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# Company Incentive Programs for C.L.U. Study

The American College of Life Underwriters

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COMPANY INCENTIVE PROGRAMS

for

C. L. U. STUDY

Ideas and suggestions based upon a study  
of the incentive plans and practices of  
leading life and health insurance companies  
that have had substantial participation in  
C. L. U. and Certificate Courses of the  
American College



FALL  
1967

The American College of Life Underwriters, Bryn Mawr, Pennsylvania 19010

COMPANY INCENTIVE PROGRAMS

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C. L. U. STUDY

This booklet is intended for the use of life and health insurance companies in evaluating and updating their incentive programs for C. L. U. and Certificate Course study. It is hoped that companies will call upon us at the American College if we can assist in any way in the development of such programs.

W. W. Dotterweich, C. L. U.  
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The American College of Life Underwriters  
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## COOPERATIVE PAYMENT PLAN ENDS

By action of the American College's Board of Trustees, the Cooperative Payment Plan has been discontinued. Through the use of Credit Certificates under this plan insurance companies prepaid for their personnel one-half the examination fee for C. L. U. and Certificate Course examinations given by the American College. Credit Certificates will still be available to member companies for the 1968 Examinations, but not in years following. It is assumed that most if not all companies will establish their own plans for assisting C. L. U. and Certificate Course Candidates in paying these examination fees.

The decision to discontinue the Cooperative Payment Plan is of significance to companies in two important respects. First, companies will no longer be asked to make annual subscription payments under the Plan, thereby freeing these funds for other means of financial assistance under educational incentive programs. Secondly, it emphasizes the necessity to evaluate the effectiveness of current educational incentive programs in the light of these changes.

## AMERICAN COLLEGE STUDIES INCENTIVE PLANS

Because of the importance of this decision, it was suggested that the American College study the educational incentive plans of a number of companies that have shown substantial growth in C. L. U. and Certificate Course Candidates in recent years. In this way, all companies might be apprised of ways in which greater educational activity in the field and home office might be stimulated, and of alternative means of assisting candidates both financially and in other ways, in their educational endeavors.

Because of periodic appraisal and upgrading of educational incentive programs, comparisons of specific features of company programs soon become

outdated.\* For this reason, no such comparisons are attempted here. Instead, the salient features of the plans of many companies are listed, thus offering a wide (although not exhaustive) spectrum of proven means of encouraging greater interest and participation in the C. L. U. and Certificate Course programs of the College. It is recognized, however, that each company must fashion its own educational incentive program in the light of its corporate objectives, practices, and policies. Nonetheless, it is believed that the following general format for incentive programs is applicable (or adaptable) to the needs of any company.

### FEATURES OF EDUCATIONAL INCENTIVE PROGRAMS

While the actual features of the educational incentive programs of companies with the best results vary considerably, it is significant to note that each of these companies has established some type of program. Generally speaking, the programs of these companies are marked by their comprehensiveness, their continuing support by top management, and an appropriate measure of generosity. The remarkable achievements of so many life and health insurance companies in increasing the number of participants in the American College Courses over the years attest to the fact that a carefully conceived, generous educational incentive program does pay dividends.

ON THE FOLLOWING PAGES are a series of ideas and suggestions for creating greater interest and participation in the adult education programs available from the American College. For the sake of simplicity and convenience, they are grouped under the headings of: CORPORATE COMMITMENT; FINANCIAL ASSISTANCE; EDUCATIONAL ASSISTANCE; and REWARDS AND RECOGNITION.

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\*In 1964 the American College surveyed the incentive plans of 228 life and health companies. The results were published in 1965 in a booklet, Company Incentive Programs for C. L. U. Study, copies of which were distributed at that time to company presidents and chief agency officers.

## CORPORATE COMMITMENT

It has been found that the most effective educational incentive programs are undergirded by approval and encouragement on the part of top management for those participating in the courses offered by the American College. Following are some suggested ways in which this sense of corporate commitment to education can be conveyed.

- I. COMMUNICATE regularly and often to all career employees concerning management's attitude toward, and unqualified support of, continuing education and self-development.
- II. RELATE educational activity to career opportunity; let the employee know what he can do to shape his future.
- III. SEEK involvement of the total management team. To accomplish this, however, management must be informed of the nature and purpose of the educational programs recommended by the company. In this way supervisory and middle management personnel can act both as communication vehicles and as participants in educational activities. Such involvement often is the "make or break" point in achieving corporate objectives in this area.
- IV. DIRECT corporate emphasis on education to specific educational programs. Many employees want and need the benefit of management's judgement concerning the specific courses they should pursue in meeting their educational goals.
- V. BUDGET adequate resources for investment in educational development throughout the company.

## FINANCIAL ASSISTANCE

- I. DESIGN the financial incentive program so that it reinforces the satisfaction of success. Emphasize participation, educational content, and personal development as well as examination performance and program completion.
  
- II. ASSIST your career people in field and home office by subsidizing their costs associated with personal educational growth. This assistance can take many forms and vary in degree, and in some cases may vary also between field and home office personnel. A broad program of financial assistance should give due consideration to each of the following types of expenses typically incurred by C. L. U. and Certificate Course Candidates:

### TUITION

C. L. U. and Certificate Course students are encouraged to attend a local, teacher-led class in their own geographic area for the Part(s) they are studying. Typically, these are offered through the sponsorship of a C. L. U. Chapter, Life Underwriters Association, or General Agents and Managers Association, and often in cooperation with a college or university. Tuition for classes is established locally and may run as high as \$100 or more, for the year. Tuition is used to meet the expenses of offering the class locally and the American College receives no part of these fees. (Some companies conduct "in-house" classes for home office personnel with the company paying for instruction and other expenses and charging no tuition.)

Most companies have established some kind of tuition reimbursement or pre-payment plan for their personnel. Listed in order of frequency of use are several alternative arrangements:

1. Company refunds all, or a portion of, tuition fee paid by candidate:

TUITION (continued)

- a. when candidate sits for an American College examination, or
  - b. when American College examination is passed.
2. Company provides entire tuition fee in advance, or reimburses candidate immediately (usually upon evidence of tuition receipt).
  3. Company provides candidate with a portion of tuition fee in advance:
    - a. with refund of balance after American College exam, or
    - b. with no refund of balance.

TEXTBOOKS

The Suggested Reading List, published in the Catalogue of the College, lists appropriate texts, Study Guides and other study material for each Course. Candidates should be encouraged to obtain these materials for study during the course and to retain them as part of their personal insurance libraries. Although company practices concerning assistance with the cost of textbooks and other study materials vary, most companies do one of the following:

1. Company provides candidate with all, or part of, textbook costs in advance.
2. Company refunds all, or a portion of, textbook costs paid by candidate:
  - a. when course is completed, or
  - b. when American College examination is passed.
3. Companies distribute textbooks to their candidates at discount prices.



TEXTBOOKS (continued)

4. Some companies maintain a lending library of suggested texts. (This plan is declining in popularity because of administrative problems and the desire of students to have their own texts.) Often students are permitted to retain these books if they pass the examinations.

FEEES

To obtain permission to sit for any C. L. U. or Certificate Course examination, a candidate must matriculate with the American College and pay a one-time matriculation fee of \$15. In addition, each candidate is charged a fee of \$50 for each examination taken. Company assistance in paying these fees is most common and typically takes one of the following forms:

1. Matriculation fee (\$15.)
  - a. Company provides candidate with entire fee in advance.
  - b. Company refunds matriculation fee to candidate:
    - (1) without regard to examination success, or
    - (2) upon passing American College examination.
2. Examination fee (\$50.)\*
  - a. Company provides candidate with entire examination fee in advance, or reimburses candidate immediately (upon evidence from the candidate that he has registered for an exam).

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\*For most candidates, the cash portion of the examination fee for 1968 will be \$25 per examination plus a Credit Certificate. However, the Cooperative Payment Plan has been discontinued and Credit Certificates will not be available after the June, 1968 examinations. Thereafter, the entire examination fee will be \$50 cash per examination commencing with the June, 1969 examinations.

FEES (continued)

- b. Company provides candidate with a portion of examination fee in advance:
  - (1) with no provision for reimbursement of balance, or
  - (2) with full, or partial, reimbursement of balance —
    - (i) when candidate sits for an examination, or
    - (ii) when American College examination is passed.
- c. Candidate pays entire examination fee, but company reimburses all, or a portion, of exam fee:
  - (1) when candidate sits for an examination, or
  - (2) when American College examination is passed.

SPECIAL NOTE: Because of the confidential and personal relationship between the American College and each candidate regarding eligibility to take exams, progress through the program, and meeting of experience and other requirements, it is essential that payments be credited to each individual candidate's account. Companies sending checks to candidates for the payment of fees should make the checks payable either to THE AMERICAN COLLEGE OF LIFE UNDERWRITERS, or directly to the candidate, for subsequent endorsement to the College.

IN ANY EVENT, fees must be remitted to the College by each individual candidate at the time of matriculation or exam registration.

## EDUCATIONAL ASSISTANCE

It is essential that a program of financial incentives be reinforced by other motivational techniques in order to achieve maximum results. One of the most important non-monetary incentives for an effective program of continuing education is educational assistance. Educational assistance can take many forms. The following listing includes only a sample of the many educational activities pursued by companies in the interest of motivating their personnel to greater individual achievement:

1. Encourage enrollment in local C. L. U. or Certificate Course classes.
2. Conduct classes for home office personnel within the company.
3. Offer correspondence study programs administered by the company for the benefit of field personnel.
4. Instill in field personnel and home office employees the "back to school" concept through frequent communiques on bulletin boards, house organs, and in other communications.
5. Write regularly scheduled letters containing educational helps, particularly with respect to scheduling of study activities and deadlines, as well as plans for continuation of study next year.
6. Provide technical assistance to candidates by encouraging them to seek the aid of company experts in those areas of C. L. U. and Certificate Course study which present difficulty.
7. Distribute supplemental study aids such as: (a) educational publications from banks, financial houses or government agencies relating to the subjects studied in the program; (b) aids for review; (c) practice examination; (d) R & R Questionnaires; (e) lists of "causes of failure"; (f) hints on examination generalship.
8. Encourage all qualified home office administrative personnel to participate in these educational programs — this kind of "leadership by example" affords ideal moral support for all candidates.
9. Make clear, in all communications, the nature of the C. L. U. and Certificate Course programs, their educational level and content, their purpose, and their place in the company's overall program.

## REWARDS AND RECOGNITION

It is desirable to maintain a climate of acceptance and enthusiasm within the organization concerning participation in any educational program. These conditions can be brought about through intelligent use of all of the fore-going incentives. But, in the final analysis an atmosphere conducive to continuing participation in, and aggressive pursuit of, available courses will depend largely on the nature of the rewards and recognition given to serious students.

In one sense, the C. L. U. program has its own reward in the educational content and in the Chartered Life Underwriter designation. Also, membership in the American Society of Chartered Life Underwriters offers invaluable services for a lifetime. But rewards and recognition can take many other forms which are highly significant as incentives. They may range from tangible, monetary rewards to highly subjective "status." Here are a number of ways in which companies have demonstrated management's recognition, appreciation, and approval of the educational efforts of field and home office personnel.

### I. Financial

- A. The award of a cash bonus for examination success and/or program completion is a growing practice. There are many variations, but essentially the procedure involves a cash payment for each examination passed. Often the size of the bonus increases with each succeeding examination. (For example, one company pays the following amounts for passing C. L. U. examinations: Part I - \$50; II - \$75; III - \$100; IV - \$125; V - \$150; total — \$500.)
- B. Automatic salary increase upon successful completion of examinations, or upon obtaining designation.
- C. Company pays for the C. L. U. Key and the C. L. U. Diploma, (and often for the Professional Pledge Plaque for new C. L. U. s who join the American Society).
- D. Company subsidizes expenses of new C. L. U. (and spouse) to attend National Conferment Exercises and C. L. U. Educational Forum.
- E. Company pays full cost, or subsidizes purchase, of C. L. U. Announcement Cards, letterheads, and business cards.

REWARDS AND RECOGNITION (continued)

- F. Company provides C. L. U. s full or partial scholarships to a C. L. U. Institute.

II. Non-Financial

There is perhaps no limit to the kinds of non-financial rewards and recognition which are given for educational achievement. The following list indicates the types of recognition used most frequently in the incentive programs of life and health insurance companies:

- A. Periodic letters of encouragement from top officers and other key administrative personnel to students throughout the year, and particularly prior to the examinations.
- B. Letter of congratulation from president (and other top officers) to all employees passing examinations.
- C. Preferential advancement policy for those showing evidence of self-improvement through education.
- D. Record of educational progress kept in personnel file, this practice being communicated to all potential participants.
- E. Luncheon or dinner with president and/or other top officers of the company in recognition of completion of educational programs.
- F. Recognition in company magazine for participants and completers, preferably with pictures. Also related is consistent use of professional designation (C. L. U. ) after names in these publications.
- G. Formal recognition breakfast, luncheon or dinner — often held in conjunction with company annual meeting or other activity.
- H. Requirement that the C. L. U. designation be a prerequisite to membership in certain company clubs or for special awards.
- I. Special meetings for C. L. U. s at company national or regional meetings.

REWARDS AND RECOGNITION (continued)

- J. Establishment of an active and effective Company C. L. U. Association in order to "foster and encourage the growth, through C. L. U., of the professional concept of life underwriting."

IN CONCLUSION

It is obvious that no one educational incentive plan can be recommended as the "right one" for all companies. But it is significant to note the positive relationship between the existence of broad incentive programs within certain companies and growth in the number of C. L. U. s, both field and home office, in these same companies. People respond to attention, and almost everyone can be motivated to greater personal achievement. The successful experience of the companies studied seems to be proof of the wisdom of having a definite plan of educational incentives. This presentation of both the "whys" and "hows" of developing incentive programs may be helpful in increasing the effectiveness of your company's plan. It is hoped that your results in terms of educational and professional achievement among your people in the future will exceed all that has been accomplished in the past.

