

reregulation?

SENATOR LANDIS: Thank you. A good point, it is neither of those phenomenons. Up till now, you need to understand that insurance had an exemption federally from antitrust rules. Insurance companies may conspire, if you will, and pool information and, basically, price fix on the federal level. We have an exemption to the antitrust in federal law, the McCarran-Ferguson Act, to the antitrust rules. And these bureaus were, basically, price-fixing mechanisms. So...

SENATOR PIRSCH: For the industry, itself.

SENATOR LANDIS: That is right, for all the companies who participated, there was a way of fixing prices. Now there was a very important reason to do that. Insurance is based on predicting the future based on the experience of the past, and the more you know about the past and the more information you have, the better predictions you make. It is critical that insurance companies be able to pool information. But we have in the past said go ahead and pool information and we will allow you to then make rates suggested from the pools. This bill says, pool information, you have got to do it to know how to do insurance, but don't make rates out of that. Each individual company with its own administrative costs, its own profits, dividends, investment incomes, should set their own rates given their own knowledge of the industrywide information and then their own particular factors. That is not reregulation or deregulation. It is an attempt to break an anticompetitive aspect of the use of these industrywide rating bureaus.

SENATOR PIRSCH: I understand much better now, and I think we all do. I have one other question, though. I see that opposing this is the National Council on Comprehensive Insurance and the American Insurance Association, could you explain what their opposition was?

SENATOR LANDIS: Yes, both of those representatives argued that workers' comp should not be covered by the bill.

SENATOR PIRSCH: That was their only...

SENATOR LANDIS: Yes, and if I could finish it, although I can use my own time if necessary, that position since the time of the hearing has changed. I have here a letter from the National