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# Summary Statement by the Dean Respecting the Aims, Scope, Reading List and Examinations of the C.L.U. Educational Program

David McCahan

*The American College of Life Underwriters*

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# The American College of Life Underwriters

PHILADELPHIA 4, PENNA.

Summary Statement by the Dean Respecting  
The Aims, Scope, Reading List and Examinations  
of the C.L.U. Educational Program

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## The Aims

As set forth in the Announcement of the American College, the four main purposes for which the College was organized are:

- (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 insurance 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.

## The Scope of the C.L.U. Curriculum

In considering the general scope of the C.L.U. program from an educational point of view, two factors are of outstanding importance. The first is the subjects covered. The second is the general level on which the education in each subject is pitched. Each of these will be discussed separately.

1. The Subjects Covered - The grouping of subjects originally adopted by the College, as set forth in its first published Announcement, follows:

- I Life Insurance Fundamentals
  - 1. Economics of Life Insurance
  - 2. Principles and Practices
- II Life Insurance Salesmanship
  - 1. Principles of Salesmanship
  - 2. Psychology of Life Insurance Salesmanship
- III General Education
  - 1. English (including effective business letters)
  - 2. Economics
  - 3. Sociology
- IV Commercial Law
  - 1. General Commercial Law
  - 2. Law of Life Insurance Salesmanship
  - 3. Wills, Trusts and Estates
- V Finance
  - 1. Corporation Finance
  - 2. Commercial Credit
  - 3. Banking
  - 4. Investments

The major changes made in this program were the inclusion in 1929 of Government and Taxation in Part III, a shifting of the emphasis from Economic Theory to Economic Problems (also in Part III), and substitution of a procedure for giving a grade for English on the candidate's Part III examination book in lieu of a separate English examination. In 1930, the subjects of Banking and Credit were combined. In 1932, the subject of Taxation was transferred from Part III to Part IV and in 1937 Business Insurance was coupled with Taxation. In 1940, Life Insurance Salesmanship was merged into a new Life Underwriting (Comprehensive) section and the new section placed at the end of the program. As a result of these various changes, the subject matter of the various examinations, as set forth in the College's current Announcement, is as follows:

- A. Life Insurance Fundamentals (Formerly Part I)
  - 1. Economic and Social Functions
  - 2. Principles and Practices
- B. General Education (including English) (Formerly Part III)
  - 1. Economics
  - 2. Government
  - 3. Sociology

- C. Law, Trusts and Taxes (Formerly Part IV)
  - 1. General Commercial Law, including Law of Life Insurance
  - 2. Wills, Trusts and Estates
  - 3. Taxation and Business Insurance
  
- D. Finance (Formerly Part V)
  - 1. Corporation Finance
  - 2. Banking and Credit
  - 3. Investments
  
- E. Life Underwriting (Comprehensive)

Note: Emphasis in this part is placed upon the candidate's ability to use his knowledge from all the other parts in working out sound solutions to advanced underwriting problems, and to apply his knowledge of salesmanship and psychology principles in effective presentation of such solutions. The examination therein must either follow the completion of all other parts or be taken concurrently with any remaining parts as a knowledge of the subject matter covered in Parts A, B, C, and D will be presumed.

In a booklet entitled "The Revised C.L.U. Examinations Program", the reason for the 1940 revision is set forth against a background of the underlying philosophy of professional underwriting and of preparation therefor. A copy of this booklet is attached as Appendix I. The justification for inclusion of each of the various C.L.U. subjects is presented therein, or in the College's Announcement, and is accordingly not repeated here.

2. General Educational Level - As has been stressed in connection with adoption of a high school educational prerequisite, a fundamental premise of the entire American College program was that its work should be on a college or professional school level and that the C.L.U. diploma should have the standing of a degree. Implicit in this is the assumption that breadth of subject matter to be covered, selection of text books, and character of examinations would be governed by this basic premise.

In view of the above, the President and Dean of the College have sought to maintain the general level of the College's educational program on a plane commensurate with that of high-grade collegiate schools of business, such as the fifty odd institutions affiliated with the American Association of Collegiate Schools of Business. By doing so, the level was more or less automatically set at the same height

as for accounting in states having good standards. This arises from the fact that preparation for a professional accounting career is now largely handled by such collegiate schools of business, the leaders in which naturally want their graduates who have majored in accounting to make a good showing in the standard examinations promulgated by the American Institute of Accountants now used by forty-two states and four dependencies or in the examinations of any of the six states which do not use the Institute examinations, namely, Maryland, New Jersey, New York, Ohio, Pennsylvania and Wisconsin.

Parenthetically, it might be added that the collegiate school of business began to develop in this country on a substantial scale about the same time that professional standards in accounting were being adopted by the various states. Accordingly, many colleges of accounting which were set up originally on a pattern relatively similar to that of colleges of law have been broadened into general collegiate schools of business in which the instruction for accounting is a major activity. Their identity as colleges of accounting is accordingly not always so clear to the layman as the identity of the law schools. Nevertheless, there are many offsetting advantages, among which is the possibility of utilizing the facilities, experience and standards for development of other professions, such as life underwriting, for which a common core of basic business knowledge is likewise essential.

A knowledge of the way in which accounting education has been trending is reflected in the wording of the second aim of the College which is stated on the first page of this report. In conformity with this aim, the President and Dean of the American College have consistently followed the policy of urging higher educational institutions, especially those with collegiate schools of business, to introduce programs for professional education in insurance comparable to their programs in accounting. Existing educational capital could then be utilized, thereby avoiding the necessity for raising the large amount of capital which would otherwise have been necessary for separate colleges of insurance.

The quantity, as well as the quality, aspect of the C.L.U. educational

level is also significant. An educational program on the collegiate level covering only C.L.U. subjects would in normal times require about two full academic years, or four terms of four and a half months each. Here again the situation is comparable to accounting. Other subjects required by the collegiate school of business for graduation, such as History, Languages, Science, etc., necessitate an approximately equal period, thus constituting a four year undergraduate program leading to a bachelor's degree.

Some institutions provide for a vertical division of these two groups of subject matter under which instruction in each is parallel throughout the four year period whereas others provide for a horizontal division under which the two years of work in the cultural subjects precedes the two years of work in the business subjects. Each plan has its advocates but the relative merits are not pertinent to this discussion. It is pertinent to note however that the able student who has followed either plan to graduation, and who has selected the proper grouping of subjects, should be equipped for passing C.L.U. examinations.

The foregoing discussion has of course been predicated upon educational activities designed for men at the usual college age rather than for the older men who are now engaged in life underwriting. That basis has been used because it is easier to express an educational program in number of courses, hours per week, etc. for college students with a relatively homogeneous background than for adults who vary widely in terms of previous education, training and experience. Many men in the latter group may, as a result, prepare for C.L.U. examinations in fewer class hours than the undergraduate student in college. Otherwise, the C.L.U. study course as usually conducted, could not be nearly so effective.

#### The C.L.U. Reading List

Although the C.L.U. Reading List is not mandatory, as explained on page 29 of the 1944-45 Announcement, a tremendous amount of time and effort have been, and are being, devoted constantly to selection of the books which are shown thereon. It

is proper that this should be the situation since the C.L.U. Study Supplements are built around the suggested books and since the College's suggestions on books are widely followed by candidates. Some indication of the care with which this list is prepared may be derived from a review of the procedure followed by the Dean and the Director of the Educational Publications Department. This is summarized under the headings (1) securing recommendations, (2) weighing various selection factors, and (3) securing formal approval. A brief discussion of each follows.

1. Securing Recommendations - The advice of many competent persons is constantly being sought for suggestions on improvements in the list. These include (a) college and university teachers and study group leaders, (b) experienced authors and experts, (c) leaders in the life insurance field who maintain a close contact with educational work, and (d) representatives of publishing houses which handle business books.

Many suggestions come voluntarily. Some teachers or study group leaders write to the Dean or talk with him respecting books which they consider to have merit. Representatives of practically all of the important business publishers call on the Dean periodically. Once in a while a candidate recommends something which he has found helpful. All of these suggestions are acknowledged and given full consideration. Moreover, the person offering them is encouraged to present others which may occur to him.

Often the Dean takes the initiative in soliciting suggestions. In letters or personal interviews he presents the problem of strengthening the literature to those who presumably might give some constructive help. Occasionally he may make a survey of all persons who are associated directly or indirectly with C.L.U. instructional activities. The last such survey was made in June, 1941. A copy of the letter used at that time appears as Appendix II. It was sent to approximately 200 people. Information has also been sought annually from publishers with respect to latest editions or contemplated revisions.

2. Weighing Various Selection Factors - To be usable in the C.L.U. program,

text material must of course be on a collegiate level (for reasons previously outlined) and must cover the particular subject with reasonable adequacy. It must be recognized however that, with the growing literature in business education and the desire on the part of many teachers to write their own books even if they do not measurably add much to the general field of knowledge, the list would be hopelessly long and quite confusing were all books listed which substantially conform to these requirements alone. Experience has therefore demonstrated the wisdom of applying a variety of tests. These have been summarized as follows in the letter (See Appendix II) to which reference was made above.

- (1) Avoidance of Unnecessary Cost - Some candidates dislike any change in the list as that necessitates purchase of new books when they either have the old ones or can get used copies. Other candidates want to purchase the newest editions in text books irrespective of other features.
- (2) Good Coverage of Subject Matter - To make it unnecessary for the candidate to purchase too many texts, it is preferable to have one broad text in a given field if it adequately covers the material.
- (3) Acceptability for College or University Instruction - Since C.L.U. educational work is growing rapidly in our higher educational institutions, it is essential that text books be of a type which are generally acceptable to teachers there in style, comprehensiveness, arrangement of contents, accuracy, and teachability.
- (4) Demonstrated Value - Able teachers who have experimented with a number of texts in order to find the one about which they can build the most effective course ordinarily prefer to use an old edition of that text and keep it up to date in class discussions than to adopt a newly issued book which is not as well written or as effectively arranged.
- (5) Reasonably Wide Use - As C.L.U. examinations are national in scope, college or university teachers in various parts of the country participate in preparing candidates for them. It is therefore advantageous to use books, so far as possible, with which a large proportion of these teachers are familiar and which they regard as satisfactory even though other very good texts may be available. Since the C.L.U. list is suggested, and not required, the teacher who has found some other text more satisfactory for his particular use is not restricted.

3. Securing Formal Approval - Until 1942 the Dean followed the practice, after conferring with the President on changes which might appear desirable to the Director of the Educational Publications Department and the Dean, of submitting



specific proposals to the Executive Committee at its July meeting. Every change has therefore been formally authorized and recorded in the minutes of the meeting when the action was taken. Waiting until the latter part of July for approval of the reading list inconvenienced some teachers and study group leaders who desired to formulate their plans for the fall. It also inconvenienced certain life insurance companies which wanted to purchase text books for their candidates well in advance of the time they would be needed. Accordingly, the President and Dean recommended at the July, 1942 meeting of the Executive Committee that a special committee on the reading list be appointed with power to act. This was approved.

#### The Examinations

As in the case with other professional examinations, those prepared by the American College have been designed to test both the candidate's knowledge of the subject matter and his ability to use it effectively. This dual objective has been continuously stressed in the instructions which preface each part of the C.L.U. Study Supplement; in the Teachers Manual; in the College's promotional and guidance literature; in periodic communications to teachers and study group leaders; in correspondence and conferences with teachers and candidates; and in the instructions which accompany each candidate's admission ticket. A copy of the "1944 Instructions to Candidates" is attached as Appendix III.

Types of Questions - Previous memoranda have been presented respecting factors considered in preparation of examination questions, the grading procedure and the background of graders. It seems desirable to supplement these with some comments respecting the type of question used in professional examinations.

The American College has used the type of examination question traditionally employed in law and accounting. This type obviously has some disadvantages, such as the time required in writing, a dislike by some candidates of the effort involved in organizing and presenting a sound solution to a given problem, and the necessity for employing experienced graders possessing broad knowledge and good

judgment. The so-called "new" or objective type of examination - such as "Multiple Choice", "True - False", "Analogy", "Completion", "Recognition" and like variety - is much easier to take, better liked for that reason by many candidates, and can be mechanically scored. Perhaps the sporting chance of possibly making a right guess when poorly prepared also has an appeal. This type has been extensively used in elementary and secondary schools and in civil service examinations. It has been used to a lesser extent in colleges and universities.

There is little doubt that well-drafted examinations of the objective type can test knowledge of subject matter but whether they can adequately test quality of reasoning or ability to apply knowledge effectively is less certain. Many educators doubt it. Moreover, such examinations are not equally satisfactory in all fields of knowledge, are more readily adaptable to a "variable passing grade - fixed failure ratio" system than to a "fixed passing grade - variable failure ratio" plan, and involve considerable expense for preparation and experimental testing. Even educators who employ them for certain purposes still believe that the discussion type of question has its place in the examination program.

No one who is familiar with the progress made during recent years in educational testing methods would contend that improvements are impossible in professional examinations but until there is some reasonably good evidence that a "new type" examination would accomplish the objectives as well as the one now in use, the adoption of a new form merely because it is new would hardly appear to be warranted although it is of course desirable that College officials continue to keep in touch with developments along these lines.