

Insurance facility to defy courts, raise rates

By KATHY PITMAN
Staff Writer

The N.C. Reinsurance Facility voted last week to defy the courts and government officials and levy a record 8.3 percent surcharge on high-risk drivers in the state.

Gov. Jim Hunt, Insurance Commissioner John Ingram and Attorney General Rufus Edmisten plan to appeal to the courts early this week and ask for a mandatory injunction to prevent the facility from implementing the surcharge.

The Reinsurance Facility pools high-risk drivers from several companies, thus allowing the companies to share the losses.

"It's going to be a long, drawn-out process," said Oscar S. Smith, press spokesman for Ingram.

The N.C. Court of Appeals ruled last week that the surcharges were actually insurance rates that must be filed with the insurance commissioner. The facility then appealed to the N.C. Supreme Court and is awaiting a decision.

An industry spokesman said the surcharges aren't rates but "recoupment fees" that make up for past losses, not coverage of future claims.

State officials sent a letter to the facility Tuesday asking for clarification of its intention in asking for an 8.3 percent increase on automobile insurance. The surcharge replaces the 4.9 percent surcharge now in effect, which means an increase from 5 percent to 8 percent, said Paul L. Mize, general manager of the Reinsurance Facility.

The three state officials will ask for a court hearing on Nov. 17 to decide the fate of the proposed surcharge. Hunt said in a prepared statement earlier last week that if the facility fails to file the increase "we will be prepared to take the appropriate legal action."

Brent Hackney, press spokesman for Hunt, said Friday afternoon that the governor thought the surcharge was "wrong and contrary to the law and the court's recent ruling." Mize disagreed with Hunt.

"We believe, and have believed from the beginning, that this is in complete compliance with the law," Mize said Friday.

The Department of Insurance estimated the increase would amount to about \$28 million. In the Triangle area this would add about \$7.60 to the cost of each policy. The increase will vary across the state. About a fourth of the state's drivers are insured through the facility.

Mize said the objections by Hunt, Edmisten and Ingram were nothing new. He said that previous objections by the same three officials had been raised before when surcharges were proposed by the facility.

A 1977 law allows the facility to put a rate increase into effect even if Ingram denies it. "The commissioner has said unless this law is changed the commission is just a puppet organization," Smith said.

The insurance industry has also scheduled a 6 percent general rate increase—the highest allowed by law—to become effective Dec. 1, which Ingram has contested.

The N.C. Rate Bureau, which represents the industry in auto rate proposals, has voted to appeal Ingram's denial. The increase, if denied by the court, would be subject to refund.

News In Brief

Iraq increases attacks on Abadan

BEIRUT, Lebanon (AP)—Iraq attacked the major Iranian oil refinery city of Abadan Sunday and reported its troops captured Iranian Oil Minister Mohammed Jawad Baqir Tunguyan in a separate ambush.

The official Iraqi news agency said Tunguyan was captured last Friday in an ambush by "special Iraqi patrols," and was taken to the Iraqi capital of Baghdad. It gave no other details. The 30-year-old minister took office about two months ago.

There was no immediate Iranian statement on the claim. Military communiques from both warring nations issued earlier Sunday said Iraqi soldiers used a mobile bridge across the Bahmanshir River to try to breach Abadan's defenses in suburban Zolfaqar east of the city.

Negotiators try to avert Greyhound strike

SCOTTSDALE, Ariz. (AP)—Wildcat walkouts virtually halted Greyhound Lines bus service to cities in Ohio and West Virginia Sunday as negotiators tried again to head off a threatened nationwide strike by 15,000 transit workers.

The union, which was seeking a 10 percent pay raise and improved benefits, authorized a strike against the nation's largest interstate bus company at midnight Sunday.

Greyhound operates 4,600 buses over 100,000 route miles to 14,000 locations in the United States, Canada and Mexico, said company spokesman Lee Whitehead. He said western Canada, which is serviced by a separate Greyhound company, would be the only area not affected by a full-scale strike.

Police order Iranians to end sit-in

PARIS, France (AP)—French police Sunday forced 120 Iranian students to leave the headquarters of UNESCO, where they had staged a 34-hour sit-in to protest Iraq's invasion of Iran.

Police said their intervention in the affair had been requested by officials of the United Nations Educational, Scientific and Cultural Organization. Authorities said the students were evacuated from the halls of UNESCO without incident.

The students entered the UNESCO headquarters Friday afternoon in small groups, telling security officials they wanted to view an exhibition of paintings. Once inside, the students amassed and said they would remain "as long as it is necessary."

There were no disturbances during the sit-in.

hostages

From page 1

revolution against Shah Mohammad Reza Pahlavi. The first condition can be met easily, but each of the other three may present legal problems for the Carter administration.

U.S. officials were awaiting an official communique from the Iranians on the terms. Any vagueness or ambiguities presumably

would have to be cleared up in negotiations between the Carter Administration and the Iranian government of Prime Minister Mohammad Ali Rajai.

One major unanswered question was how demanding the Iranians will be in judging whether the United States has met each condition in detail.

preview

From page 1

Bayh is facing his toughest challenge from Republican Daniel Quayle in a state where presidential candidate Ronald Reagan is expected to do well. Late polls give Bayh, chairman of the Senate Intelligence Committee, a very narrow lead, with 19 percent of the voters undecided.

The Senate Democratic Campaign Committee says worst projections show a net loss of three seats. The current lineup in the 100-seat Senate is 58 Democrats, 41 Republicans and one independent, Sen. Harry F. Byrd of Virginia, who votes with the Democratic majority to organize the Senate.

On the House side the Republicans are hoping for another boost this year from the top of the ticket. If Reagan runs strongly against President Jimmy Carter, GOP strategists say the shirtiloff effect could put a few closely contested races in the Republican column.

However, in recent years, the Democrats have done well in congressional races regardless of the outcome of the presidential contest, and many observers believe the pattern will continue.

Democrats now hold an even wider 273-to-159 majority over Republicans, with three vacancies in seats that had been Democratic. That means the Republicans must achieve a net gain of 59 seats to win control of the House. Virtually no political leader in either party expects that to happen.

The Republicans, however, will not lose for want of trying. They have spent an unprecedented \$8 million on television advertising that blames congressional Democrats for the nation's economic ills and urges Americans to "Vote Republican—for a change."

The Republicans have put some key Democrats on the political defensive, running vigorous and well-financed campaigns that are threatening to topple several key Democratic legislative leaders.

Those targeted include six committee chairmen as well as House Majority Leader Jim Wright of Texas and Majority Whip John Brademas of Indiana. Wright is expected to win handily, but Brademas' chances are not as good.

for the record

An article in Wednesday's *Daily Tar Heel* on Student Health Service fees should have said the 1979-1980 health service budget had a projected deficit of \$76,000 but was actually \$6,703. The 1980-1981 budget had projected a surplus of \$90,000 but was recently announced at \$172,000. There is a projected deficit of \$70,000 for the 1981-1982 budget.

The Bottom Line takes a lighter look at the news. Look for it every Tuesday and Thursday on the editorial page of *The Daily Tar Heel*.

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