

Banks fighting in Lansing for right to sell insurance

Bankers and insurers — two groups politicians love to hate — are fighting in Lansing in what one lawmaker calls "a turf battle."

The House Insurance Committee is considering a bipartisan package of bills to prohibit banks, savings and loans, credit unions and other financial institutions from selling insurance.

On the bankers' side, opposing the bills, is Rep. William Keith, D-Garden City, a former banker. "The national banks can sell insurance," Keith said, citing a court opinion. "State-chartered banks can't compete on a level playing field."

Supporting the insurers' view is Rep. John Jamian, R-Bloomfield Township, a co-sponsor of the bills. "There are insurance agents all over the state. I don't know how allowing a bank to sell insurance is going to make much of a difference (in its availability)," said Jamian.

On the fence, but leaning toward the bankers, is Rep. Jerry Vorva, R-Plymouth. His view is that government shouldn't interfere in the marketplace, competition is good for consumers, and "that's the American way." Insurance agents who want Vorva's vote will have to convince him that there's something overwhelmingly evil in letting banks sell insurance.

Which is worse?

Detroit Democrats dislike both industries. They see insurance agents abandoning their city, Flint and Saginaw, leaving them without coverage.

"But at least with financial in-

stitutions," said Rep. Nelson Saunders, D-Detroit, "we have a hammer — the Community Reinvestment Act. They (banks) became much more diligent in complying (by making loans in the city). But we don't have that hammer with insurance companies."

Rep. Bill Martin, R-Battle Creek, sees banks as the greater evil. "You go to a bank and give them your life history, your next life's history, your children's history. It's these practices that make this (banks selling insurance) so difficult to swallow."

"Banks keep saying 'competition, competition, competition,'" said Martin, noting that big banks are acquiring smaller banks and reducing competition.

Seven Democrats and three Republicans are sponsoring the bills. They would prohibit a financial institution from getting into "the insurance or surety business as a principal, underwriter, agent, broker, solicitor or insurance counselor." The bills also prohibit financial institutions from buying "shares of a corporation engaged (in) the insurance or surety business."

Insurers set rates

Don Anderson, who handles NBD Bancorp.'s South Bend insurance operation, said banks are good for the business. "We represent a number of insurance companies. We have contracts with 35 different insurance companies. We bring to the table access to all carriers."

Regarding questions about what banks would charge for insurance, Anderson replied, "Banks don't set the insurance rates. Banks distribute (sell) insurance. The insurance carrier sets the rates."

Banks, however, have seen their business shrink from 35 to 18 percent of deposits nationally as other institutions move in. Even Merrill Lynch, a name associated with Wall Street's stocks and bonds, is moving into mortgages. So banks now are trying to diversify by selling insurance and annuities.

Polly Reber, of the Small Business Association of Michigan, supported the ban because "lending institutions hold a great deal of power over small business."

Reber foresees banks "using their lending power as a 'subtle, coercive' influence to make borrowers buy their insurance from the bank, too. That would harm the 60,000 licensed insurance agents, many of whom serve rural communities that banks don't serve. 'Insurance agents are at a competitive disadvantage,' she said.

Supporting SBAM's view was Don Wilke, of Wilke Brothers Conveyors in Marysville. Wilke said he can pick and choose between lending agents, "but the relationship changes with banks. It's not which bank I will accept. It's which bank will accept me."

Refer to House Bills 6281 to 6284 when writing to your state representative. The bills are still in the House Insurance Committee.

Camp fair offers big selection

Are you looking for a camp to send your children to next summer?

If so, then consider attending the fifth annual "Camp and Activities Fair" 11 a.m. to 3:30 p.m. Sunday, Feb. 27, at Bloomfield Hills Middle School, 4200 Querton Road.

Sponsored by The Merrill-Palmer Institute of Wayne State University, Metro Parent magazine and The Observer & Eccentric Newspapers, the fair features representatives from 72 camps and activity programs from around the state and across the country.

Twenty-two of the 72 programs represented are new to the camp fair, so there's something new for those who attended last year's fair.

Merrill-Palmer spokeswoman Sandy Schwartz reports that there is a camp specializing in virtually any activity a kid could conceivably be interested in.

Those activities include skiing, sailing, windsurfing, kayaking, biking, canoe paddling, rock climbing, dancing, photography, horse riding, rifle shooting, archery, scuba diving, snorkeling and rocketry.

Other camps emphasize computers, ecology skills, leadership, marine biology, music, art and drama. There is even a camp for speech- and hearing-impaired kids and a camp for kids from abusive families.

Also, representatives from Nacel Cultural Exchanges will be on hand to answer questions about sending your children to foreign countries or hosting a foreign student in your house.

Admission is free and camp operators are asked not to take any money.

Among organizations scheduled to attend the fair are the Howe Military Summer Camp, the Tall Timbers Sports Camp, the Upland Hills Farm Day Camp, the Beverly Hills Racquet Health Club, the Jewish Community Center, Detroit Country Day Camp, the Farmington Gymnastics Center and the Catholic Youth Organization.

For additional data, call Schwartz at 872-1790.



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