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Hearings Set on Credit Insurance Premiums

Hearings on legislation to give the Federal Reserve Board authority to set maximum premiums for credit-related insurance purchased by borrowers are scheduled to begin June 25 before the Senate Financial Institutions Subcommittee.

The bill (S. 1754), sponsored by Subcommittee Chairman William Proxmire (D., Wis.), would apply to life, health and accident insurance provided or arranged for by a creditor in connection with a consumer credit transaction. It would amend the new federal truth-in-lending law which goes into effect July 1.

Witnesses during the four days of hearings that end June 30 are expected to include representatives of the Fed, which recently opposed a similar move by Sen. Proxmire to give the agency additional truth-in-lending regulatory responsibilities under credit reporting legislation (S. 823).

Sen. Proxmire is pushing the credit insurance measure to "reduce impediments to strong and effective competition among grantors of consumer credit in order that the payments required to liquidate such credit be kept to a minimum" and to "excessive premium charges" borrowers pay for credit insurance.

Under the legislation, the Fed would be directed to insure that

maximum premiums are "reasonable" in relation to the benefits borrowers derive.

The maximum premium rates would be set according to the ratio of losses to premiums. In making this judgment, the Fed would be required to consider the ratio of losses to premiums experienced by other lines of insurance marketing on a group basis. It would be required to consider the ratio of losses to premiums experienced by creditors that provide, life, health and accident insurance in connection with consumer credit transactions in which insurance costs are included in the finance charge, rather than paid separately. It would be required to consider the ratio of losses to premiums experienced by insurance companies and the actual incremental administrative expenses experienced by creditors. It also would be required to consider "whatever other factors... are relevant" to achieving the objectives of the legislation.

The Fed could prescribe maximum premiums for particular creditors or transactions based on the loss ratio and actual loss experience. It also could raise or lower the maximum premium charges periodically for any class of creditors or class of transactions

where the actual loss experience differs "substantially and systematically" from the general loss-ratio that has been established.

Creditors would be required to file an annual report on actual losses in relation to premiums, as well as any other information the Fed might require.

According to Sen. Proxmire, state-regulated premiums would be exempt from the provisions of the legislation where the Fed determines that a state has established "substantially similar" restrictions on premiums for credit-related insurance.

Prime Rate Hits Record 8.5%

Major banks across the country raised their prime interest rate a full point, to a record 8.5% last Monday, June 9. Although an increase in the rate, the third this year, had been predicted for some time, the amount of the hike—a full 1%—came somewhat unexpectedly. It was the first time since 1945 that a change in the rate amounted to a full percentage point.

The first bank to increase its prime rate was Bankers Trust Company of New York, with other banks across the nation quickly following the move.

The prime-rate move has been described by bankers as a defensive one, aimed at rechanneling
(Continued on Page 6)

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IOWA NEWS

COUNCIL BLUFFS: Lewis W. Ross, 72, prominent Council Bluffs and southwest Iowa banker, has died at a local hospital following a week's illness. He resigned as chief executive of the Council Bluffs Savings Bank in 1967 and remained as the chairman of the board. He had been with the bank for 17 years.

DAVENPORT: Walter Schloemer has been named executive vice president of Northwest Bank and Trust Company. He has been assistant vice president at the bank, where he has been employed since 1955.

KANAWHA: R. H. Isensee, president of the United Home Bank and Trust Company, Mason City, and associates have purchased controlling interest in the Farmers State Bank, Kanawha.



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MEMBER: FDIC • FRS

James E. Mallen, formerly vice president at the First State Bank, Britt, has been elected president and a director, succeeding Elmer Hanson, who has retired. Ernest Bartik, president of the Corwith State Bank, also has been elected a director.

MASON CITY: Fulton F. Potter, a founder and past president of the United Home Bank and Trust Company, has died in LaJolla, Calif. He resigned as president in 1953.

MT. PLEASANT: Funeral services were held last week for Charles R. Atwell, 61, president of Mt. Pleasant Bank and Trust Company. He was stricken at his desk Tuesday morning, June 10. He organized the bank in 1946 and was a past vice president of the Iowa Bankers Association. Surviving are his wife, Rosemary, a daughter and two sisters.

SPIRIT LAKE: In last week's issue it was incorrectly reported that funeral services were held recently for Robert L. Currell, president of the First National Bank. The funeral services were held for J. Robert Cornell, chairman of the board. We regret the mixup in names.

WEST BRANCH: An open house was held June 8 at the United Methodist Church here in honor of L. C. Rummells' 50 years of service in the First State Bank. Mr. Rummells joined the bank in 1919 and has been serving as executive vice president since 1952.

WILLIAMSBURG: Dennis Huedepohl

has joined the staff of the Farmers Trust and Savings Bank.

NEBRASKA NEWS

OMAHA: Hearing on the application for the proposed Omaha State Bank to be located in the Bel Air Shopping Center, 120th Street and West Center Road here, has been set by the State Department of Banking from July 24 at 9:30 a.m. at 401 NSEA Building, 605 South 14th Street in Lincoln. Listed as incorporators in the application are M. Cooper Smith, John J. Fuchs and William A. Fraser, all of Omaha, and George F. Russell of Millard and R. Joseph Dennis of Bellevue.

MINNESOTA NEWS

HALLOCK: Cecil Pogatchnik takes over as president of the Northwestern State Bank here today. He came to the bank from Butte, Mont., where he was vice president of the First National Bank.

HIBBING: Funeral services were held last week for A. A. Koskiner, who recently retired from the Security State Bank here. He had served as president and chairman of the bank, and was to receive a 50-year plaque in banking at the Minnesota Bankers Convention, which was held last week.

HOUSTON: Everett J. Anderson has been elected vice president and cashier of the Houston Security State Bank and also has purchased a share in the bank.

MINNEAPOLIS: S. R. Wheaton, executive vice president of the First National Bank, Elk River, has been elected president of the Minnesota Bankers Association at its annual convention at the St. Paul Hilton here on June 9-11. He succeeds J. J. Choromanski, president of the Crystal State Bank, Crystal. Mr. Wheaton was vice president of the association in 1968-69 and is succeeded in that position by Marvin R. Campbell, president of the First National Bank, Crookston. Ora G. Jones, Jr., president of the Goodhue County National Bank in Red Wing, was elected to a second term as treasurer.

MINNEAPOLIS: Patrick C. Downey, formerly with Allison-Williams Company, Minneapolis, has joined Ebin, Robertson and Company, Inc., Minneapolis, as an investment executive specializing in institutional bond sales. He will travel throughout Wisconsin and parts of Minnesota.

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Northwestern National Bank of Minneapolis with a combined total service of 133 years have retired. They are Eugene E. Hedlund, vice president of the bank and vice president, treasurer and a director of the Northwestern Bank Building Company, with 51 years service; Arthur W. Arndt, purchasing agent, with 43 years service, and Dorothy Wright, trust securities, with 40 years of service.

MORA: Arlo G. Swanson, former state director of the South Dakota Farmers Home Administration, has joined Kanabec State Bank here as vice president and senior loan officer. Before his appointment to the FHA, Mr. Swanson handled commercial, agricultural and installment loans at both the Huron and Sioux Falls offices of Northwestern National Bank. Robert L. Nikodym has resigned as executive vice president at the bank, effective July 31. Dallas Olson of Mora has been named assistant vice president in charge of the bank's installment loan department.

SOUTH ST. PAUL: John A. Marien has been promoted from assistant vice president to vice president at the Northwestern National Bank, effective June 10.

ILLINOIS NEWS

CARTERVILLE: The Federal Deposit Insurance Corporation has approved the application of the Carterville State and Savings Bank to establish a motor facility at 144 South Division Street here.

CHICAGO: Kenneth P. Kinney, president of the Bankers Association for Foreign Trade, has been named vice president in charge of the international banking department at Northern Trust Company here.

NORTH DAKOTA NEWS

BISMARCK: The State Banking Board has approved a charter application for the Capital State Bank, the first new charter granted for a bank in Bismarck since 1928. Incorporators of the new bank are Dr. James J. Moses, R. O. Townsend, Herman Souduck and A. William Lucas, all of Bismarck and Wayne A. Stroup of Garrison. Dr. Moses is president of the First American Bank and Trust

Company here, and Mr. Stroup is president of the Garrison State Bank.

JAMESTOWN: Roger Cook has been appointed assistant cashier and assistant manager of the installment loan department of the Jamestown National Bank. He was formerly employed at the First National Bank of Minneapolis.

MINOT: Hayden H. Thompson of Towner has been named president of the First Western State Bank here. He will also continue as chairman of the bank's board of directors. Rolland Redlin has been named to the newly created post of assistant to the president and will continue to serve as vice president and agricultural representative. Mr. Towner succeeds Gary R. McDaniel as president of the bank.

OAKES: Gerald A. Manglin, formerly with the Production Credit Association of Grafton, N. D., has been named to the newly created post of ag representative at the First National Bank of Oakes.

VALLEY CITY: Jerry Zinck has resigned as vice president of the American National Bank. He has been with the bank for 12 years and will take over the management of the Farmers and Merchants Insurance Agency here.

SOUTH DAKOTA NEWS

LEMMON: Controlling interest in the Bank of Lemmon has been sold by Dr. F. C. Toten, president, and Carney O. Peterson, cashier, to a group of investors headed by G. L. Hill, Aberdeen, president of Dacotah Bank Holding Company. Included in the sale was the stock interest of the E. J. Ziltz estate. The new owners will assume control of the bank on July 1.

SIOUX FALLS: Richard L. Pruitt, assistant cashier at the National Bank

of South Dakota here, has been promoted to assistant vice president. Victor A. Jorgensen, formerly assistant cashier at the National Bank of South Dakota, Vermillion branch, has been elected assistant cashier.

WYOMING NEWS

CASPER: Mrs. Arrah Spoeneman was guest of honor recently at a farewell party given by officers and the staff of the Security Bank and Trust Company. Mrs. Spoeneman, who has been with the bank since its opening in 1960, is moving to Norco, Calif.

CHEYENNE: The following 1969-70 officers have been elected by the Cheyenne chapter of the American Institute of Banking: President—Don Laher, First National Bank and Trust Company; first vice president—Anita Williams, East Cheyenne National Bank; second vice president—Frank G. Allen, American National Bank; secretary—Lyle Harsch, Cheyenne National Bank; treasurer—Larry Mee, First State Bank.

GREYBULL: The following new officers have been elected at a meeting of the Big Horn Basin Bankers Association here: President—Bruce Armentrout, First National Bank, Lander; vice president—Bert Harris, First National Bank, Greybull, secretary-treasurer—John Benesch, American National Bank, Riverton.

LANDER: Don Inloes, a resident of Lander for 51 years, has been named a director of the Central Bank and Trust here. He replaces Judge L. A.

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Crofts, who has resigned. Mr. Inloes is the owner of the local Coast to Coast store.

TORRINGTON: The Comptroller of the Currency has issued a certificate to change the location of the Citizens National Bank of Torrington from 2000 Main Street to 112 East 20th Avenue here.

COLORADO NEWS

COLORADO SPRINGS: Robert E. Trego has been elected president of the Colorado Commercial Bank, succeeding Frank D. Arnold, who has resigned. Succeeding Mr. Trego as executive vice president is Richard W. Dailey, former senior vice president. The new president has been executive vice president and a director of the bank for more than five years.

DENVER: Thomas A. Dinkel, assistant vice president of the mortgage loan division of the Central Bank and Trust Company, has been installed as vice president of the American Institute of Banking. This is the highest office in the AIB ever held by a Denver banker. Mr. Dinkel joined Central Bank in 1952.



DENVER: Ralph D. Johnson, president of Johnson Moving & Storage Company, an affiliate of Allied Van Lines, Inc., has been named an advisory director of the Union National Bank, according to H. O. Murray, bank president.

DENVER: John N. Collins has been elected vice president and Dan H. Miller, assistant vice president, at the Cherry Creek National Bank.

ENGLEWOOD: Walter A. Koelbel, president of Koelbel & Company, Denver realtors, has been elected a director of the Continental National Bank of Englewood.

KIRK: The Federal Deposit Insurance Corporation and the Colorado Bank Board have granted approval to the Kirk State Bank to move to a new bank building. Kirk is the smallest town in Colorado to have a bank, and the bank formerly occupied a remodeled residential building.

MONTANA NEWS

HELENA: Raymond J. Hess, auditor of the Union Bank and Trust Company for the past 25 years, has retired. Mr. Hess began his banking career with the First National Bank of Mandan in 1925 and came to Montana to join the Union Bank and Trust in 1942. He was named auditor in 1945.

Prime Rate...

(Continued from Page 1)

some business-loan demand back into other short-term money market and the bond market. Interest rates in these markets have soared in recent weeks, encouraging business

borrowers to turn to their banks for funds.

According to government officials, the move is seen as hurting the Administration's effort to extend the 10% income tax surcharge and as putting pressure on the Federal Reserve Board to increase its discount rate from the present 6%.

Reacting to the rate increase, Rep. Wright Patman, chairman of the House Banking Committee and frequent critic of high interest rates, has asked Attorney General John N. Mitchell to investigate what he called an antitrust conspiracy among bankers to raise interest rates.

As recently as December 2, the prime rate stood at 6.25%. On March 17, the rate was boosted to a then record high of 7.5%.

The major Des Moines banks have stated that they will follow the action and also raise their prime interest rate from 7.5% to 8.5%.

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