acquired Capitol Life Insurance Co. of Denver, an old line insurance company, and subsequently shut down Alinco.

An Associates' official recently said insurance rates range from 50 to 75 cents per $100 borrowed. In 1965 Capitol Life, which writes half of Associates policies, reported premiums of $4.3 million and death payments of $1.6 million (gross gain of 63 percent).

Other companies have insurance subsidiaries. Commercial Credit Co. owns American Health & Life Insurance Co. which writes policies on the parent's loans. An American official said an insurance rate is $1 per $100. American showed premiums of $10.6 million last year against death payments of $5.8 million for a gross gain of 45 percent.

Financial General controls Bankers Security Life Insurance Society. The Transamerica Corp. owns Pacific Finance Corp. which, in turn, controls Pacific Fidelity Life Insurance Co.

In general, the profits for insurance companies in this business range from about 36 percent to 60 percent. Commenting on this situation, Commissioner Hunt said, "If normal competition, rather than reverse competition, could exist there would be a tremendous reduction in costs of credit insurance passed on to borrowers. I would estimate that, based on current premium income, the savings would exceed a hundred million dollars nationwide annually."

Payment of death benefits probably has risen during the past year because of the war. Many finance companies thrive on army camps. One congressional investigator reports helicopter pilots at Fort Rucker, Ala., about to leave for Vietnam, are buying automobiles and household appliances. They borrow the money and it is insured against their death at rates up to $2 per $100. The Defense Department has approved 93 life insurance companies to solicit business on military posts. One-third of these write credit life, and include companies charging high rates.

As in the case of all insurance, regulation of credit life is left in the hands of the states. Thirty-one states have no effective regulation over rates charged. Massachusetts recently sought to bring down rates by limiting the premium to 50 cents per $100 per year. Both Vermont and Connecticut have passed laws prohibiting lenders from making a profit on credit insurance in the small loan field.

In his Chicago speech, Dean Sharp called for federal regulation. As a step in this direction, the antitrust and monopoly subcommittee will surely want to release its study of credit life insurance, and hold a full-scale investigation. This would come under Senator Dodd's insurance subcommittee. Dodd comes from Connecticut, the insurance capital, which means that when he proceeds, if ever, it is at a snail's pace. (The committee has been involved in an alleged study of the insurance industry since 1958.) At any rate in this matter, the large life insurance companies may want to protect themselves before the finance companies get them into a mess which Dodd can't cover up. Credit life insurance on any loans under $1,000 should be banned outright. The risks to the finance companies are too slight to bother with. And the congress should make it illegal for a finance company to profit on insurance.

JAMES RIDGEWAY.

BANK IN THE BILLFOLD—MORE CONSUMERS PAY LOCAL SHOPPING BILLS WITH BANK CREDIT CARDS—LENDERS DON'T SET MINIMUM INCOME REQUIREMENT; PLANS CHEERED BY SMALL RETAILERS—"JUST LIKE THE RICH PEOPLE"

(By George Nickolaieff, Staff Reporter of The Wall Street Journal)

PITTSBURGH.—"How about this," says a grocery clerk here as he brandishes a new credit card. "Just like the rich people."

The clerk's prized possession represents a relatively recent development in the world of on-the-cuff living—the bank credit card. Such cards, issued by a rising number of banks around the country, permit their holders to charge everything from doctor bills to candlelight dinners for two. Their growing use—and easy availability—may well signal that the day of credit-card existence has dawned for the plumber and factory hand as well as for the executive and professional man.

The bank credit cards overlap to some extent with national credit card plans like those offered by American Express Co. or Diners' Club, Inc. Both can be used to charge restaurant tabs, for example, and some banks have copied the