

AGENT ANSWERS A. W. JONES

PRESIDENT OF UNDERWRITERS' ASSOCIATION TELLS OF INSURANCE ACT.

J. A. Cathcart of Columbia Quotes Insurance Commissioner in His Reply to Chairman of the Tax Commission.

Columbia, March 25.—James A. Cathcart of Columbia, president of the South Carolina Underwriters' association, has issued a statement in which he takes issue sharply with the contentions made by A. W. Jones, chairman of the State tax commission, in a letter addressed to Gov. Manning, relating to the so-called resident agents' bill which is now before the governor for approval. The chairman of the tax commission urges the governor not to approve the measure. Mr. Cathcart's statement follows:

Inasmuch as tax commission chairman, A. W. Jones, recently comptroller general, and previous to 1908 insurance commissioner ex-officio, has given the press a copy of his letter to Gov. Manning, protesting against the approval of the resident agents' act recently passed by the legislature, I beg the liberty of correcting some of the statements contained therein, which are contrary to facts.

The insurance commissioner is not responsible for this bill, had nothing whatever to do with its proposal to the legislature, but when called upon, in all fairness to the local agents of the State, gave his unqualified approval.

Mr. Jones' statement to the effect that this bill "is intended to still further destroy the freedom of contract and prevents the opportunity of competition, etc.," is entirely without foundation. F. H. McMaster, the insurance commissioner, in his letter to Gov. Manning under date of March 8, in the support of the bill, stated: "In my opinion you can sign the bill with the perfect assurance that it will not interfere with the insurance business in South Carolina, and that it will have no other effect than to secure to the resident agents of this State the commissions on business written in this State now going to agents elsewhere, and to which I believe the agents in South Carolina are entitled." In another letter the insurance commissioner states: "This bill would simply require the companies to do their business through their local agents and not through their Northern agents."

The act is "carefully and adroitly drawn in the interest of . . . insurance agents," but I defy this gentleman to show wherein it is "against the interest of the masses of the people" or wherein it "will secure special privileges and levy a special tax on insurance." In his letter to the governor, Mr. McMaster expresses the opinion that this bill "will not add one cent of cost to insurance in the State."

Mr. Jones states: "There was no discussion of its provisions either on the floor of the general assembly or in the press." I will refer to the journal of the house of representatives of February 16, page 29:

"The house took up in order, under the steering committee report, the following second reading bill:

"H. 92.—Mr. Johnstone: A bill to regulate the writing of certain classes of insurance in the State of South Carolina, and to provide for the division of premiums.

"Mr. McCullough moved to strike out the enacting words of the bill.

"Messrs. Johnstone, Beckett, Charles and Berry spoke in favor of the bill.

"Mr. Toole spoke against the bill.

"Mr. Fickling moved to continue the bill.

"On the question of continuing the bill, Mr. Fickling demanded the yeas and nays, which were taken, resulting as follows: Yeas, 24; nays, 77."

Furthermore, there was a public hearing on the afternoon of January 28 before a joint session of house and senate committees on banking and insurance, at which this bill was fully discussed and amendments were made to the original draft. Had we known "discussion in the press" was necessary to the passage of an act, we would have resorted to Mr. Jones' method of obtaining public notice.

Mr. Jones quotes the insurance commissioner as stating that this act does not apply to the reinsurance contracts made by the sinking fund and then says that the distinction made by the insurance commissioner "is both ingenious and specious."

Any one who has the least knowledge of insurance knows the distinction between insurance and reinsurance and should furthermore, know that an act relating to "insurance" does not affect "reinsurance" unless the act definitely refers to reinsurance. Therefore the statement of the insurance commissioner is absolutely correct, as all who know anything of insurance will testify.

The following letter from Edwin G. Siebels contains a very intelligent distinction between these two terms and also goes to show that the bill referred to has absolutely no effect on

WAREHOUSE PAPER ACCEPTED

CHANGE IN NEW YORK MARKET BY-LAWS.

Amendment Provides for Delivery by Receipt—Another Prohibits Retendering.

New York, March 24.—Members of the New York cotton exchange voted today to amend its by-laws by incorporating into the New York contract the recent ruling of the department of agriculture that warehouse receipts, accompanied by a written notice of grade issued by the seller, shall be deemed a good delivery, subject to appeal to the department of agriculture under the provisions of the Lever law.

An amendment was also adopted providing that cotton rejected by the classification committee or by the appeal committee on rejections shall not be retendered under penalty of charges involving possible suspension from the rights of exchange membership.

The proposed amendment, providing that in the event of cotton being tendered on seller's classification the buyer should immediately pay only 80 per cent. of the invoice and deposit 20 per cent. in trust, pending the outcome of any dispute as to the grade, received a majority of the two-thirds rule, the vote standing 73 for to 43 against.

the operations of the sinking fund commission, and he offers to take over the present contract of reinsurance upon the same terms they are now effecting their reinsurance at any time:

"Columbia, S. C., March 18, 1915.

"Mr. Jas. A. Cathcart, Columbia, S. C.

"Dear Sir: Confirming our conversation this morning with regard to the bill: 'To regulate the writing of certain classes of insurance in the State of South Carolina and to provide for the division of the commissions,' I have to advise that there is nothing in the present bill, in my opinion, that in any way appertains or applies to reinsurance. The act is identical in respect of the resident agents' feature with the existing law and is specific in referring to the writing of insurance on property located in the State of South Carolina. A reinsurance contract does not in any sense insure property in the State of South Carolina; on the contrary, it is a contract between companies, by which Company 'B,' the reinsurer, for example, agrees to share losses sustained by Company 'A,' the company writing the insurance on property in the State of South Carolina, for example. The reinsuring Company 'B,' does not ordinarily issue a policy of reinsurance; the matter is usually arranged under a contract known as a 'treaty contract.'

"The law of South Carolina prohibits companies from doing business in South Carolina without being licensed and paying certain taxes and fees. The law does not prohibit, however, companies from reinsuring their policies on property located in South Carolina with companies not authorized to do business in South Carolina.

"Insurance and reinsurance are entirely separate and distinct operations, and reinsurance is only held to come under an act expressly referring to same, which the present act does not do either directly or indirectly. We do not intend to make any change, nor can we legally be compelled to make any change, in our method of doing reinsurance by the act in question any more than we could have been by the resident agents' law, enacted some years ago; and we shall continue to handle our reinsurance as we have heretofore done, and would be glad to reinsure the sinking fund now affecting their reinsurance.

"Very truly yours,
(Signed) Edwin G. Siebels,
"Manager.

Resident agents' laws have been adopted in every State and territory except Alaska, California, District of Columbia, Indiana, Kentucky, New York and Porto Rico.

If this bill affects reinsurance contracts, as Mr. Jones would have the public believe, the companies now reinsuring the sinking fund commission are violating the act passed in 1909, (section 2713, code of laws of South Carolina, 1912), which is almost identical in its provision with reference to fire insurance with the resident agents bill under discussion. This act was passed in 1909. Mr. Jones was insurance commissioner previous to 1908. The act required every fire insurance policy written "on property situated and located in this State" to be countersigned by agents resident in this State, "who shall receive the commissions thereon." Why did not Comptroller General (Insurance Commissioner) Jones require reinsurance contracts to be countersigned by local agents? He either failed in his duty then or is ignorant of insurance now.

If perchance he is upheld in his contention that this proposed act affects reinsurance, we will ask that the provisions of the act of 1909 be enforced.

RATE ON REAL ESTATE BONDS

WILL CARRY FLAT RATE ACCORDING TO RULING OF COLLECTOR.

Question is Cleared up—Internal Revenue Graded Tax is Not Applicable to Ordinary Individual Bonds.

Columbia, March 25.—On January 4, 1915, a United States treasury decision was rendered in regard to bonds, in which it was stated that bonds issued as certificates or evidence of indebtedness, which were generally based on mortgages or some other character of security, founded upon real estate or personal property, should be taxed under the emergency revenue act of October 22, 1914, at 5 cents on each \$100 of face value or fractional part thereof, when issued by any association, company or corporation. If, however, they were issued simply by an individual and based either upon his individual credit or property, obligating him to pay a certain sum or sums of money at a specified time or times, with or without coupons, simply marking and indicating interest due thereon, and whether or not based upon a mortgage of either personal or real estate, they fell within the taxation imposed upon promissory notes; that is to say, 2 cents when promising to pay a sum not exceeding \$100, and 2 cents for each additional \$100 or fractional part thereof.

Later on, the department stated that this decision was based upon a form of promissory note engraved in large and variously colored letters with the word "Bond" on the paper as title and with interest coupons attached thereto, and that it was not the intention of the department to hold taxable as promissory notes bonds which are issued by individuals accompanying mortgages on property which contained in addition to the promise to pay a sum of money at a stated time, certain penal conditions and provisions, default of any one of which would render forfeitable the mortgagor's rights to the property, stock or other subject matter, and that all such bonds are taxable at 50 cents each, and not as promissory notes.

In the State of South Carolina a bond is often used in connection with a mortgage on real estate, and as some doubt has arisen throughout the State as to what rate of taxation such bonds should bear, D. C. Heyward, collector of internal revenue, has recently taken the matter up specifically with the department in Washington, and has been advised that bonds used in this State in connection with real estate mortgages which contain penal conditions, should be taxed at the rate of 50 cents each, whether executed by a corporation or an individual, unless there is a fidelity company surety.

VERDICT IN COTTON CASE.

New York Firm Wins in Suit Against Spartan.

Spartanburg, March 24.—The jury in the case of A. B. Gwathmey & Co., of New York, against J. F. Burgiss, of this city, tried in the court of general sessions yesterday, returned a verdict today for the plaintiff in the full sum involved in the complaint, \$1,405. The plaintiffs alleged that the defendant was indebted to them for this amount, which represented losses sustained in transactions on the New York Cotton Exchange. The answer of the defendant was that the transactions were in the nature of gambling and that the plaintiffs had no intention to deliver or to receive the actual cotton. It is stated that Mr. Burgiss will appeal to the supreme court.

Real Estate Transfers.

Sumter Real Estate and Insurance Company to J. A. Raffield, lot on Oakland avenue, \$3,000.

Thomas Wilson to the Northwestern Railroad company of South Carolina, three lots in city \$1.

Sharper Brown to E. W. A. Bultman, 16 acres in Sumter township, \$150.

Eliza M. Dick to John Thomas Williams, 2 acres in Sumter county on road to Heriot's Cross Roads, \$250.

South Carolina produced a big crop of cotton last year, but it was 124,119 bales less than the crop of 1911.

Mr. Jones was president of the Gulf & Atlantic Insurance company at the same time that he held the office of comptroller general, and it is stated he is still a large stockholder in that company. A member of his family is secretary of this company. The companies which are reinsuring the sinking fund commission are represented in Columbia in an agency operated by members of Mr. Jones' family. The Gulf & Atlantic Insurance company will be affected by this bill, as it will prevent their giving one set of insurers a less rate than another set of identically the same class.

SHIP'S CREW BARELY ESCAPE

MALLORY LINER PASSENGERS RESCUED AT LAST MOMENT.

Wireless Proves Effective in Bringing Steamer's to Aid of Imperiled People.

New York, March 24.—Passengers and crew of the Mallory liner Denver were taken off by the Atlantic Transport line steamer Manhattan late yesterday 1,300 miles from New York while the Denver was found by the rescuing steamer leaking badly and at the point of going down, according to the wireless to The Times this morning from the American liner St. Louis. The Denver, on her way to New York from Bremen, reported herself in distress in a wireless message at 3 a. m. Monday. Several steamers hurried to the point indicated. Darkness and rough weather prevented the prompt finding of the imperiled steamer but both the St. Louis and the Manhattan sighted her at noon yesterday.

The St. Louis, eastward bound, and the Manhattan came up to the Denver about 4 o'clock. The Atlantic Transport liner arrived a few minutes before the St. Louis. Three boats were lowered from the Denver as soon as the Manhattan appeared and the officers and crew and the few passengers were transferred to the Manhattan, which is bringing them to New York, the dispatch says.

When the St. Louis left the vicinity of the Denver, the wireless says, the steamer seemed to have only a few hours more to keep afloat.

TWO CROP SYSTEMS ADVISED.

New Bulletin Offers Tenant Farmer and Two-Horse Farmer of State a "Way Out."

Clemson College, March 24.—Practical advice for the small tenant farmer and for the farmer who works from two to five horses is contained in Bulletin F, the latest bulletin in the Farmers' Reading Course of the extension division of Clemson College. In addition to the two papers discussing these crop systems for 1915 is a paper on the South Carolina live stock problem by one of the most successful practical breeders of live stock in the State.

The bulletin is entitled "Demonstration Papers" and contains three papers that were read at the semi-annual meeting of demonstration agents recently held at Clemson College.

The first of the three is entitled "The Beef Cattle Problem in South Carolina" and is by L. I. Guion, of Lugoff, Kershaw county. Mr. Guion is known throughout the State as one of the most successful beef cattle breeders in South Carolina. He has treated his subject briefly and simply and what he has to say will be well worth the attention of any farmer who is thinking of trying his hand at feeding cattle for beef production.

"A 1915 Crop System for Small Tenant Farmers" is the title of the second paper in the bulletin. It is by J. Frank Williams, demonstration agent for Sumter county, and its contents are explained by its name.

"The Two-to-Five-horse Farmer in 1915" is the third contribution and is by T. M. Mills, demonstration agent for Newberry county. Mr. Mills goes thoroughly into eight separate farm practices which Clemson College and the demonstration work are urging South Carolina farmers to carry out this year.

All these papers are brief and very simply written. The bulletin also contains a complete directory of the extension and demonstration specialists at Clemson College and of the county and district agents. Bulletin F is free and may be obtained from any county agent in the State or by writing to Sidney S. Rittenberg, Clemson College.

CIVIL COURT CONVENES.

Case Against Railroad and One Against O'Neal.

From The Daily Item, March 24. Civil Court convened here today with Judge I. W. Bowman of Orangeburg presiding. Court will last for three weeks and there will be a number of interesting cases to come up.

The case of M. E. Roberts against the Southern Railway company resulted in a verdict for the plaintiff of \$150. The case was one where damage was sued for because of a delay in the delivery of goods.

The case of J. D. Shirer against P. J. O'Neill resulted in Judge Bowman directing a verdict against the defendant for \$157.00. The case was one where the plaintiff sued to recover the value of a car sold to the defendant.

Most people have become accustomed to auto speeding, but the practice is dangerous nevertheless.

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