

August 30, 1963

Dr. Frank J. Welch
Executive Vice President
The Tobacco Institute, Inc.
808 17th Street, N.W.
Washington 6, D.C.

Dear Frank:

With reference to T.M.Murrell's letter to you of August 16, here is some information that may be of interest for your background.

To the best of our knowledge only three American insurance companies, all small, offer special benefits to non-smokers. They are:

1. Great American Reserve Insurance Company, Dallas, offers non-smoking policy holders the option of electing to receive an additional amount of paid-up term insurance. The plan is experimental and localized in Kansas.
2. Fortune National Life, Madison, Wis., offers a special form of endowment insurance with lower premiums for non-smokers. The annual premium at age 25 is lowered from \$12.95 to \$11.01; at age 45, from \$27.27 to \$24.58. To qualify, applicants must not have smoked for the preceding 24 months and must pledge not to smoke in the future.
3. Executive Life Insurance Company, Beverly Hills, Calif., offers lower rates to non-smokers, but we do not have specific details.

A London firm of insurance brokers in 1958 offered non-smokers a five percent reduction of auto insurance premiums and a reduction of £10 on personal accident and sickness policy premiums. The plan was unsuccessful and was discontinued in 1960.

There has been a suggestion that Allstate may be considering offering some advantages to non-smokers, but we don't at present have more than a hint of this. We are checking this.

Also attached is a copy of an earlier memorandum that may be of interest.

To give any further opinion, as you requested, we would have to know more specifically what more Murrell intends to do. My own impression is that the

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Commissioner of Insurance was aware that this Great American plan is something of a gimmick. Still, he approved it. Does Murrell intend to protest? To give the Commissioner a rundown on the research that questions the theories about smoking and health?

Or, since this is a pretty small outfit, can this be dismissed?

Sincerely,

Edward H. DeHart

EDH:sdd
Enclosures

staff memo 4/25/62 "Insurance companies and smoking questions"
clips: Spectator mag 8/60; NY Times 5/18/58; Insurance Newsweek 2/9/63;
Wall Street Jr. 8/8/63

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