

**THE
LIBERTY CORPORATION
ARCHIVES
MSS 160**

**Register of
THE LIBERTY CORPORATION
SUBSIDIARIES RECORDS
1948-1989**

**Record Group 11.3
6.42 cubic feet**

TABLE OF CONTENTS

INTRODUCTION	iii
SUBSIDIARIES HISTORIES	
BENT TREE CORPORATION	iii
FIRST CITY MORTGAGE COMPANY	iv
GREATER ARIZONA SAVINGS AND LOAN	iv
INTEGON CORPORATION	iv
LAMARICK BEAUTY SYSTEM INCORPORATED	v
LIBERTY CAPITAL ADVISORS INCORPORATED	v
LIBERTY INVESTMENT MANAGEMENT CORPORATION	vi
LIBERTY INVESTORS BENEFIT INSURANCE COMPANY	vi
LIBERTY PROPERTIES GROUP INCORPORATED	vi
SNEE FARM INCORPORATED	vii
SPECIAL SERVICES CORPORATION	vii
SURETY LIFE INSURANCE COMPANY	vii
SURETY INVESTMENT COMPANY	viii
TRIAD LIFE INSURANCE COMPANY	viii
UNITED FIDELITY LIFE INSURANCE COMPANY	ix
SCOPE AND CONTENT	ix
CONTAINER LIST	1
SEPARATION LIST	8

**THE LIBERTY CORPORATION
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INTRODUCTION

The Liberty Corporation is an insurance and broadcasting holding company headquartered in Greenville, South Carolina, whose subsidiaries are involved in life and health insurance, broadcasting, investment advice and property development. The company's primary insurance subsidiary is Liberty Life Insurance Company (Record Group 3.1) and its primary broadcasting subsidiary is Cosmos Broadcasting Corporation (Record Group 7.1 & 7.2). The Subsidiaries Records document Liberty's diverse and strategic ventures in broadcasting, insurance and investing as well as in other enterprises. Concentrating company business mainly in the Southeastern United States, The Liberty Corporation Subsidiaries include beauty systems and products, investment advice and brokerage, mortgage and savings & loan, real estate management and property development businesses. One Subsidiary was special, hence its name - Special Services Corporation - and was set up to provide computer and air transportation services for Liberty Life Insurance Company and Surety Investment Company. This register was created in 1999 by Alan Burns and revised in 2000 by Laurie Varenhorst. The material for this collection came from accessions 82-87, 85-10, 85-19-2, and 95-34.

SUBSIDIARIES HISTORIES

Bent Tree Corporation

The Bent Tree Corporation, a recreational second home development near Atlanta (Jasper), Georgia, began business in the leisure home market in 1969. Planned as a community of some 3,500 lots, Bent Tree offered buyers a comfortable clubhouse, a championship golf course, and other recreational facilities. The company primarily engaged in the real estate management and development business that accounts for sales of lots, and recognized profits thereon, under the accrual method of accounting for retail land sales. On September 3, 1969, the company entered into a management agreement with Spratlin Associates Incorporated which provided that Spratlin would develop and market the Bent Tree project. In January 1972, The Liberty Corporation purchased this management agreement, contributed it to Bent Tree, and the agreement was cancelled. Bent Tree then came under management of Liberty Properties Group Incorporated (LPG), also a Liberty Corporation subsidiary. From the mid-1970s to the early 1980s one of the Liberty Properties Group strategies was to divest itself of all recreational and second home development. By July 1980, all of the original 3,500 home sites at the Bent Tree development had been sold and thus, by the mid-1980s, Liberty was able to withdraw completely from Bent Tree.

First City Mortgage Company

The First City Mortgage Company (FCMC), founded in 1967 in Houston, Texas, provides service in a variety of financial areas but specializes in originating and servicing loans on income producing properties in Texas, Oklahoma, Louisiana, Mississippi and New Mexico. The Liberty Corporation acquired First City Mortgage Company on December 31, 1978. In its capacity as United Fidelity Life Insurance Company's (UFLIC) major subsidiary, First City Mortgage works directly with the officers of United Fidelity as financial advisor and consultant. The company was also involved with the proposal for relocation of the United Fidelity Life Home Office operations from Houston's central business district to a suburban area in Addison, Texas. In addition to its advisory and consultant position, First City Mortgage also has responsibilities for managing, maintaining and marketing all foreclosed property for United Fidelity. Ownership of First City Mortgage was transferred from The Liberty Corporation on July 29, 1982; when United Fidelity was sold for \$70 million to Western Preferred Corporation of Fort Worth, Texas.

Greater Arizona Savings and Loan

The Greater Arizona Savings and Loan Association (GASLA), a state chartered, stockholder-owned savings and loan association, was incorporated in the state of Arizona on August 26, 1960. All voting rights of the Corporation were vested in the owners of the guarantee capital stock of the Association. As of June 30, 1980, The Liberty Corporation, an insurance and broadcasting holding company headquartered in Greenville, South Carolina, owned 97.7% of the issued and outstanding guarantee capital stock of the Association. In September 1980, Greater Arizona Savings and Loan Association was the seventh largest savings and loan in Arizona. Its activities were conducted through its home office and ten branches in the Phoenix area (Maricopa County) and five branches in the Tucson area (Pima County) which together accounted for 77% of Arizona's population and 81% of personal income in the state. The Association employed 114 people on a full-time basis. The Liberty Corporation acquired ownership in Greater Arizona Savings and Loan Association in mid-1973 and managed the Association on a very conservative basis. The Greater Arizona Savings and Loan Association's reported earnings in 1977, 1978 and 1979 were adversely impacted by several extraordinary charges taken in accordance with The Liberty Corporation's overall financial plans including, a \$176,000 provision for loss on the sale of a loan in 1977, a write down of the home office building leasehold of \$553,000 in 1978, and a realized loss of 198,000 on the sale of loans at the end of 1979. Without these special, non-recurring charges, earnings for the three-year period for Greater Arizona Savings and Loan Association would have significantly exceeded reported levels. As a result however, The Liberty Corporation divested its interest in Greater Arizona Savings in order to concentrate its activities in the areas of insurance and broadcasting, which provided 95% of its net income in 1980.

Integon Corporation

The Integon Corporation was incorporated in 1968 and commenced business January 2, 1969, the effective date of the share-for-share exchange for all outstanding stock of the Security Life and Trust Company. In other words, Integon Corporation began operations as the management holding company formed by Security Life and Trust Company. The Security Life and Trust Company was incorporated under the laws of North Carolina March 11, 1920

and commenced business March 20, 1920. In 1954, it absorbed the Bankers Loan Insurance Company, of Tallahassee, Florida, and in connection with the acquisition of the Blue Ridge Insurance Company, of Charlotte, NC in 1959, it reinsured all the business of the Blue Ridge Life Insurance Company. On December 31, 1969, the names of all subsidiaries were changed to a form of Integon. Hence, Security Life and Trust Company was renamed Integon Life Insurance Corporation. The principal activities of the Integon Corporation are in the field of insurance through its life-health and property-liability subsidiaries. In 1969, Integon was ranked among the forty largest stock life insurance companies in the nation from the standpoint of insurance in force. Field operations are conducted at both the branch office and general agency levels, and in twenty-three states that comprise its territory Integon was represented by a field force of more than 450 soliciting agents.

La Marick Beauty System Incorporated

Liberty Life acquired all outstanding capital stock of Lorick Enterprises Incorporated and a controlling interest in La Marick Beauty Products Incorporated on October 1, 1965. Prior to that date, these companies were affiliated with La Marick Beauty System Incorporated through common capital stock ownership. Surety Investment Company purchased all of the outstanding capital stock of La Marick Beauty System Incorporated on April 30, 1966. After acquisition, Surety Investment Company liquidated La Marick Beauty System Incorporated and continued its operation as a division of the company, along with La Marick System of Beauty Culture of Alabama, Tennessee, and Virginia Incorporated (each separate), until 1968. Effective December 31, 1968, Surety Investment Company was acquired by The Liberty Corporation and, as a result, the beauty salons and related operations of the divisions (except for the net assets of the Alabama subsidiary) were transferred via reorganization to a new corporation, La Marick Beauty System Incorporated. The Tennessee and Virginia divisions became subsidiaries of this new corporation. The companies operated 1) a chain of beauty salons in seven southeastern states and a school of beauty culture in Charlotte, North Carolina, 2) manufactured and distributed a limited line of cosmetics and hair preparations and 3) engaged in the wholesale and retail selling of wigs. La Marick Beauty System Incorporated, formerly a wholly-owned subsidiary of The Liberty Corporation, became a wholly-owned subsidiary of Lorick Enterprises Incorporated on November 30, 1972 in connection with the transfer of all the company's outstanding stock from The Liberty Corporation to Lorick Enterprises Incorporated.

Liberty Capital Advisors Incorporated

Liberty Capital Advisors Incorporated (LCA) acts as an investment advisor for The Liberty Corporation, Liberty Life Insurance Company and Liberty Life Insurance Company's profit-sharing plan and investment portfolios. In this capacity Liberty Capital Advisors invests a percentage of Liberty Life's insurance premiums in stocks, bonds and other securities, that were recommended. Liberty Capital Advisors then judiciously tracks and analyzes those financial investments for continued growth and profit. The company relies on dedicated research of market trends, professional knowledge of the market, and a conservative approach to investing when advising Liberty Life on investments. Such investments include Median Bond Portfolios, Liberty Life Consolidation Portfolios and Equities, Liberty Life Small Company Portfolios and Equities, Liberty Life Common Stock Portfolios and Equities,

and Universal Life Bond Portfolios. Liberty Capital Advisors Incorporated is the successor firm of Liberty Investment Management Corporation.

Liberty Investment Management Corporation

The Liberty Investment Management Corporation (LIMCO) was incorporated on March 16, 1972, as a wholly-owned subsidiary of The Liberty Corporation and grew out of the Investment Division of Liberty Life Insurance Company. The company was organized for the purpose of conducting the general business of an investment advisor and investment counsel. Through December 31, 1975, Liberty Investment Management Corporation acted as an investment advisor for The Liberty Corporation, Liberty Life Insurance Company and Liberty Life Insurance Company's profit-sharing plan and investment portfolios. These affiliates were the sole source of investment management fees for the Liberty Investment Management Corporation through 1975. Soon thereafter Liberty Investment Management Corporation was reorganized and renamed Liberty Capital Advisors Incorporated.

Liberty Investors Benefit Insurance Company

Liberty Investors Benefit Insurance Company (LIBCO) was a stock life insurance company organized November 27, 1967 under the laws of the state of South Carolina. It was organized by, and a wholly-owned subsidiary of, Liberty Life Insurance Company, which was a stock life insurance company, organized in 1905 under the laws of the state of South Carolina, that, at the time, was licensed to do life insurance business in twenty-one states. In its main business - variable annuity contracts - Liberty Investors Benefit Insurance Company assumes the mortality and expense risk of investment gain or loss, guarantees a specified interest rate, and guarantees a specified monthly annuity payment for which it receives certain amounts in return. On January 14, 1969, Liberty Life Insurance Company entered into a letter of agreement with International Telephone and Telegraph Corporation (ITT) which provided for the purchase by International Telephone and Telegraph of all capital stock of Liberty Investors Benefit Insurance Company no later than April 17, 1969.

Liberty Properties Group Incorporated

After its acquisition by The Liberty Corporation in December 1968, Surety Investment Company became known as Liberty Properties Group Incorporated (LPG). This renamed subsidiary began the 1970s with a burst of enthusiasm and a firm commitment to real estate development. From the start it was perceived that there was a growing need for residential and recreational developments created by applying proper land and facilities planning in a total environmental concept. Under this concept, Liberty Properties proposed to use extensive market research techniques to discover the real estate needs and desires of the people in the Southeast, and then apply the results of that research to economic feasibility models to determine the best methods to satisfy those needs. Unfortunately for Liberty Properties, however, those market surveys seemed to indicate a large demand for recreational and second home developments, and that field was where the company placed most of its emphasis in 1970 and 1971. From that emphasis Liberty Properties proceeded to develop the Snee Farm and Bent Tree projects and market them in mid- to late-1970s and early 1980s. Snee Farm was a recreational housing development while Bent Tree concentrated its sales in the second home market. Deficits were high during these years but the company managed to sell a majority, if not all lots associated with these two developments. By the late 1980s, after

having divested itself of these recreational and second home developments, Liberty Properties concentrated on more sound, basic real estate properties by directing its attention to a diversified investment portfolio which included residential (single- and multiple-family units), office and industrial developments.

Snee Farm Incorporated

Snee Farm, a recreational housing development near Charleston, South Carolina, began business in the leisure home market in 1970. Planned as a community of some 1,500 lots valued at \$8,000 each, Snee Farm offered buyers a comfortable clubhouse, a championship golf course, and other recreational facilities. The company primarily engaged in selling fully-developed home sites under contracts that provided for small down payments and periodic installments over periods up to one year. The Liberty Corporation owned 54.6 percent of Snee Farm's outstanding stock prior to 1975; however, the company became a wholly-owned subsidiary in October 1975 upon the purchase by Liberty of the 45.4 percent ownership held by minority shareholders. As a result of this acquisition, Snee Farm came under management of Liberty Properties Group which developed and marketed all such properties for Liberty. One of Liberty Properties strategies from the mid-1970s to the early 1980s was to divest itself of all recreational housing developments. By the late 1980s all 1,500 home sites at Snee Farm had been sold and, thus, Liberty was in a position to be completely out of this development by the end of 1986.

Special Services Corporation

Special Services Corporation was founded in the late 1950's to provide computer and air transport services to various Hipp family-controlled businesses. The company was a wholly-owned subsidiary of The Surety Life Insurance Company and that firm's successor, Surety Investment Company. In 1966, as a result of the reorganization of Surety Investment Company's subsidiaries, Special Services Corporation became a wholly-owned subsidiary of Liberty Life Insurance Company, continuing the evolution of Hipp family-controlled businesses. Special Services owns computer systems, air travel offices, and aircraft, and employs programmers and technicians, agents and consultants, and pilots and crews to operate them.

Surety Life Insurance Company

In 1942, Southeastern Life Insurance Company (chartered in 1905) merged with The Liberty Life Insurance Company. All active insurance from The Liberty Life was transferred to Southeastern Life's 1905 charter. This newly formed corporation was entitled "Liberty Life Insurance Company." The old company founded in 1919 by W. Frank Hipp, formerly The Liberty Life Insurance Company, changed its name to Surety Life Insurance Company. Surety's assets consisted of paid-up insurance, real estate investments, and two Hipp family-owned radio stations. The merger agreement also stipulated that Surety Life would receive 5% of all premiums collected by the Industrial Division of Liberty Life Insurance Company until 1956. Surety Life did not sell insurance but remained active as a vehicle for reinsurance and investments.

Surety Life was reorganized in August 1950. The two radio stations were placed in a new firm, The Broadcasting Company of the South. A new entity, The Surety Life Insurance Company, was created to manage insurance, investments, and real estate operations. In 1955,

The Surety Life recruited an agency sales force and began, for the first time, active solicitation of direct insurance. Its chief product, targeted to middle-class buyers was monthly debit ordinary (MDO) insurance. Wholly-owned subsidiaries of The Surety Life included The Surety Insurance Company, formed early in 1957 as a fire, property, and casualty company; Independence Insurance Company, a life insurance company chartered in 1930; and Liberty Life Building Incorporated, later known as Surety Realty Corporation. Another reorganization of The Surety Life Insurance Company occurred in December 1961. Its successor firm became Surety Investment Company, with various specialized subsidiaries.

Two different Hipp family-controlled companies took the name “The Surety Insurance Company.” From 1957 until 1961, The Surety Insurance Company was a property and casualty company and a wholly-owned subsidiary of The Surety Life Insurance Company. From 1962 until 1965, The Surety Insurance Company was a life insurance company and a wholly-owned subsidiary of Surety Investment Company. In December 1965, Liberty Life absorbed the life insurance business of The Surety Insurance Company, thus ending the latter company’s active operations.

Surety Investment Company

Surety Investment Company was an outgrowth of the insurance company that had been chartered originally as The Liberty Life Insurance Company. Chartered in February 1962, Surety Investment Company was the successor firm of The Surety Life Insurance Company as a result of the latter’s reorganization in 1961. Surety Investment Company’s wholly-owned subsidiaries included The Surety Insurance Company, The Surety Indemnity Company, Surety Realty Corporation, and Premium Acceptance Corporation. The two insurance subsidiaries (The Surety Insurance and The Surety Indemnity) incurred losses exceeding \$800,000 by the end of 1964. Consequently, Surety Investment Company transferred its life insurance business to Liberty Life at the end of 1965 and sold its casualty operations in April 1966. Except for this brief period as an active insurance operation, Surety functioned primarily as a holding company for investments. The company held almost 20 percent of the common stock of Liberty Life as well as interests in Cosmos Broadcasting and the South Carolina National Bank. So by 1966 Surety’s role as a holding company had diminished as it became active in real estate.

Operating as a real estate investment and development firm Surety pioneered the enclosed shopping mall concept. The company developed the first in South Carolina – Richland Mall in Columbia in 1961 – and had completed plans for one of the first luxury apartment complexes in the state at River Bend in Greenville. Other real estate holdings included plaza shopping centers in Morristown, Tennessee, and Forest Park, Georgia; motels in Dallas, Fort Worth and Amarillo, Texas; and a chain of beauty salons (La Marick Beauty System) in Alabama, North Carolina, Virginia and Tennessee. In 1967 Surety was developing a major seventy-acre industrial park and the Huntcliffe residential project in Atlanta, Georgia. In December 1968, The Liberty Corporation acquired all the assets of Surety Investment Company in exchange for stock. A detailed account of this transaction can be found in a folder entitled “Proxy Statement – 1968.” After its acquisition by The Liberty Corporation, Surety Investment Company became known as Liberty Properties Group Incorporated.

Triad Life Insurance Corporation

Triad Life Insurance Corporation was founded on June 2, 1970, when six insurance men completed the requirements for chartering a life insurance company in North Carolina. Authority to transact life, accident and health business was granted by the insurance commissioner and Triad Life soon became the fastest growing life insurance company headquartered in North Carolina. The founders' purpose was to build an insurance company specializing in home protection insurance for customers of lending institutions. The company would offer no other services, financially related or otherwise. This specialization would allow agents to know their market personally and work it vigorously. The founders raised the \$2,000,000 necessary to guarantee Triad's obligations to its customers and investors, and the new company was named and chartered in Winston-Salem that second day in June 1970.

United Fidelity Life Insurance Company

United Fidelity Life Insurance Company was a stock company founded with assets of \$750,000 by D.E. Waggoner in December 1920. Headquartered in Dallas, Texas, the business of the company was the sale and service of life and health insurance. On October 1, 1977, for \$38 million, The Liberty Corporation acquired United Fidelity, an ordinary system company that worked primarily through independent agents and concentrated on middle- and upper-income families. Although United Fidelity did not meet Liberty's expectations of profitability and was ultimately sold on July 29, 1982, to Western Preferred Corporation of Fort Worth, Texas, for \$70 million, Liberty learned important lessons in marketing, computer technology and management from its exposure to United Fidelity's entirely different way of doing insurance business.

SCOPE AND CONTENT

The Liberty Corporation Subsidiaries Records reflect the diverse business activities and investment interests the company engaged in over a forty-year period. As originally conceived, The Liberty Corporation was to have a triad configuration, with major subsidiaries in life insurance, broadcasting and investments playing mutually supporting roles. While the company moved rapidly and successfully forward with insurance and broadcasting the story was less than rapid and successful with investments. The company was, however, astute, practical, and ethical – it maximized profitable enterprises and, once suitable alternative management arrangements were made, divested itself of losing propositions. The documents comprising these Subsidiaries Records tell the tale of The Liberty Corporation's management strategies.

The physical extent of the documentation for the Subsidiaries Records ranges from one folder for First City Mortgage, Integon, Liberty Capital Advisors, and Triad Life to forty or more folders for Greater Arizona (49), Liberty Properties (55), and United Fidelity (52). The remaining subsidiaries yield anywhere from three to eleven folders of information: Bent Tree (3), La Marick Beauty System (11), Liberty Investors Benefit Insurance (10), Liberty Investment Management (3), Snee Farm (6), Special Services (5), Surety Life (3), and Surety Investment (3).

The informational extent for all the Subsidiaries Records is similar in that each contains some form of Annual or Financial Statements and Strategic or Long-Range Plans.

Beyond that, Greater Arizona includes Board of Director's Meeting Minutes, an Index to Financial Statements, and Summary Reports; La Marick includes some Management Committee Meetings; Liberty Investment Management includes a Management Agreement and Investment Objectives; Liberty Properties Group Includes Board of Director's Meeting Minutes, a Capital Commitment Request, various Committee Meeting Minutes and Reports, and other Reports, Schedules, and Studies; Snee Farm includes an Accountant's Report, Balance Sheets, and Income Tax information; Special Services includes an Air Travel Agreement, Inventories, and a Purchase Order for a Learjet 25; Surety Life includes a Rate Book, Reports on Examinations, Retirement Annuity, and Pension Plans; and Surety Investment includes a Chart of Accounts. The majority of documentation for Liberty Investors Benefit Insurance consists of a Closing File, and that for United Fidelity pertains to the purchase of land, architect's plans, and construction details pertaining to the building of its new home office in Addison, Texas. The oversize section contains annual statements of the Surety Indemnity Company, the Surety Life Insurance Company, Liberty Investors Benefit Insurance Company, and United Fidelity Life Insurance Company, as well as blueprints of Phase I of the United Fidelity Life Insurance Company Home Office Building in Addison, Texas.