

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Monday, March 3, 1952.

PRESENT: Mr. Martin, Chairman
 Mr. Szymczak
 Mr. Evans
 Mr. Vardaman
 Mr. Powell
 Mr. Mills
 Mr. Robertson

Mr. Carpenter, Secretary
 Mr. Sherman, Assistant Secretary
 Mr. Kenyon, Assistant Secretary

Minutes of actions taken by the Board of Governors of the Federal Reserve System on February 29, 1952, were approved unanimously.

Minutes of the meeting of the Board of Governors of the Federal Reserve System with the Presidents of the Federal Reserve Banks held on February 29, 1952, were approved unanimously.

Letter to Mr. McCreedy, Secretary, Federal Reserve Bank of Philadelphia, reading as follows:

"The Board of Governors approves the reappointment of Messrs. B. F. Mechling, Harry L. Miller, Keith Powlison, James M. Skinner, and Daniel H. Schultz as members of the Industrial Advisory Committee for the Third Federal Reserve District to serve for terms of one year each, beginning March 1, 1952, in accordance with the action taken by the Board of Directors of the Federal Reserve Bank of Philadelphia, as reported in your letter of February 26, 1952."

Approved unanimously.

Letter to Mr. Hill, Vice President, Federal Reserve Bank of Philadelphia, reading as follows:

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"This refers to your letter of February 4, 1952, enclosing a copy of a letter from The Pennsylvania Company for Banking and Trusts, asking permission to extend the business of its affiliate, the Colonial Surety Company, to include the writing of fire, theft, and collision insurance of automobiles purchased for cash where the purchasers are willing to permit the automobile dealer to write the insurance as agent for the surety company.

"It is understood from your letter that the parties have agreed that the Colonial Surety Company will not handle renewals of any such policies; that it will reinsure 90 per cent of the risk as is being done on business presently being written on sales financed by such dealers through the member bank; and that it is willing to limit this type of business so that its 10 per cent portion of the risk assumed would not exceed \$25,000 measured by the amount of premiums in force at any one time.

"As previously indicated in our letter of March 7, 1951, the Board seriously questions the propriety of a member bank's engaging, directly or indirectly, in the insurance business. However, in view of the comparatively small amount of additional risk here involved, the Board will interpose no objection to the extension of the insurance operations by the Colonial Surety Company to the extent and subject to the limitations set forth above."

Approved unanimously.

Letter to the Honorable John D. Hickerson, Assistant Secretary of State, Washington, D. C., reading as follows:

"This will acknowledge your letter of February 26, 1952, relating to United States participation in international conferences.

"We have noted the problems which have arisen incident to the depletion of the 'International Contingencies' Fund and the principles which have been established to insure adequate United States representation in international

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"conferences to be held during the remainder of the fiscal year 1952 and during the fiscal year 1953."

Approved unanimously.


Secretary.