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Minnesota Faces Credit Insurance Cut

A hearing was held last Monday in the Minnesota State Office Building in St. Paul by Minnesota Insurance Commissioner Thomas C. Hunt to permit public discussion of his proposed regulations of rates for credit insurance. The Minnesota legislature earlier this year passed a new credit life bill, and under provisions of that bill, the hearing was to promulgate regulations to administer the bill.

It was reported in advance of the hearing that Commissioner Hunt would propose a cut of as much as 40% in existing rates. Credit life companies and financial institutions opposed such a drastic rate cut.

It appeared following the hearing that the present rate of \$1 per \$100 of loan per year (1% add on) would be reduced to 75¢ per \$100, although the companies and financial institutions testified strongly for at least an 85¢ level. Level term rates would be cut to slightly over \$1.38 and the industry is asking the Commissioner to round this off at \$1.40.

An industry spokesman said the effect of the rate reductions will probably be to reduce the commission paid to financial institutions from 50¢ to 30¢. Credit companies presently have a margin

of 1 or 2%, he said. Smaller banks may find their administrative costs are higher than the commission involved, and they would then be in the position of doing all the paperwork to provide protection for the borrower at no profit to the bank.

An executive of a credit life firm said the best approach for banks now, especially smaller ones who would feel the income reduction most, would be to emphasize the sale of credit A&H coverage at the same time credit life is placed on a loan. The need for disability protection, he said, is evidenced by the fact that the possibility of disability to the borrower is 10 to 15 times greater than death during the period of the loan.

Prior to the hearing, Commissioner Hunt was studying a proposal to cut both the rates and exclusions in health and accident coverage. This would make it extremely difficult, if not impossible, for actuaries to compute rates, one industry spokesman stated. The Commissioner indicated at the hearing last Monday that the rates would be cut, but the exclusions probably would not be changed.

Presently, the exclusions ap-

plied to a condition existing any time before the policy was taken out. The proposed exclusions would apply only to a condition treated six months before the initial date of the policy and six months after.

J. Robert Stassen, president of North Central Life Insurance Co., St. Paul, said both insurers and lenders in Minnesota favored proper regulation of the important credit life and A&H business. He noted that credit insurance is not required of people who take out small loans, as reported in segments of the press.

The insurance industry and financial institutions also requested that the proposed changes in rates, exclusions and related regulations not take effect until December, 1968. No commitment was made by Commissioner Hunt, although it was reported that he favored this extension period for necessary adjustment of operations by all segments of the industry.

Senate Vote Favors Revenue Bond Dealing for Banks

WASHINGTON, D.C.: The Senate passed and sent to the House a bill that would allow commercial

Bond Dealing ...

(Continued to back page)

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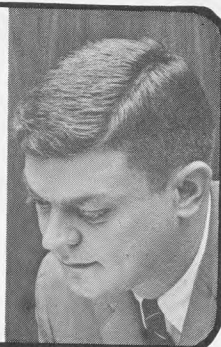
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IOWA NEWS

BURLINGTON: John L. Dooley has resigned as vicepresident and farm representative of Burlington Bank and Trust Co. Martin Granaman has retired from board after 50 years. Douglas Grinde, new president, takes place of Mr. Granaman on the bank board.

CLARKSVILLE: Fred Maifield has been promoted to assistant cashier of the Iowa State Bank and is employed at the Kesley office. Stanley Lubben of Allison, Ia., has been employed as a teller at the Iowa State Bank.

CLEGHORN: Arnold L. Jensen of Storm Lake, Ia., has joined the staff of the Cleghorn State Bank. He was formerly employed by the Security Trust and Savings Bank of Storm Lake.

COUNCIL BLUFFS: Steven Orval Stiles, 18, former Council Bluffs resident, recently was arrested in Hollywood, Cal., after having been charged with the October 26 holdup of the State Savings and Trust Bank in Council Bluffs.

HAZLETON: Susan Ann Bueneke, daughter of Don W. Bueneke, vice president of the Maynard Savings Bank office here, recently was named homecoming queen at Upper Iowa College.

HUMBOLDT: Jack Campbell, vice president of Humboldt Trust and Savings Bank, has been appointed chairman of the special gifts section of the Humboldt County Hospital building program.

HUMESTON: Ardys E. Jennison has been employed as cashier of the Citizens State Bank and began his duties November 1. He was formerly a partner in the McCullough Chevrolet Company, Humeston.

HILLS: Marion Smothers, assistant cashier of the Hills Bank and Trust Company is a patient at Mercy Hospital in Iowa City, where he underwent surgery November 3.

LE CLAIRE: Orville Stewart of Le Claire recently has been elected to the board of directors of Le Claire State Bank and Farmers Savings Bank, Princeton.

MANNING: Harry H. Rix, assistant cashier of the First National Bank, will retire on December 31, 1967, after 44 years of service to the bank. Keith Kelderman recently was employed by the bank.

MARSHALLTOWN: Jim B. Cooper of Marshalltown has been elected director of the Nebraska Consolidated Mills Company. He is president of the Plainview National Bank of Plainview, Nebr., and board chairman of the Farmers National Bank of Pilger, Nebr. He is also owner of the Bob C. Cooper and Son Company and president of Cooper Enterprises, Inc.

PELLA: William H. Griggs has joined the Pella National Bank. He will head the installment loan department. Mr. Griggs was formerly with the First National Bank of Omaha.

REINBECK: An extensive remodeling and expansion program of the

Lincoln Savings Bank is now underway. The program is expected to cost some \$60,000, according to L. T. Bicket, bank president. Work is expected to be completed early in 1968.

NEW VIRGINIA: The Norwalk Cumming State Bank has started construction of a new bank office building to be located directly north of the present building. The old bank building will be removed as soon as the new building is ready for occupancy.

WAUKON: Farmers and Merchants Savings Bank recently celebrated its fifth anniversary. Bank footings have grown from \$1.2 million to \$4 million during the past five years.

MINNESOTA NEWS

ADA: G. Howard Spaeth, president of the First State Bank, has announced that Gerald G. Gast of Breckenridge has been added to the bank staff as assistant cashier. He was formerly employed by the First National Bank of Breckenridge.

BREWSTER: V. L. Kirk, a lifetime southwestern Minnesota resident, has joined the staff of the First National Bank as a vice president, succeeding Jim Weir, who has accepted another position at Mankato. Mr. Kirk had been employed by the Citizens State Bank of Fulda.

BLUE EARTH: The First National Bank of Blue Earth recently held an open house at which approximately 3,000 people viewed the bank's new facilities. Approximately 150 bank officials and their wives also toured the bank and



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Sioux City, Iowa

were entertained at the White House Cafe for dinner.

MINNEAPOLIS: Gordon Murray, president of the First National Bank of Minneapolis, has announced the appointment of Joseph R. Kingman, III, as vice president and senior marketing officer. Also announced was the election of Robert J. Anderson as vice president of the bank. He will assume Mr. Kingman's former duties as head of one of the bank's commercial banking divisions. Mr. Kingman replaces Robert W. Fischer, who resigned to enter the investment business.

MINNEAPOLIS: Wheelock Whitney, chief executive officer of Dain, Kalman and Quail Inc., has announced the election of Robert W. Fischer as executive vice president and director of the regional investment banking firm. He will assume his duties early in December.

MONTEVIDEO: The First National Bank recently honored an employee, Genora Brown, who is observing her 40th anniversary of service, at an open house. Mrs. Brown began working for the bank November 1, 1927, a few months after its founding. Since that time, she has worked in virtually all departments of its operation.

SOUTH DAKOTA NEWS

RAPID CITY: Ground breaking cer-

emonies recently were held for the \$300,000 Mountain View office of the First National Bank of The Black Hills. The new structure, which is expected to be completed early next fall, includes two television auto banks. The Mountain View office is the fourth completely new bank building constructed by the First National during the past nine years.

NORTH DAKOTA NEWS

DICKINSON: Lewie Kostecky, former director and president of the Liberty National Bank and Trust Company, died suddenly at his home in Dickinson, October 31. He retired from his position with the bank three years ago. Funeral services were November 3.

COLORADO NEWS

AURORA: Les K. Shumate, an employee of the Burroughs Corporation, has joined the staff of the public relations department of the Peoples Bank and is in charge of computer service sales.

BOULDER: Election of Donald P. James, president of the Denver-Boulder Bus Company, as a director of National State Bank of Boulder, has been announced by Charles Sayre, bank president.

COLORADO SPRINGS: Directors of the First National Bank of Colorado Springs have voted a 10%



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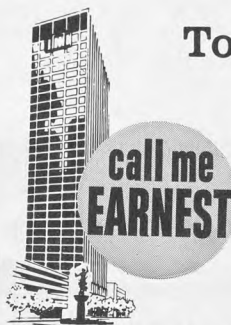
stock dividend, subject to approval of stockholders and the U. S. Comptroller of Currency, according to Joel A. H. Webb, board chairman, and Thomas S. Moon, bank president. Issuance of the additional stock would raise the number of shares to 330,000 and the capital structure to \$4,650,000.

FT. COLLINS: Gale E. Heiman, former president of the Rocky Mountain Bank and Trust Company, has been convicted by a U. S. District Court jury of four counts of fraudulently misapplying funds of the bank he headed. He allegedly converted \$17,000 of bank funds to his own use during 1963 and 1964. Mr. Heiman resigned as bank president in 1966.

VAIL: The Bank of Vail has been approved for membership in the Federal Deposit Insurance Corporation. This is a new bank with total capital accounts of \$170,000. Roger L. Reisher is bank president.

WYOMING NEWS

WORLAND: Vernon E. Bower, president of First National Bank, has announced that the board of directors have approved an extensive remodeling program of the bank building and awarded the contract to Fullen Construction Co. of Cody.



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Bond Dealing...

(Continued from page one)

banks to underwrite municipal revenue bonds.

Commercial banks have been barred from dealing in revenue bonds since 1933, when Congress decided to separate commercial-banking and investment-banking functions. Investment bankers strongly opposed the Senate-passed bill and are expected to try to bottle up the measure in the House.

Sponsors of the legislation say it will increase underwriting competition and thus reduce the cost of borrowing to state and local governments.

Bank Hiring Practices

The Treasury plans to keep a sharp eye on banks holding Federal deposits to make sure they are conforming with civil rights regulations in hiring and promotion policies.

This was one of the clear implications in new regulations disclosed by the agency recently.

The regulations would implement a Presidential order which requires firms doing business with the Federal government to follow equal opportunity employment policies. The Treasury ruled previously that banks holding Federal deposits are "Federal contractors," and thus are subject to the order.

The regulations require that Federal depository banks with more than 50 employees file an annual "compliance report." This consists of filling out a specified

Federal form by March 31 each year.

The regulations state that the Treasury has the responsibility for investigating all complaints of violations and stressed that "every effort will be made to resolve complaints by conciliation."

The Treasury stated that the implementing rules for banks are preliminary. Permanent compliance standards for all industries are being prepared by the Labor Department.

Under the rules, the covered banks would have to state in job advertisements that "all qualified applicants will receive consideration for employment without regard to race, creed, color or national origin."

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tinual service contract. Bank going Data Processing. Iowa State Bank, Algona, Iowa 50511. Area Code 515-295-2418.

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Bank officer, age 34, family man with 11 years of well rounded financial experience seeking challenging officer opening. College graduate, banking schools, active community worker. Write File GVP, c/o NORTHWESTERN BANKER, 306 Fifteenth Street, Des Moines, Iowa 50309.

AVAILABLE

Cash-Flow Budget and Farm Loan Application forms for the banker who wants to update his farm loan procedures. Samples for inspection. Farm Business Council, Inc. P.O. Box F, Urbana, Illinois 61801.

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