

state

Insurance sales moratorium urged

United Press International
AUSTIN — A Dallas insurance agent Thursday called for a moratorium on sales of life insurance in Texas until the State Insurance Board finds a way to prevent deceptive sales pitches that he said cost consumers \$22 million a year.

Joe A. Mintz of Dallas, an insurance agent, said the sales presentations allowed under current Texas regulations and new rules being considered for adoption by the state agency encourage deception in insurance sales.

"This department for 12 years has permitted deception in the sale of life insurance," Mintz said. "You followed the recommendation of industry spokespersons and complied with their vested interest by adopting methods of cost comparison and replacement of existing life insurance that are profitable to industry

and costly to the consumer."

Industry representatives appeared before the three-man insurance board Thursday to support adoption of so-called model regulations developed by the National Association of Insurance Commissioners.

Several representatives urged exemptions for policies of \$5,000 or less or annual premiums of \$200 or less on grounds it would cost too much to require all companies to comply with regulations on such small policies.

The insurance company representatives said the model regulations will require companies and agents to provide a net payment index and comparison data on dividends in addition to the cash-surrender cost information currently required under Texas rules.

"The use of one index by itself can

put the individual in a position of making a mistake," said Robert D. Nicholas, associate general counsel of the American Council of Life Insurance.

Mintz, however, said the computations used by the insurance companies prevent comparisons between cash value or so-called whole life policies and term insurance.

"Texans," he estimated, are "spending \$22 million annually in premium dollars because of misleading, deceptive and fraudulent sales pitches."

Mintz said Texas does not need new or additional regulations on how agents or companies can solicit business or encourage customers to replace existing policies.

"You just need to crack down on people using deceptive mathematics," Mintz told the insurance board.

William P. Daves Jr., board chairman, said the mathematics used under Texas regulations would look more favorable if inflation was not so high, making interest returns of 3 and 4 percent less attractive.

"I would presume there hasn't been as much misrepresentation about insurance as there has been by the federal government about money," said Durwood Manford, longtime board member.

Executive assures farmers of enough capital in 1980s

United Press International
WACO — A federal reserve bank president told farmers and ranchers Thursday their economic woes would not be solved until inflation problems were settled, but assured them there would be enough capital for the agriculture business in the 1980's.

Earnest Baughman, president of the Federal Reserve Bank of Dallas, told 350 farmers and ranches attending the 18th annual meeting of the Blackland Income Growth Organization that Americans have not realized how grave the nation's inflation problem is.

"I think inflation is a very serious problem, more serious than most of us are inclined to believe," Baughman said. "It's going to have to get worse before enough of us will do something about it."

"If we have good markets, the capital will flow," he said. "I don't see any concern about having capital to keep the agricultural business going — so long as agriculture gets its fair proportion of the capital."

Baughman, however, said the serious question concerning the availability of capital to farmers and

ranchers would be the stability of financial institutions.

He said inflation over the past two years has been so serious that people have been borrowing simply to buy goods. He said the situation created pressure from both supply and demand.

"People are borrowing money today to buy goods because they feel tomorrow the price will go up," he said. "And that creates pressure on the lending institutions."

Baughman said in order for community banks to be effective, they must have some link to outside financial institutions.

NTSU probe continues

United Press International
AUSTIN — An attorney assisting a House investigation committee on financial irregularities at North Texas State University Thursday said the university's former president, C.C. Nolen, had authorized the transfer of private funds into his

presidential office account while in office.

Robert Schultz told the House General Investigation Committee that Nolen's salary was supplemented with \$10,000 to \$17,000 annually.

Schultz told the committee \$32,000 had been given to Nolen during a four-year period by the university's foundation for scholarships. The money had been used to supplement Nolen's salary and to pay travel and entertainment expenses for which the Legislature bars the use of state funds, he said.

Schultz said the president had unrestricted use of the office fund.

He has refused for three days to answer inquiries from the committee.

An attorney for Nolen told the committee the ex-president was not being allowed a fair hearing and said his client would not participate further in the hearings.

Dr. Robert Marquis, a former NTSU education professor, testified that \$10,000 raised to honor a former band director was transferred into Nolen's office.

He said an agreement with the university called for the money to be used to purchase a piano and a serving table, but the items were never purchased.

Schultz said the university foundation had been managed totally by university officers, but the foundation had been removed from the NTSU campus since the House investigation began.

Legislature may convene in fall

United Press International
AUSTIN — Gov. Bill Clements said Wednesday he has narrowed the possible dates for convening a special session of the legislature to consider such items as initiative and referendum, tax relief and wiretapping, to August or September.

Clements told the Texas Real Estate Political Action Committee Wednesday he ruled out March because he needs more time to evaluate the state's fiscal situation.

He noted Comptroller Bob Bullock has projected a possible \$300 million balance in unspent and surplus funds by the end of the biennium, and said his own estimates of the surplus are in the \$600 million to \$700 million range.

"Neither the comptroller nor I know what the surplus is really going to be," Clements said. "A lot depends on the national economic climate. By August or September our vision will be much more clear."

A September special session would be only four months before the Legislature convenes in regular session in January, 1981.

Nolen, on the advice of one of his attorneys, pleaded the 5th Amendment 17 times while being questioned about the private financial transactions.

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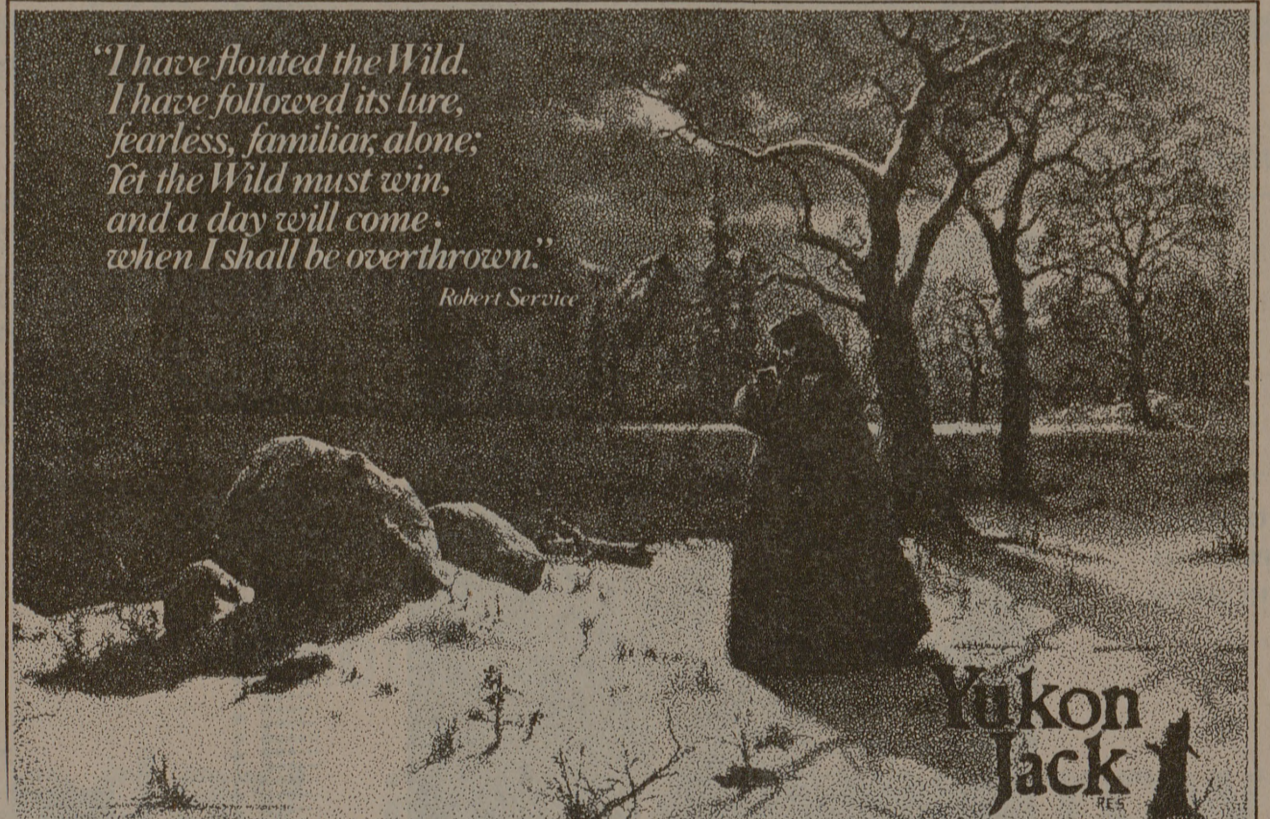
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