

SOME THOUGHTS ON A LIFE INSURANCE INTERNSHIP PROGRAM

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Internships are not a new phenomenon in American education. They have been used successfully in various fields of professional practice, such as teaching, medicine, ministry, and nursing, to name only a few. The concept of serving an internship period before embarking upon the practice of a profession perhaps could be said to have had its inception with the apprenticeship system in various types of skilled employment.

In the field of business, there have been various attempts at establishing internship programs for college students, but these programs generally have not proved as effective as the programs of interning, vicaring, and apprenticing used in other professional activities.

It is the purpose of this paper to describe some of the elements that must be considered in establishing an internship program in the field of life insurance. Obviously, some of the major points considered could be made to apply equally well to other areas of business education, such as accounting, merchandising, banking, and non-life insurance. Through a well-conducted internship program the university can fulfill more adequately its responsibilities to the students and to the business community. Such a carefully conceived and minutely managed internship program would make it possible for a college graduate to enter the business world at the "sophomore" level rather than at the "freshman" level. Such a program would give the cooperating business firm

an opportunity to observe the student's work habits and to evaluate his capacity to do a certain kind of job. Finally, the faculty and administration of the university would be privileged to continue the guidance function of the student as he is introduced to the job of earning a living. In this way it would be possible for the faculty members to observe the effectiveness with which the student is able to apply the text book principles to which he has been exposed in the classroom and laboratory. It would appear then that all parties to the program might well benefit if it is implemented effectively.

The Purpose of an Internship Program

The basic purpose of an internship program in life insurance is to enable a number of senior students at the university who are majoring in insurance to become familiar with the operations and procedures of a life insurance agency or company. They will also learn the techniques of applying theoretical knowledge acquired in formal courses at the university to the problems of the life insurance business. Such a program would make it possible for a student who has had the internship experience to satisfy himself first of all that a career in life insurance is what he desires most. After such a decision has been reached, he then could enter his chosen field at a point considerably higher on the productivity scale than

would be expected if he had not had the internship experience.

It should be emphasized that an insurance internship program can be made broad enough to include areas of insurance work other than field operations. There could be programs for college students interested in such activities as actuarial work, office administration, and accounting. In addition, special programs could be developed for those students planning careers in property insurance. In this paper, however, the illustrations and suggestions are directed primarily to a life insurance internship program for students who appear to have some aptitude and interest in a career in the area of life insurance distribution. The basic elements of this program would be equally applicable to internships in property insurance or in home office operations.

The Selection of Candidates for Life Insurance Internship

The internship award should be made available to above average students who are seniors at the university and who are majoring in insurance. It is advisable that such students should have declared and shown a real interest in exploring life insurance as a potential career. Each intern should be required to maintain superior grades in order to remain on an internship during his senior year. It is also suggested that the intern be expected to remain on the internship during the entire senior year. However, it might be advisable that the award would be made on a semester basis, so as to reduce the risks involved in selection mistakes. It would be highly desirable to have the appointment made at the conclusion of the junior year if arrangements could be completed to have the student begin his internship during the summer months preceding his senior year.

The specific responsibility for appointment of an intern should be assigned to someone associated with the university

who might well be termed a coordinator for the life insurance internship program of the university. This person quite logically could be a member of the insurance faculty.

In the event a faculty member is selected to organize, develop, and supervise such an internship program, it would seem advisable for the administration to make additional compensation available to him or to have this project considered as taking the place of one or more courses during the year. The responsibilities of the coordinator of such a program are numerous and would require a considerable amount of attention.

After the coordinator has been appointed he would want to work closely with general agents, managers, and others interested in life insurance education in the community where the internships are to be established. This small advisory committee could assist the coordinator in setting up certain standards for determining who should be invited to become an intern. It would be extremely helpful if each applicant would be interviewed by the entire advisory committee after the applications have been received and approved by the coordinator and the advisory committee.

The Selection of Qualified Cooperating Agencies

After the applicants for an internship have been approved by the coordinator of the program and the advisory committee, the next task would be to establish a list of the general agents, managers, and home offices which would be approved for the internship program. This is perhaps one of the most difficult phases of the program, inasmuch as great care must be exercised to make certain that the general agent or manager understands thoroughly and subscribes completely to the basic objectives of the program and to the methods by which it is operated. It is imperative that the rules of operation be thoroughly un-

derstood and agreed to by the cooperating agency. The cooperating general agent or manager would have to recognize that cooperation in this program is going to involve an outlay of both time and money. He should consider that he is supporting an educational program which has as its chief objective making it possible for an undergraduate student to gain practical experience in a business situation.

After the approved list of cooperating agencies has been completed, it would be the responsibility of the coordinator and the advisory committee to assign each intern. It might be advisable to permit the cooperating agency heads and the interns to meet each other and then arrange for a system whereby each agency head would list the interns he would prefer; and at the same time, the intern could list his agencies in some preferential order. This could serve as a guide in the selection of specific assignments. It might be helpful if both interns and the cooperating agencies would agree in advance to abide by the appointment made by the advisory committee and the coordinator.

Another aspect of the agreement between the cooperating agency and the student is that both parties should recognize that participation in the internship program does not carry with it a commitment for employment at the conclusion of the internship period.

Compensation of the Intern

The internship should carry a stipend for the academic year and should be payable to the intern on a basis that is agreeable to both the intern and the cooperating agency. The amount of the stipend should be equivalent at least to the going rate for student employment at the level expected in the internship program. For example: if the going hourly rate for clerical work in an office is \$1.50 per hour, and if the internship is set up on the basis of twenty hours of work in the office per

week, and if the period of the internship is to be thirty weeks, the stipend of the intern would amount to \$900.00 for the entire senior year.

An alternative plan for compensation would be to have the agency make the payment to the university. The university would then pay the student after the payment has been properly vouchered by the coordinator at the cooperating agency.

Duties of the Intern

It should be agreed in advance by each participating agency that the intern will be allowed to follow a program of activities which will rotate his assignments throughout the office in order that he might gain a broad background of training and experience in agency work. The particular program in each agency should be subject to the approval and supervision of the program's coordinator. This could be achieved by conferences between the cooperating general agent or manager and the coordinator. In general, the intern's activities in the life insurance agency should include the following:

1. Gaining an understanding of the company's basic training courses for new agents (this would include the passing of the usual examinations given by the company during the basic course).
2. Gaining first-hand knowledge of procedures in the following areas of agency operation:
 - a. New business (this would include a thorough understanding of the application, the medical and inspection reports, and the problem of cancellation of policies).
 - b. Programming a prospect's insurance needs (this would include understanding what facts are needed, the actual preparation of the visual materials to be presented to the prospect by the underwriter, and an evaluation of how the program was received by the prospect).
 - c. Renewal business (this would include an understanding of the problem of restorations, extensions, prepayments, change of mode of payments, and selection of dividend options).
 - d. Policy loans and selection of nonfor-

feiture values (this would include an understanding of the procedure to be followed by a policyholder in applying for a policy loan or other nonforfeiture values; the problems involved in administering outstanding policy loans and the methods of encouraging repayments of policy loans).

e. Claim settlement (this would include actual experience of settling death claims, as well as settling matured endowments and disability claims. Perhaps the desirable way of handling this would be for the intern to accompany an experienced agent who is performing such activities).

3. Gaining familiarity with the problems associated with market analysis, including:

a. Techniques for studying and analyzing the market for life insurance.

b. Observation of successful selling methods.

4. Being introduced to the problems of recruiting, selecting, training, and supervising life underwriters.

5. Gaining an appreciation of the nature of sales and service work through carefully guided individual field work. (It is strongly recommended that the intern be sent on calls to service policyholders. The chief emphasis in the beginning should be on service rather than on sales.)

The above outline of activities is merely suggestive. It is necessary that the program be kept sufficiently flexible in order to meet the peculiar problems of the individual agency. It is expected that the activities of the intern would be outlined and that such a program would be checked at monthly intervals for performance and achievement.

At least once a year a complete report of each intern's progress should be made by the coordinator of the internship program and presented to the advisory committee and to the association of general agents and managers in the local community.

Duties of the Coordinator

The coordinator's responsibility is to the individual student, to the cooperating agency, and to the university. His responsibility to the student is to make certain that the program is accepted and continued as an *educational* program. The

coordinator should use every device at his disposal to make certain that the activities in the agency are correlated as well as possible to the student's formal educational program at the university.

The coordinator should, of course, keep in close touch with each of the cooperating agencies, in order to make certain that the student is performing in accordance with the established plan and that the cooperating agency is following the approved schedule. Finally, it would be the coordinator's responsibility to keep the faculty of the department, or the college, fully informed as to the nature of the internship program and the progress made by the individual student who is serving as an intern. After the program has been under way for a period of time, the coordinator possibly would want to give reports at public gatherings of various insurance institutions and share his experiences with other teachers who may be conducting a similar type of program in other cities. Finally, after the program has been in operation for a number of years and experience has been obtained with respect to the individual intern's vocational activities after he has been graduated from college, the coordinator will want to try to discern any correlations which may exist between the man's apparent success and the length of time he has been on the internship program.

Conclusions

A successful life insurance internship program should have the following desirable results:

1. The intern will have the knowledge gained in classrooms confirmed and augmented by many practical applications of principles of life insurance. This will strengthen and increase his knowledge of the business.

2. The intern will have the privilege of seeing life insurance in action, which will enable him to get a greater under-

standing of life insurance and its uses. This will strengthen his belief in life insurance.

3. The intern will have a valuable opportunity to participate in agency work, which will enable him to acquire knowledge and familiarity with the terminology of the industry. This will give him greater facility to speak intelligently and convincingly about life insurance.

4. The general agent or manager sponsoring an internship will receive his immediate reward in the realization that he is performing a genuine service in the shaping of a potentially successful career in life insurance. It is normal to expect that in many cases the excellent relationship created during the internship period will establish a favorable climate for recruiting when the intern has completed his academic course.

5. It is possible that the presence of an intern may have a most worthwhile effect on the present personnel in the agency office. It may cause the present agency personnel to look upon their insurance activity in a different light when they observe that college men are taking a real interest in the work of life insurance as a career.

6. Finally, the over-all result of an internship program properly conducted should, in the long run, reduce turnover in the agency force; it should enable the college-trained man to get into production of quality business more quickly upon graduation from college; and it should enable the life insurance industry to attract a larger number of college men because it should give added stability to life insurance underwriting as a career for college graduates.