

3-15-1951

Field Service in Insurance

Solomon S. Huebner PhD

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



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

Recommended Citation

Huebner, Solomon S. PhD, "Field Service in Insurance" (1951). *Solomon S. Huebner Documents*. Paper 43.
http://digitalcommons.theamericancollege.edu/huebner_documents/43

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

V.F. Huelber, S.S. - Original MS.

THE S. S. MUTUAL FOUNDATION FOR INSURANCE EDUCATION
DIETRICH HALL, 3020 LOCUST ST.
PHILADELPHIA 4, PA.

Article for the Daily Pennsylvanian
March 15, 1951

FIELD SERVICE IN INSURANCE

S.S. ^{by} Huelber

Most insurance company home office departments, as regards executive positions, have for many years been thoroughly organized with respect to educational and personnel requirements on the collegiate level. Because of its strategic importance the field force in insurance needs to be similarly organized. This large force, comprising about 200,000 in life insurance and probably about an equal number in the property and casualty forms of insurance, contacts the buying public, spreads the knowledge of the services of insurance to the millions of homes and business establishments, and advises and acquires the business upon which nearly all else in insurance depends. In fact, the public knows and looks upon insurance essentially as it knows and looks upon the field representatives of insurance. Properly viewed, good underwriting in the field, if there is to be adequate service to American homes and businesses, involves on the part of the individual field representative (1) a thorough understanding of a large fund of knowledge, and (2) a realization that underwriting in the field is a profession, like accounting and other business professions, and should be organized and practiced as such.

INSURANCE SERVICE

Viewed professionally, the life insurance field underwriter should be well trained, on a collegiate level, not only in the principles and operational practices of life insurance, but also in the life insurance service as it relates to the protection of human life values against loss through premature death, the application of annuities and pensions, the pursuit of a sound program of thrift and investment, the making of wills and trust arrangements, the protection of the property estate against death of the owner, the safe liquidation upon the death

of the owner of sole proprietorship³ and partnership and close corporation interest,⁵ the creation and maintenance of credit based on the human life value, the development of organized philanthropy, and the promotion of life conservation. Each of the above fields constitutes a very substantial fund of study on a collegiate level. Likewise, in the property and casualty fields, the field underwriter, if he is to be a real adviser and counselor and not merely a salesman to get a signature on the dotted line, should not only be well grounded in the principles and practices of the various forms of property and casualty insurance, but also in the prevention of loss services, economics and social legislation, general commercial law and insurance law, accounting principles, and the principles of personal finance.

Professional
THE PROFESSIONAL APPROACH

Recognizing the need for the professional approach to field underwriting, on a collegiate level, a substantial educational setup has been developed during the past twenty years. Three professional organizations have been created in American insurance on a collegiate level, namely, The American College of Life Underwriters for life insurance (incorporated in 1927), the American Institute for Property and Liability Underwriters, Inc., for property and casualty insurance (incorporated in 1941), and The S. S. Huebner Foundation for Insurance Education (established in 1941 and placed under the management of the University of Pennsylvania), created to prepare teachers of insurance in American and Canadian universities and colleges. All three of these organizations have been closely associated with the Wharton School's insurance faculty in their founding as well as in their present operations. All are liberally supported financially by the insurance companies of the nation.

The American College of Life Underwriters exists (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 to understand life insurance as a functioning institution in a world filled with economic, social, and political problems which it can help to solve, as well as all the specific fields of knowledge essential to the rendering of expert advice and service to the insurance public; (2) to encourage and foster the training of students in educational institutions of higher learning for the career of professional life underwriter; (3) to cooperate with universities and colleges in general life insurance education for laymen; (4) to promote research and the preparation and publication of textbooks and other material deemed essential to the furtherance of its program; and (5) to award to properly qualified life underwriters a professional recognition. With respect to the last objective, the candidate must pass five examinations (all fully equivalent to collegiate examinations) respectively in (1) life insurance economics, principles and practices, (2) economics, government and social legislation, (3) commercial^{Law} and insurance law, wills and trusts, and taxation, (4) corporation finance, banking and credit, and investments, and (5) a comprehensive examination. Upon the passing of all of these examinations, and the completion of three years of satisfactory underwriting experience, the candidate is awarded the C.L.U. (Chartered Life Underwriter) professional designation. Last year 136 life insurance companies supported the American College financially.

The American Institute for Property and Liability Underwriters, Inc., is largely patterned upon the principles and practices of The American College of Life Underwriters. It has the same objectives, and awards the professional designation of C.P.C.U. (Chartered Property Casualty Underwriter) upon the

passing of five examinations (strictly on the collegiate level) in insurance principles and practices (two examinations); economics, government and social legislation; commercial law and insurance law; and accounting and finance. Three years of satisfactory underwriting experience ~~are~~ ^{is} also required in addition to the educational requirement to receive the designation. The Institute is supported financially by the National Board of Fire Underwriters, the Association of Casualty and Surety Executives, and the American Mutual Alliance. It should be added that by 1950 all of the American College examinations had been passed by 4,039 candidates, and that an additional 5,735 candidates have credit for one or more of the examinations. The corresponding figures for the American Institute (starting much later) were 494 and 1,383.

The aforementioned professional plan necessarily requires well trained teachers, and here one of the greatest difficulties presents itself, a difficulty, however, which time will cure. The S. S. Huebner Foundation for Insurance Education was created to award scholarships and fellowships to ~~candidates~~ ^{applicants} who seek the Ph.D. degree, and who wish to train for a teaching career in insurance. About sixteen scholarships and fellowships are awarded annually. Last year 106 insurance companies supported the Foundation financially.

UNIVERSITY COOPERATION

The professional program as outlined above requires cooperation from universities and colleges. From the very beginning it was ~~required~~ ^{felt} that the American College and the American Institute should use the existing capital and educational setups of ~~existing~~ ^{existing} higher institutions of learning. That cooperation, I am happy to say, has been generously given. Just to cite the American College (and the experience of the American Institute is similar), at present 128 universities

and colleges are cooperating in the offering of all or a substantial part of the necessary instruction for C.L.U. candidates, and 183 have indicated their willingness to serve as examination centers. Of the 259 organized study groups for 1950 in 46 states, the District of Columbia, and Hawaii, 134 were conducted either solely or jointly under collegiate sponsorship, and represented 63.2% of the aggregate enrollment of over 4,000. Moreover, universities and colleges are rapidly introducing insurance into their program of studies. In 1904 the University of Pennsylvania was alone in beginning organized courses in the various branches of insurance, and few additional institutions were added prior to 1915. Since that time the growth has been very rapid. A recent survey (for 1948) shows that 250 institutions of higher learning, and this includes nearly all of the larger ones, were offering a total of 853 courses in insurance with a total enrollment of 41,000 students. Of these courses 237 were survey courses, and 616 special courses. Of the special courses 181 were in life insurance, 89 in property insurance, 77 in casualty insurance, and 43 in property and casualty insurance combined. The American College and the American Institute should be given large credit for the establishment and development of many of these courses.

THE FUTURE

The future in insurance field service is bright indeed. The number of field representatives may not increase materially for sometime, but the quality of individual underwriters is rising annually, and therefore the opportunity for college graduates is excellent. The whole vocation, like accounting which has historically been basic in the curriculum of our schools of business administration, is being geared to the collegiate level. The American College and the American Institute are here to stay, and their growth will be great in the

years that lie ahead along all the objectives for which they were created. The S. S. Huebner Foundation will also increasingly supply the teachers so that they may further serve the numerous study groups.

Moreover, the growth of insurance will also be tremendous as the lay public becomes better educated in the use/^sof insurance. The volume of outstanding life insurance (\$220 billion) is not a seventh of what ought to be outstanding for decent family and old age/^{protection.} Within another generation we shall speak of ~~expect over~~ a trillion dollars of life insurance on the books of American companies. For many years there will be many more potential buyers than there are educated underwriters to interest and guide them. Moreover, property and casualty insurance should normally grow as the wealth of the nation grows. But the growth here will be even more rapid because of the ever increasing percentage to which property and casualty risks are being covered.