we had the parents on the loan. In some cases, we carried it with credit life insurance. Our charge on that was 3½ percent discount, or about 6½ percent. Why did we do it at that rate? We did it because we thought that we were performing a real public service in an area that needed looking after.

So in bank loans, many, many stories need to be told. When we come into the small, personal loan field we need a higher rate. There just is not any question about it, because of the work that is involved and the losses that come along.

Mr. HARSHA. Will you yield to me?

Mr. ZWACH. Yes.

OTHER CHARGES

Mr. HARSHA. In addition to this interest rate, what other charges are connected with these unsecured loans?

Mr. GUNTHER. So far as our bank is concerned there are no other charges. We pay $5 for the first report on the borrower's credit, and we absorb that. That goes to the credit agency here.

Mr. HARSHA. Is that the practice among all banks, to absorb that?

Mr. GUNTHER. I cannot answer that question. I do not know. We do not charge the customer.

Mr. JENNINGS. From the standpoint of the rate, we do not pass it on to the customer. We do make it available, that is, we make credit life insurance available, if they wish. We do it on the basis of 49 cents per hundred per annum over the life of the loan. And I assure you that we do not make any profit on that.

Many, many banks around the country charge $1 per hundred for that service. We do not insist on this, unless it is an unusual case. We simply make it available.

I might say that over the course of the years it is surprising how many loans are paid off with that life insurance.

We, also, make the credit life insurance available in connection with student loans. And it is surprising how often that has occurred to pay off the loan, but we do it at a rate that does not yield us a penny of profit.

Mr. HARSHA. You are from a different bank, are you not?

Mr. GUNTHER. I am from the Security Bank, which is a small bank. Riggs is our big bank in Washington, represented here by Mr. Jennings.

Mr. HARSHA. Do you have credit life insurance?

Mr. GUNTHER. We have it available on an absolutely optional basis. If the customer desires to take it he can do so.

Mr. HARSHA. At what rate?

Mr. GUNTHER. We charge $1 per hundred per year.

Mr. HARSHA. Again I assume from Mr. Jennings' testimony that you do make a profit on that, also?

Mr. GUNTHER. Actually, we only have such a small amount I doubt that there is any profit in it. We are not charging—I should correct that statement, that we charge $1 a hundred—we charge 49 cents, the same as Mr. Jennings does. That is the rate in Washington, fixed by the Superintendent of Insurance, but the practice of our banks and other banks here has been to charge the $1 to take care of the cost of writing and keeping the records, et cetera.

Mr. HARSHA. The cost of what?