 100,000 as I came up this morning.

BY ASSEMBLYMAN GIMSON:

Q Mr. Steinmann, are you now employed?

A No, sir, I'm retired.

Q You're retired. In this state of retirement could you estimate the mileage that you drive each year?

A Yes, about 10,000.

ASSEMBLYMAN GIMSON: I have no further question.

Thank you very much for coming up here and I will return this to you with the hope that you

have it copied and then give it to the Committee or we will copy it and return it to you, if you so desire.

THE WITNESS: All right. If you wish to do that, it's perfectly all right.

ASSEMBLYMAN GIMSON: Thank you very much.

I will now call Mr. Felix White. Mr. White, would you give your name and address.

F E L I X     W H I T E: My name is Felix White, 453 Mt. Prospect Avenue, Newark, New Jersey.

Pardon me, would you want me to state first the insurance company or --

AGE     ASSEMBLYMAN GIMSON: Yes. In your identification, would all witnesses who have been cancelled out for any reason, please give us their driver license number and the insurance company through which they were cancelled or refused coverage.

MR. WHITE: Well, the policy was on me. I own the car and the insurance was on the car. Also, my son drives. Now I was with this company 14 years - The Hardware Mutual - in fact the policy I had was the Sentry and it covered me for \$500,000.

Last year, it seems we found that our car was getting old and we reduced the policy. Now, I do not have it here. I was going to bring it but we reduced it on the age according to the company - they also wanted to reduce it. They

took off certain privileges. And at the present time I just can't state - I think it's a hundred to three hundred thousand, at the present time. But now they turned around and cancelled the policy out, stating - my son went down there -- I have two letters here, one which they sent me, and the other stating no reason why, just cancelling it out. I never had any accidents, have been a driver for over 46 years. I drove in New York City also. I was there a number of years. I held a chauffeur's license there. I've been in Jersey over 35 years and I also have been driving here without any accidents.

There was no accidents that I can say. One accident happened with my son when he was driving, and this is some years back before we had this car. We had another car. And I got paid for that. It was the other man's fault. That was the only, what we call, moving accident.

Now the other accident happened to me - the car was parked, I wasn't in the car, I was home sleeping, and that, sir, is the only one they paid for in the 14 years that I was insured with this company.

Of course, the other little - well, let's say comprehensive, which I was covered for, rose from \$9 to \$18. We had a few where they broke off the windshield wipers and they stole a few hubcaps and so forth and so on. But what they paid out in total wasn't much.

Now, I would like to offer these letters to you. Oh, by the way, I might as well get this into the record. My son is driving. He is a Sheriff's Officer. He uses the car



now. I'm retired. And to tell you truthfully, I had a slight heart attack four years ago but, nevertheless, they still insured me. I'm still driving. You see my condition. My son now drives the car. I do very little driving. And he informed the company such and they said, "we're so sorry, we can't help you." Now, he drives the car, I own it. He said, "Well, do you want me to transfer it to my name?" They said, "Oh, that's not necessary." So he said, "Well, why are you holding up the insurance?" "Well, we just feel we don't want it."

Now, here's the letters and evidence that I present to you. My son went down and spoke to them and they answered. These are the others. (Offering letters to Committee)

ASSEMBLYMAN GIMSON: The letters are all dated.

BY ASSEMBLYMAN GIMSON:

Q May I take these letters? A Oh, yes.

Q I will mark this 2-A and we will take it as evidence. A Would you like to have the record for the amount of mileage that's on the car at the present time, the time I bought it and also the amount of mileage my son makes with it?

Q Yes, we can take that. A Because they ask those questions.

Q Yes. A Now, my son told them when he was down there that he makes approximately 6 miles a day driving from 453 Mt. Prospect Avenue to the Court House here on Market Street, parks the car in the Sheriff's Department up there, on the street, and he said, "I'd be willing to bring

the car back to you at night and you can check the mileage." Right now it's about 81,600 on the car now which was purchased in 1953. That's an Oldsmobile 88, 4 door sedan.

Q Would you, for our record, give us your New Jersey driver license number, sir? A Yes, sir. It's a long one. They've changed it.

Q Yes, I know.

(License No. W3512 25900 D1962 issued to Felix White, 453 Mt. Prospect Avenue, Newark, N. J.)

Q At the present time, then, you are not insured, sir?

A Well, we've already, I think, been accepted by another company.

Q Under the assigned risk program?

A Nope.

Q Or with a - A Nope. They took it on the record that we had no accidents. We haven't got the policy as yet. We expect it. They haven't turned us down yet.

ASSEMBLYMAN GIMSON: Assemblyman Werner, do you have any questions?

BY ASSEMBLYMAN WERNER:

Q What is your age, sir? A My age? 68. My son's age is 35. He's the one that does the driving. The only thing I do that I'd like to get into the record - the use that I use the car for, I take my wife to the store which is only a couple of blocks away, back and forth to carry the goods, that's all.

ASSEMBLYMAN GIMSON: Assemblyman Burke, do you have any questions?

BY ASSEMBLYMAN BURKE:

Q Mr. White, let's review this for a second. You said you were with the Hardware Mutual for 14 years and your policy under liability was \$500,000 and this was reduced to \$100,000 and \$300,000.

A That's right.

Q And since they have cancelled out effective August --

A August 8th.

Q August the 8th?

A The 8th.

That's the last day of the policy. They say 6th. They made a mistake too. The policy said the 8th.

Q August 8, 1964. You've been driving for 46 years and you did hold a chauffeur's license in New York City. And you have had no accidents?

A No, sir. No

tickets, no accidents, a clean record.

Q No tickets, no accidents.

A That's

right. You can look it up.

Q In your opinion, sir, why do you think they cancelled you out?

A I don't know. They won't give any reason. My son went down. You have the letters there. They made no statement. They said that your father's over age and that's all, "we're cancelling everybody," they said, "over 65."

Q They said, "your father's over age?"

A Yes.

Q You had a slight heart attack, sir, when was that?

A Four years ago, 1960.

Q And you are now retired and living in the City of Newark.

A That's right.

ASSEMBLYMAN BURKE: I have no further questions.

BY ASSEMBLYMAN GIMSON:

Q Regarding this heart attack, were you ever requested by the company to have a physical examination?

A No, sir.

Q Did the State of New Jersey ever request you to have a physical examination?

A No, sir.

Q And you have never been retested at any of the retesting centers the State operates?

A No, sir.

ASSEMBLYMAN GIMSON: Thank you, sir.

THE WITNESS: One thing, my son asked them whether they were in the insurance business or the banking business because after paying in all those years, all the money they've taken, and, furthermore, he said, "What do you do with all the money you invest that belongs to the people. You pay in advance and what happens to the interest on that money? Who gets that?" That's the thing that once came out in the newspaper and that was never delved into any more, it was forgotten all about. They earn money on your money and yet you get no benefits of it.

ASSEMBLYMAN GIMSON: Thank you, Mr. White.

Mr. Otto Mulsow. Would you give your name, address and driver license number to the girls.

O T T O M U L S O W: My name is Otto Mulsow, 11 Lake Shore Drive, Lake Hiawatha, Morris County.

On February 7th, 1964, I got a notice from the Home

Insurance Company in New York, from the branch office in East Orange, New Jersey, and they cancelled my policy for no reason at all. Therefore, I called up Mrs. Lovello in the East Orange Office and asked her, "You know why my policy was cancelled?" She said to me, she didn't know. So I asked her, "How can you cancel this policy without any reason?" Well, she said, she got orders to cancel it. So I asked her, "Do you know who cancelled the order." She said, "Mr. Schwartz at Lake Hiawatha," where I have my insurance. So I said, "Well, all right. Thank you." And I called up Mr. Schwartz. I said, "What's the reason, you know, to cancel my policy?" He said I have no collaterals for my automobile insurance. I said, "What kind of an outfit is that?" Since when - I don't want my insurance to run out. You know, I've never been asked for collaterals." "Well," he said, "you know, you don't have the home insurance anymore with me." You know? And he said they count that as a collateral. That's a thing I never heard in my life.

Well, so I told him - I asked him again, you know, who cancelled my policy. He said, "The company, in New York." And here I have the proof, it says in the remark another company cancelled my policy. I said, "All right, I'm going to the bottom of this."

I sent a registered letter with return receipt by special delivery to the President to the Home Office in New York. So I explained, you know, I wanted to know why my policy, you know, was cancelled. Here's proof, you know, for the cancellation. So I get a request from the company



and they wrote:

"Your letter dated February 10 addressed to President Black has been given to me for whatever action is in order and reply.

"We have checked and determined that the policy was cancelled. However, our East Orange Office is forwarding a notice of reinstatement to you, continuing the policy in force and effect until its normal expiration date. However, as the Schwartz Agency no longer represents our Company it will not be possible for them to renew this contract in the Home Indemnity Company. Accordingly we suggest that you contact Mr. Schwartz to determine whether he will provide for renewal or whether you should make other arrangements when our policy 5170790 expires on March 14, 1954.

"We regret any inconvenience which has resulted for you."

There is one thing I can't understand. There they write me a letter that he's not an insurance agent any more for the company and on the other hand they said I should go to Mr. Schwartz to renew my policy again. If that is not confusing, I don't know what is.

So, I got another letter from the East Orange Office and it says:

"Please be advised that notice of cancellation of policy number 5170790 sent you on February 7, 1964, terminating the above policy is hereby withdrawn and the said policy has been reinstated subject to its terms and conditions."

Then Mr. Schwartz, I called him, I didn't ask him

who cancelled the policy. He said, the company, and that was a lie because the company didn't get any notice for a cancellation. They had to check first in East Orange and then they got notice, they told them, you know, my policy was cancelled.

So, after that I got my reinstatement again, Mr. Schwartz sent me a letter:

"By now you have no doubt received reinstatement notice plus a letter from your insurance company that they will not renew your insurance coverage.

"This is to advise that this office will not be in a position to renew your automobile coverages when it expires March 14th, and will also not be in a position to renew your Road Aid membership." - that I think is not necessary.

"As we discussed before, " - now comes this one - "we are unwilling to write only a portion of your insurance. We feel that to give you the proper service, we should handle your entire account." So he wouldn't get me any insurance anymore, you know, except he had all the insurance, house insurance, life insurance, automobile insurance. So what is it? What kind of an agency is that?

When people can refuse, you know, to sell me anything I can go to the police and they make them, you know, give it to me.

So, therefore, "We are very sorry to have lost a client as valuable as you, and I want to take this opportunity to thank you for your past patronage with this

office.

"Best wishes to you and your family."

In other words, I can't understand the whole thing.  
You know what I mean?

BY ASSEMBLYMAN GIMSON:

Q In other words, they're saying, lots of  
luck.

A Yes. So I had the house insurance  
from the Allstate Insurance Company and I asked them, you know,  
for my renewal of the policy at \$100,000 and \$300,000. And he  
said, you know the company don't give any insurance because  
I was over age. I'm going to be 69 in August.

Q Let me just clarify that for a second. The  
Allstate Insurance Company stated that they did not give  
insurance to anyone over age --  
A Over age  
65.

Q -- over age 65? A Yes. So when I  
asked, you know, in what way I can get insurance, he said he  
tried everything he can. So at last, before my policy  
expired I got other insurance but only for \$50,000 and \$100,000.  
That's all they want to give me. That's why I say I lost  
my protection. I have a house that's all free and clear. I  
have a big property there and a two-car garage. And if anything  
happened, you never know if anything happens, and they can  
sue me, you know, for everything I have. That's why I want  
to have that policy reinstated for \$100,000 and \$300,000  
for my protection. But I lost that. And Mr. Schwartz, you  
know, he had no right to cancel my policy in the first place.  
And I can't understand, you know, when he writes here - this

says quite plain here, you know, that he wants all the insurance or nothing.

Q Mr. Mulsow, can we take these for evidence?

A Anything you want, yes, sure. You want me to put it in an envelope and keep it together?

Q No, this is all right. Would you give the girls your driver license number?

A Oh, yes.

(License No. 2280235)

ASSEMBLYMAN GIMSON: Are there any questions?

ASSEMBLYMAN WERNER: Yes, I would like to ask a few questions.

BY ASSEMBLYMAN WERNER:

Q How is your health, Mr. Mulsow? I mean, have you had any serious illnesses?

A No, no. I had an examination, you know, not too long ago, all x-rays, everything was perfect, no trouble at all.

Q Well, you know, Mr. Mulsow, - and you people out there - the reason I am asking this very pertinent question, I don't want later on, when we investigate these companies, for them to say, "Oh, Mr. Mulsow didn't tell you he had a heart attack." That's why I am asking.

A Oh, no, I didn't have anything. I didn't have an accident, never a claim with the company at all. You know, I was insured by Schwartz for 17 years. He never asked me, you know, for collateral for automobile insurance and all this thing because, you know, I cancelled my house insurance in 1963 so I think he might have retaliated this way, you know, to get me in trouble this way.

ASSEMBLYMAN GIMSON: Do you have any questions, Assemblyman Burke?

BY ASSEMBLYMAN BURKE:

Q Are you retired now, sir? A Yes. I am retired four years.

Q And where did you work before? A I worked for Public Service 32 years.

Q Public Service? A Yes, sir.

Q How long have you driven an automobile and how long have you had insurance on it? A Well, I have insurance for 17 years, and I drive a car, you know, about say 30 years but I never had any accident.

Q You never had any accidents? A No, not that was my fault. You know what I mean. I never had any claim for my insurance.

Q You have been insured with the Schwartz Agency -- A Yes, in Lake Hiawatha.

Q -- in Lake Hiawatha for 17 years. Is that right? A That's right.

Q And that at that time included other insurance such as your home insurance and did you have any life insurance with them at any time? A Yes, I have still life insurance for \$10,000.

Q You have life insurance still with the Schwartz Agency? A Yes, that's right.

Q And you did have your home owners, your insurance on your home with the Schwartz Agency?

A Yes, I had it and I cancelled --



Q You switched. A -- because, you know, I didn't get the insurance I should have for the money I paid. So I got an agent from Allstate and I got 50 percent more protection for \$4.00 less than I paid Schwartz.

Q With the Schwartz Agency in addition to your automobile insurance you had home insurance until that was cancelled -- A Yes.

Q -- and now you have life insurance. Is that right. A I had that several years too, yes.

Q Do you have any other insurance with this Agency? A No, that's all.

Q So in effect what happened here is that the Schwartz Agency has cancelled you, you feel, possibly as a result of losing the insurance on your home.

A That's right.

Q However, you still have insurance with Schwartz Agency so far as life insurance is concerned.

A That's right.

Q The Allstate people said to you when you asked them - to clarify this in my own mind -- when you asked the agent who sold you your home policy, that Allstate did not cover people over age 65. Is that correct?

A Well, that's what he told me. He said he can't get me any automobile insurance because of my age.

BY ASSEMBLYMAN GIMSON:

Q Now, for clarification on this point, the agent told the witness that Allstate Insurance Company

did not initiate insurance on drivers over 65 years of age.  
Is that what he said? A Yes.

Q That they did not start coverage at that age?  
A No. If I had it, you know, it would be different. The same thing on the other policy I have.

BY ASSEMBLYMAN BURKE:

Q Do you have any insurance now on your automobile?  
A Yes. I got automobile insurance for \$50,000 and \$100,000 now.

Q Who do you have that with?  
A Auto Plan Insurance Company, New York.

Q Auto Plan Insurance Company? Who is that through, sir? The assigned risk?  
A No. An agent in Dover, he gave it to me.

BY ASSEMBLYMAN GIMSON:

Q Would that be an assigned risk plan?  
A No, not at all. So besides this, you know, my insurance policy now on my automobile it has to be renewed every six months now.

BY ASSEMBLYMAN BURKE:

Q It has to be renewed every six months?  
A Yes, every six months. What I'd like to know and ask you now, what people in our age - you know, why do insurance people do like that to us older people. He had no reason at all, I mean, it proves it right in the letter and everything, you know, he had no reason at all to cancel my policy. And he could renew it too, you know. The year before I was over 65. Why didn't he tell me then I had to

have collaterals.

Q He said to you, you had to have collateral?

A Right. That's right. He told me, you know, I have no collaterals for my automobile policy, that's why he cancelled it.

Q Did he explain to you and could you explain to this Committee what he meant by collaterals?

A He means by collaterals that I have to have the house insurance with him. He called that as a collateral.

ASSEMBLYMAN BURKE: All right, Mr. Mulsow.

ASSEMBLYMAN GIMSON: Any further questions?

(No questions.)

Thank you, sir. We will return your letters to you after they have been copied.

THE WITNESS: Thank you very much.

ASSEMBLYMAN GIMSON: At this time I would like to announce that Commissioner Howell has sent, as his representatives, to this hearing, Special Assistant Deputy Horace J. Bryant, Jr.; and also Acting Chief of the Division of Investigations and Complaints, Stuart E. Chalifoux.

Now, if any of you people that have come in, since we have taken the list of witnesses, wish to testify, Mr. Alito will take your names and we will schedule your testimony.

At this time I will call on Frederick D. Hackney, Jr.

Mr. Hackney, will you please give your full name

to the girls?

F R E D E R I C K . D. H A C K N E Y, JR.: Frederick D. Hackney, Jr., 70 West Market Street, Newark.

I'm afraid that I'm not here to make a complaint. I would like to air a situation that develops from time to time in the industry in which we participate, that is, inability or reluctance for companies to accept in certain given areas in which they have participated for many years and have sapped the cream of premiums from this area, and now they feel as though this is a great exposure they decline to accept risks. And, according to statistical studies from these particular areas, we find that the companies receive no greater loss than what the table would reflect.

This is of vital concern to me.

Secondly, on non-contributory accidents, from time to time, where people are found guilty, know that they are guilty and make concessions, arbitrate the matter and fulfill the obligations. I think this, too, causes great concern for many people with whom I deal.

I also feel, thirdly, that there should be consideration granted to people on their previous driving records, and this is concerning automobile, and their past driving records.

This is the biggest thing I have to say, gentlemen, not any complaints excepting that right there.

BY ASSEMBLYMAN GIMSON:

Q Just a statement of facts. Now, Mr. Hackney,

you state, the people that you deal with. Are you in the insurance business? A I'm acting as a broker, sir, in between.

Q And you are particularly referring to what has been designated as, in the insurance industry, blackout areas or grayout areas? A Well, I would assume that you would call it that, yes.

Q Areas that the insurance companies have now refused to write insurance in because of their geographic location. A Right.

Q Can you give us any exact areas where this is happening? A Well, we'll take Newark and particularly we'll say in some areas specifically going from Central Avenue over to, we'll say, Clinton Avenue. We'll take this specific area. And below Bergen Street and, of course, let's simplify it to High Street. We find that some companies are reluctant to accept business in those particular areas. And, of course, there are many others in which they do feel that the risk or the exposure would be too hazardous in certain areas.

Q Would you say this is true for all auto insurance, including liability insurance? A Well, auto we find - let's say we find we can obtain auto insurance from time to time based upon good driving experiences, etc. However, some companies feel that without being adequately parked off-street, this exposure would be tremendous and there is a bit of premium sometimes to acquire this type of insurance.

Q Mr. Hackney, would you specifically give us the area that you spoke of, the general type of area, is the reason you feel this area is restricted?

A Well, in my opinion, I feel that the area is being restricted because they claim that you have row tenement there - well, not exactly row tenement but they claim without a certain distance between buildings - this is dealing with fire, home owners, etc., - without certain spaces between the buildings, of course, in the event of a fire that the firemen would be unable to extinguish the fire and there would be a certain loss and you couldn't prevent it.

Q How about in the field of auto insurance? In this general area can you generally write an auto insurance policy for an insured who had a good driving record and no history of accidents or violations?

A Well, I would say that would be about 80% to 100%, yes, clean, would be acceptability --

Q That would be 80% -- A Yes, but the other 20%, I assume, even though living in that area there is a possibility of rejection, they would have to shift until they could find someone to accept it.

Q How about the people in this area, sir, would they fall into any of the discriminatory groups of age, creed, race, etc.? A That I would like to reserve opinion on, sir. I don't like to think of it in that fashion. Let's say that these areas which the companies are reluctant - looking at it from a business point

of view, I should think that they are trying to make the greatest profit. It is logical, however, that the ulterior thinking is that they wouldn't want to expose themselves to that but this would be off the record, I'm sure.

Q Sir, could you give this Committee the name of any insurance company who, to your knowledge, discriminates in the writing of insurance, the 20% of the auto insurance that you are unable to place with a good driving record, in this area?

A Well, in this particular area, sir, not coming prepared to make a full statement, I am afraid that I would be hesitant in offering a company because I may get the wrong company and I wouldn't want to do that.

Q Could you search your files and send this information to the Committee at your leisure?

A I would be happy to do that, sir.

ASSEMBLYMAN GIMSON: Do you have any questions, Assemblyman Werner?

ASSEMBLYMAN WERNER: Yes, I have one.

BY ASSEMBLYMAN WERNER:

Q Sir, you are an acting broker?

A No, I'm a broker.

Q You are a broker? A Yes.

Q That's your business? A That's right.

ASSEMBLYMAN GIMSON: Assemblyman Burke, do you have any questions?

BY ASSEMBLYMAN BURKE:

Q Well, knowing this area somewhat, and you gentlemen being from Camden and Hunterdon and I from Essex, I assume, sir, you are talking here, when you talk about Central Avenue, Clinton Avenue, Bergen Street and High Street you are talking about the Central Ward of Newark, is that correct?

A Well, I guess so.

Q And is this your office at 70 West Market Street, Newark, and you are a broker?

A That's correct.

Q Let me ask you a hypothetical question, if I may. If you had a safe driver, a person who was free of any accidents, moving violations, located in this area you are talking about, Central Ward, Newark, is it difficult for you as a broker to place automobile liability insurance with any particular broker?

A As I stated, we clear about 80% and 20% are lost, and we wonder why.

Q In your opinion, sir, again in this same area, is there a preponderance of insurance under the assigned risk plan?

A Well, I haven't handled too many assigned risks. Fortunately I have been able to place them in excess, instead.

Q You use excess instead?

A Yes,

these companies that write bad risks, accept bad risks.

Q Let's go back for a second. Given the same hypothetical situation, if you were insuring me and I lived in that particular area, can you give me - if I asked you for a half million dollars worth of liability coverage



or \$300,000 and \$500,000 worth of liability coverage, would you have to get me a basic policy and then buy excess or would you place the whole policy with one particular company?

A Well, I doubt seriously if I could place that amount with one particular company unless, as I said, there would be certain factors which a survey would have to reveal, that is, a car must be garaged and your record must be clean and, of course, your particular characteristics must be favorable also. And with that, I would say there is a possibility of taking you in that 80%. However, if these factors didn't point to the various points which I have indicated, you would possibly be rejected on the first try and I would have to seek some other company for you.

Q So in other words, if I may paraphrase this, in your opinion, sir, in this particular area you can place automobile liability insurance 80% out of a hundred cases.

A Eighty out of a hundred percent. That's right.

Q That have good driving records.

A That's right.

Q However, in effect, what you are saying here, as I understand it, and correct me if I am wrong, is that basically this is what is known in our lingo in insurance as excess market. In other words, we can place basic limits of ten-twenty or fifty, whatever it is and if someone else wants more they have to buy it through an excess market. Is that correct?

A Well, not exactly correct. You asked me if I could place \$300,000 and

\$500,000.

Q Yes. A And I so stated that in the event that all characteristics or all points pointed to you as being excellent, that is, above par, plus, then I would say yes. However, if you fell in the minus, I would say you had to fall in the 20%. This has been my experience. Now, let's not assume that I am completely the last word on this. Some others may find more favorable situations which I am not able to.

Q Further on this point, just to bring up something in the previous testimony, if, for example, again a hypothetical situation, - if I again were in the Central Ward of Newark and I owned a home there and I had my home owners insurance with you, would it be a lot easier for you to place the automobile insurance, if I had a good driving record?

A I would say yes to that.

Q Moreso than if it was the other way around.

A I would say you had many points in your favor, sir.  
BY ASSEMBLYMAN GIMSON:

Q If you were able to place fire insurance in this area.

A Well, I would say you would have a greater possibility of receiving both, let's say, more like a package.

BY ASSEMBLYMAN BURKE:

Q Is this the general opinion of all brokers or agents that do business within this particular area of Newark, what you've stated here?

A No.

Q Have you found this to be true in your

comradery, talking with other members of the insurance fraternity such as do insure individuals in the Central Ward of Newark? A Well, let's say we find that several brokers in this particular area, dealing in a specific area, have the same or similar problem. However, I would like to reiterate again that my statement is from my own viewpoints and I would not like to involve or reflect upon anyone else.

Q Do you - I don't know if you have any business in the suburbs, particularly East Orange or Orange. Do you have the same problem in those two communities as you do in Central Ward, Newark? A East Orange is more favorable. All suburban areas are more favorable.

Q It is largely big city problems, is that correct? A That's true.

ASSEMBLYMAN GIMSON: Thank you, Mr. Hackney, for your help in this particular area.

Mr. Harvey. Will you give your full name and address to the girls.

L I O N E L H A R V E Y: My name is L. Harvey, 625 Crooks Avenue, Clifton, New Jersey.

I am 75 years old. I've been driving for over 50 years. In 1960 the insurance company saw fit to cancel my insurance on account of my age. I had had one accident but never had a ticket in all those years. I have been driving since an automobile license was two and three dollars, \$2.00 for under 30 horsepower and \$3.00 for over 30 horsepower. You folks don't remember that. I drove a Brush at that time -

the name of it was a Brush, and I drove a Model T Ford. I just want to bring out my age, that's all, I don't look it.

I am retired 10 years. I drove for a company and if you got a scratch on the fender you lost your citation. I got a 30 year citation for never having a scratch on one of their cars that I drove. But they saw fit to wipe me out.

Then I started to try to get insurance. I bought a new automobile in 1960, a heavy car, a Chrysler New Yorker. They wouldn't insure me so I had the car transferred to my wife's name. I only drive 5,000 miles a year. And I got insurance on that up to a certain point. And now they've taken that away from me and only give me \$10,000 and \$20,000 on the insurance, that's all I've got on that car. I own a house and other things. So I'm in hot water, so to speak.  
BY MR. GIMSON:

Q Mr. Harvey, when you say that, what insurance company are you referring to? A I'll give it to you right away. The first was the Merchants Indemnity that cancelled me in 1960. The second one was the Peerless.

Q The Peerless? A Peerless. I can give you their address. I think I can. I haven't got their policy. It's on one of the papers.

Q I'm sure we can find their address if they sold you insurance in the State of New Jersey. A Peerless, Keene, New Hampshire. Peerless Insurance Company.

Q And this insurance was sold to you in the

State of New Jersey?

A In the State of New

Jersey by a man down in Neptune.

Q In Neptune, New Jersey.

A Yes, sir.

And he couldn't get any information out of them - he tried to reinsure me with them and he couldn't get anything on me so he had to put me on this other \$10,000 and \$20,000.

Q Is that under the assigned risk program?

A That's your assigned risk program. That's all I have right now. I'm driving a \$5,000 automobile with that other stuff that I own.

Q For our information, would you give us your

driver license number?

A I'm not making a complaint.

I just think that I should be able to get insurance. That's my only idea.

Q Well, the reason that we ask is so that

we can check both your record and --

A You will

find one accident in 1959 where some girl saw fit to kill a car on a green light and I hit her.

Q We are doing this so we can check with the company to find out their policies and to give us some evidence as to something that they had done in this regard.

(License No. H0713 47500 07894 issued to Lionel Harvey, 625 Crooks Avenue, Clifton, N. J.)

BY ASSEMBLYMAN WERNER:

Q Mr. Harvey, how is your health? Did you

ever have a heart attack?

A I never had a

heart attack, sugar diabetes or anything. My blood pressure is 145 over 82. I have a doctor in the family and just had an examination on Wednesday of this week.

BY ASSEMBLYMAN BURKE:

Q Mr. Harvey, you stated initially that you were driving for 30 years. What was your occupation before you retired?

A I was building engineer for a big corporation in Newark, here.

Q Building engineer? A Yes, sir, designing engineer. I traveled all over the State.

Q And in the course of your employment, if I understood correctly, in your capacity before you retired you were given a citation.

A Every five years they give you a new citation. They give you five, ten, fifteen, twenty, twenty-five and thirty. I got thirty when I left.

Q Thirty when you left. And you've had one accident in 50 years of driving, in 1959. A In 1959, I think it was, and never had a ticket.

Q You were with the Merchant Indemnity Company and they cancelled you out in 1960? A Yes, sir. That was the end of that, after that accident.

Q After that accident they cancelled you out? A Yes.

Q Now you are with the Peerless Insurance Company of Keene, New Hampshire? A No. Now I am with the - on that other stuff, that ten and twenty.

Q You are now on the assigned risk. You were with Peerless. A I was with Peerless for two years, I think it was.

Q And they cancelled you out. A They cancelled me out. No, they didn't cancel me out they never

answered the letters that this local man tried to get me -- you see, the agent changed. One agent bought out another agent down in Neptune and he didn't take over the Peerless Company, or the Peerless didn't take him over, which ever way it is, I don't know. And then he wrote them letters to try to get re-insurance and never got answers on their letters.

Q Sir, you live in Clifton and you went to Neptune to obtain insurance? A Yes. I have relatives down there. I bought the car down in Belmar.

Q In Belmar. A That's the reason.

Q You maintained all your insurance with one particular agency in Clifton. Have you -- A When I was insured in Clifton it was with one particular agency but then when I bought the new car in Belmar another agency took it over because I got in trouble with that one down here and he wouldn't re-insure me, the Merchants wouldn't take me over again.

Q Do you do all your insurance business with one particular agent? A No, sir. My house insurance is up here in Paterson; my automobile insurance happens to be down there. No, I'm not tied up in that.

ASSEMBLYMAN BURKE: That's all I have.

BY ASSEMBLYMAN GIMSON:

Q Just one further question, Mr. Harvey. During your driving, since the accident in 1959, have you ever had to be or have you ever been re-examined by the State of New Jersey?

A No. I was asked to get a - the insurance company asked that I get a physical and I had one by another doctor. And he wrote a letter stating he wished he was in as good health as I was.

Q Well, you certainly appear to be in good health and I compliment you on your appearance. A I'm having a good time. I'm ten years retired and raising Cain.

ASSEMBLYMAN GIMSON: Thank you very much.

Mr. Malanga.

S A L V A T O R E M A L A N G A: I'm Salvatore Malanga, 116 Summer Avenue, Newark, New Jersey. I'm employed in the City of Newark in the Bureau of Buildings, City Hall, Newark, 21 years. And I received a summons to go to court because I didn't pay my insurance premium and I got my return checks and the letter that they wrote me that I paid it. Then they turn around and they cancel my insurance and then they turned around and forced the Motor Vehicle Agency to take the license away from my son.

When I went down there I found out that they wanted to put him under risk insurance. So the letters that I got here to certify they were writing to me three-hundred, five-hundred, two hundred, and everything, after he cancelled the insurance. And then I turned around and had to go get another insurance because they cancelled it. And these are all the letters that they sent me and the lawyers that sent me that they were going to sue me.

One of the letters has got checks and they cancelled my policy. They want to renew my policy. I have my new policy. When my son bought this new car he said give me your policy that I had paid for this year. So I give him the policy back and he said he wanted to change it from Mercury to Pontiac, 1964. As he takes it he adds everything down and then he seen that I wanted the same policy that I had when I gave him the policy.



He turns around and changes the policy around. Before I had twenty and forty, he changed it to ten and twenty and five and ten, and the premiums, everything was listed two and three hundred dollars more. It came to five or six hundred dollars.

So he turned around. I went to the Motor Vehicle Department and they told me, we didn't cancel your policy on your son. How come they want it on risk. They called in for his driver's license so he brought it in. He brought it in and what it was my agency wanted them to put him on the risk so he wanted \$500 off me. So, I said, I don't want it that way so he turns around and March 24th they cancelled it in Trenton and I called the insurance, the home office, and they told me they don't have nothing against me, we don't know why your agency cancelled it, I can't do nothing for you.

So under a new agency, another agency in South Orange, "sure I can take your policy. Come over here." So in the meantime I was busy in the building line. When I get through at City Hall I had still jobs on the outside with my son. So they wanted to force them to drive only one car, just the new car. He has to drive my car over to - I need hardware or something in the aluminum business. I've been 40 years in the building line and 21 years I worked in City Hall. I maintain 101 buildings in the City of Newark.

So he was giving me a hard time. So not to waste any time, I went to another agency, across the street from where I lived, and he wrote one policy and then he turns around and he changes it, that you had to go under risk, and somehow this agency talked to the other agency and they changed from one

policy to another and I spend money here and there and I can't get separate.

BY ASSEMBLYMAN GIMSON:

Q Sir, do you know if your insurance was cancelled for non-payment? A Yes. For non-payment, no. When he cancelled it because my son didn't want no risk insurance.

Q Yes, but why did your agent see fit to put your son under the assigned risk program? You had a regular insurance policy before this time, is that correct? A Yes.

Q And then they switched him over and made application to the assigned risk program for your son. Is he under age 25? A Yes. He's in the Army now. He's 20 years old.

Q I see. And at the time your son became a driver of your vehicle they said they would have to put him under the assigned risk program? A Yes.

Q And did your son, in effect, make the application to the assigned risk program? A No. He didn't want it. He called them up, my son wanted to talk to him and he said why should he go under the assigned risk. He said, "I didn't have no trouble with nobody."

Q But your son did not make application and sign an application to the assigned risk program? A No.

Q And yet this agent did bill you for an assigned risk policy? A Yes. He sent me one bill after another.

Q Sir, I believe that this is a case for the Commissioner of Insurance rather than for a discrimination hearing.

refused the insurance and give this to the Committee. You can send it to the Committee, c/o Legislative Services. If you will see Sam Alito, he will give you the address.

A Legislative Services in Trenton.

Q Yes. He'll give you the address. And I thank you very much. There may be more questions.

BY ASSEMBLYMAN WERNER:

Q Mr. Brookins, you stated you are a broker and you tried to place insurance through a Mr. Brown? A Yes.

Q Is he a broker? A Yes, he's a broker. Well, he's an agency.

Q A broker agency? A Yes.

Q And you had difficulty in placing insurance?

A Yes.

Q And then you tried to place some of your business through a Mr. Booker? A Booker, yes.

Q And he too had trouble in placing your insurance?

A Right.

Q And then you stated that you went to a White company, Liberty Mutual or Equity, whichever it was, and again you had difficulty. Now, when you differentiated, are Mr. Brown and Mr. Booker colored people? A Yes, they are.

Q And were they discriminating against you too by not placing your insurance? A They couldn't place it.

Q Well, who do they place with? A They are having difficulty placing it with any of the companies. They

are agents and I have to be connected with somebody because I'm a broker and I can't go directly, you have to go through an agent to place insurance in a company.

Q Then you said Mr. Booker possibly would be here or was supposed to be here. It is quite obvious to me that both Mr. Brown and Mr. Booker should be here, they are having trouble rather than you because you are having trouble placing it through their agency.

A Yes.

Q And they in turn must know of discrimination because if they can't place your insurance where are they placing their own?

A Right.

ASSEMBLYMAN WERNER: That's all I have.

BY ASSEMBLYMAN GIMSON:

Q Before I ask Mr. Burke if he has any questions, would you tell me why you refer to some of these companies as White companies? I mean, do you have any basis to classify a company as either a White Company or a non-White Company?

A The personnel. I mean, downtown usually where the White companies are located.

Q You are talking about agencies. In other words agencies that are owned or operated by either Negro brokers or White brokers.

A Right.

ASSEMBLYMAN GIMSON: Assemblyman Burke, do you have any questions?

BY ASSEMBLYMAN BURKE:

Q Mr. Brookins, how old are you, sir?

A Fifty-two.

Q You live in my town, East Orange. I know where you live and I agree with you, Mr. Brookins, it's a very fine

area.

Getting back to what Mr. Hackney said before, within a Negro community - now, let's talk about the Central Ward, Newark, and let's talk about East Orange, and let's talk about sections of Orange for this particular illustration. Is it general knowledge or is it general feeling among Negro communities such as that, that insurance companies practice discrimination because of race, on automobile insurance? A Yes.

Q It is the general feeling? A Yes, it is.

Q And this is verified by your remarks concerning the inability of the Brown Agency and the Booker Agency to place insurance, and you in turn went to a White agency, which in effect is a Caucasian agent who happens to be - a majority of his clients would be of the White Race. A That's right.

Q And they, in turn, would say to you that they could when you called them up and then when you finally did appear they gave you some reason why they couldn't place it. Correct? A This is -- no, I don't think I

gave that impression. There would be no percentage in me placing insurance through these companies unless I was the broker because I was getting no commission, other than my own. I don't want to be without insurance. So, if a policy is cancelled you can't think about commissions then you've got to think about placing the insurance. But I mean, when I went out for business, naturally about the only company I would go to would be the company I was connected with so that I could perhaps get a portion of the commission. But I tried, not with business, but I tried to connect myself with some prior

to getting business, so that if I got any business I could take it to them.

Q Since both of us live in East Orange, is it easier for a Negro to obtain automobile liability insurance in East Orange compared to a Negro that may live in Newark?

A Oh, yes. Quite definitely.

Q Is this also true of Orange? A I haven't had any experience but I would think so. I haven't had any experience in Orange.

Q Can you give me any reason why you feel it is easier to place in East Orange as compared to Newark for a Negro?

A Well, I feel that the area of East Orange compared to Newark is - it's a much nicer area, it's suburban, while in Newark there is a great deal of over-crowding, there's no garages, for the most part the cars are parked in the street. As Mr. Hackeny said, --

ASSEMBLYMAN GIMSON: Excuse me just a minute, Mr. Brookins. We are talking about automobile liability insurance, mainly, here.

THE WITNESS: Yes.

ASSEMBLYMAN GIMSON: And we are asking you is it easier to obtain automobile liability insurance, for a Negro, in an area other than Central Ward, Newark, than it would be in Newark. And this is what we are trying to pinpoint particularly.

THE WITNESS: Yes. Well, I'm saying the reason I feel - I don't know whether it's a justified reason, but they don't give these, they

just don't take them in the area. But my feeling would be that the reason they don't take them is because of the make-up of the community. I imagine the accident rate is higher. That's evidenced by the rate they charge. But I don't think the people necessarily object to that, they want insurance. If they say you've got to pay more for it, you've got to pay more for it.

BY ASSEMBLYMAN BURKE:

Q Do you find that for a white person in the same area it would be easier to obtain insurance? Would you say this is so?

A Well, I haven't had any experience, so I wouldn't know, but there are few, other than store owners, - there are few white people living in the area.

Q You yourself are a business man, as I understand, you have a laundry business. Is that correct, sir?

A Yes.

Q In addition, you are an insurance broker as well and you broker through various agencies. Is that correct?

A Yes.

Q Let's get back to the situation again, as I discussed East Orange, and take the Central Ward of Newark because Mr. Hackney spoke about that particular area and stated he was in a position where he could place 80% of the risks that come to him for automobile liability insurance, if he's a good driver he can get it at standard rates. What is your opinion in this particular regard? What has been your experience?

A Well, I have had a number of calls but it has never gotten to the stage where the applications have been presented

because Mr. Booker hasn't been able to place it. And he has been frank to tell me. I had an undertaker who had quite a few cars who wanted a quotation from my company and naturally he wanted to give it to us if we could handle it. Mr. Booker couldn't place it.

Q Do you feel it's a geographical reason because the City of East Orange, in this particular case, is a suburban community compared to a city such as Newark. Is that a contributory reason for the difficulty in placing auto liability insurance, or is it one of the factors? A It's one of the factors.

Q What do you feel is the overriding factor?

A Well, as I was saying before you asked another question, it is - in other words, if these same people in East Orange or in Newark, say, were transplanted to sections of East Orange, I don't think they would have the difficulty. They might in time but I don't think they would at the time they migrated, say, from Newark to East Orange. So I don't think it's discrimination against the individual, per se, as the community which is made up of 90 or 95% Negroes. And as I was saying, the reason is overcrowded conditions, lack of garages, parking facilities, the cars have to park in the street for the most part. There are some garages but they are quite a ways from - that are for rent but they are quite a ways from people's homes. And if they rent one of them they have to go several -- they have to even get a cab, and the streets are dangerous at night and people don't want to park and walk a half mile or five or six blocks to their homes. These are some of the reasons, I feel, that



enter into it.

Q There is a feeling within the Negro community of Newark, as I understand, that the reason they have difficulty obtaining automobile liability insurance is because of their race. Do you feel this is true in East Orange? Is there a feeling in the Negro community of East Orange, where you live, that there is a problem of obtaining automobile liability insurance because of discriminatory practices because of race?

A I don't find that. I don't feel that. Now, there may be. I'm not saying there isn't but I haven't found it.

Q Do you feel there is an overriding feeling within the Negro community of Newark that the reason they cannot obtain automobile liability insurance is because of race?

A There is that feeling, yes.

Q There is that feeling. A Yes.

ASSEMBLYMAN BURKE: No further questions.

BY ASSEMBLYMAN GIMSON:

Q You have me a little confused. You live in East Orange. Is that correct? A Yes.

Q And you are having trouble getting insurance? Is that right? A Yes.

Q And yet -- A No. I'm not having trouble getting automobile insurance, other than I'm having trouble ratewise. I'm having trouble getting the same type of rate.

Q You are having trouble buying the same type of insurance as a White man would? A Yes.

Q In other words, there is a problem with you even

though you do live in East Orange.

A Yes.

Q And yet you are saying that you don't think a Negro in East Orange has trouble.

suppose it is.

A Well, I

BY ASSEMBLYMAN BURKE:

Q Well, I tried to establish the fact - is there a feeling within the Negro community in East Orange that you are having difficulty obtaining automobile liability insurance, and your feeling is, no, there is not, that in the Negro community of East Orange they feel they can obtain automobile liability insurance like anyone else; however, there is a feeling within the Negro community of Newark that there is difficulty.

A Yes.

Q And they feel they are being discriminated against because of their race. You felt that there was a general feeling in the community. Is that correct?

A Yes.

And I indicated that there is a discrimination in race.

Q I want to get to that race situation. Let me ask one question. Mr. Hackney stated - I'm trying to paraphrase what he said and the context in which you said it - that basically he can place liability insurance within this particular area, what they call Central Ward, however, he had a problem if he wanted high limits of liability he would have to use an excess market. I asked him, in effect, was it an "excess" market, and he said, yes, it was.

When you say rates are higher, is that because you have to insure an automobile or a truck in Newark? You have a safe driving record, you want high limits of liability to protect you.

The reason for the high rates is because the companies are unwilling to issue a policy in the amount that you want and you must go to another company for excess liability protection.

Is that the reason for the high rates? A I don't believe I'm able to answer that because I haven't placed too much. I haven't been able to place too many insurance policies where people needed that type of coverage. Mr. Booker might experience that.

Q Let me give you an illustration. If I were a Negro living in Central Ward of Newark and I came to you and I said I would like to buy automobile liability insurance, I have a safe driving record, no moving violations, and I would like to buy a policy of three hundred and five hundred thousand dollars liability. Can you place it?

A I don't believe you can get those kind. One hundred and three hundred thousand is the highest I have been able to get.

Q If you could place it, would you have to use two companies or could you put it all in one company?

A Maybe if they would take it. If they would take it, you may be able to. It all would depend upon the individual company.

Q Do you feel a White person living in that area could obtain the same coverage without any problem?

A Well, if this is supposed to be accurate and not what I feel about it --

ASSEMBLYMAN GIMSON: That's what we like to hear you say.

-- those are the type of questions - that's why I asked Mr. Bpoker to be present - that he would have to answer.

BY ASSEMBLYMAN GIMSON:

Q Now, let me get back to this. Have you given your driver license number to the girls? A Yes.

Q All right. Fine. Now, you have had difficulty placing your own insurance and you live in East Orange? Correct? A Yes.

Q Do you know if people normally living in East Orange, in the same area you live in, have difficulty placing their automobile liability insurance? A No. I haven't had difficulty in placing it. I have had difficulty in placing it through a broker that I could get a part of the commission. That's been my difficulty. And that's my business. That's the difference.

Q Do you place automobile liability insurance for residents who live in East Orange? A I would. I haven't canvassed too much of it, because I haven't been able to place it. There is no use to go out and get clients if you can't place the insurance for them. I have been very discouraged in the last two or three years. I haven't been doing very much of it. As I say, I can't even place my own. I have about \$4,000 a year in premiums and I don't get any of it. I have to place it through, as I say, again, through a White agency downtown, not even through Mr. Booker.

Q All right, sir. Now, do you know other colored people who live in East Orange who have insurance who purchase automobile liability insurance? A Yes.

Q Do they have any difficulty, or do they pay a different rate? A Without being specific, I

couldn't say but I am pretty sure that in most instances they pay a different rate.

Q A different rate than a White person or a different rate than a person who lives in Newark? I am talking about in the same area in East Orange. Is there a different rate for a Colored person than there is for a White person?

A The only thing I can give is the illustration that I have. Now, my insurance agent called this company and told them that he was insured with them and he got quotations on all three cars. Yet when they wrote me the policy they gave me a premium that was higher.

Q Well, did they ask you if you were Colored, on your application?

A No but someone came around and investigated.

ASSEMBLYMAN GIMSON: All right. Thank you and, if there are no further questions --

ASSEMBLYMAN BURKE: I would just like to ask if you could possibly call Mr. Booker and ask him to come this afternoon. We would really appreciate that.

THE WITNESS: Yes, I will.

ASSEMBLYMAN GIMSON: At this time, I would like to adjourn the hearing for lunch unless there is someone who has vital information to give that cannot return after lunch.

Yes, sir.

Before we start here, I would like to say that Mr. Jacob Levin who is the Acting Supervisor

of Compliance under the Division of Civil Rights in the Department of Law and Public Safety is with us and he is taking notes of what is going on and we will furnish him with a transcript of this hearing.

Your name, sir?

R O B E R T G A F F I N, S R.: I am Robert Gaffin,  
1873 Mulford Street, Camden, New Jersey.

I got a notice from the broker that my insurance  
wouldn't be renewed, automobile insurance, after the 16th  
of next month. That's when it runs out. Just why it  
won't be renewed, I don't know, because my policy is a  
safe-driving policy and accident free. I have that. You  
can read it.

BY ASSEMBLYMAN GIMSON:

Q During the last policy year, sir, have you --

What is your age?

A 67. There is a letter that  
I have from them.

Q For the record let me say that the letter states:  
"Dear Mr. Gaffin: We have been advised by the American Casualty  
Company that you do not meet their underwriting requirements  
due to loss ratio and your age. Therefore, your automobile  
policy will not be renewed in September. You will be covered  
by the company until September 16 and at that time we suggest  
that you make other arrangements for your insurance.  
If we can be of further service," and so forth. It is signed  
by Alan D. Stretch, Jr., Realtor, Insurer, 800 Ocean Avenue,  
Ocean City, New Jersey.

During this past year, Mr. Gaffin, have you had  
any accidents?

A My last one was 1929.

Q 1929. During this past year have you had any  
change in your physical condition?

A Not that I know  
of. I'm one year older.

Q One year older. Do you feel that this cancellation

is because of your age, sir? Yes, I do.

Q So would I and apparently they stated in their letter, of course, that it was because of loss ratio and your age. Do you live in a section of Camden that has been stipulated to your knowledge as an area that this company is no longer writing insurance? A No.

Q Have you attempted to gain further knowledge from this insurance company as to the reason for your cancellation? A No.

Q -- or any other insurance that they might provide for you other than what they had in the past?

A No, I haven't.

BY ASSEMBLYMAN WERNER:

Q Have you contacted any other insurance company?

A No, I haven't.

BY ASSEMBLYMAN GIMSON:

Q How long were you insured with this particular company? A From '58 on.

Q They have had no loss at all? A No.

BY ASSEMBLYMAN BURKE:

Q Who were you insured with before, sir?

A International.

Q Why did you drop that? A Well, the insurance agent used to write that - the insurance agent that used to write that here died and this man was very close to me so I just let him write it.

Q How long were you insured with the International Insurance Company? A Four years.



Q Four years. A Yes. National or International, whatever is in Baltimore.

Q Who were you insured with before that, sir?

A Nobody. For seven years, I didn't have a car.

Q But you have always had insurance when you have had a car; is that correct, sir? A Always.

Q What are your limits of liability? How high is your insurance coverage? A Five, ten and twenty.

Q Are you retired now, sir? A Part time, in a month I don't make over \$100. In a month I make over \$100, I am not retired.

Q What is your occupation, sir? A Cement mason.

Q Cement mason. A That's right.

Q You only use your car for pleasure, is that all, sir, and just driving back and forth to work? A Back and forth to work and for pleasure.

Q And for pleasure. A That's right.

Q You don't use it for any business purposes? A No, no business purposes.

ASSEMBLYMAN GIMSON: Will you give the stenographers your driver's license number.

[License Number G0125 65800 07983  
issued to Robert Gaffin, Sr., 1873  
Mulford Street, Camden, N. J.]

ASSEMBLYMAN GIMSON: We will check into this. I can see no other reason except for your age that you are being discriminated against.

MR. GAFFIN: On the policy, there is no

age limit on the policy.

ASSEMBLYMAN GIMSON: No. I say I feel that you are being discriminated against because of your age.

BY ASSEMBLYMAN BURKE:

Q Referring to the point we talked about before with Mr. Brookins, is there any feeling in Camden within the negro community at all -- A Not that I know of.

Q -- that there is any discrimination? Not that you know of.

ASSEMBLYMAN GIMSON: Thank you very much.

Would you like to give your testimony before we break for lunch?

MRS. REGGITTS: I would appreciate it.

ASSEMBLYMAN GIMSON: What is your name?

M A R Y R E G G I T T S: Mary Reggitts. I don't know if I am in order because my complaint isn't about rejection. My husband had my car and he had an accident. Another car was coming towards him - it was insured by Allstate Insurance - and the wheel from the other car came off and struck the side of the car. Now Allstate has given me all kinds of excuses and they refuse to do anything about it. Now if you would want me, I could read you the rundown. I think it would be quicker.

ASSEMBLYMAN GIMSON: Before we get into this, let me ask you this: Do you feel that you are being discriminated against because of age, race, creed, etc. or that you are getting poor claim service from the insurance company that

is liable for the accident?

MRS. REGGITTTS: I feel we are getting no service from Allstate. We do not have Allstate. We are not insured by Allstate.

ASSEMBLYMAN GIMSON: Well, may I suggest then that I again refer you to the people from the Department of Banking and Insurance who are here and will take care of this particular complaint for you.

MRS. REGGITTTS: In the building now?

ASSEMBLYMAN GIMSON: Yes. There is Mr. Chalifoux who is sitting on the aisle back here and I am sure that he will be very happy to take care of your complaint.

ASSEMBLYMAN WERNER: Mrs. Reggitts, our investigation is for alleged discriminatory practices in connection with the writing of automobile liability insurance. Claims we are not taking up at this time. We want to see if there is discrimination in race, creed, color or national origin.

MRS. REGGITTTS: Well, you don't find out unless you come and ask.

ASSEMBLYMAN WERNER: You sure don't. We are very happy to be of service and possibly sometime in the future we may be investigating claim services, but at this time this is beyond the realm of our investigation.

MRS. REGGITTTS: Thank you very much.

MR. MITCHELL: I have a question to ask and I wonder if you would let me read these few notes off and if it is going to take any time to answer them, I will come back after you gentlemen have had your lunch because I am only

looking for information.

ASSEMBLYMAN WERNER: Will you give your name, sir.

A L E X A N D E R M I T C H E L L: My name is Mr. Mitchell. I have a few notes here. As I say, all I am looking for is information.

Now I live alone. I am a widower. I have a 1961 Lancer, which is a Dodge product, I believe, and I was a printer. I am now retired a little over a year. I am insured by M.C.A. I have all kinds of coverages. I have my home. I own my own home, which is covered for everything. My daughter had little Cub Scouts and we used to meet in my cellar and even I had to have some kind of coverage to take care of little children, accidents and that. I have no ailment. I have curvature of the spine. I have no doctor. I don't think I have ever had any trouble that I can remember.

This might not be in sequence, but, however, I got it here.

I have had a Gold Seal from the M.C.A which signifies that you have been with them ten years or over and never had any trouble, which I am insured over 15. I had one accident quite a few years ago going to work. I used to work in Dunnellen, if you know where that is, about 13 miles from Roselle Park and there was a red light. In back of the red light there was a car parked and I came up. There was the red light and the car parked so I stopped my car and I stopped about seven or eight feet away from the other car and I had to wait three or four minutes. Everything was

stopped. So a car bumped into me from some drug company from Newark, delivering these drugs.

Now the accident was not my fault. But, however, being 70 years of age, I was called to Trenton because I am 70 years of age.

Now what I can't understand is: Why should I be called - why couldn't it be locally called to an inspection station? But lucky, I kind of got around this. I don't mean finagling. But about a week before the State had a mobile unit in Garwood which I was passing every day. I have been driving a motorcycle and a car over 50 years. So, of course, being astute and trying to keep up to times, I said to myself half a dozen times, "I am going in here and see if I am qualified or if I have some ailment or something wrong that has to be corrected." If you recollect, this is what this was for, that a driver or anybody could find their faults and have them corrected. So I went there, and lucky for me, I passed - gee, just like that. So I asked the gentleman there - I says to him, "Could you give me a signed statement or something?" So he said, "No." He said, "This is just for the people who would like to correct any deficiencies they have in driving." So, however, I had somebody represent me and he took this notification or this statement by me to Trenton and I didn't have to take my examination. I was extremely lucky in this respect and I have drove seven or eight years after that.

Now, last year, in renewing my insurance, I think they

told me that they can't insure me unless I have a doctor's certificate. And as I told you, I had this Gold Medal and everything - no trouble and all this and that. So, of course, I was kind of hot and bothered and I went to half a dozen insurance companies and I tried to find out - what's going on here? Then I find out, so help me, I can't get insurance because I'm over 70. And then they tell me - two or three of the companies told me, "If you had been insured with us these ten years, instead of somebody else - or 15 or 20 years - how long I have been insured - your insurance would be continued without all this trouble." Of course, there is nothing I could do and I have a very nice agent. He is a very decent sort of a young man. So I told him all my troubles and he laughed at me. So anyway, I had to go to a doctor anyway. Now I drove over, back and forth to work - I guess I drove about 10,000 miles every year. I have went to Maine. I have went to Michigan. I have went to Vermont. And the only reason I am bringing this out is showing you that I have had experience in driving without ever having any trouble.

Now, my question is this in the discrimination of age: My insurance policy is coming up in a couple of months. I may have to go to a doctor or I might not. You know, they have these changes in policy from year to year. And another small gripe I have - it seems very small - but, however, when you go to a doctor the first time you go to a doctor - as I say, I have no doctor -- When you go to a doctor, the first time you go to any doctor I have found out from

information through the in-laws, your first visit is \$10. After that, it is \$5. Now why if you have a policy and everything is good - and as I emphasize again you have a Gold Label - isn't it possible for the insurance company to say, "Come and visit our doctor and this goes in on your insurance policy"? You see, I think it is an imposition again to put this on the insured.

This is all. I won't take any more of your time. But I don't know if there is an answer to this, if I can help myself or anything. I thank you very kindly, sir.

ASSEMBLYMAN GIMSON: Mr. Mitchell, let me say this, and this is again beyond the realm of our Committee action here other than the fact of your statement of the requirement of the examination. First of all, I might say that it is an indication that your company does not discriminate generally against people over the age of 70. They do evidently have a practice of requiring evidence of physical insurability and for that reason they have requested that you have this physical examination.

I do not know of any company that will send you to their doctor and charge it against your insurance premium because, of course, this would be a problem in getting this allowed by the Banking and Insurance Department

I do see it as an imposition and as a little bit of a problem. However, if you pass the examination, it is a way that you can continue to be judged as an individual instead of as a general grouping of people over a certain age bracket. And possibly your insurance agent may be able to

set up an examination through the company physician, someone that the company would take as a qualified examiner, and he may even be able to arrange for you to pay the doctor's fee through his office. That may not be your company practice.

MR. MITCHELL: Oh, I beg your pardon, sir. I am not worrying about the \$5. But the thing I am saying is this, that this could be with all of us older people and this could become a general idea. And this is the only thing I say: Wouldn't it be possible for the insurance companies to say, Well, send out a questionnaire - Have you had any trouble? - Do you go to a doctor or have you any ailments? And if you have not, because they can find out if it's truthful or not if anything happens, let your policy go through. But don't you see, it is a cause of getting the older people little by little to stop this driving.

Now I am all alone. When I go to the store, due to my - I'm not sick or anything - but, I mean, due to my curvature of the back, I find it is easier to let the car walk for me than for me to walk alone, if you can understand what I mean.

ASSEMBLYMAN GIMSON: I can.

MR. MITCHELL: But now they say, "Well, we are sorry. You can't drive a car." See what I mean? And this is the only question - I felt maybe if you take note of this little thing, that maybe some of these agents could bring it back and know that the public - they are having a little



trouble too. Now I am not talking about the \$5. I mean, incidentally this is what could become general.

ASSEMBLYMAN GIMSON: Right. And we will certainly take this into consideration in compiling our report and if we find it possible in working with the insurance industry, we will try to work out some solution to your problems.

MR. MITCHELL: Well, I felt that way, sir, that is why I came down here. I hope I haven't taken too much of your time.

[License Number M4690 01900 01934  
was issued to Alexander Mitchell,  
24 Charles Street, Roselle Park,  
New Jersey.]

ASSEMBLYMAN GIMSON: We will now adjourn until  
1:30.

[Recess for Lunch.]

[Afternoon Session]

ASSEMBLYMAN GIMSON: All right, we will reopen our hearing and I will ask if there is anybody present who wishes to give testimony who has not testified. If not, Mr. Steinmann has something additional to offer, I believe, that he did not get into the record this morning.

EDWARD B. STEINMANN: My name is E. B. Steinmann. I would like to add to my previous statement. When my policy was renewed under a smaller amount, I was going to cancel my home insurance policy, which was a considerable amount, and by threatening with wanting to cancel the home policy, they saw fit to renew this partly. I think that had a large bearing on it because it was due a month after the expiration of my automobile insurance.

ASSEMBLYMAN WERNER: Mr. Steinmann, I would like to ask you a question concerning that inasmuch as you said you think that had a great bearing. Do you think then this is a practice done by the agency rather than the insurance companies that he hands it out to? In other words, to get business, he is ready to tell you to take both or none because you did just this.

MR. STEINMANN: I am sorry. I am not qualified to answer that because I don't know. It seemed to me it had some bearing. That's purely my thinking. I may be right or wrong.

ASSEMBLYMAN WERNER: Well, what I am trying to point out is: You told them you would possibly cancel your home

insurance so he saw fit to give you a reduced amount.

MR. STEINMANN: Yes, sir.

BY ASSEMBLYMAN BURKE:

Q Why did you tell him you were going to cancel your home insurance? A The fact that they cancelled my automobile insurance.

Q Was this a retaliatory thing? A You can put it that way, yes, sir.

Q And you had no knowledge if you had said this to an agent, that this possibly could provide a wedge where he would provide you with some type of automobile insurance? A That was my thinking.

Q I see. A And, incidentally, he was an exceptionally good friend of mine. But on the strength of that I said, "I'm sorry. I don't want any ill feelings between you and me, but under the circumstances I don't feel I want to carry on the homeowner's insurance by not renewing the automobile insurance."

Q Had you talked to any other agent at all? A Yes, sir, I did. After he told me that my automobile insurance was cancelled, I contacted another agent and he said I could get it through the State, but not in a very large amount. He said they'd kind of farm it out. That's the word he used.

Q He didn't say anything about taking over your homeowner's policy at all? A I told him so. I told him I'd give him that.

Q Was that part of the arrangement? A No. He

was willing to write it, not knowing or having any knowledge that I was going to give him the home policy.

ASSEMBLYMAN BURKE: Thank you, sir.

ASSEMBLYMAN GIMSON: Is there anyone else present who wishes to say something? If not, at this time I would like to enter into the record a complaint from Mr. Edward H. Follwell against discrimination of age against the Hardware Dealers Mutual Fire Insurance Company, setting forth the dates of his cancellations and a copy of his policy, letters from the Sales Correspondents of the Sentry Insurance Company, 1180 Raymond Boulevard, Newark, New Jersey, also other evidence - premium notices and endorsements on the said insurance policy.

ASSEMBLYMAN WERNER: Mr. Chairman, do you want that as 4 A?

ASSEMBLYMAN GIMSON: That is Exhibit 4 A.

There is a letter from Frank Keichline, Box 175, Barnegat Light, New Jersey, alleging discrimination because of age. There is no insurance company listed. We will mark this 5 A.

There is also a letter from John Kenneth ----. Actually the name is not legible. However, we will take the letter. It alleges discrimination against the insurance industry in general. This will be 6 A.

I have a letter from F. Asay, Bricktown, New Jersey, which I will mark 7 A, alleging discrimination with no particular company.

I will ask the other two Assemblymen if they have

any letters.

I will also enter a letter from Edward B. Steinmann, from whom we have heard, as 8 A.

Do you have any you would like to enter?

ASSEMBLYMAN WERNER: No, I haven't.

ASSEMBLYMAN GIMSON: Assemblyman Burke, do you have anything?

ASSEMBLYMAN BURKE: No.

ASSEMBLYMAN GIMSON: I was hopeful that the broker mentioned this morning in the testimony, Booker, would be with us this afternoon. However, either the person who tried to get in touch with him has been unable to or else he is unwilling to come in.

At this time I would like to recess for a half an hour when we will announce what the next step of the Committee will be and the date of the next hearing.

[Recess]

ASSEMBLYMAN GIMSON: We have a couple more letters to put in: A letter from William A. Lockwood, Highway 35, Morgan, New Jersey, with a complaint that apparently involves discrimination, with no insurance company named, I will enter as Exhibit 9 A; also one from Charles C. White, with the same alleged discrimination against the Great American Insurance Company and Nationwide Mutual Insurance Company. I will enter this as 10 A. His address is 17 Church Street, Laurelton, Brick Town Post Office, New Jersey. And I have a letter from James Coonsen, 20 Ann Street, Carteret, New Jersey, complaining

about the insurance industry in general and I will enter this as 11 A.

I would like to announce at this time that on the 21st of August at 10:00 a.m., it is this Committee's intent to proceed with these hearings and offer the opportunity for the insurance industry to be heard on these complaints. The hearing will be announced for a location in Trenton. We are hopeful that possibly we might get the air-conditioned auditorium in the Labor Building. If not, it will be in the General Assembly Chambers. It will be advertised prior to the date of the hearing.

Are there any other people to be heard or anything further to be added to this proceeding?

ASSEMBLYMAN BURKE: I just want to thank Public Service for the use of their facilities.

ASSEMBLYMAN GIMSON: I will go along with that. We will tell Public Service we are very happy with their kitchen.

If there is nothing further, I will adjourn this hearing until the date of the next meeting.

- - - -

