The Life Insurance Man: a Sociological Analysis of the Occupation.

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THE LIFE INSURANCE MAN:

A SOCIOLOGICAL ANALYSIS OF THE OCCUPATION

A Dissertation

Submitted to the Graduate Faculty of the
Louisiana State University and
Agricultural and Mechanical College
in partial fulfillment of the
requirements for the degree of
Doctor of Philosophy

in

The Department of Sociology

by

M. Lee Taylor

B.A., San Jose State College, 1952
M.A., Louisiana State University, 1956
May, 1958
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TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>ACKNOWLEDGMENT</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>ii</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ABSTRACT</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>vii</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CHAPTER</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PART I</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>INTRODUCTION</td>
<td>2</td>
</tr>
<tr>
<td>I. Statement of the Problem</td>
<td>6</td>
</tr>
<tr>
<td>II. Purpose of the Study</td>
<td>8</td>
</tr>
<tr>
<td>III. A pioneering study</td>
<td>9</td>
</tr>
<tr>
<td>IV. Sources of Data and Methodology</td>
<td>10</td>
</tr>
<tr>
<td>V. The Sociological Point of View</td>
<td>20</td>
</tr>
<tr>
<td>VI. Occupational structure</td>
<td>21</td>
</tr>
<tr>
<td>VII. Occupational organizations</td>
<td>23</td>
</tr>
<tr>
<td>VIII. Occupational functions</td>
<td>25</td>
</tr>
<tr>
<td>IX. The Organization of the Study</td>
<td>26</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PART II</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>THE OCCUPATIONAL HISTORY AND ORGANIZATION OF THE INDUSTRY</td>
<td></td>
</tr>
<tr>
<td>II. OCCUPATIONAL HISTORY OF THE LIFE</td>
<td></td>
</tr>
<tr>
<td>I. INSURANCE MAN</td>
<td>30</td>
</tr>
<tr>
<td>II. Pre-history of the Occupation</td>
<td>31</td>
</tr>
<tr>
<td>III. Life insurance provisions of early organizations</td>
<td>32</td>
</tr>
<tr>
<td>IV. From the game of chance a social idea</td>
<td>35</td>
</tr>
<tr>
<td>V. More recent Origins of the Occupation</td>
<td>39</td>
</tr>
<tr>
<td>VI. From trial and error to science</td>
<td>39</td>
</tr>
<tr>
<td>VII. Growth of the Occupation</td>
<td>51</td>
</tr>
<tr>
<td>VIII. The agent as a species of the genus salesman</td>
<td>53</td>
</tr>
<tr>
<td>IX. Present status of the occupation</td>
<td>88</td>
</tr>
</tbody>
</table>
## III. HOW THE LIFE INSURANCE INDUSTRY IS ORGANIZED

<table>
<thead>
<tr>
<th>Topic</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organization of the Home Office</td>
<td>92</td>
</tr>
<tr>
<td>Directors</td>
<td>94</td>
</tr>
<tr>
<td>Officers</td>
<td>95</td>
</tr>
<tr>
<td>Departments</td>
<td>95</td>
</tr>
<tr>
<td>Organization of the Field</td>
<td>101</td>
</tr>
<tr>
<td>The general agency system</td>
<td>101</td>
</tr>
<tr>
<td>The general manager system</td>
<td>103</td>
</tr>
<tr>
<td>Organization of the agency</td>
<td>104</td>
</tr>
<tr>
<td>Professional Organizations and State Supervision</td>
<td>108</td>
</tr>
</tbody>
</table>

### PART III

**OCCUPATIONAL STRUCTURE**

## IV. RECRUITMENT AND TRAINING

<table>
<thead>
<tr>
<th>Topic</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recruitment</td>
<td>112</td>
</tr>
<tr>
<td>Producers</td>
<td>114</td>
</tr>
<tr>
<td>Administrators</td>
<td>127</td>
</tr>
<tr>
<td>Training</td>
<td>132</td>
</tr>
<tr>
<td>Agency and company training</td>
<td>135</td>
</tr>
<tr>
<td>Institutional training schools</td>
<td>140</td>
</tr>
<tr>
<td>Training provided by life insurance organizations</td>
<td>144</td>
</tr>
<tr>
<td>Significance of the Recruitment and Training Systems for the Occupation</td>
<td>150</td>
</tr>
</tbody>
</table>

## V. AUTHORITY, CONTROL AND ETHICS

<table>
<thead>
<tr>
<th>Topic</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authority and Status Relationships</td>
<td>158</td>
</tr>
<tr>
<td>Soliciting agents</td>
<td>161</td>
</tr>
<tr>
<td>Managerial field force</td>
<td>162</td>
</tr>
<tr>
<td>The home office</td>
<td>169</td>
</tr>
<tr>
<td>Control by Associations</td>
<td>175</td>
</tr>
<tr>
<td>National Association of Life Underwriters</td>
<td>177</td>
</tr>
<tr>
<td>L.U.T.C. and C.L.U.</td>
<td>181</td>
</tr>
<tr>
<td>American Life Convention</td>
<td>187</td>
</tr>
<tr>
<td>Life Insurance Agency Management Association</td>
<td>190</td>
</tr>
<tr>
<td>Ethics</td>
<td>193</td>
</tr>
<tr>
<td>The Significance of Authority, Control and Ethics for the Occupation</td>
<td>197</td>
</tr>
</tbody>
</table>

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### CHAPTER VI.
**REMUNERATION AND OTHER REWARDS**

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic Remuneration</td>
<td>203</td>
</tr>
<tr>
<td>Producers</td>
<td>204</td>
</tr>
<tr>
<td>Administrators</td>
<td>216</td>
</tr>
<tr>
<td>Security and fringe benefits</td>
<td>222</td>
</tr>
<tr>
<td>Non-economic Rewards</td>
<td>225</td>
</tr>
<tr>
<td>Organizational rewards</td>
<td>226</td>
</tr>
<tr>
<td>Personal rewards</td>
<td>232</td>
</tr>
<tr>
<td>Significance of Remuneration and Other Rewards for the Occupation</td>
<td>234</td>
</tr>
</tbody>
</table>

### PART IV
**OCCUPATIONAL ORGANIZATION**

### VII.
**WORK SITUATIONS AND COLLEAGUESHIP**

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Work Situation</td>
<td>244</td>
</tr>
<tr>
<td>The daily work schedule</td>
<td>244</td>
</tr>
<tr>
<td>Prospect-client contacts</td>
<td>258</td>
</tr>
<tr>
<td>Colleague Relationships</td>
<td>279</td>
</tr>
<tr>
<td>Significance of the Work Situation and Client Relationships for the Occupation</td>
<td>286</td>
</tr>
</tbody>
</table>

### VIII.
**CLIENT RELATIONSHIPS**

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conceptions of the Client</td>
<td>293</td>
</tr>
<tr>
<td>The life insurance man views the clients</td>
<td>293</td>
</tr>
<tr>
<td>Client reactions with life insurance men as seen by practitioners</td>
<td>302</td>
</tr>
<tr>
<td>Social Interaction with Clients and Prospects</td>
<td>310</td>
</tr>
<tr>
<td>Selling relationships with prospects and clients</td>
<td>311</td>
</tr>
<tr>
<td>Service relationships with policyholders and clients</td>
<td>323</td>
</tr>
<tr>
<td>Significance of Client Relationships for the Occupation</td>
<td>325</td>
</tr>
</tbody>
</table>

### IX.
**CAREER PATTERNS**

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Producers</td>
<td>332</td>
</tr>
<tr>
<td>Career-professional life insurance men</td>
<td>332</td>
</tr>
<tr>
<td>Itinerant life insurance men</td>
<td>340</td>
</tr>
<tr>
<td>Administrators</td>
<td>349</td>
</tr>
<tr>
<td>Field administrators</td>
<td>349</td>
</tr>
<tr>
<td>Home office administrators</td>
<td>357</td>
</tr>
<tr>
<td>CHAPTER</td>
<td>PAGE</td>
</tr>
<tr>
<td>---------</td>
<td>------</td>
</tr>
<tr>
<td>Significance of Career Patterns for the Occupation</td>
<td>361</td>
</tr>
</tbody>
</table>

**PART V**

**RELATION OF THE OCCUPATION TO SOCIETY AND SUMMARY AND CONCLUSIONS**

<table>
<thead>
<tr>
<th>X. RELATIONS TO SOCIETY</th>
<th>367</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relations with Other Occupations</td>
<td>368</td>
</tr>
<tr>
<td>Relations with lawyers</td>
<td>369</td>
</tr>
<tr>
<td>Relations with other occupational men</td>
<td>374</td>
</tr>
<tr>
<td>Service to Society</td>
<td>376</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>XI. SUMMARY AND CONCLUSIONS</th>
<th>385</th>
</tr>
</thead>
<tbody>
<tr>
<td>Summary</td>
<td>385</td>
</tr>
<tr>
<td>Conclusions</td>
<td>390</td>
</tr>
</tbody>
</table>

**SELECTED BIBLIOGRAPHY** | 405 |

**APPENDIX** | 421 |

**VITA** | 439 |
ABSTRACT

This is an occupational study of life insurance men (both producers and administrators) in a sociological frame of reference. The purpose of the study is to contribute to the growing body of knowledge concerning occupations. It is intended to be of interest to practitioners, to persons interested in acquiring a knowledge of the occupation and, primarily, to social scientists.

Data for the study came from the literature on life insurance and personal interviews with life insurance men. The literature analyzed consisted mainly of trade journal and company publications. It was treated as an expression of the "official" ideology of life insurance men. Interviews were held with sixty-four practitioners (producers and administrators). Respondents were selected by using a quota sample so that they would represent companies domiciled in all regions of the country, from the oldest to the newest companies and from conservative and liberal companies. Respondents ranged from practitioners with long careers in life insurance to part-time men. Data from the literature and the interviews were compared whenever feasible to bring
into focus differences and consistencies between official ideology and actual practice.

The occupation is described and analyzed primarily by using the sociological concepts of structure, organization and function. Since the study is a "pioneering" one, no attempt is made to test specific hypotheses. The research design, however, is systematically organized for the study of certain areas of occupational importance, such as recruitment, training, remuneration and others. It also provides for the investigation of the work situation, client relationships and career patterns.

The analysis brings to light several areas of disunity and ideological conflict in the occupational culture of the life insurance man. One of the most significant areas of disunity in the occupation is the result of ideological differences between rugged individualists and security-oriented practitioners. Rugged individualists may be career oriented, but their ideological approach to their work contributes little to the integrated growth of the occupation. The ideology of security-oriented life insurance men leads naturally to an integrated occupation. In fact, there is a suggestion that some men who follow the new ideology see the occupation not as a means to an end but as an end in itself.

viii
Basic differences in ideology among life insurance men are witnessed throughout the whole of the occupational organization, but they are being minimized by new recruiting, training and remuneration processes which are calculated to produce security-oriented men. Systematization of the recruiting process through the use of aptitude tests, profiles and a series of interviews is intended to bring into the occupation only men of high quality.

Advanced training is used to promote professionalization in the occupation. However, certain training is in excess of what is required to fulfill the job, and many life insurance men are reluctant to take the training for this reason. Training of practitioners cannot exceed a point which is functional with regard to the occupation's service to society as well as to its internal goal of professionalization.

Within the area of occupational organization the work situation is characterized by much insecurity. Client relationships vary with the socio-economic class of the policyholder, and the trend toward professionalization tends to result in more service for upper class clientele. Career patterns are sharply divided between selling and management, and the former is gaining prestige over the latter. The two
careers, however, are necessary for the occupation.

In sum, it is observed that the structure, organization and function of the occupation are determinant for the social behavior of life insurance men.
CHAPTER I

INTRODUCTION

The contemporary work world in which most men and women spend a substantial proportion of their time is composed of a vast number of differentiated occupations. Some are well known (mail carrier, dentist, telephone operator, life insurance agent), some are not so familiar (actuarial mathematician, corsetier), and others are strange (rocket engineer, nuclear physicist), being new arrivals on the occupational landscape.

The number and complexity of differentiated occupations change in the course of history, and each change modifies the division of labor. An occupation may be well known at one time and later become obscure or even vanish completely. Old occupations may change their characters and assume new forms which may render them quite distinct from their antecedents. New occupations may come into existence. Some of these observations may be made casually by almost any alert participant in the work world; but other observations which relate to the division of labor, to theories of innovation and to change, have challenged the
best scholars and still remain evasive.

The significance of the study of occupations is two-fold. First, it is important to the individuals engaged in the work world, for occupations have a profound influence on the whole course of an individual's life. The findings of such studies should also be of value to occupational practitioners who wish to solve concrete work problems. Second, the study of occupations is important to the student of society who seeks to understand social organization. This approach is abstract and analytical and looks upon the occupation as a specific area of human relations. The human element and not the occupation is of major importance to the scientist. Each of these aspects of occupational interest needs to be explained in more detail. We will turn now to a discussion of each in turn.

It is well known that individuals, both men and women, everywhere engage in untold numbers of occupations to provide sustenance for themselves and for their dependents. But, from their job, whatever it may be, they take much more than the means for their material existence. Their social prestige, inner peace of mind, sense of satisfaction, sense of belonging, sense of pride and many other intangibles so important to one's life adjustment are influenced greatly by occupation as well as by other factors. One's family life
and other associations are not infrequently affected by the choice of an occupation. This is particularly so because many occupations are not "contained" by the punching of a time clock at eight and at five, but rather they extend into an individual's non-working hours, into his weekends, into his vacations, for they are a way of life.

The choice of an occupation is not a simple, single act made once and then forgotten. One may have from time to time several different occupations. The "Jack-of-all-trades" is not just a figure of speech. The "career man" who selects an occupation early in life, and who may stay with it throughout his productive years, is also mobile vertically, horizontally or perhaps in both directions. He is promoted or demoted, moved from a branch office to the home office or vice versa, but in any case it would be unusual for him to stay in the same position for the duration of a career. Occupational status, prestige, "success," "failure," and other factors of social importance are related to one's work. These are but a few suggestions of the ways in which occupations are important for individuals. Some of these factors, for one occupation, will be treated in detail in this study.

The sociologist, in contrast to the average person whose interest we have suggested, is concerned primarily with the abstract nature of occupations, with their culture,
structure, organization and function. Sociological research has aimed primarily at understanding human relations in work situations and not at problem-solving or vocational guidance.

Some studies have been monographs concerned with one specific occupation. For examples of this type of occupational study, see Automobile Workers and the American Dream by Chinoy, The Saleslady by Donovan and The Academic Man by Wilson. Other studies have focused on a "class" of workers which may be found in several occupations. Examples of this type of study are The Professions by Carr-Saunders and Wilson, Professional People by Lewis and Maude, White Collar by Mills and Organization Man by Whyte.

Other sociological studies of work have focused on occupational institutions and culture, occupational choices, occupational mobility, occupational training, occupational ideologies, etc. Subjects of this nature are discussed in the works of Caplow, Sociology of Work; Ellsworth, Factory Folkways; Ginzberg, Occupational Choice; Dreyfuss, Occupational Ideology of the Salaried Employee; and Rogoff, Recent Trends in Occupational Mobility.

Sociological studies of occupations deal with both the concrete and abstract aspects. They also treat the relation of the occupation to the larger society. Actually,
the sociological study of occupations, as distinct from the study of the division of labor, is "new"—begun well within the twentieth century. One consequence of the relative newness of this field of research is that many occupations have not been studied for their sociological significance. This study seeks to contribute to the growing body of occupational knowledge by a systematic description and analysis of life insurance men.

I. STATEMENT OF THE PROBLEM

The occupation of the life insurance man is the subject of this study. This is an occupation which is neither ancient nor new, but its history is sufficiently long so that it is characterized by a culture and structure which begin to distinguish it from other occupations. It is a rapidly growing occupation, striving to make its debut in the professional world.

This study involves a description and analysis of the occupation of the life insurance man in a sociological frame of reference; that is, it focuses attention on human relations. Two sources of data will be used: first, the literature about the occupation found in the trade journals, and second, personal interviews with a sample of men in the occupation. For purposes of analysis, the occupation will be treated as
though extricated from the total work world milieu, but without losing sight of the fact that in reality it is a part of the larger society.

This sociological frame of reference will be elaborated upon later, but here it must be explained that we intend to use the phrase "life insurance man" in a generic sense—that is, to refer to those men and women engaged both in "production" and in administration. The production people are familiarly known as part-time agents, agents, general agents, general managers, etc., while administrators include the company president, vice-president, agency directors, actuaries, underwriters, and others. Specifically excluded from the occupation will be legal counsels, medical directors, clerical workers, financial advisers and other technical specialists who maintain more of an identity with their own profession or specialty that with life insurance.

The sociological frame of reference of this study and the inclusion of both producers and administrators as life insurance men have not been widely employed in the analysis of this occupation. There are some historical treatises on life insurance, a number of studies concerning the economics of life insurance, and some psychological studies which treat specific aspects of the occupation, for example, the use of tests in recruitment. There are,
furthermore, many studies of specific occupational problems sponsored by professional insurance organizations, such as job satisfaction surveys. None of these studies, it must be noted, are concerned with the human element in occupational behavior. Some of them border on sociological interest but none have made significant sociological contributions toward the understanding of the life insurance man.¹

II. PURPOSE OF THE STUDY

It is the purpose of this study to contribute to a knowledge of human relationships in the life insurance occupation and to fill a gap left by the non-sociological studies of "the industry," as its practitioners refer to it. The study should be of interest to the members of the industry: to those whose task it is to recruit new members, to those who train men in the occupational techniques and inculcate in them the occupational ideology, to those who are

¹The book by Edward A. Wood, The Sociology of Life Insurance (New York: D. Appleton and Company, 1928), is not the exception to our statement that its title implies. This book is important, but it concerns primarily history and various types of life insurance, and it is not a treatment of the occupation, nor was that its purpose. Also, a doctoral dissertation in progress by Robert Ketcham Bain, "The Process of Professionalization: Life Insurance Selling" (University of Chicago), gives illuminating insight into the professionalization of the occupation, but it is not the intent of the author to treat the occupation per se.
administrators in the home office or branch office and whose charge it is to keep a working harmony between both field and office personnel, and to those who feel an individual responsibility for the professional growth of their occupation. The study should also be of interest to those who would seek information concerning the prospects of an occupational career in life insurance; and to men and women of the general public who know the presence of the life insurance man around them, this study should come as a source of objective information. Finally, to a specialized audience—the social scientists—it is hoped this study will take its place, along with others, in contributing to a body of knowledge concerning the nature of occupations.

A Pioneering Study

We indicated earlier that social scientists have not generally studied human relations in the life insurance occupation. Because of this gap in knowledge of the occupation, this study is of a "pioneering" nature. Accordingly, no attempt is made to formulate and test specific hypotheses. The research, however, is guided by certain important areas of interest. As the field of occupational sociology has become established it is often associated with the investigation and analysis of certain aspects of jobs and positions.
which engage men's time. The following questions suggest some of these areas of inquiry: ² (1) How are neophytes recruited into and indoctrinated with the occupational culture thought to be appropriate for the life insurance man? (2) What are the status, prestige and power hierarchies of the occupation? (3) To what extent is life insurance an inherited occupation? (4) How much vertical and horizontal mobility is possible or probable? (5) To what extent does the occupation establish its own rules? (6) What are the major problems with which the life insurance man is confronted? (7) What are the rewards and disappointments of the life insurance man? (8) How is a career in life insurance affected by external factors? These are a few of the questions which directly or indirectly have guided this research.

III. SOURCES OF DATA AND METHODOLOGY

The data for this study were obtained primarily from two sources. First, a selective survey was made of the wealth of literature about the life insurance industry in

general. As was previously stated, practically none of these writings considered the personnel as such. Second, sixty-four insurance men were confidentially interviewed in sessions which lasted between one and three hours.

The literature concerning life insurance which was utilized can be characterized as historical, statistical, ideological, professional, propagandistic, advertising and other types. In some few cases it was occupational in orientation. A few examples will suffice to make clear what is meant by these types of literature. Some of the historical studies used were: A. Fingland Jack's *Introduction to a History of Life Assurance* (London, 1912), which is a lucid and informative sketch introducing the history of the industry, with particular emphasis on the guild system as an influence on the development of life insurance; Burton J. Hendrick's "Story of Life Insurance" (*McClure's Magazine*, 1906, and published as a book in 1907), which traces Post-Civil War developments of United States life insurance companies in the struggles for world-wide expansion up to the Armstrong Investigation in 1905; the *History of Life Insurance in Its Formative Years* by Terence O'Donnell (1936), which traces "antecedents" in ancient society, the medieval guilds, and developments in Europe, England and the United States up to the twentieth century. Histories of specific
companies and professional organizations along with a variety of related materials were also used.

Statistical materials were more specific in nature. The Life Insurance Fact Book (annual) was frequently referred to for quantitative material. Numerous trade and professional journal articles contained statistical data dealing with occupational characteristics. In addition to these sources a variety of publications from the Life Insurance Agency Management Association, American College of Life Underwriters and from other organizations contained valuable statistical information.

The ideology of the life insurance man was studied by using such journals as the Life Association News, Insurance Selling, Best's Insurance News, Life Edition, The Journal (American Society of Chartered Life Underwriters Journal) and others, from which articles like the following could be analyzed: "Insurance Hall of Fame," "More Realistic Group Underwriting," "At What Age Should Agents be Hired?" "Have We Kept Faith?" "Approaches to Selling Business Insurance," "Life Insurance on the Inflation Treadmill," "Confident Outlook," and many others. Several occupational ideologies of the life insurance man are suggested by these titles, and they are developed with considerable elaborateness in the body of the articles.
Professional and career problems of life insurance men are discussed in numerous publications. One of the best sources on this subject is *The Journal* (American Society of Chartered Life Underwriters Journal) where articles with the following titles are found: "Professional Responsibility in Estate Planning," "National Association of Life Underwriters," "One Approach to Professional Life Underwriting," "Higher Education in Insurance—Our Growing Strength." Individual company magazines and many other publications give additional insight into the career aspects of the occupation.

Propagandistic materials are less talked about but very much a part of many occupations. These are publications which, as considered in this study, glamorize the occupation in some cases by accenting only the advantages of pursuing it, and in other cases by taking considerable liberty in descriptions of occupational realities. This may come under the rationalization of "putting your best foot forward." Examples of what is meant may be found in career guides published by some companies and made available to graduating college students. Such material may be brochures to introduce the prospective recruit to the advantages of a career with the "XYZ" company. A slightly different source of what is here considered propagandistic
literature is found in some advertisements by companies in the trade journals. For example, one may read there a letter from Mr. Successful Agent who has increased his income by skyrocket proportions since he went with the "Opportunity Company." Or there may be a statement written by the wife of a career life insurance man extolling the virtues of her husband's occupation and the advantages it has for her.

Advertising literature is generally of two kinds. The first kind aims to spread the name of the company and to stimulate in the public mind the need for life insurance, a need which the company representatives stand ready to serve. "Institutional advertising" of life insurance as a human need or service is found in national magazines, on television, on neon signs on buildings and generally in most other conspicuous places. The second kind of advertisement is limited primarily to the trade journals and is intended to help recruit men into the occupation. In some cases this advertising is not easily distinguished from some of the propagandistic material to which reference has already been made.

This is only a suggestive statement and not an exhaustive summary of what can be learned from a study of the literature. The authors of this vast and diverse body of literature about the industry are most often practitioners. In other cases they are critics of the industry, friends of
the industry, scientific observers, lawyers, accountants, university professors and so forth, but seldom clients.

Personal interviews with sixty-four life insurance men were our second source of data. They were taken in the fall of 1957 in a prominent Southern city. These life insurance men gave liberally of their time and interest, reviewing their personal experiences and stating their opinions in such a way as to contribute to a systematic understanding of their occupation.

Considerable attention was devoted to the selection of the sample of men to be interviewed. It was decided that the respondents should represent: (1) companies domiciled in all regions of the nation, (2) companies founded prior to the mid-nineteenth century and companies founded in the twentieth century, (3) some of the largest and some of the smallest companies, (4) some of the most conservative and some of the most liberal companies, and (5) ordinary, industrial and combination companies.

These requirements were fulfilled by using insurance directories which gave the location, date of founding, the size of the companies and the type of business written. Identifying the conservative or liberal character was much more subjective and could only be ascertained by reviewing the record of companies as found in books and articles.
A second set of criteria for the sample concerned life insurance men personally rather than the company represented. In this case it was decided that the men should represent the following categories of practitioners (inclusive of intermediate categories where they exist, e.g., men between the categories of old-timers and newcomers): (1) administrators and producers, (2) old-timers and newcomers, (3) company presidents and part-time agents, (4) chartered life underwriters and those with no training, (5) college and non-college educated, and (6) members of professional associations and non-members.

These qualifications for the sample were satisfied by using information contained on license applications required by the Commissioner of Insurance of the State of Louisiana, and by utilization of data in the local Chartered Life Underwriter directory. The quota sample was ultimately drawn from the license applications on file with the Commissioner of Insurance.

Forty-four of the life insurance men interviewed were producers and twenty were administrators. The administrators represented a broad division of labor and can be classified as: directors, presidents, vice-presidents, treasurers, underwriters (home office), agency directors, claim supervisors, state supervisors, district managers and general managers. In contrast, the part-time men divided
their time between life insurance and university studies, dentistry, banking, finance, real estate and blue collar industrial work.

After drawing the sample the next problem was to get a maximum amount of meaningful information in one interview. This was a most difficult and crucial problem because on its adequate or inadequate solution would rest much of the success or failure of the study. Inasmuch as the study was intended to be a description and analysis of the whole occupation, the questions had to be broad; yet at the same time they had to be sufficiently specific to yield insight into the occupation which could not be gained from a study of the literature. The kind of insight which we were seeking could only be gained by giving the respondents the opportunity to express themselves freely. Certainly "yes" or "no" responses to preconceived questions would not yield a fullness of understanding. Consequently, open-ended questions were used in most cases. A copy of the interview schedule is reproduced in the Appendix of this study.

Subsequently the questions were formulated to cover the full range of the occupational experience. Pilot interviews were taken to test the adequacy of the questions, and minor changes were made after those interviews. Most of the changes were not substantive, but were made in order to
shorten the interview. Many of the questions were re-arranged, that is, taken out of their logical order for analytical purposes and placed in an order which would facilitate the establishment of rapport with the respondents.

Along with establishing rapport, and before any interviewing program can be launched, the researcher has to discover a feasible way to contact the selected respondents and to interest them in the research so that they will subject themselves to interviews under favorable circumstances. For, as Chinoy states at the outset of his book Automobile Workers and the American Dream, "Sociological investigation rests fundamentally upon men's willingness to talk freely about themselves to researchers who usually can give nothing in return except their willingness to listen."\(^3\) We knew in advance that the life insurance man's day was a long one, that his business appointments were at irregular times, and that there would be no "free time" during his day when we could always schedule appointments which would last for most of a morning, afternoon or evening. Consequently, we decided the best way to arrange appointments would be to call the

life insurance men by telephone and ask for a specific time—at their convenience—within the next two or three days. To reject such a request over the telephone would, of course, be easy, so we planned our opening conversation with great care. It went something like this, "Mr. Life Insurance Man, we are making a study of your occupation in which you will be most interested. A great deal is known about certain occupations, for example, doctors and lawyers. The life insurance occupation has been growing by 'leaps and bounds' in recent years but very little is known about it. There are several ways of getting information about your occupation, and one of the best is to talk with men like you who have a first-hand knowledge of it; therefore, we would like to arrange a time to talk with you about your personal experiences . . . ."

There were few questions asked, and most appointments were promptly arranged.

The interviews lasted between one hour and three hours; variation in duration generally corresponded to the interest of the respondent. Most of the life insurance men gave freely of their time and showed genuine interest in the study. The time and place of the interview were chosen by the respondent. Thus they were generally in the respondent's office, and this had the advantage of allowing the author to observe patterns of interaction between life insurance men,
between the men and their staff and between the men and their clients. Also, the decor of the offices, including plaques, credentials, awards, pictures and other items frequently gave us insight into the man's occupational interests. Other interviews were held at the author's convenience on the university campus. These interviews had the possible advantage of getting the respondent out of his work environment into one in which he felt freer to express his candid opinions—a place where no supervisors were able to listen in on the interview. On the other hand, the life insurance men were anxious to talk about their occupation and were usually uninhibited no matter where the interview was held. Their ease and candor in the interviewing situation may be attributed to the fact that part of their job is interviewing and therefore they are familiar with such experiences.

IV. THE SOCIOLOGICAL POINT OF VIEW

The study of an occupation from a sociological point of view implies a central concern with its human relations. The sociologist is interested in both the concrete and the abstract aspects of the occupational culture, in the forms of interaction and association both formal and informal, in roles and statuses, in norms, in organization, in functions, in ideologies and other components of the social situation. To
treat all these interests adequately would be a task far beyond the scope and purpose of this study. We will consider the occupation as a going concern, but focus attention primarily on its internal aspects, and devote secondary attention to its relationships with other occupations and significance for society in general.

Some of the conceptual tools used by the sociologist in an occupational study are well known, but certain others are more obscure and need to be discussed with reference to their use in this study.

**Occupational Structure**

We will use the concept *structure* in this study to mean relatively fixed patterns or relations between components of the occupations. It refers to the channels of communication, to power and to authority within the occupation. Always basic to the concept of structure is the idea of order

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and prediction rather than change or chaos. To be sure, the life insurance man today is in many ways much different in his overt behavior from his predecessor, say before the turn of the century. But despite changes in personnel, modifications of roles, innovations in behavior patterns, etc., the occupation is characterized by a significant degree of stability and order. The behavior of life insurance men in their various roles is predictable within certain limits. There are traditional or accepted patterns of behavior for the agent, the manager and the underwriter as well as established modes of interaction between these various specialists. There are, of course, specific instances of deviations from these patterns, but what is most characteristic is the widespread adherence to them. Both formal rules and informal sentiments usually support these and other patterns of occupational behavior. Less stable, but nonetheless distinguishable, patterns of social behavior are referred to as occupational folkways.

Structure, then, represents a series of relationships repeated with a high degree of sameness time and time again. The structure of the occupation may be viewed as broad and general (bureaucratic, democratic, centralized, decentralized, etc.), or as specific and internal (ideal patterns of behavior which differentiate the sub-agent from the agent,
from the home office underwriter, and so on) depending on the level of abstraction of the analysis.

The importance of the structure of an occupation is not to be doubted, because for any occupation to long endure its practitioners must have a quite clear understanding of what is expected of them, of what they can expect of their colleagues and of what the aims or goals of the occupation are in the view of the larger society. Structure is an analytical tool used to understand ideal patterns and occupational roles related to them. The study of the structure of an occupation leads to the study of two related aspects of human social relations, namely, social organization and social function.

**Occupational Organizations**

We have already intimated that a knowledge of the occupation of the life insurance man which comes only from the study of its structure is fragmentary or incomplete. The occupation is a going concern, dynamic and ever changing. Individual actors adhere to and deviate from the occupational structure in varying degrees. Organization concerns actual social behavior, the ways in which workers interact and play their roles, the concrete rather than the abstract.

Like the preceding concept of structure, organization is an important analytical tool, and it gives the researcher
insight into aspects of the occupation which are obscured by the study of structure alone. Agents have certain duties which clearly distinguish them from actuaries and which to a lesser extent distinguish them from general agents. But, it is well known that all agents do not behave in the same way. Consequently, organization in this study will be considered as a process and will involve the examination of how life insurance men select and establish goals and work to achieve them, how they make decisions and how they carry them out. Organization assumes an occupational unification and regulation, but it is here that choices are made, where independence is exercised and where variations in procedures are born. Organization, so conceived, is generic and does not refer to a specific organized group.

Care must be taken to admonish against possible confusion between the occupational organization just discussed and the organization depicted in "charts" which are frequently used by administrators. Organizational charts are usually graphic descriptions of lines and levels of authority and channels of communication. To some extent these charts do suggest organization in the sense used here, and to a greater extent they indicate structure, but in neither case can they be thought of as truly sociological. The concepts of structure and organization used in this study are far broader and
more complex than the so-called organizational charts.

**Occupational Functions**

In addition to structure and organization and their interrelationships, there remain to be considered the functional aspects of the occupation. Function concerns the objective relation of the various parts to the whole and, since the occupation does not exist in a vacuum, the relation of the occupation to the greater society. An occupation may have multiple functions—manifest functions, latent functions and dysfunctions.\(^5\) There are "official" functions to which the life insurance men subscribe their occupation through codes of ethics, professional aims and objectives, public addresses by company officials and various other manifestos to the public. These official functions are to be abstracted out of the ideological literature to which we have already referred. Always associated with more or less formal statements of functions are the actual functions\(^6\) as discernable in the overt behavior of the occupation's practitioners and in the record of the occupation's achievement. Official and

\(^5\)Merton, *op. cit.*, pp. 3-81.

actual functions most frequently do not completely coincide. In this study the actual functions were examined in a series of personal interviews with a sample of life insurance men, and they will be compared with the official functions to bring to light important deviations. Cognizance must also be taken of the fact that functions change with time and place. This is certainly true of the occupation studied here, as will be brought out in the pages which follow.

V. THE ORGANIZATION OF THE STUDY

The report of this research is organized into various parts. The first part is the introduction. The second part deals with the occupational history and the organization of the life insurance industry. A third part deals with recruiting, training, authority, professional organizations and remuneration. The data for the chapters in the third part come primarily from the life insurance literature and secondarily from the interviews. Part four of the study is a description and analysis of the life insurance man's work situations, his client relationships and his career patterns. The general subject of these chapters concerns the occupational organization. Data for them come primarily from the interviews and secondarily from the published materials. Part five, the last part of the study, deals with two subjects: first, the
place of the life insurance man in society today, and second, the conclusions which can be reached from a pioneering investigation of this kind.

To suggest that the whole of an occupation like life insurance can be treated in a study as limited as this would be of course fallacious. The earlier indication in this introduction to the effect that we would treat the occupation as a whole was immediately qualified by limiting the definition of an occupational whole to that which has relevance in the sociological frame of reference. We hope that we have now made this sociological point of view clear. We have selected for inclusion only those aspects of the occupation which contribute to a systematic understanding of the human element in the occupation, and other elements have been only mentioned or not treated at all. To those who might feel there are certain gross omissions we would ask that they keep in mind the frame of reference, and that the material selected for study is only that germane to this approach.

In spite of what has just been said, there are doubtlessly many shortcomings in this study and the author is well aware of them. As our understanding grew to a proportion of saturated interest in the life insurance man, new avenues of investigation became apparent, and at times it was discouraging when a decision had to be made to omit many of them despite
their importance. Some modifications were made as the study progressed, but accommodation could not be made for many new aspects. To an extent the limits of the study were arbitrary, but to a greater extent they were dictated by the effort to see the whole operation of the human relations within the occupation. It is hoped that this goal outweighs the shortcomings. Certainly, it is not intended, or even hoped, that one study might fill the gap of knowledge earlier referred to concerning the human relations in the life insurance industry. What is hoped is that this study will be one significant contribution toward that end, and that it will also further our knowledge of the broader problem, the sociology of occupations. For while this is a study of the life insurance man, it is also a part of the study of occupations in general.
PART II

THE OCCUPATIONAL HISTORY AND ORGANIZATION
OF THE INDUSTRY
CHAPTER II

OCCUPATIONAL HISTORY OF THE LIFE INSURANCE MAN

The occupational history of the life insurance man is not the same as the history of life insurance. However, the latter will have to be considered in a limited way in order to understand the former. Some authors report that the origin of life insurance is unknown, lost in antiquity. Others proudly assert that more than three hundred years of experience back up the life insurance tradition. Those following the first line of reasoning will endeavor to associate the life insurance idea with the ancient Roman Collegia Tenuiorum\(^1\) or earlier organizations. Authors who make the second assertion will start with the first life insurance policy for which there is a record. The policy referred to is one on the life of William Gibbons, dated 1583. Authors following the second approach may also assert that life insurance probably grew out of marine insurance. Both of these points of view have some historical validity depending on the basic

\(^1\)The Collegia Tenuiorum, during the Empire period, were religious organizations of lower class people which provided burial expenses for members.
premises of the writer, but it must be observed that neither approach is adequate for a consideration of the occupational history of life insurance.

The origin of the ideas which gave birth to life insurance is of interest to the student of the occupation, but not essential. His primary interest in the history of life insurance is to ascertain when a certain "tribe" of workers became known as life insurance men; when they were distinguished from mathematicians, solicitors, bankers, gamblers, salesmen, clerks and others; when life insurance men began to develop an occupational consciousness and identify themselves with their work. These questions lead to a consideration of the occupational history. Their answers require some knowledge of conditions prior to the origin of the occupation which we will examine now.

I. PRE-HISTORY OF THE OCCUPATION

In order to ascertain when the occupational consciousness began to develop one must study what we call the pre-history of the occupation. This is the period when a few individuals begin to devote a portion or all of their work time to an activity not yet sufficiently structured to have a culture of its own, a period when the work of the individual
is an occupation only in the most generic sense. Many of these early practitioners had no conception of the occupation which later evolved from their work. Eventually some foresaw the future occupation and perhaps even worked toward its development, but still were known in their own day as men of some other calling. Some of the forerunners of an occupation may be awarded the posthumous title "pioneer." In life insurance there were "pioneer" individuals whom, in terms of this study, we would call life insurance men but whom in their day were given no such occupational title by their peers.

After studying the pre-history of the occupation we will be interested in its growth and development up to the present time. The occupational history throughout this later period will not be the same as that of the insurance industry, although at times they will appear to be strikingly similar.

Life Insurance Provisions of Early Organizations

Insurance of human lives, in recognition of the importance of their mundane value, is not a new idea; and as society has changed, the forms of insurance have also changed. Jack suggests that in early family or gemeinschaft communities the individual was scarcely separable from the group,

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and all needs which individuals had were provided within the community. As the structure of society changed individualism became more pronounced; communities were enlarged and their provisional services differentiated. Artificial structures like the guild system became a part of the foundation of society. Differentiation and specialization have continued to characterize changes in society until today life insurance is above all things else an economic arrangement to protect men against the loss of their most precious possession—the productivity of one's own life. The certainty of the loss of human life is beyond question, but the time of such a loss is unknown. In the face of this common danger, in an expansive and contractual society, men have banded together in a rational business manner to provide a "shock absorber" against the trauma which the loss of an economically valuable life so often brings.

Among the early organizations which served men in their struggle against the vicissitudes of life were the Roman Collegia Tenuiorum. They were associations of lower class individuals, both free-men and slaves, in religious societies. Members made periodic payments to the associations to defray the costs of the sacrifices to their patron gods and to

\[3\text{Ibid.}, \text{pp. 15-30.}\]
provide for their own burial. As time passed the burial of members came to be the most important purpose of these societies. Because of this function they have frequently been referred to as forerunners of modern life insurance.

The Medieval guilds\(^4\) were another type of organization which served men in a variety of ways, not the least of which was the provision of a type of insurance. This service was rendered through their social provisions which required attendance at the funerals of members, prayers for the dead, support for the infirmed and impoverished and other duties peculiar to the local situation.

Guilds, like the Roman Collegia Tenuiorum, had some functions in common with life insurance, even if abstruse. But no matter what the similarities, it is of utmost importance to observe that these societies did not have a body of workers who devoted themselves exclusively to life insurance as an occupation.

There were other organizations dating from the sixteenth century and continuing into the twentieth century, which provided insurance for members. Notable among them were Friendly Societies (Volksversicherung in Germany), and

\(^4\)Ibid., pp. 60-149.
fraternal associations. The leaders of these societies engaged in activities of such a nature that some of them may be said to have been life insurance men in the occupational pre-history sense.

From the Game of Chance a Social Idea

In addition to the various societies there have been other activities associated with life insurance which were much less humane, idealistic or pragmatic. Gambling on human life and death for personal gain or as a "sporting game" has at times been widespread. The first life insurance policy for which there is a record was sold as a gamble in 1583 on the life of William Gibbons, citizen and salter of London, for a period of one year. The insured died within the year, and the underwriters, in an effort to not lose their gamble, refused to pay on the basis that their terms were based on twelve lunar months which Gibbons had survived. In this historic case the courts enforced payment, but they failed to daunt the gambling spirit.

5Ibid.

Jack reports that individuals gambled on their own lives, as well as on the lives of others. For example, a man ready to embark on a sea journey would pay to one remaining behind a stipulated sum of money which would be the profit of the holder if the traveler failed to return, but if the traveler returned he was entitled to claim a sum much larger than that which he had deposited prior to the voyage.

Another example of the gambling passion was attested to by the willingness, if not outright anxiousness, with which men took wagers against the death of the King, the Pope or other important persons. Such speculation was all under the guise of insurance. This type of wagering and gambling continued to grow and attracted great interest. It became a commonplace practice in eighteenth century England, and it was not unknown on the continent.

Early life insurance money-raising schemes were the plans of men like Holtzschuher in the sixteenth century and Obrecht and Tonti in the seventeenth century. The first two schemes provided insurance on children as a means of

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7Jack, op. cit., p. 200.

income for the public treasury. A stipulated sum of money was to be deposited when a child was born and returned with interest when the child reached maturity. If the child died the deposit and interest remained in the public treasury. Both of the first two plans resulted in failure. The plan of the Italian physician, Tonti, may not have accomplished its purpose, but it became famous and in modified form exists to the present day.

In Paris, where Tonti propounded his idea for raising large sums of money, and where the government was in need of money, the situation was right for his plan to be adopted. The first Tontine was launched in 1689. It was a plan whereby the state intended to raise a certain sum of money by means of individual payments to a state fund. Investors were to get interest on their subscriptions, after a period of time had elapsed, as long as they lived; when one subscriber died his interest would go to increase the return of the survivors until they were all deceased. There were variations of the plan, but the Tontine principle gained widespread attention. From France the idea spread across much of Europe, including England. More will be heard of this plan later, but here it can remain a part of the pre-history. Its author and supporters were possibly life insurance men in the pre-history sense.
As early as the end of the sixteenth century wagering and speculation on lives came to the attention of certain authorities, and legislation was passed to prohibit or at least curtail these activities in Genoa, Amsterdam, Rotterdam and elsewhere. Nevertheless, the practice continued to grow until in 1744 the so-called Gambling Act was passed in England. This act prohibited insurance on lives except when those who took out the insurance had an "insurable interest" in the continued life of the insured. As a result of this legislation the gambling custom was officially checked, but the damage and abuse already done were not so easily eliminated. In fact, some of the gambling traditions break through into the modern insurance industry from time to time.

The gambling practices in general and the Tontine in particular, in spite of their abuses, contributed to the growth and development of life insurance in two ways. First, the "games of chance" and the money-raising schemes spread the idea of life insurance and created a general interest in this human need. Second, the abuses of speculation became so gross that legislation was passed to "clean up" and improve the life insurance practice. This legislation along with the desperate needs of the time stimulated an interest in the

development of non-speculative life insurance, and the foun-
dation for the occupation was being laid.

II. MORE RECENT ORIGINS OF THE OCCUPATION

None of the organizations or associations which have
been considered, from the Roman Collegia Tenuiorum to the
Tontine plan, required the development of a category of
workers who could actually be called life insurance men.
While some individuals may have devoted most of their work
time to life insurance, the occupation as such was not yet
identified. However, with the rise of the industrial
society and the deterioration of the guild system along
with many other social changes, the need for life insurance
was pressing.

From Trial and Error to Science

The transition from the early forms of insurance--
guilds, gambling or otherwise--to an insurance based on sound
actuarial principles was slow to come despite the pressing
need. What is more, the growth of the actuarial science was
far from intentional, and O'Donnell tells us that "life insur-
ance . . . may be said to have had its actuarial processes
constructed from the study of the laws of chance as observed
by the experience of the gambler."\textsuperscript{10} There is, however, much more to the scientific basis of life insurance than the game of chance and the mathematical principles related to it. Vital statistics concerning death rates of the population are of primary importance to the organization of a life insurance company on a sound basis. The recording of such statistics was a new practice and frequently incomplete in the seventeenth century. In fact, it was only because of the fear of the plague, which was rampant in England during the sixteenth and seventeenth centuries, that there developed a custom of posting what were known as Bills of Mortality.\textsuperscript{11} These first death records were posted in London in 1603. Using these early Bills of Mortality, a number of British mathematicians formulated mortality tables utilized by the early life insurance companies.

Earliest attempts to study and understand Bills of Mortality were not primarily by men interested in advancing life insurance; but the results, once achieved, were used to improve life insurance. John Graunt\textsuperscript{12} was one of the earliest


\textsuperscript{12} O'Connell, \textit{op. cit.}, pp. 146-151.
pioneers in the field of vital statistics in England. He was primarily interested in obtaining a more accurate estimate than was generally available of the population of London in his day. After a thorough study of the Bills, which were incomplete because they did not reveal the age of the deceased, he published in 1661 the remarkable book *Natural and Political Observations Mentioned in a Following Index and Made Upon the Bills of Mortality*. This early attempt to study the population stimulated new mathematical thinking and laid the foundation for the actuarial science.

A contemporary of Graunt was William Petty, who studied the Mortality Bills of Dublin, where the registration was a little more complete than in London. In 1681 he published *Observations on the Dublin Bills of Mortality*. The work of Graunt and Petty marked historic milestones, but because of poor and incomplete data, they fell short of producing a true mortality table.

The first scientific mortality table was constructed in 1693 by Dr. Edmund Halley, the well known English astronomer who discovered the comet which bears his name. During Halley's time the German city of Breslau in Silesia was the only place where records were kept of the age and sex of the

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13Ibid., pp. 151-155.
deceased; consequently it was there that he went to get the
data he used to formulate his Breslau Table of Mortality. 14
With clarity and precision he demonstrated how to compute the
probable duration of individual lives on the basis of age.
After his achievement others were soon to follow.

Some insurance companies tried to base annuities on
the Breslau Tables, but they were far from satisfactory for
London, where mortality was considerably higher than in Bres­
lau. There were various adjustments on the tables and new
tables constructed. In 1756, on the eve of the Gambling Act
and in the same year the Equitable (an early English life
assurance company) opened its doors for business, Dr. Richard
Price 15 published the first edition of his work Observations
on Reversionary Payments. Price's emphasis was more on vital
statistics than on mathematics, for in his opinion the human
element was the most important factor. His tables were prima­
arily based on data he collected in Northampton. These tables
were adapted by the Equitable and used by that company for
some time. Price's work was later shown to have many short­
comings, and as new data were available new tables continued
to be produced which improved on earlier ones. Out of this

14 Ibid., pp. 122 et passim.
15 Ibid., pp. 218-221.
trial and error actuarial science began to take shape.

Calculation of life insurance premiums, however, involved more than just a consideration of mortality rates; they also involved considering rates of interest anticipated from premium investments, the requirement for overhead expenses and other variables. Peter Gray\(^{16}\) in 1849 published *Tables and Formulae for the Computation of Life Contingencies* as one of the first volumes which brought all of the variables in the life insurance problem into one compendium.

By this time companies were beginning to become established and to be identified as sound institutions of investment in some cases. They began to develop a staff of workers who devoted their time to life insurance as an occupation. The life insurance man was still, however, not to be widely recognized for perhaps another half century, but some of the occupational forefathers were doubtlessly found in these early days. For example, William Morgan, who left the medical profession to be the first actuary for the Equitable, was certainly a life insurance man. He had a lifelong career with the Equitable and contributed to its sound growth from a small company to an institution of grand

\(^{16}\)Ibid., p. 317.
size and great respect. Morgan contributed to scientific publications in addition to his actuarial work, and in 1779 he published a book called *Doctrine of Annuities and Assurance*. There were others who began to devote a career interest to the growth and development of life insurance.

Among the early life companies that came and went there was one that came and stayed, and it has endured to the present day. This was the Society for Equitable Assurances on Lives and Survivorships, to which we have referred, founded in 1762 and commonly known as Old Equitable. It is usually conceded that modern life insurance was started with this company. It did not operate on an assessment plan, as a mutual organization; instead it charged a level premium based on age at entry and the period for which the insurance was to be granted. In other ways Old Equitable was progressive in its early days and prompt to take advantage of the latest actuarial advances.

Despite the leadership which Old Equitable has given to life insurance, the oldest "modern" life insurance company is neither Old Equitable nor even English. Three years prior to the establishment of the famous English company there was

\[17\] Ibid., pp. 325-327.
\[18\] Atwood, *op. cit.*, p. 9.
founded in the American colonies at Philadelphia. "The Corporation for Relief of Poor and Distressed Presbyterian Ministers and of the Poor and Distressed Widows and Children of Presbyterian Ministers." In January, 1759 this company set forth its purpose of providing annuities to widows and orphans of Presbyterian ministers. Like Old Equitable, the Presbyterian Ministers' Fund still thrives today. One may say, however, that the ministers' fund is not really a true contender for the honor of being the first life insurance company because of its specialized participation—i.e., it did not solicit insurance from the general public. Our interest is not in a controversy over honors for first place, but rather in knowing when the first companies were established, and then to learn something of the characteristics of the early companies.

The early companies sold life insurance in a limited geographical area; they hired no salesmen, for there was no need of them. Instead, they gave contracts to lawyers, bankers and other prominent citizens who would come in contact with potential clients. These early contracts provided for a percentage deduction from the first premium they

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collected. There had also grown up a practice of having the company directors sit in judgment of all prospective policyholders. As a means of carrying out this practice, both directors and policyholder prospects had to be in the same town or otherwise in close proximity. As new companies were founded they began to seek business outside of London, and this necessitated the appointment of someone in each local area to take the place of the directors in reviewing the applicants. To answer this need the first agents were appointed. Accordingly, bankers and lawyers were again appointed, and their duty was not so much to solicit risks as it was to act in the capacity of home office underwriters. They were compensated for their services on a commission basis.

The insurance industry from the beginning of 1800 to the 1840's continued to expand. Individual companies apparently operated on the "boom or bust" principle and many did both. As the mid-nineteenth century approached, life insurance was still turbulent but here to stay. Prior to this time the experience of life insurance companies was largely

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English. Now it had spread solidly to America and was permeating Continental Europe. From this point the interest of this study will focus primarily on American life insurance men.

The founding of most American life insurance companies came as the result of the work of one key man for each company who was an organizer, innovator, salesman, entrepreneur, humanitarian, or one who combined in his energies several of these traits. The key man would gather about him a group of associates or supporters of his idea; and, with his continued leadership and the group's collective work, a company would be founded. Launching a new life insurance company was not easy; it demanded the best of men of courage and ability. Aside from these basic qualities, the characteristics of the founders were widely varied. The type and character of men who became identified with this new occupation in its early days can best be illustrated with examples.

Willard Phillips21 was a lawyer by training and practice and a member of the Massachusetts Legislature. He was also a student of life insurance and saw in it a great social value. Combining his talents, visions and dreams, he along with his associates founded the New England Mutual Life Insurance Company 1835-1935 (Concord, N. H.: Rumford Press, 1935).

Insurance Company, which was granted a charter in 1835. There was some difficulty in raising the necessary cash reserve required before insurance could be sold, but in 1843 the company opened its doors, and in 1847 Phillips resigned his probate judgeship to become the company's full-time president.

A few years later Morris Robinson founded the Mutual Life Insurance Company of New York. Like Phillips, Robinson was a man of vision and energy, but aside from this there was little else in common in the background of the two men. Robinson received a business training, and for seventeen years he was a cashier in a New York bank. Later he served as a vice-president of a life insurance company. A few years later, when on business in London, he took the opportunity to study the Old Equitable's operations. On his return to New York he began work on plans to found a mutual life insurance company. He gathered around him men of financial strength, and in 1842 the Mutual Life became a reality.

In 1845 the Mutual Benefit Life Insurance Company

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was founded by Robert Livingston Patterson,\textsuperscript{23} who at the time was sixty-nine years old. Patterson had an illustrious background, and for years was a merchant and ship chandler in New York. He was a man of wealth and fortune until the panic of 1837 when he suffered severe economic reversals. His energy and courage were apparently undaunted by his misfortune, and in 1843 he laid the plans for the Mutual Benefit despite the fact that he had no special knowledge of or experience with life insurance. The New York Legislature refused to grant his company a charter, but in nearby Newark, the New Jersey Legislature chartered the company. Patterson became the company's president, a position he retained until his death in 1862.

The background of the group of men who guided the New York Life Insurance Company from its inception in 1843 is particularly revealing concerning the origins of the manpower recruited into the new occupation. Their experiences were varied, but they were all leaders, as the following list suggests:

\ldots James Brown, founder of the banking firm of Brown Brothers and Co.; William H. Aspinwall, one of the

builders of the Panama Railroad; Prosper N. Wetmore, an organizer and the first Colonel of the famous Seventh Regiment; Henry W. Hicks, a leading member of the Society of Friends; Thomas W. Ludlow, the first president of the Panama Railroad; and Loring Andrews, whose financial support was of substantial help to Cyrus W. Field in overcoming the difficulties and obstacles met with in laying the first Atlantic cable.  

This citation of a few founders is sufficient to suggest the occupational backgrounds of the early life insurance men. In more recent years, since the occupation has become established, there is a tendency for founders of new companies to have experience with an established company and thereby to go into their new enterprises with considerable experience in life insurance.

The next great innovation in life insurance as an occupation was the development of a category of workers known as soliciting agents. We will discuss this development, but before turning to that discussion a few words in summary concerning the "Origins of the Occupation" are in order.

The first life insurance men were in most cases the founders and their associates of the early life insurance companies. The forefathers of the occupation were leaders in the eighteenth century companies—and perhaps earlier. But,

the occupation can hardly be said to have attained an identity of its own until the second quarter of the nineteenth century. To this extent the origin of the occupation parallels the origin of the American companies of that period.

III. GROWTH OF THE OCCUPATION

For about half a century, from 1790 through the 1840's, American life insurance companies were making their way with a gradual but none too steady growth. This was an aggravation to the enterprising spirit, a problem and challenge that came to be met starting in the 1840's. The two big changes came to fruition in the forties. The first was the founding of mutual companies, and the second was the development of the agency system. These two meritorious events precipitated a metamorphosis in life insurance, the magnitude of which was so great that the industry before and after was scarcely the same. This period has been called "the Revolution of 1843 to 1847." From this time the number of policyholders and number of companies began to grow at an accelerated rate.

The new mutual life companies asserted the right of the policyholders to share in the management of the company, a practice which they carried out by allowing them to elect the directors of the company. Furthermore, in the mutual
companies all the profits\textsuperscript{25} belonged to the policyholders. Mutuality was new to American life insurance but not new to the social milieu of the nineteenth century. The solution of individual problems by means of group action was seen in Brook Farm and similar experiments. Then, too, the mutual principle had long been practiced by English insurance companies.

Stock companies were still being founded and were making a continuous growth during this period, but their occupational significance was dwarfed by the mutuals. However, to the present day stock companies out-number mutuals, but mutuals have a greater amount of insurance in force. From the point of view of this study it is by the strength of the mutuals that occupational history was made.

Along with the mutuals came volume in sales production, and mutual success was measured in volume and failure by the lack of same. The first step in the sales promotion was advertising. This consisted largely of newspaper ads, posters, letters, handbills and brochures.\textsuperscript{26} Company officers were anxious to have civic leaders endorse their


\textsuperscript{26}Stalson, op. cit., pp. 126-148.
undertaking. Their cause was good, the protection of widows and orphans for non-profits, so that there was little difficulty in getting ministers, bankers, merchants and others to give their names and blessings. Still, this was not sufficient to promote sales in the volume desired; it would take more than advertising and endorsement to boost the mutual idea to success. The public had to be "sold" on the idea and awakened to their individual need and the mutual service. It is this fact which stimulated the growth of the field force.

The public attitude toward life insurance in the 1840's was not one of understanding, sympathy or desire for its service. It was often argued that God is not on the side of the insuring public. The implication was that those who purchase life insurance were distrusting Providence. Ignorance on the part of the public concerning the aims and services of life insurance was widespread. To combat this life insurance men went to lecture platforms, distributed sales information brochures and other informative literature; they editorialized against objections at the slightest provocation.

The Agent as a Species of the Genus Salesman

In a social environment of misunderstanding and general disinterest life insurance men had to do more than
advertise in order to make their new companies succeed. Many of the early founders were solicitors, at least to their friends and business associates. The production from their face-to-face contacts soon brought to their attention the value of a soliciting agency force. The idea of agents was not new. In both England and America there had long been the practice of designating prominent citizens as agents, but these representatives did not identify with life insurance—instead they retained their own occupations and conducted life insurance activities in their spare time. Such individuals were not salesmen or students of insurance. Their services were highly inadequate for the mutual companies.

It must be clearly understood that the occupation of the soliciting agent is a task far greater than just selling life insurance. In the early days he had to create a market before there could be any sales. In more recent years the agents who identify themselves as life insurance men are those for whom their occupation is a way of life, a calling, a mission for humanity. Those for whom their occupation is just a place of work, where they get much and give little, are only operationally life insurance men.
Mutual companies soon began to appoint soliciting agents. In the large cities they were full-time men and some of them had duties and contracts that clearly made them general agents, although the status distinction between agent and general agent was not frequently made in the mid-nineteenth century. Some of the early general agents did appoint sub-agents or "floating agents" as they were variously called. The sub-agents, appointed by the early general agents, were for all practical purposes part-time men and should not be confused with the sub-agent of the mid-twentieth century who is known to the public as an agent.

Although there was little differentiation recognized between agents in the early days, there was almost immediately a social distance between agents and administrators. On the one hand, the agent was of primary importance as the vanguard of the industry; on the other hand, he was just the salesman, selling insurance one day and something else the next. At best he was only a second-rate member of the occupation. Company officers looked down on him; but their action, rather than their words, revealed their depth of understanding of his importance. The status and prestige of the insurance

27Ibid., pp. 159-164; also see Buley, op. cit., pp. 48-50.
executive increased, but the position of the agent was slow to improve. Their differences were so great that at times the bifurcation between producers and administrators was almost a complete break, yet they remained members of one occupation ever involved in reciprocal interaction. More recently the status of the agent has been improving both within the industry and in recognition by the general public.

Early agent problems largely resulted from the social distance between field men and home office men. The company officials wanted the agents for what they could do to boost sales production, but they had no particular interest in seeing the agents share with them an occupational identity as life insurance men. Contracts were far from formal, legal agreements drawn up and signed by both parties concerned. At first they were verbal or just a part of the regular subject matter of letters from the home office to the field men. Such informal appointment of agents gave rise to conflicts and differences relating to territory, commissions, duties and responsibilities. These conflicts were resolved or further complicated by more verbal agreements. Such loose relations between agents and companies did not build loyalty in the field force for the home office; in fact, it is questionable if there was much desire on the part of either the company or the agent to have a more legalistic and obligatory
arrangement. Many agents desired the freedom and independence from regulations as much or more than they desired an entangling contract.

The means of recruiting agents were not different in kind from the means of selling policies, which were in many cases: "Get them any way you can and for what you can." Personal letters, advertisements, interviews and other methods were used for recruiting. Commissions paid to agents varied with the force of the agents' requests. Requirements for becoming an agent were few indeed during the middle of the nineteenth century. After companies failed to get results from their enlistment of civic and professional leaders as agents, they shifted their practice so as to accept any one who would agree to represent them.

Training in the early days, where it existed at all, followed the "learn while doing" school. Some companies did provide their agents with a brochure, booklet, or similar publication which contained a discussion of principles of life insurance and possibly samples of the forms which the agent might need. It must be remembered, however, that these were days of trial and error organization for home officers as well as for field forces. Those who were most successful in the field or in the office were ambitious, innovative and aggressive--men who did not have to be told what to do and
how to do it, but men who had visions of what could be done and who did it. Many men lacked stamina and courage and were lost along the way; others became engrossed with the idea of life insurance and their occupation became a way of life.

As the new companies grew their employees became more and more geographically separated. Life insurance men no longer worked in the same office, resided in the same town or even the same state. This spatial separation produced fantastic sales results, but along with the success came a problem of communication and functional integration of the occupational personnel. Separateness and communications, and the problems and systems related to them, are some of the distinguishing features of the occupation to the present day. How to supply policy application forms to the agents and assure their accuracy and completeness when returned are persistent problems. How to collect premiums, pay commissions and handle a multitude of less basic operations also beset the occupation with difficulties. These problems may appear mechanical and routine to some observers, but the labyrinth of human relations complications related to the communication complex have had their distinguishing influence on the formation of the occupational culture of the life insurance man. Many problems which faced the life insurance man during the formative years of his occupation still perplex him today.
By the 1850's, little more than one hundred years ago, the new occupation was still far from well known, but to be a life insurance man was to engage in an occupation recognized by certain groups of people throughout the whole of the country. The merit of such an occupation was still dubious, and its own members in many cases had far from noble characters. The industry was growing with new companies, new policyholders and ever increasing volumes of business. Manpower for the new industry was critically short, and salaries and commissions were low for most members of the occupation while fortunes awaited the enterprising and the unscrupulous. These problems alone were enough to keep the occupation characterized by uncertainty and distrust and to generally deter any development of occupational identification and consciousness. There were, however, those who saw the possibility of an organized occupation which would establish standards and improve the quality of and respect given to the practitioners, but such ideas were premature and not widely received. To make matters worse the number of company failures had begun to be widely noticed by 1850.²⁸ News of failures and the experience of loss by some policyholders complicated the problems of the life insurance men. At the same time

²⁸Stalson, op, cit., pp. 218-228.
competition became more acute and unrelenting.

There were voices being raised from both within and without the occupation which criticized its practices and its principles. Elizar Wright, who has been called the father of American life insurance, was among the most adamant of reformers outside of the life insurance industry. He was a graduate of Yale, a mathematician and an insurance commissioner, but never occupationally a life insurance man; instead, he devoted his life to vehement but constructive criticism of the industry and of the occupation. Wright was a staunch defender of the rights of the policyholders; and, as the first Commissioner of Insurance in Massachusetts, he was primarily responsible for the establishment of the non-forfeiture principle and many other practices which have improved the service of life insurance. Attention will be called again to the accomplishments of this great figure in American life insurance, but here the development in the occupation in general must continue to absorb our attention.

In the second half of the nineteenth century agents continued to increase in numbers; and some attention was given to the fact that they needed some training, not primarily that they might improve their occupational status which was very low, but that they might be able to educate the public to the importance of buying life insurance. To this end agents in
the 1840's were given literature to read which concerned the virtues and prudence of life insurance on the one hand, and the principles and actuarial soundness on the other hand. Some ten to twenty years later the training materials showed signs of modifications which emphasized sales techniques and less devotion to principles and actuarial facts which interested but a very few.

To meet competition and demands from agents, commissions were raised first on an informal personal basis and later across the board. A number of irregularities grew up in the practice of agent remuneration. For example, there were some salaries and special rewards in individual cases. The commission, however, has predominated throughout the history of the agents' existence; the salary, on the other hand, has predominated as the form of remuneration for the home office administrator. The whole problem of remuneration was complicated when agents became aware of their mutual problem and began to make collective and organized demands of companies. This organization was the forerunner to written contracts, to the recognition of role and status differences of agents, sub-agents and part-time agents. Moves toward occupational organization also brought into focus the problem of first year commission rates, renewal rates, the continued collection of commissions by agents after their
termination of service with a company and service fees for agents servicing "orphan" business.

In the decade prior to the Civil War, agents were frequently faced with another problem which was associated with competition between companies. This was the promise of lower rates, increase of dividends and special policy features which all militated against success for the agent because the product which he could offer the customer was ever changing and was under-bid by his competitors. But at the same time the agent had his advantages, among which was his cherished freedom. He need not take orders from anyone; when his aggravation raged too high he could always go with another company, a practice frequently followed.

The number of life insurance agents, as well as the number of new companies, continued to increase. Failure among both agents and companies also continued. Nevertheless, this was a booming business and the extravagance was to get worse before it got better. In such a situation all was not well with the occupation. Life insurance men executed their tasks with such zeal and rascallion behavior that they soon

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29When a soliciting agent leaves a company or a community the policyholders he leaves are called orphan clients by the company underwriting the policy.
earned for themselves a most unenviable position. Dislike, distrust and outright hatred were often manifested as barriers against them.

The tactics of life insurance men in the home offices were no less avaricious than those in the field. Advertising campaigns and sales promotion "gimmicks" were their concern. By this time the mechanical operations for running a life insurance company were well known; there were some internal changes as the companies grew in service, volume, investments and lives insured, but these changes involved the enlargement of staff and physical facilities more often than the creation of new organization principles. Sales, sales, sales and more sales absorbed the attention of most life insurance men from the company president to the office boy, from the general agent to the part-time agent.

Objections from the buying public began to be codified and arguments to counteract them were published along with the objections. "Insufficient money," "Providence will take care," "companies are failing," "not married," "too young"—were just a few of many common objections. And, of course, those who had bought life insurance and lost it were especially difficult prospects.

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30 Stalson, op. cit., pp. 337 et passim.
Despite an abundance of problems, on the eve of the Civil War life insurance continued as a rapidly growing and tumultuous industry. There appeared no end to extravagance and reckless expansion from within the industry, but the injustices and discontent which the industry had created finally provoked governmental attention and the first attempts at legislative regulation of life insurance practices were inaugurated. Several states began to establish insurance commissions and one, or perhaps two, commissioners stood out above the others. Commissioner Wright of Massachusetts was a man of character and courage; and, as already mentioned, he championed the cause of the policyholder. Commissioner Barnes of New York followed the principles propounded by Wright. These two men and the insurance commissions from their respective states established standards of practice which provide guidance for life insurance to the present day and far beyond the boundaries of those two states.

Many legislative acts were passed which applied to insurance in general and in some cases to life insurance in particular. Frequently, the early laws were concerned with company incorporation requirements and related problems. Of far greater occupational interest were the laws proposed by Wright, the first of which was the nonforfeiture law passed
by the Massachusetts Legislature in 1861. There subsequently followed a number of laws which exercised control over the industry and its practitioners and which had the effect of providing more satisfactory contracts from the point of view of the policyholders.

The Civil War itself was a new problem for life insurance men. It changed the booming life insurance prosperity into a slump almost immediately. Relations were broken off with most Southern agents and policyholders, and for those who tried to continue service with their home offices the discontinued communications proved a stumbling block. The industry was, however, quick to organize itself against this unexpected and unprecedented upheaval. Extra war premiums were charged and an accelerated sales program was opened in the North and West. After the war moral obligations were generally recognized with regard to Southern policyholders, and claims were paid as soon as practical to do so. Many Southern policyholders who had lapsed their policies were reinstated if there was evidence of insurability. Life insurance not only weathered this challenge but gained new strength. A witness to this fact was the knowledge gained concerning how to handle special risks. Also, data were

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31Buley, op. cit., p. 62.
continually being collected concerning the causes of death.

After the Civil War the agent problem once again loomed large. From the termination of the war to the turn of the century (and to some extent to the present day) agents had to be recruited anywhere and everywhere. Demand was greater than the supply, and there was not much desire on the part of many people to become a part of the occupation. Consequently, many recruits were not men of character, leadership and conviction for their calling. Often they were men who had failed at one or more occupations; frequently they were destitute and willing to take any job just to get by until something better came along. There were others with an acquisitive interest seeking personal aggrandizement and following the "get rich quick" approach. None of these types of life insurance men contributed much, if anything at all, to the constructive growth and prestige of the occupation. With this type of agency personnel there was little prospect for demands to raise the standards of recruitment from within their ranks. Top administrators, even when they were men of honor and respect, were pushing their own personal interests so avariciously that they made virtually no attempt to elevate the standards of agents. From their myopic view it was to their advantage to keep the agency forces with little security and a minimum of occupational interest. So long as the agents
increased the number of policyholders, by whatever means necessary, the home office men were satisfied.

The training of agents reached an all time low for reasons which corresponded to the loose recruiting techniques. The compensation of agents was poor and inadequate. With little prospects of improving this situation the plight of the agent force continued as the low status "stepchild" of the industry. Agents were necessary but unwanted beyond their immediate service.

The times were right for innovation and from within the occupation there were men of foresight and leadership who saw in the floundering body of agents a potential undreamed of by many. One man in particular came to focus attention on the agency force, to organize it and to make it a part of the industry; he was Henry B. Hyde, the founder of the Equitable Society of New York in 1859.

Hyde instructed the General Agents of the Equitable to secure none but the best and most efficient agents. He provided them with the best facilities and services for their work. First commissions and renewal commissions were advertised as being secure with the Equitable. He sought agents among young men who were already successful in some

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\(^{32}\)Stalson, op. cit., pp. 360-366.
occupation and among those who were looking for good opportunities.

Training of agents was still more talked about than real. But, the insurance press by this time was publishing many materials which were of an informative and educational nature. These materials were available to the agents, and many companies encouraged their use. The agent was at last considered worthy of direct attention, at least from some leaders in the occupation. Suggestions concerning the interests of the good agent came to be talked about and written about. For example, the good agent was to be motivated by high impulses, his heart should be in his work, he should be devoted to his calling, he should encourage people to follow habits of sobriety and frugality, he should be industrious, courageous and determined and, finally, he should be interested in only one company.33 Such a prescription for the good agent must not be taken at its face value, but even the suggestion of these qualities foretells of occupational characteristics that were to be a part of the life insurance man in the years ahead. It is a matter of record that many of these and other high-sounding ideals have been promulgated with increasing force until today it is not uncommon to hear

33Ibid., p. 371.
life insurance men, both producers and administrators, speak and write about a professional career in life insurance. The test of these words is to be sought in deeds and the differences between them are at times notable; but the evidence shows that the status of the agent, as well as of the life insurance man in general, has improved in recent years. Better means of recruitment, training and supervision all contributed to an improved status of agents by the end of the nineteenth century.

Ranks or gradations within the agency force also became crystalized during this period. We indicated that when the first agents were appointed there was no clear differentiation of the rank and duty of one agent from the next. By the last quarter of the nineteenth century the general agent was clearly in a class distinct from the sub-agent. The general agents became independent entrepreneurs for all practical purposes. They provided their own offices and equipment, and hired their own assistants who became known as sub-agents. The general agent was the man with a contract to represent a given company in a given area; the sub-agent worked for him and had no direct relation to the companies at all in many cases. The general agents were charged with

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34 Ibid., p. 378, see also Buley, op. cit., p. 80.
the responsibility of recruiting and training a sales force of sub-agents for the company. Some companies appointed general traveling agents who worked in a supervisory capacity. General agents were compensated on a commission basis for their personal production and to a lesser extent on the production of other business which came from their area. The exact amount of compensation of general agents varied, and the records are spotty and not always trustworthy. Some were reported to have had gross commissions which annually ranged between $25,000 and $50,000—with the proud assertion that they were higher than the salary of the President of the United States. While these high commissions may have been paid to some general agents, it must be remembered that they had to pay the expenses for the operation of their own offices; and their net earnings may have been far less than the gross amount.

The general agent was expected to devote full-time to his agency and to represent only one company. They came to exercise a great amount of autonomy and by the beginning of the twentieth century many of them had become powerful figures. Those were days of cutthroat competition, and it was considered quite a prize for one company to "steal" a

general agent and his sub-agents from another company. This practice of agency raiding by companies did little to improve the prestige of agents outside of the occupation, but within it, it meant that much more attention was being given to agents as life insurance men even if some of the attention was a by-product of other interests.

The growth and establishment of the agency system was by far not the only notable event in life insurance following the Civil War, although it is singularly the most notable event from the point of view of occupational interest. Of far greater magnitude for the industry was the race for world-wide expansion. Also, the types of life insurance offered were expanded during this period. Fraternal and assessment insurance became more widespread. Industrial insurance, which was aimed to provide coverage for the rank and file worker at a few pennies a week, made its start during this era. Failures were still common, but they seemed insignificant in proportion to the rash extravagances of ruthless competition which permitted the industry to eradicate any obstacle which might stand in its path.

The end of the nineteenth and the beginning of the twentieth century constituted one of the darkest eras in modern life insurance history, as seen in retrospect; but at the time it shined second to none with the brightest glow in
prospects for the future. Just below the prospects for the most meritorious record, however, there was a leadership in the home offices characterized by greed, distrust, lack of principle and ethics, that was far worse than shocking when it was exploded like a bubble in 1905. Life insurance had had its share of corruption before; there had been investigations, public and private criticism, and the officials in the industry had become accustomed to weathering storms. They failed to heed the admonishment of the times until the unrelenting Armstrong Investigation of 1905 forced a reorganization and instituted a system of state control which modified the course of the industry and stimulated a profound awakening in the occupation as a whole. Not all life insurance men of this era were corrupt and unethical, but tontines, twisting, rebating, etc., set the patterns of occupational behavior and the reputation of life insurance men was far from enviable.

Somewhere the high and noble principles of life insurance had been pushed aside by men who took advantage of

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36 Twisting is a practice whereby an agent persuades a policyholder to discontinue a policy he has already purchased so that the policyholder will purchase a new policy.

Rebating is a practice whereby agents agree to pay part of the prospective policyholder's first year premium in an effort to persuade the prospect to purchase a policy.

Both of these practices will be more elaborately explained in later chapters.
the situation, and of their policyholders' money, to amass large personal fortunes. Life insurance in its most social sense is not a business or capitalistic enterprise to be pursued for profit. The great principle of life insurance should be as valid for stock companies as for mutuals. Those life insurance men who organize and manage the companies should, of course, be given a reasonable reward for their stewardship, but this is far different in intent and reality from the profit motive which is widely accepted in other kinds of enterprise. Certainly, life insurance is not to be looked upon as an investment for capital gains.37

Life insurance is systematically based on the law of human mortality and on compound interest. Its purpose is to divide risks over a mass number of people and thereby lessen the sudden and often unprepared for event of death of the breadwinner of a family. Premium charges are based on the age of the applicant by using a life table and on the calculation of the amount of income anticipated from the investment of the premium. Charges for overhead and operating costs are also made. They are called "loading," and when operations are efficient and investment returns adequate a portion of this cost is paid back to the policyholder in what

37Hendrick, op. cit., pp. 36-37.
is called "dividends." Dividends are far from investment returns; they are actually excess premium costs charged to the policyholder originally and returned to him if company operations are efficient.

A misrepresentation of dividends or a failure to pay them when due was serious but not the worst of the faults and dishonesties of the life insurance men of this time. The practice of nonforfeiture was a far more serious and gross abuse. As early as 1861, Commissioner Wright challenged this abuse on the side of the policyholder. He contended, along with others, that a certain calculated proportion of the premium paid in by the policyholder should be refunded to him after a stipulated date if for one reason or another the policyholder found it impossible to continue to make his payments. Legislation was passed which approved this general principle in Massachusetts—the famous Nonforfeiture Law of 1861. Other nonforfeiture laws were passed and the principle has been gradually extended to give the public greater protection.

But for every gain in the public interest the competition among companies seemed to increase. Bitter conflict took on the form of dividend wars, policy liberalization wars, agency commission and expense wars, bonus wars, agency raiding
wars and direct criticism of the opposition companies. Yet, above all the problems which life insurance faced were the accomplishments achieved and the victories won.

The business acumen of the life insurance men was not easily contained. Fortunes and expansion rather than service to the client were the big concerns of many of the industry's leaders. The American market was far from saturated, but it was well enough covered so that the next big bonanza was the international market. In the 1860's American companies moved into Canada and across the Atlantic to England, and in the 1870's the foreign market was expanded into France, Germany and other areas. The competition was not welcomed by the companies domiciled in these countries, but the vigor of the American insurance men, both administrators and producers, was overwhelming. The Americans were bold, persistent and convincing; the foreign clientele could not resist their advances. Invading American life insurance men came not only with their energy and initiative, but they were armed with Tontine or semi-Tontine plans, which were soon to be more popular abroad than at home. The investment and retirement

38 Stalson, op. cit., p. 433.

features, the nonforfeiture clauses and other characteristics of the American policies all gave them salability abroad.

 Concurrent with the expansion abroad was the development of a new type of life insurance at home. This was Industrial Life Insurance as opposed to Ordinary Life Insurance. This type of life insurance was clearly the result of plans by life insurance men. It was based on sound actuarial principles, and its greatest distinction was that it aimed to serve the needs of the working class people who could not afford Ordinary life policies. This insurance was available in small units which cost but a few pennies a week. Premiums were to be collected by soliciting agents (eventually called debit agents) who would call on the policyholder each week. These calls were, of course, a combination collection-sales contact with the policyholders. As the policyholder's needs increased, the agent was always handy, ready and willing to be of immediate service.

 Industrial insurance was aimed to serve a clientele which had been largely neglected by the Ordinary companies. Industrial workers were badly in need of life insurance; but, in actual experience, the workers were not a willing market. Far from awaiting the debit agent with open arms, they shunned him, slammed doors in his face, made all manner of fun of him and generally mistreated him. They were a suspicious lot,
afraid of insurance in general and resentful of the slicker who invaded their tenements to exploit their privation and expose their suffering. The soliciting agent's job had traditionally been a low prestige work under the best circumstances—for years the stepchild of the occupation. But the man who served on the debit had an even more distasteful job. He had to walk from door to door in a routine pattern in good and inclement weather alike. Premiums had to be collected each week, when wages were regular and irregular, from the resentful and from the sympathetic.

What kind of man would do this type of work? It took a new breed of life insurance man, and the debit agent answered the call. He was an individual who understood the industrial workers and their problems. He identified himself with his clients, became absorbed in their problems and the intimacies of their life. He was absorbed by their way of life and was one of them. This involved great emotional dedication on the part of some debit agents and a lax irresponsibility on the part of others. The life insurance man on the debit continues to the present day to be in a "class" distinct from the "Ordinary men." The status and prestige of debit men are lower than those of his occupational "colleagues." In the 1950's some of the debit men became unionized and eventually those from one of the nation's biggest insurance
companies went on strike against their company, displaying an occupational behavior similar to that of the industrial workers whom they serve. This unionization of one segment of the occupation is a thorn in the side of the broader occupation which is striving for professional status.

The competition which perpetually characterizes the insurance industry took its toll between industrial and ordinary companies. The new market was not to be overlooked by the old companies, and they were quick to organize industrial departments and to take their share, or more when they could manage it, of the industrial business. The industrial companies responded in a similar manner and opened ordinary departments. It is not always clear which companies went into the other type of business first, but the importance of the development was the creation of combination companies. Occupationally, this came to mean that certain life insurance men would be known as ordinary men, as debit men and as combination men. This trend has been accelerated by the effort of the occupation to improve the status of the debit agent. It would be making a lot of a very fine point to assert that there is a substantial status difference between the combination man and the debit man. The evidence, as a rule, points

to a horizontal rather than a hierarchal differentiation. What has happened, however, is that the prestige of life insurance men in all statuses has been elevated over the years.

By the end of the nineteenth century the agent was clearly recognized as the most important man in the industry. Many of the big-name company presidents were first, last and always agency men. This is made clear by the fact that they schemed to provide larger commissions, advances, expense allowances and other remuneration for the agents. At this time they also introduced the company conventions, production clubs, contests, prizes, honors and other stimulants for sales.⁴¹

Attention was given to "rules" concerning how to be a successful agent. Among the rules suggested were the following: (1) organize your work, (2) do not worry, (3) canvass only those who are real prospects, (4) only talk business with the prospect, (5) when you interview a man do so in such a way that you get an application, (6) interview the client only under favorable circumstances, (7) never have time to waste during working hours.

Interestingly enough, the attention given to agency

work was not personally directed by the home office adminis-
trators despite their recognition of its importance. In-
stead of having a centralized occupation the home office
became organized bureaucratically and geographically separate
from the field force. The field force became a second part
of the industry and occupation spatially separate but func-
tionally central. Consequently, the home office life in-
surance men did not recruit the all-important agency force
directly, but instead left that up to the general agents.
The net result of this organization, which in most cases
persists to the present day, has been a lack of control by
the occupation over its own néophytes. There was little
standardization of qualifications on the one hand and
pressure to increase sales on the other. Under such con-
ditions it is little wonder that men of limited ability were
quick to come and quick to leave the occupation.

Training, like recruiting, was little organized and
less effective. Only lip service was given to it. Further-
more, with the caliber of man frequently recruited there was
little reason to try and give him extensive training because
he would leave the agency before the training was complete,
have produced less and have cost the general agency money.
There were exceptions but this was the "philosophy" most often
followed.
Under these conditions it was the exceptional man rather than the usual man who grew to identify himself with the occupation and to become in any real sense a life insurance man. This lack of identification with the position on the part of so many agents had a twofold liability for the occupation. First, it did not enable it to strengthen itself from within, that is, it failed to get a large number of participants who wanted to advance the cause of the life insurance man in general or to improve their individual position in particular. This in itself was bad enough, but the second liability was that the men who represented the industry and the occupation for very short periods of time were not often ambassadors of good will for the occupation; the net result was they contributed to a bad name for the life insurance man.

There was another manifestation of the growing strength and awareness of the occupation shortly prior to the turn of the century. This was the founding of professional associations by various groups of life insurance men. One of the early organizations was The National Association of Life Underwriters which is said to have had its origin in Boston in 1883.\(^{42}\) It was, however, only after 1905

\(^{42}\text{Buley, op. cit., pp. 180-181.}\)
that this organization became expansive in its growth. In 1906 it published for the first time its own journal *The Life Association News*. In 1889 the Actuarial Society of America was established and in the same year the Association of Life Insurance Medical Directors was organized. Other organizations of life insurance men and their associates have come into existence until at the present time the occupation is highly alerted to a consciousness of its own existence through trade and professional groups.

The occupational growth was dwarfed in its importance, however, by the rapid expansion of the industry and specifically by the Tontine plans. The latter was the old gambling idea reintroduced into insurance by administrators, in desperate need of cash due to difficulties encountered by their extravagant management. This plan appealed to the investor, the speculator, the gambler and the naive. Extravagant promises were made on the deferred payment plan, and the scheme worked wonders for a few years, until the first payments were due. Some payments were made promptly and at the amount suggested or promised at the time the policies were purchased. But soon there was not money to keep up the 

\footnote{Stalson, *op. cit.*, pp. 487-495; see also Buley, *op. cit.*, pp. 96-105.}
excessive payments and many policyholders began to receive returns far lower than anticipated. Lawsuit after lawsuit was brought against the companies, but they only showed the disgruntled policyholders that they had no claim and had been deceived and taken advantage of by unscrupulous life insurance men. Claims continued to be pressed and lost and public pressure continued to grow against life insurance companies. Finally, in 1905, the New York Legislature took action against the companies domiciled in that state and the now famous Armstrong Investigation forced changes, via governmental control, over the industry which are reflected to the present day. These changes were no less significant for the occupation than for the industry as a whole. We must turn now to an examination of the Armstrong Investigation.

The autocratic, rugged, individualistic rule of the life insurance companies in the days of expansion were brought to an abrupt end by their own excesses. Bitter conflict raged between the companies and eventually the power struggles with the companies became, in some cases, public knowledge. The New York Legislature was forced to take action. The dog-eat-dog practices had run their course, and a change was unescapable. The principals in the investigation were three of the nation's largest insurance
companies. Others were also involved and the results were felt throughout the industry. The tycoon presidents and their associates were deposed, that is, forced to resign from their positions as a result of the pressure of the investigation, and in some cases they refunded large sums of money to their companies. Their junior officers were ready to move into their places and carry on the old policies, but this too was prevented. The committee was not willing to stop short of a complete housecleaning.

In early 1906 the report of the Armstrong Committee struck its final and decisive blow against the corruption. The committee charged the following: (1) a few top officers in the big companies held sufficient proxies to maintain administrative autocracies; (2) the trustees had been lax in their check on the administrators; (3) the salaries of top company officials were enormous and had been greatly increased without the knowledge of the trustees; (4) large sums of cash had been expended without the proper auditing; (5) nepotism was conspicuous in the companies; (6) expenditures for legal fees had been excessive; (7) several large companies had systematically endeavored to control legislation in New York and other key states; (8) contributions were made to political parties; (9) large investments were improperly handled; (10) the Tontine was the policy most
often sold and its dividends fell below estimates; (11) that some companies paid high sums of money for editorial space; (12) and finally, that rebating was widespread.\textsuperscript{44} In addition to these specific corrupt business policies the Committee exposed the widespread use of misleading sales arguments, and the excessive costs of new business.

Remedial legislation was recommended by the committee as follows: (1) a new system of election of company officers; (2) a stronger rebate law; (3) the prohibition of contributions to political parties; (4) the identification of lobbyists as such; (5) the prohibition of Tontine dividends; (6) new non-forfeiture laws; (7) the elimination of discrimination between policyholders; (8) provision for the mutualization of stock companies; (9) limitation on the cost of new business; (10) the public listing of salaried persons making over $5,000 per year; (11) the prohibition of pensions for officers and employees.\textsuperscript{45} Other reforms were also recommended.

Other legislatures were quick to follow some of the precedents established by the New York Legislature, and from that time to the present day the industry has had its share of governmental control. These new regulations for the

\textsuperscript{44}Stalson, \textit{op. cit.}, p. 549.

\textsuperscript{45}Ibid., pp. 551-552.
industry brought about a new occupational awakening for life insurance men. Occupational associations were formed for various purposes. One of the first, following the Armstrong Investigation, was the Association of Life Insurance Presidents founded in 1907. This organization still exists and has given much to the industry, but its activities have not always been above reproach. Of interest here is the fact that some of its meetings have been devoted to sessions on education of life insurance men.

The American Life Convention was organized in 1905, and originally welcomed members from the smaller companies and primarily those outside of New England and New York. Like the previously mentioned organization, this association of life insurance men was primarily working for industry-wide goals and not exclusively concerned with occupational problems.

After 1905 the National Association of Life Underwriters began to promote the idea of life insurance selling as a profession, and of promoting the idea of service and career dedication. Opportunities in life insurance were

46Ibid., p. 557.
stressed and the status of the soliciting agent was to be elevated. Colleges and universities during this period began to offer specialized courses in life insurance. Various companies inaugurated their own programs of training and education of agents.

The move for better informed life insurance men continued--and continues unabated to this day. In 1927 the American College of Life Underwriters was established. The idea for this organization, which would train, examine and give a degree to the well informed life insurance man, was started in the early 1920's by a number of responsible men who wanted to improve standards. A program of study was outlined by the American College, which covered all the areas of understanding used by an advanced life underwriter. For example, tax law, estate planning, business insurance, etc., are topics covered by this course of training. The first examinations were given in 1928, and in subsequent years more and more life insurance men have taken the course and received the designation of Chartered Life Underwriters or the more familiar C. L. U. The curriculum has been revised several times and it is kept up-to-date with current demands and needs of the occupation and industry.

All of these organizations and associations of life insurance men have contributed to a more integrated occupation.
The agent is becoming the center of attention, in many cases the prima donna. He is given priority by the home office administration and is the focus of attention of the associations. However, one should not be deceived by this new attention given to the soliciting agent. There is still a long way to go before the brotherhood, equality and comradship, suggested by attempts to get the newest agent to call the company president by his first name, is a meaningful reality. Agents, on the other hand, have not been passive bystanders during the twentieth century. As concessions and recognition have been given to them, they have responded with increasing demands. Agents have asked for group insurance, health benefits, retirement annuities and, in some cases, for salaries. In various forms these demands have been granted. In juxtaposition their individualism has been largely lost and today one hears the cry shackles when agents are asked to describe the company provisions.

Present Status of the Occupation

The foregoing historical examination shows the life insurance man to be a relative newcomer to the occupational landscape. While the pre-history of the occupation may lead to medieval or ancient history, the occupation as a conscious, discrete work, distinguishable from other types of endeavor,
is clearly no more than a century to a century and a half old. Historically, it is largely an American and British occupation.

In this brief span of years the occupation, like the industry, has had a dynamic growth. The latest report,\(^4^9\) published in 1957, which gives 1956 statistics, shows 1,144 legal reserve life insurance companies. This was an increase of eighty-one companies over the previous year and an increase of 483 companies in five years. These companies employed a total of 414,500 persons in 1956. Of this total some 281,300 were engaged in production, including: 195,800 full-time agents, 41,000 agency managers and assistants and 44,500 agency cashiers and clerks. The home office force totaled 133,200, of whom 68 per cent were females and 32 per cent were males. In terms of this occupational study it is important to remember that most of the women in the home office will not be considered a part of the occupation.

The number of life insurance men continues to grow each year. There is also an increasing specialization or division of labor within the occupation. For example, a local agency will now be composed of a manager, a general agent, one or two assistant managers, an educational director

as well as its soliciting agents, and clerical help. There may also be a number of part-time agents associated with the agency. The home office staff is also coming to be more and more differentiated. In addition to the usual officers, namely the president, vice-president, medical directors and legal counsels, there are now a number of special representatives who deal with group insurance and big sales. Also, there is an ever growing supervisory staff, the members of which work out of regional and state offices. They recruit, train, and act as trouble shooters, go-betweens and general good-will men for the company.

Finally, it must be added that the most notable trend in the occupation today is the emphasis on professionalism. This interest is coming from both the producers and administrators alike. However, the professional move is not without its opponents, and it is far from an accomplished fact. There are to be found individuals within the occupation today who have no apparent interest in their work, no conception of insurance as an occupation, no career intentions. These we will call itinerants in the occupation. This type of insurance man is an itinerant in the true sense of the word, for his tenure with a given company and with the industry is usually short. At the other extreme there is the type of life insurance man who is a career-professional. This man is fully aware of the
existence of his occupation and of his place in it. His identity with his occupation is such that it becomes a way of life with him. He is well trained and well informed in the principles of insurance and in the problems and opportunities of his occupation. The career-professional life insurance man seeks to improve the status of his occupation for himself and his fellow practitioners. He also endeavors to improve the services of the life insurance men to their clientele. Most life insurance men represent neither of these extremes but are somewhere between them. The contemporary life insurance men will be the subject of the following chapters.
CHAPTER III

HOW THE LIFE INSURANCE INDUSTRY IS ORGANIZED

In order to understand life insurance men in their occupational roles, it is necessary to have some knowledge of the hierarchical and spatial arrangements of the industry in which men work. In this chapter the industry is sketched in broadest outline in an ideal or "typical" form. There are two types of companies, but they are organizationally similar and little attention will be devoted to their distinction. What is more important, occupationally, is the organization of the home office and of the field force. These two components of the industry are spatially separate and they have corresponding to them two quite separate types of life insurance men. The chapter is concluded with a brief treatment of the industrial associations which have an impact on the occupation. It is within the setting as sketched in this chapter that most of the life insurance man's work takes place.

Stock and Mutual Companies

The first observation concerning the industry is that
there are two types of companies—stock and mutual.¹ The difference is primarily related to company ownership and less to policyholder service and company organization.

A stock company is organized by a group of individuals known as stockholders; they are the financial backers of the company who provide the necessary capital to start the enterprise. Such companies are organized on the prospect of earning profits for the stockholders.

Mutual companies, in contrast to stock companies, are not organized on the basis of the profit motive. In this case the policyholders, who correspond to the stockholders, own and operate the company for the provision of insurance on their own lives.

In actual practice the differences between these two types of companies may be nebulous. They may both issue participating (dividends) and nonparticipating (no dividends) policies, when not prohibited by individual state legislation, but stock companies usually issue the latter and mutual companies the former. Furthermore, even the stock companies operate on the mutual principle of spreading risks over a large body of population. The administrative and bureaucratic organizations of stock and mutual companies are for

all practical purposes the same, and in the remainder of the chapter no distinction will be made between them.

I. ORGANIZATION OF THE HOME OFFICE

Directors. The board of directors or trustees, as they are sometimes called, are elected by the stockholders or policyholders. Their major function is to formulate and review the major policies of operation of the companies. The directors are at least nominally the highest authority in the company. In actuality they work closely with the officers of the company. Frequently, the directors are separated into several committees such as finance, auditing, executive, agency, underwriting, etc. These committees usually correspond to the functions of one or more vice-presidents of the company; the vice-presidents and other officers make recommendations to these committees of board members where they are in turn acted on. The officers of the company initiate


The reader must be cautioned that the organization of the home office presented here is only the broadest outline and that for any given company there will be many variations because of its specific and possibly unique requirements.
action plans and the directors review these plans, which come to them in the form of recommendations, and approve or disapprove them. It is not the duties of the directors to initiate action.

**Officers.** The officers of a company are usually the president, several vice-presidents, the secretary, and the treasurer. Their general duties are outlined in the company's by-laws or some code of instructions. The president is at the helm of the company. He has broad executive powers to carry out the recommendations of the board of directors and to supervise all operations of the company and, of course, to exercise leadership in counsel with the other executive officers. The other executive officers of the company are the vice-presidents and probably the secretary. They have the power to bind the company in legal contracts.

**Departments.** The division of labor is similar in most life insurance companies, for the issuing of policies involves the same general operations and red tape, no matter what company is involved. Consequently, the home office is divided into departments, most of which are headed by a vice-president.

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3"F. W. Ecker of the Metropolitan," *Fortune*, 48 (September, 1953), 126.
or some other officer, as follows: agency, underwriting, actuarial, policy issues, accounting, claims, financial, secretarial (i.e., records and archives) and legal. The functions of these departments are multiple, and in the discussion which follows only the most general operations will be suggested.

The agency department is the sales division of the company. It is headed by the director of agencies, who is usually a vice-president and who has been an agent or has had some field experience. This department appoints general agents and/or managers, and fixes contracts and commission rates. Through its field force it is charged with the promotion of sales; and accordingly, it has an active correspondence with the field force and division officers. It is the main channel of contact and communication between the home office and the field force. This department will also provide promotional and advertising materials for use in the field, and, finally, it will provide a course of training for the agents.

The underwriting department is charged with selecting risks. It is headed by the chief underwriter or the medical

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director. Applications are studied for medical and non-medical qualifications. The medical director appoints local medical examiners, and he studies applications and makes recommendations to the company concerning medical standards which should be adopted. The non-medical underwriting factors involve checking the finances, occupation and moral character of the applicant. This is done through independent organizations in local communities which make confidential character credit reports on individuals.

The next operation of the company is to determine premium rates. This is the task of the actuarial department under the supervision of the chief actuary. The actuarial department has broader duties than just computing premium rates, which are based on mortality, interest and loading. It must also make recommendations to the company on its general financial operations. In this capacity the department works in close conjunction with the department of the auditor and comptroller.

After all preliminary decisions have been made and the application is approved it must then go to a department of issues. This department is in charge of the recorder or secretary. Here the blank spaces in the policy forms are appropriately filled in, using the information received from the underwriter and the actuary. The beneficiary, policy
identification number, plan and amount, are all recorded at this time to be placed in the company files. After these operations have been completed the policy is forwarded to the soliciting agent, broker or appropriate person, who delivers the policy to the policyholder.

The **accounting department** of the company is headed by the comptroller. In this department the payment of premiums on all policies is recorded, and any lapses are called to the attention of the local agency in which the policyholder resides. Other routine company bookkeeping, auditing and statistical work is carried out by this department.

The **claims department** is the last company division which is directly concerned with policy service to the client. The **claims supervisor** directs the operations of this department. Traditionally in a life insurance company the operations of the claims department have not been complicated. When a death notice was received and certified the policy was promptly paid off in full. In recent years there has been a trend toward a variety of settlement options whereby claims may not be paid off in one lump sum; instead they may be paid in a number of payments, sometimes extending over several years. Regardless of the payment plan the claim supervisor checks the necessary records, and has a check sent to the local agent to be delivered to the beneficiary in person.
The last two departments which are a part of most companies' organization only indirectly concern risks, issue and claims operations. The first of these is the investment department. This department is under the direction of the treasurer who, like the actuary, is usually an important vice-president of the company. Here the companies' investments are kept under constant surveillance. Securities are studied and recommendations are made to the board of directors for purchases and sales. New money available for investment comes to this department and recommendations for its investment are sent to the board.

The legal department serves in an advisory capacity to the whole company. The legal counsel is in charge of this department. This department approves all policy forms, all agents' contracts and other forms used by the company. In the event of any lawsuits the legal department represents the company. It advises the company officers on state and federal legislation which will affect the company's operations. The legal counsel is charged with the duty of assuring company compliance with all legal rulings. The services of the legal counsel are also available to prospective policyholders and


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clients who seek advice with reference to estate problems or other complex insurance programs. When large group insurance plans are being arranged with an employer the insurance company's lawyer may be called upon to assist the agent in advising his client and in closing the "deal." This particular function of the legal counsel involves complicated relations with the legal profession. There have been charges that life insurance men are practicing law and usurping the professional domain of the attorney. Codes of operation and duties have been drawn up which endeavor to differentiate between the authority of the legal counsel and that of the client's lawyer. The controversy is far from resolved, and more will be said about it later.

In summary, it may be said the organization of the home office with reference to an authority-functional hierarchy, in descending order, is from: (1) the board of directors and their various committees to, (2) the president, (3) the vice-presidents and (4) the departments. Most of the home office organization concerns administration directly and sales indirectly. However, the agency department is an exception. It is headed by a man who "came up" through the field and is probably the only executive officer of the company who was a field man. His position and that of his department are vastly important, because they are the great
link between two almost separate branches of the industry and the occupation—the administrators and the producers. The organization of the field concerns essentially producers and secondly administrators.

II. ORGANIZATION OF THE FIELD

The place of central importance of agents in the industry as well as in the occupation was made explicit in the preceding chapter, "Occupational History of the Life Insurance Man," and there is no need to summarize it here. There are, however, two major types of agency systems, the first organized around general agents and the second organized around general managers. The differences between these two agency systems are occupationally very important. Each will be discussed in turn.

The general agency system. The state, nation or other area of operation of the company is divided into specific regions or districts, and one man is appointed by the home office to represent the company in each of these areas. Such a person is called the general agent. For all practical purposes he is a free and independent entrepreneur. He has to provide his own office and equipment, and hires his own sub-agents and necessary clerical and secretarial help. He is charged with promoting sales for the company in his area and
with recruiting and training an agency force. He may or may not be responsible for routine premium collections, reminders, lapses, orphan policy service, etc. The general agent may engage in personal production and to some extent compete with his sub-agents; or, and especially if the agency is large, he may be the executive type who runs his organization and engages in virtually no personal production.

In the general agent's contract it is stipulated that he will be given a certain commission for personal production and an over-ride on all other business that comes through his agency. He may also be given a bonus for certain extraordinary gains in his district, and he may be paid some allowance for his overhead operational cost.

From the company point of view the cost of opening operations in a new area is always great, and the general agency system helps defray the expenses. The recruitment and training operation and expense are also largely the problem of the general agent rather than the home office. The sub-agents may have their appointments with the general agent and have no direct connection with the home office. There are numerous disadvantages to this system, and one of the most serious is the control over a large number of virtually autonomous units led by the general agents. Administratively it can become a situation of "the tail wagging the dog" when
the general agents do not want to support centralized policies.

From the point of view of the general agent his position is one of service, security, independence, financial reward, prestige and pleasure. The general agent serves his sub-agent as a builder of outstanding life insurance men. He has both security with the company and independence in the operation of his own business. Financial rewards are what he makes them; there is no limit. As he becomes established his business gives him a place of prominence and prestige in his community. He is widely known and enjoys the opportunity to work with people.

The general manager system. The general manager system, sometimes called the branch office system, also follows regional or territorial divisions over which a company appoints a man to conduct its business. The essential difference between the two systems is that the general manager is a salaried employee of the company and has a position in that respect which is similar to any job in the home office. He does not provide his office or own its equipment; that is all the provision and the property of the company.

The manager generally engages in no personal production but may be given a bonus for increasing the sales in his region. He recruits and trains new agents who have contracts directly with the company, but who are under the supervision of the local manager. In the larger branch offices the manager is the executive. Under him are one or two assistant managers, a cashier, educational director, office manager, a number of secretaries and other clerical help. All of the personnel in the branch office, except the soliciting agents, are on a salary or wage rather than a commission. Premium collection, reminders and other routine business are all taken care of by the local salaried staff.

Aside from the fact that the branch office is just an extension of the home office, the personal characteristics of the general agent and general manager are similar. They were usually substantial producers on their own account before they went into the managerial positions. This success in personal production by the manager was thought to be a prerequisite for training new men to be outstanding producers. Recently more attention is also given to a man's managerial qualifications as well as to his personal production record when he is considered for a management position.

Organization of the agency. The functions of the local agency can be divided into two categories: those which
are institutional and those which are sales promotional.  

The **institutional functions** of the agency concern (1) office management and executive administration, (2) premium collection and (3) policyholder service. Office management concerns the provision of adequate office space and equipment as well as the selection, training and supervision of the clerical personnel. The budget for fixed or overhead expenses and personnel salaries must be determined. All financial matters relating to agent's contracts must be considered. A system of general bookkeeping and accounting must be followed and reports must be sent to the home office. Finally, the agency manager must provide for the handling of all new applications, make appropriate records regarding them, send them to the home office, receive the policies and place them in the hands of the agent who will deliver them to their owners.

Premium collection and accounting are under the supervision of the cashier or some other appointed person who takes care of this routine work to relieve the agent of many details which would otherwise be his responsibility.

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The service to the policyholder involves changes in beneficiary, handling of loans, conversions, and a multitude of requests concerning policy provisions. The clerks in charge of service also make an effort to get policyholders to avoid lapses and surrenders. As both policyholders and agents move from one area to another, orphan policyholders increase in numbers. They require service much of which can be rendered by the agency office.

The sales promotional functions concern the recruitment of agents, training of agents and the provision of advertising materials. The recruitment of new men is vital to the life-line of the entire agency. This is done to build up the agency and to replace losses. Recruitment involves a great amount of time and planning on the part of the general agent or the general manager; and, when the recruit needs a salary while learning, recruitment may be a heavy cost item in the agency operation. The agency is responsible for helping the new man get a license and in some cases for getting him bonded.

After the new man has been officially brought into the agency he is still far from being a life insurance man. Next he must undertake a program of training. The variation and value of the training are far too diverse to be discussed here except to say that a considerable amount of attention is being
devoted to educational programs for life insurance men. Usually these training programs are cooperative enterprises carried on jointly by the local agency and by the home office. After the new man gets some basic training and selling experience in the agency he goes to the home office or to some school for a short period of concentrated training. As a man progresses in his life insurance career the agency may encourage or even pressure him to take the Chartered Life Underwriter courses and to work for the C. L. U. designation.

Sales promotion per se is the last function of the agency--and it is also the first. The "successful" agency is first, last and always a dynamic sales promotion organization. The managers and general agents are perpetually concerned with proposing new ideas which will stimulate the agents to close more interviews. Contests sponsored by the agency, in addition to those sponsored by the company, are frequent.

The manager's time is always at the disposal of the agent who wants advice on how to close a sale. The manager must always be on hand to cheer up and encourage an agent who is having difficulties in making sales. The general agent has been called an "apostle of pep," and much of his agency's success correlates with the degree to which this is a reality.

Some newspaper advertising is paid for by agencies. Not infrequently this may be the announcement of the addition
of a new man to the local agency force. Usually it is more subtle rather than direct, but every effort is made to keep the agent's name in the news and to give him an abundance of publicity. Within the agency itself there may be published a news sheet or magazine which is aimed at encouraging the agent to more diligent work by giving him prestige in the eyes of his colleagues, family and other associates.

III. PROFESSIONAL ORGANIZATIONS AND STATE SUPERVISION

Professional and trade organizations in the industry are of particular importance for the occupation of the life insurance man. Organizations which have been founded by the companies are essentially for the purpose of education of both the occupational personnel and the buying public. Associations founded by the agents or other groups within the occupation have primarily aimed at improving the occupational ethics, standards of recruitment, training and general welfare of the occupation. The National Association of Life Underwriters has been one of the most progressive and effective of these organizations. Through the effort of this organization the occupation has made great strides in improving its prestige, even toward professional recognition.

State supervision of life insurance varies considerably. All of the states now have some official designated as a
commissioner or superintendent of insurance. This official, or his office, carries into practice the requirements for companies and their personnel as established by the state laws. In many states the prospective life insurance man must pass a written examination to procure a license; in other states no examination is required.

An agent's license may be revoked both by the state and the company for rebating, twisting and other causes. Rebating is an old practice in the industry that has been generally curbed but which occasionally creeps to the surface. This practice involves the paying of part of a client's first premium, thereby reducing the agent's commission, in order to get the client to purchase a specific policy.

Twisting is another old and usually unethical practice in which one agent will encourage a prospect to drop one policy to take another. These practices are dubious and although they may at times be justified they have generally been abused. Consequently, they are prohibited in most contracts and in most states by law. There are many other regulations, but their occupational significance is not great and definitely indirect.

Occupationally, one of the most significant aspects of the organization of the life insurance industry is the spatial separateness of administration from production. In
the chapters which follow the relation of producers to administrators and vice versa will at times foreshadow all other relationships within the occupation. This will be so, not due to an arbitrary analysis, but due to the nature of the organization of the industry. However, these two categories of life insurance men form one occupation, and it is not the intent of this study to "force" any separation between them that does not actually exist. In this study no attempt is made to compare or to contrast administrators and producers. Instead, various aspects of the occupation are the subject of the following chapters. The first of these subjects is recruitment, or how one becomes a part of the occupation.
PART III

OCCUPATIONAL STRUCTURE
CHAPTER IV

RECRUITMENT AND TRAINING

The first order of interest, when studying an occupation, is to become acquainted with the processes whereby new practitioners are brought into that field of work. How are life insurance men recruited? What requirements must they meet in order to enter the occupation? These questions lead to others. What skills or techniques does the occupation require? How are life insurance men trained to be proficient in the required skills? These questions will be examined in some detail in the first part of this chapter.

After examining the methods of recruitment and training we go on, in the last part of the chapter, to consider the significance of these structural elements for the occupation.

I. RECRUITMENT

Throughout the history of the occupation there has been a manpower shortage. In most places the industry has had to go out and look for men to bring into the occupation, rather than having to turn away a surplus. This is not to
suggest that there is no selection, for in recent years many men do not survive the recruiting-screening process of many agencies and companies. There are also cases of men who seek positions in life insurance, but the type of man the industry wants usually does not come to it--it has to go find the man.

According to the life insurance men with whom we talked, recruitment is still a "go out and get 'em process" because the public is not well sold on the occupation; people are not aware of the opportunities it offers a man. In short, the occupation is not prestigeful. Some comments on this subject by life insurance men were as follows:

The general impression people have of life insurance men is not one of esteem.

There is competition among agencies. They are all seeking the best men--it is like recruiting a football team.

There are still a lot of people who think life insurance men are just out to get rich on their money. Then, too, the selling of life insurance is very difficult.

Most people still don't realize the opportunities in life insurance.

People don't look upon insurance as a high quality job. The companies only have to recruit good men--the mediocre ones will gravitate in their direction.

Most people only see the peddlers and don't know what opportunities there really are in life insurance.

The problem of recruiting producers and administrators
is not generally the same; consequently we will treat producers first and administrators second.

Producers

Recruitment of life insurance men for a field force is not a centralized process on the part of either the occupation or the industry. Bringing new men into the occupation is the task of the local general agents or managers. Some companies may require aptitude tests and a variety of case history items on the prospect. The local agent or manager may receive from the company a recommendation on the advisability of hiring the man, but the final decision usually rests with the local recruiter.

The nearest thing to standardization in the recruiting process is the profile\(^1\) of characteristics of the life insurance man (agent) which has been developed and which is widely followed with a minimum of deviation. The profile usually includes the following characteristics: (1) Age—preferably between 25 and 40; (2) Marital status—has a wife and one or two children; (3) Desire and determination to improve his situation; (4) Income—wants to earn $5,000,  

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$10,000 or more a year in a respectable way; (5) Education—preferably college, but an emphasis on knowledge, ability and drive rather than number of years in school; (6) Personality—enthusiastic, sincere, aggressive and of good character; (7) Success—he should have some satisfactory previous work experience, but he wants a position which offers him more opportunity; (8) Self-management—he must be a self-starter, a man with drive and energy to force himself to keep calling on prospects; (9) He must fit into the agency.

With this general profile of the life insurance man and the needs of the specific situation in mind, the general agent, manager or other recruiter is ready to start "prospecting." Prospecting means finding a man who is: first, desirable; second, interested in making an occupational change—possibly to life insurance; and third, who can be interviewed under favorable circumstances. Such a man may be young and unsettled in a career; or better, he may be in one occupation but vocationally disturbed because of lack of opportunity and a limited financial future—a man with initiative and a will to work on his own, independently.

The future life insurance man may be found almost anywhere or nowhere depending on the recruiter's ability to prospect. Experience has shown, however, that certain
occupations are more fertile grounds for recruiting than others. Some of the best are as follows: (1) Men from family owned businesses may find that there are older brothers, sisters, in-laws or others ahead of them and that their future in the business is limited. Such men may be interested in making a change that will offer them more opportunity. (2) Accountants may find their work tedious, confining and slow to offer vertical mobility. These men will be ready for a change. (3) Teachers with excessive initiative and a drive to get ahead financially may be looking for an occupation that will give them the chance to go as far as their talent and desire will allow. (4) Junior politicians or political appointees are often insecure in their work, have dynamic personalities and want job security that will at the same time provide independence and the opportunity to meet people. (5) Junior executives in industry who are frustrated in their attempts at career advancement by the "fair-haired boys" or other informal factors will welcome an occupation that offers unlimited opportunity. (6) Many promising young men are bank employees, possibly because of the prestige of that occupation. They soon find that their

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^Ibid., pp. 16-23; see also Guy D. Doud, "Why is an Agent?" Best's Insurance News, Life Edition, 56 (June, 1955), 25.
opportunities are more limited than their abilities and drive and they look for more lucrative fields of endeavor. (7) Young attorneys who have difficulty in establishing a private practice or in getting recognition in a large firm will frequently make high quality and successful estate planners. (8) Finally, there are salesmen of many tangible products who find their incomes limited, primarily because they have to wait for the customer to come to them. These men, with the proper training, may be "naturals" in an agency.

It must be observed that many of the occupations from which life insurance men try to recruit new men are fields where college training is often required. The college senior, however, is almost immediately disqualified from life insurance by the profile which has a lower age "limit" of twenty-five. There is some direct recruiting of young college men,³ but the more prevalent practice is to let big business "take the college out of the man" and put "business into him" during his first three to ten years out of college; then the life insurance industry will be interested in him as a seasoned man rather than a raw recruit. The deficiencies and questions related to this particular recruitment approach are several.

They will be discussed later in this chapter.

Life insurance men recruit additions and replacements to their occupation from an experienced rather than an unexperienced manpower pool. The labor force is considered to start with the population fourteen years of age and over. More realistically the primary manpower source starts with graduation from high school and college. Some occupations recruit their personnel directly from these school graduates; life insurance men, on the other hand, want their trainees to have had previous work experience, generally in one of the areas mentioned.

Recruiting from the experienced manpower pool involves certain problems related to making contacts with potential candidates which are largely unknown when recruits are taken immediately out of the schools. Three general plans for finding new recruits are followed. First, the recruiter will start with his own personal sphere of acquaintances and may discover that one or more may be interested in making an occupational change. He may personally know one or more policyholders who are agent material. Business associates with whom the recruiter has transactions may manifest interest in an occupation with more opportunities. Through personal, informal relationships the alert life insurance man may find names of men who are potential agents.
The second method of recruiting potential life insurance men involves the use of "centers of influence." In this case the general agent or manager solicits the aid of his friends to assist him in finding men who might be potential life insurance men. In the first case he is contacting only men whom he knows personally; in the second case the center of influence is used as a go-between who will give him a prestigious introduction to an individual looking for a change in occupation. The existing agency staff may be encouraged to help in the recruitment of new men into the occupation. The staff then becomes a specialized kind of center of influence, which may lead to inbreeding and nepotism.

The third method of recruiting is substantially different from the preceding two. This method involves the use of advertising, direct mail, employment agencies, etc. Advertisements may be printed in the daily paper. The Life Insurance Agency Management Association suggests the following by-lines for "pulling power": "a lifetime professional sales career in this city" or "an association with a national organization with definite opportunities for rapid promotion to management responsibility as soon as warranted."4

In addition to ads in city newspapers insurance

4Ibid., p. 52.
recruiters place ads in more selective papers; for example, in college newspapers and alumni magazines. A recent edition of a college paper carried the following: "OPPORTUNITY unlimited for qualified male persons--Preferably married. Age 24-30. Part-time employment which can develop into full-time. Call for appointment 8-9 A.M. Mr. Anderson, DI 4-6089, Capital American Life Insurance Co."

Trade journals constitute another medium for aggressive recruitment advertising even though of an indirect nature. This is to say, the articles or ads which make the strongest appeal do not list the phone number of the recruiter so that the interested party may call for an appointment, as is the case in the newspaper ads. The trade journal ads make a stronger sensate appeal by expounding on the financial success of some men with a specific company. One agent with the Franklin Life Insurance Company wrote in a recent advertisement, "I'll make over $14,000 this year." Another success story from the same company stated, "A Salute to our Mississippi Millionaire!--62 sales in 60 days--exceeded his Million Dollar goal in three months and fourteen days--

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5Classified Ad in the *Summer Reveille* [Baton Rouge, Louisiana], July 1, 1957.

ninety-one sales for a total of $1,040,344."\(^7\) Another company advertised as follows: "Top Coverage--Pan American's career contract stresses the company's philosophy of helping their men make more money. To do this we furnish ample training, top-notch sales ads and individualized policies to meet individual needs."\(^8\)

This type of advertising has the effect of showing life insurance men better opportunities with another company. Not only do life insurance men want to recruit experienced personnel from other occupations; but many companies, particularly the newer ones, stand ready and willing to recruit their men from other life insurance companies. The "green man" to the industry must be trained before he can really start producing on a satisfactory scale, and this takes both time and money. As a result of this situation many life insurance men made it very clear, during interviews with them, that the best place for the "X" agency or the "XYZ" company to procure personnel was from one of the big companies which have excellent training programs but which can offer their men limited commissions. One general agent said: "We try to get experienced men, which means men from other companies." A general

\(^{7}\)Ibid., 56 (November, 1955), 67.

\(^{8}\)Ibid., 56 (November, 1955), 26.
agent with a small company frankly admitted, "There is a lot of raiding in other agencies." The vice-president of a local company said: "A new company almost has to take trained men from the big companies." The president of a newly organized company did not hesitate to say his company got new recruits from "Other sales personnel, centers of influence, other agents' recommendations, newspaper ads, etc."

Companies with elaborate training programs have contracts which help them retain their personnel. Furthermore, agency raiding is generally looked upon with disfavor by the occupation, but the fact remains that proselyting is still a method of recruiting used in some places. This situation is further attested to by the life insurance men who freely expressed the fact that they had gone with the "Big Company" to take advantage of its well known training program. They had no intention of making a career with the big company, however, and after a year or two, certainly before their renewal commissions began to mount up, they would go with the "Expansion Company" where it was well known that agents were given the biggest commissions, the best policies and the aids needed to make big sales.

Direct mail, in addition to advertising, is a frequently used method of recruiting. This involves sending letters to a selected number of policyholders in which they
are asked to recommend the names of young men who might be prospective life insurance men. The letter may be phrased in such a way that the policyholder himself is asked about his possible interest in life insurance as an occupation. This source of recruits has the advantage of some selectivity and assurance that the individual is favorably inclined toward life insurance.

Personal contacts, centers of influence and advertising are the principle methods of recruiting men into life insurance production. After the potential life insurance man is located there remains the task of deciding whether or not to offer him a position and/or to sell him on the life insurance opportunity. This is usually accomplished through a series of interviews. The first interview is in the recruiter's office, following the assumption that the recruit must be interested enough to come to see Mr. Life Insurance Man, or he is probably no candidate at all. Furthermore, the recruiter wants to be in a position to offer the prospect an opportunity, but not to go beg him to join the agency. This first meeting is a get-acquainted session in which the agent or manager learns something about the prospect's interests, ambitions and goals. The occupation of the life insurance man is outlined for the prospect in glowing terms. The prospect is told to think about the position, talk with wife
and friends about it and to come back for a second interview at an appointed time.

During the first or second interview Mr. Prospect is given an aptitude test—generally one provided by L.I.A.M.A.—which is weighted in terms of the profile previously mentioned. Weighted factors also concern: (1) net worth of Mr. Prospect, for example $0-499 to $50,000 and over, (2) minimum expense for monthly living from $100 to $600, (3) total life insurance owned by Mr. Prospect from none to $40,000 and (4) number of dependents from none to nine. It is desirable for the prospect to rank high on all of these factors. The tests also cover a number of skills including mathematics and vocabulary in addition to a series of questions on personal interest. The use made of the results of these tests varies, but there is considerable adoption of the point of view that a high score on the test will not predict success, but a low score will predict failure. Consequently, if Mr. Prospect scores high on the test he will probably be scheduled for a third interview.

The third interview will be in Mr. Prospect's home with his wife and family present, or at some convenient restaurant where they can all go out to dinner. During this interview Mr. Prospect and his whole family are on review. The idea that the wife and family can make or break a husband
in life insurance is a strong factor in recruiting.

A fourth and possibly a fifth interview will be held back in Mr. Manager's office. At this time a final discussion about finances, draw, salary or some other terms for remuneration while learning will be arranged and a contract signed. Mr. Prospect will leave the office as the new Mr. Life Insurance Man to return and start his career, or just leave having rejected the offer. In either event, this summarizes very briefly the current trend in recruiting of producers.

There remains to be considered, however, two allied aspects of recruiting producers: the first concerns income while one is learning and the second, licensing.

The cost of recruiting and training a new man is considerable. If the new man demonstrated a monthly income need of, say, five hundred dollars, it is certain that on a straight commission basis it would be several months before his income would reach that amount—even if he were successful. If he had savings he could use them to supplement his commissions for several months, but that hardly makes the occupation attractive—to start out by losing money. Most other occupations will guarantee a salary even while the new man learns. To meet this disadvantaged situation life insurance companies have tried a number of systems whereby the new man is given an advance, a draw or, in some cases, even a small salary for
a limited period of time. The big effort is to get the man into lucrative production as soon as possible so that the company's financial investment in a learner-producer is kept at a minimum. Even so, several thousand dollars may be invested in a man in a few months.9

The objection to providing a salary or advance has been largely associated with the excessively high turnover rate during the first and the second year men. Until a man has had one or two successful years as an agent the probability is great that he will become discouraged and leave the industry completely. Turnover by no means stops with two years of experience, but the records show that it does drop significantly at this time.

The pressure to get new men into production quickly takes its toll against effective training. It means that the new man may be lucky if he gets as much as one week of training in the office before he is put into the field--albeit with a supervisor who may make calls with him for some time. Training continues on a part-time basis after the man is in the field, and he may even be taken out of the field for a week or more of concentrated training at the home office at a later period.

9For a further discussion of this problem see Chapter VI, "Remuneration and Other Rewards."
Licensing is a technical matter and it varies among the states. The Commissioner of Insurance, or appropriate officer for each state, issues the license after an examination, character investigation and payment of a fee. These requirements vary from reality to "nominality." It is probable that few new men are refused a license after they have completed the interviewing process with some company, and the real value and quality of the license is in some cases to be questioned. 10

The signing of the contract and the acquisition of a license brings to a formal conclusion the recruiting process for production life insurance men.

Administrators

The recruitment of administrators, primarily home office administrators, is an even more informal process than the recruitment of field men. Field administrators, on the other hand, usually come up through the production experience and gradually work up the management ladder. A manager may observe that a certain agent on his staff has management possibilities, and the agent may be encouraged to become an

assistant manager. If he is successful at this job he can expect to be moved on up to become a manager as soon as there is an opening. Success as a manager may get the man a district manager position, state supervisory position and ultimately a home office position as agency director and thereby probably the position of vice-president and executive officer of the company. In a new and small company field men will have more opportunity to work into a greater number of home office positions. However, the truth of the matter is that field men do not generally aspire to management positions of any kind. When asked why this was so typical responses were: (1) make more money in the field, (2) freedom to be your own boss, (3) more opportunity to work with people, and (4) not confined to a desk all day.

In some occupations positions are hierarchically ordered; and, other things being equal, one starts at the bottom and theoretically at least can become the president or top man in the fullness of a mature career. This is not so in life insurance. In this occupation a man makes a choice for production or administration at the outset and this will probably not be changed during the course of the career. There is little transfer of personnel between these two divergent aspects of the occupation. Consequently, recruitment of administrators is usually separate from recruitment
of producers in operation although the process is essentially the same.

There are two general sources for young executives for the home office: first, from other big business and secondly, college graduates. Again the question is how to make contacts or how to "tap" either of these manpower pools. The first method, most widely used in the past, is to follow up personal contacts and centers of influence, although this specific term refers to the recruitment of the field force. The practice is the same in finding good home office men. Nepotism is widespread as a practice of recruiting home office life insurance men. It is not unusual to find that the son of the chairman of the board is an executive officer of the company.

College seniors as a manpower source are available for interviews at their respective schools. The only problem here is to decide if they will be seriously considered as prospects; and if this is decided in the affirmative, who will represent the company as the recruiter? There have been cases when each individual department head was responsible for recruiting his own men, but more recently the trend is to
have one recruiter represent the company at a college placement office.\textsuperscript{11}

Some companies began recruiting college students during the 1930's, but development of the practice is essentially a post-World War II move.

The characteristics life insurance men look for in the college students are: creative ability, initiative, resourcefulness and dependability as well as a record which shows high general intelligence. "Ability to get along with others is considered by college-level home office personnel to be the most important qualification of the successful home office employee."\textsuperscript{12}

Most of the college students whom life insurance companies try to employ are holders of only the bachelor's degree; a few are holders of the master's degree. Positions for which students are recruited are: underwriting, claims, actuarial, personnel, public relations, advertising, policy contract drafting, office management, purchasing, statistics, planning, mortgage analysis and others.\textsuperscript{13}

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\textsuperscript{12}Harkavy, \textit{op. cit.}, p. 100.
\textsuperscript{13}\textit{Ibid.}, pp. 106-107.
\end{flushright}
College seniors are not enthusiastic in their appraisal of life insurance and do not as a rule seriously consider it as a possible career. College placement officers suggest that top-notch students are not going into insurance. Why is this so? First of all, most students think of life insurance as a sales occupation, and they are not interested in sales in general or in life insurance selling in particular. They do not look forward to a commission form of remuneration. Even after college students get accurate information concerning life insurance home office positions they still do not generally have a favorable appraisal of such positions. Their complaints are that the starting salaries are low, the work is dull and unchallenging and opportunities for advancement are not clearly in view.

There are now more insurance courses being taught in college, but students seldom intentionally prepare for a career in life insurance. Those who ultimately accept positions with life insurance companies generally do so as a result of a good "sales job" on the part of some recruitment representative, as a result of some other family members already being in the business or for miscellaneous reasons.14

Once a new man, college graduate or otherwise, has

14 Ibid., pp. 31-46.
accepted a position in an insurance company home office, he can expect to go through a period of informal training which usually consists of experience in several departments during his first year or so. This procedure is followed in an effort to give the new man some understanding of the total operation.

In any event, after a new man is recruited into the industry he becomes immediately a life insurance man in a nominal sense, but it may be some time before he becomes a life insurance man in thought and action--before he identifies himself with his occupation. Training is one of the major devices by which the new life insurance man becomes better acquainted and more identified with his work. Our next interest must be an examination of the systems of training.

II. TRAINING

Training in the life insurance occupation is new. It represents a "philosophy" of occupational organization unknown forty years ago. Traditionally, life insurance men were rugged individualists par excellence. There are to be found among life insurance men examples of the American Dream--from rags to riches, from office boy to president. And, success stories were not limited to the home office men.
In the field general agents have incorporated their agencies and become big executives. Training in life insurance was unknown to these men. They were men of aggressive trial and error action. It must also be noticed they were men of their day--i.e., the eighteenth and nineteenth centuries. When life insurance emerged in the occupational landscape, individualism was widespread and accepted, if not expected.

Among life insurance men training has generally referred to an indoctrination for the field force rather than for the home office men. This is largely the case even today.

As the general agency system developed during the second half of the nineteenth century sub-agents became employed in mass numbers. They were to sell insurance with no instructions given and no questions asked. Some men responded remarkably well to this assignment, but eventually it came to be believed that greater efficiency could be achieved by offering instructions concerning the principles of insurance. Unfortunately, the study of principles inspired neither agents nor customers, and that program of training failed. It was followed by some instruction in selling techniques which neither failed nor caught on. Consequently, new recruits into the occupation, as late as the first quarter of the twentieth century, were given a rate book, a pat on the back and told to bring in the apps (i.e.,
applications). Many an old timer or veteran agent, still in the occupation today, remembers very well that these were his instructions and training. For example, one successful agent told us, "I had no training at all when I started twenty-five years ago. I have learned all I know about life insurance the hard way." Another life insurance man who today is a C.L.U. said, "When I started in 1930 all I got was a rate book and a pat on the back."

The rate book and pat on the back situation have virtually been eliminated in a few short years, and since about 1950 one finds few agents who have received no training at all. The quality and quantity of training received vary from next to none to the Chartered Life Underwriter study program, which compares favorably to the C.P.A. in accounting. What the training means to the men who receive it and what productive use they make of it are most difficult questions to answer. Abilities vary, and we must not lose sight of the fact that there has been and continues to be a considerable opposition to training on the part of some life insurance men. For example, one very successful and conscientious agent who was bitterly opposed to the C. L. U. program expressed his aggravation by saying, "That is a strictly academic organization. It has not done a damn thing for the policyholder; it makes no effort to improve service to the customers."
But, in spite of objections, the opposition forces are losing and training has a firmly established place in the occupation of the life insurance man.

Training is provided in numerous places and supported by several organizations and companies. The first training is usually taken in the local agency office and may be provided by the agency, the company or an independent organization. Training may also be taken in the so-called home office schools and regional seminars. Colleges and universities may offer courses on life insurance or extension courses partly supported by insurance organizations. We will now examine each of these aspects of training for their nature and content.

Agency and Company Training

The first training starts in the local agency where the new life insurance man is to work. If the agency is small the general agent or manager will probably train the new man; if it is large an assistant manager or educational director will do the training. This basic and local training generally follows the "apprentice method."  

two or three days spent in the office to observe operations and attend classes. In class the new man will be concerned with four basic subjects: (1) work schedule and personal time management, (2) fundamentals of life insurance, (3) prospecting and (4) basic need selling. The curriculum concerns only the barest and most basic fundamentals. Other aspects of life insurance are left for intermediate and advanced training courses for which the agent is only eligible after he has proven himself a success with a year or more experience.

The purpose of the basic training is to get the new agent to become a successful salesman and to get him into production as soon as possible. The first calls he makes will be made jointly with the education director or trainer. After the neophyte has observed the educational director in action once or twice, an experience interspersed with his classroom work, the new man will be ready to make his first "sales pitch" while the educational director listens to him. After each of these joint calls they talk about the event and evaluate their presentation, emphasizing the strong points and deciding how weakness can be avoided. After about a week of joint work the new man will make calls on his own, but his training in the office will continue for several months.

The actual office training is down to earth and
practical. Planning a time schedule or work routine is essential in this occupation. There is no time clock to punch, nothing to force the agent to make just one more call except his own drive and determination to set a schedule and meet it. This sounds simple, but it isn't! One of the most basic reasons for failure as an agent is the inability to plan one's work and work one's plan. Mason writes, "One of the blackest marks against the life insurance business is the thousands of men who have come into this business and have gone out again." Consequently, the emphasis on planning the work schedule is to train new agents in such a way that they will become permanent career life insurance men.

The well-organized day means Mr. Life Insurance Man arises at 6:30, has breakfast, reads the vital statistics in the morning paper with an eye for prospects, and is at his office by 8:00. Between 8:00 and 9:30 he takes care of any paper work and sets up appointments by phoning prospects. Out of the office again, he calls on one or two prospects during the remainder of the morning, and two or three days a week has a luncheon appointment. The schedule is continued

16 Ibid., p. 101.
in elaborate detail through the afternoons, evenings and for Saturdays. 17

The second part of the training program concerns fundamentals of life insurance. This includes some knowledge concerning how premiums are calculated so the agent can talk intelligently with his clients. It includes a study of the three basic types of life insurance policies; namely, term, whole life and endowment. The competent agent needs to know how each of these policies will serve the policyholder in order to know which one to recommend for a given client in a particular situation. Settlement options, the difference between participating and nonparticipating policies and the nature of dividends must all be a part of the intelligent agent's working information. Risk selection is of fundamental importance, and this varies with company policy. The agent must always be cognizant of the latest criterion by which risks must be evaluated.

Prospecting is the next subject for training. Where and how to get prospects are essential knowledge for the continued success of the agent. The new man may have a lot of friends and acquaintances on whom he can call at first,

17 See Chapter VII for an elaborated discussion of the work situation.
but such prospects are quickly depleted—to say nothing of the question concerning whether or not they should be used at all. Prospecting may be systematic and should be recorded in the daily work schedule in the same way that one plans to make so many calls, give so many sales talks and have so many applications each day or week.

The final subject of the basic training course concerns selling. In actuality all of the other subjects have been aimed to this goal. The new man will probably learn how to sell just one basic policy at first. This will center around what is known as "Basic Needs Selling" or "Single Needs Selling." This type of sale involves simple planning whereby the agent determines that the prospect will need so much insurance for: (1) burial, (2) readjustment for wife and family, (3) minimum income for family and so on through seven or eight needs which are usually stipulated. The new man memorizes a sales talk or pitch which explains the policy he is trying to sell. The memorized talk has been previously written out and tested by successful agents. This is the so-called "canned sales talk." The new man learns this talk and practices it on the educational director, his wife and

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fellow agents until he knows it so well his delivery sounds as though he is making extemporaneous conversation. It is at this point in his training that he begins to make his first personal calls.

While the training varies greatly among local agencies, the most basic outline generally follows the one just sketched. Training usually does not stop here. The new life insurance man continues with a correspondence course which is organized around one lesson per week for six months to one year. After the successful completion of the correspondence course he is then eligible for more advanced study.

**Institutional Training Schools.**

In addition to company and agency training courses, since 1945 two institutions of higher learning--Purdue University and Southern Methodist University--have each provided a year's course of vocational training in life insurance. The course is open to men who are licensed representatives of legal reserve companies and who have been with their company for a minimum of one month. Most men taking these courses are in their first one or two years of experience as life insurance men.

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These courses involve ten to thirteen weeks of classroom lecture-discussion training on the campuses. The balance of the year the trainee spends in daily production, working from his agency and sending in weekly reports concerning his production progress. The campus study is divided into two or three periods of about equal length. During each period of campus study new subjects are introduced and the knowledge derived therefrom is subsequently to be practiced in the field.

Subjects taught during the first classroom training session concern the following: (1) personal organization of the day's and week's work, (2) principles of life insurance, (3) how to prospect, (4) single needs selling, (5) simple programming, (6) case studies, (7) psychology of selling, (8) public speaking and (9) the sales talk.

To this extent the college courses correspond closely to the training provided by many of the larger companies previously mentioned. The purpose of the courses is similar, namely, to get the new life insurance man into the field as quickly as possible as a successful producer. This training is geared to providing the life insurance man with the basic understanding which will be required of him for every sale he makes.

Some men will spend an entire career dealing with
customers where they will only be concerned with single need sales and simple programming. There are far more potential policyholders with this type of need than there are those with complicated estate problems. However, many life insurance men can be of far greater service to some of their clients if they are trained to cope with complex insurance problems. Some few life insurance men will even want to specialize their business so as to deal exclusively, or almost exclusively, with group sales, estate analysis or some similar type of insurance need. To fill this need the second part of the college course is devoted to this more advanced study.

The curriculum for the second period of concentrated classroom study will consist of: (1) group plans, (2) business insurance, (3) tax law and (4) estate planning.

Group life insurance has attracted considerable attention in post-World War II years, and the well informed agent needs an understanding of its operation for his own advancement as well as for service to clients. This is a market which the progressive agent cannot afford to miss.

Business insurance is a field that has been overlooked by many agents until recently. Many small businesses are operated by partners who need the protection of buy-and-sell agreements, or there are companies with one key man who needs to be covered with insurance owned by the company. Many such
sales do not require a specialist but instead only a well informed agent.

Estate planning involves not only providing an estate via life insurance, but estate protection to the man who already has a sizeable estate which without protection may suffer a shrinkage from 20 to 50 per cent. There is a growing market for life insurance to provide protection against this shrinkage. It only needs to be tapped by the agent who is well informed concerning estate problems.

Tax laws affect most insurance planning, and the agent is not really in a position to counsel with his clients until he has a conversancy with these problems.

In addition to these specific subjects which are taught by regular lecturers, a number of visiting speakers will be asked to talk to these classes of life insurance men. Some of the speakers will be Million Dollar Round Table men who were graduated from the schools; others will be lawyers, company officials and various individuals who have a special knowledge of some specific life insurance selling problem. When the individual passes the course successfully, he is given a certificate jointly by the college and the Institute of Insurance Marketing.
Training Provided by Life Insurance Organizations

In 1927 the National Association of Life Underwriters took the momentous step of establishing the American College of Life Underwriters. The National Association of Life Underwriters has been the guardian and supporter of the professional ideal and concept among life insurance men. This was a further boosting of the professional goal by providing highly specialized training for the life insurance man at what was asserted to be the college level. In addition to providing a specialized knowledge of life insurance, the American College aimed to give the professional life insurance man a general knowledge of all the fields with which the career life underwriter's work was associated, for the Chartered Life Underwriter was to advise and serve his clientele with the highest possible professional ability.

After the first class of life insurance men was graduated by the American College in 1928, its members immediately formed an alumni association to be known as the American Society of Chartered Life Underwriters.20

Today there are C.L.U. study groups meeting in numerous cities all across the nation, and while an individual

can take the books and study on his own at his own rate of speed, the courses are difficult, and it is recommended that one meet with the study groups.

The C.L.U. program\textsuperscript{21} is divided into five parts. It is recommended that candidates for the C.L.U. designation prepare one part a year for three years and during the fourth year prepare for the last two parts. A written examination follows each part.

Fundamentals of life insurance are covered in the first part of the course. This sounds familiar because each training course we have mentioned contained a section on fundamentals, but it must be remembered that this is an advanced educational course, and even fundamentals are considerably advanced over those discussed in the average earlier training course.

Part two of the C.L.U. course concerns economics, government and social problems. This is intentionally broader than just life insurance, and the justification for such required study is that the C.L.U. needs a broad understanding of the business and governmental environment in which his clients live and work and in which he lives and works with the clients.

Part three deals with such practical subjects for the life underwriter as business law, wills, trusts and estates, taxation and business insurance. It is imperative that the professional life underwriter have a competent knowledge of these subjects in order to be an estate consultant and an authority on business insurance and related problems.

Part four concerns additional practical subjects, namely banking and credit, investments and corporation finance. Many a career underwriter deals with a corporation clientele which is concerned with investment and financial matters, and to be respected as a confidential and valuable advisor on matters of this nature the life insurance man must be well informed.

The final part of the study concerns "comprehensive life underwriting." This is the application of the preceding parts to specific situations by the case method of study.

J. Carlton Smith writes, in commenting on this course of education, that, "... the C.L.U. program is roughly the equivalent of a college-degree major in business--plus life insurance fundamentals and minus accounting." While such an evaluation of the C.L.U. training may be debated, there is no denying the fact that it is comprehensive and the most

\[22\text{Ibid.}, \ p. \ 3.\]
advanced study the life insurance man can take. In fact, the
standards of this C.L.U. study program are so high that there
is considerable opposition to it among life insurance men.
It is suggested by some life insurance men that C.L.U.'s form
an elite caste and that it is a gross injustice to equate
career professionalism with the C.L.U. The inference is, and
it is not without foundation, that one can have just as much
career interest without taking the training. One agent
expressed the point of view in an interview that the C.L.U.
program was excellent but he doubted he would take it because,
"It has a very exclusive membership and only a certain few
will be accepted no matter how much one studies."

Partly in counteraction to the somewhat exclusive
C.L.U. program and partly in answer to other needs, the Life
Underwriters Training Council (L.U.T.C.) was established in
1947. L.U.T.C. was jointly sponsored by the American Life
Convention, the Life Insurance Association of America, the
National Association of Life Underwriters and the Life Insur­
ance Agency Management Association. It is, however, an
autonomous organization with a governing board of its own.
L.U.T.C. was first conceived of in 1938 but as a result of

23Loren E. Powell, "Helping the Underwriter Grow,"
Life Association News, 52 (September, 1957), 47; and Training
for Today's Life Underwriter, op. cit.
the war its reality was deterred for nine years.

The purpose of L.U.T.C. is primarily oriented to improving sales techniques. It places emphasis on the development of skills and not on the acquisition of knowledge alone. It is a frank acknowledgment of the fact that there are many competent life insurance men who are not capable of passing the C.L.U. courses and who, furthermore, have no real need for them. L.U.T.C. is an intermediate, vocational training course. To be eligible for this course an individual must have completed his company's basic training course and have been a full-time life underwriter for at least one year.

L.U.T.C. is an evening course which can be taken for one or two years. Students meet with an instructor, who is an agent or manager or some other local person, who has already passed the courses. Classes meet for about two and a half hours one evening a week. These evening sessions last from October until May. Most men are expected to put in more time out of class than they spend in class, but this varies with the educational background and ability of the individual.

Special textbooks are prepared for L.U.T.C., and they are reviewed annually so that they will be up-to-date on the most current practices. The texts correspond to the study
subjects,\textsuperscript{24} which for the first year course are: (1) \textit{Your Job}—\textbf{You as a Businessman}, (2) \textit{Your Product}—\textit{Analytical Underwriting}, (3) \textit{Your Customers}—\textit{Why People Need Life Insurance}, (4) \textit{Your Presentation}—\textit{The Sales Process}, (5) \textit{Your Market}—\textit{Where and How to Find the Buyer} and (6) \textit{Cases and Project Assignments}.

The second year L.U.T.C. course deals with more selling problems; in this case they are related to specialized markets. The subjects\textsuperscript{25} are as follows: (1) \textit{Developing Quality Business}, (2) \textit{Problems of Business Ownership}, (3) \textit{The Corporate Client}, (4) \textit{Estate Creation, Conservation and Distribution}, (5) \textit{Total Need Selling} and (6) \textit{Case and Project Assignments}.

We have now reviewed the major training programs for the life insurance man. They are from three sources, namely, company, universities and life insurance organizations. Three quite distinct levels of training can be distinguished, and they do not necessarily correspond to the sources for the training courses. The first level is called basic training, and this is usually supplied by the companies; it generally includes a lot of company indoctrination along with objective

\textsuperscript{24} Ibid., pp. 9-10.

\textsuperscript{25} Ibid., p. 10.
training. The second level of training may be called intermediate. Subject matter for this training focuses on sales techniques, special markets and other practical areas of inquiry. This training may be supplied by the university courses, some company courses but most generally is supplied by L.U.T.C. The third level of training is advanced and is generally associated with the American College and C.L.U. To a lesser extent it may also be provided by some universities.

III. SIGNIFICANCE OF THE RECRUITMENT AND TRAINING SYSTEMS FOR THE OCCUPATION

It has already been made explicit, but it is worth reiterating, that the structural elements of the occupation exist not independently, but as a part of the total occupation as a going concern. Nevertheless, there is understanding to be gained by treating some of the individual structural elements as though they were separate, at least temporarily, for purpose of analysis. We have just described two such elements, and now before dismissing this discussion must carry it one step further to ask and throw some light on the question, what is the significance of the recruitment and training process for the occupation of the life insurance man?

We have observed that the processes of recruitment and
training of life insurance men have gone through some pronounced changes in a period of roughly one century. The first life insurance men were not recruited at all--they were pioneers in a business and molders and makers of an occupation. They were not trained, for there were no occupational techniques, patterns or institutions to be passed on.

The occupation came to crystalize and become distinguishable at a time and in a social milieu of rugged individualism. Consequently, there grew up the tradition that life insurance men needed no coddling and guidance from those who had gone before. The industry was booming with success under these conditions, and it is little wonder that the early cries for higher standards in recruiting and courses of training were little heeded. Men of "boom or bust" temperament were brought into the industry, and the occupation they built had a reputation not unlike their personal character.

Along with aggressive, avaricious and greedy men, there were some men of high principle who saw in life insurance a place for "respectable" men and a service for humanity. When corruption ran its excessive course there were those who responded with a counteraction. The old traditions were slow to disintegrate, and it is probable that only now in the mid-twentieth century is a new order becoming established in the occupation of the life insurance man.
The process of change is exceedingly complex, and the role of recruitment and training in the process, around which our question centers, is necessarily not easily discernable; but this makes the prize for attempting to shed light on it even more valuable.

When one talks to life insurance men today it is not uncommon to hear it remarked that, "If I were being recruited by my company today I would never pass the basic requirements for acceptance. . . ." The life insurance man who made this remark had been in his occupation eight years—long enough to prove himself a success, a valuable man to his company, but a company which would not hire him today if he were a recruit.

Standards and qualifications for recruitment vary tremendously among companies, but this must not obscure the fact that the qualifications which one has to possess today to become a life insurance man are being elevated. The elevation is largely due to the systematic work and planning on the part of many practitioners of the occupation who are emphasizing the career professional aspects of the work. This new trend is not without its opposition. There are still old-timers in the occupation who are powerful men and who hold tenaciously to the rugged individualistic principles of a now bygone era. The occupation and industry are still ambivalently perplexed over ideological differences, and these are manifested as inconsistencies in recruiting.
Those life insurance men who uphold the past recruiting methods are not only acceptable but essential to the industry charge that the vigor of the industry has resulted from the fact that it was made up of men of action, men who were willing to take a chance, who did not ask--when being recruited--about security and retirement benefits, but who wanted an opportunity, a chance to get ahead. These old timers charge that it is wrong to promise new men a starting salary, to go with them on calls and to give them other aids. They say the fate of the industry will be too many desk men and not enough leg men. The leg men are clearly needed, for there is plenty of evidence that people still do not come to the life insurance office to buy insurance; agents have to go out and sell.

Those who take the career-professional approach in recruiting will still emphasize, in many cases, that the life insurance occupation is one in which a man can be free and independent, his own boss. At the same time that they emphasize this amenity, their actual practice may largely contradict it. The first lesson emphasized in training is how to organize your day, your week, your month--in short, how to systematize and routinize production work. The companies which emphasize training the most also limit the freedom and the individuality of the agent the most. Recruiting profits
and training plans spell conformity to the system, and not individualism.

The significance of many aspects of the recruiting process may remain obscure and hard to grasp, but one thing looms clearly from the study of the experience of life insurance men: as the process of recruiting becomes more formalized, centralized and standardized, the latitude left for individualism is reduced.

This trend in recruitment is directly related to the training system which succeeds it. The degree to which the new man internalizes the training is another matter of conformity. But, before this complex of relations is discussed a prior observation must be made. This is that life insurance men generally do not become identified with their occupation until sometime after they have become a part of it. Any extensive training they receive is usually on-the-job training, and not something required before one is eligible to join the occupation. This is significantly different from some other occupations, for example, medicine, law, teaching and the ministry, in which the rule is that the aspirant to the occupation goes through a system of training, some or all of which may be under the supervision of the occupational practitioners, before the new man is even eligible for admission to the occupation. Through such a system of recruiting
and training those occupations are assured of a body of practitioners with career interests and commitments. Those who are unacceptable are eliminated without ever being admitted into the occupation. Furthermore, those who are admitted seldom leave the occupation, which is largely due to the fact that before admission the candidates are for all practical purposes identified with their chosen occupation to a saturation point.

Among life insurance men the situation is different. They face many occupational problems virtually unknown to the occupation of medicine, law, teaching and the ministry, to follow our previous examples. Number one among their problems is personnel turnover. New men come to life insurance with a work record in some other occupation. They are shopping around for a new occupation for one of two reasons: first, they are unhappy with their present occupation, or second, they are looking for a better opportunity. These two reasons for making a change are closely related and not always distinguishable. The significant fact, however, is that they do not really know if they want a career in life insurance before they have a chance to try it for a while. This means there are many people in life insurance who are not occupationally life insurance men in the sense that they identify with their occupation, that it becomes a way of life with them. However,
these men all represent the occupation even if some are what we call itinerants.

The reputation and prestige of the occupation are made by both itinerants and career life insurance men. Therefore, a recruiting system which allows itinerants and career men to enter the occupation has direct significance for the occupation's rank and prestige in the larger society. In life insurance many men enter the occupation for a brief trial period, and before they have any substantial training they begin to represent the occupation to the public. Their representation, through lack of knowledge and interest, is often poor; and, thereby, they give the occupation a bad name and lower its prestige in the opinion of the public. Occupations like medicine and law, on the other hand, which require a long period of training prior to the neophyte's admission into the work, largely free themselves of the bad reputation which results from untrained and uninitiated practitioners. Many men drop out of law schools and medical schools, but they do not reflect on the prestige of these occupations because they are not members of them. However, the men who start in life insurance and who drop out are life insurance men in the understanding of the public just as much as C.L.U.s are members of the occupation. Consequently, when they drop out of the occupation they become failures as life insurance
men rather than failures as students of life insurance.

Finally, the type of training which an occupation requires, or attempts to require, must be in relation to the need for the training in terms of the service of the occupation. This is clearly seen in the case of life insurance men; less than half a century ago certain practitioners of the occupation founded a program of advanced education which led to the Chartered Life Underwriters designation. While this program of education and training has grown, and prospers at the present, it aroused bitter reaction to the point that an intermediate program of training—the L.U.I.C.—was established just a little more than a decade ago. The point is that while the advanced training is important, and has its place, it is hardly necessary for all or even most life insurance men. The service of the occupation is not such that it requires advanced training of most of its practitioners in order that they may fulfill their job requirements.

In sum, it can be said that although recruiting and training of life insurance men are but two aspects of the total occupation, differences in their form produces a differential and significant impact on other areas of the occupation and on the occupation as a whole.
CHAPTER V

AUTHORITY, CONTROL AND ETHICS

Life insurance as an occupation is becoming increasingly structured in terms of patterns of behavior which are expected, accepted or rejected. The traditional rugged individualism is continually being supplanted by demands for conformity and standardization. Not so many years ago anyone could have his try at life insurance. Companies employed gross numbers of men and hoped that enough would survive to supply their labor force. Today life insurance men have developed a pride in their occupation; moreover, they have developed a conception of what the life insurance man should look like, what characteristics he should have. Not just any man can qualify.

As life insurance men have become conscious of their occupation they have banded together to support their common interests and in unity they have found strength. They have developed authority and control over their own occupation and they have summarized their accomplishments in codes of ethics and other statements of their good intentions and high goals.

Characteristic of the life insurance occupation is
the fact that there is no single central authority, no uni-
lateral control, no one code of ethics binding on all life
insurance men. Occupational authority originally came from
the companies and the home office men. Later this source of
authority came to be invaded by associations of life insurance
men through which they endeavored to elevate the standards of
the occupation. The associations suggested patterns of
approved relationships among practitioners, between producers
and administrators, between practitioners and their clients,
etc. These sources of constraint and regulation came from
within the occupation and from within the industry. Still
another source of control came from outside of the occupation.
This was the imposed regulation of state legislatures which,
so far as occupational interest was concerned, usually took
the form of licensing.

The problem of authority, control and ethics is
particularly complicated for life insurance men because of
its multiplicity of sources. This is concretely manifested
in the separation between producers and administrators. Each
of these two categories developed a system of authority over
its own men and to a lesser extent over other life insurance
men. A second situation has had the effect of dividing the
control of the occupation between practitioners, on the one
hand, and company officials, on the other. Despite the fact
that the home office officials are life insurance men, they have the dual role of acting for the company as a business and for the occupation as a body of life insurance men. Moreover, what is good for the company as a business may not always be to the best interest of the occupation. Or conversely, when the occupation becomes a conscious entity in the mind of its practitioners it may become an end in itself, and, thereby, its interests may not coincide with the business interests. Just one example will serve to illustrate this point. The recent trend toward an increase in group insurance coverage has increased the volume of business for many companies, but certain life insurance men in the field force are apprehensive about the plan because they are now getting sales opposition on the basis that the prospect has group coverage and therefore is not interested in buying more life insurance. Without taking sides in the controversial issue concerning the value of group insurance for the client, which is another problem, this case serves to exemplify the conflict of interest between the business, on the one hand, and the soliciting agents, on the other.

One other aspect of authority concerns the influence of the occupation and its practitioners on the public and on their specific customers. In other words, to what extent is the life insurance man a specialist and an authority in the
eyes of the public in general and specifically in the opinion of his clients?1 We need only to call attention to this aspect of occupational authority here so that an awareness of it will exist. Treatment of this form of occupational authority, however, will be deferred for later chapters concerned with work situations.

In this chapter we will consider authority and status relationships, trade and professional organizations, ethics and the significance of all these as control factors over the occupation. Authority, control and ethics are not necessarily mutually exclusive, although they will be treated as if they were in the discussion which follows.

I. AUTHORITY AND STATUS RELATIONSHIPS

In an occupation as new as that of life insurance men lines of authority are anything but universal for all practitioners. The occupation, as has already been shown, is both decentralized and to a considerable extent bifurcated. Under such conditions lines of authority are frequently "broken" or apply with most constraint to specific categories

of practitioners and not to all life insurance men everywhere. This means that there are two levels or systems of authority and of status relationships. First, there are those which apply specifically to a relatively homogeneous "class" of life insurance men, for example, to debit men, to combination men, to ordinary men and to home office men; and second, there are those systems of authority and status relationships which are of a more general nature and which in most cases apply to all "classes" of life insurance men. These various levels of authority and status will be examined with reference to specific "classes" of life insurance men.

Soliciting Agents

Among soliciting agents there can be distinguished various ranks or types. Most ubiquitous is the life insurance man commonly known by the public as the agent. This man is actually a sub-agent usually selling ordinary insurance, and is part of an agency force. His "official" immediate superior is the general agent or the manager, but to the average observer this superior may never be seen nor his authority recognized. The authority of the general agent or the manager over certain of his men may be very little indeed. Sub-agents are frequently deviant, and this condition is increased in large agencies. There may be a central office in one city and
branch offices in scattered parts of the city as well as in near-by cities. Months may pass when the sub-agents in the remote offices never personally come to the central office. Theoretically, all of the sub-agent's correspondence and business for the home office is to go through channels, that is, it should all be sent to the general agent or manager who in turn corresponds with the home office. In actuality many an established sub-agent may achieve for himself a good reputation in the home office and personally do much of his business there by telephone or direct correspondence, bypassing his general agent or manager completely. When the otherwise independent sub-agent is in a condescending mood, he may send his "superior" a carbon copy of his direct correspondence to the home office. One "independent" career sub-agent said with reference to the authority his general agent had over him:

I do my business directly with the home office company officers, mainly by phone and not through the general agent. I don't follow rules, and they make exceptions for me by the thousands. My interest

2See Carl Dreyfuss, Occupation and Ideology of the Salaried Employee, trans. Eva Abramovitch (New York: Project No. 456-97-3-81 under the auspices of the Work's Progress Administration and Department of Social Science, Columbia University, 1938), I, pp. 155-185, for a discussion of the authority of field agents in the home office.
is to serve my clients and at times this gives the home office fits, but they take it because they know my business is good.

It is possible that the trend toward the general manager system strengthens the lines of authority between sub-agents and their immediate superiors, and that as this system grows the hierarchical relationship will become more structured.

Part-time agents are probably the men of lowest status within the soliciting ranks. They have been under fire and criticism since the occupation first began to take stock of its own existence in the 1890's, but they remain strongly entrenched in the occupation to the present day. Both general agents and sub-agents may engage the service of part-time agents to help them get favorable introductions to prospective customers. They may also be independent salesmen of insurance. The part-time agent, who to Mr. and Mrs. John Doe Public may be just as much a life insurance man as the most highly qualified C.L.U. or career underwriter, may be cognizant of his general low status and authority among other life insurance men; or he may be completely ignorant of the status and authority system. He may feel under no obligation to follow the ethics of career life insurance men, or he may conscientiously try to be a "professional type" career underwriter. Take the case of four part-time life insurance men:
Mr. Bank Officer-Life Insurance Man: I first became interested in life insurance in 1955 as a means of providing additional revenue for the bank and as a provision of service to our clients. I have no personal interest in life insurance as an occupation.

Mr. Welder-Life Insurance Man: I have a lot of friends who are insurance men, and two years ago they talked me into selling part-time primarily to help them make contacts at the plant where I work. I could see the possibility of making a substantial sum of money for my service and have continually become more interested in selling insurance.

Mr. Law Student-Life Insurance Man: My father was one of the organizers of the company. The officers of the company wanted men to sell during the summers, but I am not very interested in that business. Insurance men are just salesmen and not professionals.

Mr. Industrial Machine Operator-Life Insurance Man: I knew the founders of the company for years. When they came to sell me some shares in their new company they also suggested that since I know more than seven hundred men at the plant I could help them as a contact man. I agreed to do this, but have no interest in insurance as a possible career. In the not too distant future I will be able to retire from the plant with forty years of service, and therefore, I do not want to give up my plant benefits to sell insurance full-time.

The fact that the status of these part-time life insurance men might be low among career underwriters is of little concern to the part-time men, for their primary reference group and identification are with some other occupation. This is particularly true of those who belong to a high prestige occupation or who are training for one of the old-line professions, and it is also true of those who
belong to and identify with other white collar classes. It is probable, however, that those part-time life insurance men who have as their reference situation some blue collar work will seek to learn more about the occupation of life insurance and eventually transfer their identity as well as their occupation to it. To this latter category of part-time life insurance men the occupation's authority system will be most meaningful. They will more willingly acknowledge its constraint over them.

Just above the part-time agent in the status system, and generally below the ordinary sub-agent, is the debit sub-agent—popularly known as the debit man or the industrial agent. The industrial agent may have status over the part-time agent, but he has no formal authority over him and probably no informal authority over him. The industrial agent, like the ordinary sub-agent, is officially under the direct subordination of a general agent or manager. In this case, however, the authority of the managing supervisor is more real than nominal. The relationship comes close at times to paralleling that of the worker-foreman relationship. Of course, the industrial agent punches no time clock, but he must report to the office on certain days at a stipulated time and give an accounting of his collections and sales.

Industrial agents in recent years are rapidly becoming
combination agents. With the increase in group insurance and the rising post-war economy there is less market for industrial insurance. Also, there is a conscious effort to eradicate the underdog status of the debit agent. This is generally attempted by encouraging the one-time debit or industrial agent to sell both industrial and ordinary insurance. It is not at all clear, however, that the status of the combination agent is really higher than that of the industrial agent, but it is quite clear that they both remain lower in the hierarchy than the ordinary agent.

These four classes of agents--part-time, debit, combination and ordinary--are clearly distinguished within the occupation, but their distinction is little known outside the occupation. In addition to these classes of soliciting agents there is a tendency for specialization and differentiation to grow among ordinary agents. Some ordinary men want to specialize in large estate counseling and planning, in business insurance, or they want to deal only with a professional clientele. In an interview one agent said, "I prefer to serve heavily obligated property men." This man was a lawyer by training, a banker by experience and a relative newcomer to life insurance. Another agent, a C.L.U., said, "I prefer to serve professional people." By way of contrast to these specialists there was the agent who said, "My
customers have to have no financial qualifications. I will go to a millionaire's home or to the house of a thirty dollar a week man." He served the latter category most frequently. Then there was the life insurance man who produced more than a million dollars worth of business during his first year who said, "I serve middle income people, that is, those with five thousand dollars and up." Most of these self-styled specialists would certainly not turn down business from prospective clients outside of their specialty. It is also heard that the C.L.U.'s constitute a new elite among life insurance men, but the evidence we could find did not conclusively support this charge although there is some validity in the suggestion.

The most important observation to be made concerning status and authority systems operating for soliciting agents is that authority is not vested with the position, that is, with combination agents over industrial agents, etc., but it rests with the individual. Authority among soliciting agents is not bureaucratic; instead it rests with the power of the individual and goes so far as to have some charismatic characteristics. As the career agent becomes successful and distinguishes himself by exceptionally high production records, new sales techniques or service to clients, he assumes personal authority and soon finds others subordinating themselves to him in a type of hero worship, overwhelmed by his
unusual drive and energy or his deep devotion to a calling. In any event, it is an informal rather than structured-institutional authority which guides the soliciting agents in their occupational roles. An almost completely opposite system of authority, one that is more bureaucratic and less individualistic, prevails among field administrators whom we consider next.

Managerial Field Force

Included in the managerial field force are state supervisors, district managers, general managers, general agents, assistant managers, educational directors and specialists. It is to be immediately observed that as one moves into the areas of management lines of authority and status both become more structured.

General agents or managers stand in a position immediately above soliciting agents, at least officially in terms of the industry's organization. Occupationaly, soliciting agents, as we have shown, are prone to pay general agents or managers very little respect because of their position. General agents or managers are also aware of the fact that their sub-agents frequently do not regard their position with much respect. Managers will often admit that they have to handle Agent "B" "with gloves on," that Agent "S" is a prima donna or that Agent "N" is a general headache for the whole
agency. Why do superior status general agents put up with these problems and displays of insubordination among their agency force? The answer is quite clear--they have to! Their authority, and that of their sub-agents, is not absolute but instead reciprocal. The home office may bestow authority and status on their field managers; but like industrial foremen, these managers are marginal men. They are administrators from the home office point of view, and may personally like to think of themselves as executives; but they know that they have to keep the good-will of their agents in order to get them to increase production of good business.

Within the agency office the manager or general agent may reign supreme. He may sit in a big leather chair, behind a big oversized executive desk, have a carpeted floor, paneled walls, draperies at his windows, a private secretary and a battery of assistants outside his door. The symbols are all present to remind him of his status and authority, and the deference paid him by his office force assures him that he is the boss. In the field office there is a bureaucracy, and the office as well as the officeholder carries respect. The assistant managers, educational director, cashier, secretaries and other clerical help all are ranked in this chain of command order. It is only disrupted when the Million Dollar Round
Table Man (still a sub-agent) comes into the agency office and makes demands on all members of the staff.\(^3\)

The relation of the branch office men to the field supervisors is again precarious. Officially, they may be under the supervision of the field supervisor. But, the position of the supervisory staff is far from stabilized, and inasmuch as the supervisor makes only occasional visits to the various branch offices, his authority appears to be temporary. While he is present the branch office men "sharpen" their operation to have all their records in good order, but once gone his visit is promptly forgotten and the resident chain of command becomes dominant again.

The power structure connecting the branch offices and the home offices is also precarious. On the one hand, managers are given little respect by production men; and, on the other hand, home office men look upon them as second rate administrators. However, the system provides an opportunity for managers to demand respect from both categories of opponents. When the manager is functioning as the go-between, that is, representing soliciting agents to the home office and the home office to the soliciting agents, he is the key man.\(^3\)

\(^3\)See Dreyfuss, ibid., pp. 172-173, for a discussion of the demands which field workers make on office staff members when they visit the office.
He takes advantage of this opportunity to demand respect, and is awarded esteem from the men on both sides as long as he is a good diplomat. One general agent, when writing about this situation, said:

No matter what may happen, so far as his men are concerned, the manager must believe in his home office, must be loyal to his home office, and must never criticize his company or the company officials before the men. . . . No matter what the case may be, the manager must let the men know he will do everything in his power to help get the business issued. For years I have followed this policy, fighting to the last if I think the agent is right; dropping the case at once if I think the agent is wrong. . . . If there is still reasonable room for doubt, then I help our man place the business elsewhere. But this is a very rare occurrence, and will not happen more than once a year. 4

To summarize the nature of authority and status among members of the field force, both producers and administrators, it must be said that it is first characterized by individuality, secondly by reciprocity and last by bureaucracy. The home office situation is strikingly different from that of the field. We shall examine it next.

The Home Office

Among the old established companies home office operations have become stabilized and the "offices" of division chiefs, department heads, officers and others have grown

to have quite specific functions associated with them more than with the men who fill the offices. A bureaucratic structure has come to characterize most of these offices.

While bureaucratic efficiency may be desired by the home office life insurance men, the model bureaucracy with complete impersonality is not the occupational goal. The importance of face-to-face primary group relations is clearly recognized by the home office men. Their occupation and the industry are continually perplexed by extreme geographical separation, and to counteract this apparently disintegrative force they have emphasized primary relationships in secondary or contractual situations. For example, on several occasions during interviews with life insurance men, both administrators and producers emphasized the fact that they had on occasion received letters from the company president or other officers congratulating them on some work well done. The letter would be addressed "Dear Bill" and signed "Sincerely, Bob"--Bill would be the local agent and Bob the company president. Home office men would say, "We always want our colleagues in the field to call us by our first names." Others expressed themselves to the effect that company conventions were just like gatherings of one big family. Or take the remark of one career life insurance man who said, "Mother Metropolitan--she can do no wrong." There is considerable doubt, however,
concerning the effectiveness of these constructed or pseudo primary relationships.

New companies may still be less bureaucratic than large ones, and frequently more dominated by one dynamic personality who exhausts much energy and leadership in supervising the operations of the entire company. The president of a new company said:

I have been in this business for twenty years; in fact I have never been in any other business. I decided during my second year in college to get out and make some money. I left school and have worked up the hard way. When I started out I was young, aggressive, enthusiastic and willing to work, and this business looked like the best place to start. I was not thinking in terms of career dedication, and even now my loyalty is not that of devotion to the life insurance industry but to the actual and potential success in this business.

Occupationally, such energetic officers are the driving force behind their companies. They will attract to them the traditional rugged individualist type of life insurance man, and their entire operation will be less structured than that of the old company. Life insurance men in this type of company may be less concerned with adhering to certain forms of occupational control, ethics and authority. It is a matter of fact that many of these men are informally excluded from Life Underwriter Associations.

The net result is that authority and status relationships, even among home office life insurance men, are more
bureaucratistic than actually bureaucratic.

So far we have been concerned primarily with authority and status in interpersonal relationships, that is with superordinate-subordinate relationships. There are other systems of authority under which life insurance men operate, and some of them bring considerable constraint to bear on occupational behavior. This authority and control are promulgated by trade and professional associations in the form of resolutions, recommendations, speeches, codes of ethics, etc.

II. CONTROL BY ASSOCIATIONS

Associations of life insurance men originate from two different sources. Some are sponsored by production men or the field force, and others are supported by home office men or by companies. More recently there are some which endeavor to bridge this gap and include both producers and administrators in the same organization. The Life Insurance Agency Management Association is the most notable example of this type.

Some of the associations of life insurance men were founded with the express purpose of improving the status of the occupation; for example, the National Association of Life Underwriters and the American Society of Chartered Life
Underwriters. Other organizations have been more pragmatic and mundane in their purpose; for example, the Life Underwriters Training Council.

In addition to these organizations there are those with a highly specialized interest, such as the Association of Life Insurance Medical Directors, Society of Actuaries, Insurance Accounting and Statistical Association and others. These organizations have contributed to the growth and solidarity of the whole occupation indirectly. However, as the nomenclature suggests, these organizations are less concerned with the whole occupation than with a specific aspect of it.

There are still other types of organizations among life insurance men, and they have a distinct industry-company orientation. Only on specific occasions do they manifest genuine occupational interest. Prominent among organizations of this type are the Life Insurance Association of America and American Life Convention.

We will consider several of these associations for their occupational significance, emphasizing especially the control and ethical standards which they endeavor to support among life insurance men.\(^5\)

\(^5\)Certain aspects of this problem are capably discussed in some detail by Robert Ketcham Bain who is writing a
National Association of Life Underwriters

The N.A.L.U. was the outgrowth of the uniting of local underwriters' associations. The local Boston Association was host to a number of other Associations for an organizational meeting in 1890. Originally founded by producers, the Association now offers membership to ordinary and combination agents, general agents, managers and others who are interested in production. It is both a trade and a professional organization, that is, it operates to serve both the soliciting agent and to promote the achievement of professional status for career underwriters.

The N.A.L.U. has used several means of promoting its purpose; and in raising the standards of life insurance men it has brought pressure to bear on the practitioner's conduct and has, indirectly and sometimes directly, exercised authority over occupational behavior. One of the first productive efforts made by the National Association was the founding of the American College of Life Underwriters as a career training dissertation at the University of Chicago entitled, "The Process of Professionalization: Life Insurance Selling."

program. The C.L.U. program became a reality in 1927. Two decades later, in 1947, the N.A.L.U. contributed to the founding of a second training organization for life insurance men which is the now well known Life Underwriters Training Council.

In addition to supporting training programs, in 1927 the N.A.L.U. was responsible for the creation of another organization, the Million Dollar Round Table. This organization is distinctly not a training society of any kind. Instead, it is used to promote sales of a certain stipulated type. To be a member of the M.D.R.T. one has to sell a certain percentage of ordinary business and a lesser percentage of group insurance, or other types, which when combined will total a million dollars or more for the single year's production record. This has been expanded in significance, and now if one is a M.D.R.T. man for three years in a row he becomes a life member of the M.D.R.T. This organization is independent of the N.A.L.U. for all practical purposes, except that to be eligible to compete for the M.D.R.T. one has to be a member of a local underwriter's association.

There is some doubt concerning the M.D.R.T. as an organization of authority or control over life insurance men. The first impression one has of the organization is that it stimulates competition among life insurance men at the expense
of the customers, and that it may encourage deviation from ethical standards. Interviews with life insurance men provide evidence to support this first supposition. On the other hand, if one examines more closely the thinking of life insurance men with reference to their service, it is learned that their belief is that virtually everyone needs life insurance, and that even a policy poorly sold is better than none at all. This line of reasoning is pushed to the place where some agents will assert that there is no such thing as a "wrong" policy. It is felt that if a neophyte or itinerant life insurance man sells a customer a term policy when in the judgment of a career underwriter it would have been better to sell him an ordinary life policy, there is still no injustice done to the customer because he has some coverage and he can always add to it at a later date. While it may be unethical for the doctor or minister to advertise or try and sell their services, it is just the opposite for the life insurance man. They believe it is unethical if they do not advertise and sell life insurance. To this end the M.D.R.T. is promoting the high ethical standards of life insurance men. Therefore, acknowledging the conjectural point of view, it may be said that this organization exercises a degree of highly specialized control over certain members of the occupation.
In addition to improving standards of training and the granting of sales awards, the N.A.L.U. established the National Quality Award in 1945. The purpose of the National Quality Award was to improve the quality of business written by life insurance men. Quality of business is evaluated in terms of persistence. Therefore, for one to receive this award a certain high percentage of an agent's business must persist for a stipulated period of time. Put another way, it may be said that this award is an associational control aimed at deterring agents from writing risks who are incapable of continuing their policy. This had come to be an occupational evil among agents, a factor in increased production costs for the home offices and an injustice to the buying public.

Along this same line of control, the N.A.L.U. makes an active effort to keep the code of ethics for life underwriters, first adapted in 1918, revised and apropos to current situations as well as to standard practices.

The abiding interest of the Association in the standards of behavior and respect of life insurance men is summarized by its major objectives:

(1) A continuing effort to raise the standards of professional conduct and to promote the concept of professional employment in the field of life underwriting.
(2) To seek a greater acceptance of the profession of life underwriting by other professional groups.\textsuperscript{7}

In terms of authority and control it can hardly be said that the N.A.L.U. has anything like a legislature or legal authority over the occupation; but, at the same time, it cannot be denied that its efforts to improve the status of the soliciting life insurance man and to work for professional prestige for the occupation have had a great restraining influence on occupational behavior.

L.U.T.C. and C.L.U.

The Life Underwriter Training Council and the American College of Life Underwriters\textsuperscript{8} have both contributed to the status structure and the policies of sanctioned and condemned occupational behavior. Neither organization is directly concerned with standards of conduct or occupational control, but the very subject matter they teach and the way they teach it aim at indoctrinating life insurance men with the highest standards of conduct which will bring credit to the men individually and collectively to their occupation. The very

\textsuperscript{7}Fluegelman, \textit{op. cit.}, pp. 213-218.

\textsuperscript{8}See Announcement 1956-57: The C.L.U. Study Program and Professional Examinations (Philadelphia: American College of Life Underwriters, 1956), for a descriptive outline of training which, although indirectly, suggests occupational control.
existence of these organizations within the occupation means that they have some authority over the occupation. Whenever an occupation can establish the training which will be required of its own practitioners, that training is bound to be authoritative because elder practitioners will stand in judgment over the acceptability or unacceptability of the trainees' work. Life insurance men are moving in this direction, but to date their training programs are largely voluntary. For example, a general agent or a company can still appoint a man to represent them— as a life insurance man—who has had no training and never require the man to have any training. In actual practice, however, most companies, as well as agency men, have come to recognize the importance of some training. They give some basic training to the "green" man and then usually encourage and possibly pressure him to take L.U.T.C. or other courses. Therefore, the impact of training life insurance men by life insurance men is not to be passed off lightly; it is an authoritative force.

In slightly over thirty years the American College of Life Underwriters has come from a dream to a reality—a reality that is a pacesetter for high standards of training and education in the occupation and for professional conduct of its members and of life insurance men in general.
We have mentioned "professional" conduct, "professional" underwriter and "career-professional" several times. The question must be asked, what does the professional concept mean to life insurance men? This is not an easy question to answer, for the concept of profession means many things to many people. However, despite the lack of precision in defining the concept profession it is apparent that it has some meaning; it refers to some complex of characteristics. Several studies have suggested characteristics which are frequently exhibited by professions. For example, Edward

9 The reader should be warned, before we delve into a somewhat disappointing investigation of the life insurance man's concept of a profession, that this is not an easy concept to grasp or to define. In a classic treatment of the subject by A. M. Carr-Saunders and P. A. Wilson, The Professions (London: Oxford University Press, 1933), the authors never adequately delimit the concept. In a more recent perceptive treatment of the subject by Roy Lewis and Angus Maude, Professional People (London: Phoenix House, Ltd., 1952), we again fail to be supplied with a well defined concept. Donald Young writes, in his chapter "Universities and Cooperation among Metropolitan Professions" in Robert Moore Fisher (ed.), The Metropolis in Modern Life (New York: Doubleday and Company, Inc., 1955), "In the United States, the word profession denotes almost all occupations which require more training than those activities vaguely designated as unskilled or semi-skilled. For general purposes, there is no apparent advantage in distinguishing between a business, a trade, a vocation and a profession. Such a distinction inevitably becomes invidious and is often made without adequate logical basis." p. 290.

In this study of life insurance men we have only endeavored to learn what the practitioners mean when they refer to the professional agent or to professional behavior, without deviating from our subject to become involved in a related problem but one outside the limits of this study.
Gross suggests the following as attributes of professions:

"(1) Unstandardized activity, (2) Possession of great knowledge, (3) Intimate relationship with clients, (4) Emphasis on the technique, (5) Group consciousness and (6) Importance for societal welfare."\(^{10}\)

Unstandardized and unique activity refers to independent decision-making by professional people. Education and training supply the professional man with basic knowledge, but their application largely depends on the practitioner's ability to make sound decisions in each individual and unique case. The practitioner is given considerable autonomy in this decision-making.

The professional man is expected to go through a long period of education and training, the result of which is to provide him with basic, specialized and often esoteric knowledge. This leads to technical proficiency. In addition, confidential client relationships are also necessary. In order to make a satisfactory analysis of the client's problem or need, sufficient trust and confidence must exist between the client and the practitioner to assure that all relevant

facts pertaining to the situation are made available for consideration.

The professional man is to emphasize service to his clients prior to considering traditional techniques of practice, personal gain, prejudice, etc. The provision of service to answer the client's need is uppermost in the practitioner's thinking.

Professional people also exhibit an ingroup feeling or an occupational consciousness. They feel a responsibility to their colleagues as well as to their clients. The degree to which this group consciousness is felt is the degree to which the occupation has a substantial control over its members. A code of ethics is established for the guidance of practitioners. Professional activities also have to do with matters that are of basic importance to society. Their service is fundamental.

With this outline of the professional ideal in mind we turn to an examination of the meaning of the concept as it is understood by life insurance men. One life insurance man, in a recent article, has stated the following:

The concept of life underwriting as a profession is an attitude, a set of principles, not a procedure. It is time we stopped letting the word 'professional' connote automatically 'complex programming or estate planning for a restricted market of wealthy or high-income bracket clients.' The professional concept in our business is a powerful sales concept and is
equally applicable to all types of sales situations, if we will but refrain from confusing principles and procedures in thinking about it.

The general practitioner is every bit as 'professional' as the specialist—in our business as in others. As with the doctor, 90 per cent of the financial ills of our clients are in the 'common cold' class, subject to simple, quick treatment, but they are entitled to full application of sound principles of diagnosis and cure. Basically, these principles spell 'needs selling.'

A long-time career life insurance man said in an interview:

> Professional behavior is being of service to mankind as well as thinking of the agent's own livelihood; it is to recommend only what the client needs and can pay for.

A C.L.U. district manager said:

> A professional career man is well trained and always puts service before selfishness. These people, if younger, will generally take the C.L.U. training.

A C.L.U. general agent said with reference to professional behavior:

> The man who puts service before commissions, who is trained so that he can adequately and confidently advise his client on saving and estate problems, is a professional life insurance man.

An old timer in the occupation said:

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The professional is a career man who develops a real clientele; one who develops a confidence in his clients.

These are typical responses of life insurance men as they expressed their idea of the professional concept as it applies to their occupation. Their understanding of the term "professional" is extremely broad and generally fails to distinguish professional occupational behavior from that which is "good," ethical, sincere and trained. Such a definition of profession is too broad to have much prestige value or control over the occupation.

American Life Convention

The organizations just discussed have all had in common the fact that they owe their inception and existence primarily to life insurance men and not to companies. Some of the company-industry sponsored organizations have also had their regulatory influence on the occupation, either as a by-product of actions taken in the industry or, on a few occasions, as a direct result of the interest they have taken in occupational problems as such.

The first organization of this type which we will discuss is the American Life Convention.\textsuperscript{12} The Convention

had its inception in 1906 with thirty-four small western and southern companies as charter members. In slightly more than half a century this organization has grown to an established and respected position in representing the trade problems of its member companies. It has been concerned with problems of company management and organization, agency organization, rebating and twisting, cost of new business, tax laws, state and federal legislation and related problems with which the insurance industry is faced.

Most of the Convention's areas of operation have little occupational interest; consequently, we will confine our study of its influence on the occupation to its concern with agency organization, rebating and twisting problems, its relations with the National Association of Life Underwriters, etc.

At the 1928 meeting of the Convention its "Agency Section" was organized for the first time. At the meeting the following year some papers were heard in this section concerning the training of agents and agency departments in general. When the Convention convened for its annual meeting in 1932, the business of the Agency Section loomed among the most serious of the whole meeting. The problem was

\[^{13}\text{Ibid.}, \text{p. 728.}\]
that of twisting, which was reported to be of two types--first, twisting of agents, and second, twisting of business. The practice was called a poisonous curse, bad for business and bad for the morals of life insurance men. Frank L. Jones, at that time vice-president of the Equitable Life Assurance Society of the United States, asserted that cooperation was the only solution to this problem, and invited all companies to unite in abolishing this practice. Member companies of the Convention were also reminded by W. W. Jaeger that any one of them might be suspended "... for acts contrary to the ethics of the life insurance business." At the same time he went on to "... put it pointedly up to the executives as to whether they had the backbone and determination to eliminate this pernicious practice. . . ."  

The problem of twisting was apparently dropped as a controversial issue in succeeding years, for it was not reported again. In the Agency Section, on into the 1950's, there have been presented papers dealing with field problems, field management, the relationships between agents and management and related subjects of a perpetual problem nature.

The occupational directives of this Convention have been primarily directed to home office life insurance men and

14Ibid.
in few cases to the producers. But, it is clear that the Convention along with certain other company sponsored organizations exercises a controlling impact on the occupation.

Life Insurance Agency Management Association

The Life Insurance Agency Management Association is the direct result of the 1946 merger of the Association of Life Agency Officers, founded in 1916, and the Life Insurance Sales Research Bureau, founded in 1922. Its major objectives are: (1) to promote the more efficient sale of a greater amount of life insurance, (2) to promote high-quality leadership in agency management, (3) to design and carry out research, the results of which will improve the welfare of agents and managers, and (4) to increase understanding concerning the sale and service of life insurance.15

Like other life insurance organizations, the L.I.A.M.A. has no direct authority or control over the occupation; but indirectly, through its ramified activities, it is a great directive force, particularly in the field management areas of the occupation and to a lesser extent in the home office and production areas.

L.I.A.M.A.'s research and recommendations concerning recruiting and selection, while not mandatory, are widely accepted throughout the industry. It is reported that the overwhelming majority of all companies now send the Association complete information on each man their general agents or managers recruit. Moreover, they submit quarterly reports on the progress of the new recruits. From an elaborate study of these data the Association has developed an aptitude test for selling insurance; this is the well known Aptitude Index. Along with the aptitude test and a selection profile the Association exercises a great control over the occupation—a control which goes a long way in determining who will and who will not be accepted into initial membership in the occupation.

In a similar way the Association studies how new agents are financed; and, to the extent that its recommendations on this subject are adhered to, another control is exercised over the recruitment of new men into the occupation. In addition to studying the methods of financing new agents the Association looks at the broader problem of costs of agency operation in general. In this way it exercises 

guidance for field management life insurance men.

The days are not long past when a man was selected to become a general agent, or manager, on the basis of having been an outstanding salesman. It was rightly questioned that the qualifications for an outstanding manager and for an agent might not be the same, and today managers will generally be selected on their manifestations of management qualities. Since 1929 L.I.A.M.A. has conducted two-week schools for the training of general agents, managers and home office men. More recently, since 1954, the Association has conducted training schools for assistant managers. To facilitate the operation of these schools L.I.A.M.A. has published its own textbooks and manuals.

The systematic indoctrination of L.I.A.M.A. thinking in life insurance field managers does not stop with the training schools. The Association follows up its training with numerous publications to further assist in putting its ideas into practice. Association consultant service is another means whereby its information is brought to member companies and whereby its impact is felt on the occupation. The L.I.A.M.A. consultants spend several days each year in the home office of selected member companies. There they become acquainted with the specific company's agency division and with its problems. The consultant makes available the
full experience or findings of the Association in an effort to provide solutions for the company's problems.

These are just a few of the services which the L.I.A.M.A. provides for life insurance men in field management. While the Association offers services, and not autocratic demands, it would be a gross misunderstanding of its position to think that it exercises no authority in its recommendations. The authority is unwritten and informal, but it is there. It is there to the powerful extent that the occupation is eager and anxious to take advantage of the Association's findings to improve its status.

**Ethics**

We have referred to the ethical behavior of life insurance men, but have not yet referred to a written code of ethics. Life insurance men have both a written and unwritten code of ethics. The strength of their ethical behavior and the extent to which they follow a code are, of course, matters of conjecture. There is little doubt that most life insurance men follow respectable principles of behavior, and there are some who are highly principled and feel a great consecration to their calling as a humanitarian service. As conspicuous, however, as the extremely consecrated type are those at the other polar extreme who laugh audibly when even the word ethics is mentioned. Take, for
example, the response of one career life insurance man who said, when we inquired about the occupation's code of ethics: "Yes—you cut my throat and I'll cut yours. They have a printed code but it isn't followed." This same individual had a lot to say about twisting and slanderous remarks by one agent against another. It is not suggested that this is a "typical" response, but that it is revealing is not to be denied. Other less vehement statements also indicated the practice of unethical behavior.

The printed code of ethics explains in some detail the ideal patterns of behavior expected of life insurance men. It reads as follows:

THE LIFE UNDERWRITER'S CODE OF ETHICS

Preamble

The position of the Life Underwriter is unique in that he is the liaison between his client and his company. As a Life Insurance advisor he owes a high professional duty toward his client, while, at the same time, he also occupies a position of trust and loyalty to his company. Only by observing the highest ethical balance can he avoid any conflict between these two obligations. Therefore, I believe it to be my responsibility:
1. To hold my business in high esteem and strive to maintain its prestige.
2. To keep the needs of my clients always uppermost.
3. To respect my clients' confidence and hold in trust personal information.
4. To render continuous service to my clients and their beneficiaries.
5. To employ every proper and legitimate means to persuade my clients to protect insurable obligations;
but to rigidly adhere to the observance of the highest standards of business and professional conduct.

6. To present accurately, honestly, and completely every fact essential to my clients' decisions.

7. To perfect my skill and add to my knowledge through continuous thought and study.

8. To conduct my business on such a high plane that others emulating my example may help to raise the standards of our vocation.

9. To keep myself informed with respect to Insurance Laws and Regulations and to observe them on both letter and spirit.

10. To respect the perogatives and cooperate with all others whose services are constructively related to ours in meeting the needs of our clients.\(^{17}\)

Several observations must be made concerning this code. It is written with a positive approach and in terms of high sounding ideals. This is to say, it makes no reference to malpractices like twisting and rebating, for example. It does not even acknowledge the fact that many, probably most, life insurance men still do not develop client relationships with their policyholders. The preamble calls attention to the important position which the underwriters hold between their clients and the company. In actuality one finds that practitioners frequently represent their clients first and the company second, or they use both their clients and the company to further their own advantage. Furthermore, continuous service can hardly be rendered to the clients or

policyholders of the many agents who become life insurance men for a year or two and then leave the occupation completely. Consequently, it becomes quite clear that the occupational behavior of the itinerants is for all practical purposes not even acknowledged by this code. The standards presented in the code, even as ideals, can hardly be intended to apply to any practitioners except those who are career men.

Our next interest concerns the extent to which career life insurance men follow this code of ethics. Responses and observations suggested that an awareness of a code of ethics varies tremendously among the life insurance men interviewed. A few had a printed copy of the code framed and prominently displayed on a wall in their offices. Others were able to produce a copy from a file drawer, and some remembered that they had recently seen the code published in the new directory of the local life underwriter's association. After the somewhat painful and embarrassing experience for interviewees of trying to produce or discuss a code of ethics, it became clear that ethics was not a crucial issue with the great majority of life insurance men interviewed.

We return now to our original interest, which was to discover to what extent the code exercised control over occupational behavior. This insight had to come primarily
from observation and interviews and less from what they had written about ethical principles. Investigating the importance of ethics in this way, it is suggested here that the code is more an ideal than a real pace-setter for occupational behavior.

III. THE SIGNIFICANCE OF AUTHORITY, CONTROL AND ETHICS FOR THE OCCUPATION

Systems of authority and control for life insurance men are informal to the extent that they are not generally published, nor do they come from some ruling body. What has happened, consequently, is that a system of occupational folkways and mores has become developed and exercises constraint over the practitioners. With the first observation, there appears to be nothing particularly unusual in this authority system which makes it differ from those in other occupations. To an extent this is true, but what must also be observed is that traditionally the company founders and home office men were the only source of authority. As the agency forces grew they began to organize, and currently they are a significant source of power in the occupation. This is now an occupation with multiple sources of authority.

In the occupation today authority, control and ethics all originate both with the field forces and with the home
office administrators. In reality what this means is that the home office life insurance men have grudgingly acknowledged the control which the field force exercises over part of the occupational practitioners, and more recently they have had to acknowledge the fact that these field men have both occupational and industrial interests. In terms of the power structure the home office men were traditionally the sole rulers of the industry and of the occupation. Their field forces soon grew out of hand and developed their own organizations to which home office men were not invited. These new organizations of field men were viewed as threats to the home office power structure, which they rightly were, for they became powerful in their own right. However, the threat was not great because as the industry is organized neither the field force nor the home office force can exist without the other. Therefore, the growing control by the field force was not an imminent threat to the home office men for a dominant position in the power structure; instead the power was to be divided reciprocally between them.

Nevertheless, it is asserted by field men today that the home office is afraid of the opinions and thinking of agents. One career agent told us, "The home office is not close enough to the buying public, they don't know what the public wants. They have no agent's committees because they
are afraid of pressure from the field."

While the validity of the above position is not to be doubted there is also evidence that field opinion is being respected by home office men both on occupational matters and on matters of company policy. For example, in the course of an interview with an agent we were told that he had been called to the home office on several occasions to meet there with other agents to discuss company problems with the home office men.

From the point of view of the agents, they see the companies as a constraining barrier in the way of occupational improvements. They may feel that group insurance and family plan insurance are threats to their position, yet they feel they are in no position to object.

The net result is that the two factions in the occupation stand in an exaggerated fear of each other, and that life insurance men fail to differentiate between the goals of the occupation and the goals of the industry. In the past the home office men have been identified with the industry or with the company and not seen occupationally, as life insurance men. This view has been partly valid, partly the desire of the home office men and partly due to a stereotyped and incomplete understanding of the functions and activities of the administrators on the part of the field force. The
field men in the past have been associated with the occupation or with selling and generally given no credit for having any worthwhile interest in the problems of the industry. This stereotype has been partly valid, on the other hand, the field men have an ever growing interest in the occupation and in the industry. Some of them can offer some very profound ideas concerning the company operations as well as suggestions to improve the status of the occupation.

Differences which exist between administrators and producers are less great than they appear on the surface. Granted that their functions are distinctly different, they are both life insurance men. The apparent big difference is due to a failure to differentiate between the occupation and the industry. This means that differences frequently attributed to the field men vs. the home office actually concern the occupation vs. the industry. There is a tendency for some of the hyperoccupationally conscious life insurance men to let the occupation become an end in itself. In juxtaposition it is probable that the industry tends to become an end in itself, figuratively speaking. The industry without its human element would, of course, not long endure.

In sum, authority, control and ethics have been greatly weakened due to the complex relationship between the occupation and the industry.
CHAPTER VI

REMUNERATION AND OTHER REWARDS

This chapter will conclude our discussion of the occupational structure. Thus far we have been concerned with the "framework" of the occupation as it consists of patterns of recruitment, training, authority, control and ethics. (The last three of these categories are not mutually exclusive.) There remain to be studied remuneration and rewards. This will involve more than just a consideration of economic structure; that is, we will consider how individuals are paid for their services, but, in addition, we will also consider other material and non-material rewards.

Forms of economic remuneration are particularly complicated for life insurance men. The commission systems, which are used almost exclusively for paying soliciting agents, vary greatly among companies. Compensation for field administrators is complicated in many cases by the use of a commission-salary combination. There are also differences in methods of pay between the general agent and general manager systems. Home office administrators are usually paid
on a salary basis. In general there is nothing unusual about their form of remuneration and, therefore, no complications in understanding it.

Non-economic rewards, in contrast to economic remuneration, are confined almost exclusively to the field force, but in some few cases also apply to field administrators. There are two distinct kinds of non-economic rewards—the first, we will call organizational and the second, personal. Among the organizational rewards are career-prestige, the Million Dollar Round Table, contests, conventions, etc. The first of these rewards, career-prestige, is general in character and can best be understood by allowing it to remain a broad concept. The other organizational rewards refer to some specific event. All of these organizational rewards have in common the fact that they owe their existence to specific associations of life insurance men or to the industry.

Personal rewards, which we shall mention, are those which the individual obtains as a result of paying claims, helping clients, building estates, etc. They concern the internal satisfactions which men get from their work.

After remuneration and rewards have been discussed in this manner it will become apparent that there are conflicts which exist between certain forms of occupational compensation. Some life insurance men apparently never see the conflicts,
others are torn between what appear to them as divergent goals and still others have rationalized the differences and seek all their rewards as though in a system of harmony.

We will conclude the chapter with a discussion of the significance of remuneration and rewards for the occupation.

I. ECONOMIC REMUNERATION

In many occupations a sizable amount of capital outlay is required before one can become a practitioner. This cost factor is a great barrier for keeping many people from entering many occupations. The cost of entering an occupation is generally associated with one of two requirements. The first is paying for the long and advanced training required by numerous occupations and professions. In the second case, cost is due to the purchase of physical property and equipment which may be required of the practitioner. In some few cases both of these cost items may apply to a single occupation.

A few generations ago, when rugged individualism prevailed in the life insurance industry, whatever cost was involved in getting started in the occupation was borne by the individual himself. Today, in the face of competition for manpower from other occupations, this is no longer the case. Now the neophyte is generally financed while he is
learning. We will now examine the economic situation as it is seen by soliciting agents.

Producers

Almost all life insurance soliciting agents are paid on a commission basis. On the positive side this system has many amenities to recommend it. Theoretically, it means an unlimited opportunity to earn as much as one's energy and endowment will allow. Since it is a system whereby one is paid in direct proportion to his production, in an expanding industry like life insurance the ceiling is unlimited. Moreover, one's increase in income is not limited by a system of ranks, promotions and seniority. To the anxious, enterprising and courageous, to the man who says, "Why should I make money for someone else when I can be making it for myself?" the commission system is definitely an opportunity. This is clearly the mental conception which many soliciting agents have of their position, for when they are asked "What are the top positions in life insurance?" or "What positions will you work up to in the course of your career?" their responses are, variously, to the effect that the agent's position is the top; that the average agent aspires to be nothing more than a salesman for the entire course of his career. Why is this so? Because he can make more money as
an agent than anywhere else in the occupation. Agents are quick—and proud—to assert that the good salesman can enjoy a far greater income than field administrators or salaried home office men. What is more, they can make their income in eight, nine or ten months and then "take off" for the rest of the year. How and when they make their money are their own choices.

In addition to the assets of the commission form of payment there are the liabilities. The most conspicuous liability is the absence of any guaranteed income. In a security minded day and age this is a particularly serious liability. Men generally want the peace of mind that goes with knowing what their salary will be each month in advance; they want a guaranteed annual wage. What is more they want a guaranteed retirement program. All of this, and often more, is to be assured them prior to their entrance into an occupation. The occupational man today wants to incur no risk on his own account, and, in the interest of avoiding risk, he is willing to pay a high price for security.\(^1\)

\(^1\)"Help Wanted: Sales," *Fortune*, 45 (May, 1952), 100 ff, where some findings of a survey are reported which show a lack of interest in selling in general and a specific dislike for commission selling. This report also indicates that security in the form of fringe benefits was desired in preference to high salaries.
Another serious liability of the commission form of remuneration is its deferred payment. Payment is deferred on two accounts. First, if for one reason or another, the agent makes only a few or no sales during a month, he has no new income because he is paid only for what he produces. Second, part of his pay for that business which he does produce is also deferred. This is to say, for each sale the agent gets a large first year commission which is usually followed by a much smaller commission for a period of nine years. This means that it may take a man ten years to get his full payment for the business he produces.

The commission system is complex, and it must be readily admitted that its assets and liabilities can be viewed as relative to the particular interests of the agents. The discussion here, however, is on a higher level of abstraction and should not be viewed in terms of the specific interests of life insurance men but in terms of the occupation. The first year commission on ordinary business is usually fifty to fifty-five per cent of the first year's premium, although it is far from uncommon for the first year rate to run between sixty and eighty per cent. The older and larger companies usually pay the lower commissions, and the younger and smaller companies pay the higher commissions.
It is asserted that the actual income of agents varies little regardless of the amount of commissions. The basis for the assertion is that the larger and older company name makes selling their policies sufficiently easier so that, although their commissions are low, their agents make more sales and face less sales resistance. The smaller companies are less known and their agents have to work harder to make the number of high quality sales necessary to give them high incomes. Probably more important concerning the difference in the commission rate is the fact that the New York Legislature some years ago, in an effort to prohibit excessive costs of new business, placed an arbitrary limit on the rate of commissions which could be paid to agents of companies domiciled in that state. The New York law affected some of the industry's largest companies, and the results are still seen in their lower commissions.

The general practice, with reference to renewal commissions, is to pay the soliciting agent five per cent of the premium for nine years after the sales. There are several reasons for extending renewals over a several year period. It encourages the agent to produce good business and to take an interest in the policyholder in such a way as to make a client out of him. The penalty for failing to do this is that if the business lapses any time during the nine
years, the agent's renewals stop immediately. Furthermore, the extended payment of renewals has the effect of reducing the mobility of agents from company to company. In some company contracts renewal commissions never become vested; in others they become vested only if the agent stays with the company three to five years after the business was produced. In the latter case it means that if an agent stays with his company for three to five years after he produced the original business he will continue to get his last five or six years of renewal commissions even if he quits the company and goes with another.

More recently, a number of companies have developed what is known as the career contract. The terms of these contracts vary, but the principle is to further deter the mobility of agents between companies. The career contract gives agents the equivalent of the usual nine years of renewals, but not in equal annual payments. After the first year commission one or two years may pass during which the agent gets no renewal; then he begins to get a two or three per cent renewal for three to five years. During the last four or five years of the renewal period the percentage is increased so that during the latter years the agent may get renewals as high as ten to fifteen per cent. By now it is obvious why this contract is "politely" called a career
contract. To leave the company before all of these last renewals are collected would be to incur a great loss on the part of the agent. Under the "nine fives system" many agents feel their renewals are so small a portion of their total earnings that they will not hesitate to quit one company and go with another where the first year commissions are high. The career contract makes an agent's renewals a significant part of his total income. Agents who work under the career contract are prone to call it a shackles because it usually does just what was intended of it, namely, tie the agent to one company.

In addition to renewal commissions, some agents get service commissions which vary in amount but which are always low. There are generally two cases when service commissions are paid. When a policy remains on the books for a long period of time it may require special service by the agent, and for this attention a small commission is paid. In a second situation, when an agent leaves the company or when the policyholder moves to another community, the policyholder is left without an agent to service his business. In either event, the company may pay the next agent who services the business a small service commission.

With this outline of the commission system in mind, we turn now to two problems which specifically interest
soliciting agents. The first concerns his prospective earnings, or how much the agent expects to make. Companies have charts, booklets, pamphlets, etc. which graphically paint the income picture, albeit a rosy one, for the agent. The earnings picture is something like this. The agent starts his career at age thirty, has a thirty-five year career and retires at age sixty-five. If the agent sells essentially ordinary business, his production should be between $300,000 and $400,000 the first year, between $400,000 and $500,000 the second year and thereafter $500,000 and up. The estimated first and second year ordinary production would give the agent an income between $3,500 and $4,500. In addition to the ordinary business he might have four or five hundred dollars in commissions from health and accident or other types of insurance. During the second year he would start receiving his first renewals. In succeeding years, with first year commissions on more than half a million dollars of ordinary production plus health and accident, group insurance and renewals, the agent's gross income will mount to between eleven and twelve thousand dollars. After ten years with the company he will, in addition, begin to collect

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2For example, see Opportunity Unlimited (Newark, N.J.: The Prudential Insurance Company of America, 1957).
a service commission on his original business and this may boost his expected gross income to over fifteen thousand. Retirement plans vary considerably, but the agent may plan to retire with close to half his average monthly earnings during his productive years.

The second problem related to commissions which interests the agent concerns his income during the first year or during his learning period. All of the preceding discussion about the nature of commissions points to the fact that they are a deferred system of remuneration. With deferred income being the case, it is very reasonable for the new man to question how he is to make a living until such time as he has several hundred policyholders and a clientele. The profile of the life insurance man, it will be recalled, describes a man of twenty-five to thirty years of age, married, with a family and probably a mortgage on a house, etc. This means he starts with heavy financial obligations and with little prospects of making a better than average income for several months, or even for the first year or two.

Faced with this situation, life insurance companies have been in a disadvantaged position in recruiting new men; consequently, a variety of programs for financing the new
agent have been proposed and tried.3 By financing plans we mean any method of remuneration other than that provided in the commission scale of the agent's contract. This involves only company financing plans. In addition, general agents also finance some new men in cooperation with the company, or exclusively on their own account. The practice of financing, however, is not prevalent among companies with the general agency system, and, in the course of analysis, it becomes apparent that lack of financing by general agents correlates with the last remaining trace of rugged individualism, and the financing programs represent a position just the opposite from rugged individualism. According to the L.I.A.M.A.:

Approximately one third of the companies use their plans to finance more than 80 per cent of their new appointees. Another one third finance from 61 per cent to 80 per cent of their men under such plans, and the remaining third finance only 21 per cent to 60 per cent in this way.4

Furthermore, it is suggested that this represents an increased tendency in the financing of agents. The increase is more pronounced among the branch office companies and among the larger companies than among the general agency companies and the smaller companies.

There is a great variety of financing plans, but most

4Ibid., p. 4.
of them are variations of two basic types. The first type of financing plan pays no or almost no commission during the first few months, and the second type provides for payment of the regular earned commission plus a supplementary income. Under the first plan, where no commission is paid, the new man may be paid three to four hundred dollars a month, or in some cases even more. This factor alone brings pressure to bear on companies to get their men into production quickly. Under the second plan, where the financing is a supplement to regularly earned commissions, the amount of the monthly supplement is considerably less than under the first plan. In either case, financing costs are high for the first few months.

The amount of financing is not rigid but highly flexible. Maximum and minimum amounts are not arbitrary for all agents, but generally flexible to fit the individual's needs and particular situation. What is more, the agent's supplementary payments can be increased or decreased during the learning period. Likewise, the length of the financing plans varies from a few months to two or three years. As with the amounts, the length of the financing period is often not specifically stated. According to L.I.A.M.A. surveys, the larger companies generally provide the longer periods of financing.
While the amount and time limit of financing are flexible, companies usually have a set of specific requirements which must be met if the agent is to maintain his financing. Although the requirements vary greatly among companies, they often include the following: actual commissions, potential commissions, premiums, number of lives written, number of calls, number of interviews, etc. When or if the new agent falls below the requirements for any stipulated period of time his financing may be automatically terminated.

The liability of the agent to the company at the end of the financing period varies with the company; but very few companies write off any debit the man has. Instead it is usually liquidated out of his renewal commissions on business produced during the financing period. In some cases it is liquidated out of the man's new business after the financing period. This factor of debit liability of the agent to the company makes the whole system of financing something of a hoax when it is not clearly understood. Far from a free and unencumbered salary, the financing only spreads the loss of income, while one is learning, over a long period of time. Some few companies even try to make the unsuccessful agent who quits during the financing period liable to the company for his debit. There is some doubt, however, concerning the
amount of effort which is ever exerted to collect on such accounts.

General agency companies, particularly those with large amounts of insurance in force, usually share the ultimate financing cost with their general agents. The usual practice is for companies to share a part of the loss to the general agent. Some companies share a greater part of the financing costs for new general agencies, while others share a larger part of the cost for the older general agencies.

General agents may, however, have little interest in coddling a new man. He must make it on his own, and quick, or he is out. In an interview with one extremely successful general agent we were told:

I give the new man but a few months to bring his production up to a successful level if I am paying him a draw. When men are on their own I seldom have to fire any of them. The $300,000 producer will not make enough to live on and will soon quit.

This same general agent went on to say that the amount of his average sale is about $40,000, that of his average agent's sale is about $12,000 and that of the average door to door knocker is only about $6,000. He wants none of the last category in his agency, and he feels his system of little financial aid has helped him achieve his goal. Another general agent said:
You have to be kinda mean in this business; that is, you can't be too friendly. I do not give a new man much pay to start, for I believe that when a man is paying his own way he learns quickly or is out.

Other general agents showed a far greater tendency to follow the dominant trend of giving the agent more financial assistance. They were assisted with financial aid by their companies, however.

There are other variations of the commission system of remuneration for soliciting agents, but the basic characteristics of pay in proportion to actual production and deferred payments remain the same.

Administrators

Remuneration for administrators is generally different from that for producers. In fact the only similarity is between the soliciting agents and the field administrators. In the case of the general agents, they receive a commission for their own personal production and what is called an over-ride commission on all business that is produced in their agency. In addition to the over-ride, they may be given a bonus for extraordinary increases in production; and, even more indirectly, they may be given some expense allowance for overhead costs, a substantial part of which might be directly related to production. In principle the form of remuneration for the general agent and the soliciting agent (or sub-agent)
is the same. The similarity carries over even into plans for helping finance new general agents. While they may be virtually independent entrepreneurs, once established, the cost of getting established is great and frequently requires assistance from the companies.

The branch office or manager system of organization makes field managers salaried administrators in almost the same manner as if they were home office administrators. Managers frequently will not compete with their agents at all; their contracts may prohibit their engaging in any personal production. Their income is on a guaranteed monthly basis and at a stipulated amount. Their income is not deferred in the sense that commission payments are deferred. Increases in remuneration generally depend on promotion in rank from assistant manager to manager, to supervisor and possibly to some district office or to the home office. In addition, however, to the base salary the manager may receive some sort of bonus for exceptional gains in production in his district or for the enlargement of his agency. To be sure, he is paid for making a special effort to improve and promote the company's interests. But, with this one exception the manager is paid a salary similar to the form of remuneration followed by most occupations. The salary is also the usual form of payment for the other branch office men who are not salesmen.
The income range of general agents and managers is great. Some men make much less money when they leave personal production and go into field management. This is particularly true of those who leave personal production to go into a manager program which prohibits their personal production. General agents, on the other hand, may be among some of the highest income men in the industry. It is extremely difficult to get comparative data concerning the income of life insurance men at the various ranks, but the general stereotype supports, beyond much doubt, the idea that field men make more money than do home office men. The only exceptions are the few highly paid top company officers. It is not to be denied that the potential income of the aggressive and enthusiastic agent is high, and that during these post-World War II years many agents have taken advantage of their opportunity. At the same time, it must be remembered that the high income figures most often quoted for agents do not indicate that they also have high expenses. When the often high expenses are deducted from the gross income the net amount earned will be much less in many cases, and the differences between the producers and administrators will be greatly reduced.

In the home office the commission is virtually unknown. There the salary is the standard form of remuneration. Starting salaries for career life insurance men in the home office
are reported to be low, but opportunities for advancement and salary increases during the first two or three years are reported as good. Starting salaries have been generally less than three hundred dollars per month. There is, however, some suggestion that companies domiciled in the Northeast pay higher salaries than those in other regions. This also correlates with the fact that many of the largest companies are domiciled in the Northeast. Individuals hired in some actuarial capacities are generally paid a slightly higher salary than other employees.

Harkavy studied the salaries of life insurance men in the home office who had five or more years of experience. He divided the salaries reported into seven categories ranging from less than $5,000 to less than $25,000 annual income, and compared the home office (executive, supervisory or technical) and field (group sales and service and agency management staff) employee forces. Harkavy found that 20.2 per cent of the home office men had less than a five thousand dollars annual income, as compared to 24.9 per cent of the group sales people and only 10.4 per cent of the agency staff men. Slightly more than forty per cent of the home office

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men earned less than $6,000 annually, forty-eight per cent of the group sales men earned less than $6,000, and only 25.3 per cent of the agency staff earned less than that amount. At this income level the differences between the field men and the home office men began to narrow. Virtually 60 per cent of the home office men earned less than $7,500 annually, over 80 per cent of the group sales force earned less than $7,500, and almost 50 per cent of the agency management force earned less than $7,500. Over 77 per cent of the home office men earned less than $10,000 annually, over 95 per cent of the group sales force earned less than $10,000, and about 75 per cent of the agency management force earned less than $10,000 annually. Above the $10,000 category, the salaries of the field administrators and home office administrators showed virtually no difference on a percentage comparative basis.

The low earnings for the category of "Group Sales and Service" men are to be explained largely by the fact that they also have a commission income in addition to their salaries. When the commission income is combined with their salary, their total annual income compares favorably with those of the other two categories.

It has been shown that at the top executive level life insurance men are paid lower salaries than executives
in other large industries. A study conducted by the National Industrial Conference Board showed the compensations for the three top executives of twenty-one life insurance companies were less than those of the three top men of firms representing twenty other industries. The average annual salaries for the top three life insurance men for twenty-one companies in 1940 and in 1949 were:

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Remuneration for life insurance home office men is clearly similar in kind and in amount to most other occupations. Occupationally, the pattern of home office remuneration has become completely stabilized, rationalistic and bureaucratic. It is no longer a place of untold opportunity for the energetic rugged individualist. The only real exception to the pattern of home office remuneration just sketched is in the case of the new and small companies. In these smaller companies one's opportunities and remuneration may still closely parallel and be proportionate to one's aggressive effort.

There is one more aspect of economic remuneration

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6 *Business Week*, (September 1, 1951), 54.
which must be mentioned for its tremendous occupational significance—this is the system of security benefits.

**Security and Fringe Benefits**

Security and fringe benefits are relatively new for life insurance men. What is more, they are a complete contradiction to their traditional, ruggedly individualistic and laissez faire attitudes of little more than half a century ago. This is, however, another index of the waning individualistic character and of the success of collective occupational demands. The net result is that life insurance men today are frequently covered by some kind of health, accident and retirement plan. In addition, they have their renewals which provide a sizable income for eight or ten years after they stop selling. Even more notable is the fact that one still finds among life insurance men the type of individuals who are not looking for an early retirement. Quite the contrary, life insurance men often stress as one of the amenities of their position the fact that they do not face a forced and arbitrary retirement at age sixty-five or seventy, but that they can continue to sell as little or as much as they like as long as they desire to work.

It is from this attitudinal background that one general agent told us:
My security is the best in the world. Where else can a man build up renewals that will pay him for life? The company provides us with health benefits, and, finally, there is no such thing as forced retirement.

This particular general agent represented a small company with a number of years of conservative experience, but which had recently developed an aggressive expansion program. Consequently, this general agent wanted sub-agents to be men who were looking for an opportunity, a bonanza, and not for limiting and shackling security.

Another career agent, commenting on security and fringe benefits in life insurance, said they are "... damn poor, but they are not needed. The nature of the business makes security in the industry perfect." This agent was a successful man of the "old school." In his judgment one of the worst things which could happen to the occupation was the tendency to get the salesman to ask about retirement benefits before he signs a contract. In his opinion the industry was made great by men who were willing to work and make for themselves a future, and that the new trend is bringing a dangerous proportion of men into the occupation who are of little daring and courage.

An interesting and significant position between those of the purely rugged individualists and the security seekers was that of the treasurer of a small new company who remarked:
We have a retirement plan which is good. The question here is, will the company be here when retirement time comes or will it sell out? The offers to sell are fabulous, and it could be that we will be out completely.

This man, as a young officer of a young company, saw his "formal" security provision as something of a fiction, established in an effort to keep up with the security-minded trend of the time. On the other hand, security was a risk he was willing to take to be in his position which offered him a great opportunity to build a new company and to be successful with it.

At the other extreme were men who represented, as a general rule, the larger and older Eastern companies. They are men, particularly if in the younger age brackets, who have been indoctrinated with the new occupational thinking--they are a security-minded lot.

One young, but well established, career agent with one of the biggest Eastern companies remarked: "I pray to stay with the company for twenty years, at which time I will be only forty-four and have $400 a month coming in."

A general manager with the same company had this to say about his occupational security: "Excellent--the twenty year retirement program was one of the factors which caused me to want to go with the ______ company."

An assistant manager representing another large Eastern
company was successful, but stated that on occasion he considered the opportunities with smaller companies which offered him high commissions and good territories. The day before we interviewed him he had just turned down another offer to leave the big company and go with a small one. He suggested that the reason for his decision to continue in his old position was the security he had. He said:

My company has the best retirement. They continue our retirement for life now, and it is not from renewals. The cost of the retirement plan to me is only $4.45 a week.

The thinking of this agent summarizes in a magnificently concise way the impact of the new occupational ideology on life insurance men. Manifestations of this rather conservative thinking are seen repeatedly as one becomes acquainted with the systematically selected and trained life insurance men.

II. NON-ECONOMIC REWARDS

It is a well established fact that men want more than economic rewards from their work efforts. They want prestige, recognition, praise, opportunity, etc. In life insurance these needs are recognized, and considerable attention is devoted to their fulfillment. In addition to these needs, men want a sense of self-satisfaction from their work, a
feeling that what they are doing is meaningful, creative and worthwhile. The first of these needs or rewards receives the conscious attention of the organized occupation, and the second class of needs are more personal and are only indirectly the subject of attention of the organized occupation. We will call the first class of needs organizational and the second, personal.

**Organizational Rewards**

First among the organizational interests is the assurance of ample opportunity for life insurance men. Opportunity is, of course, based on many factors which are exterior to either the occupation or the industry; namely, level of living, birth rate, morbidity rate, expanding or contracting of the economy, etc. On the other hand, given the highest potential of all these external factors, the occupation of the life insurance man may or may not offer great opportunity, depending on the contract, policy, and advertising provisions it gives its practitioners to allow them to take advantage of the situation.

The life Underwriters Training Council, the American College of Life Underwriters and other organizations, directly or indirectly assume the responsibility for keeping life insurance men prepared to take advantage of opportunity
situations. They endeavor to give the soliciting agent the best sales techniques; and the home office men aim to provide the field men with the best possible sales tools, visual aids, sales kits, advertising and so on.

New markets are created or become discovered. For example, group insurance and family plans have been created and have recently received much promotional effort. Markets which were more discovered than created are exemplified by the increased sale of life insurance to single, career women and to partners in small businesses. Every effort imaginable is made to call to attention the opportunities in these and other new markets. Among the more notable methods for spreading information concerning the new markets is the insurance press.

Prestige of the life insurance men has probably received the greatest amount of attention of all the non-economic rewards. "Officially," leaders in the occupation have emphasized the career and professional point of view for a number of years. It is not at all uncommon to read statements such as: "Underwriting is a respected and honored profession";\(^7\) "Professional man on the way to success--He's the Business Men's Assurance representative--as much a

\(^7\)Opportunity Unlimited, op. cit., p. 7.
professional as the doctor, lawyer, or industrial chief";⁸ "If practiced as it should be, life underwriting meets all the requirements of the professional concept."⁹

The interest in promotion of the professional aspect of the occupation has come from associations of life insurance men as well as from the larger companies. Reasons for pushing the professional ideal are to increase the prestige of the practitioners and also to improve service to the policyholders.

A recent publication¹⁰ calls attention to prestige in terms of good public respect. The life insurance man's publics are listed as his policyholders, prospects, church and club members, competitors, circle of personal friends and others. The importance of what one's publics think of the man is stressed, and it is emphasized that their image of him should be that he is competent, dependable and friendly.

In actuality, it is found that very often clients and prospects do not treat life insurance men with the deference

⁸The Insurance Salesman (November, 1957), 106.
and respect which the official image and indoctrination teach them to expect. Respect and prestige vary more with the class of one's policyholders than with the merit of the life insurance occupation in general. For example, a life insurance man who served primarily professional people, and more specifically doctors, expressed the point of view that most of his clients treated him much like a doctor. He said, "They have complete confidence in my counsel and advice." Another life insurance man who was originally a lawyer suggested that his clients, in estate planning meetings, still treat him like a lawyer. A home office administrator, treasurer of his company, felt that he is most often treated like a banker. Other career life insurance men who had no specialized clientele or no direct identification with an old profession expressed the opinion that they were most often treated like any other salesman. One man in this position said, "My clients will usually kid a lot and ask, what do you want to sell me now?"

In addition to the various and general efforts at increasing the prestige of life insurance men, they are also given specific recognition for some of their accomplishments. Notable among these is the Million Dollar Round Table. This organization aims to give appropriate recognition to the men who have achieved a high production record.
In addition to the national M.D.R.T., many companies have their own schemes for recognizing their million dollar producers. Their pictures may be framed and on display in the home office lobby, they may be given recognition in the company magazine\textsuperscript{11} or in national magazines.

Successful life insurance men are both stimulated and recognized for their accomplishments by contests, trips and conventions. Take the case of one dynamic and highly successful general agent who said:

Contests and awards are extremely important. Men just won't work for money alone. Contests give them a little extra drive. Last year I wanted to go to Chicago for two weeks on business and to see some baseball games. I didn't want production to drop in my agency during my absence so I set up a contest for a new suit for the man with the highest production during that two weeks. It was one of the highest production two weeks for my agency's year, and it cost me only $150 for a suit.

A manager for one of the largest Eastern companies also attested to the importance of contests when he said:

Boy, I tell you we have contests! We have two each year. They stimulate a lot of enthusiasm, and often the reward is only a token gift.

He went on to explain that they were just completing a contest and that the winners in each office, the first, second and third highest producers, were each to be given a beautiful

\textsuperscript{11}The Franklin Field, 36 (October, 1957), 18-19.
marble ash tray for their desk with an inscription explaining that the marble had come from their company's old home office building which was being demolished in order to provide space for a new building. Not only was the ash tray a handsome piece of work, but it had sentimental value. The manager estimated that he could purchase an ash tray of similar quality in a local store for ten dollars. His point was that it is not the value of the reward, but the nature of the contest which gives the impetus to the agents.

Company conventions are another reward system as well as being business and educational programs. In order to qualify for a convention trip a man may have to make a certain minimum production. Large and small companies all have conventions. One small, rapidly growing company reported, in its magazine, the following preview of its plans to hold a convention in a large city several hundred miles from its home office. The attractions will include two chartered railroad cars for transportation to and from the convention site, sight-seeing tours, visits to museums, visits to the business centers of the city, luncheons, dinners, floor shows and other entertainment.12

12 The Record (February 17, 1958), 5.
Personal Rewards

Next we turn to an examination of the basic inner satisfaction which life insurance men get from their work. Personal satisfaction is derived from paying claims, counseling with clients, building estates, etc. An assistant manager of an industrial office put it this way:

Your reward comes from the sadness of others, that is the feeling that you have helped others prepare for their difficulties. The minister does spiritual good, the doctor does physical good and the life insurance man does financial good--and you can even get into heaven better if you have money! . . . the spiritual aspect of the rewards grows on you as your experience increases.

An ordinary agent, commenting on personal satisfaction, said:

It is not generally found in the early years, but when you have a death claim to deliver there is real satisfaction--people call you back, children of the client come to you and your sense of real help becomes felt. This feeling grows over the years. As you pay off claims you become more and more qualified for your work.

Another ordinary agent, a man with a long career behind him, said:

My closest friends came from my clients, and like a dedicated doctor or preacher my satisfaction comes from serving my clients and friends.

An assistant manager, when asked about his satisfaction, said:

Other than income? (then he went on to explain) My satisfaction comes from arranging the future of a family. I like to do things for other people.
A general agent's conviction was: "I am helping people as much or more than the minister."

Still another general agent said:

I am happy in my relations with other men. Solving another's problems is a great gratification. I enjoy helping people build estates.

An industrial manager expressed the opinion that satisfaction comes from:

... feeling you are a real servant of humanity. This feeling grows and intensifies as your years of experience increase.

At the other extreme of the point of view expressed in the above statements is the adamant statement of the "old school rugged individualist approach" by the president of a new company:

Rewards and satisfactions are high income. This service stuff in the ideology of management and from the big companies is a lot of bull. This is a selling business and a damn good one.

Expression of deep personal satisfaction was largely absent in the thinking and feeling of the part-time life insurance men. This is partly explained in the responses of the career men where they suggest that deep devotion really comes only after years of experience and generally only after one has paid off a number of death claims. Many part-time men never get to that point of identification with life insurance, and when they do they often become full-time life insurance men. The intensity and depth of personal
satisfaction and involvement do not apparently differ for the ordinary, combination or debit career men.

Personal satisfaction and involvement on the part of home office administrators are in some cases of a different nature from that of the production men. Home office men may express satisfaction in feeling that they have a part in the creation and directing of a business. One home office man said, "I get satisfaction out of seeing my company grow and knowing that I am contributing to that growth."

In any event, whether producer or administrator, the feeling of personal reward and satisfaction is only manifested after a considerable period of time has passed, spent in close association and identification with the occupation.

III. SIGNIFICANCE OF REMUNERATION AND OTHER REWARDS FOR THE OCCUPATION

Methods of remuneration and other rewards, like the other structural elements of the occupation, are gradually being shifted away from an emphasis on rugged individualism and laissez faire to an emphasis of planned career programs. What significance does such an apparent shift in occupational structure have for the occupation as a going concern? There are those who hold tenaciously to the old ways and who see nothing good to come from the new trend. They assert that
when you take away the chance for a great opportunity, for phenomenal career success, the occupation will lose its vitality and disintegrate. We ask, what evidence is there to affirm or to deny such assertions? How are men's occupational identification, career interest, client relationships, and so forth, affected by a remuneration program which assures them a salary versus income on a pay-as-you-produce basis?

This problem is far deeper and more complex than it appears from a superficial examination. From a purely rational point of view it might be asserted that all one needs to do to discover an appropriate remuneration system is to first decide what end it is to serve, and then to develop rationally a means to that end. In the pragmatic sense it may well be agreed that this is the problem. Various life insurance companies and life insurance associations have made systematic surveys of systems of remuneration, and, with the data available to them, they have tried to ascertain the effectiveness of the various systems. The latter has proven a far more difficult problem than the former.

The sociologically interesting aspect of this problem is intentionally brought into focus by our discussion of both economic and non-economic forms of remuneration. In the case
of the economic remuneration it has been shown that there is a distinct tendency to provide some form of guaranteed income for the new man while learning, to bear some of the economic load with him. This is far from a gift or salary, for it is usually debited to the new man's account, to be repaid gradually when he is in better financial circumstances. Even this, however, for the life insurance occupation, shows a remarkably new consideration for the individual's particular situation.

On the other hand, the system of non-economic rewards would seem to have little place in a purely rational system. However, competition and contests were widely acclaimed as being particularly important and valuable. They may be viewed as a remnant of the spirit of rugged individualism. Why is this system of rewards kept? It is asserted that it stimulates production; that men will not work for money alone, but they need something more to drive them on.

One has not to probe very deeply into the life insurance men's occupation to find that the practitioners are very sensitive concerning certain aspects of their work, not the least of which concerns some of the "salesmanish" characteristics. This is to say, there are those career-professional life insurance men who take a great interest in their occupation and try to see it as a whole. They have high hopes and
aspirations for what they frequently call "the life insurance profession." They work consciously and in some cases systematically toward their goals and dreams, and their effort has produced much of the responsibility for the new trends in the occupation. For example, they have worked for a system of remuneration from one's entrance into the occupation through the years of retirement, which would recommend it favorably in comparison with the most prestigeful and most professional occupations.

Sociologically, the point is, and we reiterate it, what kind of a remunerative structure will recruit a certain type of life insurance man? This is precisely the problem with which the career-professionals are concerned. They want a remunerative structure which will contribute to the attraction and recruitment of the highest and most professional man. They really want no part of individuals who might come seeking personal aggrandizement and nothing more; they want none of those who would come to "grab a fortune" as quickly as possible and then leave, having given the occupation nothing in return for their "take." Neither have they any interest in the "floater," either between companies or in and out of the industry.

The reader must continually be reminded of the fact that these so-called career-professional life insurance men
are both producers and administrators, both field men and home office men. This is especially so because even those home office men who are often identified as guardians of the industry, as well as members of the occupation, realize that the career man may serve the industry better than the itinerant.

Another point must be made clear. In none of the foregoing, or succeeding discussion, is there any attempt to identify career-professional men as those practitioners who have a long seniority in the occupation and to identify the rugged individual type with itinerants. Nothing could be further from the truth. Many individualistic practitioners have long careers in the occupation and C.L.U.'s have been lost along the way.

The fact remains that as the systems of remuneration become more formally structured, as variations become obliterated and tested systems become more widespread, there is less room for expressions of individualism. The type of man who once looked for a position in life insurance will no longer find a position there for his interests. The remunerative and rewards structures, along with the other occupational structural elements already discussed, are prominent forces in the changing character of life insurance men.
PART IV

OCCUPATIONAL ORGANIZATION
CHAPTER VII

WORK SITUATIONS AND COLLEAGUE RELATIONSHIPS

Life insurance men, in most cases, divide their work time between their office and contacts with prospects and clients. For the most successful life insurance men the greater portion of their time is spent with prospects and clients, but still the office is an important part of their work situation and their activities there must be understood. Furthermore, the practitioner's self-image affects his relations in the work situation. The life insurance man who thinks of himself as a salesman will expect one type of responses from his colleagues and clients, and the life insurance man who considers himself an executive will expect a different pattern of responses from his colleagues and clients.

The work situation for part-time life insurance men is different from that of full-time life insurance men. For the part-time life insurance man it is more characterized by his full-time work, in some other occupation, than by his insurance work. Many part-time life insurance men may have no office at all. They may be only contact men who do no
actual selling, or they may sell from an office which is primarily used for their full-time occupations. Regardless of their particular situation, it is probable that these men do not closely identify with the life insurance work situation.

Full-time life insurance men who think of themselves as salesmen—and not pencil pushers or desk men—will spend as little time as possible in their offices. They may have their work so organized that secretaries and others do most of their routine paper work so that they may go to the office but a few times during the week. In contrast to this type of life insurance man is the type who finds much to occupy his time at the office, and, consequently, he may be found at his desk early in the morning and again late in the evening. Such a man has as his ideal the executive type.

The work situation is also affected by the type of physical office facilities which are provided. "The office" is a loosely used term and may have different meaning for different life insurance men. It may be a symbol to the salesman, a place where the name of his company hangs over the door, but a place he seldom frequents. It may be a place where "the girls" work at the many details required in the life insurance operation. The office may be a big room with tiny desks lined in rows so that the men who sit at them can face a big blackboard at one end of the room. Such
an office is the place where debit men report and check their accounts at appointed times. The office may be a large edifice wherein a dozen or more agents have private offices. It may be a place with paneled walls, carpeted floors, an oversized desk and comfortable leather chairs, where the agent or administrator can enjoy a highball with his clients, at the end of a business consultation meeting. Or, it may be the home office which is not unlike a big machine or "the enormous file" as C. Wright Mills has said. In this great office there are large rooms filled with clerks, stenographers, statisticians and others. On the higher level floors, or behind the large semi-public offices, are the supervisors, with offices separated from the big room by glass or semi-private dividers. Behind the supervisors' offices, or on the next floor, are the offices of the division heads, or the junior executives. These offices are private, carpeted and comfortable. In front of them or between them is a semi-private office for a secretary, who works for two or three junior executives. Finally, one moves up or back to the highest echelons where there is a receptionist who directs the caller to the proper secretary; and the secretary, in a

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private office, is herself an officious individual who makes important decisions concerning whom to admit or whom not to admit to the executive suite. The executive suite may be modern, traditional, or even antique in character, or somewhere between these extremes; but in any case, it will show conspicuous consumption. Once one gains admission to this office, through the formal channels, the atmosphere on the inside is much less bureaucratic. There you will be accepted as one who has "arrived," one tested and found worthy to share in high level confidences or one whose judgment is sufficiently sound and astute to allow consultation and investigation of high level problems.

The dynamics of work situations vary with the atmosphere of the offices in which the work is carried on. However, it must be made clear that in this chapter work situations will be understood to mean the actual relations among the life insurance men and between life insurance men and their secretarial and clerical assistants. We are not primarily concerned with the physical offices in which these relationships often take place.

In this chapter we will also consider colleague relationships among life insurance men. The complex of colleague patterns of behavior is most unusual. Competition is the prime cause of the complexity. There is often
informal competition among soliciting agents for the same prospects. Moreover, agents often make bids for the same group insurance business. In addition to this competition the occupational associations and company organizations establish contests and other forms of competition. What do these patterns of occupational behavior do for colleague relationships? From one point of view there are few instances of colleagueship among some life insurance men. Surprisingly enough, however, in this competitive atmosphere there is also found an almost unbelievable willingness to share with others ideas and sales techniques which have brought notable success. Competition has become a structured part of the occupation, and colleagueship relations are built around it and apparently include it. For life insurance men competition and colleagueship are often not mutually exclusive. At the same time, it must be remembered that life insurance men seldom use the term colleague; consequently, when we discuss these relationships we have reference to behavior patterns that are colleague-like from an objective point of view although probably not nomenclatively so for the interacting practitioners.

I. THE WORK SITUATION

The Daily Work Schedule

Inasmuch as the work situation is divided between the
office and prospect-client contacts, we will discuss these
two aspects of the situation separately. The daily work
routine for the production man is organized from early in
the morning until late in the evening. An article by McCord suggests the ideal daily schedule as follows: (1) One should
arise at 6:00 A.M., read the paper from 6:30 to 7:00 A.M.,
and be at the office by 8:00 A.M.; (2) at the office, between
8:00 and 9:00 A.M., review prospects and appointments; (3)
from 8:30 to 9:15 A.M., telephone prospects and make appoint­
ments; (4) from 9:30 to noon, meet appointments; (5) have
luncheon in a business center with a center of influence or
with a prospect; (6) go home to be with the family from 2:00
P.M. to 5:45 P.M., or return to the office between 4:00 and
5:00, or have afternoon appointments, but this may be a bad
time to see people; (7) have evening appointments Monday
through Thursday; (8) have Saturday morning appointments;
(9) and have Sunday afternoon appointments, in some cases.

In talking with life insurance men we found that some
schedule, approximating the one outlined, was generally
followed. When there were exceptions they were usually

2Donald F. McCord, "Agent's Daily Schedule," Life
Association News, 51 (March, 1956), 30-32; see also It's All
in The Day's Work (Hartford, Connecticut: Life Insurance
Agency Management Association, 1953).
related to the stage of the man's career rather than being caused by a basic disagreement with the system. This is to say, the agent who is nearing the end of his work career and whose family and other responsibilities are reduced would possibly have fewer appointments than the younger man. Take the case of a successful agent nearing the end of a long career in life insurance who reported his work schedule as follows:

I come to my office at 9:00 A.M. and then have one or two appointments before noon. I go home for lunch, rest for an hour or so and am back at the office by 2:00 or 2:30 P.M. and have one or two afternoon appointments. I do very little night work. This, however, is a greatly reduced schedule because I had a heart attack two years ago.

Another old-timer now in semi-retirement said, "I work to suit myself. Most time spent in the office is wasted unless for making appointments." Still another career agent, who has a number of years ahead of him before a normal retirement age, and who has built up an extremely large clientele and now takes it easy, going on long hunting trips at his pleasure, said, "I average only four calls a week, but I also average two sales out of every three calls." By way of contrast, take the case of a man who has been a member of the occupation only fifteen months and who produced more than a million dollars worth of business in his first year. He said:

I am at the office between 8:15 and 8:30; I leave by
9:00 and have two or three calls before lunch. I have lunch with a client occasionally, and I start calls again at 1:00 P.M. At 5:00 I am home for supper. Two or three evenings per week I make evening calls. I start these calls at 6:30 and try and see two clients each evening.

Another reason why some life insurance men are not interested in working at their maximum production level is that they have built up a clientele rather than just a group of policyholders. Therefore, many of their clients come to them when they need more insurance. The presence of competent underwriters in an agency who arbitrarily reduce their production causes field and office administrators great aggravation. They recognize that some of the occupation's best practitioners, that is, men most qualified to render professional service to clients, are serving the least number of people. In some situations and from a certain point of view this constitutes a grave problem in the occupational work situation. The industry has devoted a considerable amount of attention to the problem of stimulating production for all men and particularly among those who arbitrarily limit their work. It will also be recalled that some life insurance men have charged that the professionalization of the occupation will tend to reduce production. This may or may not be so, but we could not find sufficient evidence to support either point of view conclusively.
The daily work schedule just presented applies primarily to the ordinary agents and less to debit and combination agents. The schedule of the latter, however, is also planned and organized. What stands out as most important is that for a once rugged, individualistic occupation the work day of the life insurance man has become greatly routinized. A witness to this fact is the so-called "typical" schedule. We turn our attention now to an examination of some of the specific aspects of the work situation.

The Dale Carnegie, Norman Vincent Peale and human relations approaches to social interaction are all incorporated in greater or lesser part by contemporary life insurance men. Practitioners are told they must constantly be concerned with what their publics think of them, with the kind of impression they make. They are given training in public speaking, and several life insurance men were proud to announce that they had taken Dale Carnegie courses. One manager had a plaque on an office wall signifying his successful completion of these courses.

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3 See the booklet The Most Respected Man in Town (New York: Institute of Life Insurance, n.d.), which contains a discussion of the life insurance man's publics.

of the Carnegie course. The positive thinking of Peale, and others, was expressed as important because in the selling of life insurance one hears eight, nine or ten refusals to every one acceptance of his sales talk. The positive human relations approach starts when the life insurance man first gets up in the morning. It is reported that one soliciting agent said of his training and indoctrination:

They tell you to get up in the morning with a smile, turn to your wife and say, 'How do you feel? I feel WONDERFUL!' Then while shaving you smile at your reflection in the mirror and think about the good experiences you can have during the day--the probable success; then all during the day while going about the business of calling on people you are to keep saying, under your breath, 'yes, yes, yes!'

The day is started with a positive approach. Next on the agenda of the well-organized day is breakfast and a look at the newspaper. The alert life insurance man does not read the "funnies," the sports section and the headlines of the newspaper, until after he has read the vital statistics, births, deaths, marriages, and other prospecting items. He is also interested in announcements of new building contracts, new business partnerships, home purchases, promotions and so forth. Reading the newspaper is serious business with the life insurance man because it is a valuable way to get prospects. Prospecting, for the life insurance man, is one of his most important tasks, because he has to keep a constant
list of names of people on whom he can call. All of the prospects the life insurance man finds in the paper are not individuals on whom he can make a call under favorable circumstances, and some may be individuals on whom he does not want to make a call under any circumstances. The names he finds in the paper he may jot down in a "prospect book" which he conveniently carries in his coat pocket at all times. Along with the names he will also make some other notes concerning the specific situation which called the name to his attention and which caused him to think the individual should be interested in a new or an additional life insurance plan.

Later that same morning, when the life insurance man is at his desk in the office, he will call some of these prospects to make a specific appointment to see them. A considerable number of agents still do not call for appointments; but, instead, prefer to take the prospect by surprise. It is probable, however, that the "surprise approach" is followed by the less well trained agents and by those who sell to a lower income and less sophisticated clientele. The reason for calling a prospect to make a specific appointment is that if the agent cannot talk to the potential customer under favorable circumstances he is really no prospect at all. In other words, if the potential prospect is not willing to
give the agent an appointment he is probably not interested in life insurance at that time, and the agent had better not waste time talking to the man. One career life insurance man said:

More than ninety per cent of my calls are made by appointment. If a man does not want to give me an appointment then I do not want to waste time talking to that individual.

Time means money to the agent who is a real hustler, and he can ill afford to waste it on people who do not pay for his time in terms of commission income. Many agents, especially the new ones, use a printed schedule on which they record all of their daily activities. On this schedule they will record: (1) each call, that is, each attempt, whether successful or not, to see a prospect; (2) each seen call, that is, any conversation the purpose of which was to arrange an appointment for a future date; (3) each interview, that is, an actual sales talk presented to the prospect; and (4) each closing interview, that is, an occasion when the agent asks the prospect to buy. This schedule is kept for the morning, afternoon and evening, Monday through Saturday. At the end of the week there is a place for totals to be

recorded and divided by the commission income for the week so that the agent can see the dollar value of each call, sales talk, closing interview, and other activity. One successful new agent with whom we talked had even calculated the dollar value of having a cup of coffee with a friend, which he estimated always took between twenty or thirty minutes, to be worth two and a half to five dollars to him.

At the office between about eight and nine A.M., the agent is a busy individual. In some agencies the morning may start with an agency meeting which all agents are expected to attend. If this is a weekly meeting it will be short, about thirty minutes, and if it is monthly or quarterly it will be longer. The agency meeting, as a part of the work situation, is frequently not considered to be very important by the agents. Debit agents may consider it a session when the general agent or manager gets up in front of them and raves and rants about their low production records, tells them success stories of other agents and ends his argument with an emotional heart-throbbing tale which shows the agent as a missionary to mankind, as one who is called to save his fellow man from a life of misery and need. One industrial general manager was giving such a lecture to his men while we waited for an interview with him. He said, concerning the agency meeting:
My two assistant managers have training sessions at the Thursday and Friday agency meetings. I only come in to stimulate the men to work a little harder, give them a pep talk and try to keep them sold on the company.

Other life insurance men may express themselves differently concerning agency meetings. They may be more respected as training sessions or information sessions. For example, one general manager said, "We almost never have an agency meeting unless a new policy is established; then we have a meeting to explain and study it." Another agent said, relative to the same subject, "We have meetings in our agency about every two months to discuss new contracts." Another life insurance man who was geographically separated from his agency said, "My agency is in the city of ________ and I seldom have much contact with it." This relationship is particularly true of agents who have their offices in a city other than the one in which their agency is located.

As a part of the work situation these meetings stand in a crucial balance between contributing to the success of an agency or contributing to its disintegration. Here agents can be brought together in a quasi-primary group to share ideas and to build an occupational loyalty. However, the difficulty of the meeting even as a training session is complicated by the abiding opinions that selling is an individual problem, and what one really needs to do is to get
out and meet the people and not waste time in meetings. On
the other hand, most sales personnel will also admit that
even for the biggest producers there are those times when
morale is low, when the individual feels the public has
simply stopped buying life insurance, when something has
gone wrong in his approach; and he just can't sell any more.
There are "ups" and "downs" in selling, and when a man is in
the "up" period agency meetings, pep talks, and success
stories are superfluous; they are in his way. He wants to be
free to meet people, for he knows he can sell. When the man
is in a "down" period he needs a lift, words of encourage­
ment, a pat on the back, and this may very well come from the
agency meeting.

After the agency meeting, or otherwise soon after
arrival at the office, the individual will open his mail. For
the agent this may probably be correspondence⁶ from the home
office. It may include policies for delivery, announcements
that certain of his policyholders have paid on time and that
others are in arrears, possibly a rejection notice concerning
an application he submitted, and a company bulletin, magazine
or other news and announcements concerning company matters.
It should be noticed that for the agent the correspondence is

⁶It's All in a Day's Work, op. cit., pp. 7-8.
essentially a one-way proposition. He receives many letters, but they are of such a nature that little of his time is required to answer or acknowledge them. The general agent or manager, on the other hand, is the initiator of much correspondence as well as the receiver of it. The task of contacting the policyholders whose payments are overdue may be delegated to a secretary, or in some cases the agent may make a personal call.

The secretary, or other office help, may be called upon by the agents to do several other tasks for them during the day, while the agents are in the field. These tasks may involve sending birthday cards, Christmas cards, tax news bulletins or other material which the agent uses to keep in contact with his policyholders. The secretary is at the agent's beck and call during the early morning hours at the office, but once the agent is gone the importance of his work diminishes in the secretary's opinion, and it may be done more at her convenience than at his.

In some agency offices there are specific rules and

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regulations which are intended to increase efficiency and to provide for the interests of the agent. There should be no visiting in offices. Telephones should only be used for business during the early morning and late afternoon hours. Men are encouraged to arrive at the office promptly in the morning and to leave on time. The first call should not be at the coffee counter in the morning or at the theatre in the afternoon.

Before leaving his office in the morning, the underwriter will make several telephone calls to arrange appointments for two or three days in advance. Some of the persons called will be those whose names he found in the morning paper, others will be those whose names came from his age-change or birthday card file and others will be names which came from referrals from his previous day's contacts. From these sources of potential prospects the agent singles out a number of real prospects.

The pattern of telephone conversation is itself particularly important. The conversation must be sufficiently positive and leading to cause the prospect to give the life insurance man an appointment, but it must also give the

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potential prospect a chance to refuse the appointment if he is absolutely uninterested. In other words, a high pressure phone conversation may get the underwriter an appointment, but it may also antagonize the prospect so much that by the time the agent gets to see him the situation becomes negative and the prospect decides not to buy anything from the "so-and-so" agent. The capable agent must use the phone conversation to save himself time, as a quick opportunity to differentiate between the "hot prospect" and the time-consuming "no-sale prospect." The conversation may go something like this to a referred lead:

Mr. _____, the other day in a conversation with a friend of yours, Mr. ____, your name was mentioned very favorably, and he suggested that you are the type of man I should meet. I know you are busy so I am calling to find out when you will have a few minutes to see me. Would it be more convenient in the morning or afternoon?  

If the agent has previously sent a brochure or some other advertisement through the mail to the prospect, then the conversation would be something like this:

Mr. _____, this is Mr. _____, from the Insured Savings Department of the Franklin Life Insurance Company. I sent you a little brochure the other day on saving money. Do you recall it? (If the prospect says, 'yes,' you continue) Fine! I'm going to be in your neighborhood

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next week on ______ and I could see you about ______ o'clock. Do you expect to be home? (If the prospect answers your question in the negative, then say) Well it probably ended in the circular file (i.e., wastebasket) with the other advertisements. At any rate, this is an idea for saving money, and I will be in your neighborhood next week on ______, and I could see you about ______ o'clock. Do you expect to be home that evening or would ______ evening be more convenient? ¹⁰

Prospect-Client Contacts

With the telephone work completed and several more appointments lined up, the life insurance man is ready to start his calls. By now it is nine or nine thirty, and he may have an appointment at ten and another at eleven. At any rate, the scene of the work situation changes from the life insurance man's office to the office of the prospect or to some other convenient meeting place. During the day, if the life insurance man is calling on business men, he will try to meet them at their offices. This meeting place has certain advantages. First, the atmosphere is that of business; the passing of social greetings and other introductory rapport discussion can be kept to a minimum. The underwriter can come quickly to the point. The prospect's office also has the advantage that personal records, papers and other information necessary for planning for the proper policy are

¹⁰Loc. cit.
usually convenient. On the other hand, life insurance men will point out that it would be an even greater advantage if the prospect or client would call at the life insurance office. This is particularly true where programming and estate planning are involved, because the underwriter has in his office the necessary equipment for calculating and determining the details of the prospect's or client's insurance needs. One career agent put it this way:

It is a decided disadvantage to have to go out and call on the client. The client should come to you. . . . This will mean better service at lower rates. It costs money to pay agents to be on the road. Furthermore, in his office the agent has the books, records, phone and other aids he needs to do the best planning for his clients.

The fact remains that the underwriter generally has to call on his prospects and clients at their homes or offices. Moreover, the call is generally made before the underwriter has sufficient information to plan an insurance program for the prospect or the client. This situation has brought about a two-interview approach to selling. The first interview is called the fact finding interview and the second, although it has no specific name, is the sales interview. When the underwriter starts selling to middle income and high income families, or to others for whom life insurance needs are complicated, he will plan to make the first call to find out what the needs are, what protection is already in force, what
the client will probably buy and what the probable future needs will be. After the career underwriter gets this information he will ask the client to let him examine the existing policies and other pertinent records at his office. Back at the office, the underwriter will study the needs, existing provisions and other records. He will then develop a life insurance program for his client, integrating all his policies, and in a day or so call the client for a second appointment. During the second appointment the underwriter will present his analysis along with his recommendations. The underwriter will plan to leave this meeting with an application in his hand for an additional policy which will provide coverage as he has recommended. The recommendations, incidently, may be long range, to be fulfilled at the time of this call and partly to be fulfilled by additions in later years. This type of two-interview programming and estate planning is becoming more widespread.\textsuperscript{11}

One Chartered Life Underwriter put it this way with reference to a programming approach:

I always like to call on a man twice. First, I make an appointment for a fact finding interview. Then I return to my office and study his needs.

\textsuperscript{11}See the programming advertisement in The Calling Card (Hartford, Connecticut, Aetna Life Insurance Company), October, 1957.
After this, I make a second appointment. This time I go to the client with a plan especially fitted to his needs. The plan is explained, and the man is asked to buy the needed protection. An emotional story is used if necessary, but the whole presentation is kept on a high professional level.

A career man said with reference to this subject:

If the man [i.e., prospect] has only a $6,000 or $7,000 income and relatively no insurance, you try to sell him on the first call. If he has a substantial amount of insurance and/or a big income you may make two or three calls for programming before the sale.

Consequently, it must be noted that sales approaches to the client vary with the underwriter, with the type of insurance being sold and with the socio-economic class of the client.

There is usually some time that lapses between interviews in spite of the fact that appointments are made in advance. The alert and hustling life insurance man will usually find some way to put this time to good advantage, while others will waste it at a coffee counter. If the time, say fifteen or twenty minutes, is to be spent in a neighborhood where the underwriter is acquainted, he can usually make a quick call on an old acquaintance and use it as a fact finding interview. The conversation might be something like this:

Bob Underwriter: 'I just happened to be in your neighborhood this morning, and I always hate to pass your office without saying hello.'

Jim Client, now a center of influence: 'Why, yes,
Bob, I was just thinking it had been some time since I had seen you, but I saw your picture in the paper last week. . . .

Bob Underwriter: 'What's new in your office, Jim?'

Jim Client: 'Why, not much, actually, but I do have a new man coming to join my staff as assistant office manager. Roy is being promoted to office manager, effective the first of the month when Al retires.'

Bob Underwriter: 'I'm glad to hear Roy's being promoted, and I would certainly like to meet this new assistant. How about introducing me, I'll be coming this way again soon?'

The conversation may continue for another five minutes or so, and Bob Underwriter leaves his client's office knowing the approximate age of the new man, that he is married and has two children and some other information. The man is a potential prospect. He makes a note of all this information. He also notes the fact that the assistant manager will be promoted, and that he should now want to increase his insurance program.

If the underwriter is waiting in his prospect's office, he may engage the secretary in a conversation similar to the one just suggested and get similar information. Prospecting never stops, and the alert agent will seldom meet any person without getting some valuable information concerning changes in people's affairs which create new life
insurance needs. The life insurance man learns to be both interested and inquisitive concerning the affairs of people.

By the time another appointment has been completed it will be nearly noon. The life insurance man may have a luncheon appointment with a prospect or a client two or three days a week. On the other days, he will try and have luncheon in some popular businessman's restaurant where he can meet a center of influence and where they can discuss mutual problems and interests in a casual manner. Such a meeting will be used as a prospecting session for the underwriter. Before the luncheon is over the agent should have added at least one name, and possibly more, to his list of persons on whom he should call.

The noon hour may also be spent in attendance at some organization luncheon. Some life insurance men are great joiners, and they will have their names inscribed on every roster where they can obtain a membership. Other life insurance men are very selective with regard to the organizations they join, and still others are, for all practical purposes, non-joiners. Certainly there is a great difference of opinion among life insurance men concerning the value of organizational memberships. Also, there is little unanimity

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of thinking concerning the kind of organization one should join, that is, whether one should join social, professional, religious or civic groups. Finally, there is also a lack of agreement concerning how many organizations one should join and concerning the purpose for joining.

The lack of agreement concerning the place of organizations in the life insurance man's work makes them no less a part of the work situation. Any discussion of the work situation which failed to consider the place of organizations would demonstrate a gross oversight.

Life insurance men may be found in large numbers in the local Junior Chamber of Commerce as well as in the local Chamber of Commerce. There are generally two reasons for this type of membership. First, the underwriter may look upon the Chamber of Commerce as a "strictly" business organization to be used for contacts or in any other way to promote his personal situation. It is the type of organization in which one member does not hesitate to ask another for his business. One underwriter who is especially interested in estate analysis said, "My membership in the Chamber of Commerce means business for me." On the other hand, there are those who are quick to point out that there are already too many life insurance men in the Chamber; and, therefore, it is a poor place to go to solicit new business. A veteran agent
said, "Many life insurance men belong to the Chamber of Commerce, and it is undesirable to solicit business there."

There is still another opinion on the subject of Chamber membership for life insurance men. This is the opinion that life insurance men take their living out of the community and they should give something back in return. The Chamber of Commerce is often cited as one of those organizations in which life insurance men give something back to their community rather than get something for themselves. A district manager said, "A man should not be just a joiner, but he owes it to his community to take an interest in some civic and service organizations."

Many life insurance men will also be found as members of service organizations like the Rotary Club or the Lions Club. As in the case of the Chamber memberships, these memberships may be primarily for contacts or primarily for service, depending on the individual. Here one begins to find a more subtle approach to getting contacts. Contacts are often disguised as friendships. This is to say, the life insurance man makes close friends with fellow members, and while they do not ask their club friends for business they expect to get it because of their mutual interests. In like manner, the life insurance man expects to reciprocate; and when he needs a service which a fellow member can provide,
he will call on the member in preference to an unknown man. In this semi-indirect way contacts are made just by being known. One life insurance man said, "To be a successful salesman you must expose yourself to many people. Organization memberships are particularly important for exposure purposes." A general agent who belonged to a country club, city club, Red Cross, Boy Scouts, United Givers, Chamber of Commerce and Lions Club said, "Organization membership is a definite asset. One should always be in civic work. Why, I have had many contracts given to me for being a good citizen." One manager candidly remarked:

I am a director of the Kiwanis Club and a member of the Sales Executive Club because the company pays for my membership. Furthermore, I like this kind of association; and, indirectly, it helps the life insurance man.

Career life insurance men will in most cases belong to one or more professional organizations. The Life Underwriter's Association and the American Society of Chartered Life Underwriters are the two most notable organizations of this type. These organizations are a part of the work situation, but they are not used for sales contacts. In the meetings of these organizations life insurance men consider occupational problems in general. In addition to considering occupational problems and serving as a lobby group, these organizations may also have luncheon meetings and invite distinguished
speakers to discuss sales problems and techniques or other problems faced by life insurance men.

These organizations are exclusive rather than inclusive in their membership, and many who are not ordinary or combination salesmen are not even eligible for membership. Consequently, some life insurance men look upon them as elite clubs in which only a select few are welcome. One general agent with a small company did not hesitate to say with reference to the Life Underwriters Association: "The Association is not important; besides, they are fighting us [i.e., the small companies]." While this is not really an exclusive organization, it is a matter of observation that big company men are conspicuous by their membership, and small company men are conspicuous by their lack of membership.

In addition to civic, service and professional organizations, life insurance men may belong to a great variety of social organizations and clubs. Most notable among these clubs will be the city club, the country club and other expensive and somewhat selective groups. The purpose of these memberships may vary with the individual. Some will assert that they definitely want to keep their business and their social life separate, and that they are not interested in soliciting business from club members. Others are frank to admit that they will take business wherever they can get it.
Moreover, as with the other memberships, the social club is another chance for exposure; and life insurance men are quick to recognize the value of being widely known. What is more, the desire is not just to be known, but to be known to the right people. There are those who want to do business with the Cadillac-country club class. Consequently, when one moves among life insurance men remarks will be heard to the effect that Mr. "A" and Mr. "B" can be found on the golf course three or four days a week. "That's where they write their business." When we were in Mr. "A's" office some weeks later, several phone calls were made with the express purpose of setting up a foursome for the following morning, to be followed by luncheon at the club. Some of the members of the foursome were clients as well as centers of influence for Mr. "A."

In addition to country club and city club memberships, insurance men may belong to bridge clubs, dance clubs and others. These clubs may be used for contacts. They may be made up of clients who are close friends, or they may be the one place where life insurance men completely divorce themselves from their business and enjoy a few hours of purely social life.

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13See Fred Greer, "Light a Candle with Life Insurance, Don't Curse Those Who Are in Darkness. . . ." The Record (March 10, 1958), 7-9, for an acknowledgment of the "country club" sales approach as contrasted with missionary or evangelistic approaches to spreading the gospel of life insurance.
Life insurance men will also often belong to some church and/or religious organizations. They are prone to identify with both doctors and ministers and like to associate with both. Not infrequently they express a deep religious conviction, sometimes almost to the point of fanaticism. Moreover, underwriters frequently say that their occupation is more like the ministry than any other. (Identification with medical doctors was also frequent.) One agent said, "My occupation is most like that of the minister, and only the ministry ranks higher than life insurance as an occupation."

Of central importance to the life insurance man's work situation are contacts with other people. He is constantly dealing with fellow life insurance men, with clients, with prospects and with centers of influence. It is apparent that the more successful men become so absorbed in these relationships that they seldom see or meet another person whom they do not immediately put in one of these categories and thereafter treat him accordingly. This saturation with the work situation is an inherent part of the occupation. One limitation to this absorption in the work for some life insurance men is guilt feelings about using their friends for prospects. They readily admit they find it easier to talk business with people who are not personal friends.
There is still another dimension to the situations involving prospect contacts. This even concerns selecting a company and agency with which to become associated. One career oriented underwriter said:

I selected the ____ Life Insurance Company because it is old and well known, and because it had no other representative in my community. I was frankly jealous of my financial contacts and did not want to join a large agency where I could not call on old friends. In a large agency some of my friends might already be a colleague's client. When I am the only man in my office I never face this problem.

In the work situation there is an informal code of honor which brings pressure to bear on men in the same agency who try to call on the same prospect. Some agencies have specific rules which apply to this situation. Hugh Bell has written concerning his Seattle agency, "If you contact a man [i.e., prospect] and learn he has been contacted by one of our own men previously compliment him on this and then check with the first underwriter."^14

There are occasions when joint sales are made and when the underwriters will split the commission, but these situations are somewhat rare. This is usually confusing to the prospect as well as complicated for the agent.

When representatives from competitive companies are trying to sell the same prospect concurrently, informal rules

^14Bell, op. cit., p. 124.
and gentleman's agreements are hard to find. Here competition is at its height, and the prey is the sharpest man's game. The only time there is any cooperation or conciliatory attitude expressed is when it becomes clear that if the competitive pressure is not relaxed the prospect may not buy from either salesman. However, if we can judge from the comments, competition and not cooperation is the rule in situations like this. The words of one general agent were, "There is more competition than friendship in the selling field." Another agent said, "This is actually a business of friendly competition--your competitors are your friends."

Not so many years ago, according to one agent, the competition for business was much worse than it is today. This veteran agent said:

It was rough in the days when I started [that was the mid 1930's]. You had to reason and then argue a man down to make a sale. Once you made your sale you had to fight other agents away from your client. Today we present life insurance as a way of saving, and people are more willing to buy. After a sale is made there is little worry about twisting.

This type of competition, of course, does not characterize most sales today. In some cases, where it does occur, the agents involved may express little anxiety over the situation. On the other hand, if the impending sale is to be large and the commission high then the agents may "sweat it out" until the deal is closed.
There is another situation in which the agent may express anxiety. This is a case in which he has submitted an application to the home office for, say, a hundred thousand dollar policy. The client in a position to purchase such a policy is probably middle aged. Such a policy is sufficiently large to necessitate a thorough investigation by the home office underwriters. There may be some question concerning the physical examination by the local doctor or doctors and the agent, or his general agent, may receive a letter or a telephone call a few days later in which the home office requests more information. With this the agent's tension is increased. How will he explain to his client that more information is needed in such a way as to not aggravate him, to not cause him to say, "To hell with the request, I don't need the insurance anyway, and I haven't time to be bothered."

These are anxious moments, even for the old-timer who has been through this wringer before. Another possibility is that the policy may come through in a few days, but rated! That is to say, something in the home office underwriting investigation caused the men there to decide the case was not a preferred risk, although they could accept the business; but it would have to be at a higher than standard premium rate. The local agent doesn't know why the policy was rated--that is confidential information. Furthermore, he does not know
if the client will be willing to pay the additional cost.

Taking the rated policy to the client is not an easy call to make under most circumstances. In addition to these two possible treatments of the agent's crucial application, there is a third possibility. It may be rejected as a poor risk. The agent may not be willing to face defeat even with that news. After all, he is worked up to a high state of anxiety over this possible business which will pay him a high commission. His last alternative is to call or have his general agent or manager call the home office and try to pressure the underwriting and medical departments into reversing their decision. If this fails they may try and place the business with a company that is known to be more liberal and which, therefore, will possibly be willing to accept the business.

We happened to meet one young life insurance man, who had been in the occupation scarcely more than one year, late one afternoon, as he was just returning from delivering his first hundred thousand dollar policy. It had been a great occasion for him, and he was not trying to conceal his joy and satisfaction. This was truly one of those times when the life insurance man was "on high." This young agent was on his way to take his wife out to dinner and to celebrate this day of success. However, and this also gives us insight into the career-saturated life insurance man, before we departed
that afternoon our successful life insurance man had turned our meeting into a prospecting interview. He quizzed the writer on his own life insurance situation, obtained some more information, pulled a note pad from his coat pocket and said, "Just let me make a reminder here to see you in June, just prior to your age change." With a few passing words, we departed.

The hundred thousand dollar sales are not daily occurrences. For some agents they may be once in a career, and for others they may be semi-frequent occurrences. Success in placing business of this type is a great boost to a man, and failure may bring a depression in his activity for some time to come. Consequently, we submit that to understand adequately the life insurance man is not to know his daily routine alone, but to know and appreciate the irregularities in the daily routine, to know the semi-frequent as well as the regular occurrences.

The dynamics of the work situation do not stop with client contacts and big commission sales. Production records for most life insurance men are made from much smaller sales and with a regular pattern of sales. The number of policyholders which life insurance men have varies. Some will make
more than a sale a day for a short period of time.\textsuperscript{15} This, however, is unusual. The far more typical case is that of the man who has ten or more face-to-face contacts in a day, who gives four or more sales talks a day and who gets two or three applications a week.\textsuperscript{16} This means that for every positive response to a call or a sales talk one hears ten or more negative responses. This negativism is a real occupational hazard for the life insurance man. To hear ten to a dozen or more "no" responses to one "yes" response can be very depressing. As a man increases his experience, however, it is possible to be much more selective in prospecting; and, thereby, he can reduce the negative responses and increase his proportion of sales to calls. For example, one long-time district agent reported that he sells two out of every three persons he interviews.

The number of policyholders an agent has may vary greatly. This, of course, is a relative question depending on the length of one's career, whether policyholders become clients, the type of business one sells, and so on. In light of these and other variable factors, it has been suggested that policyholders may vary from 3,000 to 5,000 or even 8,000.\textsuperscript{17}

If one were to assume a thirty year career, to attain a record of between 3,000 and 8,000 policyholders one would have to sell between two and five policies per week.

The record itself has no inherent value in an occupational study. Of interest here are the situations in which men work to attain these records. This brings us back to a problem raised earlier, namely, the relation between sales and service, between Million Dollar Round Table goals and clientele goals. Do life insurance men sell for a sales record and the personal commissions they will receive, or do they sell with a sense of service to humanity? It is remarkable how life insurance men rationalize virtually out of existence any possible conflict of interest between sales and service. Selling for the life insurance man becomes his service. It becomes his moral obligation to sell life insurance protection to all men everywhere. However, in a different context, we find these same life insurance men praising as a virtue of their occupation the fact that they can select the people with whom they want to do business; and some are quite selective and, thereby, the extent of their service to humanity is greatly limited. When we asked a number of life insurance men whom they liked to serve most, whom they thought were most adequately served and whom most inadequately served, the responses were as follows:
The lower and middle [social] classes need insurance most, but I prefer to serve the middle and upper classes.

All classes of people need life insurance, but my clients are heavily obligated property men.

All classes are served by life insurance men if you include the service of the industrial agents; personally I serve the white collar group.

Insurance serves people from the poorest to the richest classes if you include the industrial business. My own clients are selected from the business and professional classes.

The tendency to serve the upper income people has precipitated the counter charge that more stress should be placed on insuring more lives and less on the amount per person.

The daily work routine of life insurance men is usually concluded with a late afternoon visit to his office to clean up any paper work left from the morning or which came about as a result of the day's work. However, evening calls are also used by many life insurance men, especially in the early years of their careers. These calls may not be long--probably no more than an hour to an hour and a half. This means the agent is probably gone from his home from about seven to nine o'clock. He may make only two or three evening calls per week.

During the evening when the life insurance man has no calls to make he may spend an hour or so reading a good life insurance trade magazine, some company literature or professional literature. This time may also be spent in preparation
for a Life Underwriter Training Council course or for one of
the Chartered Life Underwriter examinations. This period of
reading is referred to by life insurance men as the study
hour.18

Home office men have already been mentioned with
reference to some of the preceding situations, but work
patterns for administrators are different in several important
ways from those of producers. Their primary task is adminis­
tration and not sales. Some home office men are directly
concerned with sales, but most are only indirectly concerned
with them. Unlike producers, rank and file administrators
have steady routinized jobs which may require little if any
innovation on the part of the practitioner. Their work
concerns repeating the same actions over and over again in
the same way. For the top ranking administrators initiative
and innovation are demanded. They are the life insurance men
who--sometimes in cooperation with selected producers--plan
the new policies, create the new sales gimmicks and aids,
seek out the new markets and, in general, do all in their
power to promote a more widespread coverage of life insurance
for all.

18 It's All in the Day's Work, op. cit., pp. 34-35.
II. COLLEAGUE RELATIONSHIPS

Colleague relationships in life insurance are often precarious. The competitive nature of many aspects of the occupation does not lend itself to the most cordial relationships among practitioners. However, this competition is somewhat deceiving, and an investigation of colleagueship is one of the best ways to discern its true nature. Despite the strong element of competition in the occupation there is a surprising amount of good faith and willingness to help a colleague. Just a few examples will serve to make this point clear. A cursory examination of the trade journals will show that many of the articles found there are written by successful agents. They are by agents who developed a new pitch, that is, a new sales talk to use with a certain policy. They may also provide rules concerning how to be successful. An example is an article by Julius C. Greer, "Blue Print for Progress."\(^{19}\) Greer is the Chairman of the Board of a combination life insurance company; and, although an administrator, he maintains a constant interest in the production aspect of the life insurance occupation. Another article, by James K.

\(^{19}\)Julius C. Greer, "Blue Print for Progress," The Life Insurer (March, 1957), no pagination.
Petrie, "A Logical Approach That Sells Family Income," makes available to all interested colleagues the fruitful plan he has developed over some seventeen years. Petrie is a lifetime member of the Million Dollar Round Table, but he is much more than just a high producer. He is a man who has built his success on service to his clients; and, following this approach, his production record has always taken care of itself. Petrie's plan is ideally aimed at the young professional at about age twenty-five who is just starting his career and his family. He is a man with a great need for insurance. Petrie gives two reasons for his plan which recommend it both to the client and to his colleagues. The reasons are these:

First, he [the client] will have such an adequate life insurance program with $25,000 of Term and Family Income that other agents will be frightened away when they call; therefore, he will be a client and not just a policyholder. Secondly, I know that I have done him a great favor by protecting his potential value to his family; and I believe when he understands and appreciates this, he will not only be my client; but he will direct a number of his associates to me.21


21Loc. cit.
In another article Virgil S. Stead explains how to sell to professional men, namely, to doctors, lawyers and engineers.

This is something of an indirect non-personal approach to colleagueship. In more direct ways one life insurance man is ready and willing to confer with another. The fact remains, however, that there is little, on a personal basis, which one life insurance man can do for another in their respective occupational roles. Most life insurance men must sell; and aside from sharing sales talks, selling is largely an individual problem. One Chartered Life Underwriter told us, "There develops a team or occupational friendship among life insurance men, but in business transactions you are on your own." Another underwriter said, "Life insurance men are much like doctors; they share their knowledge on a free basis. Partly, this is the result of bragging about what they did."

Colleagueship is most clearly seen when life insurance men gather to talk about occupational problems. Two or three life insurance men from different companies may gather in one man's office to talk about their mutual problems, to carry out details of a underwriter's committee, to plan the program for a meeting of local underwriters, to organize a Chartered

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Life Underwriter study group or plan some other activity. Such colleagues are career men who have an interest in promoting their occupation in addition to their own welfare.

Colleague relations between producers and administrators, or the lack of same, have caused a great deal of concern among life insurance men. There is some question concerning the possible existence of colleague relationships where primary groups do not exist. For life insurance men the problem seems to be how to create a "we" group feeling among so many men who are geographically separated. A valiant effort is made to make them all colleagues, but, in actuality, their solidarity remains contractual in nature, not personal-colleaguelike. One underwriter said:

"As a rule you don't consider the men from the home office to be colleagues. You simply don't know them that well."

The situation was just the opposite in the opinion of another career man who said:

"Yes, I'm on friendly terms with men in our home office. I know many of them personally."

One general agent remarked:

"The ______ Life Insurance Company is not too large to still be very personal in its relations with its agents. When you visit the home office the president will always invite you to his home.

A manager for one of the largest companies said frankly:

"Although our home office men and supervisors are friendly, in an organization as large as the ______
Life Insurance Company they have to be supervisors. Nonetheless, when the field supervisors visit my office I always invite them to stay at my home rather than arrange for them to stay at a hotel.

Another manager, who made a great effort always to identify with management, said:

The men from the home office are colleagues to me, but I know them better than my agents do. They are probably supervisors to the agents.

At company conventions and in correspondence producers and administrators make a "ritual" of calling each other by their first names. However, the comments of life insurance men suggest that close friendship and colleagueship are felt more on an informal and individual basis than as a result of any occupational or organizational policy. Unlike the army or other more bureaucratic and formalistic occupations, life insurance men use no titles and do not generally distinguish practitioners by rank. There is, however, no evidence that colleagueship abounds as a result of the absence of rank and title.

The colleague relationships between representatives of different companies is not quite clear. It is highly possible that the life insurance man's first loyalty is to his occupation and his second to his company. One thing is sure. When a life insurance man was asked to identify his work it was a rare case when the man gave the name of his company. Neither
did he give the name of his agency or identify himself with a particular group of colleagues. Typically, practitioners would say, "My occupation is selling life insurance," or "I am a life underwriter." On the other hand, it was also called to our attention that at conventions where life insurance men who represent several different companies were in attendance, there have been cases of actual fist fights between men of different companies. One candid career underwriter remarked:

Close friendships are few and far between in life insurance. The ABC Company man hates the XYZ Company man and so it goes. This is a hard business and it is largely every man for himself. At state conventions you really see the company loyalty. More than once I have seen men from different companies get into fist fights in contests of company loyalty.

Relationships between life insurance men, fire and casualty insurance men, etc., are not generally cordial. Life insurance men definitely do not want to be identified with general insurance men. We were repeatedly told the occupations are completely separate. One manager said, "Fire and casualty men are in a completely distinct occupation. They are really order takers and not salesmen." A Chartered Life Underwriter was even more emphatic when he said, "The occupations are entirely separate. What is more there is considerable antagonism because some casualty agents have life insurance brokerage licenses." Another manager said, "We are separate occupations now, but we hope our company is
going into the combination (i.e., life and casualty) business soon." While the felt difference between the occupations is clear, the reasons for the difference remain much more esoteric. Moreover, the occupational interests of life insurance men are being aggravated by the fact that some insurance companies have recently gone into what they call multiple line business. These are fire and casualty companies which have invaded the life insurance business. It is also rumored that a certain large eastern life insurance company is making plans to go into the fire and casualty business. What these changes, and potential changes, are going to do to the possible development of colleague relationships between life, fire and casualty insurance men cannot yet be properly evaluated.

Another possibility for colleagueship among life insurance men concerns their interaction in non-occupational situations, if the concept can be expanded to cover these relationships. Who do life insurance men associate with when they are off the job? It was learned that as a rule their friendship groups do not include other life insurance men. One young career man said, "My friends work at the plants. They are neither professionals nor life insurance men."

Others had personal friends who were doctors, lawyers, engineers, bankers, executives, business men and other insurance men. It is quite possible that life insurance men who move into a new
community as branch managers, or in similar positions, have a larger proportion of friends among colleagues. One manager who was recently transferred into his community told us:

I try to have a lot of personal friendship with my men. Those I have personally brought into the office since I have been here are quite close, but those who were already here when I came had their own friends and clique groups, and they still go their own way.

III. SIGNIFICANCE OF THE WORK SITUATION AND CLIENT RELATIONSHIPS FOR THE OCCUPATION

The work situation and colleague relationships are directly related to the occupational structure. It is out of the work relationships that occupational structures are largely derived. The work situations are relatively dynamic as compared to structural patterns which are relatively fixed. Also, one must not lose sight of the fact that the occupational functions also are forces related to occupational organization and occupational structure. At this time, however, attention is focused on the relation of the work situation to the occupation, which is a complex problem of relating a part to its whole.

We are already acquainted with the separation between producers and administrators. This situation continues to prevail in work and colleague relationships. The problem is how to minimize social distance between producers and
administrators. It remains generally unresolved.

In the work situation per se, however, there is another division which takes precedence over the distance between producers and administrators. This is the division of the work situation of producers between their offices and their prospects and clients. Their roles and statuses differ with the place of their work situation. In the office a man has the status of a sub-agent, general agent, manager, educational director and so forth. In his office work roles he makes phone calls, gives orders, takes orders, counsels, trains and does a multitude of other duties. In the office he may or may not be the number one man in the relatively bureaucratic organization.

In the field the situation is different. There the status of the life insurance man in the opinion of his prospects and clients is probably not high, although the underwriter likes to think of himself in a prestige class with the doctor and minister. Studies more often show that the public accords him a much lower prestige.23 Generally,

life insurance men are ranked with salesmen, bookkeepers and similar occupations. When a number of occupations are ranked, insurance men are on the lower end of the scale. Attention must be called to the fact, however, that they are increasing in prestige. Also in the studies cited the authors failed to differentiate between life insurance men and general insurance men. The fact remains, however, that their status and prestige in the field are not as high as they would like them to be.

On the other hand, in the field their role changes from one of frequent subordination to the office bureaucracy to one in which the agent is the specialist, the authority. He must be in command of the situation at all times; because, as it is said among life insurance men, "Each time you give a sales talk a sale is made." The underwriter either sells the client or the client sells him.

In the prospect-client-agent part of the work situation one observes an area of the most crucial dynamics for the occupation as a whole. Here the underwriter is virtually an autonomous individual. This is to say, he is for all practical purposes free from occupational constraint, except that which he feels as a moral-ethical obligation. It is at this very

point, where the occupation has the least control over its practitioners, that its reputation is made. If the occupation has recruited a man who is of little responsibility in this situation, he still represents his fellow practitioners; and his behavior reflects on them all. The effectiveness or ineffectiveness of the training and the indoctrination of practitioners is judged in these situations by prospects and clients; and at the same time the whole occupation is judged. Similarly, all the occupational structural elements are tested in the work situation. Conversely, it is out of the social interaction in this work situation that the structure of the occupation is largely developed. As more and more practitioners use a career-professional approach, it becomes widely associated with life insurance men.

Similarly, as the work situation becomes established on a career level, colleague relationships are strengthened. There becomes less cut-throat competition, and more respect for another man's business. The extent, however, that sales competition can be reduced remains a point of conjecture. It is possible that strong client relationships are basically incompatible with a sales occupation.
CHAPTER VIII

CLIENT RELATIONSHIPS

The term "client relationships" can be loosely used to refer to any contacts between life insurance men and their policyholders, or it can be more specifically used to refer to the development of a confidential trust and respect between underwriters and their policyholders. In this chapter, as in the industry, it will be used in both the loose and specific sense, but with emphasis on the latter. It must also be pointed out that many of the so-called client relationships might well be called customer relationships by the impartial observer. However, the career-professional ideology stresses the development of client relationships, and the term is now widely applied to all relations with the customer. Consequently, the term client rather than customer will be used here in consistency with the ideology even though it may be questioned in many actual situations.

Life insurance men vary greatly in their relations with policyholders. Some are primarily interested in making the first sale and are little interested in ever seeing the customer again. This pattern of behavior is found among some
itinerant door-to-door knockers, and it is also found among some career oriented men. There are some companies which sell to college men only, and they do this by contacting the men while they are on the campus. In this type of selling there are few, if any, specific client relationships developed.

There is, however, a tendency for life insurance men to develop confidential client relationships with their policyholders rather than to let them remain just customers. That is, after the underwriter has sold a man once he is encouraged to keep in contact with him and to continue to expand his life insurance program as the client's needs increase. This is the so-called career-professional approach. It involves programming, estate planning and analysis. The underwriter will start his client out with a basic policy—perhaps $10,000 of ordinary life insurance. As the client adds one or two children to his family the coverage is increased. When the client purchases a new home the underwriter will provide mortgage insurance. He will later provide business insurance if the client is in a small partnership firm. Finally, the underwriter will provide an annuity program. In this type of professional-client relationship the underwriter becomes a trusted consultant; and, as the client's estate situation changes, the underwriter is continually...
called for consultation along with the lawyer, banker, auditor and occasionally other professionals. This is the ideal client relationship toward which many life insurance men strive but which few as yet achieve.

There may be several reasons for the lack of a widespread professional clientele achievement, but two stand out as particularly notable. First, the general public does not yet think of life insurance men as professionals on a par with lawyers or even bankers when it comes to estate analysis. Second, the rank and file public does not have the kind of estate problems which require such attention. This means, then, that certain career-professional men are selling more and more life insurance to less and less people. There is a reaction to this trend.

There are among life insurance men, both producers and administrators, those who call for an increase in basic service to the larger public. These men decry the trend of more protection for fewer people and charge that what life insurance men should do is to stress the number of lives sold and not the amount sold. They are less concerned about the development of complex, confidential clientele relationships, for they feel that their real call to serve mankind is to give the broadest possible coverage to the greatest number of people. A package sale is adequate, they say, because the
average man knows very little about his insurance needs. Consequently, you give him no choice, you simply tell him what he needs, sell him the policy and then go on to the next man.

In this chapter we will consider the two basic complexes of client relationships: those associated with programming, estate planning and analysis; and those associated with package or need selling. The study of these client relationships is first approached by examining the conceptions which life insurance men have of their clients and, second, by examining the actual social interaction patterns.

I. CONCEPTIONS OF THE CLIENT

The Life Insurance Man Views the Clients

Life insurance men have surveyed their prospects, policyholders and clients; and, in their opinion, they fall into several "classes" or markets. They have developed some pre-conceptions of the needs of people within the various classes or markets, and they have relatively fixed ideas concerning how one goes about serving these needs. Harold W. Gardiner has suggested that for the life insurance underwriter families fall into three general classes, as follows:

(1) The Family of Small Means--This group will be concerned with families with an income of approximately $5,000 per year or less. In some cases, this will mean
a new family just getting started with a considerably larger ultimate earning potential, while in other cases, the family will have pretty well attained its earning capacity.

(2) The Family of Moderate Means--In this group will be considered families with an earning power of approximately $5,000 to $10,000 per year, with the upper ceiling sufficiently flexible to include even higher earnings where no particular property problem is involved. Families in this group usually have sufficient earning power to provide not only the necessities but some of the luxuries of life as well.

(3) The Family of the Professional Man--The situation of the doctor, the lawyer, the accountant and others in the professional group is quite different economically from that of the businessman engaged in trade or manufacture in that there is no accumulation of wealth inherent in the practice of a profession.¹

A life insurance program should make basic provisions for clean-up (i.e., burial) funds, readjustment funds, income for the wife and family, education fund, mortgage cancellation, retirement and so forth. The families in all three classes have these basic needs. Their ability to provide for these needs however, is not equal. For the family of small means the cash provisions will have to be less, and some may have to be eliminated completely. Programming for this type of family is difficult because of its insufficient funds for expensive coverage in the form of life income for the wife.

and retirement income for the husband and wife. Here the package sale comes to take its prominent place. It may be a "family plan policy" which provides permanent rather than term insurance. Ideally, this family should get the same considerate treatment as the big income family; but, in actuality, it often neither demands nor receives any special consideration. In this case the salesman will ring the door bell of the prospect, present a thirty minute illustrated sales pitch, ask the man to buy at that time, make an immediate sale and only return to deliver the policy. If, on the other hand, the man asks to think it over or absolutely refuses, the salesman will probably never make a return call. Also, this type of life insurance man will probably not make a return call on a policyholder of this class some two or three years later. Objectively, there is probably little need for a return call because even if the policyholder's needs have increased it is likely that his income has not. For all practical purposes there is little if any client relationship that accrues from this type of selling. Nevertheless, among this class of families are many prospects for life insurance, and Gardiner points out that it is estimated that about half of the families in the United States fall into this group.\(^2\)

\(^2\)Ibid., p. 9.
The family of moderate means is conceived of by life insurance men not so much in terms of income limits, which are arbitrarily set between $5,000 and $10,000, but more in terms of its way of life. This family class begins to accumulate some property of considerable value but which is probably residential and not sufficient in itself to provide a protective estate. What these families do have is considerable earning power, enough to allow for a savings program. While their level of living remains moderate, their standard of living is high. They take a pride in their educational, cultural, social and financial attainment. They want to live well today and also to provide and insure a future for the wife and children that is as good as the present circumstances or better.

Families in this category constitute one of the most attractive markets for the life insurance man. Gardiner says:

It has been estimated that families in the 'moderate means' category receive thirty per cent of the national income. They are accessible to the life underwriter both in their home and in their place of business. They are likely to appear in both social and business news from time to time so that their names come to the attention of the prospect-conscious life underwriter. In the expanding economy of the country large numbers of new families are moving into this group and those families already in the group are tending to move upward in the scale.

\[3\text{Ibid.}, \text{pp. 31 ff.}\]  
\[4\text{Ibid.}, \text{p. 31.}\]
This category of prospects the career life insurance man begins to develop into clients if he is alert and wants to establish himself well in his occupation. Much of the success of the underwriter depends on how he selects his policyholders. The young underwriter who starts his career by dealing with this type of public can develop a clientele with which he can grow. He can start his young clients out with a basic coverage and as their needs change and increase, as their family increases in size, as they buy new property, as they receive promotions and so on, the life insurance man can continue to call on them and keep their insurance program up-to-date. Their trust and confidence can be cultivated as their appreciation for the value of insurance grows. They may come to think of Mr. Underwriter as their life insurance man. With this class of clients progressive life insurance men begin to see a real career "future" in their occupation.

The professional family is another market which the underwriter considers particularly desirable.\(^5\) This family may not be different in its style of life and standard of living from the moderate means family, for not infrequently the professional family is in that economic category. The difference, however, lies in the fact that physicians,

\(^5\)Ibid., pp. 53-54.
dentists, attorneys, accountants and others are often independent entrepreneurs or fee-taking professionals. Consequently, they are not covered by Social Security or by private pension plans. They have to provide this protection for themselves. They do this by investing in land, business, securities and so forth. Inasmuch as these fee-taking professionals are not experts on investments, they not infrequently make poor decisions, and to that extent limit their ultimate financial security.

Life insurance men also see the fee-taking professionals as a good market, because, despite their relatively high incomes, they accumulate little property estate in addition to their residences. The value of a doctor's equipment or a lawyer's library, in terms of saleable income to a widow, is very little indeed. For these reasons the fee-taking professionals are the prey of life insurance men. Because these prospects are so coveted, contact approaches are carefully planned and professionals are given differential treatment. Logical rather than emotional approaches are emphasized. Their insurance programs are planned in such a way that as they mature in their careers they will change their insurance provisions and most certainly be the client of their underwriter.

In addition to these three big markets there are others,
most of which are more specialized. Estate analysis has recently attracted considerable attention in the specialized market category. This is an adaption of the life insurance provision to the needs of heavily propertied individuals. Here the service of the life insurance man is not primarily to build an estate with insurance but to protect an estate which is already in existence. The protection is the provision of enough life insurance to cover inheritance tax loss.

The ideal or "official" conception of the client by the life insurance men clearly divides the public or families into categories which are differentiated not on need as much as on ability to pay for life insurance. We asked practitioners in the occupation, "What sort of person is your average client?" The replies generally showed recognition of these categories of clients as well as some candid insight into the clients' knowledge concerning life insurance and the underwriter's conception of himself as a specialist.

Life insurance men who served the small means families expressed the ignorance which these families had of life insurance. Consequently, they took the attitude that you make a quick sale and go on to the next house. If the man is too foolish to buy, don't waste time with him, go on to the next one. Typical responses of life insurance men who serve the small means clients were:
They know very little about insurance. You never get smart with them, but you can tell them anything, but anything, to get them to buy!

The average client is just plain stupid about insurance. Frequently the more educated the worse the stupidity becomes. I make mostly package sales and never make a call back on a man who won't buy the first time. I do very little programming because that starts with prospects who make from $6,000 to $10,000 and up.

Two debit or industrial life insurance men who serve low income families expressed the feeling that their clients are greatly interested in life insurance. One agent said, "They know more about life insurance than the people with money; that is, they know the misery of life without insurance." Another debit and combination man said, "If you are there when the Negro people have money, they will buy life insurance and let the utilities go unpaid."

Life insurance men who served families of moderate means expressed themselves with reference to their conceptions of their clients in a manner which closely approximated Gardiner's ideal conception of this class. They also emphasized the general ignorance of people with reference to life insurance. The usual responses were as follows:

The average client knows very little about his life insurance needs. Consequently, you give him no choice, simply tell him what he needs. You are a specialist recommending what the client needs.

Clients in the $5,000 to $8,000 and above income bracket have little real understanding of their
insurance needs, but they can afford it and want it. You have to counsel with them and plan their estate program.

I sell to lawyers, doctors and teachers—not to low income people. Actually, teachers are poor clients because of their low salaries. I try and make a sale on the first call, but I will make a second call. Calls should never be more than one hour in length.

I like to deal only with those who have an income of $8,000 or more. They are the middle class salaried people who are concerned about their family's future and who will go to great extremes to provide comfort for them. You can always sell them educational and retirement plans.

There are other underwriters who prefer to limit their calls to business and professional men. These life insurance men begin to constitute something of an elite-specialist "class." They assume the prestige of their clients and like to be known as important civic-minded men in their community. Consequently, they deal with a class of men whom they feel are also important men in their community. A few responses show the tendency of this type of underwriter to deal only with professional people.

Over ninety per cent of my clients are of the professional class. Seventy-five per cent are independent men and twenty-five per cent are affiliated with some group or industry. They are generally doctors and lawyers. I used to write university professors, but their salaries have become too low.

My clients are professional men. You can present them a logical rather than an emotional approach.
Most of my sales are to business and professional men. The average man is ignorant of life insurance. Even men as educated as doctors and lawyers don't know what they need in insurance, but they do know they need it.

Then there are those more recent specialists who prefer to deal with heavily propertied clients. Their clients are men who already have estates and whose problem is one of conservation rather than creation. One underwriter who is a professional lawyer said, "My average client is a substantial business man. He already has an estate and needs inheritance tax protection." Another underwriter, with the C.L.U. designation, remarked, "Most of my clients are alert to life insurance because they already own it. They understand its fundamental principles because they are prominent business men who need it. Many of them call me to come advise them on their estate analysis problems."

It becomes clear that life insurance men view their clients in terms of their socio-economic status. Moreover, they select clients from the socio-economic class with which they want to identify and of which they feel a part.

Client Reactions with Life Insurance Men as Seen by Practitioners

Life insurance men are often quite concerned with what the general public and their clients think of them. Some are
even quite title conscious and want to be referred to as underwriters, consultants or representatives, while others have little or no concern about titles. The career-professional men are quite concerned with what their clientele think of them. Some are quite subtle about admitting this concern, and others are most candid. One career man who deals with a high income clientele said, "They can call me a salesman, but I want them to know I am also a lawyer and to think of me as an advanced underwriter." Another career man who sells to a moderate means clientele made it quite clear when he said, "I like to be called an underwriter and I want my clients to think of me as a doctor or a lawyer." Another man who deals exclusively with college students said, "I have never thought much about titles," and then went on to suggest that he would probably prefer his clients to think of him as an underwriter. Company presidents with whom we talked were not title conscious, and they preferred to be identified as salesman.

It is one thing to know what life insurance men would like to have their clients call them, and it is something quite different to know how they feel their clients react to them. In pursuing this second matter it was learned that life insurance men like to think their clients treat them like ministers and doctors. They also like to think of
themselves as playing a role similar in importance to the minister or doctor when they serve their clients. They want their clients to think of them as counselors, as men who diagnose their financial and security needs.

It is not to be overlooked, however, that there are certain large numbers of life insurance men who think of themselves as salesmen and who sell only package policies. These men are less occupationally orientated, and they are less vocal. Therefore, their position is less apparent in the official ideology. The career-oriented men who tended to follow the dominant ideology expressed the way they feel their clients treat them as follows. An old career man whose clients are primarily doctors and lawyers said, "They trust me as a counselor and have implicit confidence in me." A new man who had just been in the occupation for about one year, and who had been indoctrinated with the official ideology said, "My clients treat me like a doctor or any other professional man." A C.L.U. who was abundantly successful said, "The way your clients treat you depends on the attitude you express when you meet them." A young man in the occupation who liked to think of himself as a specialist said, "They treat you like a doctor; you are prescribing a program where they are incompetent to develop their own plan." An old-time career man told us, "You are treated like a doctor or minister today."
Now you deal with people who trust your counsel and advice. This was not always so. In the old days you did anything to get your foot in the door." There were other similar responses.

The less career-professionally oriented men were prone to feel their clients treated them either with deep respect or like salesmen. One debit man said, "They have a lot of respect for you. You are someone to counsel them. They call on you for all their family problems." Another agent said, "You are a man they can talk to about all subjects from dogs to their sex life." An itinerant life insurance man also said, "They treat you most like a doctor; after all you are giving them security and protection." A relative newcomer to the occupation, a man whose clients were middle income families, said, "We are most often treated like salesmen." An established life insurance man who deals largely with middle income families remarked, "Clients kid you a lot and ask, 'What are you trying to sell now.'"

It becomes apparent that not only do life insurance men treat their clients differently depending on their socio-economic status but that clients in the different socio-economic statuses also react differently toward the life insurance men they meet. This is to say, lower socio-economic status clients and upper socio-economic status clients frequently treat the underwriter with more respect than do
middle class clients. In many cases it is probable that the
underwriter receives the least favorable treatment from the
families of moderate means. This may be partly explained by
the observation that middle class people probably see more
high pressure life insurance men than career-professional
men. What underwriters apparently fail to perceive is that
middle class people may be striving to identify with higher
classes, and they would respect programming while they reject
high pressure methods. Upper class clients may see the
contractual need of life insurance and be served by the occupa-
tion's elite and, therefore, respect them. Lower class people,
if they will see the life insurance salesman at all, may be
quick to call him counselor because through suffering they
know the value of his service.

The ubiquitous internalization of the official ideology,
which suggests that the life insurance man should take the
doctor as his model for behavior relations with clients and
which suggests he should take the minister for his model of
service to men, is indeed remarkable, almost unbelievable.
There is evidence that in actuality the public accords the
life insurance man no such high status. For example, several
men were candid in their admission that one of the reasons
companies have to go out and recruit the type of men they want
is that the public still does not hold the occupation in
particularly high regard. So what we really find is that life insurance men want to be treated as professional men; and also, that their status has greatly improved in recent years.

Life insurance men were asked what they thought the public's opinion was of their occupation, and typical responses stressed the fact that the public still considers them as salesmen, but that there is an upward trend in respect for them. One old-timer in the occupation was emphatic when he said, "They [the public] certainly do not yet look upon life insurance men as professionals." A young career man said, "The public still has little faith in life insurance men and little trust in the men who sell it." An itinerant life insurance man remarked, "We are just salesmen; you better take the public by surprise rather than make an appointment if you really want to see them." A new man to the occupation said, "The public still looks at the life insurance man as another salesman, but as more men use a professional approach this becomes less true."

The remarks concerning the public's opinion of life insurance men, and the remarks concerning how life insurance men feel they are treated are at times almost direct contradictions. This difference is to be largely accounted for by the fact that in the first case the inquiry reflected on their own success at developing a professional approach and
in return receiving a professional response. The second inquiry was anonymous in nature and allowed the respondent to comment on the public's opinion on life insurance men in general and without reflection on their own success at developing a favorable public response. For example, one C.L.U. said, "Many underwriters or agents do not make a good impression. The type of people I meet, however, generally respect my occupation and have a high opinion of it." Then, too, life insurance men can give as an alibi for the generally low opinion of the public of their occupation, the fact that, as one man put it, "The public has met so many salesmen that you really have to sell yourself as an underwriter to make a living." Daniel Bell was even more poignant in explaining the felt impact of sales pressure on the American public when he wrote:

. . . selling has become the most striking activity of contemporary America. Against frugality, selling emphasizes prodigality; against asceticism, the lavishness of display. No creature in history is more uxorious than the American consumer, and this submissiveness drives him to buy. . . . The American Citizen, as Fortune once noted, lives in a state of siege, from dawn until bedtime. 'Nearly everything he sees, hears, touches, tastes, and smells is an attempt to sell him something.' . . .'6

Life insurance men as salesmen are just one "group"

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among many which have sieged the American public. Their sales approach, however, has been greatly changed in the course of the history of their occupation. Part of the change is doubtlessly the result of certain intended modifications of the occupation by the practitioners. Life insurance men have endeavored to establish training programs and to professionalize the behavior of practitioners. Their accomplishments in this direction, although limited, have contributed to the improvement of public opinion concerning life insurance men. The change in public opinion concerning life insurance men is also significantly attributed to by the increasing need for insurance. Regardless of the specific causes, the public attitude toward life insurance men shows signs of appreciable change, and the practitioners recognize this in their client relation patterns. They expressed themselves on the subject of attitudes toward their occupation with great hope and satisfaction. A successful C.L.U. said, "The public is more insurance conscious today than fifty years ago. They see the benefits and thereby appreciate the efforts of the earnest insurance man." A general agent put it this way:

The change in the last fifty years has been tremendous and to the better. It is because of: (1) the rise in the economy, (2) more people see claims paid off, and (3) there are more professional salesmen.

An experienced general agent said emphatically:

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There has been a definite change in the past fifty years. You used to have difficulty getting your foot in the door. Finally, someone would buy a policy from you just to help you out. Today you are frequently given the respect of a consultant.

An attorney who had recently become an underwriter said:

The change in public opinion toward life insurance men in the last fifty years has been tremendous. This is no longer a nickel and dime business. Today there is insurance for all classes from the highest to the lowest.

Most life insurance men see themselves in the opinion of their clients as salesmen; but, at the same time, they pride themselves on the uplifted opinion of their occupation and want to be thought of as professional men in a manner similar to doctors, lawyers and ministers. While they may be far from attaining this professional goal as a "class" of occupational men, those who do achieve client relationships which begin to approximate high professional standards like to talk about these relationships to the exclusion of all others. The conceptual ideal model is to have only career-professional relationships with a client. We turn now to an examination of their actual social interaction with clients.

II. SOCIAL INTERACTION WITH CLIENTS AND PROSPECTS

Social interaction with clients takes place at many different times and under many different circumstances, but most of the relationships can be classified as either selling
contacts or service contacts. Following the usual order of procedure, we will consider the selling contacts first and the service contacts second.

**Selling Relationships with Prospects and Clients**

The life insurance man has to keep constantly a list of names of people on whom he can call. Not just any names will do; they must be the names of prospects. Prospects are individuals who have a need for life insurance, who have the economic resources to pay for the insurance, who have a sufficiently sound physical condition to meet underwriting requirements and, most important to the agent, who can be approached under favorable circumstances. These qualifications for a prospect narrow the list of names considerably. In other words, the life insurance man may know many people who are not prospects at any given time, although some may eventually become prospects. He may also know many individuals who will never become prospects for him but who may be prospects for another agent.

It is often remarked among life insurance men, for example, that one's best market is composed of men who are five to ten years younger than the agent to those who are five to ten years older than he. There is a tendency to grow with one's clients and with one's age "groups."

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The importance of prospecting is not to be overemphasized, for it is the foundation on which sales success is built. Despite its primary importance for underwriting success, it is often viewed as a headache and a problem. A recent life insurance booklet, devoted to the subject of prospecting, expressed some agents' attitudes and anxieties concerning the problem by these questions:

Is it the biggest headache you have? Does the very physical effort of seeking new people to see bore you? Does it scare you? Are you overwhelmed by the fact that you must have a continuous supply of qualified names pouring into your hopper? Do you keep saying to yourself--'I'm a darned good salesman but I'm a terrible prospector?' Do you really feel that life insurance is the greatest product in the world and you only wish you had enough people to tell your story to?  

Prospecting, however, is an integral part of the occupation. It is a part of the life insurance man's relations with people and should not be singled out as an evil appendage to an otherwise challenging occupation. While prospecting is a salesman's personal problem, it has also attracted the attention of home office men. Studies have been made concerning the methods of prospecting, the effectiveness of the methods, the most promising classes of prospects and so forth.

__It's Your Business, This Job of Prospecting (Hartford, Connecticut: Life Insurance Agency Management Association, 1951), p. 5._

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The findings are available to life insurance men. One result of the study of prospecting has been to structure the process. Now various "steps" in the process are listed. The booklet just cited lists five steps as follows: "(1) getting the names of people, (2) getting information about them, (3) recording the information, (4) getting introductions to people and (5) eliminating dead wood."^8

It has already been said that prospecting is not getting just any name; it is far more selective. The individual whose name the life insurance man acquires must have had something special or unusual happen to him recently. The prospect must have taken on a new responsibility, for example, marriage, an addition to his family, a mortgage, or something else. The prospect must be emotionally involved; for example, he might have narrowly escaped death in an accident; he might have seen a friend die and leave his family unprotected; or, he might have seen a family recently protected by life insurance. The prospect might have received a promotion and, thereby, be in a better financial position to provide an adequate life insurance coverage for his wife and family. The list of circumstances which could make a man a prospect could be extended to some length. The real question is, how does

^8Ibid., p. 10.
the life insurance man find out about these events which make men prospects? There are several ways of acquiring this information, but none can substitute for the primary source known as general alertness on the part of the life insurance man in his observations and personal interest in the affairs of people. Secondary sources include the daily paper, centers of influence, referrals, and so forth. In the paper the life insurance man will read announcements of store openings, social items like births and anniversaries, marriage notices and other similar news items.

Life insurance men need to know more than just the name of a man before he becomes a real prospect. They also need to know his business address, age, residential address, marital status, income and a number of more specific details. An aid to the memory which helps the underwriter be sure he gets all the information he needs concerning a prospect is the following scheme, the first letters of which spell "bar maid":

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The primary reason for securing information, in addition to just a name, is to be able to qualify prospects. If you only have a man's name you are virtually in the position of the door-to-door peddler. However, if you get the additional information you can go to the prospect with some idea about his need and also have in mind a plan to solve his need. It is probable the less information you have about a man before you call on him, the less will be your chance to make a good client of him. There are other factors which enter into making a man a good prospect; but, the point remains, prospects can be ranked in a hierarchial or qualified order. The following ranking lists the most valuable prospect at the top and the least valuable at the bottom:

Quality Prospecting Ladder¹²

13. Prospecting in specialized fields.
12. People over whom we have some economic leverage.
11. People with whom we have high prestige due to our activities outside the insurance field.
10. We furnish name; third party furnishes prestige.

¹²It's Your Business, op. cit., p. 27.
9. People we can approach through personal contact.
8. People our customers voluntarily tell us about and in turn tell those people about us.
7. People our customers voluntarily tell us about.
6. Names we solicit from our customers.
5. Names from centers of influence.
4. Names from Welcome Wagon Service or credit associations.
3. Names from club rosters, alumni clubs, etc.
2. Names from newspapers.
1. Names from cold canvass.

This "Quality Prospecting Ladder" has the prospects ranked in terms of the probability of making a sale, in terms of the amount of the sale, in terms of client relationships, and so on. In other words, one may have to make twenty-five door-to-door calls to make one small sale, while if the prospect is at rank 11, 12 or 13 the proportion of sales to calls may be two out of three, the amount of the policy will probably be larger and the possibility of making a client out of the prospect is greater.

After the life insurance man has his prospects, either of high or low quality, his next task is to make a sales call on them. First, it must be observed that he is selling an intangible item. The car salesman, the shoe salesman and the furniture salesman all have their product before them with which to lure their prospect. They can appeal to the customer's sensate and conspicuous consumptive character. The purchaser can park his shining new Cadillac in front of his home for all to see. The life insurance man has only a little piece of paper to sell; and even if he encloses the policy in a
handsome leather cover on which the client's name is embossed, it is still not an item for public display. His neighbors, friends and passers-by may never know he has a hundred thousand dollar insurance policy. The policyholder's purchase is even less conspicuous than that of the air-conditioned car owner, for even the latter can have a sign on his car window which announces his invisible comfort. Consequently, it is reported that the sale of intangibles is much different and more difficult than the sale of tangibles. Life insurance men approach their prospects only with a plan, not with a tangible item. Most prospects are on the low quality end of the "Prospect Ladder," and most insurance needs are basically the same. Consequently, there is much single need selling.

The basic life insurance needs of the average family man usually include: (1) clean up funds, (2) readjustment funds, (3) minimum income for the family, (4) educational funds, (5) mortgage cancellation funds, (6) retirement income, (7) wife insurance and (8) juvenile insurance.¹²

Provision to cover all or certain of these basic needs is frequently in a single package sale. This is one policy

to provide this basic coverage. Most of these sales are made on a single call basis. The agent may or may not have an appointment with the prospect. One young career agent said:

Most of my sales are package. As I approach a man I look at his house, car, kids, toys and so forth, to get an idea of his ability to pay. I start my talk by explaining a savings plan, and I explain what it will do for the family. Then I find out how much insurance the man owns. If he has none he is immediately considered a poor prospect. Eventually you find out what insurance the man is interested in and you talk about nothing other than that one point. If the man does not buy on the first call I never go back.

The sales introduction and the sales pitch are planned and very presumptive. The so-called "canned" or memorized talk is used, probably along with an illustrated brochure. The opening sales talk may be something like this.

"Mr. Prospect, my name is John Underwriter. I am associated with the Ajax Life Insurance Company.

"I have no way of knowing whether my services as a life underwriter will be helpful to you just at this time. But I do have an idea which has proved so valuable to other people in positions similar to yours that I think it can be valuable to you.

"However, you can decide that very quickly by answering three simple questions. That's fair enough, isn't it?

"I assume that, in the event of your death, certain expenses would have to be met--current bills, income taxes, doctor bill perhaps, administrative costs and so forth? Is that correct?

"I further assume that you would want them paid with the least disturbance and inconvenience to Mrs. Prospect. Is this correct?
"Well, Mr. Prospect, if I can show you a plan which will guarantee payment of these bills for possibly as little as three cents on a dollar, you would be interested, wouldn't you?"\textsuperscript{14}

After the prospect is led to say he is interested the agent will proceed to give a similarly leading talk for each insurance need, always using a response structured approach. In other words, the salesman wants to get the prospect in an agreeing mood so he will frequently say, "Isn't that correct?"

"You will certainly agree with that, won't you?" One agent even pointed out that it is good psychology to nod your head in agreement and before long you will notice that the prospect is nodding his head and agreeing with you.

In this type of sale the introduction, presentation and closing will all take place in a single interview that may last between thirty minutes and one hour. One young agent said:

I use a 'canned' talk. I knock on the door, introduce myself, my position and my company. I say, 'I have a little plan--I don't know if it will be of interest, but in a few minutes I can explain it to you.' I go on with the explanation, give a sales pitch with an emotional story and make a sale.

In any event the salesman must always have confidence and control the situation. As Edward S. Rand wrote:

\textsuperscript{14}Ibid., p. 13.
The salesman is an actor on a stage. He must go about presenting his case thoroughly as an actor does for a Broadway success. Assume that you will make a sale before you go in. Your prospect has a need and you a solution for it. There is no one technique for every case. Always use terms your client can understand.15

As one moves up the "Qualified Prospects Ladder" the amount of time spent with the prospect or client increases. One begins to call on families of moderate means and on professional men. Consequently, there is more time devoted to programming. This is no longer single needs selling; instead, it becomes total needs selling. In total needs selling the agent begins to develop real client relationships, his prestige is increased and he makes larger sales.

Programming is defined as: (1) an analysis of a client's needs for life insurance, (2) getting an idea or commitment of the client's ability to save to fulfill these needs, (3) applying good judgment, (4) recommending the amount and kind of insurance to fit the situation, (5) selling the program instead of a policy, and (6) completing the details so that the insurance will do what was planned.16

The central concern in programming involves the provision of optional settlement patterns. The importance of an extended settlement is said to be a greater protection


to the widow. If a widow is paid her husband's insurance in one lump sum there is the possibility that it may be lost or otherwise used in a few short years, leaving the widow to live out her life with inadequate income. Life insurance men are prone to use emotional stories to illustrate their points and to motivate individuals to buy. Two excerpts from emotional stories serve as an illustration of the importance of a settlement plan rather than a lump sum payment.

In 1928 a man was killed in an automobile wreck. He left a wife and a 13 year old daughter with a sizable life insurance estate--$45,000 cash. Six years later the man's wife was running a boarding house in order to live. The daughter completed two years of college, but then it was necessary for her to leave school and go to work.17

In 1947 a man died leaving a life insurance estate of $30,000 payable to his widow, age 52, in a lump sum. The two children, a boy and a girl, were both married and presumably independent. Four years later the widow had sold her home, was living with her daughter and had less than $7,000 in a savings account.18

Life insurance was originally a provision of one cash payment in the event of a man's death. Today it has become a financial institution. In programming the life insurance man will probably make at least two calls on his client and sometimes more. An old-time career man said:

\[\text{17Ibid.}, \ p. \ 1. \quad \text{18Ibid.}, \ p. \ 2.\]
I first send a letter to my clients in which I explain to them the effectiveness of their insurance can be increased from 10 to 40 per cent without additional cost through the new estate control plan. The letter gets me my first interview. I visit the client, pick up his old policies and learn what his new needs are, and then I return to the office to analyze his situation. After I have increased his service I make an appointment to return his policies and also bring him a plan to cover his new needs. This will usually be education for the children and/or retirement for the wife and no man wants to leave these needs unprovided for. This makes my sale.

One may question why programming is not done in all cases if it offers greater service to the policyholder. The answer is fairly simple. Programming takes time, and time is money to the life insurance man. Consequently, he does not want to waste his valuable time programming a man unless he is reasonably sure that he is going to make a sale or sales. The underwriter wants a man to become a client if he is to spend time making elaborate programs. This point is clearly made in a booklet on programming which reads:

You are a salesman first and only secondly a programmer! All your analytical underwriting is directed toward the ultimate goal of making a sale. Therefore, if the best way to a sale is through programming, you do it. . . .

There is no advantage in doing an elaborate analysis of a man's life insurance estate and preparing an attractive brief unless this work is potentially going to mean a sale or sales. Unless a person is going to become a client or a center of influence you can't afford to spend the time and effort that this work requires.19

19Ibid., p. 59.
There is little altruism expressed in this reason for programming or for the development of close client relationships. Life insurance men may be more or less altruistically motivated or more or less selfishly motivated, but references like this leave no doubt concerning the motives of some life insurance men in their client relationships. The missionary zeal and service to humanity themes are more than obscure; they are simply not present in such motives.

There is another type of selling which concerns estate analysis rather than estate planning. This is a far more limited field, and few life insurance men are prepared or have the experience to specialize in this way. The life insurance men who are estate consultants necessarily spend a considerable amount of time with clients. Like the men who do simple programming, the estate consultants expect to be compensated in proportion to their time and knowledge. They see a far smaller number of clients than do the single needs salesmen, but their sales are much larger, and they expect their clients to continue to do business with them as their needs change and increase.

**Service Relationships with Policyholders and Clients**

After a prospect has been called on and a sale made, there may then be service to be rendered to that policyholder.
from time to time. In most cases the policyholder does not come to the underwriter's office or even call there for service. Service is a scheme which the life insurance man uses as a way to keep in touch with the policyholder, and if the latter's needs increase, to be ready to provide for that service with another policy—and another commission for the agent.

Actually, the problem concerns how the insurance man can keep in contact with his policyholders and thereby make clients of them. Many underwriters send birthday cards and Christmas cards to their policyholders. One old-timer said, "I send Christmas cards, birthday cards and use personal calls to keep in contact with my clients." A C.L.U. reported, "I use birthday cards, the C.L.U. letter service and a personal call every two years." An experienced general agent said, "Sending birthday cards and Christmas cards is a full time job and not that important. I make only personal calls." A career underwriter, on the other hand, said, "The use of Christmas cards and birthday cards is repulsive and insincere! I use only age change cards and calendars." Another career man said, "I send my clients anniversary cards, and I also send them a postcard from our company convention site each year and thank them for sending me." Others send personalized newsletters to their clients. These are small pamphlets
published by the company with a place for the individual underwriter's name to appear on the publication in such a way as to make it appear to come from the local agent. An example is The Calling Card used by some Aetna agents. One underwriter even suggests the use of birthday cakes for keeping in contact with clients. They cost more than cards, but they obligate the policyholder to send a thank-you note or call to say thanks. In either event the underwriter usually finds out any news which may suggest a new insurance need.

The details of sending cards, answering telephone calls and other means of keeping in contact with clients may all be duties delegated to a secretary, the wife or an assistant.

III. SIGNIFICANCE OF CLIENT RELATIONSHIPS FOR THE OCCUPATION

Life insurance men see their customers and clients differently, depending on the latter's socio-economic statuses. Those from the lower classes who have any interest in life insurance at all usually have a considerable respect for their agent. He is a "Big man," an "important man," in


their life and they value his counsel and opinion highly.
Clients from the middle income classes are frequently looked
upon by life insurance men as absolutely ignorant when it
comes to understanding their life insurance needs. Clients
with large incomes are thought to have a considerable knowl-
edge of the importance of life insurance, but they are
frequently not informed concerning the possible ways life
insurance can serve their needs.

The "official policy," on the one hand, is to have all
life insurance men become more professional in all their
client relationships; and, as we pointed out, many under-
writers stressed their confidential relationships with
clients. On the other hand, there is the sales-service
missionary orientation. This point of view is heralded by
companies and men who make package sales, industrial sales,
etc. They charge that what the industry needs is more service
to a larger number of policyholders rather than more and more
attention to fewer and fewer policyholders. They also suggest
that package selling can be just as professional as estate
planning, and use to support their argument an analogy to the
medical profession. The analogy is that most doctors'
patients are of the common cold variety; and, similarly, most
life insurance clients are of the debit and single needs
variety.
This argument may be valid, but those who promote professionalization are keenly aware of the fact that the door-to-door agents are most often referred to as salesmen rather than as professional men. The problem which those promoting the professional growth of the occupation face, and we reiterate a point previously made but worth repetition, is one of requiring a training and specialization which is far in excess of what the average practitioner needs for his average sales. Those who sell in the common cold category—that is, single need selling—have little need for advanced estate planning. Actual client relationships continue to reflect a considerable difference between the programming-estate planning approach and the door-to-door package selling.

Client relationships, as a part of the occupational organization, are most closely related to the occupational function. This is to say, for the average life insurance man the function of his work is to sell life insurance to the public. Moreover, most of his prospects are in the low to middle income categories and thereby require little specialized estate planning. The nature of the function of Mr. Average Life Insurance Man does not make him a specialist of such a type that long training and great knowledge must be mastered before he can sell. The plain facts are that the
average client's needs are adequately covered, sometimes more than adequately covered, by package sales.

Given an occupational situation in which most client relationships clearly require a minimum of specialized practitioner personnel, on the one hand; and in which the occupational structure, on the other hand, tends to require maximum training and specialization, it becomes apparent that occupational structures and occupational functions stand in a relation of check and balance to each other. Consequently, the attempt to have all life insurance men become estate planners or professional in their approach is largely thwarted by the very nature of the occupational function. Client relationships neither demand this nor make it feasible.

Also, the client relationships show that the occupation can be very negative and depressing. That is, a dozen or more negative responses to each positive response are not easy to take. Although warm client relations are possible, they are more often attained by a few specialists than by the greater number of life insurance men. Consequently, many men are little gratified by their client relationships. This is a significant factor in contributing to the high personnel turnover which will be discussed as one subject of the next chapter.
CHAPTER IX

CAREER PATTERNS

There is not one career pattern which is generally typical for all life insurance men. Within the occupation one can distinguish with little difficulty at least four distinct career patterns. A man can select a production career as an agent or he can select an administration career as a field administrator or as a home office administrator. These three careers are all intentionally provided for in the organization of the industry. One can also identify two "ideal" or typical career patterns among production men. The first of these we will call the career-professional type, and the second the itinerant type. These two career patterns are not intentionally provided for in the industry's organization; instead, one might say, they are a by-product of the organization. Each of these career patterns will be discussed in this chapter as ideal types.

It must be observed at the outset that career patterns of life insurance men are different in several respects from those of other occupations. This is to say, some occupations involve a lifetime involvement (e.g., lawyers, physicians and
others); others involve long seniority (e.g., carpenters, masons, electricians); and others involve relationships in large bureaucracies (e.g., civil service, post office, police departments). In the first of these cases career patterns are greatly determined by the opinion and judgment of one's colleagues. In the second case one's career is determined to a great extent by seniority or long faithful service to the trade. In the third case career promotions are ideally the result of impersonal evaluation of one's efficiency. For the majority of life insurance men, none of these situations characterize their careers. Most life insurance men are agents, and to a great extent free to organize their work in their own way. They intend to remain agents all their lives and are not concerned in any way with ranks, levels and promotions. Success does not generally depend on the judgment of one's fellow practitioners; it depends more on one's own energy and effectiveness as a salesman. The careers of life insurance men are more closely associated with those of agents, brokers, salesmen, promoters, retail merchants and others. All of these have highly mobile careers and usually pass through a number of different affiliations.

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2Loc. cit.
Life insurance men are making an effort to stabilize the careers of their practitioners. Miller and Form have studied work adjustment periods and they distinguish six. The careers of life insurance men as an occupational group generally fall in only two of the six work periods, namely, the "trial work period" and the "stable work period." The trial work period is defined as "... the first ten or fifteen years of the individual's full-time work experience ... the age span of eighteen years to thirty-four years inclusive. ..." The stable work period is that "... span of years from thirty-five to sixty years. The worker finds a relatively permanent job and 'settles down.' He develops social roots in the work plant and in the local community. This period may be characterized by a relative absence of work tension, and the development of a feeling of belonging to the groups in which the worker participates." The authors go on to say that the trial period usually lasts for at least three years, and that it is only after a man has stayed on a job for more than three years that he begins to enter the stable period. (There may be

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4 Ibid., pp. 700-701.
several trial work periods between the ages eighteen and thirty-four.) By this standard the many life insurance men who leave the occupation in their first two or three years never enter the stable period of occupational work in the industry. A man may have a stable work period in one occupation and then still decide to leave it and go through one or more new trial periods before he achieves another stable career. This is often the case with life insurance men.

The various career patterns of life insurance men will be demonstrated by using case examples. Producers' careers will be discussed first, followed by an examination of administrators' careers.

I. PRODUCERS

Career-Professional Life Insurance Men

The career life insurance man is an ideal type, and no specific career man can be expected to be its model. Ideally, he is a man at least in his late twenties or older, has had prior work experience, is married, has a family and has a home. He is now ready to stabilize his work with a career that will provide him a relatively high economic reward, with freedom to plan his own work and to be his own boss. He also wants his position to provide some training, guidance and security. He wants it to be clean, respectable white collar
work, in which he can meet a lot of people, belong to the "social set" and compete in the "great American potlatch" (i.e., provide himself and his family with all the conspicuous consumptive items). He has possibly had some college education and may even hold a college degree. He has ambition and is eager to "get ahead," but he is not the rugged salesman of by-gone days. Careerism has overcome him, and after he has enough economic reward for his own comfort, he may turn his attention to the promotion of his own occupation. He will take the L.U.T.C. courses, and then teach them; he will take the C.L.U. and then encourage others to take that training. He will be a prominent member of his local underwriters' organization. Of course, he will build up a clientele, preferably among individuals with over five to seven thousand dollars annual income (they can afford to be clients). The career man will also render service to his community because, like other professionals, he feels his welfare comes from the community, and he owes it something in return.

The career man was probably selected by his company. As one career practitioner phrased it, "We only have to recruit good men; the mediocre men will gravitate in our direction." Centers of influence, agents and clients probably recommend most of the top-flight men who become
career underwriters. The big and established companies now
generally use aptitude tests and have a number of interviews
with a man before he is accepted.

Case histories of selected career agents will serve to
illustrate the type and the characteristics of career-profes­sional men.

Mr. A. is a man in his middle sixties. He has been an
agent for over twenty-five years, and his entire insurance
career has been with one company. His father had been a
harness maker, but Mr. A. saw no future for himself in that
occupation. He wanted to be a doctor. He went to college for
two years, but his family had insufficient money to keep him
in school. With the advent of World War I he left school and
went into the service. After the war he returned to his home,
in a large southern city; and there he went to work with a
retail credit company which investigated insurance claims.
During a successful ten years of service with this company,
he came to know the life insurance business quite well.
Eventually he saw he could make more money in insurance; and,
also, the pressure of managing an office of more than one
hundred men was getting to be more than he wanted to take.
He knew the local manager of the _____ Life Insurance Company
personally and had no trouble getting a position with him.
Although in those days there was no formal training, he
immediately became successful. He was soon transferred to a near-by city to develop the company's interests there. He started the C.L.U. course, but his transfer caused him to drop it. However, he continued to read and become well informed about his occupation. He supports his local underwriters' association. In the fullness of his career, he has come to specialize in group insurance; however, he will sell any type of coverage. He has been a M.D.R.T. producer several times. His wife and two sons have supported his occupation, but neither of his sons became life insurance men. At the end of a long career Mr. A. is still an agent.

Mr. B. has spent twenty-five years as a career life underwriter and is only in his mid-forties. He started a pre-law course in college but did not finish. His father was a politician, and because of early experiences Mr. B. had always wanted to be a lawyer. However, his conscience simply could not let him always be "for" or "against" in legal cases. He left his studies to answer a newspaper ad of a small industrial life insurance company. He soon realized that this was the lowest type of the various insurances, and if he wanted to get ahead he would have to go with one of the big ordinary companies. Accordingly, he obtained a contract with the ________ Life Insurance Company of New England. After a few years with this company he left it to represent the
Life Insurance Company, which is one of the biggest companies in the South. About one year ago he left the southern company to become a general agent with another New England company. He still broketers some business with the southern company, and he also does some casualty business. He is a member of the local underwriters' association. His wife is a great supporter of his occupation; and, although his children are too young to be considering an occupational future, he hopes his sons will follow his occupation.

Mr. C. is a relatively young man in the occupation. At age thirty-eight he has been a life insurance man for twelve years. His father is a school teacher, and Mr. C. started in the same profession. He took a Master's degree in an agricultural field and finished the course work for his Ph.D., but decided never to finish that degree. Mr. C. worked for the Department of Agriculture in Washington, D. C. for a year or so but soon returned to his home community. He did not want to return to the university because of its low salary scale. Through family connections he obtained a position as an agent with the ________, a prominent eastern life company. He was immediately successful. He took the C.L.U. training and has supported all career-professionalization moves in his occupation. He has become an estate planner and analyst. Also, he does some contracting in his spare time,
but he does not think of changing his occupation. He said, "I'm afraid I am married to my occupation." After he was with his company a few years he started taking a managerial training course, but he soon decided there were no advantages in management. He is now an agent and plans to remain an agent for the duration of his career.

Mr. D. is a young career man. At age thirty he has been a life insurance man for four years. He has a Bachelor's degree from a small community college. He once started law school, intending to follow his father's occupation as an attorney but he dropped out. After quitting school he became a real estate salesman with an uncle for a short time. However, he soon bought some life insurance from a college classmate, and in the course of the purchase they talked about the occupation. Arrangements were made for him to meet a company official, after which he became a life insurance man. After three years as an agent he recently took a new sales position in which he specializes in group insurance. In his new position he meets with many industrial executives, and while he thinks of life insurance as a career he frankly admits that he has had other attractive offers, and if the right one comes along he will take it. It may not even be in life insurance.

The career patterns of these life insurance men appear
to be quite uneventful. That is to say, after they became agents they continued to remain at that position. Mr. C. took a position that was planned by his company as a management training program, but he soon returned to full-time agency work. Mr. D. suggests that although he likes life insurance and selling, he is not going to turn down any opportunity that may come his way. These four men, and others like them, can generally be called the career-professional type among life insurance men.

These career-professional men have all been with their companies long enough to survive the heavy turnover period that is usually associated with the first two or three years. On the other hand, it is significant that some career men have not developed such great occupational loyalty or company loyalty that they are unwilling to take another position if it comes their way.

Mobility of career life insurance men is more horizontal than vertical. They may move from one city to another in accordance with their own interest, or their company may ask them to move to a new area. In either case they will

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probably remain an agent even in the new location. Vertical occupational mobility, as it is traditionally thought of, is virtually unheard of among agents. There simply is no formal promotion from one agent position to another. In some cases a part-time man may become a full-time agent; and, in other cases, an agent may become a general agent, and still continue to sell; but even these moves cannot clearly be classified as vertical mobility. They are certainly not promotions in the usual sense. Moreover, most life insurance agents manifest no desire even to become general agents.

Mobility which is most characteristic of the career of the agent is between companies. Some men may start with one company and stay with it for a life career. However, many career men will work with two or even three (and in some cases more) companies during the course of their association with the occupation. This must not be confused with itinerancy, for even the career man may make a few moves for any one of a multitude of reasons.

When a man enters life insurance as a career-professional he is probably ending his trial work periods and seeking to enter his stable work period. He has probably had one or two other positions and may have even been successful in them. The old story that life insurance gets the men after they have failed once or twice is not completely
justified. Some are men who have been successful but who have encountered limits to their opportunities. Such men may turn to life insurance with eagerness for an unlimited opportunity.

**Itinerant Life Insurance Men**

The ideal type itinerant life insurance man is between the ages of eighteen and fifty. Even these limits are arbitrary. He is a part-time man who has never had a full-time work experience, or a full-time man who "floats" from first one job to the next and never stays long on any job. He is a man who has come into the occupation and left it many times. The itinerant is a man in a trial work period with little or no intention of making a career of life insurance. He is poorly trained in the techniques of the occupation or has no training at all. He does not belong to the professional organizations, probably subscribes to few if any insurance journals; and in general he is not very saturated with the occupation and will feel few constraints by its organization. In the eyes of the public, however, this man is just as much a life insurance man as any other. Career patterns of selected itinerant life insurance men illustrate these general characteristics.

Mr. A. is twenty-five years old and has been a life insurance man for only five months. He has finished high
school, has some business college training and has taken a Dale Carnegie course. His father is a mechanic, but he appreciated the value of education and encouraged his son to finish high school and take any other education he could get. Before finishing business school Mr. A. became a bookkeeper, but he was soon fired. He believed he could sell anything, and after the bookkeeping experience he picked up several selling jobs. Most of them were in stores and were too confining for him. He wanted to be free to organize his own work. He had a lot of friends who were in insurance, and when he needed another job a friend who was working a debit knew of a vacancy and introduced him to the boss. He got the job and within five months has brought two of his friends into the occupation. He is now training his friends for their debit work. Actually, he had only one day of training with his boss before he went to work. He is now acting staff manager and has been offered the manager's position, but he feels a man should work a debit four or five years before he goes into management. He had no intention of making this a career when he started but now believes he will be successful at it.

Mr. B. is a life insurance man with two and a half years of experience at age twenty-five. Mr. B.'s father was a plumber, but Mr. B. wanted to work with people.
Consequently, after two years of college, he answered an ad in the paper which suggested big pay and company benefits in a selling position. The position was with the _______ Life Insurance Company, a small and relatively new mid-western company. He sold for this company for a while and then wanted to go with one of the big eastern companies, but he failed to get a job with such a company. After he had been with his company for about two years his wife wanted a steady salary income. He went with a heating and air-conditioning company for a while, but there was no money in it. He never really left the life insurance company completely. He became a part-time agent and then went back to full-time status. He hopes that life insurance will become a career with him, but he is not sure. He realizes that his company is new and aggressive and said, "This company will eventually become respectable like the big companies."

Mr. C. has been a life insurance man for about nine months. He is twenty-nine years old and has been a printer for eleven years, ever since he left his father's farm. He liked printing and did not want to give it up, but the office where he worked was closed. He went to the unemployment office looking for a job that would give him some income until another printing job opened up. When he had been laid off previously he had been a Fuller Brush salesman for a few
months. This time the unemployment officer sent him to the president of the ______ Life Insurance Company, a small substantial southern firm. He discovered the president was his Sunday School teacher; and, of course, he got a job. Now he likes life insurance selling and even does some brokerage business with another company. He does not belong to any insurance organizations, but he thinks he might join the local underwriter's association. He has come to like life insurance selling to the extent that he believes he might stay with it as an occupation.

Mr. D. is forty-two years old, has completed two years of college and has a varied work experience background. When he was twenty-one he went with an industrial company for fifteen months. He left this company to go with an ordinary company for one year. After this brief stay in the occupation he left it completely and went into politics, but he always had a desire to get back into insurance. About three years ago he had the opportunity to join a new company as agency director, so he took the position and thinks he will stay with it now. He believes that insurance men should belong to organizations, and he belongs to no less than half a dozen. He is also a member of the local underwriter's association.

Mr. E. is a part-time life insurance man at the age of
twenty. He is also a first year law student and plans to follow his father's occupation as an attorney. He is not really interested in life insurance as an occupation. He is only in the occupation because of a family interest in the company. He has been with the company only six months, but he will probably continue as an agent for some time, although he does very little actual selling.

These itinerant life insurance men generally have little real occupational interest or insight. Their conception of their work is often "just another job," and when the going gets rough they are the first to say "to hell with it" and go somewhere else. There are some, of course, who do eventually develop a career interest and eventually make a real contribution to the occupation, but these are exceptions to the rule.

It must be observed that the itinerant type of life insurance man is frequently associated with the small, new companies, and the career type is frequently associated with the large, old companies. There are, of course, exceptions to this generalization, and it is only in recent years that this observation could be made. More recently the larger companies, with the encouragement of the professional life insurance organizations, have been making a notable effort to eliminate agency raiding and mobility of men between companies.
This means that many established companies are reluctant to take a man who has worked for one or more companies.

Mobility for the itinerant life insurance man, as for the career man, is in most cases horizontal and not vertical. It is between companies and jobs, and only on rare occasions does the itinerant move up into the career-professional ranks.

In addition to the observations which can be made from the case examples of career patterns, there are some other observations which should be pointed out, which come as a result of other study. These observations concern career failure and career success, and apply to producers in general.

Despite the fact that many men start in life insurance with the idea of making it a career, the failures (i.e., the dropouts) far exceed the successes (i.e., those who stay in the occupation). One agent said, "Last year my company hired 600 new agents, and now, a year later, only 200 of them are still with us." Another career man commented, "Only one man out of fourteen can push himself to success in this business." Other remarks support the fact that there is a high turnover among practitioners.

Why do so many men who seek a career in life insurance
fail? In the early days some excuses for failures were listed as follows:\(^6\)

"Wanted the earth--not mine to give."
"Too bashful to call on strangers."
"Formed his own company and busted."
"Skipped."
"Too lazy--born tired."

A more recent study of second year failures has shown reasons for termination as follows:\(^7\)

1. Inability, insufficient effort, unsatisfactory, personal misconduct, etc. \ldots \ldots \ldots 48.0\%^8
2. To accept unsought opportunity. \ldots \ldots \ldots 25.8
3. Change to part-time or broker. \ldots \ldots \ldots 14.8
4. Dissatisfied. \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots 5.2
5. To join other company. \ldots \ldots \ldots \ldots \ldots \ldots \ldots 3.5

These were not necessarily the real reasons for termination, but they were the reasons submitted to home offices.

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\(^8\)Note, these percentages did not add to one hundred in the material quoted.
Reasons given for failures by successful career men still in the occupation are usually, "... they think life selling is easy and simply won't work"; "fifty per cent poor training and fifty per cent inability to take disappointment"; "poor selection, economic stress and competition"; and "will not discipline themselves."

Reasons for success were in general the opposite of those given for failure. As one career man phrased it, "This is the best paid hard work I know of." Another man had a sign above his desk which read, "The harder I work the luckier I am." He went on to remark that the sign expressed a reality in his occupation. Success in the early years means being a big producer, and in the later years it possibly means being highly trained and having a big clientele. In any event, success or failure lies with the individual and is not the product of the system.\(^9\) One C.L.U. has written concerning success:

The professionally competent and truly successful life underwriter is the product of a combination of many things. He must start with good character; he

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\(^9\) See Roland J. Pellegrin and M. Lee Taylor, "Vertical Mobility Ideologies: Beliefs Concerning the Causes of Occupational 'Success' and 'Failure'" (paper read at the Annual Southern Sociological Society Meeting, Atlanta, Georgia, April 12, 1957), for a discussion of success and failure beliefs as they are related to the individual as master of his own destiny.
must have a sound preparatory education; he needs to be a successful student of the basic fields of knowledge that support his work; he must have sound training and practice in the application of principles to the facts that make up real life situations; he must develop a good clientele and be properly organized to serve that clientele.10

In a recent article in the Life Association News the following success formula was presented. It must be noted that in this case success means the achievement of million dollar annual production. The rules to success are:

(1) Write lives, not an app (application) a week. Write two, three or more lives per week.
Develop Consistent Weekly Production (C.W.P.) M.D.R.T. men write from 125 to 200 lives a year in addition to other business.
(2) Write juvenile insurance.
(3) Write wife insurance.
(4) Write mortgage insurance.
(5) Write education insurance.
(6) Write savings insurance.
(7) Write retirement insurance.

This should total about half a million, and with premiums averaging about thirty dollars per thousand it gives the agent about $15,000 earnings.

For the rest of the balance use your head more than your feet (i.e., social security programming and estate analysis using two interview sales). Sell twenty program cases that average $15,000 each to equal a volume of $300,000.

For the final part of the M.D.R.T. goal, sell business insurance.\textsuperscript{11}

In addition to general success formulas, other life insurance men have been more specific in the study of their career situation, and in one case suggestions have been made for the "joiner."

Tips for Those Who Do Belong

(1) Be vocal at meetings and make conservative comments.
(2) Attend meetings as regular as possible.
(3) Mingle with all the members.
(4) Avoid cliques; they are suspect.
(5) Let everyone know about your business and the firm you represent, but avoid shop talk.
(6) Contribute to special funds, judiciously and comparably to others in your financial position.\textsuperscript{12}

In sum, the careers of producers are sales careers and success is measured first in amount of production and, secondly, in terms of service and a professional approach.

II. ADMINISTRATORS

Field Administrators

Field administrators are sometimes production men; but this is less true today than, say, fifty years ago. The men

\textsuperscript{11}John W. Lawrence, Jr., "Success Costs Less than Failure," \textit{Life Association News}, 52 (September, 1957), 24-25.

in the field who have administrative duties are frequently
given appointments on a salary basis, similar to the home
office men. However, inasmuch as both managers and agents
still have some administrative positions, the careers of
both are traced. Career sketches are given for an industrial
manager with a large eastern company, a general agent with a
large southern company, a branch manager with a large New
York company and, finally, a state supervisor for a southern
company.

Mr. A. is an industrial manager, and one learns
immediately from his business card that he is considered an
"Old Guard" man with his company—an honorific title which
calls attention to his six years of service. Mr. A. is
thirty-two years old and a graduate of a well-known university.
He started as an agent with his company immediately after he
was graduated from college. He worked successfully as an
agent for five years. His company wanted a good man to
transfer to a new area which they were trying to develop. He
agreed to move, and in a short time was made manager in the
new area. Mr. A. has never worked for another company; he is
prohibited from doing any brokerage business. Now that he has
been promoted to manager he engages in no personal production,
but he is at the call of his men whenever they need sales
assistance. He is a believer in organizational work but is
not just a joiner. He is a member of the local underwriter's association. He has taken the two L.U.T.C. courses and will start the C.L.U. training the next time a class is offered. He subscribes to some of the leading trade journals but to date has never written for them. Mr. A. is very much interested in the professional trend in his occupation and also wants his men to support it.

Mr. B. is a middle-aged general agent who has been a life insurance man for about fifteen years. His father was a farmer, but his family wanted their children to go to college. He went to his home state university and was graduated with a degree in engineering. During the World War II years he worked for the government in Washington, D. C. He was somewhat frugal during those early employment years and saved a little money. After the war he was out of a job, and he and his wife went to visit relatives in the South. He did not know what kind of work he would look for, but was not the type to worry. In the course of his visit he became interested in life insurance selling, and went about a somewhat systematic investigation of the potential economic growth of several southern cities. He decided on one of these cities and got an agent's contract with one of the larger southern life insurance companies. After a few years of successful experience he went with a new company as a general
Three years later he was back with his original company as a general agent, and he has remained with this company for seven years. He is a member of several civic and social clubs and is a member of the local underwriter's association. He is working on the C.L.U. training and is a promoter of professionalization.

Mr. C. is a young manager with a big eastern life insurance company. At age thirty-two he has twelve years seniority with this company, and three of them as manager. His father was an office worker in a large city. His family could not afford to send him to college. During the depression he had done all kinds of selling; and with the outbreak of World War II he entered the service. After he was discharged, he was completely undecided concerning his occupational future. He went to the U. S. Employment Service, and he found that everyone was looking for salesmen. Through this service, he got an agent's contract with the _______ Life Insurance Company. Prior to that time he had never thought of life insurance as an occupation. He started to work and was moderately successful, but did not set any new sales records. After a few years his manager needed an assistant manager. He asked one or two of his agents to take the position, but they turned him down. Then the manager gave the position a big build-up and asked Mr. C. to accept it. Mr. C. was so flattered that the
manager even thought enough of him to offer him the position, that he accepted. It was a few years later when he realized that many men did not want management positions because they could make more money in sales. However, Mr. C. was successful as an assistant manager; and when his company decided to open a new branch office in a nearby city, he was selected to move there and "set up" the new office and be its manager. He is now impressed with management work and plans to stay with it. He belongs to several organizations and encourages all his men to belong to some, especially to the underwriter's association. He is working on the C.L.U. courses and also encourages him men to take this training.

Mr. D. is a state supervisor for a southern life insurance company. He started college but was able to finish only one year because of lack of money. He quit school and his father helped him to get a job as a mechanic in a large industry where the father was employed as a pumpman. He thought this would be a lifetime job, but two years later he was laid off. He then took a job as a salesman with a paper company, and later quit that job to become manager of a fire extinguisher company. That company was soon sold, and he was out of work again. He went back with the industry as a mechanic but did not like that work; he wanted to return to selling. Mr. D. had a friend who was giving up a debit, and
arrangements were made for him to take it over. However, before he actually started work on the debit he became an ordinary agent with a substantial ordinary life insurance company. He was an agent for that company for five years. He then had an opportunity to go into management with another company; this was the state supervisory position which he has held for five years. Mr. D. is interested in the professional growth of his occupation and will go to an L.I.A.M.A. manager's school this year.

With field administrators one begins to find the more traditional hierarchical career pattern of promotions. The general agents, of course, are not concerned with promotional ranks, but there is a tendency for managers to start as assistant managers or educational directors and to work their way up.

Mobility, as one moves into the administrative field, is both horizontal and vertical. In the few career histories traced, as well as in others, it is to be observed that as men are promoted they frequently move from one location to another. They may also move from one company to another as they advance. Promotion among the small and new companies is far from bureaucratic and often not particularly systematic. Promotion in the larger companies tends to be more bureaucratic and depends on years of service, efficiency,
ability, etc. On the other hand, it is quite clear that there is much informality in the hierarchical promotional system.\footnote{See Charles H. Coates and Roland J. Pellegrin, "Executives and Supervisors: Informal Factors in Differential Bureaucratic Promotion," Administrative Science Quarterly, 2 (September, 1957), 200-215, and Caplow, op. cit., pp. 68-73, for discussions of informal factors in promotions.}

As the managerial field system grows, and if it continues to grow, it is probable that a bureaucratic scheme of promotions will become more widespread and effective. The growth of this managerial and bureaucratic system is rendering a basic change in the entire structure of the occupation; and, consequently, the growth is not rapid.

The growth of the new hierarchy-bureaucratic system of field management is also related to the success ideologies of the field administrators. There are still general agents for whom success means the owning of a big pretentious office with their name in big letters over the name of the company which they represent. To these men success is still rugged individualism, being one's own boss and master of one's own large office. They are men for whom security is the opportunity to provide for one's own needs through notable financial success. Along with their drive for personal aggrandizement many of these men also feel that part of success is helping other men. Their compassion for their
fellow men may be manifested as aid to other agents or to some clients.

Success for the manager is not so individualistic or opportunistic. The manager is like any member of a big bureaucratically organized industry who fills an office that is already established and which calls more for faithful continuance of the system than for rugged innovation.\textsuperscript{14} Success for the manager is thought of in terms of long years of satisfactory and loyal service to his company and to his occupation. For this gradual and persistent meritorious service the manager is awarded with special honorific titles and with business cards which indicate the number of years of faithful service. The manager is also provided with fringe benefits which provide for his health and retirement needs.

Above all else, the manager becomes a guardian of the new career-professional faith. He must keep abreast of the latest occupational and company indoctrination, and manifest a warm but conservative view of any radical changes. As one successful manager put it, "I can swing with the wind when I need to."

\textsuperscript{14}See Everett C. Hughes, "Institutional Office and the Person," \textit{American Journal of Sociology}, 43 (November, 1937), 404-414, for a discussion of the individual as a symbol in an office rather than as a responsible creative agent.
In sum, success for the new field managers is a result of conformity to the system and promotion of the system. The occupational ideology and the company mandates are always "right," and the successful manager is the good will man who carries the "official" orders into practice.

**Home Office Administrators**

Career patterns of top home office administrators often show a combination of nepotism and bureaucracy. Opportunities for advancement are better among the new and small companies than among the large and old companies, according to many life insurance men. By better opportunities they generally refer to a more rugged individualistic type of opportunity. Lower ranking home office administrators are often promoted in accordance with efficiency and seniority. Characteristics of home office career patterns are suggested by the following selected case histories.

Mr. President is a man forty-one years old, a college graduate and the son of a farmer. After he was graduated from college he went to work in a bank for a few years. Along with banking he started selling life insurance on the side as a part-time man. He soon found that he could make more money selling insurance than working at the bank, so, some thirteen years ago, he went into life insurance on a full-time basis.
as an agent. When he first started selling insurance he had no idea it would ever become a career for him; it was just a way to make some extra money. Now he feels sure he will spend the rest of his life in the insurance occupation. After working for an established company for eleven years he decided he could found his own company. He solicited the support of a friend who had as much understanding of the internal operations of life insurance as he had of the sales aspect. Together with his associates they launched a new company in 1955. He became the president and his friend became vice-president. Mr. President is an old guard supporter of rugged individualism. He is not a C.L.U. and does not believe in a lot of training. Neither does he support the general trend toward professionalization of the occupation. To him the occupation is selling and should remain so. He does not belong to the underwriter's association because he believes it is dominated by large eastern companies which do not want to see companies like his survive.

Mr. Vice-President is a young man in his mid-thirties. He attended college for three years but did not finish. His father is the president and the founder of his company, and he has heard life insurance all his life. He knew that he was destined to take a position in the company when he was old enough to assume the responsibility. He knows the entire
operation of the company well, and now as vice-president he is in charge of underwriting. Actually, he demonstrates little enthusiasm for life insurance as an occupation. Mr. Vice-President has been with the company for eight years; five of them have been in his present position. He has never done any selling, but has always spent his time in the home office. He has not had the C.L.U. training and does not plan to take it. He said, "It is important but not necessary."

He is not particularly interested in professionalization, but views the extremely high production personnel turnover with some alarm. Mr. Vice-President expects to become the company president when his father retires from that position.

Mr. Underwriter is a forty year old man, a university graduate and a member of a family owned company. He has been a life insurance man for over eighteen years and knows the business from the ground up. When he first joined the company he collected a debit for several years. As the company grew he was promoted to a home office position. He has had his present position for twelve years now. His possibility of promotion to be the company's number one man is dubious, but that does not concern him, for he finds his present work challenging. He has written articles for life insurance magazines and supports a professional attitude in the occupation.
Mr. Treasurer is a man of thirty-six, the son of a farmer and the holder of a college degree from a prominent university. After graduation he was drafted, and later when he was discharged he went to the employment service to look for a position. There was an opening in a state insurance commission office in the auditing department for which he qualified and which he accepted. In this capacity he came to know the inside organization of many life insurance companies. A number of companies offered him attractive positions, but he turned them down. Eventually, one offered him a position he liked and he accepted. Nine years ago he started his career as a life insurance man as office manager with his company. He held that same position for six years, and three years ago he was promoted to the position of treasurer, an officer of the company. His future with the company is somewhat indefinite, but he has the spirit of individualism and desires an opportunity which this type of company provides.

In the insurance industry, and particularly among the larger companies, the traditional avenues of promotion are from within the company itself. Harkavy quotes one company executive who said, "Promotion from within is a religion..."
with us."  

A training officer in one company maintains a file on the careers of the senior officers in his organization. One started as an office boy, 2 as mail boys, 15 as clerks, 7 as attorneys and 7 as agents. On the average, it has taken 14 years for an employee in this company to reach officer status. This average would be higher if it were not for the presence of specialists (particularly in the actuarial department), many of whom achieve officer status in their late thirties and early forties.

An examination of the careers of a large number of top executives reveals that they generally rise within a given area of specialization. It is not until they reach vice-president status that they are required to concern themselves with company-wide problems. An overwhelming majority of company presidents, for example, reach their position through actuarial, legal, or investment channels.

More recently there is some break with the tradition of promotion from within, and some top level company officers have achieved their position by being brought into their companies through college recruiting programs.

III. SIGNIFICANCE OF CAREER PATTERNS FOR THE OCCUPATION

Among the four categories of career patterns just traced, namely, career-professional producers, itinerant producers, field administrators and home office administrators,


16 Ibid., p. 165.
it becomes apparent that there are still rugged-individualists in the occupational ranks all the way from part-time men to company presidents; and there are also professional security-seekers permeating these same occupational ranks. The occupation is still grossly divided between the rugged sales practitioners and the professional practitioners. It is divided between those who want freedom to create their own future and those who desire the security of guaranteed fringe benefits. Amidst these extremes, the occupation continues to be perplexed with a shortage of qualified manpower and excessive turnover in manpower.

There are life insurance men for whom their work is the spreading the gospel of life insurance. They feel a mission of service to mankind; for them, insurance is not just a means of making a living. For the great majority, however, their work suggests no such high calling, although they may feel they are rendering an important service. In the words of a career underwriter, "It is not all dedication in life insurance, otherwise we would be ministers or priests." It appears that the meaning of work for most life insurance men is to make a comfortable living for themselves, their wives and families. Some like the independence of being able to work as long as they want to and not be arbitrarily forced to stop at sixty-five; but many career underwriters start
limiting their production long before they reach the usual retirement age. Their dedication is clearly not to serve humanity above and beyond the normal productive years. The career patterns of life insurance men tend to suggest that practitioners are primarily interested in earning a living, and altruistic motives are far less important.

For other life insurance men the occupation has a tendency to become an end in itself. In other words, their involvement becomes so great in the work of promoting the professional growth of life insurance that all other values are subjugated to it. There are men who spend a considerable amount of time promoting their underwriter's association, organizing study groups for L.U.T.C. and C.L.U., and in other ways devoting their time and energy to their occupation.

The meaning of work and occupational interest are important aspects of the careers of most life insurance men. However, the most important thing which is to be learned from a study of life insurance men's career patterns concerns the "struggle" between the individual and the security approach to the occupation. This problem has been pointed out in preceding chapters and it takes the spotlight again here.

The analysis of the occupational structure, organization and functions, in the case of life insurance men, brings to light again and again the conflict between the objective
functions and service of the occupation, the desired structure of the occupation and the actual structure of the occupation. The study of the actual career patterns of life insurance men shows the source of much disagreement within the occupation. Some careers suggest individualism, while others suggest "securityism." The issue concerns the possibility of maintaining a lively and productive sales force that is at the same time security minded to the extent that it requires fringe benefits. A recent Fortune survey was aimed at shedding light on this very situation. Some of the findings were not very promising. One sales manager was quoted when he said, "Dammit, they won't work. All they want to think about is what fringe benefits they are going to get!" In another place in the same article attention was called to the fact that there is a shift in salesmen's compensation from dollar incentive to security. "What we have long called 'incentive' may no longer be incentive at all. Certainly if $5,000 worth of company bought annuity and hospitalization premium carries as much appeal for the new generation as $5,000 in cash, one might conclude that high pay incentives are relatively ineffective." This

18Ibid., p. 196.
closely approximates the situation found in life insurance career patterns today. As the occupation becomes more professionalized it becomes more security oriented. To what extent can a sales force become fringe benefit-minded, and still serve its original function of promoting sales? Is there any basic reason why a sales force cannot do as good a job or better by being stable and secure? The answers to these and related questions are challenging life insurance men in their occupational careers today.
PART V

RELATION OF THE OCCUPATION TO SOCIETY

AND

SUMMARY AND CONCLUSIONS
CHAPTER X

RELATIONS TO SOCIETY

In this study attention has been focused primarily on the internal structure and organization of the occupation, but the occupational structure and organization do not stand alone or in a vacuum. The occupation stands in a complex relation to the larger society. Life insurance men exist, not in and for themselves, but to serve men in a complex contractual society. Consequently, the nature of their occupation is influenced by its service and by the need for its service.

As life insurance men bring their service to the public they come in contact—cooperatively and conflictingly—with other occupational men. Much of the contact with other occupations has come about as a result of the advanced professional training taken by some life insurance men. Of special significance in this connection is the C.L.U. program. Those practitioners who take this training, and who practice what they learn, soon come to the place where they are virtually practicing law and infringing on the domain of accountants and trust officers. The C.L.U. has a broad
training; and, in his service of estate planning and analysis, he utilizes all of his knowledge. The contacts between life insurance men and lawyers have been so frequent and so controversial that representatives of both occupations have come together in committee meetings to draft an agreement or statement of principles which each occupation would follow in respect for the other. The frequency of interaction between life insurance men and accountants, trust officers and others is also high. The nature of this interaction with other occupations has its impact on the occupation of the life insurance man.

In this chapter we will only suggest the importance of the occupation's relations to the larger society. We will consider the relations of life insurance men to specific occupations first, and follow that discussion with an examination of the service of the occupation to society.

I. RELATIONS WITH OTHER OCCUPATIONS

As the career-professional concept grows to greater prominence among life insurance men, practitioners recognize the importance of a broad knowledge which far exceeds techniques of selling. Advanced underwriters who are interested in developing a clientele among professional men and heavily
propertied men have to be more than salesmen. They must be informed in a number of allied professions in order that they may advise their clients on high level financial matters.

**Relations with Lawyers**

Estate planning is not particularly new; but with the tremendous growth of life insurance in the past fifty years, and with the recent impact of taxation on estates, it is not surprising to find the enterprising life insurance men adapting their service for estate preservation. Both producers and home office counsels have become interested in problems of estate planning and analysis, and their interest and activity has given rise to the question concerning when and if life insurance men are infringing upon the practice of law. Conversely, when lawyers act as consultants on estate problems they become involved with insurance, and the question has arisen concerning whether or not they are infringing upon the domain of the life underwriter.

For most underwriters relations with lawyers are few and involve no complications. The majority of clients are in the moderate to lower income categories, and their needs

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involve no estate planning. Package sales provide for such clients. The lawyer's only service to this class of clients is probably the provision of a simple will. In such cases the roles of the life underwriter and the lawyer are well defined and involve no overlapping or complications.2

Among the upper income people estates become more complicated. It is with upper income clients that the poorly delineated field of estate planning comes to be a problem. Trust officers, lawyers and life underwriters, as well as a few others, all seek to become consultants on estate problems. In reality no one occupational group is currently equipped with all the knowledge needed for adequate estate consultation. Such persons would need to be well versed in law, underwriting and accounting, as well as have the experience of the trust officer. No one occupation trains its practitioners in all these areas, nor is any one occupation's practitioners licensed to operate in all of these areas. Consequently, estate planning is coming to involve teamwork3 in which the lawyer, the underwriter, the accountant and the


trust officer all meet with the client and together they apply their special knowledge to solve the client's problem to his greatest advantage.

Teamwork in estate planning did not come about spontaneously. There was much aggravation among specialists before they decided to appoint committees to study their mutual problems and to try to delimit "boundaries" among their respective functions. For life insurance men the problem has been largely one of gaining recognition as professionals on an equal status with the other members of the team. Much progress has been made in this respect, but life insurance men still feel they are often reluctantly included.

In 1946 the National Association of Life Underwriters and the American Bar Association appointed a committee to work out the acceptable functions of lawyers and underwriters in estate planning cases. In 1948 this committee submitted as its report The National Statement of Principles of Cooperation between Life Underwriters and Lawyers. The Statement of Principles was adopted by the respective organizations in the same year.

It establishes as improper for a life underwriter to:

1. Practice law: give legal advice, prepare legal documents such as wills, trust agreements, business insurance agreements.
2. Dissuade a client from seeking advice of a legal counsel or attempt to divert legal business from one attorney to another.

3. Act as intermediary and furnish attorneys who will give cost-free legal advice to the underwriter's clients or prospects.

4. Share the attorney's fee or pay any part of his life insurance commission to an attorney or other person not a life underwriter.

5. Obtain legal opinions from an attorney and circulate them as selling documents.

The Statement of Principles further establishes the impropriety of a lawyer to:

1. Share in the life underwriter's insurance commissions.

2. Divert the life insurance business to an underwriter other than the one who originally proposed the plan to his client.

3. Share his legal fees with the life underwriter.

4. Furnish a legal opinion knowing that the underwriter will circularize it as a selling document.\(^4\)

The Statement of Principles has been in force for a decade, and during that period the demand for estate planning has increased considerably. There was also a parallel demand for a more precise delimitation of the roles of life underwriters and attorneys in these situations. In 1951, after several previous meetings, a committee of lawyers and

\(^4\)Ibid., p. 246.
underwriters organized themselves into the National Conference of Lawyers and Life Insurance Companies. This Conference has tried to publicize and strengthen the 1948 Statement of Principles. The magnitude of the problem of strengthening the Statement of Principles can best be appreciated in light of what has already been said in Chapter V, "Authority, Control and Ethics." It will be recalled that life insurance men are not directly controlled by any central authority. Consequently, the various committees can meet, design and approve statements of principles, but there is little direct assurance that they will be followed by practitioners in the field.

Life insurance men whom we met who deal in estate planning were quite willing to admit that "... certain lawyers help their clients by recommending them to certain underwriters, and that underwriters help their clients by recommending them to certain lawyers." One man said, "Yes, this is necessarily true when you are dealing with high income people." Another remarked, "This happens quite frequently." There were numerous similar statements, all attesting to this pattern of mutual cooperation between lawyers and life underwriters.

\[5^{\text{i}}\text{bid., p. 247.}\]
It must be observed that in all the cooperation, or lack of same, the client is not primarily the center of attention. Instead, what is involved is essentially a struggle between an old established profession and a new occupation which is seeking professional status and, in this case, partly at the expense of the older occupation. This is part of the nature of the relation between occupations. They are all parts of a larger society. As the division of labor increases the domain of older existing occupations is frequently infringed upon. Societies have a number of needs to be fulfilled; and, as they are relatively complex or relatively simple, the division of labor is great or not so great. The services of life insurance men were at one time unknown, at another time filled by other organizations; and today a distinct occupation fills certain insurance needs for a perplexed and security-minded complex society. As the services of life insurance men grow they will continue to come in contact with established professions and occupations.

Relations with Other Occupational Men

The relations with other occupations vary. The situation between lawyers and life underwriters has generally been contractual and official. In contrast the relations with the ministry have generally been passive to silent. When the life
insurance industry and occupation were being established, as already mentioned, the ministry and pious individuals objected to them, asserting that only those who doubted Providence would venture to purchase life insurance. Soon life insurance sought the endorsement of prominent ministers, and today the profession of the ministry has admitted life insurance men into its flocks as nominal members or real pillars of the church.  

Life insurance men and accountants meet in their occupational roles, but their meeting appears less crucial than that between attorneys and ministers. It could be that this is because accountants are also relative newcomers on the occupational-professional scene and, thereby, they can bring less pressure to bear against life insurance men. While there is no specific evidence to support or reject this possible relationship, one cannot help but observe the fact that the first two professions mentioned, which opposed the life insurance men with some force for a time, were both old established occupations. Regardless of the causal factors in the dynamics of the situation, it is certain that the

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6See Stanley H. Chapman, "The Minister: Professional Man of the Church," Social Forces, 23 (December, 1944), 202, for a discussion of the concessions which the profession of the ministry has made to doctors, school teachers and newspaper men. Now we would add life insurance men.
relationships between life insurance men and accountants most frequently take place in estate planning meetings.

Life insurance men also meet with other occupational men in non-estate planning situations. Not infrequently career life insurance men will represent their professional organizations before meetings of legislative committees. The purpose of meetings with legislators may be to promote higher licensing requirements, to encourage legislation to prevent certain malpractices, and so on. Not infrequently such meetings involve disputes between life insurance men who represent large, established companies and those who represent small, new companies.

It must be made clear that although the occupation of the life insurance man has been treated as though it existed in and for itself—as if in a vacuum—this was, of course, only for analytical purposes. In reality the occupation cannot be separated from the greater work milieu which involves occupations in dynamic interrelations with one another.

II. SERVICE TO SOCIETY

As the occupation cannot be extricated from other occupations with which its practitioners are in interaction, similarly it cannot be extricated from the society of which
it is a part except for analytical purposes. In reality the occupation has a service for society, and that service is one of the many definitive elements, along with occupational structure and occupational organization, which contributes to its manifest form.

Life insurance men may think of themselves as salesmen of security and as real humanitarians who stimulate men to frugality, while at the same time they are one among the many salesmen who demand prodigality as a curious price in the name of frugality. (Reference is made to the "buy this and save money approach.") Life insurance men may also see themselves as missionaries serving all people of all classes. In contrast to these patterns of service, both hypothetical and real, are a set of curious contradictions. As salesmen of security, life insurance men are plagued in their own occupation by a lack of security. Their lack of occupational security has been one of the primary contributing factors to their high personnel turnover. In like manner, while life insurance men preach saving, as a category of salesmen they are reputed to be poor managers of their own financial

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affairs. Even more important is the fact that while life insurance men pride themselves on service to all classes of people, the facts show that they have a tendency to emphasize service to the middle and upper classes and to avoid the lower classes.

A recent study by the Survey Research Center of the University of Michigan gives some indication of life insurance service to people by occupation, age, education and residence. This survey indicates that a larger proportion of professional and managerial groups invest in life insurance than is found in other occupational groups. Insurance spending is lower for young adults under twenty-five than for those between the ages of twenty-five and fifty-five. People in the mature years, fifty-five and over, let their insurance coverage and large premiums diminish. There are also differences in life insurance spending which correlate with differences in education.

Almost one-half of premium payers having only grammar school education put two per cent or less of their income into premiums, and only one in sixteen made premium payments over ten per cent of their incomes. On the other hand, less than a third of those having a college education put as little as two per cent of their income into premiums in 1948, while almost one in nine

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8 See "Help Wanted: Sales," Fortune, 45 (May, 1952), 102. This weakness in personal management was also suggested in interviews.

9 Life Insurance Ownership Among U.S. Families, 1949 (Survey Research Center, University of Michigan, December, 1949).
of these people put ten per cent or more of their incomes into premiums.\textsuperscript{10}

Differences in life insurance ownerships between urban and rural people were not great. However, it was reported that people in both metropolitan and open country areas tend to invest a smaller proportion of their income in life insurance than do those in other population areas. Finally, it must be mentioned, this survey showed that a significantly higher proportion of veterans than non-veterans carry life insurance.

This survey, along with other evidence, shows that the service of life insurance men to the total population is selective. It may be true that there is life insurance available for all classes, and that all classes of people need the protection which life insurance can provide. The plain facts are, however, that all people are not anything like equally served by life insurance men. As one career agent put it, "I don't have time to be a missionary, so I don't sell to lower classes. They are not interested in protection; and they tell you, 'Why should I leave the old lady any money?'" There are, of course, those who see their task as that of the missionary; but, for one reason or another, the fact remains that the lower socio-economic classes have

\textsuperscript{10}Ibid., pp. 14-18.
little life insurance protection. This fact, along with others, has contributed to the development of social insurance of a government-sponsored nature.

The relation between social insurance and private insurance has been considered in some detail. Many life insurance men interviewed revealed considerable myopia in their thinking concerning the relation between private and social insurance. Many were complacent about social insurance, or even quick to suggest that Social Security had helped their business. They now have what they call their social security sales talk in which they program people by including their social security benefits. These life insurance men assert that social security has tended to make people more aware of the need for insurance while at the same time it does not provide adequate protection. Thus the underwriter's job is to sell them additional protection.

In contrast to this point of view is the thinking of certain life insurance men who are apprehensive about the growing tide of social insurance. A career underwriter remarks:

Sure, social security has been a tremendous boon to my business. It has taught people to examine life insurance from an income replacement point of view, but we would not have social security at all if life insurance men had been on their toes.

A well informed C.L.U. supported this point of view when he said:
Social security has assisted the life insurance man to date, but if the coverage is increased it will work a hardship on the private insurance industry. People will only put a certain small percentage of their income in life insurance; therefore, any increase in the coverage of social insurance will decrease the potential sales of life insurance men.

A relative newcomer to the career life insurance ranks remarked:

Insurance is against the economic trends of the time. The whole economy is oriented toward a welfare state. In contrast to this, life insurance is trying to force a man as a free agent to provide for his own future rather than let the state do it.

C. A. Kulp, in an article in a recent issue of The Journal, considers the contrasts and similarities between social and private insurance. Kulp indicates that insurance may be regarded as a contractual relationship, an economic enterprise, a technique for averaging loss, or a device for social planning. The nature of insurance is complicated, he suggests, because these aspects may all exist in the same insurance plan. Consequently, social and private life insurance are similar in their component aspects and different in the proportional emphasis on any given aspect. Accordingly, Kulp writes:

In analyzing differences between social and private insurance, the key lies in their differing objectives. When, for example, the only or the immediate objective is the improvement of the lot of the millions, the main characteristics of the insurance scheme are preconditioned and even preshaped. The purpose of the scheme is to cover primarily persons of low and uncertain incomes. Because millions even in America cannot or will not, at least do not, make voluntary provision for such fundamental hazards as old age and unemployment, the state uses its power to compel their membership in a public insurance fund.12

The relation of social to private life insurance is important, and if the social insurance provisions should be increased one can expect them to have a considerable impact on the occupation of the life insurance man. Some life insurance men who see their occupation in broad perspective are very much aware of this potential threat and are making efforts to expand their own service and to prohibit the increase of social security benefits. However, as the various areas of society are reciprocally related, it is virtually impossible for life insurance men to attack openly the social security program. Consequently, their action has to be subtle and by quiet lobbying.

Life insurance men and their companies like to express their relation to the public in terms of service rather than in terms of sales. Many national magazines and papers carry advertisements by life insurance companies. In recent years

12Ibid., p. 268.
life insurance men say they have stopped selling death insurance, and now they sell "living insurance." Their advertisements show the new trend toward living insurance. Some ads read as follows:

Just pocket change every day can buy
a young family $10,000 more security!
New York Life's Whole Life policy
protects your family at a low premium cost--assures funds for the future--or for your own retirement.13

Written for Dad, too
The same Prudential life insurance
that protects your youngsters while
they're growing up can help make
your own retirement years comfortable
and carefree. . .
see your Prudential Agent.14

A better life for you
There's more to life insurance than
the basic protection it gives. You'll enjoy added benefits from certain provisions in the liberal New England Life contract. For example, you get an especially generous rate of return if you use it later to provide monthly income. . . .15

Life insurance men frequently express the point of view that they are quite justified in using advertisements to help

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14Ibid., p. 7.
15Advertisement in Time, November 18, 1957.

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persuade people to buy life insurance. This, they feel, is not unprofessional; but, instead, one of the aids they must use to provide the service their occupation offers for all people.
CHAPTER XI

SUMMARY AND CONCLUSIONS

I. SUMMARY

In this study the occupation of the life insurance man is treated in a sociological frame of reference. It is a study in the sociology of occupations; and, inasmuch as the area of occupational study is relatively new, it is important to make clear its relation to general sociology.

General sociology is a generalizing discipline. It is not primarily concerned with unique events, but instead focuses attention on patterns of human actions, on social phenomena which recur in time and space. It is concerned with understanding and explaining human social relationships in all their complexities.

What we understand by the sociology of an occupation is the application of the general sociological frame of reference to a specific area or "laboratory" of human social relations, namely, the occupation. It is the application of sociological concepts to the description and analysis of a highly specified area of study. Consequently, following this
point of view, the student of occupations should not become over enthusiastic in his interest and saturation in the occupation to the extent that he fails to adhere to his primary purpose of studying basic sociology. The danger of such a pitfall is to produce numerous descriptive studies of occupations which have little conceptual integration. Studies in the sociology of occupations which are conceptually a part of general sociology can be expected to produce new analytical knowledge of human social relationships and to test specific hypotheses related to social behavior in occupational situations.

This is a "pioneering" study of the occupation of life insurance men. Consequently, no attempt is made to test specific hypotheses. This does not mean, however, that the study is a random description of the occupation. The design of the study is systematic and is guided by certain inquiries into the structure of the occupation, namely, into recruitment, training, authority, control, remuneration and so on. The design of the study also includes an investigation of the work situation, client relationships and career patterns. It is concluded with a concise examination of the relation of the occupation to the larger society. The primary focus of the study concerns the internal aspects of the occupation. For analytical purposes the work situations, client relationships,
colleague relationships and other components of the work situation are treated as if they existed in a vacuum. In reality, of course, there is no such vacuum; several times reference is made to aspects of the social situation which are exterior to the occupation in an effort to show their impact on the form of the occupational structure. Apropos to this situation, it is observed that the internal and the external aspects of the occupation stand in relation of a check and balance to one another, and they tend to achieve an equilibrium.

The task of this investigation of the life insurance man, as a study in the sociology of an occupation, is to bring evidence to bear on the proposition: "Given a certain type of work organization, what sort of human social behavior may be expected?" The study is expected to be of interest to practitioners in the life insurance occupation and to those who seek some acquaintance with the occupation. However, the primary interest of this study is intended for the social

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scientist. The occupation is described in terms of certain sociological concepts (occupational structure, organization and function), and the analysis concerns the relation of the concepts and the nature of human behavior in the given occupational situation. The proposition stated is that of a thesis of social determinism, and throughout the whole of the study social factors are emphasized. But it must also be pointed out that elements other than those which are social are also recognized. In other words, it would be naive to assert that if one knows a man's occupation is that of a life underwriter one will be able to predict his social behavior. Granted the point of view expressed here is one which emphasizes the occupation as an independent variable; but this must not be taken too literally and with a failure to recognize that there are other variables entering into the complex social situation. Social man is complex, and his behavior is not to be explained in terms of one independent variable; but one does want to ascertain, with the highest degree of refinement possible, the impact of the occupation on the social behavior of its practitioners.

This is a study of the occupation as a whole, as a going concern. Life insurance producers as well as administrators are studied. There have been a number of studies of specific aspects of the occupation of life insurance agents,
for example, of recruitment and job satisfaction, but none of them consider the occupation as an integrated whole. The point of view adapted in this study is that home office administrators as well as field agents are all life insurance men.

The data for the study come from two sources, a survey of the literature and personal interviews. The literature concerning the occupation was published largely by the life insurance press in the form of trade journals, company bulletins, and occupational organization materials. This literature was studied and analyzed as the "official" ideology of the life insurance man. A second source of data, which was primary to this study, was gathered in sixty-four long, confidential interviews with life insurance men. The data from the published material and from the interviews were compared whenever feasible to show differences and consistencies between official ideology and actual practice.

The advantages of detached rather than participant observation were employed in the study. The great advantage in not being affiliated with any one life insurance company was that no complications were involved in contacting men from a wide cross section of companies. There is some reluctance on the part of some life insurance men to reveal information concerning certain aspects of their occupation if it is to be
divulged to competitors. The detached observer is in a position to assure his respondents that their confidential statements will not be given to either competitors, superiors or subordinates.

Within this frame of reference and with these data, the occupation of the life insurance man was studied.

II. CONCLUSIONS

The scheme of analysis brings to light several areas of disunity and ideological conflict in the occupational culture of the life insurance man. It shows areas of occupational organization and occupational functions which are not in harmony and which produce strain and insecurity among practitioners.

The first, and perhaps most widespread of the areas of ideological difference which produce disunity in the occupation is that of individualism vs. securityism. This occupation was established in America at a time when rugged individualism, laissez fairism, and related ideologies permeated the society. These ideologies became well intrenched in the thinking of early life insurance men, and their actions were influenced accordingly. Rugged individualism became a tradition in the occupation, and it exists to the present as a dominating ideology for some contemporary life insurance men.
On the other hand, in the contemporary work situation there has developed a new ideology--securityism--which promises to be the antithesis of rugged individualism.

Rugged individualists may be career oriented, but their ideological approach to their work contributes little to the integrated growth of the occupation. The ideology of security-oriented life insurance men leads naturally to an integrated occupation. In fact, there is some suggestion that some men who follow the new ideology see the occupation not as a means to an end but as an end in itself. It is with this observation that the controversy between the two ideologies becomes openly manifest.

Rugged individualists see their occupation as a sales job, in some cases as a means to their own personal advancement, in other cases as a missionary service to the public. Security minded underwriters want a training program, financial assistance, fringe benefits and so on. They want a stable work situation with a reasonably certain future. Individualists, however, care little for shackling fringe benefits; what they want is an opportunity to make their future what their personal energies and abilities will allow.

The situation is more complicated than a mere difference concerning one's attitude toward the occupation. There is the problem of motivation for a sales force, and most life
insurance men are by any objective standard salesmen. The question concerns whether or not men will sell when their future is predetermined by arbitrary security limits. The rugged individualists charge that the occupation was made by men who were courageous and willing to take a chance as long as they had an opportunity to make a high income. It is the old adage that on a commission one is really working for oneself and, therefore, will work harder. There is no superior logic in this reasoning, and one might just as well assert that when men feel secure in their positions they will work harder because they will spend less time worrying about their personal survival and get down to the real business of production. Moreover, it might be asserted that any reasonable life insurance man will understand that he will have to produce whether on a commission or salary, if he is going to maintain his position. There is a lack of convincing evidence to support either point of view, and the controversy shows no signs of abating.

This basic difference in ideology of life insurance men is witnessed throughout the whole of the occupational organization. Systematization of the recruiting process with the use of aptitude tests, the profile and a series of interviews is calculated to bring into the occupation only those men of certain selected characteristics. The type of man recruited
has a direct bearing on the future character of the occupation. If life insurance men can recruit into their occupation only those men with a career-professional interest and eliminate those who are itinerants, who will give nothing to the occupation unless it is to contribute a bad name, then the future of the occupation will be improved. If higher recruitment standards can eliminate the stereotype that, "if you have failed in one or two jobs, you can always sell life insurance," then a real gain will be made in up-grading the occupation in the eyes of the public.

The training process is even more functional in establishing the form of the occupation. Training, like recruiting, was given little systematic attention in the past. Consequently, it meant that a man was given a contract with some company, given a pat on the back and a rate book by some general agent and told to start selling life insurance. Under these conditions, many men started, sold a few policies, became discouraged and left the occupation. But while selling they were life insurance men in the eyes of the public, and their services were frequently nothing to recommend the occupation.

Recruitment and training vary among occupations. For example, in the occupations of the ministry, medicine and law, neophytes are thoroughly screened and well trained before they
begin serving the public. This is to say, these occupations have little or no itinerancy because before one can become a practitioner a period of long training is involved. During this time the student is not a member of the occupation. Therefore, those who drop out of the training institutions do not reflect on the occupations. This situation is in striking contrast to that of life insurance. One joins the occupation and immediately becomes a life insurance man before the occupation knows if it really wants the individual and before the individual knows if he really wants the occupation.

There are life insurance men who see their occupation in a broad perspective, who are aware of this general situation. They have worked to establish a program of advanced training--the Chartered Life Underwriter course. However, even this study program is limited, in most cases, to those individuals who have been practitioners for several years.

The C.L.U. program is intended to advance the occupation as a profession. This striving toward professionalization is another area of the occupation which appears to be on dubious grounds with regard to the function of the occupation for society. The C.L.U. program, as a professional course of study, has grown; but at the same time it has met with considerable opposition. The complications of the C.L.U. program are best explained by the fact that most life insurance men
can fulfill their occupational role adequately without advanced training. The point of fact is that most sales concern simple needs and require little complex analysis or esoteric knowledge.

In terms of the analysis in this study, the question is: How far can an occupation develop and require a training program in excess of what is objectively needed to fulfill its function for society? It is at this point where the "check and balance" relationship between the occupation and the larger society comes into operation. The internal goal of the occupation is to promote professionalization, in this case via training, while the external demands on the occupation by society are to provide a simple means of protection for a large body of the population. The provision of this protection generally does not require the services of professionally trained men. As the social needs for insurance protection change and if the service required becomes more complex, then it is possible that additional training may become a prerequisite for practitioners; but if this situation does not obtain, the prerequisites are likely to never be established, and those who endeavor to promote professionalization may be frustrated in their effort.

There is a balance between the structure of an occupation and its function for society. Occupational practitioners
simply do not decide they are going to change the structure of their work situation in an arbitrary manner and without regard for the function of the occupation. This is clearly seen in the case of the life insurance men where their professional requirements not infrequently are in gross excess and crumble under their own weight.

The system of remuneration and rewards stands in a similar precarious balance between the occupational goals and the social service of the occupation. On the surface of this case it appears that life insurance men have achieved a functional balance between relatively high economic rewards and their drive toward professionalization. Their position is that the Million Dollar Round Table production standard stimulates practitioners to serve a greater number of people and that quantity as well as quality service is an integral part of the nature of their profession. Even to the casual observer their point is well taken if the facts of the situation correspond to reality. The real question is: Do the big producers intend to serve mass numbers of people, or do they aim to serve those who can afford large policies? In other words, do high remunerative rewards stimulate men to be servants and missionaries of humanity, to be altruistic in their motives, or do they motivate them to personal aggrandizement?
There is another dimension to the problem of service to the public. As life insurance men become more well trained and more established in their careers, they serve fewer and fewer people. In other words, the most qualified underwriters often serve the least number of clients. This is an interesting paradox in the occupational work situation, and one not peculiar to life insurance. The reality of the situation remains that the most highly trained personnel serve a select and elite clientele. It becomes a question of whether advanced training of life insurance men is a function or a dysfunction to the occupation in terms of its service to the public. The desirability of highly informed underwriters is not to be questioned, but when training beyond a certain level tends to limit service, the value of the training has to be evaluated in terms of the value of service. Training should never become an end in itself.

The authority, control and ethics structures of the occupation present a new set of complex relationships in addition to those just discussed. Any analysis of the occupation of life insurance men must consider the spatial separation of practitioners. In broadest terms this is a separation of producers from administrators, but a closer examination shows the bifurcation to be more complicated. There are field administrators and also home office men concerned primarily
with production—some are even producers themselves. Moreover, and more important to the study of human relations, there is a social distance between field producers and home office administrators. Roles and statuses in this social distance complex have gone through a metamorphosis in the course of the history of the occupation. Originally home office men were the only life insurance men. They enjoyed whatever prestige went with their occupation and shared the spotlight with no other type of practitioners. As agency forces became necessary and grew to prominence, they began to vie with the home office force for recognition as life insurance men. Home office men were reluctant to look upon agents as an integral part of the occupation, as life insurance men. They sought to maintain a social distance from agents and to maintain their superior position in the power structure. Today home office men may still seek to maintain their superiority in the power structure but they also give nominal, if not real, support to the idea of primary relationships between all men in the company. They speak of "Mother Metropolitan," "a family of thirty million," and so on. In some companies the president insists on being called by his first name even by field men whom he does not know and probably never will know. He will also write to these men, using their first names. In many other ways life insurance men try to create primary
relationships in a large contractual occupation.

As agents and field men become professional in their approach, they achieve a favorable reputation with the public and their status becomes that of the life insurance man, while the position of the home office men becomes obscure. This situation has a tendency to divide the occupation into two camps, each competing for status and prestige in their separate way. In the reality of the situation, however, they are an inseparable whole, for the occupation could not exist as it is known today without the functions of both producers and administrators—together they constitute one occupation.

In work situations life insurance men spend time in both the office and the field. The salesman-oriented practitioner looks upon his office work as a necessary evil and generally a waste of time. The career-professional, however, may be anxious to spend as much time in his office as possible. He likes to identify his position with that of professionals or executives. He thinks of himself as one who works with his clients as a consultant, as one who sits behind a big desk in a lavish office. In the reality of the work situation there are some practitioners who play their work roles comfortably in either the sales or executive manner. However, for Mr. Average Life Insurance Man his role is a frustrating one between these two extremes. This is to say, the ideology of
the new career-professional approach teaches the underwriter to expect certain professional treatment from his clients as well as to give his clients professional treatment. In the field the life insurance man suddenly finds that the public gives him much less prestige than he has been taught to expect. Moreover, the public does not like his sales tactics nor especially desires his product; thus the new underwriter is shockingly exposed to what we call the negativism of his occupation.

By negativism is meant the eight to a dozen or more negative responses to every one positive response to the sales talk. The rugged individualists take the point of view that the men who have the stamina and courage to be real life insurance men will not be depressed by negativism. Career-professional men have studied the work situation and constructed schedules which suggest the number of calls, interviews, sales talks and so forth that a man should have in a week. These schedules all but guarantee success if they are followed. In other words, the individualist ideology places the responsibility for success on the specific underwriter, while the professional ideology expects the occupation to assume part of the responsibility.

The work situation has been, and to a great extent still remains, characterized by insecurity. This has
contributed to an unbelievably high turnover in personnel. The career-professional approach to the occupation has had considerable success in minimizing occupational insecurity, but it is the nature of the work situation to require practitioners to operate on their own during most of their work hours. In other words, in almost every case when an underwriter calls on a man to sell him life insurance he is on his own. There are very few joint sales. And while they may like to think of themselves as counselors or as missionaries, they make their living by selling. Training and ideology do not change the reality of this work situation.

In addition to the problems which the life insurance man faces in selling insurance to the public, he often has his business rejected by the home office. Even after a man has worked diligently to make a sale, he receives no commission until the business is approved by the home office. Much anxiety and tension exists from time to time as a result of relations with that office. This also adds to the insecurity of the work situation.

Client relationships are, of course, a part of the work situation. The important observations concerning these relationships have to do with the differential treatment given to clients according to their socio-economic statuses. In juxtaposition, clients treat life insurance men with differential
respect in accordance with their own socio-economic positions.

Individuals in the lower classes who will buy insurance at all tend to look upon their life insurance man with considerable respect. To them he comes as a specialist, an authority. They want his advice and counsel as well as his product. The life insurance man who can establish rapport with these people may actually be little above them in the socio-economic hierarchy. However, he may have a fairly adequate understanding of his product. The men who serve the lower class people are usually debit and combination agents. The ones who are most ambitious soon discover that life insurance men of higher prestige and higher income sell ordinary insurance. Consequently, with the first opportunity they seek a position with an ordinary company.

Most life insurance men in the ordinary business serve families of moderate means. These families have money for some life insurance and they generally want some, but they have little respect for the life insurance salesman. Certainly, he is far from being a professional man in their views. They buy his product much as they buy any other product, but do not look to the sales personnel for any profound counsel. The ordinary underwriter, therefore, is given considerable prestige within his occupation, but his clients give him no such respect. Actually, the ordinary agent may have very little training or
he may be a C.L.U. In the latter case the underwriter can probably be a competent counselor, but the average John Doe Public has never heard of the C.L.U. designation; much less does he appreciate the training it requires.

There is a third category of client relationships which concerns service to the upper classes. The upper stratum of society is usually served by an elite "class" of life insurance men. The C.L.U.'s are the men who most frequently serve the people with large estate problems. They are frequently consultants, and they often develop real client relationships with the men with whom they do business.

Career patterns among life insurance men reflect the dominant structural characteristics of the occupation. There are two distinct types of careers in the occupation. The first is production, and the second is administration. There is very little interchange between these two careers. Most agents want no part of management, and they are willing to devote a lifetime to selling. There is virtually no hierarchy among agents, while management careers are hierarchical. One generally starts at the lower ranks and works up to bigger and better positions.

Now we return to our original question. What impact does the occupation have on patterns of social behavior? More questions have doubtlessly been raised than are answered, but
for a pioneering study this is as it should be. On the other hand, certain relationships become quite clear. For example, the recruiting and training processes utilized by an occupation are to a significant degree determinants of the behavioral patterns of practitioners. Some occupations demand of their practitioners a way of life. Others demand so little of their representatives that the occupation never becomes an important reference group. Life insurance as an occupation stands between these two extremes. It is certainly not a way of life, but it is coming to have a character of its own with which its practitioners can identify. The degree to which underwriters identify with their occupation largely determines the extent of control it exercises over their behavior.

The type of remuneration and the lack of security in the work situation are potent factors in the occupation which are determinant for occupational behavior. Men who must be stimulated to work by contests and commissions lack an inherent occupational dedication and altruism which are said to be characteristic of certain professions.

The social behavior of life insurance men changes as the structure of the occupation changes. In other words, practitioner behavior is significantly determined by the nature of the occupation.
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OTHER


APPENDIX
LIFE INSURANCE AS AN OCCUPATION

Interview Guide

Number _____ Date ______

1. Age _____, 2. Education: ________________________________

3. Income: Under $5,000, $5,000-9,999, $10,000-14,999, $15,000-24,999
   $25,000-49,999, $50,000 and over

4. To how many civic organizations do you belong? _________________
   _____________________________________________________________________

5. To how many professional organizations do you belong? _________________
   _____________________________________________________________________

6. Present position: _________________________________________________
   Years held ________, Number of years with company _________________

7. Do you represent more than one company?

8. What per cent of your time do you devote to insurance selling (adm.)?
   ________ What do you do with the rest of your working time ________
   _____________________________________________________________________

9. Previous positions with the same company?

10. Positions with other firms?

11. Occupation and position of father? _________________________________

12. When did you first become aware of insurance as an occupation? What
    factors led to this first awareness?
13. When did you decide to become a life insurance underwriter? Why? How did you become employed by this company?

14. When you first started, did you think of life insurance as a life career, or just a job until you could move on to something else?

15. Do you now think of your position as a life career?

16. Do you prefer to be called a salesman, agent, underwriter, production man, administrator, or by some other title?

17. What kind of contract do you have with your agency? ...with your company? (salary while learning, etc.)

18. Do most men work for several companies before they settle down to stay with one?

19. Is it more desirable career-wise to work with a big company or with a small one? (Can you make more money with a big or small company?)
20. Should more men be encouraged to go into insurance on a part-time, or on a full-time basis?

21. What difference does this (quest. 20) really make to you, to the industry, and to the public?

22. What type of man generally looks for a position in insurance today?

23. What educational standards should be required before a man is allowed to go into insurance selling?

24. If a man who is considering a career in life insurance is a college graduate should he go into insurance immediately after graduating from college, (or should he have some other business experience first)?

25. What are the top positions in insurance today? How does one go about getting them? Are there regular steps to go through? What is a promotion?
26. How much insurance must a man sell to be successful in the business?

27. How long is a man generally given to build up his production to a successful level?

28. Why do a large number of agents fail to become successful? What is the difference between the men who reach the top positions and those who stay at the lower positions?

29. What are the main rewards or satisfactions you expect from your work?

30. Have these rewards been filled or has time changed your concept of job satisfaction?

31. What disadvantages did you expect with the occupation? Have they been real?
32. What did you think you could give to insurance when you first entered the field? Have these ideas changed with experience?

33. In the life insurance industry is it more desirable to be a member of production or of administration? (i.e., rewards and satisfactions) In which of these areas would you prefer to work?

34. What kinds of men generally seek administrative positions?

35. Are the MDRT men or the lower producers generally the more popular among their colleagues or fellow workers?

36. How extensively should contests, score keeping, and award giving be a part of the occupations routine?

37. Are the top producers more interested in new sales than in service and retention of old business? In which are you personally most interested?
38. How do you (does your company instruct its agents to) approach the problem of selling? (actual closing talk, etc.) What is your special "philosophy" concerning how to handle a client to be sure and make him buy?

39. What sort of person is the average client? What do you think of him? Do you (your company) treat some clients differently from others? How and why?

40. What ties or bonds and occupational skills are there which tend to give insurance men an exclusive and distinct identity in the eyes of the public? What things do you have in common? (In what ways are they specialists to the public?)

41. When an agent leaves one company and goes with another, does he usually take his clients with him?

42. When someone asks you about your work, say a new acquaintance, what are the first things you tell him to describe and distinguish insurance selling as an occupation from other types of work? ... the most important characteristics of your occupation? (identify as: in selling, with the company, with the agency, with Mr. J., Mr. S., and Mr. R., etc.)
43. Has this identification changed in the course of your career?

44. How does your wife answer inquiries about what type of work you do?

45. What do your children think of your occupation? How much do they know about it?

46. What occupation or profession would you prefer your son to have?

47. How do you feel about the security of your job? ... your company's retirement, health benefits, and other benefits?

48. Do you think that you would get more or less satisfaction from another job, assuming that you put about the same amount of work into it?
49. What occupations do your closest friends have?

50. What occupations are close to yours, but which you would rank immediately below yours in terms of desirability?

51. What two or three occupations would you rank immediately above yours in desirability?

52. What occupation is most like your own? Has this changed in the last 50 years?

53. Do you personally feel that when you meet people as a life insurance man you are treated most like: a doctor, a salesman, a banker, a lawyer, a minister, a realtor or some other occupational representative?

54. How were you trained for your work when you first started in life insurance? Main topics in training?
55. What advanced training have you had? (L.U.T.C., Life Underwriter Training Council) Was it required by your company?

56. What have been the most important and useful aspects of your training?

57. Are you a C.L.U.? What are the advantages and disadvantages of being a C.L.U.?

58. How is the cost of training (C.L.U.) paid for? Do you sustain a salary loss while taking all or part of this training?

59. What training does an experienced man receive if he changes positions?

60. How do commissions work? Is it satisfactory? What percentage of your first sale is your commission? ... your renewals? What happens to renewals if you go with another company?
61. Can a man generally make more money in sales or in administration?

62. What is your average day's work like? (office time, phone, paper work, contacts, luncheons, afternoons, and evenings)

63. How do you keep in contact with your clients? (Christmas cards, birthday cards, birthday cakes, etc.) Do you carry out these details yourself or does someone else do it for you? (adm. . . . how do you advise your agents?)

64. What happens in agency meetings? How important are they? When should they be held? Who should attend them?

65. What departments or divisions of your company exercise the most control over agents? . . . from the home office?

66. What are the most basic rules and regulations established by your company which are binding on agents? How are they enforced?
67. What communications do you usually have with the home office? How effective are your communications? (What depts., medical, legal, underwriting, agency) (adm., what communications do you have with your agents?)

68. Does the home office, or regional office, take enough interest in agents affairs and problems? (adm., Do agents want more H.O. control? Do they need it?)

69. In what ways or cases do agents know more about Life insurance than do G.A.s, G.M.s or the home office?

70. In what ways does the position of the G.A. or Manager give that individual knowledge about insurance that is more complete than that of the agent?

71. What is the primary function of the General Agent or Manager?
72. Why do you think managers and companies have to go out and recruit men to enter insurance? Why is there not a waiting list of men to get into the occupation—men who have to be turned away because there are not positions for all of them?

73. How does your company approach the problem of getting new recruits?

74. How has the type of men entering Life insurance changed in the last 50 years?

75. On what basis, or along what lines, do insurance men tend to become close friends on the job? (great professional interest vs. little professional interest, C.L.U. vs. neophytes, "Estate Consultant" vs. the door to door prodder, the Prudential Man vs. the Metropolitan Man, the Ordinary man vs. the Debit man, etc.) (religion, class, education—age, sex, and race)
76. What privileges and obligations do colleagues extend to one another? (do you help each other on sales, if you both meet a client at the same time, if you and an agent from another company meet a client at the same time?)

77. What standards of taste, acceptability, or expectation do agents set for themselves concerning, say dress, residence, cars, and other items of consumption?

78. Do you include as colleagues in your thinking the man from the home office whom you know, or do you think of them as supervisors? (adm. . . . the field man whom you know?)

79. Are the General Agents most closely associated with the home office or the Field force? . . . Managers?

80. Are fire insurance men, marine insurance men, and others included in groups with Life insurance men and vice versa?

81. Do agents ever become antagonistic toward managers who try and push them too hard?
82. What type of new ideas or "high pressure" methods of selling will bring criticism and what type praise from the home office? ... from colleagues?

83. How much control and power does the General Agent and Manager have over the men in their office?

84. What control does the home office have over agency operations? (If an agent and a G.A. disagree, whose side will the H.O. take?)

85. To what extent do the big eastern companies try to control occupational standards?

86. Why should agents have to be licensed by the state? (external interference, the industry's desire, agents desire, protection of the public)

87. Would you prefer federal to state control?

88. Do certain lawyers help their clients by recommending them to you, and do you help your clients by recommending them to a lawyer?
89. Do insurance men as an organized occupational group have a code of ethics?

90. As an insurance man what is your most important ethical obligation to the public, the company, and your fellow agents?

91. Is there a real tendency for insurance to become more professional today? If so, how? What do you mean by professional? How do you define it?

92. Is this trend toward professionalization coming from the agents in the field or from the home office? What is your reaction to this effort at professionalization?

93. Are careers with big companies more professional than they are with small ones?

94. To what professional journals or papers do you subscribe?
95. Do you write articles for these publications?

96. In your opinion, how valuable are these publications?

97. Considering your experience, what do you think the public's opinion is of your occupation?

98. Has the public's attitude toward your occupation changed in the last 10 years? . . . 50 years? How?

99. What types of people is your occupation most geared to serve? (class)

100. What types of people need life insurance most? What types are most adequately covered?

101. What type of people do you prefer to serve? What type do you serve? (adm. . . . what type does your company serve?)
102. How do social security and other governmental insurances affect your occupation? (Do you have a SS sales talk--what is it, in essence?)

103. Has your "picture" and understanding of insurance as an occupation changed through the years of your experience? (devotion, etc.) How?

104. What is your company's "official" explanation and description of its service to society? Has it changed in the past 10 years?
VITA

The author was born in 1930 at Maysville, Missouri. He attended elementary and secondary schools in Manteca, California and was graduated from the former in 1944 and from the latter in 1948. In the fall of 1948 he enrolled in San Jose State College, San Jose, California where he majored in social science and minored in fine art. In 1952 he was graduated from San Jose State College with a Bachelor of Arts degree.

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EXAMINATION AND THESIS REPORT

Candidate: M. Lee Taylor

Major Field: Sociology

Title of Thesis: The Life Insurance Man: A Sociological Analysis of the Occupation

Approved:

[Signatures]

Major Professor and Chairman

Dean of the Graduate School

EXAMINING COMMITTEE:

[Signatures]

Date of Examination:

May 6, 1958