

THE PLACE OF INSURANCE IN THE COLLEGIATE CURRICULUM

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Let us assume that the objective of collegiate education for business is to provide a foundation that will enable one to learn rapidly in the business field. This means that an education, as differentiated from training, should supply a method of approach that will enable one to analyze and penetrate problems rather than to specialize on the acquisition of routine techniques. If this assumption is reasonable, it would appear that a base should be laid in a broad and varied educational experience before the specializing process takes place.

Many of the member schools of the American Association of Collegiate Schools of Business require a varied and rich foundation in general education, which occupies approximately two years of the customary four-year undergraduate curriculum. The more common approach includes an introduction to principles of economics and accounting, along with English, mathematics, and natural sciences, in this introductory period. Following such a foundation, a core area in business is studied. The specifications included in the Standards for Membership in the Association, list such courses as accounting, statistics, business law, finance, marketing, and management—but not insurance. As a matter of actual practice, some schools urge a course in basic insurance to be included in the program for

each student, while other schools have one or more insurance courses in their curriculum, but none is required or urged. Still other schools, usually the smaller ones, do not offer a course in insurance, or if they offer an introductory course, do not have work beyond the basic level.

Based on these preliminary considerations, the problem is the proper and desirable place that insurance should occupy in the undergraduate curriculum. Most people would undoubtedly admit that risk is a very prominent feature of the free enterprise system, and consequently that success in managing the problem of risk is the basic determinant of success or failure in the American economy. Risk management thus occupies a crucial position, causally, in the profit and loss position of any business enterprise.

Collegiate education for business could be analyzed into the functional parts such as, accounting, marketing, finance, employee relations, and the like. Or, one could study the special business features of the manufacturing industries and similarly for the wholesale, retail, and service trades. Insurance could be thought of as an industry in which the functions enumerated above are woven into the total structure.

Another approach is to look upon insurance itself as a function which is common to all industrial and trade groups. Con-

siderable thought aimed at these two possible approaches, does not leave one with a conclusive answer as to which is superior and indeed it may be argued that good instruction could be conducted following either pattern, after a good foundation is provided.

It is my belief that a basic treatment of the problems of risk, followed by various methods of treating the phenomena, could be best solved by considering insurance as a broad function. This analysis could then be followed by looking at insurance as an industry in which the students could get a picture of the effect of weaving together the factors necessary for successful operation. An advantage of this procedure is that the disciplines of economic analysis, statistics, accounting, marketing, finance, public and employee relations, many divisions of law, and others common to the total business spectrum, may be brought to bear in this field.

If we revert to the idea that an education should sharpen one's mental faculties instead of merely filling the mind with facts devoid of causal connections, the field of insurance offers an excellent opportunity to study the interrelations of many forces in our economy. There is perhaps no field in business that draws on as many talents and interests as does the field of insurance. One who is broadly educated in insurance must have had an

exposure in both technical and non-technical areas, including an opportunity to view the past in an endeavor to forecast the future.

A remaining problem concerns the extent to which the details of the insurance industry should form the content of many, rather than a few courses in insurance. A reasonable study of the peculiarities of some of the segments of the insurance industry should serve to indicate to the student how these interrelations work out in practice. Learning by contrast is fruitful. Beyond this point, an educator may seriously question whether additional details should form the content of university courses, or be left to various segments of the industry to be developed on the job. This is not to imply that college and university research should not be concerned with these problems, but only that a standard college course could perhaps more logically deal with problems more normally faced in typical business situations, in which basic principles and ideas are likely to emerge.

The preceding comments are aimed almost exclusively at an undergraduate curriculum. One would expect that post graduate work at either the M.B.A. or Ph.D. level would be much more detailed in nature. This would be especially so in the case of research supporting a thesis.

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The proper role of the field of insurance in the curriculum of a collegiate school of business is a matter of fundamental importance to the schools and to the insurance industry. A number of assumptions upon which any discussion of this subject must be based, were presented in the article by Dean Arthur M.

Weimer in the Summer, 1959, issue of *The Journal of Insurance*.¹ That article is wholeheartedly endorsed by the present writer as a foundation statement on education for business.

Present-day business civilization and

¹ Arthur M. Weimer, "Suggestions Regarding Education for Business," pp. 7-11.

society require men and women with a myriad of varying abilities, skills, and talents. Business needs for qualified personnel vary among industries, within each industry, and indeed, vary among the states and regions of this country.

In this milieu, it would be unwise and unwarranted to attempt to standardize completely the approach of schools of business to any field or subject matter. Rather than standardization, what is needed is a firm determination by each school of its particular objectives and the designing of curricula most pertinent to the accomplishment of these objectives.

Unfortunately, not all schools have clearly defined objectives, nor do all schools relate effectively their curricula to their objectives. Many, however, do both. This is one source of the variety of approaches to the field of insurance. There are sound schools of business which offer no instructional courses in insurance, relegating to suggested readings, such role as insurance may have. There are other equally sound schools of business which give very considerable emphasis to insurance. In these latter schools the insurance programs are based upon general concepts, and these concepts are examined in the context of a particular industry.

Both of the approaches just given, may be equally valid. There is room enough for both in college curricula. Business and government have need for the graduates of both. The only essential element is that a collegiate program, whatever its nature, generates a sound understanding of fundamental values and provides intellectual tools for the continuing professional development of every graduate.

The decisive factors in determining the role of insurance in a particular curriculum are that the course, courses, or program foster the stated objectives of the institution; that they be properly organized and presented at a conceptual and

analytical level; that they have meaningful intellectual content; and that the students' mental horizons be expanded as a result of the challenges of their studies. These factors can be present in particular institutions and, when they are, the proper study of insurance can have desirable results.

Equally as true, however, is the fact that no institution should attempt to offer degree programs which do not fit its objectives and for which it does not have a fully qualified faculty. Accrediting bodies and the concerned industry should become apprehensive when an institution purports to undertake programs with no prospect of real success. Programs at a mediocre level, in any field at any institution, are potentially harmful to the academic stature of any subject field, especially to fields which are relatively new to degree curricula.

Neither individual nor aggregate benefit can come from degree programs which are poorly conceived and poorly presented by inadequately prepared instructors. This is true whether the field be management, accounting, economics, insurance, literature, physics, history, or medicine.

Because of the location of Georgia State College in Atlanta—the financial, distribution, transportation, manufacturing, communications, governmental center of the Southeast—the approach of the institution is necessarily regional in concept. The much-discussed Gordon-Howell study² concludes that this is a desirable goal for some institutions. Within the objectives of a truly regional-urban institution, quality degree programs at all levels and at all hours, for youngsters and adults, are desirable. Too, the relegation of vocational and highly specialized subjects to branches or extension divisions as non-credit courses, should be accom-

² Gordon and Howell, *Higher Education for Business* (Columbia University Press, 1953).

plished. Despite the fact that urban institutions have often not balanced carefully their aims, and often have permitted too much specialization in too many courses, to creep into their programs, the equally stark fact is that urban institutions are strategically placed for higher education and represent a great hope for higher education. Urban-regional institutions offer today, and in the future, the best focus for both breadth and specialization. Reaching for the general through the particular and approaching generalization through specialization, are sound pedagogical principles. What urban institutions, generally, have not done is to separate their degree functions from their service functions.

Within the environment of Atlanta, the School of Business Administration—a large school whose enrollment includes youngsters and adults—has sharpened its objectives. In its central institution, youngsters and adults, for both day and evening classes, are screened equally for admission as degree-seeking students and are programmed in academic progression. Highly specialized courses have been or are being eliminated, and breadth—combined with a strong arts foundation and with analytical tools—is accented. All students meet a full-time faculty almost exclusively. Yet, the concentration of general concepts within an industry is an accepted academic objective and is within the objectives of the institution as an urban-regional school of business and administration. The insurance program is addressed to the element of risk in economic society and its maximum alleviation. The insurance faculty³ is composed of highly professional, excellent and productive scholars—individuals who cherish a holistic approach to the

³ The faculty of the Department of Insurance combines three former Huebner Fellows of the University of Pennsylvania and two respected actuarial professors; all have the doctorate. The Department is headed by Dr. Kenneth Black, Jr.

problems and challenges of education for business.

In the setting assumed—an urban-regional institution—a fresh approach can also be made to the concept and organization of graduate programs. Where an institution can afford specialization within an industry (at a high conceptual level), at the undergraduate level, generalization can then be expanded at the graduate level. Especially is this true if adults are also involved in the graduate program. Values, principles, objectives, philosophies, policies all take on real meaning where adults, experienced and rising in their businesses, are students. Under these circumstances, a final split can be achieved from the undergraduate classes, and a pure graduate approach can be made.

Finally, a general adherence of all institutions to the principles of generalization will in time dilute the balance and capabilities of the faculties of the future. Not only will faculties be limited in understandings but in research as well.⁴ One of the mainsprings of intellectual progress in business and the universities lies in the capabilities of attacking problems from many points of view. The generalist can best function in teamwork with specialists who are also generalists.

The consequences of overgeneralization in the universities affecting graduate programs and research are often overlooked.

In summary, there is a real need for industry specialists within our system of higher education for business. Specialists are needed in the transportation, insurance, real estate, finance and other areas. These specialists are needed by the armed forces, by the industries, by universities,

⁴ The effects of eliminating highly competent specialists from the academic scene should be separately evaluated in terms of consequences to research. Industrial aggregations need the impartial viewpoints of highly skilled, independent critics and consultants, who can relate many disciplines to the problems of particular industries.

and as consultants. It is the considered opinion of the writer that standardization of business schools would indeed be unfortunate; that there is room for institutions, especially urban-regional ones, to specialize; that specialization should be restricted in quantity (to a small percentage of the total undergraduate curriculum); that such specialization should be erected atop a broad structure; that specialization should be eschewed unless

it is conceived in breadth, related to general propositions, and offered by a highly competent, professionally oriented faculty; that the responsibility of the schools of business to maintain the development of staff specialists for government and business should not be abandoned; and that the research function should not be neglected in evaluating the consequences of total generalization.

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My view of "The Place of Insurance in the Collegiate Curriculum" is somewhat more "bearish" than those which appeared in the September issue of this Journal. I do not relish the role of "devil's advocate" in this forum and trust that my comments will not antagonize my friends in the insurance industry or in the profession of insurance education. My father was a life insurance general agent for almost 40 years, so I incurred a debt to the industry at birth, and my respect and admiration for the profession has grown steadily ever since.

Nevertheless, I submit that in the next 10 or 20 years our undergraduate colleges will be forced to curtail their course offerings in insurance, and furthermore, I submit that such a development may not be as disastrous as it might at first appear.

My first prediction is based on one certainty and one probability. The certainty is the sweeping increase of college enrollments in the next ten years and the fact that faculty additions cannot be expected to increase proportionately. In my opinion, as the ratio of students to faculty increases, colleges will tend to prune curricula, and I would expect the more specialized field courses, such as insurance, to be cut.

The probability that I foresee is that future college students, especially those preparing for a business career, will be required to take more mathematics, behavioral science, and possibly foreign language training, than do today's students. If this proves to be true, it will also work a squeeze on course offerings in fields like insurance, and as I have indicated, I think that the combination of these pressures will mean a reduction in undergraduate study of insurance.

Assuming that this prediction might come true, I offer the argument that such a development would not seriously harm the insurance industry. At the risk of over-simplification, I submit that collegiate insurance courses today furnish training for two groups: (a) future insurance "producers," and (b) future insurance "consumers." By the former, I mean those students who will enter the industry as salesmen, financial analysts, accountants, etc., and by the latter, all of those who, in their business and private lives, will purchase various kind of insurance.

I would argue that our colleges can prepare "producers" for the insurance industry without specific courses in insurance, just as they have trained successful

executives for the petroleum industry, the steel industry, the automobile industry, etc., without providing course work in those particular industries. My point is that a college graduate with a good background in the basic business tools and a general background in the functions of business, can enter any industry if he is prepared to educate himself concerning the lore of that industry.

Finally, although it might be desirable to train insurance consumers in our colleges, I would argue that it is not a neces-

sity. It seems to me that one of the most wonderful developments in the field of insurance over the last 30 or so years is the progress that it has made toward professionalizing the selling of insurance. This very development makes it much less important for our consumers themselves to have expert knowledge about the field. As long as the client can depend on the professional advice of his insurance counsellor, he can devote his time and study to other fields.

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It would be ill-mannered in the extreme for a guest author to advise the American Association of University Teachers of Insurance that the subject matter of its discipline had no place in the curriculum of a university or college. And this author espouses no such position. Clearly, insurance does have a place in the curriculum. It is presumably the purpose of this series of statements to explore differences in concept as to just what that place is.

Since space limitations make extended discussion impossible, it may help the reader identify the points on which he would like to take issue, if the premises upon which the remainder of these remarks rest, are specifically identified at the outset. They include:

a) It is not the function of a university, and within the university, of a collegiate school of business, to take on the training of practitioners for a particular business or industry.

b) It is the function of particular industries and their members to provide the special training essential to the work of that industry.

c) There is room for university-industry cooperative endeavors with respect to this area of specialized industry training.

Within the range of these premises, it seems to me completely appropriate that university credit be given for a general course along the somewhat classic lines of "Risk and Risk Bearing." Such a course would include both a theoretical approach and some measure of the institutional and noninstitutional arrangements which have evolved in our society for handling risks. In addition, it seems to me appropriate, on academic grounds, that basic courses be given in the general principles of insurance, as one of the basic arrangements by which risks are handled. And serious thought should be given to making these management, rather than consumer, oriented. Thus, such a course could be centered on pension plans, employee group benefit plans, workmen's compensation insurance, business interruption insurance, liability protection for businesses and other forms of risk coverage important in the decision-making processes of management.

I think also that there is ample academic justification for a basic course in life, property, and casualty insurance. Beyond this, I would not go. And I do think that such courses should not have an industry or consumer orientation or be burdened with detail of a nonpermanent nature. Instead they should take a professional approach, with emphasis upon principles and theory as related to these two areas. The courses should be pitched at a sufficiently rigorous level so as to help substantially in preparing the student for the insurance parts of the C.L.U. or C.P.C.U. examinations.

Whether this much work in insurance should actually be given would also depend upon decisions based upon a sort of marginal analysis of the value of the institution's scarce dollar resources. The fact that there is adequate academic justification for offering credit courses in life insurance, property insurance, etc., does not mean that they should be offered. For most universities, funds are sufficiently scarce as to require a continual examination of the marginal utility of one proposed expenditure in contrast with others. For example, I would not recommend that a particular school go beyond the basic course in risk and risk bearing, if its financial resources do not already permit it to man adequately the standard basic core work in accounting, finance,

marketing, statistics, management and economics.

In summary, then, the place of insurance and the amount of insurance included in the university curriculum is bounded by two sets of limitations, (1) the amount of such work which can be justified on academic grounds, and (2) the amount of such work which can be justified on the basis of "best use" of scarce university funds. The first of these is the larger, in my opinion, and would justify up to three or four courses, but not more than that. I doubt, however adequate the university budget, that much more than three or four courses can be justified on academic grounds. Beyond that range, the density of courses would begin to thin down rather quickly. Beyond that range, the university would be taking on vocational training of the sort better reserved for and better done by the industry.

In my opinion, the insurance industry has shown a commendable sense of the proper allocation of educational functions as between the industry and the universities. Its C.L.U. and C.P.C.U. programs represent a refreshing willingness on the part of the industry to assume its proper share of the educational experience of members of that industry. The universities have cooperated in these programs by making staff available to handle portions of the C.L.U. and C.P.C.U. programs.

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For many years, the various aspects of insurance were taught in a fragmentary fashion in the arts and science or professional schools of universities and colleges. With the general acceptance and application of insurance and its attainment of the stature of an American financial institution, there arose a need and a demand for

courses in insurance. The varied emphases that are given insurance at different colleges and universities, indicate that the precise place of insurance in the collegiate curriculum has not yet been determined to the point of general acceptance.

It is the general consensus that, in the

last few decades, insurance has earned for itself a place as an integral part of the American collegiate curriculum by virtue of the fact that insurance has become one of the important financial institutions of the United States. As such, it has become important not only to the American economy as a whole, but also to the individual family. The pooling and investment function of insurance, in addition to the protective function thereof, has engendered in recent years a much greater degree of economic, social, and governmental stability than was ever possible before insurance reached its present position. A financial institution of such far-reaching economic and social ramifications, merits the attention and study of the student of higher education.

Courses in insurance may serve a number of worthwhile objectives. First, colleges and universities strive to meet the fundamental educational needs of society. The widespread acceptance and use of insurance as a matter of personal choice, noted above in conjunction with the legal obligations imposed on businessmen and citizens, creates a real need for insurance education. Therefore, a core requirement course in the principles of insurance seems to be warranted. Such a core requirement would provide the general knowledge and understanding of insurance which every person in our present-day society should possess. In addition, it would simplify and facilitate instruction in other areas of scholastic work because of the fact that the student will have frequent encounters with different phases of insurance therein. In the past, it has been assumed that the student would already possess a basic knowledge

of insurance as a result of fragmentary instruction. Unfortunately, this method has frequently proved to result in a confused and disorganized understanding of insurance.

Second, our future business and political leaders should have a working knowledge of our important financial institutions. The core requirement course in the principles of insurance would fulfill this objective.

Finally, the function of higher education in providing advanced training for those preparing for a professional insurance career, should not be overlooked. Since colleges and universities have felt a growing demand in recent years for the specialized training of advisers qualified to give the public competent counsel with regard to complex insurance coverages geared to the needs of the individual family or business, some specialized courses covering the more prominent fields of insurance should be more widely offered.

In résumé, a two-fold program is herein submitted for earnest consideration. First, a one-semester course in the principles of insurance should be required for commerce students. This would tend to facilitate and simplify instruction in other areas and to provide the general knowledge and understanding of insurance which the individual student will find so important in our present-day society.

Second, the offering, at intervals, of a few highly specialized courses in the more prominent fields of insurance would provide the training necessary for those embarking on a career in the insurance business, either with an insurance firm, or in the establishment of their own agencies.