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Senator Questions Insurance Agents

A major battle is shaping up in the Senate Banking Committee on one-bank holding company legislation following the conclusion of hearings this week.

Some committee members are expected to push a move to retain the present Act's language, which provides that bank holding companies may engage in activities that are of a "financial, fiduciary or insurance nature and so closely related to banking as to be a proper incident thereto."

They contend that this language should not be eased until the Presidential Commission on Financial Structure and Regulation comes up with its one-bank holding company recommendations and Congress has an opportunity to review them.

It would prejudice the issue, they argue, for Congress to liberalize the language without the benefit of the commission's report.

Conversely, other committee members—including Chairman John Sparkman (D., Ala.) and Sen. Wallace F. Bennett (R., Utah)—are expected to push for a liberalization in the permissible activities language. Whether this liberalization will take the form of the House-passed permissible ac-



Sen. Wallace F. Bennett

tivities section or the change urged by the Administration is still unclear.

The liveliest exchange of the hearings came when the National Assn. of Insurance Agents and the National Assn. of Mutual Insurance Agents testified.

Sen. Bennett, the ranking minority member of the committee, sharply questioned the need for protection of these agents.

Brushing aside the agents' claims that to permit competition from one-bank holding companies would sound the death knell for the independent agency system, Sen. Bennett pointed out that the Fed has authorized 13 of the 98 registered bank holding companies to engage in the insurance agency business during the 14 years

since enactment of the Act.

He noted that he feels the agents' fears are exaggerated. "The banks have had this privilege all these years, and now you are asking us to take it away... The holding company device has been legal. You can't say this is a perfectly new and startling phenomenon."

Pointing out that NAIA has some 150,000 individual agents and that 231 banks control the operations of insurance agents, Sen. Bennett said that "this sounds to me like the elephant and the flea. I wonder if you are not overreaching."

Sen. Bennett also hit hard at NAIA's statement that "manifestly there are many so-called financially related activities which should not only be permitted but encouraged."

Other non-bank businesses that compete with one-bank companies, such as travel agents and data processing firms, "won't be happy to hear you say that banks should be encouraged to enter their fields," Sen. Bennett said.

Sen. Bennett asked Morton V. V. White, the NAIA spokesman, whether insurance agents would be willing to be limited to the insurance business. Mr. White said that he would be willing to

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IOWA NEWS

COUNCIL BLUFFS: Grand opening of the new facilities for the Council Bluffs Savings Bank will be held June 5-7. Tours of the new facilities will be arranged from 1:00 to 5:00 on Saturday and Sunday.

CLINTON: FDIC has approved a parking lot office for Iowa State Savings Bank. The present facility will move from location adjacent to the Clover Hills Shopping Center to a site within the center.

DEWITT: FDIC has approved a parking lot facility for First Central State Bank at 915 Sixth Ave.

MARSHALLTOWN: Funeral services were held Friday, May 29 for Will A. Lane, honorary chairman of the Security Savings Bank. Mr. Lane, 87, died at his residence in Hemet, Calif.

NEW VIENNA: The New Vienna Savings Bank has filed an application to open an office in Holy Cross. Hearing will be in Des Moines on June 3.

SUMNER: Open house will be held by the First National Bank, Sumner, Friday and Saturday, June 5-6 in its newly remodeled quarters.

MINNESOTA NEWS

MINNEAPOLIS: The Minnesota Bankers Assn. executive council will meet in Minneapolis June 2-3. Final plans for the 1970 convention will be made, and a successor to Kenneth A. Wales will be named.

ST. PAUL: John Cleary has resigned as a.v.p. of American National Bank to join Drovers State Bank, South St. Paul, as v.p., effective June 1.

ST. PAUL: Ralph Kriesel, 71, died May 20. He owned controlling interest in seven banks, including First National, Anoka; First National, Breckenridge; First National, Hudson; Metropolitan State, Minneapolis; First State, Coon Rapids; First State, Spring Lake Park and the State Bank of Roberts, Wisc.

THIEF RIVER FALLS: Union State Bank has received FDIC approval

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SOUTH DAKOTA NEWS

RAPID CITY: First National Bank of the Black Hills has advanced Robert B. Frankenfield to v.p. and t.o.

William D. Hannah was elected a.v.p. and asst. mgr. of the Belle Fourche office.

A. R. (Dick) Teeslink was elected a.c. and asst. mgr. of the Lead office. Myles Keenedy was named an a.c.

ILLINOIS NEWS

LOCKPORT: A permit to organize has been issued to the Bank of Lockport. Total capitalization is \$750,000. Organizers include Vernon S. Hoesch and G. K. Pilkenton of Naperville and six associates.

WOOD DALE: A permit to organize has been issued to the Bank of Wood Dale. Total capitalization is \$750,000. Organizers include James E. Burgess and five associates.

ZION: A permit to organize has been issued to the First Security Bank of Zion. Total capitalization is \$500,000. Organizers include William F. O'Meara, Jr. of Western Springs, Robert P. O'Meara of Waukegan, and three associates.

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**Wyoming Convention Program
 Jackson Lake Lodge
 June 11-13**

R. S. Allen, president of the Wyoming Bankers Association and president of the Shoshone First National Bank, Cody, has announced the program for the 62nd annual convention, to be held at Jackson Lake Lodge, June 11-13.

Registration will be held on Thursday from 2:00 P.M. to 5:00 P.M. and again on Friday from 8:00 A.M. to 9:30 A.M. The Mens Fifth Annual WBA Golf Tournament will start at 9:00 A.M. on Thursday and the Ladies Golf Tournament will start at 10:00 A.M. on Thursday. The Second Annual Fishing Derby will start at 8:30 A.M. to 4:00 P.M. A get acquainted Social Hour will be held at 5:30 P.M. and an Indoor Picnic will be held at 7:00 P.M. Thursday evening.

Friday, June 12th

The business session will open at 9:30 with Presentation of Colors, Invocation, Address of Welcome, Presidents report and an address by Willis Alexander, executive vice president of the American Bankers Association. The second speaker in the morning will be Honorable Gale W. McGee, United States Senator from Wyoming.

The afternoon session will consist of a special report by Robert W. Frisby on Taxation of Wyoming Banks. Following this report will be Dean Robert E. Sullivan, School of Law of the University of Montana, speaking on "The Uniform Consumer Credit Code." Other Association business and committee reports will follow. As in the past, most committee reports will be presented in written form.

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Election of officers for the year 1970-1971 will follow the committee reports.

Friday evening activities will begin with a Social Hour at 5:30, followed by the Annual Banquet and Installation of Officers at 7:00 P.M. Entertainment will be furnished by The Taylor's and The Ray Auburn Band from The Taylor's Supper Club of Denver. Dancing will follow the banquet and installation.

Saturday, June 13th

Saturday activities will once again begin with a Past President's Breakfast at 8:30 A.M. followed by a meeting of the Executive Council at 9:30 A.M.

COLORADO NEWS

BOULDER: National State Bank of Boulder has advanced A. M. Clearman to v.p. and cash.

COLORADO SPRINGS: Colorado Bankers will gather this week (June 4-6) at the Broadmoor for their annual convention.

COLORADO SPRINGS: William S. Corrigan, Jr., formerly with the trust department of Colorado Na-

tional, Denver, has joined Exchange National Bank as a.t.o.

COLORADO SPRINGS: James P. (Phil) Knupp has been appointed loan officer at the East Colorado Springs National Bank.

DENVER: First National Bancorporation, Inc., announced several days ago that due to market conditions the holding company has decided against a proposed offering at this time of \$10 million in convertible subordinated debentures.

GEORGETOWN: An application for a state bank charter for a proposed Georgetown State Bank has been filed by five officers and/or directors of the First National Bank, Evergreen.

LAKEWOOD: The Comptroller has denied an application for a new bank here filed by Mads Anderson.

OTIS: Officers of the First National Bank of Otis have been informed that a state bank application filed for a new bank at Brighton has been denied.

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Sen. Bennett...

(Continued from Page 1)

confine himself to the insurance business, but that he couldn't speak for all NAIA members.

"Do you want a bill to prevent department stores from selling insurance?" Sen. Bennett asked.

Mr. White said that agents can handle that sort of direct writing competition, since they do all the time.

"If you can handle that type of competition, why can't you handle the banks," Sen. Bennett continued.

This drew a loud wail from the insurance agents who packed the hearing room. This was not the first audible audience reaction, but it was the first to draw a gavel and a reprimand from Sen. Sparkman.

"That last outburst to me is a confession of weakness," Sen. Bennett said.

Mr. White said that the agents want the sale of insurance by banks confined to credit life and credit accident and health.

Although NAIA did not dwell on the grandfather clause issue, sources indicate that it is agreeable to a later date that contained in the House bill. It would probably support the June 30, 1968 date in the Administration bill.

However, the mutual insurance agents stand firmly behind the May 1956 cut-off date of the House bill.

WYOMING NEWS

KEMMERER: Toini M. Koski has retired as a v.p. of the First National Bank after 47 years service. Mrs. Koski was honored by the bank staff.

LOVELL: Virgil Christensen, pres. of Western National Bank, has announced the sale of his stock to Wynn Terwilliger. Mr. Terwilliger is currently pres. of the First National Bank, Pinedale. He will resign this position to move to Lovell to take over the presidency. His wife will serve as v.p. & cash. Both will serve as directors. Mr. Christensen will continue to live in Lovell and serve as a loan officer and as an advisor to the board. He has been with the bank for 23 years.

Fed Ruling On Member Banks...

Officials of a member bank may not serve at the same time as officers, directors or employees of a registered bank holding company that owns or controls a competing bank, The Federal Reserve Board has ruled.

This prohibition is created by Section 8 of the Clayton Act and the Fed's Regulation L, the agency said.

Both the statute and the Fed rule, with some exceptions, prohibit a director, officer or employee of any member bank from serving in a similar role with "any other bank, banking association, savings bank or trust company" where the two banks are located in the same community or contiguous or adjacent communities.

Clay Heads Fannie Mae...

Retired Gen. Lucius D. Clay is the newly elected chairman of the board of the Federal National Mortgage Assn., which has officially completed its transition from government to private status.

Gen. Clay, now a senior partner a New York-based investment firm.

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