

5-14-1932

Broadening Influence of the American College

David McCahan

The American College of Life Underwriters

Follow this and additional works at: http://digitalcommons.theamericancollege.edu/archival_documents

 Part of the [Finance and Financial Management Commons](#)

Recommended Citation

McCahan, David, "Broadening Influence of the American College" (1932). *Archival Documents*. Paper 14.
http://digitalcommons.theamericancollege.edu/archival_documents/14

This Article is brought to you for free and open access by the Archives at TAC Digital Commons. It has been accepted for inclusion in Archival Documents by an authorized administrator of TAC Digital Commons. For more information, please contact John.Whitham@theamericancollege.edu.

Broadening Influence of the American College

By *Dr. David McCahan, Secretary and Assistant Dean, American College of Life Underwriters, Philadelphia, Pa.*

THE progress of an educational movement cannot be measured by statistics. Intangible benefits emanate from the knowledge acquired by man in numerous directions. These influence powerfully the progress of society but cannot be brought under a measuring rod for objective analysis. Yet figures may serve to indicate a tendency, so are helpful in evaluating the place of the American College of Life Underwriters and the Chartered Life Underwriters (C. L. U.) movement in the field of life underwriting.

When the American College was launched in 1927, no broad educational program of a professional character had ever been formulated for persons intending to engage in life underwriting. Isolated universities and colleges offering instruction in business subjects of a collegiate grade were recommending certain curricula to students specializing in insurance, but uniformity was non-existent and leaders in life underwriting had never definitely come to any agreement on the content of such an educational program.

Endorsed by Universities

The time was ripe, however, for formulation of an educational plan on a professional basis, so the program which was announced by the College soon after its inception has been widely recognized and endorsed by life underwriters, educators and others having the welfare of the public and of the life insurance institution at heart. Sixty universities and colleges, for instance, have already expressed sympathy with the aims for which the College was organized and manifested a desire to introduce in their institutions the courses of instruction which are necessary to prepare for the C. L. U. examinations. A number of these have not been able yet to complete the entire program since that is dependent upon a sufficient amount of support from underwriters. However, it is interesting to note that during the academic year 1931-1932, thirty-seven colleges and universities have been operating courses which have been specially designed for the life insurance fraternity. This interest is increasing and holds every promise of broadening out to an extent which will make university and college facilities for training in life underwriting available in all of the large cities and at numerous other points throughout the country.



Not only have the aims of the American College movement received practical endorsement from higher educational institutions in the manner above indicated but underwriters in all sections of the United States have recognized the essential worthwhileness of this concrete effort to place life underwriting on an unquestioned professional plane by extending support to colleges and universities when that was feasible, and in addition, by organizing independent study groups where other educational facilities have not been available on a practical basis. The Dean's office of the College has been in close communication with fifty-six of these groups during the past Winter.

Underwriters' Study Groups

Such groups are generally of two types. One type is designed for colleges and university graduates who have had previous training in all or substantial part of the subjects contemplated by the C. L. U. examinations and who wish an organized, intensive review of the material previously studied.

The other type is intended for candidates who have not had adequate previous training in these various fields of knowledge so aims to provide this primary preparation. The "review course group" generally covers all of the examination subjects or at least the material of two or more installments, whereas the other group frequently limits itself to a

single installment, members concentrating on that for a long period of time.

380 Hold C. L. U. Designation

Up to the present time, 380 candidates have been awarded the Chartered Life Underwriter designation, three have received the Certificate of Proficiency whereas 24 others who have passed all of the examinations will receive the C. L. U. designation upon completion of their three-year experience requirement.

The number who have attained this goal by no means indicates the breadth of general interest in the C. L. U. program as many candidates are taking the examinations on an installment plan, 324 already having credit for one or more examinations. In addition, many others are now studying for the examinations and planning to begin them in 1932.

It is interesting to note that since 1928 when the first series of examinations was given, applications have been received and approved for over 1,000 candidates. It is also significant that while only 66 applicants were examined in 1928 at the two examinations held during that year, 114 appeared in 1929, 235 in 1930 and 521 in 1931. Since applications may be filed any time up to May 20, it is too early as yet to predict the number who will take the 1932 examinations but there is every reason to believe that it will be substantially greater than in any preceding year.

This conclusion is based upon the fact that the educational work conducted by colleges, universities and independent study groups is much more extensive, more efficiently organized and reaching a greater number of underwriters than has ever before been the case. Reports received to date indicate that approximately 2,000 persons are studying along C. L. U. lines although it is not likely that more than half of them will appear for the examinations in 1932.

Support of Home Offices

The influence of the American College has also made itself felt at the home offices of many life insurance companies, approximately fifty of which have given concrete assurances of their hearty support. Their support is being manifested along two constructive lines. The first is by adoption of means to place

Ambition

Field men have been transferred to other positions because of their worth. Officials of Life Insurance companies are constantly on the alert to improve the condition of men who are making good. Field men are constantly on the alert themselves to improve their own conditions with an increased renewal interest.

Taken all in all, we do not know of a more independent position for a man to occupy than one with a ratebook, applications and a first-class company to represent. He is his own manager. If he remains honest and works hard, he is recognized as an important factor in his community and with the company he represents.

Hand this to a friend who has never engaged in the work of life underwriting and suggest that he make inquiries about our Educational Course.

We are operating in the following states:

California	Ohio
Illinois	Oregon
Iowa	South Dakota
Michigan	Texas
Minnesota	Washington
Wisconsin	

RUPERT F. FRY, *President*

The
OLD LINE LIFE
Insurance Company of America
MILWAUKEE, WIS.

before representatives the desirability of attaining the C. L. U. designation, coupled in many cases with practical inducements whereby examination fees, book costs, etc., are refunded to successful candidates. In one case a definite income is guaranteed. The second is by adoption of the College's educational program as a goal for the home office personnel in order that capable young men in the employ of a company may have before them a specific objective which will not only serve as a stimulus to development of their latent abilities but will provide a source from which executive personnel may be drawn. Certain of these home offices have already organized their own study groups for the purpose of training members in the various fields of knowledge contemplated by the C. L. U. examinations.

Local Chapters

Reference to the directions in which the work of the College has made itself felt would not be complete without mention of the National Chapter—Chartered Life Underwriters and the fifteen local chapters in Baltimore, Boston, Chicago, Cincinnati, Cleveland, District of Columbia, Los Angeles, New York, Philadelphia, Pittsburgh, Portland, San Francisco, Seattle, St. Louis and Syracuse, which are quietly but consistently striving to raise the educational and ethical standards of life underwriting and to hasten through the high quality of the service performed by their members the coming of a day when the life underwriter will enjoy the prestige and confidence of the public which are consistent with a professional standing.

As previously intimated, figures of progress cannot well tell the entire story. The profession of life underwriting is taking on a new significance among educators, life insurance leaders and others who are in a position to influence the public mind. This is quite evident from the growing list of co-operating educational institutions, the numerous independent study groups, the number of C. L. U.'s and their respective organizations, the even greater number of aspirants for the designation and the home office support for the American College work. But it takes time for a new idea, no matter how sound or creative, to make its maximum benefits felt.

Much of the pioneering work in a professional movement has to do with the enlarging of vision, with the moulding of mental attitudes, with education, in short, of the need for its existence. Then comes the period when its standards are accepted and a real effort is being put forth to attain them. It appears to the writer that the C. L. U. movement is now passing into that stage. Hereafter come in a more abundant measure the social benefits and the public recognition which are fundamentally to be desired.

TAX BILL AND POSSIBLE EFFECT ON INSURANCE

(Continued from Page 24)

estate liabilities scientific management of the estate is more than ever necessary in order to satisfy the requirements of the family for capital and income.

Subsequent to the early rise in inheritance and estate taxation following the World War there was intense activity on the part of life underwriters in selling additional insurance to offset the rise in such taxation. While upon the passage of the Revenue Bill we shall have a situation comparable to that which we experienced a few years ago, we must realize that state inheritance and estate and Federal Estate taxation are not the only liabilities which an executor will have to retire. Executor's liabilities include as well indebtedness incurred by the owner of the estate during his lifetime and liabilities incident to his death such as expenses of last illness and funeral expenses, miscellaneous costs of administration, executor's fees and attorney's fees.

We have recently completed a study of several thousand estates settled in various jurisdictions which when considered with the proposed Federal Estate Tax indicates that these liabilities rarely fall below 13% of the gross estate and may rise above 35% of the gross estate. On a \$500,000 estate, for example, it is not unreasonable to anticipate liabilities of slightly more than \$103,000; on a million dollar estate more than \$230,000; on a five million dollar estate approximately \$1,480,000, and a ten million dollar estate nearly \$3,487,000.

As Secretary Mills suggested, it is a hardship to keep such a large proportion of estate capital in liquid form. A life insurance sinking fund placed in trust will be found the most satisfactory means of retiring these increased estate liabilities.

Other methods of distributing life insurance proceeds for the retirement of estate liabilities follow:—

1. *Method*—Insurance paid to widow or other member of family.

Disadvantage—No assurance given that funds will be used for the purpose intended.

2. *Method*—Insurance paid under *policy options*.

Disadvantage—Proceeds not available to retire estate liabilities.

3. *Method*—Insurance payable to *estate or executor*.

Disadvantage—This method unnecessarily expensive because the insurance will be subject to unnecessary fees and expenses and to complete taxation.

Your clients of substantial means can readily appreciate the advantage of providing in advance for the retirement of estate liabilities.

(Continued on Page 46)