



Department of Justice

FOR IMMEDIATE RELEASE
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The Department of Justice filed a civil antitrust suit today charging General Adjustment Bureau, Inc., of New York City, the nation's largest insurance adjusting organization, with illegally restraining trade in the business of adjustment and settlement of property damage insurance claims.

Attorney General John N. Mitchell said the complaint and a proposed consent judgment, to become final in 30 days, were filed in the U.S. District Court in New York City.

The suit charged that GAB, all of whose stock is owned by approximately 170 insurance companies, combined and conspired with its shareholders to cause them to utilize GAB's adjusting facilities, boycott independent adjusters, coerce and intimidate agents to channel claims to GAB, and adhere to GAB's billing schedules in dealings with independent adjusters.

It also charged that GAB and its shareholders formulated uniform price lists for labor and material used in the replacement and repair of damaged property and established uniform practices and procedures to be used in the adjustment and settlement of claims.

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In addition, the complaint said the alleged conspiracy had the effect of eliminating competition among the shareholder insurance companies of GAB in the adjustment and settlement of property damage insurance claims and denying insureds the benefits of such competition.

It also alleged that independent adjusters were foreclosed from a substantial segment of the business of adjusting property damage claims and that agents representing the shareholder insurance companies of GAB were restricted to the use of GAB facilities.

The suit said the alleged conspiracy violates Sections 1 and 3 of the Sherman Act.

Assistant Attorney General Richard W. McLaren, head of the Antitrust Division, said the consent judgment requires that 62 shareholders owning or controlling 82 percent of the total outstanding stock in GAB must, within 90 days from the date of entry of the judgment, place their GAB stock in trust, and the trustee is required to divest the stock within four years.

The consent judgment forbids GAB, after four years, from doing business with any of its present shareholders who to the knowledge of GAB own or control any shares of GAB's stock or have any other financial interest in GAB and prohibits GAB from making services available to its shareholders at rates lower than those offered to any other person.

It also prohibits GAB from acting in concert with any insurance company to coerce firms to do business with GAB or to boycott other adjusters. It further provides that GAB and insurance companies may not agree that fees paid to any other adjuster shall be based on GAB's charges.

With certain specified exceptions, GAB is also prohibited from acting in concert with others to establish uniform practices and procedures to be used in the adjustment and settlement of claims and from acting in concert with any supplier of labor and materials to fix the price paid for materials and labor used in the repair and replacement of damaged property.

GAB, which has more than 700 branch offices throughout the United States, employs 3,500 claims adjusters. In 1968, GAB adjusted 1,077,672 property damage claims, resulting in paid losses of more than \$1 billion.