U.S. Riot Insurance Bill Progressing in Congress

By **EDWARD J. MICHELSON**

WASHINGTON (NANA) — Businessmen victimized by marauders and arsonists following the assassination of Dr. Martin Luther King Jr. have a good chance of buying insurance protection against fire, crime and other riot losses in future uprisings, at reasonable cost.

Legislation providing federal government reinsurance of private companies writing such policies for residential and business property owners in riot-prone centers is making good progress on Capitol Hill.

CONSIDERATION of bills for a nationwide plan of insurance, with federal and state governments sharing in disaster losses incurred by the private industry has been spurred by the estimated $30 million property damage in the Baltimore-Washington area alone.

The Senate and House bills are part of an omnibus housing package proposed by the Johnson administration prior to the slaying of King. Actually, the insurance scheme, setting up a government corporation patterned on the Federal Deposit Insurance Corp., which covers bank deposits, was proposed 10 months ago, after the 1967 "long, hot summer" of civil disorders began in May in Tampa, Fla., and spread across the nation.

There is one obstacle to congressional passage of the reinsurance plan — an acceptable means of financing a program paying as much as a hundred cents on the dollar for losses in such disasters at last year's holocausts in Detroit, Newark and Plainfield, N. J.

The 1967 payout by insurance companies for covered losses was $75 million. But policies at reasonable premium rates from companies reinsured by the United States and the state governments, if covering all riot losses, could run to as much as $5-$6 billion.

IN SUCH A CASE, Lloyd's of London would be reluctant to participate in underwriting U.S. companies.

Lloyd's has been a participant in high-risk insurance in the United States since the 13 colonies were part of the British empire. Lloyd's still provides costly flood insurance policies for American firms, as well as other necessary coverage beyond the means of the average businessman and householder.

Hardest hit retailers, as a group, are the alcoholic beverage stores in the Negro sections of Washington and Baltimore. The National Association of Liquor Retailers has been lobbying for some time for legislation creating insurance covering holdups, riot destruction, arson and other crime losses.

Because the marketing of alcoholic beverages is one of the most tightly regulated businesses in the nation, at the federal, state and local levels, the package store owners whose premises were burned out may have great hardship in rebuilding.

As tenants in structures where they are licensed to sell liquor, they must rely on their landlords' ability to reconstruct. Availability of insurance as well as federal loans will be necessary in financing such rebuilding.

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