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# C.L.U. Movement; Its Growth and Place in Underwriting

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## Brevitorial

So far as we are able to determine this is the first time that a national life insurance magazine such as LIFE INSURANCE SELLING has devoted an entire issue to the Chartered Life Underwriter movement.

With the exception of the articles by Dr. S. S. Huebner and Dr. David McCahan which deal with the American College of Life Underwriters, and the C. L. U. movement *per se*, all of the other articles in this issue are of the usual type: business-building articles, and practical sales demonstrations—but all are written by holders of the C. L. U. designation.

Because LIFE INSURANCE SELLING believes that the C. L. U. movement is making for a higher standard of life insurance salesmanship, we are glad to endorse the American College of Life Underwriters, and the C. L. U. work generally by devoting this issue to it. At the same time, we congratulate the 900 holders of the C. L. U. designation and the sponsors of the movement for the rapid strides of progress they are making toward a higher, cleaner, more proficient type of salesmanship and life insurance counsel.

H. R. C.

# Life Insurance Selling

Title Registered in U. S. Patent Office

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# C. L. U. Movement; Its Growth and Place in Underwriting

By DR. S. S. HUEBNER

President, American College of Life Underwriters  
Professor of Insurance and Commerce, Wharton School  
of Finance and Commerce, University of Pennsylvania

**A**LTHOUGH the creation of the American College of Life Underwriters mentally may be said, with truth, to date from 1914, the actual incorporation of the College occurred in 1927 through action of the National Association of Life Underwriters. Although entirely independent of control by the National Association, as must necessarily be the case, the College is nevertheless the child of the National Association of Life Underwriters, having received its first real comfort and financial aid from that source, and having possessed continuously since birth the moral support and backing of that organization and its local affiliates.



S. S. Huebner

The number of candidates actually examined each year is probably the best single evidence of growth. Here the progress has been continuous and remarkable, despite the fact that the active history of the College coincides almost altogether with the major business depression through which the nation has been passing. Starting with a total of sixty-six examined candidates in 1928, the number increased successively to 114 in 1929, 235 in 1930, 521 in 1931, 638 in 1932, 663 in 1933, and 688 in

1934. The 1934 candidates hailed from 138 cities in thirty-nine states, the District of Columbia, Hawaii, China and India, and represented 86 different life insurance companies. The American College represents probably the only educational endeavor in the nation which marched ahead each year during this depression, despite the retrogressive movement in practically every other direction.

At the close of 1934, 821 candidates had secured the professional designation of "C. L. U.," and thirty-four more, while completing all of the five examinations, had still to complete the required three years of satisfactory life insurance experience. An additional 811 candidates have also received credit for the successful completion of some of the five examinations, 70 having credit for four of the five examinations, 173 for three examinations, 292 for two examinations, and 276 for one examination. In all, therefore, 1,686 life underwriters have completed either all or a part of the C. L. U. program. Our correspondence also indicates that at least 2,500 candidates are now preparing for the C. L. U. examinations. These figures speak for them-

selves when we reflect that the College has been functioning actively for only six years, five of which were depression years, and particularly if we compare the aforementioned numbers with a total membership in the National Association of Life Underwriters of about 20,000.

The number of higher institutions of learning which served the American College of Life Underwriters as examination centers was only fourteen in June, 1928. By June, 1929, another thirty institutions had evidenced their willingness to aid in the same capacity. Seventeen more were added in 1930, another eight in 1931, five in 1932, six in 1933, and six in 1934, or a total of eighty-six.

With respect to educational aims the progress of the American College has also been exceptionally satisfactory. Through their deans or directors of Business Education a great many universities and colleges, including nearly all the leading institutions of the country, where insurance is accorded any recognition, have given assurance of their full sympathy with the objects of the College and their willingness to cooperate as far as and as soon as possible with its general program of studies. Twelve of these institutions had signified in 1929 their intention of offering all or a substantial part of the necessary instruction for candidates. Fifty-six others have since indicated their desire to cooperate in the same manner, so at the present time sixty-eight universities and colleges have made available some program of instruction or are planning to do so during the coming year. In a considerable number of centers, however, a university or college is not available for the giving of instruction. Here every effort has been made to have well organized study groups, under a competent teacher or teachers to give the work of instruction. At present more than 104 study groups are operating in the United States. Constantly the number of cooperating universities and colleges, as well as organized study

groups, is increasing, so that before many years the educational influence of the College will be felt effectively in practically every community of the nation.

#### Professional Aims of the C. L. U. Program

Life underwriting is essentially a vocation of ideas and expert knowledge. Underwriting should by no means be mere honesty, work and aptitude. Instead, it should be a combination of these three important factors with *adequate knowledge*. This knowledge aspect is being recognized more and more by the intelligent public, and is the very heart of professionalism in any other calling which aspires to the dignity of a "profession." It seeks to duplicate for life underwriting what accounting has already accomplished with respect to the C. P. A. designation, and proceeds in the belief that underwriting should be premised upon a broad and sound business training and upon ideals of service for social welfare. To this end it pursues the following four objectives (set forth in its bulletin), and with the remarkable success already referred to in the previous section:

"(1) To establish an educational standard for the profession of life underwriting which will comprise (a) all the general fields of knowledge with which an underwriter should be acquainted in order to understand life insurance as a functioning institution in a world filled with economic, social and political problems which it can help to solve, and (b) all the specific fields of knowledge essential to the rendering of expert advice and service to the insuring public.

"(2) To encourage and foster the training of students in educational institutions for the career of professional life underwriter. To this end the College stands prepared to cooperate, in every way possible with universities and colleges which are contemplating the introduction of a complete insur-

ance course. The College does not conduct educational courses itself, believing that the work of instruction can best be given by the institutions already in existence, just as has been the case in the field of accounting.

"(3) To cooperate with universities and colleges in general life insurance education for laymen, since the subject is regarded as fundamentally important and well worthy of incorporation into a business school's curriculum.

"(4) To award to properly qualified life underwriters a professional recognition."

### Professional C. L. U. Standards

As in accounting and other professional callings, the American College "awards to properly qualified life underwriters the professional designation of Chartered Life Underwriter." Judging by prevailing standards elsewhere, the C. L. U. designation may properly be called a professional recognition of degree standards. It does more than denote that the holder has attained to certain academic standards by passing a series of five rigid examinations. Primarily it serves to indicate that the underwriter has spent his time and effort in preparing himself to render a high type of service to the public and will continue to merit the confidence of the public by keeping abreast of the times. Concerning standards the following six thoughts need to be stressed:

(1) To be eligible to take the examinations administered annually by the College, the applicant must be of good moral character, must have an apprenticeship of three years of satisfactory underwriting experience, and must have complied with high school graduation or its legal equivalent as determined in the several states. High school graduates, who are not graduates of colleges or universities, will be permitted to take a single installment of the examinations after one year of satisfactory life insurance experience, and an additional installment every year thereafter, with the privilege of

taking any remaining installments after the full three-year experience requirement has been met. Graduates of universities and colleges may make application to take any or all of the four installments of the examinations at any scheduled date following their graduation, but, though successful, will not be granted the recognition until the completion of three years of satisfactory experience. The College has arranged to secure credit reports on all candidates as one means of investigation, and reserves the right to reject an approved applicant at any time up to the awarding of the C. L. U. designation. Approval of all applications rests solely with the Registration Board. All applications are subjected to the same standards, and no exception has ever been made since the College commenced operating, no matter how much threatening or emphasis upon extenuating circumstances.

(2) The examinations are five in number, extending over two and one-half days, and comprise the subjects of Life Insurance Principles, Practices and Economics, the Principles and Psychology of Life Insurance Salesmanship, Economics, Government and Sociology, Commercial Law, Trusts and Taxes, and Finance, comprising Corporation Finance, Banking and Credit and Investments. The important thing to know is that the program of subject matter is not limited to the narrow groove of insurance itself *per se*. It includes the closely allied business subjects which any well informed underwriter should know in the interest of efficient daily service. That has also been the policy in the program of preparation set up for the C. P. A. examinations, as well as by the American Institute of Banking. The overwhelming majority of the existing 900 Chartered Life Underwriters, as well as the numerous others who are undertaking the program, testify to the fact that these leading business subjects are the source to them of much greater professional strength than could

(Continued on page 43)

## C. L. U. Movement

(Continued from page 8)

be the case if educational effort were limited solely to the narrow groove of life insurance itself.

(3) An important question is the determination of the educational channel which is to supply the instruction required to meet the examinations. Some commentators have recently taken the position in the insurance press that such instruction should be limited to universities or colleges. With that attitude the American College of Life Underwriters does not agree, and let us bear in mind that accountancy and most other professions do not insist upon such an extreme view. Naturally, we desire to have candidates utilize the facilities of instruction afforded by our higher institutions of learning. But we do not insist upon that, as a matter of plain fairness. The door should not be closed to anyone on the mere basis of how and where the education has been obtained. Many of the College's successful candidates have mastered the C. L. U. program on the installment plan over a four-year period, through organized study groups (sometimes in cities where no university or college is available), and in some instances through sheer determination to prepare for the examinations through self-study, and have obtained grades just as high as those who secured their preparation through the medium of collegiate courses.

(4) When all requirements have been completed, the candidate has his designation formally conferred at a regular Conferment Program which is a part of the regular Annual Convention Program of the National Association of Life Underwriters. At that time the successful candidate is again reminded of the promise which he made in writing to the College when he applied to take the examinations, namely: "I agree, if granted the designation of Chartered Life Underwriter by the American College of Life Underwriters, that I will

do all in my power to improve the character of the life insurance institution and to conduct myself in such a way in all my dealings to reflect honor upon the profession of life underwriting." There is also administered to him, in connection with the negotiation of any future contract, the following "charge" at the time of the conferment of his diploma: "Have I, *assuming that I know my subject reasonably well*, and in the light of all the circumstances surrounding my client, which I have made every conscientious endeavor to ascertain and to understand, given him that service which, had I been in the same circumstances, I would have recommended to myself."

(5) The successful candidate is also instructed that he has only made a "good commencement." Continued study and training on his part, throughout his working life, is an absolute necessity. More and more the College is recognizing its responsibility to its alumni as regards provision of opportunity for continued study. No calling is static. The College is constantly revising the subject matter and text material required for proper preparation of its candidates.

(6) Holders of the designation are strictly supervised in the use which they make of the designation. This must be done in the interest of avoiding improper advertising. The designation "C. L. U.," or the words "Chartered Life Underwriter," may be used in a dignified manner just as similar recognitions are employed in accounting, medicine and other professions. Either the full expression or the initials may be used after the name of the holder on business cards, stationery, office advertisements, or signed articles, but always in a way compatible with the maintenance of the dignity of the College which conferred the recognition.

From every angle the C. L. U. designation squares with the standards prevailing in accountancy and the other newer professions. The holders may justly be as proud of the designation

as are the holders of an academic bachelor's degree. Admission requirements correspond with those demanded throughout the United States for professional designations of the standing of a degree. The examinations have been maintained from the very beginning on a high level. They may be placed alongside any C. P. A. examinations in the country and be found not wanting. Nothing has gained for the C. L. U. movement so much cooperation from universities and colleges, as the high caliber of the examinations. The examination questions are always examined when we desire an entre to an institution of learning, and the verdict always seems to be: "That standard seems satisfactory; these examinations go the whole length and cannot be interpreted as camouflage or half-way measures. We are ready to go along with you."

#### Services of the C. L. U. Program

Space limits forbid a detailed discus-

sion of these services, and there is need merely to mention them since they have been so fully discussed in the College's printed literature, readily available for the asking. Briefly outlined, completion of the C. L. U. program of study will mean the following things for the underwriter, each worth many times the modest investment of a little money and two or three evenings of study per week over a four-year period:

(1) A much finer vision of life underwriting as a life career. Mastery of the principles and practices of life insurance, as well as the allied business subjects, is bound to result in an enlarged viewpoint of the greatness and the possibilities of the calling, in a way which cannot possibly be secured otherwise. It furnishes a mental objective which reaches beyond mere toil and mere money making. If started in time, the C. L. U. program will save many a good life underwriter for the calling who would otherwise drift elsewhere. Those who become thoroughly familiar

## The Sixties

Too many men at 60 regard themselves as done for, though able and desirous to continue, simply because the world pushes sexagenarians aside. Yet in all large life companies are many sixties who have neither withdrawn nor have permitted themselves to be shelved, even though financially able to retire. Three examples:

To our Salt Lake City Agency in 1933 came a man of 68. He chose the elderly for his field, and made Annuities his specialty. Last November he qualified for our Leaders Club.

Our John A. Stevenson Agency has a man who, after a lifetime of other work, successfully turned to life underwriting at age 60.

The senior of our Boston staff at 68 led the Agency in paid-for insurance in 1934 after 44 years of service.

Typical, these, of men in their sixties who thrill at the still repeated proof of their power to persuade, and who work with undiminished, zestful, joyous ardor—as will thousands of Retirement Income buyers after their incomes shall have begun.

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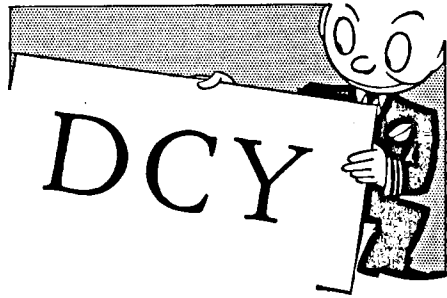
with life insurance and its numerous services are not likely to drop the calling easily.

(2) A greatly increased confidence of mind. This results from a mastery of the subject matter involved in one's calling. In any calling, few things are greater than confidence. Without it there is weakness which shows itself all over the individual, unless he is of the "brass" variety. An underwriter needs to know considerably more than his client in order to have the good feeling that goes with confidence of mind.

(3) A habit for continued study is created. Adult education is the greatest modern development in the field of education. Many life underwriters have apparently given up all thought of further study, and seem reconciled to the ways of the beaten path, an uncreative existence, and a submission to the static in life. He who ceases to study ceases to grow mentally; he who stops growing mentally ceases to enthuse; and he who stops enthusing ceases to love his high calling. We find great cheer in the fact that so many of those who have completed the C. L. U. program regard as the greatest good secured the reawakened habit of study.

(4) An increased earning capacity. Assuming aptitude for the calling and a spirit to work, both of which must be presumed for success in any calling quite aside from any consideration of knowledge of subject matter, it is difficult to see why the current earning capacity of an underwriter, who has thoroughly assimilated the C. L. U. program of study, should not be materially increased.

(5) Greater public prestige. The C. L. U. designation will have a public meaning and receive a public recognition just as soon as there are enough Chartered Life Underwriters in the given community. That has been the story in law, medicine, and accounting. And as the public recognizes the existence of an underwriter program of substantial education, there will be a corresponding increase in public esteem.



. . . meaning

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## » » Points That Help You Sell « « (Short Statements on Salesmanship and Insurance)

Much conjecture has been made recently about what Babe Ruth will do in the way of a job in baseball in the future. Probably Babe Ruth is less concerned about his future job than some of his admirers are, for it will be remembered that the mighty Babe was farsighted enough to put a good share of his income during the "good" years into life annuities. And so he can live comfortably for the remainder of his life on a substantial income from the life insurance companies.

Dr. Mordecai Ezekiel, economic adviser to the Department of Agriculture, estimates that the typical American family needs an income of about \$2,500 per year for a "moderately full life." In most cases the only way that any where near this figure could be provided by the "head of the house," in event of his death, would be through life insurance.

The Charles J. Zimmerman Agency of the Connecticut Mutual recently reported an unusual case which proves the value to the assured of giving a check with the application. The assured was sold at two o'clock in the morning, but even at that hour he produced a check for the \$50,000 application. He passed a rigid examination and was approved. However, before the policy could be issued at the home

office, the man developed a blood clot, died, and his beneficiary received the \$50,000. Tell that to your applicant who wants to pay you when you deliver the policy.

### C. L. U. Publications Available

To the readers of LIFE INSURANCE SELLING who wish to enlighten themselves with respect to the C. L. U. program we suggest the following publications which are available for distribution by The American College of Life Underwriters:

- "The Announcement and Directory of the American College of Life Underwriters," 91 pages.
- "Organized Study for the C. L. U. Examinations," 64 pages.
- "Examinations in Life Insurance Agency Management," 8 pages.
- "Topical Outline of Subjects Covered by the C. L. U. Examinations," 90 pages.

All of these publications are gladly sent gratuitously, except the "Topical Outline" which, because of the expensive nature of its preparation, must be charged for at the rate of 50 cents per individual copy, or at 40 cents each if ordered in blocks of ten or more.

Your requests for these publications may be addressed to: The American College of Life Underwriters, 503 Integrity Building, 36th and Walnut Streets, Philadelphia, Pennsylvania.

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