

Financial Circles Excited by Taxes on Insurance Industry

By ELMER C. WALZER
UPI Financial Editor

New York — Taxes on thrift are stirring up quite a bit of excitement in financial circles these days.

There are two of them — one, now on the books, will gouge holes into the throats of 120 million Americans who hold life insurance policies, and the other, before the House, would hit mutual savings banks.

The insurance industry's tax is estimated to jump from \$320 million to a half billion dollars, an overall rise of 55 per cent.

The bank tax aims among other things to equalize tax free reserves against bad debts for commercial banks and savings banks. The latter now have a sizeable advantage in this respect and assert that the change contemplated would involve "punitive taxation of mutual thrift institutions."

The Savings Bank Association of the State of New York has withdrawn from the American Bankers Association because the latter backs the proposed tax. Other savings banks may follow and so may the savings and loan associations. There'll be a lot more on this rift.

Complaints Just Starting
While the insurance tax is on the books and operative, the howls against it are just getting started. The big companies are saying little. The industry's best spokesmen are the smaller companies.

Charles J. Zimmerman, president of Connecticut Mutual Life Insurance Company, has blasted the tax which he describes as "nothing less than unconscionable."

While the average rise is 55 per cent in insurance taxes, Connecticut Mutual's rise runs to 72 per cent, Zimmerman said.

In the case of mutual companies which in force 60 per cent of the life insurance of the U.S., the tax is a direct levy on policyholders and beneficiaries, Zimmerman finds.

"Prior to the new tax law," he says, "life insurance was already more heavily taxed than any other form of thrift." "Indeed, the income from life insurance funds was already taxed three times as heavily as the average income from 19 other forms of thrift and savings."

"On this basis of comparison, it is clear that life insurance was already paying more than its fair share of the tax burden, yet it now must pay 55 per cent more."

Will Hurt Dividends
The first impact of the soaring tax burden on insurance savings is expected in dividends paid policyholders.

These dividends, Zimmerman explains, "are paid from the savings resulting from careful selection of risks, from efficiencies and economies in operation of the company, and from interest earnings beyond those required for the fulfillment of our long-

time contracts with policyholders and beneficiaries.

"In large measure these dividends are a refund of premiums paid by the policyholder."

Dividends have been rising lately and the holders of policies in force a long time have found their dividends growing steadily. Thus they have had a lighter burden of payments at a time in life when they needed it.

The Connecticut Mutual probably could have lowered costs to its policyholders by increasing their policy dividends next year, according to Zimmerman.

No Increases
"In view of the heavy burden of increased taxes now facing our company," he says, "an increase in dividends seems out of the question."

"In fact, only the fortunate circumstances of rising investment return and continuing favorable mortality experience will make it possible for the company to continue its favorable dividend scale and interest rate in 1960."

Present policies, of course, will continue at the premium rates at which they were written.

Some insurance experts believe that when the new tax takes its bite, insurance companies may have to raise the premiums on new insurance written.

This new tax hits 120 million people — and that possibly is something of a record blow. Life insurance reserves, representing the savings of these millions, are greater than the total savings in savings and loan associations, Zimmerman points out.

Yakima Television Permit Granted
Washington — (UPI) — The Federal Communications Commission has granted Yakima Valley Television Co. a permit to build a new Channel 23 television station at Yakima.

The FCC order said a second applicant for the channel, Yakima Television Corp., had voluntarily withdrawn.

Ralph Tronsrud, head of Yakima Valley Television, agreed to reimburse the other applicant in the sum of \$7,511.80, representing expenses for preparation and filing of its application, the FCC said.

Charles R. White and John W. Powell were the applicants who withdrew.

Towns of 1,000 or more population occupy about one per cent of all U. S. lands.

Polio Vaccine Expansion Asked
Washington — (UPI) — Surgeon General Leroy E. Burney has asked polio vaccine producers to expand efforts until September because of a domestic shortage in some areas of the United States.

Burney said U. S. vaccine producers also had been requested to screen orders, giving priority to those from areas where supplies are known to be low or the incidence of polio is high.

Corvallis — (UPI) — Ormond Lyle Ingram, 14, of South Corvallis, took his own life here today because he didn't want to pick beans, according to the Benton county sheriff's office.

Frantic Man Directs Auto Into Building
San Francisco — (UPI) — Louis Kearn was standing in front of his cleaning shop Wednesday when he saw an auto careening toward him.

Kearn waved frantically for the driver to turn the wheel, which she did — and crashed right into the front of Charles Zanon's photographic studio.

"I just remodeled," Kearn explained. "Charlie needs it (remodeling). I don't."

California Team Wins Air Derby
Spokane — (UPI) — Mrs. Aileen Saunders, El Cajon, Calif., today held the title of the nation's top light plane pilot and winner of the 13th annual Powder Puff Derby, a cross-country air race for women.

Mrs. Saunders piloted a Cessna 172 from Lawrence, Mass., here in 19 hours and 14 minutes. She and co-pilot Mrs. Jerelyn Cassell, San Diego, landed here Tuesday noon.

With the title, Mrs. Saunders and her co-pilot received \$800.

Taking second were Juanita Newell and Jimmy Lou Shelton, both of Phoenix, Ariz. Mrs. Newell piloted a Piper Comanche.

Margo Callaway, 17, and her sister, Sandra, 19, won third place. They were the youngest team ever to fly in the derby. They were from Wilmington, Ohio.

MEDFORD TRIBUNE

Price 10 Cents 54th Year
2nd SECTION MEDFORD, OREGON, FRIDAY, JULY 10, 1959 Pages 1-8

Back Stairs: President's Golf Game

By MERRIMAN SMITH
UPI White House Reporter

Washington — (UPI) — Backstairs at the White House: Even the tourists gawking through the White House fence realize that President Eisenhower is having trouble with his golf.

The trouble really may be with Congress or Nikita Krushchev, but the chief executive is sore at about every club in his bag.

Last week end at Gettysburg, the President was threatening loudly to give up driving entirely because of the deteriorating quality of his tee shots.

Some Practice Shots
And last Monday afternoon, he walked outside his office at the White House to hit some practice shots up to his putting green.

The President, standing deep in his one and only sand trap, taking a mighty belt at the ball. Ball moved only a few feet, remaining securely in the grasp of the trap.

The President then grasped his club anew and instead of hitting at the ball, he pounded the head on the edge of the trap. He slammed the club down again, tossed it to the ground near his bag and stalked out of the trap.

Furthermore, if he reads this he might go to club swinging all over again. Those who should know say the President is getting a trifle sore about reading in the newspapers how he dubbed a golfer and then commented on same in a voice rarely heard on radio and television.

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Ranger Assigned Butte Falls District
Donald L. Strong of the Prineville district of the Ocho National forest has been promoted and transferred to Butte Falls as district ranger, according to C. E. Brown, forest supervisor of the Rogue River National forest.

Strong served in the Marine Corps from September, 1942, to December, 1945, in the Pacific theater, ending with the invasion of Okinawa. After discharge he attended Iowa State college and was graduated in 1949. He lived at Ocho-ranger station two years and then spent four years on the Snow Mountain district with headquarters in Burns. He was then transferred to the Prineville district where he has spent the past 3½ years. He is a first lieutenant in the U.S. Army Reserve and has been commander of the local reserve unit at Prineville.

The Strongs have four daughters and one son and are now living at the Butte Falls ranger station.

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Tillamook Lighthouse To Be Offered for Sale
Seattle — (UPI) — Looking for a house with a real view? The General Services Administration's regional office here said Wednesday that bids would be opened Aug. 10 for the Tillamook Rock Lighthouse near Seaside, Ore.

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