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Some Insurers Claim Heavy Losses

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Financial Times Writer

Two distinctly different moods permeate North Carolina's insurance industry.

Life insurance companies are in reasonably bright spirits, with sales climbing nicely and profits making a comeback.

Property and casualty insurers, by contrast, are downright gloomy. They say they are losing money on many lines, because inflationary costs have outpaced income from premiums. Almost all are outraged by the state Insurance Department's refusal to grant rate increases.

"At this point, writing insurance is not profitable in North Carolina," said Clayton Price, underwriting manager for Allstate

Insurance Co.'s regional office in Charlotte.

Aetna Life and Casualty, for example, lost \$2 million on property and casualty writings in North Carolina last year, says Thomas C. Carpenter, the company's Charlotte general manager.

"And we can't get a rate increase in anything," he said.

"Unless something is rapidly done, 1976 and 1977 will be two of the worst years in the history of the insurance industry in this state," said Bruce Fritz, resident secretary and branch manager for Kemper Insurance Companies in Charlotte.

"Basically, the reason is rates."

Life insurance companies do not have the same problems. Their premium rates are not regulated, and the impact of recession and

inflation has not hit them as hard.

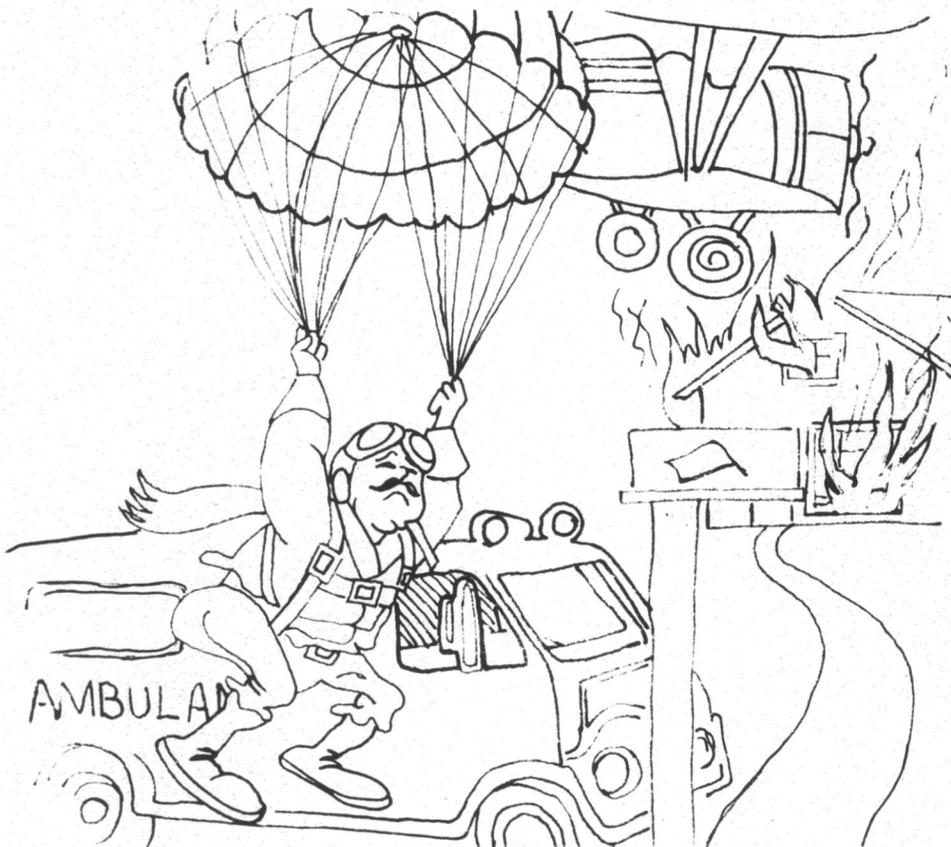
"Life companies are much better off than casualty companies," said Rick Berg, senior vice president for financial operations of Raleigh's Occidental Life Insurance Co.

"Ordinary life insurance constitutes long-term contracts and is much less susceptible to the peaks and valleys of the economy. We're affected by the economy over 20-30-year periods."

This year, "sales have been excellent throughout the industry," said Jefferson Standard Life Insurance Co. president Roger Soles of Greensboro.

"The life insurance industry did well last year, even though sales were flat for the first

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Insurance

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Stock Plan Saves Company

CHARLOTTE — Jones & Presnell Studios Inc., a national photographic service company here and a wholly owned subsidiary of bankrupt W. T. Grant Co. — has saved itself from ruin through a stock purchase through its Employee Stock Ownership Trust.

The \$4.5 million stock purchase was made possible by a \$3.5 million loan from First Union National Bank, \$750,000 from the stock ownership and \$250,000 from the company.

Said a First Union official, "This is the only comp...

come out of the W. T. Grant bankruptcy clean."

The action, in effect, means the company's 200 Charlotte employees and 200 others spread throughout the United States and Canada now own their company through their trust. The trust was set up to purchase the stock and keep the company and its personnel intact.

"Establishing the Employee Stock Ownership Plan to purchase back all of our common stock was the only way our firm could survive," said Thomas O. Jones, company president. "When W. T.

Grant went bankrupt, it literally took away 60% of our business."

Grant bought Jones & Presnell in 1969 and operated it as a wholly-owned subsidiary. The photographic studio specializes in providing portrait type photographs to customers under contracts with various department and chain stores in the United States and Canada, such as Belk Stores, McCrory's, G.C. Murphy and Montgomery Ward.

"We are delighted that the

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