

# The Half-Century in Insurance Education

By

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When accepting the assignment to speak on the subject which has been announced to you, I asked that I be permitted to restrict my discussion to insurance education in higher institutions of learning. In part, this is because we popularly associate the word "education" with the instructional activities in colleges and universities and the word "training" with the instructional activities of companies and associations, even though in a broad sense there is necessarily much overlapping. In part, it is also because we associate the word "education" with the impartation and acquisition of knowledge, principles, understanding and the like, whereas we associate the word "training" with exercises or practices to develop skills, techniques, facility in application, proficiency. The emphasis in "education" is on **thinking** — a grasp of the "whys"; contrariwise, the emphasis in "training" is on **doing** — a grasp of the "hows." Ordinarily, the goal in the former is long range and concerns itself with the mental growth of the individual; in the latter it is of short range and concerns itself primarily with the immediate productive efficiency of the person.

Other reasons for restricting my subject are the probable greater interest of most of you in the narrower area of discussion, the availability of more adequate data covering a longer period of time, and, from a personal point of view, the wider range of opportunity my own work has given me for observation and study of activities and trends in the college and university teaching of insurance subjects.

One further qualification is important in the interest of precision. My discussion will have to do essentially with insurance courses which are identified as such by the institutions offering them. Some aspects of insurance principles and practices are taught today in a great many colleges and universities which are not offering formal courses in the subject. In fact, as indicated in the report on the latest survey with which I am familiar:<sup>1</sup>

"Three hundred and fourteen colleges and universities reported this to be their current practice. There is, of course, wide variation in the time devoted to insurance in these courses, the

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<sup>1</sup>"College and University Courses in Insurance and Related Subjects," David McCahan and Morris Hamburg, The S. S. Huebner Foundation for Insurance Education, 1949.

greatest proportion apparently being allotted in courses on commercial law and mathematics of finance. The list of course in which at least some time was given to insurance is very long and includes, by way of illustration, business law, business mathematics, business organization and management, corporation finance, real estate, advanced accounting, current economic problems, consumer economics, labor problems, investment theory and practice, business and government, transportation, foreign trade, personnel management, small business management, and wills, estates and trusts."

This fact should obviously be kept in mind in connection with every subsequent reference to dates at which certain courses were inaugurated.

Subject to the qualifications suggested by these prefatory comments, I should like to direct our thought along three principal lines, namely, (1) the trends in number and type of insurance courses, (2) important organizations influencing the nature and content of insurance education, and (3) significant concepts influencing the nature and content of insurance courses.

### Trends in Number and Type of Insurance Courses

#### The Beginnings

The story of insurance courses in the colleges and universities of the United States is encompassed largely within the past half-century. In fact, the four comprehensive surveys<sup>2</sup> in which I have personally had an opportunity to participate during approximately twenty years disclose but three courses as having been introduced prior to 1900.<sup>3</sup> All of these

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<sup>2</sup>Insurance Instruction in American Universities and Colleges, S. S. Huebner and David McCahan, *Annals of the American Academy of Political and Social Science*, May, 1932; "College and University Courses in Insurance," David McCahan, *American College of Life Underwriters*, 1936; "College and University Courses in Insurance and Related Subjects," David McCahan and Anna M. Kelly, *American College of Life Underwriters*, 1940; "College and University Courses in Insurance and Related Subjects," David McCahan and Morris Hamburg, *The S. S. Huebner Foundation for Insurance Education*, 1949.

<sup>3</sup>The sources of information for this and other statements in this section are the questionnaires submitted by colleges and universities in connection with the four surveys to which reference is made in Footnote 2. It is recognized that some courses may have been overlooked because the institution failed to submit a completed questionnaire, or if it did submit a questionnaire, it may have failed to include a course which had been introduced and subsequently dropped, may have reported erroneously the date of adoption, or may not have included the date for lack of readily accessible information. In spite of these possibilities for error, it seems reasonable to assume a high degree of accuracy in view of the fact that the surveys have been made at different times over a period of eighteen years and the results widely circulated, including distribution to every institution contributing any data.

were in Insurance law — Boston University, the University of Pennsylvania and Washington University reporting their courses as having been started in 1874, 1876 and 1877 respectively. The year 1900 itself saw additional courses in Insurance Law at Union College, the University of Missouri and the University of North Dakota as well as the introduction of Actuarial Science courses at the University of Michigan.

### 1901-1910

Courses for the general student and for persons desirous of preparing for types of insurance activities other than those of legal or actuarial character got their start in the first decade of this century, much of the pioneering work in the field being done by Dr. S. S. Huebner at the University of Pennsylvania.

By the end of 1910 the situation stood as follows:

1. General or Survey courses had been introduced at seven institutions, namely, the Illinois Institute of Technology, Iowa State Teachers College, New York University, Trinity College, University of California, University of Pennsylvania and Yankton College. One of these were offering four such courses in different divisions of the University.

2. A special Life Insurance course had been introduced at the University of Pennsylvania, and Property Insurance courses at Armour Institute of Technology, New York University, University of California and the University of Pennsylvania.

3. A course in Actuarial Science had been introduced at the University of California in addition to the courses at the University of Michigan previously mentioned.

4. Courses in Insurance Law had been introduced at Fordham University, the Indiana Law School of Indianapolis, University of Illinois, the University of Kansas City, University of Kentucky, and the University of South Dakota, in addition to those at Boston University, the University of Pennsylvania, Washington University, Union College, University of Missouri and the University of North Dakota above noted.

Thus, twenty institutions had introduced one or another type of insurance course by the close of 1910 but eleven of these were giving only Insurance Law, four were giving only General or Survey courses, one was given only Actuarial Science, and one was giving only Property Insurance. There were but three — New York University, the University of California and the University of Pennsylvania — which were providing instruction in more than one branch.

### 1911-1925

Whereas the emphasis in the early years had been largely upon Insurance Law and Actuarial Science, the trend from 1911 to 1925 was in the direction of General or Survey courses, and special courses in Life Insurance, Property Insurance, Property and Casualty Insurance, and Casualty Insurance. This is readily apparent from Table I which shows

"Dates of Adoption for Insurance Courses," classified by type of course. The table is derived from the survey published by The S. S. Huebner Foundation for Insurance Education in 1949.<sup>4</sup> It shows that of the seventy-two new courses reported during the 1911-1925 period, fifty-six

1926-1948

The seed which was sown in the first quarter-century began to bear substantial fruit in the quinquennium starting in 1926 and continued to be fruitful throughout the next quarter-century, as is evidenced from Table I to which reference has been made. As will be noted therein, the trend in the number of courses in General Insurance, Life Insurance, Property Insurance, Property and Casualty Insurance, and Casualty Insurance was exceptionally well marked, there being 638<sup>5</sup> such courses in 1947-48 out of a total of 853. These are courses in which the emphasis is essentially upon principles. Many of them — sixty-one in Life Insurance with an enrollment of 1707, and seventeen in Property and Casualty Insurance with an enrollment of 610 — have been created primarily for candidates desiring to study for either C. L. U. or C. P. C. U. examinations.<sup>6</sup> These seventy-eight courses are given in evening or extension divisions and frequently do not carry degree credit, although in numerous cases their substantial counterparts are likewise available for credit in the undergraduate or graduate school of the same institutions.

Other trends in this period are also noteworthy. Courses in Social Insurance and in Insurance Law for general business students have jumped in number to forty-three and twenty-one respectively from the single course which was being offered in each field prior to 1926. Courses in Insurance Law in professional law schools have likewise shown a healthy increase, although the dates of adoption not having been stated

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<sup>4</sup>That survey covered virtually every college and university which awards academic degrees and in addition some 800 law schools, technological colleges, teachers colleges and junior colleges. Not only was great care exercised to make the survey comprehensive but a diligent effort was exerted to keep in touch with the officials of each institution until all pertinent data had been secured.

were in the subjects above mentioned as contrasted with seven professional courses in Insurance Law and four in Actuarial Science. Of the other five, three were insurance Research or Seminar courses, one was Insurance Law for lay students, and the other was in Social Insurance. The last named — at Ohio State University — may be regarded as the forerunner of a trend which would become quite marked in the depression years.

<sup>5</sup>Including fifteen of a correspondence or reading character.

<sup>6</sup>Attention is again called to the fact that college and universities also offer a great many courses in the subjects other than insurance which are covered by the C.L.U. and C.P.C.U. program. Such courses are not included in the statistics of Table I.

**TABLE I** DATES OF ADOPTION FOR INSURANCE COURSES (As reported for 1947-48 in Huebner Foundation Survey)

	General or Survey	Life Insurance — Principles Practices Economics	Life Insurance — Other	Actuarial Science & Mathematics of Life Insurance	Property Insurance	Property and Casualty Insurance	Casualty Insurance.	Insurance Law — (Business)	Insurance Law (Professional)	Social Insurance	Insurance — Research & Seminars	Miscellaneous	Total
1910 & before	6	1	—	4	1	—	—	—	8	—	—	—	20a
1911 to 1915	5	4	—	—	4	—	1	—	—	—	1	—	15
1916 to 1920	2	7	—	1	6	1	2	1	6	—	1	—	27
1921 to 1925	9	7	—	3	3	2	3	—	1	1	1	—	30
1926 to 1930	27	20	—	—	10	1	7	—	5	3	2	1	76
1931 to 1935	20	10	—	—	7	1	4	1	7	4	1	—	58
1936 to 1940	51	13	—	1	9	2	9	4	7	13	1	—	110
1941 to 1945	16	7	1	2	13	9	8	1	1	6	—	—	66
1946 to 1948	42	22	7	5	15	13	24	5	2	4	3	5	147
Not Stated	59	94	8	12	25	14	22	9	39	12	5	5	304
<b>TOTAL</b>	<b>237d</b>	<b>185ce</b>	<b>16c</b>	<b>28b</b>	<b>93ce</b>	<b>43c</b>	<b>80cf</b>	<b>21</b>	<b>76</b>	<b>43</b>	<b>15</b>	<b>16</b>	<b>853g</b>

- This figure is smaller than the number of courses reported for the same period in all the four surveys together to which reference is made in Footnote 2. Attention is called to the fact that the discussion under the heading "1901-1910" is based on the combined figures of four surveys and not merely on that covering only the academic year 1947-48.
- Excludes the courses given at two universities which have relatively complete actuarial training programs.
- Excludes courses given for C.I.U. or C.P.C.U. candidates in subjects other than insurance itself even though the course might be popularly regarded by students as in the field of insurance.
- Includes three correspondence courses and a reading course.
- Includes four correspondence courses.
- Includes three correspondence courses.
- Includes fifteen correspondence or reading courses given by certain of the institutions included in this table which also give courses in residence.

for such a goodly proportion of the seventy-six now offered renders impossible any very broad generalization as to trend.

**There has been considerable experimentation in rather specialized types of courses, many of a vocational character.** For example, sixteen courses have been initiated in subjects closely centered around the subject of Life Insurance. These have borne such titles as Life Insurance Marketing; Career Underwriting; Business Life Insurance; Life Insurance Salesmanship; Life, Group and Social Insurance; Retirement Plans; Estate Protection and Tax Insurance; Life Insurance Accounting; and Finance of Life Insurance. Of these the Institutes of Life Insurance Marketing at Purdue University and Southern Methodist University are doubtless best known. They combine concentrated campus study and field life insurance training on a full-time basis for one year. The campus study which covers an aggregate period of thirteen or fourteen weeks of work is interspersed with thirty-eight or thirty-nine weeks of field work under the joint supervision of institute staff and of general agents or managers concerned. Approximately fifty or sixty students are on the campus of each institute at any one time, alternating with other groups engaged in field training.

Twenty-four specialized or vocational types of courses have also been set up in the Property and Casualty Insurance field under such titles as Schedule Rating; Fire Insurance Schedules; Fire Insurance Methods; Aviation Insurance; Burglary Insurance; Automobile Insurance; Disability Insurance; Accident and Health Insurance; Workmens Compensation Insurance; Industrial Liability and Compensation Insurance; Casualty Adjustments; and Fidelity and Surety Bonds. A few of the courses in this group are patterned after the course designed by the National Association of Insurance Agents.

Sixteen other specialized or vocational courses not so closely related to any one of the principal branches of insurance should also be noted. They bear such titles as: Loss Adjustment; Insurance Selling; Insurance Practice; Insurance for the Consumer; Title Insurance and Escrow; Insurance Problems; Special Problems in Finance-Insurance; Loss Prevention Insurance; Insurance for Industry; Insurance Company and Agency Management; Economic and Social Aspects of Insurance; and Analytical Underwriting. A very substantial proportion, but not all, of these fifty-six courses that are essentially vocational in character are offered only in evening or extension divisions and frequently do not give degree credit.

No pronounced trends are discernible in the number of Actuarial Science or Mathematics of Life Insurance courses (twenty-eight in 1947-48), or in Research Courses and Seminars (fifteen in 1947-48), but this may in part be due to the lack of data on time of adoption.

Two other trends are of note. The first is the number of institutions which list Insurance as one of the fields of subject matter in which "majors" are recognized for either undergraduate or graduate degrees. By

1947-48 there were thirty-seven permitting such specialization for undergraduates and at the same time offering at least six class hours of instruction per week in two or more of the four principal fields of insurance. Twelve of that number also permitted such specialization for graduate students. Undergraduate students in six other institutions, and graduate students in two of that group, also appear to have the same instructional advantages as respects course availability, even though Insurance was not officially reported as a recognized "major." The second trend is in the extent to which insurance is a required subject for students in some field of commerce or business administration, seventy-three institutions reporting that during 1947-48 one or more insurance courses were required subjects either for all or for certain groups.

### **Significance of the Collegiate School of Business**

The marked growth in insurance instructional activities of higher educational institutions has paralleled the rise in number and significance of collegiate schools of business. As indicative of this parallel growth, it is interesting to observe that in 1900 there were only three collegiate schools of business with but a few hundred students enrolled, whereas by 1948 the number had increased to 155 with an aggregate enrollment of 185,356 in their Day Divisions and 82,006 in their Evening Divisions.<sup>7</sup> Although no insurance courses were being offered in 1900 by the three pioneering collegiate schools of business, 118 such schools in 1948 were offering 457 courses. In addition, the universities with which they were associated were also offering nineteen courses in Actuarial Science and fifty-one courses in Insurance Law. Thus, these 118 institutions were offering 527 courses of the 853 reported in that year by all colleges and universities.

The rise of the collegiate school of business in our higher educational system and its potential meaning for the future have not always been fully understood since most of the growth has come within the past quarter-century. But that it is now of major importance is indicated by the fact that in 1949-50, out of 433,734 bachelor's and first professional, 58,219 master's and second professional, and 6,633 doctor's degrees conferred by 1294 degree-granting institutions<sup>8</sup> in the United States, 72,137 of the first, 4,335 of the second, and 58 of the third were in the fields of business and commerce. Moreover, 14,573 additional in the first group, 921 in the second and 200 in the third were in economics. That collegiate education in business has come of age can hardly be doubted. Nor should the implications of this for insurance education be overlooked.

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<sup>7</sup>Delta Sigma Pi Twelfth Biennial Survey of Universities Offering an Organized Curriculum In Commerce and Business Administration, 1950.

<sup>8</sup>According to survey made by United States Office of Education. See Higher Education, Vol. VIII, No. 7, Dec. 1, 1950, pp. 78-79.

One other quite recent experiment in types of courses merits a brief comment. Under a special grant from the Institute of Life Insurance, the Wharton School of Finance and Commerce and the School of Education at the University of Pennsylvania set up a Graduate Workshop on Family Financial Security Education during the summer of 1950. Scholarships to this were granted to thirty-two secondary school teachers, supervisors and specialists in higher education — persons in the fields of social studies business education, home economics and family living being given special consideration. The program was planned to provide during the forenoon fifteen hours per week of lectures and discussions in such areas as life insurance, general insurance, social security, savings programs, borrowing and buying on credit, home ownership, investments, and family budgeting and financial planning. Ten hours per week in afternoons were devoted to work in the Curriculum and Visual Aids Laboratories and development of resource materials for teaching on the secondary school level. This experimental course is being revised in certain respects and will be offered again in 1951, fifty scholarships being made available for it.

#### **IMPORTANT ORGANIZATIONS INFLUENCING THE NATURE AND CONTENT OF INSURANCE EDUCATION**

As one notes the trends in number and types of various insurance courses, he cannot escape the fact that the work of certain organizations has materially influenced the development in recent years. Four organizations which have played a prominent role in this are the American College of Life Underwriters, chartered in 1927; the American Association of University Teachers of Insurance, founded in 1932; The S.S. Huebner Foundation for Insurance Education, established in 1940; and the American Institute for Property and Liability Underwriters, Inc., chartered in 1942.

#### **American College and American Institute**

Although the American College of Life Underwriters and the American Institute for property and Liability Underwriters were about fifteen years apart in the dates of incorporation, their aims, standards and procedures are very closely coordinated. They are even located in the same building and have their examinations given at the same time and under the same college or university supervision. The former operates in the field of Life Insurance and the latter in the Property and Casualty Insurance fields. One grants the C.L.U. designation and the other the C.P.C.U. designation; each has its own separate Board of Trustees and working Committees.

A fundamental premise of both organizations was that their work should be on a college or professional school level and that their diplomas should have the standing of degrees. Implicit in this was the assumption that the breadth of subject matter to be covered, the selection of textbooks, and the character of examinations would be governed by the

basic premise mentioned. Accordingly, both organizations have sought to maintain the general level of their educational program on a plane commensurate with that of high grade collegiate schools of business such as the seventy institutions presently affiliated with the American Association of Collegiate School of Business. By doing so the level was more or less automatically set at the same height as for Accounting in states having high 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 of textbooks, and the character of examinations would be governed by the tions promulgated by the American Institute of Accountants.

It was natural that both of these organizations should seek the assistance and cooperation of collegiate schools of business, not only because such schools were in a position to develop the type of insurance courses that were sought for the purpose of preparing candidates, but also because these collegiate schools of business had already developed and were offering widely most of the subjects other than insurance which are embraced in these two professional programs. Hhus, courses in Economics, Government, Social Problems, Business Law, Insurance Law, Banking, Investments, Corporation Finance, Accounting and Business Organizations were already available with a corps of experienced teachers widely spread on a geographical basis. The importance of this to both organizations and to the cause of insurance education itself is reflected in part in the seventy-eight special courses for C.L.U. and C.P.C.U. candidates to which reference has been made, in the numerous additional special courses in subjects other than insurance, and in the many regular undergraduate and graduate courses in which persons preparing for professional insurance careers have enrolled. These higher educational institutions have truly played an important part in the preparation of the 9,774 persons who have completed one or more parts of the C.L.U. examinations, and of the 1,968 persons who have completed one or more parts of the C.P.C.U. examinations.

### **American Association of University Teachers of Insurance**

Through its annual meetings and its Journal, the American Association of University Teachers of Insurance has provided a clearing house for ideas on educational problems that has enabled members of the Association to benefit from the experiences of others. In addition it has brought to its membership many important addresses and papers pertaining to significant developments in different fields of insurance. Its committees have rendered valuable services both within and without the Association in studying difficult problems and presenting recommendations for solutions. May I remind you in this connection that the American Institute for Property and Liability Underwriters, Inc., to which reference is made above, is really an indirect outgrowth of the work of your Association.

The the Annual Meeting in 1940, this Association adopted a resolution which reads as follows:

WHEREAS the insurance institution has played a vital role in the economic development of this country, has contributed materially to social progress and has promoted government stability, and

WHEREAS the growing complexity of the human needs which insurance can properly meet necessitates broad knowledge and specialized skill on the part of agents, brokers and other field representatives who guide the public in the selection of hazards to be covered, the adaptation of contracts to fit specific cases, the prevention of loss, the preparation of claims, and the generally wise use of insurance services, and

WHEREAS the time has arrived when it appears that field and home office leaders in property and casualty insurance would be willing to support professional standards of a high order for field representatives who advise the insuring public, which standards would be substantially comparable to those which have been adopted in life underwriting,

THEREFORE BE IT RESOLVED that in the interest of the insuring public which needs the services of competent, ethical, experienced advisers and in the interest of the able men and women who wish to prepare for a life career of constructive and effective activity, the members of this American Association of University Teachers of Insurance here assembled endorse in principle the establishment of professional standards for property and casualty insurance and express their willingness to cooperate in an advisory capacity with representatives of the insurance institution in attainment of this goal, and

BE IT FURTHER RESOLVED that the President of the Association be requested to appoint an advisory committee consisting of three members which, with the President as an additional ex-officio member, shall be authorized (1) to convey to leaders in the various branches of property and casualty insurance the sentiment towards professional standards herein expressed, and (2) to extend such assistance of an advisory nature as may be necessary to carry out effectively the general intent of this resolution.

The committee, headed by Dr. Huebner, which was appointed in conformity with this resolution called together in 1941 the leaders in the property and casualty field. They in turn appointed a number of subcommittees to study the situation and in 1942 the American Institute was chartered with broad institutional support,

The fellowship with other members of this Association has meant much to me personally in the eighteen years of its existence and I am sure that it has had a similar meaning to many others of our career teachers. But the real significance of the Association lies in the opportunity which it affords for tackling our serious problems cooperatively. As I see it, we have not yet reached the peak of our potential achievements in this respect by any means.

Even a cursory glance at the figures in Table I would indicate the need for some measures to enlarge the supply of trained insurance teachers. A rapid growth in the number of insurance courses such as has taken place in the past quarter-century obviously creates a practical problem. This is one of the primary reasons why it was possible to get support for creation of The S. S. Huebner Foundation for Insurance Education and also why the Foundation has for a number of years placed its emphasis upon the award of fellowships and scholarships to persons desiring to prepare for insurance teaching careers.

The Foundation has particularly encouraged those persons who wish to study the doctorate in insurance and who have not only a genuine interest in an insurance educational career but other potential qualifications for making a success therein. Thus far, sixteen of its former fellows and scholars now hold important positions in as many different colleges and universities. Moreover, sixteen others are currently studying for Ph.D. degrees under Foundation grants.

In addition to its fellowship and scholarship awards, the Foundation further stimulates insurance educational activities through its publications. It has already undertaken the issuance of two series of volumes, known as "Huebner Foundation Lectures" and "Huebner Foundation Studies," the first series comprising a compilation of addresses on selected insurance topics and the second presenting the results of thorough research in specific areas. It is hoped that the volumes in these two series may prove useful to teachers engaged in insurance educational work, particularly on the college level, as well as to all others who have at heart the progress and welfare of insurance and the insuring public.

Another way in which the Foundation has been of assistance in the insurance educational field is through services such as that reflected in the survey of "College and University Courses in Insurance and Related Subjects" to which reference has already been made. Less tangible but of growing significance in their cumulative effects are the Foundation's continuing activities in promoting career interest in college and university teaching of insurance, providing insurance research library facilities, and aiding insurance teachers and educational officials with various types of insurance curricular problems.

### SIGNIFICANT CONCEPTS INFLUENCING THE NATURE AND CONTENT OF INSURANCE COURSES

Different schools of thought have arisen among insurance teachers on various aspects of their educational work. This is, of course, to be expected in the college or university atmosphere and is an excellent sign of healthy progress. The differences which appear to have assumed the greatest prominence, as reflected in discussions at our own Association meetings as well as in course descriptions and publicity, have to do primarily with the objectives to be sought, the bases of integration with a given institution's underlying philosophy, and the scope, nature, and

arrangement of subject matter. These are often interrelated so that instead of trying to classify them into different groups, I shall merely state the issues themselves.

## **Risk and Risk-Bearing vs. Insurance**

The underlying concept of the Risk and Risk-Bearing type of course has been effectively expressed by Charles O. Hardy in his Preface to the well-known textbook entitled "Risk and Risk-Bearing." After outlining the effort on the part of the Faculty of the School of Commerce and Administration of the University of Chicago "to reorganize its curriculum so as to make its course correspond to the functions performed in the process of providing present-day civilized society with economic goods," he added that there are six specific social-economic functions which together cover the entire field of economics and business administration. These are: "production (in the technological sense), finance, marketing, labor, risk-bearing, and social control." Hardy then went on to state:<sup>9</sup>

"Of the six functions referred to, risk-bearing is the most likely to require explanation. As will be seen by an examination of the Table of Contents of this volume the course out of which it has grown is made up of material much of which has traditionally been presented in courses in the theory of distribution, money and banking, insurance, investments, marketing, and speculation. To some, these elements may perhaps seem incongruous, and it may even be suspected that the principle of selection has been that of lumping together various odds and ends crowded out of other courses. Such a procedure might be justifiable. Indeed, from a practical point of view, one of the direct gains from the organization of the course was that it made possible the offering of what seems to the author an adequate amount of work in life and fire insurance, speculation, and business forecasting to meet the needs of the majority of students, without the necessity of injecting into each subject for administrative reasons a sufficient amount of material to fill out a conventional number of 'student hours' to constitute a course.

"It is believed, however, that a course in 'risk-bearing' has a stronger justification than administrative convenience. The connecting thread which runs through all the material is the influence of uncertainty. Indeed, it might be clearer to designate the course as a study of the influence of uncertainty on business affairs. Throughout most of our academic work in business management, emphasis is laid upon the importance of certainty. We are constantly reiterating the fact that efficient management involves scientific investigation to determine the important facts which bear upon our problems and careful study to insure that our plans shall reflect the significance of these facts. The author has no desire to minimize the force of this teaching. Nevertheless, there are definite limits to the applica-

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<sup>9</sup>"Risk and Risk-Bearing," Charles O. Hardy, The University of Chicago Press, 1923, pp. xli and xlii.

tion of the scientific method in business. As is pointed out in detail in chapter iii, it is the persistent element of uncertainty which makes necessary the exercise of business judgment, and make possible the reaping of business profit. The principal topics of this course, business forecasting, investment and speculation, and insurance, serve well to bring out the difference between the two fundamental bases for a judgment of probability, on the one hand formulations of mathematical probabilities based on careful statistical investigation, on the other hand the comparison of data which are never sufficient to permit an exact estimate of the chances of success or failure from a given line of effort, yet do suffice to furnish a basis for an intelligent choice of alternatives."

As contrasted with the type of course which embraces the whole field of risk and uncertainty, the Insurance course is primarily concerned with the types of risk and the principles pertinent thereto which can be handled as Hardy intimates, namely, by "formulations of mathematical probabilities based on careful statistical investigation." This has the advantage of affording an inner consistency as respects the general nature of the principles and practices which are included, and also of relating the content directly to an important area of business life which has certain associations in a student's mind that have been gained by observation, or perhaps by experience as a policyholder or beneficiary. Proponents of the Insurance course say, in effect, that they believe the insurance device is so important in our economic life that it not only rates separate treatment but that the principles thereof can be taught more effectively in that way than by "lumping together various odds and ends crowded out of other courses." Moreover, they will not necessarily accept the assumption that such subjects as business forecasting, investment, speculation in securities, commodity hedging and risks of labor necessarily will, or should, be "crowded out of other courses."

Hardy and his fellows have thought of the Risk and Risk-Bearing course as designed for the general or lay student, to be followed by Insurance courses as such for the student expecting to enter insurance work as a vocation. Advocates of the Insurance course for the general or lay student have likewise taken it for granted that advanced courses would be offered for the student having vocational objectives. It is obvious, however, that the nature and content of advanced courses will be governed by the introductory forerunner. This is an important factor in the lack of standardization in second-level courses. Parenthetically, it presents an opportunity for further study and possibly recommendations by this Association or one of its committees.

The popularity of the Risk and Risk-Bearing type of course seems to be on the wane. The course reflected at the outset a doubt as to whether the subject of insurance warranted a place in the curriculum of the general student in a collegiate school of business equal to a two or three hour course for one term. That doubt appears to have been fully resolved in the minds of many teachers during the past quarter-century as has been borne out by the growth in number of courses heretofore

mentioned as well as by an increase in the number of class hours devoted to the subject.

### Topical vs. Line Organization

The question as to whether the subject matter of insurance should be organized around central topics suggestive of common denominators in principles, practices, functions or other factors with the different lines or types of insurance used solely for illustrative or collateral purposes, or on the contrary should be organized around each of the principal branches of insurance, i.e., life, property, and casualty, was often discussed in the early days of this Association.<sup>10</sup> Professor Ralph H. Blanchard voiced his conviction on this at the 1934 meeting in the following words:

"It seems to me that the somewhat slavish recognition of the traditional divisions of insurance in school-of-business courses and in the development of much of insurance literature is to be deplored. The guiding principle of insurance education ought to be a recognition of the fundamental unity of the purposes, problems, and theory of insurance. Accordingly, I believe that our curricula should stress this unity and should treat the diversion forms and methods observed in practice as illustrative material to be understood and critically examined in the light of basic problems and principles.

"Following out this idea, I suggest that Insurance courses should be presented at discussion of insurance problems — organization of carriers, contracts, rates, reserves, state regulation, and so on — all in the light of the fundamental purpose of efficient limitation of risk."

At the 1935 meeting, Professor Mowbray expressed a similar belief. He also stated this in the Preface of his book on "Insurance" from which the following paragraphs are excerpted:<sup>11</sup>

"The various available texts were tried out but were not found suitable for this course. The broad general principles which underlie the insurance business in all its branches seemed to be buried under, or confused with, a mass of details of practice in the individual branches. In short, it seemed that existing texts were in the form of a series, loosely strung together, dealing with the several branches of the insurance business rather than a unified general treatment.

"This situation reflected the attitude of practical insurance men, among whom the author has found a general feeling that their own particular branch is unique and has little or nothing in common with the other great branches of the business. This view is, of course, fostered by our statutory provisions classifying insurance into branches and restricting the rights of carriers to supposedly cognate lines. Such lack of unity in the business, which the author believes mistaken

<sup>10</sup>See Proceedings of the American Association of University Teachers of Insurance, Vols. II (1934), II (1935), IV (1936) and VIII (1940).

<sup>11</sup>"Insurance," A. H. Mowbray, McGraw-Hill Book Co., Inc., 1930, p. vii.

and which has been pointed out by others as inimical to the best interests of the business, seems to be due in part to the absence of literature emphasizing the unity of the business in its fundamental economic service and inherent problems."

Critics of the topical organization question the common denominator premise, at least in part. Professor Robert Riegel, in discussing the Mowbray paper at the 1935 meeting, said:

"While this seems desirable as an ideal, it is difficult to apply in practice, partly because current teaching procedure is not a logical but an historical growth, partly because of the scarcity of available material in this form, and partly because the principles are not so universal as we would like to believe."

In amplifying the latter point Professor Riegel added:

"One has to be very contemptuous of details to find any similarity between the methods of making rates for life insurance and for fire insurance. A life insurance agent is certainly very different from a fire insurance agent. The fire insurance policy is unlike a credit insurance policy. One might study title insurance for a long time without obtaining any ideas which would be applicable to unemployment insurance."

Advocates of the "line" (or branch of insurance) organization have not been as vocal in the meetings of this Association but in textbooks which follow that plan of presentation, such as those by Professor S. S. Huebner, Professor John H. Magee and Joseph B. Maclean, stress has been placed upon giving students a comprehensive understanding of each of the important divisions as a whole, believing that this will better facilitate application of its principles to their own particular circumstances. In referring to the purpose and general arrangement of his book on "Life Insurance," Professor Huebner says:<sup>12</sup>

"It aims to bring together in compact and classified form those facts, principles and practices which enable the student, underwriter and layman to have a comprehensive understanding of the nature of life insurance and the legitimate ways in which it may and should be employed in the interest of personal, family and business welfare."

A middle ground has been taken by some teachers who agree with Professor Riegel in certain conclusions reached in his discussion of the Mowbray paper previously mentioned when he said:

"1. There are some aspects of insurance which are so similar in all branches of the business that they may be treated as principles, without respect to the type of insurance involved.

These are less numerous than might at first be supposed, and there are difficulties in so treating them."

<sup>12</sup>"Life Insurance," S. S. Huebner, Appleton-Century-Crofts, Inc., 1950, p. vii.

Many of those who adhere strongly to the "line" approach are mindful of its weaknesses. Thus, at the institution with which I am associated we aim to bring about an integration of the various common denominators and differences of the "line" courses by a Senior Seminar for undergraduate insurance majors and by an upper level course in the Theory of Risk, Risk-Bearing and Insurance for graduate insurance majors. These are designed to produce the maximum advantages of both types of instructional plans.

### **Subject-Centered vs. Consumer-Centered**

Although there have been some courses developed primarily for the consumer, and the consumer's point of view has had varying degrees of emphasis in courses which would otherwise be classified as subject-centered, it seems safe to say that the fundamental stress has been on the subject. Insurance teachers generally appear to subscribe to the thought expressed by Professor Blanchard at the 1934 meeting when he said:

"I suggest that there should be no distinction of basic plan between the courses which will presumably be taken by any of the various groups of students. Insurance users need a proper comprehension of the problems of insurers, if they are to think accurately in insurance terms and with an appreciation of insurance problems, in the same way as does the insurance specialist; and in so far as they may be led by university instruction, there seems to me to be no good reason for varying the subject matter of courses to suit the one or the other. Public officials, whatever aspect of insurance administration is to concern them, need the same fundamental education.

"It is probably true that students who are willing to devote a relatively small amount of time to the study of insurance are most likely to be those in the user class, while those who will devote a considerable amount of time will be in the specialist class. I suggest that the variation in curricula from the two groups should be found, at least principally, in the extent of the treatment to be devoted to the various subordinate subjects and not in the choice of subjects nor in their arrangement."

### **Education vs. Vocational Training**

Colleges and universities have traditionally viewed their function as "education" in contrast to "training" as I have used those terms in my introductory remarks. In fact, breadth of understanding, clear-cut grasp of principles, facility in analysis, ability to see relationships and similar desiderata have been mentioned many times as direct or collateral goals of our teaching. We have not generally felt that the college or university should attempt to train insurance technicians who would step directly into specific jobs, no matter how important such jobs may be. Professor Loman implied this in a rhetorical question which he himself answered at the 1935 annual meeting when he said, in referring to the general breadth of education which should be provided for students majoring in insurance:

"Are we trying to train men well-grounded in the entire field of business, men who understand the principles of business administration, men who understand the interrelationship of the various parts of our economic structure, who have high ethical and social concepts, a professional attitude toward their work, men who are leaders of thought in their chosen field, or are we training insurance technicians? Personally I am inclined to the view that a comprehensive training is infinitely more valuable than narrow specialization and unqualifiedly subscribe to the idea that we should not attempt to turn out mere insurance technicians but persons trained in the fundamentals of all business.

"The latter method not only produces men with broader vision and capacities but it also avoids two dangers, namely, (1) that a student will spend his time in studying routine operations which can be learned better in practice, or (2) that he will specialize intensely and extensively in one thing and later find that his life's work is in something else."

The opposite point of view has been voiced in more recent years by teachers who have essayed specific training functions under college or university auspices. Professor Danforth, for example, summed up his remarks at the 1948 meeting by saying:

"In conclusion. I should like to make two suggestions which are, in my opinion, important factors if our university programs of insurance education are to continue to play an important part in the field of insurance. First, we must ever be alert to the needs and desires of the companies and employees whom we try to serve. Secondly, we must make our courses specific and practical. One of the best ways of meeting this last requirement is to employ as instructors men who have been and who continue to be active in the field of insurance."

It should be remembered in this connection that Professor Danforth was speaking in the dual capacity of teacher and insurance company official under the caption of "A Property Insurance Executive Views Education for Insurance on the University Level," and that his statements pertained primarily to evening and extension students who are regularly employed by insurance companies. Actually, as has been noted in the summary of special or vocational type courses, most of the vocational courses that are of a training character are offered in evening or extension divisions and are not given for degree credit. The plan of the Life Insurance Marketing Institutes at Purdue University and Southern Methodist University differs in important respects as previously noted.

Generally speaking, insurance educators in the collegiate schools of business hold to the traditional concept but recognize the necessity for training. There is excellent reason to believe that they would subscribe to the statement made by Professor Loman and me at the 1947 meeting, in a paper entitled "College Education for Insurance: A Minimum Program,"

when we said:

"As indicated at the outset, the type of educational program here presented has as its objective the preparation of persons for various areas of business operations in insurance. But it cannot do the entire job and must therefore be supplemented by other training. The functions to be performed within this broad range mentioned will not be uniform — and the special training necessary to fit the individual to exercise all of those functions cannot be standardized. Moreover, even if those functions should be broken down into more or less related groups, a single training program would not wholly suffice. There would still be the need for gearing it to the operating procedures and special practices of particular companies.

"Colleges and universities are not prepared today to take over even that portion of this specialized training program for which there may be important common denominators. Assumption of this function may come in course of times just as it has in various professional schools, such as those for medicine, dentistry, law and teaching, where the school itself begins to effect the transition from "thinking" to "doing" before the student is finally placed on his own. Until the day comes when more specialized training is feasible, industry must assume the responsibility for handling the training process itself. However, the greater the extent to which industry and education comprehend the nature of their joint problem in providing adequate preparation, recognize the respective part which each should play in the entire process, and coordinate their respective activities, the more economical, efficient and generally satisfactory is the result likely to be. One of the aims of this paper is to help in furthering cooperative endeavors in these directions." <sup>13</sup>

This latter problem is one to which our Association has given much consideration in recent years by encouraging directors of training to enroll as associate members, by devoting time at annual meetings to exploration of mutual aims and difficulties, and by activities of various committees.

### Other Problems

Many other problems have engaged the thought and discussion of insurance teachers over the years, although different schools of thought with respect to them can hardly be discerned. They have had to do primarily with the content of advanced courses; teaching methods; effective use of policy forms, manuals, and other teaching aids; textbooks; coordination of social insurance and private insurance; integration of insurance with the general educational program in a collegiate school of business; the gearing of curricula to preparation of students for professional examinations in insurance; and the ways in which colleges and

<sup>13</sup>Journal of the American Association of University Teachers of Insurance, 1947.

universities can cooperate effectively coordinating their educational services to foster the development of high quality career personnel.

## IN CONCLUSION

Some might be tempted in presenting a paper such as this to make predictions for the future. However, I have neither a crystal ball nor a desire to assume the role of prophet. But I do believe that the trends and tendencies to which I have referred will doubtless continue to wield their influence through the coming years as I have always been a strong believer in the sentiment voiced by the poet that "in today already walks tomorrow."

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