

APPENDIX III

PROGRAM OF STANDARDS FOR A PROPOSED AMERICAN COLLEGE (OR INSTITUTE) OF PROPERTY AND CASUALTY UNDERWRITERS

PRESENTED AT MEETING ON MAY 16, 1941

(1) The proposed College or Institute must be an autonomous, non-profit-making organization, and independent, so far as control is concerned, of any direct business affiliation. Its administration must be free from fear or favor. Only professional designations should be issued, and there must be no honorary designations of any kind. Nor may there be arrangements for exemption or exceptions of any kind. Every designation awarded must be an earned one, secured by all holders in exactly the same manner along the line of standards referred to in succeeding pages. There may be some criticism of this, and such criticism must be met, and in due course it will cease to exist. The proposed movement is essentially for the younger generation. It is for the institutional good. No one is barred, but there must be no discrimination by way of exceptions and honorary designations.

There will be some question as to the name of the proposed organization. Some suggest that "College" had better not be used, since that expression is already employed by the American College of Life Underwriters.

(2) *Objectives of the Educational Program:*

(a) "To establish an educational standard for the profession of property and casualty underwriting which will comprise (1) all the general fields of knowledge with which an underwriter should be acquainted in order to understand property and casualty insurance as a functioning institution in a world filled with economic, social and political problems which it can help to solve, and (2) all the specific fields of knowledge essential to the rendering of expert advice and service to the insuring public."

(b) To set up specific qualifying standards "so clearly on a parity with the standards now associated with recognized professions that the public will ultimately accord the same type of recognition to those who fully meet them."

(c) To inculcate a proper career-building attitude along proper lines.

(d) To stress the social point of view in the interest of clients as well as the institution of insurance.

(e) To stress ethical standards on the part of the candidate with respect to clients, employers, and fellow practitioners.

(f) To devise proper means for testing and certifying candidates who have adequately prepared.

(3) *Suggested Subject Matter of the Program:*

(a) The Principles, Practices, and Economics of Insurance.
(With respect to property or casualty insurance.)

(b) The Principles of Salesmanship and the Psychology of Insurance
Salesmanship.

(c) Prevention of Loss Activities.

(d) A core of basic subjects:

(1) English

(2) Economics

(3) Government

- (4) Commercial Law (Including agency law, legal requirements pertaining to insurance, and state supervision)
- (5) Corporation Finance
- (6) Banking and Credit
- (7) Investments (With particular reference to the investment requirements of the insurance companies)
- (8) Accounting Principles

The above subjects must be allocated to fall within, let us say, five examinations. The subject matter of the program will necessarily have to be discussed at length. I merely make the above as suggestions.

(4) *Good Moral Character of the Candidate:* The College, or Institute, should investigate this factor with respect to each candidate. As is the practice with the American College of Life Underwriters, I would suggest the use of a pledge by the candidate, signed at the time application is made to take the examinations. I would also suggest the administration of a moral "charge" at the time the designation is conferred.

(5) *Age of the Candidate:* A minimum age of twenty-one would appear reasonable. This age indicates a reasonable maturity and mental background. It is also the legal age for the making of contracts. Moreover, if a four-year program of study is adopted, and a three-year satisfactory business experience, the candidate's age will be around twenty-four or twenty-five by the time the designation is conferred. The candidate will thus have had an opportunity to acquire a very fair measure of experience, as well as maturity in thought.

(6) *Educational Prerequisite for Eligibility of Candidates to Take Examinations:* High school graduation, or establishment of its legal equivalent, seems necessary. This minimum is recognized generally throughout the United States in other professions. It may be called the United States system today. Institutions of higher learning, which give most of our professional education, also use this same requirement. To assume less as a prerequisite is likely to cause an unfavorable viewpoint in educational institutions of higher learning, as well as in other professional circles.

(7) *Attainment of the Professional Education:* Most other professions require attendance at some recognized institution of learning. But this is difficult, and probably also unjust, to require at this time in the property and casualty insurance fields. Moreover, in certain professional fields, like accounting and actuarial science, there is no absolute insistence upon preparation in an institution of higher learning. Such insistence would be regarded as unjust by many able men now practicing in property and casualty insurance, and who would like to undertake the examinations. Again, the requirement is not so essential if the examinations are thorough and comprehensive. Organized study in higher institutions of learning should be encouraged and gradually developed, but well-organized study groups should be allowed, with the understanding that the central organization (the College or Institute) should have charge of the organization of the groups and the guiding of the teaching. As you know, this has been the practice with the American College of Life Underwriters, and with much success, although every effort is made, wherever possible, to have the education diverted to institutions of higher learning.

(8) *Comprehensive Examinations which will meet the following:*

(a) Be adapted to the professional concept, i. e., not be just matter-of-fact examinations.

(b) Be sufficiently strenuous to measure up to the American "degree" standard. They should be equivalent at least to the standard used in connection with examination for a bachelor's degree.

(c) Be uniform throughout the United States, and be given once a year, at the same time, throughout the country, with degree-conferring institutions of higher learning serving as the examination centers.

(d) Be of such a character as to command respect in leading institutions of higher learning, as well as in other professions. If so, the examinations will serve to maintain standards of preparation on a high level.

(e) Be five in number, of four hours each, to be held over a two and one-half-day period, once a year. Said examinations, however, may be spread by the candidate over a four-year period, if desired, or over even a longer period.

(9) *Careful and Strict Grading of Examinations:* In all important respects, the standard of grading should compare favorably with the practices followed in other professional examinations. I suggest that a passing grade of seventy per cent be used, and that all reaching this grade in any examination should be passed. Conditions for impartiality in grading, reasonable strictness, and competency of graders, commonly pursued in other professional examinations, should be followed. There must be a fearless recording of results, based upon the examination itself, uninfluenced by other factors pertaining to the candidate. The examination set-up must be such that all names of candidates are unknown to the graders.

(10) *Use of a Three-Year Experience Factor:* Other professions use a prescribed period of satisfactory practical experience in the vocation before allowing attainment of the professional designation. To the public, this experience factor means an added assurance of fitness and permanency. I suggest three years as reasonable.

(11) *C. P. U. and C. C. U. Designations:* Completion of the examinations and the vocational experience factor, assuming good moral character, should entitle the candidate to the professional designation. I am suggesting "Chartered Property Underwriter" and "Chartered Casualty Underwriter." This would be in line with the "Chartered Life Underwriter" designation in life insurance. One designation instead of two might be considered desirable. But I have been told by many in the two branches of insurance that one designation would likely never be agreed to for obvious reasons, whereas two designations would appear more feasible from a practical standpoint.

(12) *The College or Institute should emphasize specialized as well as general insurance education at colleges and universities:* Besides administering examinations and awarding a professional recognition, I feel it is highly desirable not to forget the services which the proposed College or Institute can perform in getting the vocation on the national educational map through universities and colleges. To quote, with adaptation, from the aims of the American College of Life Underwriters, the proposed College or Institute should

"(a) Encourage and foster the training of students in educational institutions for the career of professional property or casualty underwriter. To this end the College stands prepared to co-operate 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.

"(b) Co-operate with universities and colleges in general property and casualty insurance education for laymen, since the subject is regarded as fundamentally important and well worthy of incorporation into a business school's curriculum."