TRAINING PROGRAMS IN NEGRO LIFE INSURANCE COMPANIES

DISSERTATION
Presented in Partial Fulfillment of the Requirements for the Degree Doctor of Philosophy in the Graduate School of The Ohio State University

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S.B.F.

11

A 14325
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>CHAPTER</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>I THE PROBLEM</td>
<td>1</td>
</tr>
<tr>
<td>Statement of the Problem</td>
<td>1</td>
</tr>
<tr>
<td>The National Negro Insurance Association</td>
<td>2</td>
</tr>
<tr>
<td>Importance of the Problem</td>
<td>3</td>
</tr>
<tr>
<td>Limitations of the Study</td>
<td>5</td>
</tr>
<tr>
<td>Definitions of Terms Used</td>
<td>6</td>
</tr>
<tr>
<td>Review of Previous Studies</td>
<td>9</td>
</tr>
<tr>
<td>II PROCEDURES USED IN THE STUDY</td>
<td>19</td>
</tr>
<tr>
<td>Interviews with Insurance Executives</td>
<td>20</td>
</tr>
<tr>
<td>Criteria for Excellence of Training</td>
<td>24</td>
</tr>
<tr>
<td>Evaluative Criteria for Outcomes of Training Programs</td>
<td>39</td>
</tr>
<tr>
<td>Selection and Visitation</td>
<td>54</td>
</tr>
<tr>
<td>Development of the Questionnaire</td>
<td>55</td>
</tr>
<tr>
<td>III COMPANY TRAINING FOR MANAGEMENT</td>
<td>59</td>
</tr>
<tr>
<td>Duties of the Manager</td>
<td>60</td>
</tr>
<tr>
<td>Manager's Training in Companies Visited</td>
<td>64</td>
</tr>
<tr>
<td>Management Training Reported by Questionnaire</td>
<td>71</td>
</tr>
<tr>
<td>IV THE TRAINING OF THE AGENT</td>
<td>75</td>
</tr>
<tr>
<td>The Job of the Life Agent</td>
<td>78</td>
</tr>
<tr>
<td>Training for Agents in Companies Visited</td>
<td>80</td>
</tr>
<tr>
<td>Questionnaire Responses on Agent's Training</td>
<td>91</td>
</tr>
<tr>
<td>The College Man as a Life Agent</td>
<td>94</td>
</tr>
<tr>
<td>V SUMMARY AND CONCLUSIONS</td>
<td>99</td>
</tr>
<tr>
<td>Summary of Findings</td>
<td>101</td>
</tr>
<tr>
<td>Educational Implications of This Study</td>
<td>105</td>
</tr>
<tr>
<td>Recommendations</td>
<td>107</td>
</tr>
<tr>
<td>VI A PROGRAM FOR TRAINING LIFE INSURANCE AGENTS</td>
<td>111</td>
</tr>
<tr>
<td>APPENDIX A</td>
<td>132</td>
</tr>
<tr>
<td>APPENDIX B</td>
<td>134</td>
</tr>
<tr>
<td>APPENDIX C</td>
<td>139</td>
</tr>
<tr>
<td>APPENDIX D</td>
<td>142</td>
</tr>
<tr>
<td>BIBLIOGRAPHY</td>
<td>144</td>
</tr>
</tbody>
</table>
LIST OF TABLES AND FIGURES

<table>
<thead>
<tr>
<th>TABLES</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>I Percentage of Turnover of New Agents (1949)</td>
<td>43</td>
</tr>
<tr>
<td>II Average Earnings of Agents for 1950, With Relative Rating By Company</td>
<td>48</td>
</tr>
<tr>
<td>III Ordinary and Industrial Lapse Ratios as of December 31, 1950, With Relative Ratings By Company</td>
<td>49</td>
</tr>
<tr>
<td>IV Percentage Increase and Decrease in Ordinary and Industrial Insurance in Force, With Relative Rating By Company in 1950</td>
<td>51</td>
</tr>
<tr>
<td>V Ordinary and Industrial Surrender Ratios, With Relative Rating By Company in 1950</td>
<td>52</td>
</tr>
<tr>
<td>VI Composite of Relative Ratings by Company in 1950</td>
<td>53</td>
</tr>
<tr>
<td>VII Company Procedures for Selection of Agents</td>
<td>72</td>
</tr>
<tr>
<td>VIII Provisions for Management Training Schools</td>
<td>73</td>
</tr>
<tr>
<td>IX Use of Audio-Visual Aids By Group</td>
<td>93</td>
</tr>
<tr>
<td>X Percentage of Agents Having College Training</td>
<td>97</td>
</tr>
<tr>
<td>XI Size of Companies Surveyed</td>
<td>100</td>
</tr>
<tr>
<td>XII Median Incomes in the United States By Race and Geographical Area, 1946</td>
<td>112</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FIGURES</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Value Ratings of Criteria Items</td>
<td>35</td>
</tr>
<tr>
<td>2. Total Score Received by Each Item in Criteria Analysis</td>
<td>37</td>
</tr>
<tr>
<td>3. Criteria Items Present in Training Programs, By Company and Averages By Group</td>
<td>103</td>
</tr>
</tbody>
</table>
CHAPTER I

THE PROBLEM

Life insurance companies generally give some type of training to their employees. The scope of training for agents has varied from the now largely discarded practice of giving the new agent a rate book, application forms, and a brief explanation of the job, to highly formalized programs under the executive supervision of an educational director.

Training programs today, because of company differences in the areas of financial ability, attitudes of top executives, managerial ability, and the type of agents a company is able to recruit, exhibit considerable diversity. Since the various companies differ so widely with respect to their operations, diversity in training programs is both natural and desirable. Yet, when that diversity is the symbol of poorly organized and executed plans for training, it is far from desirable.

STATEMENT OF THE PROBLEM

The purpose of this study was: (1) to determine the nature of the training for sales and sales management personnel now given by selected member companies of the National Negro Insurance Association; (2) to ascertain
the need for better defined and executed programs of instruction, based upon a comparison of existing training programs with statistics relating to training outcomes; (3) to define the common needs in company training programs; and (4) to construct a program for the training of life insurance agents based upon the research findings presented in this dissertation.

A study of this nature must answer questions on the direction of training, selection procedure, content and length of the training program, the methods of instruction used, and the extent to which facilities outside the insurance companies are utilized in training.

It was also the purpose of this dissertation to point out the educational implications found in the training given by insurance companies. Particular attention was paid the role of college training in the preparation of the life insurance agent.

THE NATIONAL NEGRO INSURANCE ASSOCIATION

The task of gathering statistics from the various companies used in this study was facilitated to a large degree by the National Negro Insurance Association. This organization, through its statistician, compiles statistics on many of the financial and operational aspects of its member companies.
The Association was formed in 1921 to provide a forum for the discussion of common problems, to increase individual company efficiency in all areas of management, to better public relations, and to effect concerted efforts in those areas where group action seemed desirable.

There are sixty insurance companies and twelve underwriters associations in this organization.¹ Of these sixty member companies, thirty are listed by Best's Life Insurance Reports² or The Unique Manual Digest,³ as having the status of legal reserve companies. The other companies are either fraternals, assessment companies, or burial associations. This study includes only the legal reserve companies.

IMPORTANCE OF THE PROBLEM

Theories, methods, and techniques of training have for many years been subjects of investigation in the fields of education and business. In 1947, the Insurance Institute of America requested the Wharton School of Finance and


Commerce of the University of Pennsylvania to undertake a survey of insurance education and training activities other than those being carried on by institutions of higher education. Recent annual meetings of the National Negro Insurance Association have devoted a large amount of the time allotted to the Agency Institute to the subject of training. The Agency Institute is a division of the Association made up of agency personnel who are in attendance at the annual meetings of the Association. Such activities as the presentation of addresses, discussions, and planning sessions pertaining to the many aspects of agency management and operation are carried on in the Institute meetings.

J. D. Grantham in an address to the 1950 NNIA Agency Officers Mid-Year Planning Conference pointed out that,

"Today we can be proud of the training facilities offered by the life insurance industry. Characteristically, however, we are not satisfied as evidenced by this meeting, but are constantly striving for improvements in our training process. The ideal will probably never be attained, but every improvement in training procedure has its rewards in the increased number of successful career underwriters under contract."

---


Considerable doubt is found among insurance executives as to whether a strong training program is brought about through financial ability or whether financial strength is derived from a good training program. The question persists: Is it costly to have a good training program, or is it more costly not to have one? The resolution of this question may, eventually, determine the nature of insurance training. Because of monetary limitations, this is especially true in the case of the relatively small companies included in this study.

LIMITATIONS OF THE STUDY

This study, while encompassing the general features of supervisory training, will be primarily concerned with company training given combination industrial and ordinary life insurance agents. In order to achieve as great a degree of comparability as possible, this dissertation will be limited to a study of the training programs of the legal reserve companies that are members of the National Negro Insurance Association.

Since it was not possible to visit each company studied, much of the information on training was obtained by questionnaire. This process limited the amount and kind of information received from companies surveyed by this method. Another limiting factor was the inability of the inves-
tigator to exercise control over certain variables which may have had some influence in the results of the study. These variables were: the size of the company and its concomitant, the amount of money spent on training; the ability of training personnel; recruiting and selection procedures; and the contracts made by the company with both the policyholder and the agent.

DEFINITIONS OF TERMS USED

**Aptitude Index.** This term refers to any device which may be used by insurance companies to measure the aptitude of applicants for the position of life insurance agent.

**Average earnings.** The figures for "average earnings" are computed by taking the arithmetic mean of the total of agent's salaries and commissions of the individual companies.

**Close.** That part of the sales presentation which leads to the signing of the application for insurance.

**C. L. U.** The professional designation, Chartered Life Underwriter, is awarded by the American College of Life Underwriters to life insurance agents who successfully pass a series of examinations on life insurance fundamentals, general education, law, trusts, and taxes, finance, and life underwriting.

**Combination agent.** A life insurance agent who sells both ordinary and industrial insurance.
Conservation. The process of minimizing the number of policyholders who surrender or permit their insurance policies to lapse before maturity.

Debit. A prescribed area in which an agent collects the weekly premiums of Industrial insurance. Technically, this term refers to the weekly premium accounts with which an agent is charged for collection.

Industrial insurance. Insurance issued in amounts of $500 or less on which premiums are payable on a weekly, bi-weekly or monthly basis to an agent who calls at the home of the policyholder.

Insurance in force. The face value of insurance upon which premiums are currently being paid or have been paid in full according to the contract.

Lapse. The termination of an insurance policy because of failure of the policyholder to pay the premium. This action is taken by the insurance company when there is non-payment during the grace period, which usually extends 31 days after the due date of the premium.

Lapse ratio. The relationship between the face value of insurance lapsed and surrendered to the mean amount of insurance in force.

Legal reserve company. A company required by the law of the state in which it is domiciled to maintain a reserve to meet future claims and obligations calculated according
to the formula specified by the state insurance code.

**Negro company.** A life insurance company owned and operated by Negroes which writes insurance primarily on Negro risks.

**Non-forfeiture values.** Those values which are not forfeited by the policyholder by the termination of premium payments.

**Package selling.** The process of selling a life insurance policy to meet one specific need.

**Programming.** The process in which an agent interviews the prospect to determine what his financial needs are, inventories his present insurance, social security and other financial assets, and plans and attempts to sell the amount and kind of life insurance to bring present holdings up to stated needs.

**Prospecting.** The activity involved by life agents in seeking out persons who need insurance, who can afford to pay the premiums, and who can be approached by the agent.

**Surrenders.** Insurance policies that policyholders turn in to the insurance company for their cash or other non-forfeiture values before they mature as death claims or endowments.

**Training program.** All of the activities involved in preparing persons for, and furthering their proficiency in, selling life insurance and servicing policyholders.
REVIEW OF PREVIOUS STUDIES

Although the importance of training life insurance agents is generally recognized by the executives of the various companies and by the insurance associations which have education and training as one of their major purposes, relatively little comprehensive research has been done in this area. Efforts made by this investigator, which included inquiries directed to the S. S. Huebner Foundation for Insurance Education, the Insurance Research and Review Service, various insurance associations and company executives, disclosed two major studies on training the insurance agent.

LISRB Survey. In 1945, the Life Insurance Sales Research Bureau (now the Life Insurance Agency Management Association) surveyed the training activities of 53 companies. The purpose of the survey was "....to sketch a broad picture of present day training, filled in here and there in reasonably intimate detail..."\(^6\)

The companies contributing to the survey were grouped according to the Research Bureau's size classifications as follows:

"A" $400,000,000 or more ordinary insurance in force--30 companies.

"B" $150,000,000 to $400,000,000 ordinary insurance in force--14 companies.

"C" $50,000,000 to $150,000,000 ordinary insurance in force--14 companies.

The report is divided into six sections and includes such topics as--The Over-all Training Program, Training Courses for New Agents, Intermediate and Advanced Training Courses, Training Schools, C.L.U. Training, and an Appendix in which is presented an analysis, in chart form of 14 selected training programs and an exhibit of a Trainer's Manual and a Training Check List.

It was found in this survey conducted by the Research Board that:

A. All companies except one, which uses schools as a training medium, have a training course for new agents.

B. Agents are required to take the course in a slight majority of the companies.

C. A charge is not usually made to the agent.

D. A trainer's manual or guidebook is available in 35 of the companies.

E. A training check list is used in 29 companies.

F. Examinations or exercises are usually provided and frequently answers have been prepared for the use of the grader.\(^7\)

Forty-three of the 58 reporting companies offer intermediate or advanced training courses. Qualifications, such as completion of the elementary course, three months experience, and the writing of from $25,000 to $75,000 worth of

\(^7\) Ibid., p. 2.
Insurance, characterize the varying requirements for agents taking these more advanced courses. The costs to the agents for the courses vary from no charge to $40.00.

The LISRB report points out that, "... training plans for new agents follow a fairly standardized pattern, but after the agent completes the beginner's course, the type and amount of training vary widely and the way in which courses and schools fit into the complete training program is not the same in any two companies..." 8 Perhaps the greatest similarity found in the intermediate and advanced courses was in the practice of using training courses devised outside of the company. Twenty-two of the companies reporting on this type of training made use of Life Insurance Sales Research Bureau, Insurance Research and Review Service, or Diamond Life Bulletin intermediate or advanced courses. Particularly in evidence was the Research and Review Tax and Business Insurance advanced course.

Training schools, either at the home office or in the field were held for agents by 19 of the companies. Eighteen companies held schools for established agents, usually as a follow-up of the schools for new agents. These schools varied in length from two days to five weeks. The curriculum for new agents was generally built around insurance

8 Ibid., p. 13.
fundamentals and sales principles. For established agents, advanced underwriting represented the major area of instruction. Expenses for the schools were usually paid by the companies surveyed. However, one company required its agents to pay an enrollment fee of $50.00.\(^9\)

The report by the Sales Research Bureau also revealed that the majority of the companies contributed to the Cooperative Fund for Underwriter Training. This fund was established to provide experienced agents with the type of training required to pass the examinations for the C.L.U. designation. Many of the companies provided textbooks for this training at reduced rates, or permitted the agents to borrow the needed texts from the company library.

**Wharton School Survey.** Two years after the Life Insurance Sales Research Bureau survey, the Insurance Institute of America requested the Wharton School of Finance and Commerce of the University of Pennsylvania to undertake a survey of insurance education and training activities. The Wharton School, in acceding to this request, conducted a survey of the education and training activities of all property and casualty insurance companies in the United States writing net premiums of $100,000 or more in 1945. All life companies with 25 million dollars or more

\(^9\) Ibid., pp. 20-21.
of life insurance in force were canvassed, as were all national insurance organizations whose functions or title suggested their being active in the field of insurance education and training.\textsuperscript{10}

Forty-five per cent (280) of the property and casualty companies returned the questionnaires sent them. In the case of life insurance, the returns were 59 per cent or 209 companies. In both cases, the best response was obtained from the larger companies.\textsuperscript{11}

The Wharton School study was limited to education and training of a formal character. The concept "formal" in the study designated that the activity was: (1) organized; (2) was administered under supervision; and (3) was repeated at fairly regular intervals.\textsuperscript{12}

Formal education and training courses were reported by 143, or 68 per cent, of the 209 life insurance companies responding to the questionnaire used in the Wharton survey. Of these, 135 conducted formal courses for their sales personnel. This group was further broken down into training for supervisors of agents and training of agents.

The objectives of supervisory personnel training dealt

\textsuperscript{10} Richard deR. Kip, \textit{op. cit.}, p. 1.
\textsuperscript{11} Ibid., p. 3.
\textsuperscript{12} Ibid., p. 1.
with giving instruction in the principles of agency management and "training the trainer." The majority of the supervisory courses, which varied in length from 15 to more than 90 hours, were given in the home office. Lecture and group discussions were, by far, the most popular methods of instruction cited.

Almost one-half of the courses provided agents were of the correspondence type. Two organizations, Insurance Research and Review Service (R&R) and the National Underwriter Company's Diamond Life Bulletins (DLB) were primarily relied upon to provide the correspondence training. There were thirteen more companies using R&R materials than there were companies using individual company prepared courses.

Where correspondence courses were not used, the most popular method of instruction was a combination of lecture and discussion, usually given in the field by the branch manager or general agent.13

The Wharton School report points out in its conclusion that:

The direction of improvement in the courses and programs already in existence lies in the strengthening of these courses and programs. Sound education and training demands a careful balancing and integrating of the important education and training factors. Selected students

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13 Ibid., pp. 20-32.
should come in contact with a staff of instructors who are trained to teach. The curriculum should consist of a group of well-planned courses covering the field of the students' endeavors. The best possible textbooks, outlines, and other teaching aids should be used. These four factors should be brought together through the appropriate application of modern teaching methods (lectures, demonstrations, field work, examinations, etc.)

It is felt considerations of this sort will lead to the belief that the insurance institution has started, but hardly more than that, to develop a well-rounded education and training program. There is much spade work yet to be done before even a modicum of satisfaction is justified.14

The Bryson Dissertation. The major research work on Negro insurance companies was compiled by W. O. Bryson in 1948. Bryson reported on a survey of 24 Negro owned and operated life insurance companies. While his dissertation dealt primarily with such financial aspects as mortality experience, expenses, lapse, ratios, and earnings on investments, he had this to say about training:

The agent, too, must receive more training in the future than many companies have given him in the past. The agent must be taught to sell insurance policies which fit the needs of the prospect. The agent must also be given training which will enable the company to keep a larger portion of the business on the books. Through proper training the turnover of agents may be reduced as well as the lapse ratio. Both a high turnover of agents and a high lapse ratio are expensive to the insurance company. A well designated program for training agents should

14 Ibid., p. 44.
lead to increased insurance in force, lower lapse ratios and lower agency costs.\textsuperscript{15}

The research embodied in this dissertation is similar to the Wharton School and the LISRB studies in that each surveyed the training programs in a selected group of life insurance companies. It resembles the Bryson dissertation only in so far as they both studied certain financial aspects of Negro companies. However, this dissertation differs from the other studies in three ways:

1. an attempt was made to establish criteria for a good training program as a means of evaluating the training programs in operation;

2. an attempt was made to determine if training programs pay by, first grouping the selected companies into two classifications, an upper group and a lower group, according to the relative achievement by the companies of certain financial outcomes, and secondly, by comparing the quality of training offered in each group;

3. an attempt was made to set up principles or steps to be followed, at three levels of management, for the training of the agent.

Summary

In this introductory chapter, the purpose of the study, its importance, and its limitations were presented. Terms

used in the body of the study and the questionnaire, which may be unfamiliar to the general reader, were defined according to the usage which seemed most desirable to the writer. A review was made of other research pertaining to the training of life insurance agents.

Chapter II will present a detailed account of the procedures followed in the making of this study. Particular attention will be paid to the development of Criteria for Good Training and Evaluative Criteria for Outcomes of Training Programs.

A report on management training as practiced in the companies which were surveyed by visitation and by questionnaire will be presented in Chapter III. Since the kind of agent selected by management for training determined, to some degree, the results which were achieved by training, a brief report on selection procedure is included in this chapter.

The findings in the major area studied, the training of the agent, are presented in Chapter IV. Another phase of this study was to examine the role of college training in the preparation of the agent. A section on "The College Man as a Life Agent" will be found in this chapter.

The study is summarized and certain conclusions and recommendations are made in Chapter V. Also presented here are the educational implications the writer drew from the
findings of the study.

Chapter VI, in a sense an addendum to the study, will present the writer's viewpoint as to desirable background information for a trainer of life insurance agents. A final feature in this chapter will be the listing of practical suggestions for the person who has the responsibility for carrying out the job of training the agent.
CHAPTER II

PROCEDURES USED IN THE STUDY

Five basic procedural steps were taken in the making of this study. First, interviews were held with home office agency executives, district managers, general agents, and agents of eight different insurance companies. The purpose of these interviews was to provide the investigator with background information on insurance training programs so that an intelligent assessment could be made of the training provided in the companies selected for study.

The second step was to analyze the information obtained through these interviews and through readings for common points of agreement. The ultimate purpose here was to develop a list of criteria for excellence of training.

The next step involved was to set up evaluative criteria by which certain desirable financial outcomes relating to training programs could be measured. This step was necessary since one of the purposes of this study was to determine the need for better programs of instruction based upon a comparison of existing training programs with statistics relating to training outcomes. The basic assumption here was that those companies which ranked highest according to their achievement of the outcomes, would also be the companies having the better training programs. A fourth, and correlated step, was the actual
ranking of the companies selected for study and the dividing of them into two groups.

The final procedure was to select three companies from each group for personal visits and then survey the remaining companies by questionnaire.

INTERVIEWS WITH INSURANCE EXECUTIVES

Before a researcher can enter into a study involving direct contact with intimate financial and operational details of a group of insurance companies he must receive some degree of assurance that his study plan is feasible. After drawing up a tentative outline of procedures to be followed in the study, they were thoroughly discussed with three persons active in the field who could render invaluable advice as to the appropriateness of the plan and the possibility of receiving the type of cooperation needed from the companies to be studied. These men - Mr. A. P. Bentley, Vice President and General Manager of the Fireside Mutual Insurance Company and Secretary of the National Negro Insurance Association; Mr. Noah Bennett, Associate Actuary of the North Carolina Mutual Insurance Company and former Statistician of the NNIA; and Mr. Aaron Day, Manager of the Ordinary Department of the North Carolina Mutual and Insurance Educator - were of the unanimous opinion that the proposed study was a worthwhile one which should receive
the whole-hearted cooperation of the companies.

In order to conduct research on training programs in life insurance companies it was necessary for the investigator to familiarize himself with the training practices of as many companies as was expedient. The fundamental purpose of this familiarization study was to ascertain the points of agreement in the area of life underwriter training and to delineate the desirable features of a good training program. In addition to the quantity of programs studied, concerted effort was made to include quality of training as an aspect of study.

Neither quantity nor quality would give the looked for familiarity if a third element, completeness of coverage, were not included in a preliminary review of training programs. In an effort to achieve these three elements, interviews were held with representatives of large companies and small companies; companies having recognized, well-defined training programs and companies which are only beginning to perceive the scope and worth of training; companies engaged in primarily training men to sell ordinary insurance, and combination companies whose primary income is from the sale of industrial insurance; white companies, and companies owned and operated by Negroes. The persons interviewed, the companies they represented, and the places of interview were as follows:
1. Isadore Benis, C.L.U., Penn Mutual, Columbus, Ohio, Office.
2. J. A. Clough, Sales Director, Farm Bureau Mutual Insurance Companies, Home Office, Columbus, Ohio.
3. William B. Hoyer, C.L.U., Associate General Agent, John Hancock Mutual, Columbus, Ohio, Office.
4. Fritz Lichtenberg, Jr., C.L.U., Massachusetts Mutual, Columbus, Ohio, Office.
5. D. B. Martin, Associate Agency Director, North Carolina Mutual, Home Office, Durham, N. C.
8. Robert Weathers, Manager, Columbus, Ohio Office, Mutual Life of New York.
9. R. K. Zimmer, General Agent, Penn Mutual Insurance Co., Columbus, Ohio, Office.

After the purpose and nature of the study had been explained to the interviewees, each was asked to explain in detail, the procedures followed by his company in training the agents selected for employment. If the answer to this general question did not include specific information on the length of the training program, the use and value of company schools, the use of audio-visual aids, and methods of training persons who gave instruction, questions were
then asked to elicit that information.

The series of interviews revealed many points of agreement as well as many variations in philosophy and technique. A summary of the training programs, as explained by the interviewees, showed general agreement on the following points:

1. Desirability of the use of training manuals.\textsuperscript{16}

2. Value of a training check list.

3. Importance of including in the training program coverage of life insurance fundamentals, principles of selling, prospecting, organized sales talks, needs for life insurance, types of policies, general company information, and the job of the salesman (service and daily organization).

4. Necessity of a "pro-training" attitude on the part of management.

5. Desirability of the agent completing the course of training.

Considerable difference of opinion was found in discussions concerning company schools and the use of audio-visual aids in training. Proponents of the company school felt that such a method of training provided a degree of

\textsuperscript{16} However, a survey by Adolph Cohn of the Sun Life Insurance Company of 38 combination companies, varying in size from less than $50,000,000 to more than one billion dollars, showed that 15 companies have and use a training manual and that 23 companies did not have a manual.
cohesiveness and uniformity impossible to gain through any other method. Representatives of other companies were of the opinion that the training of each agent in a home office school was economically prohibitive and that effective training could be obtained on the local district or agency level. While no interviewee came out against the use of audio-visual aids, some were dubious as to their importance in training. This viewpoint was particularly identified with costly audio-visual aids such as motion picture projectors and wire or tape recorders.

CRITERIA FOR EXCELLENCE OF TRAINING

What constitutes a good training program? The answer to this question is of vital importance to anyone attempting to evaluate insurance training. Before an adequate evaluation can be made, the evaluator must have at hand a yardstick or instrument of measurement. Since no such device was available, the writer was faced with the problem of constructing some basic criteria for determining what elements should be found in a life insurance training program.

Using such resources as the previously mentioned interviews and widely varied readings in the fields of sales training and insurance training, a twelve point "Criteria for a Good Training Program" was developed.
by the writer. These criteria were:

1. **Top management respects and encourages training.** If the planning, time, money, facilities, and equipment necessary for the creation and maintenance of a sound training program are not approved and provided for at the policy making level, it is doubtful that good training will emanate from the operational level. To determine whether this criterion is operative, it is necessary to make a subjective appraisal of the entire training program.

2. **There are stated objectives of training which are periodically evaluated.** Objectives provide the guide to the direction the training course is going to take. The ultimate goal of preparing a competent, efficient, well-trained, productive agent can best be realized by setting up and consistently working toward workable objectives. Their presence in a training program can be visually detected.

3. **The direction of training is the sole responsibility of one person holding administrative status.** It was the original viewpoint of the writer that the placing of the responsibility and authority for the development and carrying out of a training program in the hands of a company executive would be the best means of controlling training activities. The modification of this viewpoint
is presented later in this chapter.

4. Training is required of supervisory personnel (managers and assistant managers) and of agents. The background interviews revealed that neither agents nor their managers would all voluntarily work at a training course that the company felt was practical, desirable, and necessary. Therefore, a training course, to be effective, must be required of all agents and managers. Each company studied was asked whether the training provided was required of agents and managers.

5. Basic intermediate, and advanced courses are provided agents and managers without cost. Since it is the company which will ultimately prosper through good training, it is the opinion of the writer that each company should provide these three levels of training without cost to the students. Questions were asked of the companies concerning their practices in this respect.

6. Training of new agents should be done by the agent's immediate supervisor. The agent's immediate supervisor is usually directly responsible for his success as a life underwriter. Therefore, the supervisor should perform the major training activities. It is recognized that many supervisors are not qualified to give good training. Item seven was included in the criteria to point out the
importance of supervisory training to the success of a training program.

7. The trainer must be taught how to teach. Regardless as to method used or type of training provided, the effectiveness of training may be quite adversely affected if performed by an instructor who cannot efficiently do his job. As was true for criteria 5 and 6, each company was asked to indicate its practices in this area.

8. Training must be accomplished according to sound educational principles. Sound educational principles, such as the recognition of individual differences; taking into consideration the laws of readiness, exercise and effect; utilizing the learner's own experiences in presenting new concepts; presenting small understandable segments of the whole in each training period; demonstrating, drilling, observing, and correcting in skill teaching; and testing of results are as important to insurance training as to other phases of educational activity. Although the writer was of the opinion that this was a good criterion for excellence of training, it was not possible to include an assessment of the attainment of these principles in the survey which was conducted. In order to adequately evaluate this item, an investigator would have to spend considerable time in actually observing the training given individual agents,
group training meetings, and home office schools at each company included in his survey.

9. Adequate use of audio-visual materials must be provided for in training. Experiences of the writer and the knowledge which has been gained from the various educational experiments in the use of audio-visual aids for presenting relatively abstract concepts and skill training have indicated the usefulness of these aids in the area of insurance training. Each company visited was asked to explain how these aids were used; each surveyed by questionnaire was asked which aids were used in training.

10. Training in Home Office Schools should be coordinated with Field Training. All training should be a part of a coordinated whole. The usefulness of home office schools in training management personnel will be greatly decreased if the managers fail to put into practice on the local level, the information and procedures they learned in schools. This coordination, or lack of coordination, can best be determined by examining the nature of training as given in schools with the method and content provided on the district level.

11. The basic Training Course must be completed by each agent. In order to cover all phases of learning deemed
necessary as a minimum amount of training for the life agent, the entire Basic Course must be completed. It is uneconomical to provide a training course and not require its completion. Further, the failure to require the completion of the Basic Course is unfair to the agent, the program, and the company since it is likely to represent a waste of time and money.

12. The training program must be continuous, culminating only with the attainment of the C.L.U. designation. It is highly improbable that any one person knows all there is to know about selling life insurance. The best producers, as reported by experts in the field, are those who consistently seek to improve their ability in selling their product to the public. In the interest of greater efficiency and in service to the policyholder, company training should be continuous until such time as the agent has attained the C.L.U. designation. Only at this point will the company have fulfilled its obligation to have provided the agent with a complete program of instruction.

Validating the Criteria. To test the validity of the "Criteria" they were submitted to a board of seven individuals whose position and experience in insurance training was such as to make them eminently qualified to pass judgment on the criteria. The men selected and who willingly
served on this board have for a number of years been active in the development of their respective companies’ training programs and are generally respected by those in the field of insurance as being leaders in the area of training. They represented combination companies of varying size and scope of operations. The criteria were submitted for evaluation to the following:


4. David Longley, Assistant Secretary-Educational Director, Virginia Mutual Life Insurance Company, Richmond, Virginia. Author of Industrial Salesmanship Simplified.17

5. Jack Plumb, C.L.U., Head of Field Training Division, The Prudential Insurance Company of America, Newark, New Jersey.


Each member of the board was sent a copy of the Criteria for a Good Training Program and was asked to analyze it and indicate the relative value (by checking as very important, desirable, or unimportant) of each of the twelve items listed. The seven respondents were also asked to add to the list any items not included which they felt were important to good training.

Modifications of the Original Criteria. Two of the seven respondents added an additional item to the original list of twelve. These additional items were:

1. Any training program must maintain a proper balance between theory and practice.
2. Training for the development of skills must be distinguished from education for long range developments.

Five of the respondents, in addition to rating the twelve items, suggested one or more of the following modifications:

1. Item 3 - "The direction of training is the sole responsibility of one person holding administrative status."
   Modified to provide for the direction of training by a committee having among its limited membership
agency, executive, and training personnel.

2. Item 5 - "Basic, Intermediate, and Advanced courses are provided agents and managers without cost."
   Modified to eliminate advanced courses from this item;

3. Item 6 - "Training of new agents should be done by the agent's immediate supervisor."
   Modified to provide for the contributions of both the manager and assistant manager in the planning, administration, and execution of the agent's training.

4. Item 7 - "The trainer must be taught how to teach."
   Checked as very important, but indicated the proviso that in being taught how to teach, the trainer must become proficient in the "D.O.C." formula (Demonstrate, Observe, Correct).

5. Item 8 - "Training must be accomplished according to sound educational principles."
   Modified to read "sound training principles" rather than "sound educational principles." This respondent was of the opinion that skills are developed by training, not by education.

6. Item 12 - "The training program must be continuous, culminating only with the attainment of
the C.L.U. Certificate."

Modified to read, "The training program must be continuous." The attainment of the C.L.U. Designation should not mark the end of training for a life insurance agent is the viewpoint of this respondent.

While not making a modification in the original statement, one member of the board commented on item 10, "Training in Home Office Schools should be coordinated with Field Training," by making this statement:

The best evidence I have points out that best results come from all training of agents in the district. Training in Home Office Schools for agents returns, in a few weeks, to that level which exists in the individual districts. However, that writer is of the opinion that Home Office Schools or association training, such as Life Insurance Agency Management Association courses, are a "must" for managers and assistants.

In compiling the results of the analysis of the criteria by the board, items rated "very important" were given a point value of 10, those rated "desirable" received a point value of 5, and "unimportant" rating was scored as zero. Thus, with seven ratings given each item it was

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18 The writer of this statement cites as evidence the Prudential experiment in which 3 groups of 500 agents were trained by 3 different methods: (1) Home Office School prior to starting in the district; (2) Home Office School after 6 months in the district; and (3) All training in the district. Production results for all groups were the same.
possible for an item to receive a total of 70 points, pro-
vided each member of the board accorded it the rating -
"very important."

Two statements, items 4 and 7 received the top rating
from each evaluator. Three items were ranked as very impor-
tant by 6 persons, with the remaining vote cast as desirable
in each case. Items 3, 9, and 12 received one or more
"unimportant" votes. Only one item, number 9, was classi-
fied as both very important and unimportant. (See Figure 1.)

The ratings showed a marked degree of unanimity of
opinion on the part of the experts. Seven of the 12 items
received the same rating from 6 to 7 board members. Two
other items were ranked as having the same relative importance
by 5 persons. Thus, only three items received a 3-4 split
in the ratings. In each instance, this division was between
"very important" and "desirable" or "desirable" and "unim-
portant."

On the basis of the 10, 5, 0 method of scoring, a
cumulative score was computed for each of the criteria
items, (See Figure 2).
### FIGURE 1

**VALUE RATINGS OF CRITERIA ITEMS**

<table>
<thead>
<tr>
<th>Items</th>
<th>Number of Ratings</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Top management respects and encourages training</td>
<td>![Rating]</td>
</tr>
<tr>
<td>2. There are stated objectives of training which are evaluated periodic­ally</td>
<td>![Rating]</td>
</tr>
<tr>
<td>3. The direction of training the sole responsibility one person holding administrative status</td>
<td>![Rating]</td>
</tr>
<tr>
<td>4. Training is required of supervisory personnel (managers and assistant managers) and of agents</td>
<td>![Rating]</td>
</tr>
<tr>
<td>5. Basic, intermediate, and advanced courses are provided agents and managers without cost</td>
<td>![Rating]</td>
</tr>
<tr>
<td>6. Training of new agents should be done by the agent's immediate supervisor</td>
<td>![Rating]</td>
</tr>
<tr>
<td>7. The trainer must be taught how to teach</td>
<td>![Rating]</td>
</tr>
</tbody>
</table>

**Key:**
- **Very Important:**
- **Desirable:**
- **Unimportant:**
FIGURE 1 (continued)

VALUE RATINGS OF CRITERIA ITEMS

<table>
<thead>
<tr>
<th>Items</th>
<th>Number of Ratings</th>
</tr>
</thead>
<tbody>
<tr>
<td>8. Training must be accomplished according to sound educational principles</td>
<td></td>
</tr>
<tr>
<td>9. Adequate use of audio-visual materials must be provided for in training</td>
<td></td>
</tr>
<tr>
<td>10. Training in Home Office Schools should be coordinated with field training</td>
<td></td>
</tr>
<tr>
<td>11. The Basic Training Course must be completed by each agent</td>
<td></td>
</tr>
<tr>
<td>12. The training program must be continuous, culminating only with the attainment of the C.L.U. Certificate</td>
<td></td>
</tr>
</tbody>
</table>

Key: [ ] = Very Important; [ ] = Desirable

[ ] = Unimportant
After making the suggested modifications to the original criteria (wherever the writer felt that such modifications were desirable) the list was reconstructed, as follows, with the items ranked in order of their relative importance:
Revised Criteria for a Good Training Program

1. Training is required of supervisory personnel (managers and assistant managers) and of agents.
2. The trainer must be taught how to teach.
3. Top management respects and encourages training.
4. There are stated training objectives which are evaluated periodically.
5. Management training in home office schools should be coordinated with field training.
6. The basic training course must be completed by each agent.
7. Training of new agents should be done by the agent's immediate supervisors.
8. Training must be accomplished according to sound educational principles.
9. Basic, Intermediate, and Advanced courses are provided agents and managers without cost.
10. Adequate use of audio-visual materials should be provided for in training.
11. The training program should be continuous.
12. The training program must maintain proper balance between theory and practice.

Because of tie scores: items 1 and 2 are rated as first in importance; items 3, 4, and 5 should be considered jointly as being third in importance; and items 7 and 8 should
both be ranked as seventh. Item 3 in the original criteria, "The direction of training is the sole responsibility of one person holding administrative status," has been eliminated from the revised criteria because 3 of the 7 experts considered it unimportant. One item, number 12, upon the recommendation of two of the board members has been added to the criteria.

EVALUATIVE CRITERIA FOR OUTCOMES OF TRAINING PROGRAMS

The success or lack of success of any type of sales training program should be measurable by observing the degree to which desirable training outcomes are achieved. This type of measurement immediately poses a joint problem - what are desirable outcomes and how can they be measured?

Writers in the field of sales management and sales training are generally agreed as to both the desirability of evaluation and the nature of training outcomes.

Hegarty19 points out that the results of any sales training plan should be audited. This audit should be accomplished by a series of checks made in terms of concrete items that can be easily understood, such as sales, sales to potential thoroughness of the sales job and better morale of the sales force. The National Society of Sales Training

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Executives\textsuperscript{20} in answering the questions "How can a sales training director know that a training program pays for itself?" and "Can he prove to management, with a high degree of certainty, that his training has been productive?", suggests three kinds of results that should be evaluated.

1. **Improved selling** - characterized by greater volume per call, higher quality products sold, lower selling costs, better territory coverage, and increased customer goodwill.

2. **Improved morale** - demonstrated by affirmative answers to the questions, does the employee develop faster, is job enthusiasm readily apparent, and are grievances fewer in number.

3. **Lower turnover** exemplified by progressively lower rates.

Canfield\textsuperscript{21} feels that many of the aforementioned factors would carry greater significance if a comparison of these results were checked before and again after training had been undergone.

To study the outcomes of a specialized area of sales training, such as that for life insurance, certain statistics


of the subject companies had to be analyzed. As Maynard and Nolen have stated:

Evaluation of the work of salesmen must, if it is to be meaningful, be based upon analysis of the facts pertinent to such a decision. Normally the facts, usually statistical in nature, are collected, tabulated and analyzed at the home office of the company. \(^\text{22}\)

The facts pertinent to the evaluation of life insurance training programs may be brought out by an analysis of company statistics relating to desirable financial outcomes that can be traced to sales ability. On the assumption that outcomes of a training program may be observed through the average earnings per salesman, the lapse ratio for ordinary and industrial insurance, the turnover of salesmen, the increase or decrease in insurance in force, arrears percentages and the ratios of ordinary and industrial surrenders to the average number of policyholders, an attempt was made to obtain and analyze these statistics from each of the 30 Negro legal reserve companies which were members of the National Negro Insurance Association.

Upon the recommendation of the Secretary of the NNIA, letters were sent to the secretaries of the companies requesting that the writer be given permission to examine the individual company statistics which had been gathered

in the office of Mr. Noah Bennett of the North Carolina Mutual, Statistician of the NNIA. Replies granting that permission were received from 15 of the 30 companies. Follow-up letters brought permission from 6 other companies. Thys, 21 of the 30 companies gave the writer permission to examine statistics relating to training outcomes.

An examination of the statistics revealed that those of one company were incomplete to the point of being unusable in this study. The figures for the remaining 20 companies were incomplete on two points, arrears percentage, which provides an indication as to how well an agent is making industrial collections, and turnover of salesmen. Admittedly, the failure to include these two aspects of training outcomes weakens, to some degree, an evaluation of those outcomes. In writing on the desirability of showing top management that money being spent on training is producing results, Tonne\textsuperscript{23} has pointed out that where exact figures relating to evaluation cannot be given, approximations, as honest as the trainer can make them, should be made.

An effort directed toward arriving at some basis for making an approximation of figures on arrears and turnover revealed that some statistics on turnover of new agents had

been compiled by a committee from the Technicians' Institute of the NNIA which had made a study of agency costs related to industrial insurance. This study grouped the 31 companies surveyed into totals for: (1) 7 companies which in 1949 had premium income up to $250,000; (2) 6 companies with premium income between $251,000 and $500,000; (3) 8 companies whose income was $501,000 and $1,000,000; (4) 5 companies having 1949 premium income between $1,000,001 to $2,000,000; and (5) the 7 companies which had an income greater than $2,000,000. This report did point out rather conclusively that there was little relationship between the size of the company and the termination of agents. (See Table I)

### Table I

PERCENTAGE OF TURNOVER OF NEW AGENTS (1949)

<table>
<thead>
<tr>
<th>Premium Income</th>
<th>Number of Companies</th>
<th>Terminations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $250,000</td>
<td>7</td>
<td>Average: 70% Low: 48% High: 94%</td>
</tr>
<tr>
<td>251,000 to 500,000</td>
<td>6</td>
<td>Average: 83% Low: 20% High: 93%</td>
</tr>
<tr>
<td>501,000 to 1,000,000</td>
<td>8</td>
<td>Average: 61% Low: 31% High: 100%</td>
</tr>
<tr>
<td>1,000,001 to 2,000,000</td>
<td>3</td>
<td>Average: 80% Low: 60% High: 88%</td>
</tr>
<tr>
<td>More than 2,000,000</td>
<td>7</td>
<td>Average not computed</td>
</tr>
</tbody>
</table>

Source: Reported of NNIA Committee to Study Agency Cost (Industrial)

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24 National Negro Insurance Association, Report of the Committee to Study Agency Costs (Industrial), Submitted by the Technicians Institute of the NNIA to the member companies, 1950, pp. 3-11.
That there existed a relatively high rate of turnover is also quite apparent from the information presented in the report.

However, since statistics on turnover and arrears of individual companies were not available, the decision was made to analyze figures on earnings, lapses, surrenders, and change of amount of insurance in force. That the analysis had to be made on an individual company basis was apparent from the twofold purpose of the analysis:

1. To rank the companies on the basis of their relative achievement of desirable financial objectives; and

2. To compare the group of highest achievement and the group of lowest achievement with respect to how well the individual company training programs meet the "Criteria for a Good Training Program."

The methods used in this study in making the various computations involved in the analysis were as follows:

1. Average earnings - The total of ordinary and industrial commissions and non-commission compensation paid agents during the year 1950 was divided by the total number of agents.

2. Lapse ratios - The total amount of lapses and surrenders for the year 1950 was divided by the
mean amount of insurance in force during the year. This method of computing lapse ratios was used so that first-year lapses would be reflected in the ratios. This procedure would show to better advantage the effects of training than would any other method of computing the lapse ratio.

3. Surrender ratios - The total number of surrenders was divided by the mean number of policies in force.

4. Change in amount of insurance percentages - The increase or decrease of amount of insurance in force between December 31, 1949 and December 31, 1950 was divided by the amount of insurance in force as of December 31, 1949.

In each case, dollar amounts were rounded off to the nearest dollar. Percentages were rounded off to the nearest one-tenth of one per cent except in the case of tie percentages where the figures were rounded off to the nearest one-hundredth of one per cent. Separate computations were made for figures on industrial and for ordinary insurance in each area except average earnings.

Two of the companies included in this study do not write ordinary insurance. Therefore, ranking of the companies in the various areas made necessary an analysis of
18 sets of figures relating to ordinary insurance and 20 set of figures on industrial insurance.

After computing the various averages, ratios, and percentages an array was constructed for each area being analyzed. The company having the lowest rating in a particular area was given the value 1; the company with the highest rating was given the value 20 in the case of industrial insurance and 18 in the case of ordinary insurance. The final step in ranking the companies was to determine the average number of points received by each company and construct the composite rating.

The 20 companies were next divided into two groups: 10 which received the highest composite ratings and the 10 receiving the lowest composite ratings. To avoid the possibility of public identification of the companies - each company was assigned a letter designation - A through J for the 10 in the group having the higher ratings and Q through Z for the low group.

The following illustrations indicate how the composite ratings were obtained. Company A had a lower lapse ratio than any of the other companies. Therefore, it was given the value 18 for that area (only 18 of the 20 companies wrote ordinary insurance). The agents of this company had the largest average earnings. Twenty points were given in this area. Seven companies had a lower industrial lapse.
than Company A. This gave A 13 points in industrial lapses. Seventeen points were given A for having the second largest percentage increase in ordinary insurance in force. The 17 points given for increase in industrial indicated that there were three companies having a better record in this area. Four of the 18 companies had a lower ordinary surrender ratio than Company A, according A 14 points. Only two companies out of the 20 writing industrial insurance had a better industrial surrender ratio, which gave A 18 points in that area. The total number of points received by Company A was 117. This number divided by 7 (the number of separate ratings given) gave Company A an average or composite rating of 16.71, the highest for the 20 companies.

Company V does not write ordinary insurance. Thirteen companies had higher average earnings than this company, giving it a rating of 7 in this area. V had the sixth highest industrial lapse ratio. This relatively poor showing caused the company to receive a score of 6 for lapses. Only two companies had a lower increase (or larger decrease) of industrial insurance in force. Therefore, V's rating in this area was 3. However, only 6 of the 20 companies had a better surrender ratio than V, according V the rating of 14. The total number of points received by V was 30. This number divided by 4 (the number of separate ratings given) gave Company V an average, or composite
rating of 7.50.

The earings of agents ranged from a low of $924 to a high of $3,716, with an average of $2,792. The median figure for the average earnings of agents of the 20 companies was $1,820 for the year 1950. Table II shows the average earnings for each of the companies used in this survey as well as the inverse rank of each company.

TABLE II
AVERAGES EARNINGS OF AGENTS FOR 1950 WITH RELATIVE RATING BY COMPANY

<table>
<thead>
<tr>
<th>Company</th>
<th>Average Earnings*</th>
<th>Rating</th>
<th>Company</th>
<th>Average Earnings*</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>3716</td>
<td>20</td>
<td>Q</td>
<td>1899</td>
<td>13</td>
</tr>
<tr>
<td>B</td>
<td>3000</td>
<td>19</td>
<td>R</td>
<td>1554</td>
<td>5</td>
</tr>
<tr>
<td>C</td>
<td>2081</td>
<td>16</td>
<td>S</td>
<td>1869</td>
<td>11</td>
</tr>
<tr>
<td>D</td>
<td>2019</td>
<td>15</td>
<td>T</td>
<td>1770</td>
<td>10</td>
</tr>
<tr>
<td>E</td>
<td>1875</td>
<td>12</td>
<td>U</td>
<td>1381</td>
<td>4</td>
</tr>
<tr>
<td>F</td>
<td>1343</td>
<td>3</td>
<td>V</td>
<td>1713</td>
<td>7</td>
</tr>
<tr>
<td>G</td>
<td>1643</td>
<td>6</td>
<td>W</td>
<td>1328</td>
<td>2</td>
</tr>
<tr>
<td>H</td>
<td>1914</td>
<td>14</td>
<td>X</td>
<td>1726</td>
<td>8</td>
</tr>
<tr>
<td>I</td>
<td>2946</td>
<td>13</td>
<td>Y</td>
<td>1754</td>
<td>9</td>
</tr>
<tr>
<td>J</td>
<td>2362</td>
<td>17</td>
<td>Z</td>
<td>924</td>
<td>1</td>
</tr>
</tbody>
</table>

*Rounded to nearest dollar

It is apparent from the table that two of the companies, F and G, which are in the top ten according to a composite rating, are in the lower ten on the basis of the average earnings rating.

The lapse ratio for ordinary insurance varies from 6.8% to 38.2% with a median for the 18 companies writing ordinary insurance of 22.3%. These ratios are considerably better
than those for industrial insurance where the range is from 12.5% to 105.7%. The median for this group is a lapse ratio of 47.8%.

**TABLE III**

ORDINARY AND INDUSTRIAL LAPSE RATIOS AS OF DECEMBER 31, 1950 - WITH RELATIVE RATING BY COMPANY

<table>
<thead>
<tr>
<th>Company</th>
<th>Ordinary Lapse Ratio</th>
<th>Rating</th>
<th>Industrial Lapse Ratio</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>6.8%</td>
<td>18</td>
<td>30.8%</td>
<td>13</td>
</tr>
<tr>
<td>B</td>
<td>18.10</td>
<td>12</td>
<td>21.3</td>
<td>19</td>
</tr>
<tr>
<td>C</td>
<td>7.2</td>
<td>17</td>
<td>26.3</td>
<td>17</td>
</tr>
<tr>
<td>D</td>
<td>No Ord.</td>
<td>--</td>
<td>105.7</td>
<td>1</td>
</tr>
<tr>
<td>E</td>
<td>18.6</td>
<td>11</td>
<td>49.6</td>
<td>9</td>
</tr>
<tr>
<td>F</td>
<td>32.9</td>
<td>3</td>
<td>32.1</td>
<td>12</td>
</tr>
<tr>
<td>G</td>
<td>10.8</td>
<td>15</td>
<td>12.5</td>
<td>20</td>
</tr>
<tr>
<td>H</td>
<td>32.2</td>
<td>1</td>
<td>60.8</td>
<td>4</td>
</tr>
<tr>
<td>I</td>
<td>35.8</td>
<td>2</td>
<td>62.5</td>
<td>3</td>
</tr>
<tr>
<td>J</td>
<td>18.08</td>
<td>13</td>
<td>52.3</td>
<td>8</td>
</tr>
<tr>
<td>Q</td>
<td>22.28</td>
<td>10</td>
<td>71.4</td>
<td>2</td>
</tr>
<tr>
<td>R</td>
<td>16.8</td>
<td>14</td>
<td>26.6</td>
<td>18</td>
</tr>
<tr>
<td>S</td>
<td>22.29</td>
<td>9</td>
<td>30.6</td>
<td>14</td>
</tr>
<tr>
<td>T</td>
<td>31.1</td>
<td>5</td>
<td>60.7</td>
<td>5</td>
</tr>
<tr>
<td>U</td>
<td>30.9</td>
<td>6</td>
<td>28.5</td>
<td>16</td>
</tr>
<tr>
<td>V</td>
<td>No Ord.</td>
<td>--</td>
<td>56.8</td>
<td>6</td>
</tr>
<tr>
<td>W</td>
<td>9.7</td>
<td>16</td>
<td>33.9</td>
<td>11</td>
</tr>
<tr>
<td>X</td>
<td>27.5</td>
<td>7</td>
<td>55.0</td>
<td>7</td>
</tr>
<tr>
<td>Y</td>
<td>32.8</td>
<td>4</td>
<td>30.3</td>
<td>15</td>
</tr>
<tr>
<td>Z</td>
<td>23.1</td>
<td>8</td>
<td>45.9</td>
<td>10</td>
</tr>
</tbody>
</table>

Three of the companies writing ordinary and five of the 20 writing industrial, which are in the upper group by composite rating, have lapse ratios which place them in the lower group.

Three of the selected companies had decreases in the amount of ordinary insurance in force for 1950. The number for industrial insurance in this category was six. The
range for ordinary insurance was from a decrease of 1.2% to an increase of 78.3%. The median figure for ordinary was an increase of 8.9%. For industrial, the range was from a decrease of 8.1% to an increase of 15.2%. For this type of insurance, the median was an increase of 3.4% over the amount of insurance in force at the end of 1949.

It was interesting to note that Table IV shows that only three companies, T, W, and Z failed to show a greater percentage increase (or smaller decrease) in ordinary insurance over industrial. One company exhibited an ordinary increase of over $620,000 while industrial decreased more than $700,000.

Table V reveals that two companies had no ordinary surrenders and two had no industrial surrenders. The computations presented in this table show the number of surrenders per 10,000 policies in force. In this category, however, only one company writing ordinary and only two writing industrial which were placed in the upper group received lower group ratings. The range for ordinary surrenders was 12/10,000 to 185/10,000, with a median figure of 57/10,000. Industrial surrenders were somewhat greater. The range for industrial varied from 17 per 10,000 policies to 270/10,000. The median, in this case, was 65 policies surrendered for every 10,000 policies in force.
TABLE IV

PERCENTAGE INCREASE AND DECREASE* IN ORDINARY AND INDUSTRIAL INSURANCE IN FORCE, WITH RELATIVE RATINGS BY COMPANY, IN 1950

<table>
<thead>
<tr>
<th>Company</th>
<th>Ordinary Increase or Decrease</th>
<th>Rating</th>
<th>Industrial Increase or Decrease</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>47.3%</td>
<td>17</td>
<td>11.3%</td>
<td>17</td>
</tr>
<tr>
<td>B</td>
<td>18.6</td>
<td>13</td>
<td>13.2</td>
<td>20</td>
</tr>
<tr>
<td>C</td>
<td>8.1</td>
<td>9</td>
<td>4.4</td>
<td>14</td>
</tr>
<tr>
<td>D</td>
<td>No Ord.</td>
<td>--</td>
<td>11.7</td>
<td>18</td>
</tr>
<tr>
<td>E</td>
<td>20.9</td>
<td>14</td>
<td>0.8*</td>
<td>6</td>
</tr>
<tr>
<td>F</td>
<td>28.9</td>
<td>16</td>
<td>1.1</td>
<td>9</td>
</tr>
<tr>
<td>G</td>
<td>10.0</td>
<td>11</td>
<td>2.5</td>
<td>12</td>
</tr>
<tr>
<td>H</td>
<td>78.3</td>
<td>18</td>
<td>0.5</td>
<td>7</td>
</tr>
<tr>
<td>I</td>
<td>26.2</td>
<td>15</td>
<td>2.3*</td>
<td>4</td>
</tr>
<tr>
<td>J</td>
<td>8.2</td>
<td>9</td>
<td>2.2</td>
<td>11</td>
</tr>
<tr>
<td>Q</td>
<td>17.1</td>
<td>12</td>
<td>9.5</td>
<td>16</td>
</tr>
<tr>
<td>R</td>
<td>4.5</td>
<td>5</td>
<td>1.2</td>
<td>8</td>
</tr>
<tr>
<td>S</td>
<td>5.7</td>
<td>6</td>
<td>5.6</td>
<td>15</td>
</tr>
<tr>
<td>T</td>
<td>7.3</td>
<td>7</td>
<td>13.1</td>
<td>19</td>
</tr>
<tr>
<td>U</td>
<td>0.4*</td>
<td>3</td>
<td>1.8*</td>
<td>5</td>
</tr>
<tr>
<td>V</td>
<td>No Ord.</td>
<td>--</td>
<td>2.6*</td>
<td>3</td>
</tr>
<tr>
<td>W</td>
<td>3.6</td>
<td>4</td>
<td>3.7</td>
<td>13</td>
</tr>
<tr>
<td>X</td>
<td>9.7</td>
<td>10</td>
<td>6.1*</td>
<td>2</td>
</tr>
<tr>
<td>Y</td>
<td>1.2*</td>
<td>1</td>
<td>8.8*</td>
<td>1</td>
</tr>
<tr>
<td>Z</td>
<td>0.5*</td>
<td>2</td>
<td>2.0</td>
<td>10</td>
</tr>
</tbody>
</table>

* Denotes decrease
### TABLE V

**ORDINARY AND INDUSTRIAL SURRENDER RATIOS WITH RELATIVE RATING, BY COMPANY IN 1950**

<table>
<thead>
<tr>
<th>Company</th>
<th>Ordinary</th>
<th>Industri</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Surrenders</td>
<td>per 10,000</td>
</tr>
<tr>
<td>---------</td>
<td>------------</td>
<td>------------</td>
</tr>
<tr>
<td>A</td>
<td>30</td>
<td>14</td>
</tr>
<tr>
<td>B</td>
<td>147</td>
<td>2</td>
</tr>
<tr>
<td>C</td>
<td>37</td>
<td>13</td>
</tr>
<tr>
<td>D</td>
<td>No Ord.</td>
<td>--</td>
</tr>
<tr>
<td>E</td>
<td>12</td>
<td>16</td>
</tr>
<tr>
<td>F</td>
<td>None</td>
<td>17.5</td>
</tr>
<tr>
<td>G</td>
<td>56</td>
<td>10</td>
</tr>
<tr>
<td>H</td>
<td>None</td>
<td>17.5</td>
</tr>
<tr>
<td>I</td>
<td>27</td>
<td>15</td>
</tr>
<tr>
<td>J</td>
<td>44</td>
<td>12</td>
</tr>
<tr>
<td>Q</td>
<td>106</td>
<td>4</td>
</tr>
<tr>
<td>R</td>
<td>79</td>
<td>5</td>
</tr>
<tr>
<td>S</td>
<td>121</td>
<td>3</td>
</tr>
<tr>
<td>T</td>
<td>61</td>
<td>7</td>
</tr>
<tr>
<td>U</td>
<td>52</td>
<td>11</td>
</tr>
<tr>
<td>V</td>
<td>No Ord.</td>
<td>--</td>
</tr>
<tr>
<td>W</td>
<td>185</td>
<td>1</td>
</tr>
<tr>
<td>X</td>
<td>77</td>
<td>6</td>
</tr>
<tr>
<td>Y</td>
<td>57</td>
<td>9</td>
</tr>
<tr>
<td>Z</td>
<td>58</td>
<td>8</td>
</tr>
</tbody>
</table>

A picture of the relative ratings in the 7 areas is presented in Table VI. This composite rating depicts the method by which the 20 companies were ranked, grouped, and assigned letter designations.
<table>
<thead>
<tr>
<th>Company</th>
<th>Average</th>
<th>Lapse Ratio</th>
<th>Increase of Insurance</th>
<th>Surrenders</th>
<th>Tots</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Earnings</td>
<td>Ordinary Industrial</td>
<td>Ordinary Industrial</td>
<td>Ordinary Industrial</td>
<td>Industrial</td>
<td>Totals</td>
</tr>
<tr>
<td>A</td>
<td>20</td>
<td>18</td>
<td>13</td>
<td>17</td>
<td>17</td>
<td>14</td>
</tr>
<tr>
<td>B</td>
<td>19</td>
<td>12</td>
<td>19</td>
<td>13</td>
<td>20</td>
<td>2</td>
</tr>
<tr>
<td>C</td>
<td>16</td>
<td>17</td>
<td>17</td>
<td>8</td>
<td>14</td>
<td>13</td>
</tr>
<tr>
<td>D</td>
<td>15</td>
<td>No Ord.</td>
<td>1</td>
<td>No Ord.</td>
<td>18</td>
<td>No Ord.</td>
</tr>
<tr>
<td>E</td>
<td>12</td>
<td>11</td>
<td>9</td>
<td>14</td>
<td>6</td>
<td>16</td>
</tr>
<tr>
<td>F</td>
<td>3</td>
<td>3</td>
<td>12</td>
<td>16</td>
<td>9</td>
<td>17.5</td>
</tr>
<tr>
<td>G</td>
<td>6</td>
<td>15</td>
<td>20</td>
<td>11</td>
<td>12</td>
<td>10</td>
</tr>
<tr>
<td>H</td>
<td>14</td>
<td>1</td>
<td>4</td>
<td>18</td>
<td>7</td>
<td>17.5</td>
</tr>
<tr>
<td>I</td>
<td>18</td>
<td>2</td>
<td>3</td>
<td>15</td>
<td>4</td>
<td>15</td>
</tr>
<tr>
<td>J</td>
<td>17</td>
<td>13</td>
<td>8</td>
<td>9</td>
<td>11</td>
<td>12</td>
</tr>
<tr>
<td>Q</td>
<td>13</td>
<td>10</td>
<td>2</td>
<td>12</td>
<td>16</td>
<td>4</td>
</tr>
<tr>
<td>R*</td>
<td>5</td>
<td>14</td>
<td>18</td>
<td>5</td>
<td>8</td>
<td>5</td>
</tr>
<tr>
<td>S*</td>
<td>11</td>
<td>9</td>
<td>14</td>
<td>6</td>
<td>15</td>
<td>3</td>
</tr>
<tr>
<td>T</td>
<td>10</td>
<td>5</td>
<td>5</td>
<td>7</td>
<td>19</td>
<td>7</td>
</tr>
<tr>
<td>U</td>
<td>4</td>
<td>6</td>
<td>16</td>
<td>3</td>
<td>5</td>
<td>11</td>
</tr>
<tr>
<td>V</td>
<td>7</td>
<td>No Ord.</td>
<td>6</td>
<td>No Ord.</td>
<td>3</td>
<td>No Ord.</td>
</tr>
<tr>
<td>W</td>
<td>2</td>
<td>16</td>
<td>11</td>
<td>4</td>
<td>13</td>
<td>1</td>
</tr>
<tr>
<td>X</td>
<td>8</td>
<td>7</td>
<td>7</td>
<td>10</td>
<td>2</td>
<td>6</td>
</tr>
<tr>
<td>Y</td>
<td>9</td>
<td>4</td>
<td>15</td>
<td>1</td>
<td>1</td>
<td>9</td>
</tr>
<tr>
<td>Z</td>
<td>1</td>
<td>8</td>
<td>10</td>
<td>2</td>
<td>10</td>
<td>8</td>
</tr>
</tbody>
</table>

* Denotes tie as to rank. Both companies received same number of total points.
It should be kept in mind that none of the computations appearing in Tables II, III, IV, V, or VI is designed to indicate whether a company is a good one or a poor one. They may bear no relationship to the financial or management policies of either of the companies. They should be regarded as an attempt at a method of evaluating training outcomes.

SELECTION AND VISITATION

On the basis of the previously established upper and lower groups, the writer chose three companies in each group to visit. The purpose of this visit was to evaluate the training program in operation in the company. The information for the evaluation was to be obtained through interviews with the director of sales training and as many other persons as was expedient.

The companies visited have been designated as C, G, and J, in the upper group, and R, U, and Y in the lower group. In each instance, the choice of companies visited was predicated on the distance from the home of the writer. Economy limited the visits to a radius of 500 miles from Durham, North Carolina.

A total of 21 persons, or an average of 3.5 per company, were interviewed. The time range of the interviews varied from 30 minutes to three and one-half hours.
A report of the findings obtained through these interviews will be reported in Chapters III and IV.

DEVELOPMENT OF THE QUESTIONNAIRE

Since it was not possible to visit each of the companies which had given the writer permission to examine its statistics, a questionnaire was constructed to obtain information from the companies not visited. The questionnaire was designed, as were the personal visits, to check the relative degree to which the principles appearing in the "Criteria for a Good Training Program," were being practiced. In order to demonstrate the method by which this was done each item in the revised criteria will be restated. Following the item will be the question relating to it as the question appeared in the questionnaire. (For a more complete examination of the questionnaire see Appendix D)

Item 1. Training is required of supervisory personnel (managers and assistant managers) and of agents.

Questionnaire Question:

Is training required of all beginning agents? ______

Are agency managers schools held? ______

What are the requirements to attend?

Item 2. The trainer must be taught how to teach.

Questionnaire Question:

Does the content of instruction include Methods of Training New Agents? ______
Item 3. **Top management respects and encourages training.**

Evidenced through subjective appraisal of the entire questionnaire.

Item 4. **There are stated training objectives which are evaluated periodically.**

**Questionnaire Questions:**

Are there stated objectives of training?_______

If answer is "Yes" please attach a copy of the objectives.

Item 5. **Management training in home office schools should be coordinated with field training.**

Evidenced by an analysis of Section III-Training of New Agents, Section IV-Training of Experienced Agents, and Section VII-Company Schools.

Item 6. **The Basic Training Course must be completed by each agent.**

**Questionnaire Question:**

Is the agent required to finish the course?_______

Item 7. **Training of new agents should be done by the agent's immediate supervisor.**

**Questionnaire Question:**

Who gives the training to the new agents?_______

Item 8. **Training must be accomplished according to sound educational principles.**

No questions were asked which would give adequate evidence of this practice. It was the opinion of the writer that satisfactory treatment of this item in a questionnaire would adversely affect the response.

Item 9. **Basic, Intermediate, and Advanced courses are provided agents and managers without cost.**

**Questionnaire Questions:**

Give the title of the beginning course _______
Does your company offer an Intermediate course?_____ 

Does your company offer an Advanced Course?_____ 

Is there cost to the agent?______________

Item 10. Adequate use of audio-visual materials should be provided for in training.

Questionnaire Question:

Which of the following audio-visual aids are used: 
Motion Pictures _____ Film Strips _____ Tape or Wire Recorder _____ Visual Sales Kits _____ Other _____

Item 11. The training program should be continuous.

Questionnaire Question:

Is the training continuous?______________

Item 12. The training program must maintain proper balance between theory and practice.

Evidenced by an analysis of Section III-Training of New Agents and Section VI-Methods of Instruction.

In addition to the procedure explained above, an attempt was made to cover other points which would help explain the type of training the companies were giving their agents.

A questionnaire was sent to one company whose statistics were not usable in the foregoing financial analysis. No comparison will be made of the information returned on this questionnaire with those for which statistics were available. However, it will be used to aid the writer in gaining a better insight into the nature of training programs in Negro life insurance companies.
Fifteen questionnaires were mailed out and nine were returned within a two-week period. Follow-up letters were sent to the remaining six companies and returns were made by three of that group. Thus, out of the 20 grouped companies and the one unclassified company, information was received from 18; six by personal visit, 12 by questionnaires.

By groups the results were as follows:

1. Upper Group - 3 Visits, 4 Questionnaires returned, 3 Questionnaires not returned.
2. Lower Group - 3 Visits, 7 Questionnaires returned.
3. Unclassified - 1 Questionnaire returned.

Chapter III reports the management training as practiced in the eighteen companies surveyed by visitation or by questionnaire.
CHAPTER III

COMPANY TRAINING FOR MANAGEMENT

The type of training a life insurance company offers its managerial personnel depends largely upon the kind of agency system it possesses. Under the general agency system, a contract is signed with an individual whereby he receives exclusive rights to represent the company and solicit new business in a specified territory. As Mehr\textsuperscript{25} points out, this contract calls for a fixed scale of commission payments and sometimes a collection fee to be paid to the general agent. He is also empowered to appoint the agents who are to work within that territory and to make contracts with these agents under which he agrees to pay them a certain portion of the commission he receives from the company. In the pure general agency contract, the company does not obligate itself to pay any part of the cost of establishing the agency, of operating, or developing the territory. By the same token, the company assumes no authority over the methods of operation, except within the broad limits of company policy, and no authority or part in the selection, training, supervision, or disciplining of the agency force appointed by the general agent.

The branch office system, as described by Mehr, is a direct countertype of the general agency system. The branch, or district manager, corresponding in function to the general agent, is not an independent operator. He is a salaried employee of the home office, hired to manage a particular geographical territory called a district. He may receive a commission in addition to his salary as an incentive wage; but this does not alter his status as an employee. He appoints new agents and supervises the agency force on behalf of the company. In this system the company pays all expenses of operation, trains the agent or supplies the district manager with the facilities and equipment for training them.

Each of the companies visited in the course of this study and each company responding to the questionnaire makes use of the branch office system. This system is generally characteristic of companies doing a large amount of industrial business.

DUTIES OF THE MANAGER

The job of the agency manager includes such responsibilities as the management of his office and staff; recruiting, selecting, training, supervising, and motivating his agents; representing his company in his community; furnishing

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26 Ibid., p. 569.
adequate and prompt service to policyholders and their beneficiaries; and correspondence with his home office.

Hendershot suggests that the prime essential for a successful agency manager is that he be a good businessman of executive caliber who possesses the leadership ability to stimulate his sales staff to action and to guide his salesmen in the effective discharge of their duties and functions. Further, he must command the respect of his colleagues. He must stimulate his agents to want to do rather than to be made to do.

While the total work of the agency manager could, in all probability, be broken down into a hundred or more duties for all practical purposes these duties may be confined to five main categories: Recruiting, Selection, Supervision, Motivation, and Training.

Success in each of the first four areas mentioned bears a definite relationship to the degree of achievement found in the fifth. The April, 1950 issue of The Key clearly expresses this important relationship:

1. Recruiting. If there is agreement that the prospective agent demands training so that he may prepare himself for the new work being offered him, then it follows that the manager is in a position to be more effective in recruiting the right type man if he can point with justification to the training the new man will receive. In considering a life insurance career, the presently

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employed prospective agent is faced with the problem of giving up a position which provides him a means of livelihood to accept one where he is uncertain of his ability to achieve success. . . . This decision is made easier if he is shown concrete proof that he is to be given an opportunity to study a practical and worth-while training program adapted to the company in question. Viewed in this light, a well-planned and coordinated training program is a valuable aid to the manager in his recruiting activities.

2. Selection. Once the manager has a reservoir of qualified men from which to select the needed manpower, he must apply certain rules and regulations laid down by his company as an aid in eliminating those who appear to be unfit for the job. Too often the manager lets his better judgment be influenced by current circumstances and will "let down the bars" and approve or recommend for approval a man who, for one reason or another, is not suitable agency material. This same manager, however, will think twice before employing such a man if he measures the agent's aptitude against his ability to take and absorb training. Further, if the company's training program places much work on the manager he is more apt to select the man whose chances of success are greater so as to relieve himself of the work of having to put another man through the induction and training process. While a training program in itself offers only secondary assistance in selection, it is a primary tool in eliminating the unfit. The agent who passes the company's initial screening is often found not to be adaptable to the business after a few weeks of training. From every viewpoint, it is far better to remove him than to let him drag on for an indefinite period. . . . It can be said that training is an aid to selection -- and elimination.

3. Supervision. The job of supervision in itself is a trying and sometimes exasperating managerial duty. The fact that all humans are different largely contributes to the perplexities of supervisory work. This is even more complex if each agent receives a different type of training with no definite pattern having been followed. A well-organized, clearly defined
training procedure makes for uniformity in training with all men going through the same basic pattern. Contrast the difference in two agencies, one with hit-or-miss training and another with an intelligently planned training program. The words "a trained man is easier to supervise" have real meaning to the manager who has experienced these two situations.

4. Motivation. To be successful in motivating men the agency manager must strike a common bond or feeling between himself and the man he is attempting to motivate. Men respond differently to motivation and what might motivate one would fail to move another. For motivation to be sound it must be based both an intelligent and a mutual understanding of the job. The only medium for supplying this job understanding is through training. Good or bad, formal or informal, coordinated or uncoordinated, training is the mechanical tool with which knowledge and skill are imparted to the agent. Perhaps more than is sometimes realized, training, is the deepseated connecting link between the manager and his men. Surface problems and irritations may come and go but man's inherent thirst for knowledge and self-improvement is always there. . .

The implication is evident that an insurance company must, in a sense, provide two types of training for their managerial personnel; one for the general functions of management; the other relating to the nature of training given the agents. The following pages of this chapter present in particular, provisions made by the companies surveyed for management training as it bears on the training of the agent.

28 "Training - A Basic Agency Operation," The Key to Sound Management, 1:3-4, April, 1950.
MANAGER'S TRAINING IN COMPANIES VISITED

As was pointed out in Chapter II, the companies studied were divided into two groups. Personal visits were made to companies C, G, and J in the upper group and companies R, V, and Y in the lower group. Two aspects of those visits, agent's selection procedures and management training, will be presented for each company visited.

An analysis of selection procedures followed by these companies is included in this chapter on management training because much of the success of training, and the very nature of training, is dependent upon the type of agent the manager selects for employment.

**Company C.** This company requires each agent selected to undergo a "thorough" medical examination. References and a release from the job held by the prospective agent are required before being employed by the company. Company C has experimented with the Page Reaction Survey as an instrument to determine the applicant's aptitude for insurance selling, but has now abandoned its use. The reason given for this action was that the Survey did not adequately measure the qualities desired by the company. The manager of the district in which the agent is to work is required to visit the applicant's home for an interview with the applicant and his wife. The purpose of this visit is to
augment office interviews, particularly with respect to determining the applicant's current financial status.

The board of directors of Company C has given the agency department "almost a free hand" in the development and execution of its training program. The territory covered by this company is divided into four areas, with an assistant agency director in charge of each area. One of these assistants is also in charge of the overall company training program. A school for managers and assistant managers is conducted annually in each of these four areas with all costs paid by the company. Included in the instruction provided in these schools are such topics as principles of selection, techniques of interviewing, and motivation devices. A considerable portion of the school time is spent in "training the trainer to train." The method used is to select an aspect of selling and servicing life insurance that presents a common problem in the area and devote the training period to the improvement of the problem situation. For example, if the area is faced with the problem of high lapses, the assistant agency director goes into the school with a clearly outlined device for reducing lapses. The problem is discussed with the managers and their assistants, who are required to attend the school. A possible solution to the problem is then demonstrated by the home office representative. After the persons in attendance at the school have a thorough understanding of the technique,
gained through numerous rehearsals, the instructor and his students go out into the field to try out the technique. The homes of policyholders who are threatening to lapse are visited and there the technique is put into practice.

The final session of the school is devoted to a résumé of the training activities and the relative success of the technique used. All managers are then instructed to go back to their districts and train their agents by the same methods used in the school they had just attended.

Company G. Although Company G makes use of the term general agent in describing the manager of the various districts, the training program utilized is the type typical of the branch office system. However, the selection of agents by the general agent is left largely to his discretion. No form of aptitude test is used in the selection procedure followed by this company.

There are two phases involved in the managerial training presented by this company. One phase is the use of the Life Insurance Agency Management Association training course for managers. The basic portion of this course, as used by Company G is the text, Managing An Agency. Instructors for this training are provided by the home office. The general agents are required to purchase the text. The

material covered in this course of study are: the manager and his job, management planning, recruiting and selection, training, supervision, morale and motivation, business management, building persistent business, sales promotion, public relations, and guideposts to successful agency management.

The second phase of training is that emanating from the home office. This training is designed for general agents and agents who have been with the company for at least one year. The method used here is to present monthly sales seminars. All areas of life insurance sales and servicing are discussed in these seminars. An additional feature of the seminars is having ministers, funeral directors, representatives of the state insurance commission, and civic leaders speak at the meetings. The underlying purpose of this technique is to acquaint the personnel in attendance with various community personages with the viewpoint of influencing insurance personnel to take a more active part in civic activities.

Company J. The theory behind all training in this company is to make training the responsibility of the district managers. All managers and assistant managers are given home office training which is designed to prepare them to become successful trainers of agents.

No aptitude test is given by managers in selecting new
agency personnel. The LIAMA Aptitude Index was formerly used by this company. However, its use has been suspended until the results of a survey by the Association as to the validity of the test have been analyzed.

No minimum educational requirements have been set up by Company J. It is suggested by the home office that managers recruit men having a high school education. In addition to interviews with the prospective agent and his wife, the manager must obtain a financial budget from the prospective agent.

Annual attendance at company schools is required of each manager and assistant manager who is engaged in training agents. The expenses of the schools are borne entirely by the company. These schools are progressive in nature; that is, each school is based upon more advanced materials than were used in the preceding school.

A typical school lasts five days. Topics such as the history of insurance, the problems of risk, security, and estate clearance, needs selling, social security, and programming are included in this course. Insurance Research and Review Service materials are widely used for textual information. Lectures, panel discussions, question and answer sessions, and demonstrations are the methods of instruction followed in each of the schools. Each student is given a home work assignment on each topic discussed.
The instructional staff consists of successful managers and members of the home office agency staff. Occasionally, a team from one of the insurance training associations is brought in to serve as instructors for the school.

At the close of the school the managers are to return to their districts to conduct the training of agents according to the methods used at the home office school.

Managers in this company are also provided two texts on agency management — ILAMA's Managing An Agency and How to Build a Successful Life Insurance Agency. The latter text presents practical methods for getting an agent into production, implementing the basic instruction and training plans provided by the company, and giving continuing instruction and training for agents. This text also covers recruiting, selection, motivation, sales promotion, and supervision.

Companies R, U, and Y, which were classified as lower group companies, were visited and interviews held in the same manner as for those in the upper group. The person interviewed in each of the companies in the lower group stated that his company had, for varying reasons, failed to put much emphasis on training. Perhaps the most

30 Life Insurance Agency Management Association, loc. cit.

important reason given was "lack of money."

**Company R.** Interviews between managers and prospective agents for this company are designed to check the applicant's family background and his character. An effort is made to obtain high school graduates who are currently employed. It was further stated by representatives of Company R that they attempted to employ persons who, because of their family position, "need to work." Company policy requires early dismissal of any agent who does not adapt to life insurance selling and servicing.

An annual meeting of district managers and assistant managers provides the scene of management training in Company R. At these meetings, which are financed by the company, there is a full discussion of management problems. The most successful district manager discusses the methods and techniques he uses in training his agents. This procedure of having various managers give others the benefit of the solution of problems they have faced is the only type of management training offered by this company.

**Company U.** An interview technique of painting both an encouraging and a dismal picture of life insurance selling is recommended by this company to its managers. The procedure of using extensively the application and reports from agents who know the applicant is followed in the
selection process by managers in Company U.

This company has no formal training program for either its managers or its agents. Training is left to the district managers. The home office recommends that one period a week be devoted to training; but no instructions are given as to content or method of training.

Company Y. As was true in the other companies visited, Company Y does not use any form of aptitude index. The manager holds a minimum of two interviews with a prospective applicant before he is selected. Company policy recommends the hiring of high school graduates. However, the managers are often unable to recruit persons who have finished high school.

Regional meetings are held semi-annually for assistant managers. (Assistants, not managers, conduct the training activities in this company.) At these meetings a traveling supervisor from the home office discusses training procedures with the assistant managers.

MANAGEMENT TRAINING REPORTED BY QUESTIONNAIRES

Questionnaires were returned by four of the seven companies in the upper group which were not visited. Each of the seven companies not visited in the lower group returned the questionnaires.

The section of the questionnaire on selection contained
several questions. Six of these questions and the responses made are presented in Table VI.

**TABLE VII**

**COMPANY PROCEDURES FOR SELECTION OF AGENTS**

<table>
<thead>
<tr>
<th>Questions and Responses</th>
<th>Upper Group (N-4)</th>
<th>Lower Group (N-7)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. From what source are most agents recruited?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Labor Market</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Recommendation of other agents</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Other</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>2. Do you recruit from colleges?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Frequently</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Occasionally</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Not at All</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>3. Does your company use any form of aptitude index?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>No</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>4. How many interviews are held before the agent is hired?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>One</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Two</td>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td>Three or more</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td>5. Is the wife of an agent interviewed?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>No</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Occasionally</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>6. What educational requirements must your agents meet?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>High School graduation</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>8th Grade</td>
<td>1</td>
<td>3</td>
</tr>
</tbody>
</table>

Question seven - "What are the experience requirements of your agents?" was answered "None" by all companies in both groups with the exception of one company in the upper group which requires that the applicant be currently employed in some gainful occupation.

Section V of the questionnaire had five questions on
management training. Four of these questions and their responses are presented in Table VII.

**TABLE VIII**

**PROVISION FOR MANAGEMENT TRAINING SCHOOLS**

<table>
<thead>
<tr>
<th>Questions and Responses</th>
<th>Upper Group (N-4)</th>
<th>Lower Group (N-7)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Are agency manager’s schools held?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>No</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>2. How often are the schools held?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Weekly</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Quarterly</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Semi-Annually</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>Annually</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>3. Requirements to attend</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mandatory for district managers</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>Open to district managers</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>4. Who gives the instructions?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Home Office Staff</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>Educational Director</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Home Office Personnel and District Management</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Management</td>
<td>1</td>
<td>0</td>
</tr>
</tbody>
</table>

A fifth question, "Does the content of instruction include methods of training new agents?", was answered affirmatively by each company responding to the questionnaire.

An analysis of the data obtained by interview and by questionnaire shows that companies in the upper group, by and large, tend

1. To have slightly higher educational qualifications for their agents.
2. To have more definitely organized and executed training programs for managers.

3. To require that all managers attend the management training schools.

The lower group companies seem to be characterized by

1. A more disorganized system of training that is left largely up to the managers.

2. A failure to require managers to attend company training schools.

Little difference was apparent in the selection procedures followed by companies in either group.

Differences in upper group and lower group management training were more apparent among the companies visited than were made evident by questionnaire examination. Definite attempts were being made in the upper group companies visited to carry out a planned program for training managers. Each of the lower group companies visited may be characterized as having no formal training program for management personnel.

The Criteria for Excellence was developed as a measuring device for training programs as a whole. Therefore, no attempt was made in this chapter to point out how the upper and lower group companies visited compare with respect to the attainment of these criteria in the area of management training. However, this type of analysis will be made for companies C, G, J, R, U, and Y in Chapter IV.
CHAPTER IV

THE TRAINING OF THE AGENT

The ability to sell life insurance was regarded, a few years ago, as a native gift. As Hendershot has stated, in this connection, "a man was either a born life insurance salesman or he was not, and that was all there was to it." Stalson, in his work on the history of life insurance marketing has described, in a serio-comic vein, the early agent as follows:

The life insurance agent, until modern times, was more the unacknowledged stepchild than the favored son in his vocational household; he came haphazardly into the family and was immediately hustled off to work; his education was neglected, his future growth in wisdom and security little considered; none took serious responsibility for his welfare; he was pampered and spoiled in good times, cufféd and abandoned in bad. Yet, it was this miscast ambassador whom the heads of the house sent out to represent the family interest in transactions with the public...

However, it gradually came to be recognized that inexperienced individuals could be taught to sell life insurance as well as they could be taught to do other things. This recognition became a dollars and cents fact with a study made by the Prudential Insurance Company. This study

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32 Hendershot, op. cit., p. 62.


involved 614 newly appointed agents in the Ordinary Life Division. The purpose of the study was to determine the effect upon production of (1) aptitude testing, and (2) a comprehensive study course in insurance fundamentals and selling. As was expected, the men rated "A" in aptitude produced considerably better than those rated "B". Those rated "B" produced more than the agents who had received a rating of "C", and so forth. The average production of "A" men was four to five times better than for men rated "D".
The results of the study course indicated that the man with only enough aptitude to get a chance on the staff - the borderline man who may be found on any sales staff - can be improved by good sales training to a point where he produces more than the "A" rated man who isn't given the opportunity to, or won't, learn.

There is a demand for trained agents from four major sources:

1. The institution of life insurance which is continually trying to raise the standards of the industry to the level of a profession.
2. The company represented by the agent is interested in the increased quality production and public good will that generally follows good training.
3. The buying public wants helpful and efficient
service in this important area of family and business security.

4. The agent realizes that his future success depends upon his ability as a salesman and that that ability is the result of the training he has acquired.

As evidence of the salesman’s realization of his need for training a study made by the LIAMA\textsuperscript{35} shows that lack of training is a major cause of good agents learning the business. In this study a survey was made of 567 men who entered the business with an Aptitude Index rating of "A" or "B". Each of these men had enjoyed better than average production of business while employed as an agent. Replies from 261 of the 567 indicated three major reasons as to why they left the field of insurance selling:

1. They felt that they had received inadequate training in the field. They were further of the opinion that once in the field they were neither given sufficient joint work (i.e., cooperative selling with more experienced personnel) nor sufficient supervision of their field activities.

2. Lack of sufficient prospects on whom to call.

The repliers indicated that greater emphasis

should be placed on prospecting, particularly in the early training program.

3. Lack of sufficient cash earnings.

It seems apparent that reasons 2 and 3 are closely related to the type of training provided as well as being separate causes for separation.

THE JOB OF THE LIFE AGENT

In order to get a complete picture of the life insurance salesman's job it is necessary to apply the job analysis technique. This involves the observation, study, and analysis of all the various important duties and activities he is called upon to perform. The whole task of selling life insurance is thus broken up into its elements, or units of work.

Hendershot, a former manager of agencies of the Berkshire Life Insurance Company, has constructed the following job analysis of the duties of a life insurance salesman.

1. Constantly seek new prospects, secure the names of individuals within the company's limits of acceptability.

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Hendershot, *op. cit.*, pp. 64-65.
2. Gather the necessary information, prior to the first call, concerning each prospect's life situation to determine his life insurance "needs."

3. Analyze each prospect's needs to determine the plan of life insurance, the type and amount of policy and so forth, to be prescribed to fit the needs.

4. Prepare the proposal based upon the analysis of the life situation of each prospect and the obvious needs, to be recommended in each case; in other words, formulate beneficial plans and programs.

5. Plan and prepare the organized "sales presentation" to be used in the subsequent interviews, what to do and what to say in the presence of the prospect.

6. Organize the technique of the "selling process," formulate the various phases of the interview, the approach, the sales presentation, the answers to objections, and the close, to enable the salesman to approach his prospects interestingly, to converse with them convincingly, and to stimulate favorable action on the "proposal."

7. Work systematically, plan each day's work in advance, make and route his list of calls and
proposed sales interviews, arrange appointments for service calls, call backs, and so forth.

8. Keep records, prospects and policyholder's files, weekly records and reports of performances, time analysis, and so forth.

9. Improve his knowledge of insurance services, study and preparation, respond to new suggestions, adopt and use recommendations of supervisors and constantly strive to improve capacity to render beneficial service and develop greater efficiency and effectiveness.

10. Conduct his personal affairs wisely and well.

To this detailed listing the writer would add one more:

11. To service promptly and properly industrial policyholders, by making collections where due; advising the policyholder as to the value of maintaining insurance and its various uses.

TRAINING FOR AGENTS IN THE COMPANIES VISITED

If agents are going to perform competently the duties listed above they must be provided with a very comprehensive form of training. As to the nature of this training, Huebner\(^{37}\) has suggested that the agent should be well

informed in many phases of life insurance, such as the principles of rate-making, the operation of the reserve, the nature and sources of surplus, and the like which are necessary for a correct answering of the numerous questions commonly asked agents. To render expert service, the life agent should possess a thorough knowledge of the various types of policies and their usefulness under certain family and business circumstances, and of the various forms of settlement and their advantages, so that he may intelligently fit the policy to the real needs of his prospective client. Huebner also feels that the agent should be thoroughly informed with regard to his company's investments and its treatment of policyholders in terms of surrender and loan values, the naming and changing of a beneficiary, and methods of assignment. Further, the agent should at all times be in a position to present the benefits of insurance clearly and forcibly.

Perhaps these many aspects of what should be taught the agents can be synthesized into three broad areas of information:

1. The essential information concerning the basic principles and practices of insurance.
2. The functions of life insurance - how life insurance services can and should be applied to the satisfaction of human needs.
3. The principles and practices of salesmanship.

The amount and kind of training provided agents varies widely in the different companies. At one extreme is the existence of rather haphazard instructional methods. It is the intent of these companies, which have no formalized training, to get the agent into production as quickly as possible. Any reading or studying accomplished by the agent is done according to his own choice.

At the other extreme are the carefully and thoroughly organized courses of instruction with required study and prescribed reading assignments under trained supervision. Instruction here is coordinated with field practice for the underlying purpose of developing trained life insurance counselors of professional stature. The programs surveyed in this study generally fall somewhere between these two extremes.

Company C. Although Company C did not have stated objectives for its training program at the time this survey was made, plans were underway for the development of a manual in which clearly defined objectives were to be included.

Training of agents in this company is given by supervisors under the direction of the district managers. Each new agent is required to undergo and complete the beginning

38 Hendershot, op. cit., p. 67.
training course. Experienced agents are not required to take training. However, they are encouraged to enroll in correspondence courses provided by the Life Underwriters Training Council (LUTC). Fifty per cent of the cost of the LUTC course is paid by the company the balance by the agent. This same financial arrangement is followed for any C.L.U. training the agent desires to take. Few agents appear to be interested in either LUTC or C.L.U. training.

The beginning training course consists of a combination of company materials and the Insurance Research and Review Services', "A Basic Training Course for the Debit Underwriter." The R and R course includes such topics as the job of selling, the significance of life insurance, a walk through the debit (prospecting fundamentals), how to solve the prospecting problem, how to manage a debit, conversation, filling out the application, the organized sales interview, how to handle objections, social security and life insurance, how premiums are determined, types of policy contracts, and the structure of the policy. This course is divided into twenty-five training periods. With one day a week devoted to training of the new agent, the entire course should be completed within 90 days. However, training is individual, at the agent's own rate, which produces many variations in the time it takes to complete the course.

Company material acquaints the new agent with company
history and rules and rates for the various types of coverage offered by the company.

Lectures, discussions, and demonstrations are the instructional methods utilized by the supervisors in training agents. Company C also makes extensive use of motion picture films and film strips on life insurance selling. Tape recorders, which are rented by the various district offices, are used to aid the agent in developing his sales talk.

A supervisor, synonymous with assistant managers in the training activities of some companies, is assigned to train not more than two agents at a time. In addition to giving training in the areas mentioned, the supervisor is required to give practice training to the new agent in the field. In this connection, a supervisor in Company C must "stay with" the new man for a minimum of 90 days.

Company G. At the time of the writer's visit to Company G, it was discovered that a new training program had been recently instituted. Company executives, realizing the need for improving their agency department, had recently employed a new agency director and had given him the rank of vice-president. The new director had instituted the revised program of training. Under this program, which did not as yet have stated objectives, each new agent was required to take the basic training course. This course, which is completed in three months, includes principles of insurance,
study of the insurance laws of the state, industrial and accident and health insurance selling, simple programming, and principles of salesmanship.

This company also offers an intermediate course for all agents who have been with the company for a year or more. Both the basic and intermediate courses are offered, without cost to the agent, at the home office by the agency staff and visiting instructors. Lectures, discussions, and demonstrations are used in the training process. Motion pictures and a tape recorder are used to develop sales ability.

Company G also offers advanced training to agents who have at least a high school diploma, have worked for the company for a minimum of two years, and who have a production record of at least $150,000 a year.

It is recommended that each agent subscribe to at least one professional periodical. Agents are provided many "self guidance" pamphlets without cost by the company.

The agency director and his associates pay quarterly visits to each district to conduct seminars on production, quality writing, conservation, and other aspects of insurance work.

Company J. To secure a satisfactory volume of new business of high quality at reasonable cost, to provide better service to policyholders, and to improve the welfare
of the field force, LIAMA agency department objectives have been adopted by Company J.

Two different training courses are given by the managers and their assistants in this company - basic and intermediate. Each new agent is required to take and complete the basic course. Texts for both basic and intermediate training must be purchased by the agent.

Managers hold bi-weekly, two-hour training sessions for the new agent during the first 26 weeks of his employment. Materials used in both courses are based upon the R and R basic and intermediate training series. The content of the basic course was described in the material on Company C. The R and R Career Course in Life Underwriting (Intermediate) consists of two volumes of text material, a study guide and questionnaire, and trainer's manual. Topics covered in the two volumes are the problem of risk, the history of life insurance, the basic foundations (of financial security), the problem of estate clearance, the disposition of estate property, family needs, the relation of life insurance to social security, fundamentals of programming, the woman's market for life insurance, the professional man's life insurance needs, problems of the sole proprietor, problems of the partnership, problems of the close corporation, problems of the key man, life insurance as an investment, annuities, and problems of estate planning.
Panels, clinics, lectures, and demonstrations are the principle methods of instruction used in this company.

Examinations, graded by the manager, are given periodically throughout the training period, which consists of 26 weeks of basic training and 26 weeks of field training. After the completion of the basic training, each agent is rated on theory and field work. If recommended by the manager, he then goes into intermediate training.

Films and film strips are used in training at the manager's discretion. Tape recorders may be borrowed from the home office or rented in the various districts.

Company R. No objectives for training are used by Company R. Training up to the point of passing the state board examination is required of each new agent. This training is provided by the manager and his assistants. Additional training in the areas of rules of the company, types of policy coverage, and principles of selling is provided new agents. No training is provided experienced agents.

Weekly staff meetings in the district offices are the settings for agent training. The manager lectures, leads discussions, and presents demonstrations at these meetings. It is recommended that agents purchase a visual sales kit as an aid to his task of selling life insurance.
**Company U.** Training is not required of either new or experienced agents employed by Company U. Any training given agents is done by the district managers with little aid or encouragement from the home office. Some district managers make an effort to employ experienced agents; others carry on training which includes instruction in job orientation, company rules and rates, needs for insurance, and principles of selling.

The assistant manager works closely with the new man for a period of from two to four weeks. Each employee is provided, without cost, a professional periodical.

**Company Y.** Training in Company Y is designed to get the new man into production as soon as possible. A training meeting under the supervision of the assistant manager is held once each week.

There is no definite training program for agents in this company; however, managers state that they give instruction in conservation, needs selling, use of forms and accounting, services to policyholders, and coverages offered by the company.

The assistant manager stays with the new man for a period of one month. It is recommended by the company and its managers that agents subscribe to some professional periodical.
Analysis of Training in Terms of Criteria for Excellence.

Neither the upper group companies visited nor those in the lower group were analyzed with respect to criterion 8, "Training must be accomplished according to sound educational principles." This was largely due to the inherent difficulty of treating this kind of criterion in a questionnaire and the desire to achieve as great a degree of comparability as possible between the information obtained through visits and that received by questionnaire.

Each of the other eleven items were considered in the analysis of management and agent training in the six companies visited. The findings were as follows:

1. Company C did not have definite objectives, but seemed to be doing a good job in each other area for which criteria had been set up.

2. Company G gave evidence of having in its training program each of the eleven items except stated objectives of training.

3. Company J appeared to be doing a better job than any other company surveyed. Its training program was characterized by the attainment of each of the eleven items.

4. Company R seemed to be doing a fair job in six areas included in the criteria, but did not have objectives, offered no intermediate or advanced
training, the training was not continuous nor was it required and there was no home office or field training for managerial personnel.

5. Company U had, perhaps, the poorest record of any company surveyed. This company had made use of only three of the criteria items in its training program. Training was given by the agent's immediate supervisor. Due to the fact that some district managers had an interest in training, there was some degree of balance between theory and practice. To a more limited degree, there was continuity of training.

6. Company Y did a fairly good job in six of the criteria items but did not have stated objectives or intermediate or advanced courses. The agents were not required to complete the basic course, nor was the training continuous. The only audiovisual device used was a blackboard. The blackboard was not used for training in all districts.

It seemed somewhat paradoxical that in both companies R and Y, where top management exhibited an interest in training and the training personnel were taught how to teach, that no better training results were achieved.

Here, again, it is readily apparent that the upper group companies visited have training programs that are
far superior to those in the lower group.

QUESTIONNAIRE RESPONSES ON AGENT'S TRAINING

The agency director or one of his assistants is directly responsible for the planning and execution of the training program in each company surveyed with the exception of three companies which place this responsibility in the hands of their educational directors. Each company in the upper group and four of the seven in the lower group responded that they have stated training objectives.

The ratios of agents to managers and assistants was computed from information returned in the questionnaires. In both groups the range was from 3 agents per manager or assistant to 7 per manager or assistant. The average for each group was a ratio of 5 to 1.

Training for new agents was checked as being required for each company surveyed. Training manuals were used by all companies in the upper group and by four of the seven lower group companies.

The length of the training period in these companies varies from 2 to 13 weeks in the case of upper group companies with a median of 5 weeks and from 2 to 8 weeks with a median of 3 weeks for lower group companies. Group instruction is practiced whenever possible by managers and assistants who serve as instructors for each of the com-
panies. Since the majority of agents obtain employment only when there is an opening in the district, they are usually inducted and trained on an individual basis. In the training process of these companies, it is common practice for the assistant manager to take over the field training of the new agents. The length of time the assistant stays with the agent averages four weeks in both groups.

This similarity of training offered by the upper and lower groups does not continue with the other items included in the questionnaire. The responses to the important question, "Is the agent required to complete the beginning course?", revealed that three of the seven lower group companies answered in the negative. All upper group companies required completion of the course.

One item listed eighteen topics which the writer felt should be included in a beginning training course. (See Appendix D) No company in the upper group failed to check at least 16 of these topics as being included in their training program. The number of items not checked by lower group companies ranged from 1 to 10.

A major difference was evident in training provided experienced agents. Only two of the seven lower group companies offered intermediate or advanced training. On the other hand, only one of the upper group companies did not offer its experienced agents some form of intermediate
or advanced training; that company indicated that an intermediate course was in the planning stage.

All companies made use of a variety of methods of instruction ranging from straight lectures to problem situation learning experiences.

The most popular audio-visual educational device was the use of the visual sales kit as a selling aid. Table IX shows the extent to which the four upper group companies and the seven companies in the lower group made use of four different audio-visual materials.

**TABLE IX**

**USE OF AUDIO-VISUAL AIDS BY GROUP**

<table>
<thead>
<tr>
<th>Audio-Visual Aid</th>
<th>Number of Upper Group Companies Using</th>
<th>Number of Lower Group Companies Using</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motion Pictures</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Film Strips</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Tape or Wire Recorder</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Visual Sales Kits</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>None</td>
<td>1</td>
<td>3</td>
</tr>
</tbody>
</table>

Another basic difference in the two groups lies in the utilization of company schools as a means of training. Each upper group holds a company school for training while only one of the seven lower group companies does so.

Training given agents as well as that provided manage-
ment personnel shows definite differences as to scope and execution between the companies that have been placed in the upper and lower groups.

A secondary purpose of the writer in making this study was to discover the number of Negroes who had received the C.L.U. Designation and the extent to which companies used insurance associations materials. Of the eighteen companies surveyed, four employed a total of five persons who had been awarded the C.L.U. Designation.

The general observation may be made that these companies rely to a considerable extent upon training materials provided by the various insurance associations training departments. The Insurance Research and Review training courses and/or materials are used by at least 13 of the 18 companies surveyed. This is, by far, the most popular source of training aids for these companies.

- THE COLLEGE MAN AS A LIFE AGENT

As a teacher of life insurance, the writer was interested in the role of the college trained man in the field of life insurance. Investigation in this area revealed the following rather startling statement made by an executive of one of the major insurance companies in the country:

I suspect that it will be a long time before our companies will be much interested in your efforts to prepare students for jobs requiring technical knowledge or special skills.
This will be especially true in regard to sales jobs. Our companies are still largely convinced they cannot use boys fresh out of college for selling, regardless how much they may have learned about life insurance and its uses. Those who are willing to experiment with a growing-up plan, give little, if any preference to students who have majored in insurance. They believe that special knowledge is best acquired in connection with the learning of vocational skills. Since the required skills are determined by individual company policies and procedure they must be learned on the job. So, our companies see little value at present in vocational courses.  

Not only does it appear that some insurance companies are not interested in the college man as an insurance agent, but personal experience in aiding in obtaining employment for college graduates has demonstrated to the writer that many college students have no interest in a career of selling life insurance. Bowers, in commenting on this situation, has stated:

The graduating senior, frequently burdened with educational debts and hungry for spending money, is strongly attracted by the offer of an immediate and certain income. . . . He underestimates the "growing power" of the underwriter's income. He fails to anticipate the relative degree of freedom enjoyed by professionalized pursuits. These views and attitudes when translated into action, produce these general results:

1. The life insurance business does not get its share of capable graduates, partly because, in the eyes of the graduates, it offers less to the beginner than do other types of business,

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partly because these other businesses are the first to contact the student;

2. The life insurance business gets more than its share of mediocre and poor college graduates, largely because its policies of hiring and training give it the "culls" of the graduating class.

3. A small but woefully insufficient number of capable college graduates enter the insurance profession by design or accident.40

Representatives of each company visited were asked what their policies were concerning the employment of college men as agents. Answers ranged from "We prefer college men, but can't get many" to "College men are too difficult to satisfy, and they seek advancement when there is no place to advance."

Only one of the six companies visited made any provisions for a difference in the training provided for the college and the non-college trained agent. This company, C, has for more than 40 years gone to college campuses to recruit new agents. The college graduates who are hired are made up into teams and given the R and R introductory course during the first three weeks. After the third week the teams are sent out into the field where the training is continued under the direction of a district manager. These teams are periodically rotated to different districts to

give them experience in working under different managers and varying conditions. Forty-three per cent of all agents employed by this company were college men and women. Further, each debit of $500 or more was managed by a person having at least one year of college training.

The fundamental purpose of these teams is to provide a reservoir of promotable manpower. Many of the executives of this company, including the present director of training, have entered the insurance business as members of a college team.

**TABLE X**

PERCENTAGE OF AGENTS HAVING COLLEGE TRAINING

<table>
<thead>
<tr>
<th>Company</th>
<th>Per cent</th>
<th>Company</th>
<th>Per cent</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>*</td>
<td>Q</td>
<td>1</td>
</tr>
<tr>
<td>B</td>
<td>12</td>
<td>R</td>
<td>1</td>
</tr>
<tr>
<td>C</td>
<td>43</td>
<td>S</td>
<td>1</td>
</tr>
<tr>
<td>D</td>
<td>*</td>
<td>T</td>
<td>10</td>
</tr>
<tr>
<td>E</td>
<td>10</td>
<td>U</td>
<td>0</td>
</tr>
<tr>
<td>F</td>
<td>*</td>
<td>V</td>
<td>0</td>
</tr>
<tr>
<td>G</td>
<td>2</td>
<td>W</td>
<td>3</td>
</tr>
<tr>
<td>H</td>
<td>2</td>
<td>X</td>
<td>2</td>
</tr>
<tr>
<td>I</td>
<td>20</td>
<td>Y</td>
<td>0</td>
</tr>
<tr>
<td>J</td>
<td>10</td>
<td>Z</td>
<td>10</td>
</tr>
</tbody>
</table>

* Denotes no response.

Table X points out another difference between the upper and lower group. The range of percentages of college trained agents in the upper group is from 2% to 43%. The mean percentage for this group is 14, the median is 10%.
For the lower group the range is from 0 to 10\% with a mean of 2.8\% and a median of 1\%.

It is not possible to determine from the evidence available whether the training programs had any influence on the type of agent the companies were able to recruit. However, it is clear that the upper group had employed a better educated agent than did the lower group companies.
CHAPTER V

SUMMARY AND CONCLUSIONS

In the preceding pages of this dissertation there has been presented the results of the first effort made toward a comprehensive survey of training programs in life insurance companies owned and operated by Negroes. A period of almost two years elapsed between the date the first letter requesting permission to examine company statistics was sent out and the day the final tabulation of findings was completed. It is quite evident that in a dynamic avenue of business activity, such as life insurance, constant change is taking place. For this reason, it was virtually impossible to stop financial and other statistical data at the same point of time as the survey of training. Therefore, the exact figures used in the grouping of the various companies would have changed to some degree by the time the company was visited or was sent a questionnaire. Conversely, and even more serious an aspect in arriving at conclusions based on the findings, the training programs may have changed to some degree between the dates of survey and the date of compilation of financial statistics.

It must be further noted that in many areas of research, particularly those outside the realm of the pure sciences, it is difficult and often impossible to exercise
control over the many variables that may affect the results. The major variable which may have had a relatively large degree of influence on this study was the size of the company. Using the amount of insurance in force as an indication of size, an analysis of the size of the companies in each group is presented in Table XI.

**TABLE XI**

**SIZE OF THE COMPANIES SURVEYED**

<table>
<thead>
<tr>
<th></th>
<th>Insurance in force (millions of dollars)</th>
<th>Less than 10</th>
<th>10 - 49</th>
<th>50 - 99</th>
<th>100 or more</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upper Group</td>
<td>Number of Companies</td>
<td>1</td>
<td>3</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>Percentage</td>
<td>14</td>
<td>43</td>
<td>14</td>
<td>29</td>
</tr>
<tr>
<td>Lower Group</td>
<td>Number of Companies</td>
<td>5</td>
<td>3</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Percentage</td>
<td>50</td>
<td>30</td>
<td>10</td>
<td>10</td>
</tr>
</tbody>
</table>

The range in amount of insurance in force for the upper group companies was from 9 to 153 million dollars with a median amount of 33 million dollars. The lower group ranged from 4 to 119 million dollars. The median for this group was 11 million dollars of insurance in force.

In order to accurately interpret the influence of size of company on the nature of training, a historical
study, designed to parallel company growth with training offered, would have been necessary.

Another variable, recruiting and selection procedure, was touched on in this study; but not to the extent of determining its full relation to the success of a company training program. It is common knowledge that care and ability in recruiting and selection are important to the ultimate success of the product turned out by the company training programs.

A third variable, the teaching and training ability of home office personnel, managers, and assistant managers, was not assessed as to its importance in life underwriter development. To perform this task conclusively would require an intra-company study on effectiveness of training in the various districts.

SUMMARY OF FINDINGS

The predictive value or relative importance of average earnings, ordinary and industrial lapse and surrender ratios, and increases or decreases of the amounts of ordinary and industrial insurance in force as measurable outcomes of training programs appears to be substantiated by this study. Companies grouped and ranked according to their relative achievement in these areas exhibited definite variations as to the degree with which their training
programs met the criteria for excellence of training. On the assumption that these criteria, as revised and ranked according to the opinions of the members of the evaluating board, represent characteristics of vital importance to any training program, the programs of each company were evaluated to determine their adherence to the criteria. Figure 3 presents the total number of criteria items found in each company.

The average number of criteria items found in the training programs of upper group companies was 9.3; while for the lower group, the average was 5.9. An even more important analysis factor was the degree to which the most important criteria items were included in the various training programs. In this respect it was found that the items ranked as the three most important were present in the training programs of each of the seven upper group companies. In the lower group only three of the ten companies had item #1, seven contained item #2 and five out of ten included item #3 in their programs. No company was credited with having stated objectives of training (item #4) unless those written objectives were seen by the writer. Consequently, only two companies in each group were credited as possessing this criterion.

That there are wide differences in the training given agents in the companies surveyed is readily discernable
FIGURE 3
CRITERIA ITEMS PRESENT IN TRAINING PROGRAMS
BY COMPANY, AND AVERAGES BY GROUP

<table>
<thead>
<tr>
<th>Company</th>
<th>Total Number of Criteria Items Present</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
</tr>
<tr>
<td>B</td>
<td></td>
</tr>
<tr>
<td>C</td>
<td></td>
</tr>
<tr>
<td>E</td>
<td></td>
</tr>
<tr>
<td>G</td>
<td></td>
</tr>
<tr>
<td>H</td>
<td></td>
</tr>
<tr>
<td>I</td>
<td></td>
</tr>
<tr>
<td>J</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Upper Group Average

Lower Group Average
from the information presented in Chapters III and IV. As stated in the introduction, differences in training are desirable if the program is to adequately for the needs of the company. However, much of the difference found in these programs was due to the fact that some of the companies studied had active, well defined and executed programs, while, at the other extreme, others had made little or no attempt in developing a formal system of instruction.

Many companies which had not developed a program made admirable use of materials and study courses prepared by one or more of the life insurance education associations.

In its proper perspective, training must be regarded as but one of many aspects of successful management practices. The ultimate worth of training programs is predicated to a major degree upon the amount of money and time provided by the company for this activity, the types of insurance policies written by the companies and the comparative rates at which these policies are sold, the competitive position of the company in the insurance industry, and the financial arrangements made with the agents a company seeks to place under contract.

Does Training Pay? This question, in the viewpoint of the writer, may be answered affirmatively. All evidence submitted in this study pointed to the fact that those
companies having the better training programs also experienced better results in the important insurance financial areas of insurance in force, lapses, and surrenders. Company Q, which had less than 10 million dollars of insurance in force, had a training program which contained ten of the twelve items listed as being necessary for good training. This company was only one step removed from the upper group. This appears to indicate that although size may carry some importance, good training tends to return to the company the financial results it is constantly seeking.

The cost of agency turnover, although not reported on in this survey, creates other expenses insurance companies desire to reduce. Wood, writing on this subject has said:

Does training pay—is the money spent for it an expense or an investment?... It costs something in time, in money, and in goodwill to have an agent fail;... no one profits except from the agent who stays. For him to stay he must make money, and training will help insure his success.41

EDUCATIONAL IMPLICATIONS OF THIS STUDY

The most important educational implication arising out of this study lies in the area of vocational guidance on the college level. The student who is to be aided in

making an occupational choice should be provided with all the information needed to enable him to make that choice wisely. If his choice is the field of life insurance underwriting, he should be made aware of the fact that much of his future success rests in the training he is to receive from the company which employs him. Therefore, knowledge of the type of training programs offered by the various companies is essential to the making of an intelligent choice.

The educator engaged in teaching life insurance should draw from this study a greater awareness of problems and situations that his students who enter the field of life insurance will face. A further implication to this person would be to consider the desirability of examining the content and method of company training programs with the viewpoint of implementing his insurance courses.

All persons in educational work can apply certain of the principles developed in the Criteria for Good Training to the planning and development of their teaching philosophy and practices. The knowledge that insurance companies use audio-visual devices in their training programs to teach abstract concepts and give skill training may be used as additional evidence of their desirability and usefulness in a learning situation.
RECOMMENDATIONS

The recommendations which follow are offered for the dual purpose of improving the type of training for agents of relatively small combination companies and suggesting areas in which further research may prove profitable.

1. Companies which do not have training programs adapted to their particular needs should immediately begin to plan for the institution of such programs. In a highly competitive situation, such as is found in life insurance, service to clients is the keystone to success.

It is rather common knowledge that the Negro market is becoming more and more attractive to both white and Negro companies. Training is a means by which the smaller companies can refrain from being swamped by the competitive tide.

2. Any company whose personnel does not have the time or ability to prepare a training program that is thorough and effective may do well to consider the use of a training course prepared by one of the insurance education associations. This does not imply that companies having well-defined programs have no use for these courses and materials; rather, the need is greater in the former companies.
3. The old adage, "A little learning is a dangerous thing," applies to insurance training as well as to education in general. Each new agent should be required to complete a basic training course. The mere passing of a state licensing examination by no means prepares the agent for the job he should be asked to do.

4. No training program can succeed if not actively supported at the policy making level. Top executives should be made aware of the many benefits of training, so that their aid and counsel may be used to further the development and improvement of training programs and facilities - and, in turn, the development and improvement of their company's position.

5. Since managers and their assistants usually serve as trainers for the agents in their districts, it is strongly recommended that their training, both as to content and as to the methods they should follow in their training activities, be given top priority. However, if the manager or assistant does not possess the desire and aptitude to train others then this duty must be given to some other person in the district who would enjoy this type of work.
6. More attention should be paid to the basic psychological and educational principles involved in providing the agent with the type of training he needs. Included in this area is the desirability of recognizing the usefulness of certain audio-visual aids in the training process.

7. It is recommended, for the purpose of increasing knowledge relating to insurance training, that interested students and companies consider research in the following areas: the cost of turnover; the relation of turnover of agents to the effectiveness of training; size as a factor in training program evaluation; the relation of training to conservation; motivation devices and techniques; the value of visual-aids in insurance education; and the relative importance of various statistics as measuring devices of training outcomes.

These suggestions, recommendations, and observations are presented in the desire of the writer to play some small part in the improvement of training in insurance. That Negro companies have progressed to their present position of importance in the American economy, is a tribute to the ability and vision of their executives and agency personnel. The maintenance and strengthening of this
position in the future depends upon the decisions, poli-
cies, and concepts relating to the many areas of managerial
activity, including training, that are now being made.
CHAPTER VI

A PROGRAM FOR TRAINING LIFE INSURANCE AGENTS

Effective training cannot be accomplished unless adequate consideration is given the "subject" of the learning process. In this case that "subject" is the life insurance agent. He may be characterized as being a high school graduate, approximately 31 years of age. The NNIA Committee Study revealed that over a two-year period the youngest agent hired was 23; the average age, was 31.42

The company this agent represents employs 200 agents; has 40 managers and assistant managers; and has approximately 19 million dollars of insurance in force. (The range of number of employees of the companies studied was from 21 to 700, with a median of 200. Insurance in force ranged from 4 million dollars to 153 million dollars. The median for insurance in force was 19 million dollars.)

The people to whom he sells insurance had, just before mid-century, an annual income of less than $2000. (See Table XII) Yet, within that group of people who are his clients are representatives of almost every job and profession practiced. Although, the median family income is small, there are those whose incomes are in the tens

42 NNIA, op. cit., pp. 2-12.
TABLE XII
MEDIAN INCOMES IN THE UNITED STATES BY RACE AND GEOGRAPHIC AREA, 1946

<table>
<thead>
<tr>
<th>Area</th>
<th>Median Income in Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>White</td>
</tr>
<tr>
<td>United States</td>
<td>3094</td>
</tr>
<tr>
<td>North Central</td>
<td>3023</td>
</tr>
<tr>
<td>West</td>
<td>3152</td>
</tr>
<tr>
<td>South</td>
<td>2709</td>
</tr>
</tbody>
</table>


of thousands of dollars. Therefore, the agent's market can accommodate both of his products, industrial and ordinary insurance.

What should be the nature of his training if he is to adequately serve his policyholders, his company, and himself? The answer to this question may be made through answering the following questions:

1. What is the objective to be attained?
2. What should be taught?
3. When and where should each part be taught?
4. How should it be taught?
5. By whom should it be taught?43

The determination of objectives sets the course the

43 Hendershot, op. cit., p. 69.
training program is to follow. Workability should be the constant keynote of this process. Objectives need not be couched in vague generalities; rather it is necessary that they be stated in understandable terminology which is susceptible to measurement. For example, the objective, "to give the agent a knowledge of the principles of life insurance," is easily understood and easily measured by a good examination of the agent's ability to answer questions concerning principles of insurance.

Measurable objectives of the training program are:

1. To give the agent a knowledge of the principles of life insurance.
2. To provide the agent with the skills necessary for selling life insurance.
3. To give the agent the ability to write quality business.
4. To develop the agent's ability to manage his business more efficiently.
5. To increase the volume of insurance written.
6. To continually increase the agent's ability to render good service to policyholders.
7. To enable the agent to increase his earnings.
8. To reduce turnover of agents.

These objectives may be checked by: (1) giving written and oral examinations on insurance principles; (2) checking
general office records pertaining to agency turnover, lapses, surrenders, and increases or decreases of insurance in force; (3) checking each agent as to his earnings, the way in which he keeps the required records, the number of calls he makes each day, the amount of prospecting he accomplishes, and the amount and quality of program planning for policyholders he is doing.

It is possible that company growth, or other changing circumstances, may render certain of the objectives inoperative. Therefore, it is necessary that these objectives be periodically evaluated as to their further usefulness in the program.

The second question, "What should be taught?", may be answered by determining what the agent needs to know. Hendershot\textsuperscript{44} has listed nine fundamental requirements for success which spell out very clearly what the agent should know.

1. An agent should understand the viewpoint of his prospects - what they think about insurance and why they buy.

2. He must know the best methods to approach prospects to win their confidence at once in his ability to help them.

\textsuperscript{44} Ibid., p. 72.
3. He must know how to determine, in the shortest possible time, each prospect's life insurance needs, and to analyze his "life situation" intelligently.

4. He must know how to recommend, by the most effective method, the protection that fits the prospect's situation and needs.

5. He must be able to state the necessary facts about the life insurance plan he recommends in the briefest, simplest way: to give his explanation interestingly and convincingly; and to bring his prospects to the buying point without unnecessary delay.

6. He must know how to win conviction and arouse favorable action by directing his sales presentation toward the prospect's actual needs, buying motives, and best interests, and then he must know how to close the sale easily and effectively.

7. He must be able to handle difficult situations, to meet objections, to answer questions, and to close sales in spite of apparent obstacles.

8. He must know how to develop clients through effective service procedures and to build and maintain goodwill.
9. He must know how to reach out constantly for more and more good prospects with a minimum of wasted effort, and to be able to make policyholders and clients out of them.

No individual has an inherent knowledge of these things. Training is vital if the agent is to achieve a workable knowledge of these requirements.

In brief, the agent should be taught the functions and the structure of life insurance, the policies and procedures of his company, and the principles and practices of salesmanship.

Each part of the subject matter should be broken down into small segments. Most beginning agents have been away from a study-learning situation for a number of years. Consequently, it must be realized that a successful life underwriter cannot be made overnight. The more easily understood areas of instruction such as why people buy insurance, the significance of life insurance in our economy, and orientation to the job of selling insurance should be introduced at the beginning of the training period. More advanced topics as, needs selling fundamentals, organized sales talks, writing quality business, and meeting objections should follow the introductory material. Difficult technical areas of instruction such as estate planning and advanced programming should be deferred until the agent has
mastered the fundamentals of insurance and selling and has at least one year's experience in the business. Training should, at all times, be regarded as a continuous process that will prevail as long as the agent is in the field of insurance.

Successful training can be best achieved in surroundings that are pleasant and comfortable. This implies that agents who are being trained in the various district offices should be provided every possible aid to make the learning situation as attractive as possible. The practice followed by some companies of providing each district office with a training room is, indeed, a commendable one.

Just as it is economical and efficient for the training of agents to take place in the districts, it is also economical and efficient for the training of managers and other training personnel to take place in the home office. The Prudential^ study, cited in Chapter II, gave evidence that little difference could be expected in the results obtained from training agents in home office schools or in the districts. Since the cost involved in home-office training is relatively large, economies may be realized by training all agents in the districts in which they are to work. However, because of the common problems faced by training personnel, annual or semi-annual schools seem

\[45\text{ Cf. ante, p. 33.}\]
desirable for this type of training activity.

The answer to the question "How should it be taught?" is of prime importance. With clearly defined objectives, adequate content, and the most favorable surroundings for study, the training program can still fail to be a successful one if it is improperly taught.

Basic to any examination of how the 31-year old life insurance agent should be taught lies the need for understanding the nature or psychology of adult behavior. Modern psychological observation and experimentation have been able to isolate and describe the motivating forces behind outward behavior. Six needs or motivating forces are cited by Knowles, among others, as constituting the impetus, which, when added to experience and ability, result in the type of behavior we observe.

These forces are:

1. Physical needs
2. The growth urge, an especially strong motivation for learning, since education is, by definition, growth in knowledge, skills, attitudes, understanding and appreciation
3. The need for security
4. The need for new experience - because of this need we are motivated to seek new friends, things

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and ideas

5. The need for affection
6. The need for recognition.

Life insurance training can make use of the second, third, fourth, and sixth of the above needs with minimum difficulty. The growth urge is the basis for the desire to find a future for oneself. It is certainly of value in the recruiting and selection of applicants for insurance training. The realization of the need for security is one of the more important reasons for the increase of life insurance sales. This need is also an important motivating force for achievement on the part of the agent.

To continually need new experiences, new friends, and new ideas is a desirable characteristic in the life underwriter. Not only is the need for recognition a driving force toward success; it is also a requisite in training. Few things do as much for morale as proper recognition of achievement.

Although, some persons actively engaged in insurance training may see but little value in the desirability of the trainer following closely the established principles of education, the worth of the following principles of adult teaching should be carefully considered by the trainer.

1. The students should understand and subscribe to the purposes of the course.
2. The students should want to learn.
3. There should be a friendly and informal climate in the learning situation.
4. Physical conditions should be favorable.
5. The students should participate in and should accept some responsibility for the learning process.
6. Learning should be related to and should make use of the student's experiences.
7. The teacher should know his subject matter.
8. The teacher should be enthusiastic about his subject and about teaching it.
9. Students should be able to learn at their own pace.
10. The student should be aware of his own progress and should have a sense of accomplishment.
11. The methods of instruction should be varied.
12. The teacher should have a sense of growth for morale purposes.
13. The teacher should have a flexible plan for the course.

These principles of adult teaching, devised by Knowles\(^7\) should be understood and followed in insurance training. Further, training programs and methods used in training should consider certain other principles of learning.

\(^7\)Ibid., pp. 33-35.
Motivation is well recognized as a fundamental learning principle. Devices, such as contests, awards programs, and special campaigns demonstrate the recognition of this principle by insurance companies.

Another important aspect deals with praise and reproof. Halsey has concluded that "both praise and reproof, when fairly administered, tend to speed the learning process, but praise is much more effective than reproof."\textsuperscript{48} This important principle is forgotten all too often by some training personnel. Not only does reproof sometimes backfire, but the failure to reward or recognize achievement frequently produces similar results. Joseph Weitz in addressing a group of insurance men stated, "one thing we know about learning is that if there is no reward for a long period of time, motivation drops and learning is extremely slow."\textsuperscript{49}

At least one insurance education association, the Life Underwriters Training Council, makes use of the Training Within Industry Formulas for instruction in its training courses. The first formula lists the following steps:

\begin{quote}
\end{quote}

\begin{quote}
\textsuperscript{49} Joseph Weitz, "A Psychologist Looks at the Problem: How Do You Bring Men to Their Full Potential," Proceedings 3rd Annual Life Agency Management Conference, Ohio State University, May 15, 1952, p. 34.
\end{quote}
How to Get Ready to Instruct

1. Have a time table
2. Break down the job
3. Have everything ready
4. Have the work place properly arranged

The second formula is as follows:

How to Instruct

1. Prepare the worker (Set him as ease)
2. Present the operation (Tell, show, illustrate one important step at a time. Stress each key point. Don't give any more than can be mastered)
3. Try out performance (Have him do the job - correct errors)
4. Follow-up (Check frequently)

These TWI formulas represent basic principles of a method which may be used effectively in insurance training.

A generally recognized technique for increasing efficiency of teaching and for motivation is the use of a combination or variety of methods. Insurance trainers should make use of this technique in order to carry out their assignment in a more interesting and effective manner.

Educators are arriving at the viewpoint that the group discussion method of teaching is one of the most desirable for imparting understandings. Management training schools, characterized by the need for group solution of common

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problems, may find considerable advantage in this method of instruction.

It is the usual practice to place the duty of training agents in the hands of district managers and their assistants. Though this practice is most expedient it does not always produce the best available man as trainer. Nor does the practice, sometimes engaged in, of giving the best salesman the duty of training agents always give to the company a good instructor. In many instances, an excellent salesman may make a mediocre teacher. An intense interest in training is a prime requisite for the trainer. Haas lists four requirements for instructors of distributive education subjects which can also be applied to insurance trainers:

1. Leadership ability

2. A background of working experience in the field he is supposed to teach and the ability to teach what he knows about that field

3. A command of teaching procedures and techniques

4. A knowledge of the technical and professional subject matter and literature in his field.51

This brief outline represents general background information the writer believes is important to the development or implementation of a sound training program for the companies surveyed.

However, before any program can become an effective agency for raising the standards of the life agents, two things are vitally necessary: (1) the company must actively sponsor and support the training; and (2) each person who serves as teacher or trainer must be thoroughly versed in the art of teaching.

In the interest of promoting good practices in combination company training programs, the following suggestions are made. For greater clarification, the suggestions have been placed in the management category in which they can best be carried out.

SUGGESTIONS FOR A TRAINING PROGRAM

A. Steps to be performed at the top executive, or policy making level.

1. Consider the desirability of offering a complete training program for the agents in your company.
2. Determine the maximum amount of funds available for training and set up a training budget.
3. Select, in cooperation with the Agency Director and staff members, the man or group of men who are to be responsible for the direction of the training program.
4. Make the decision as to whether the company is to develop its own training materials or make
use of materials developed by one or more of the insurance educational associations. This decision should be prefaced by an awareness of the funds available and made in consultation with the Agency Department.

5. Make compulsory training for supervisory personnel and agents a basic company policy.

6. Give careful consideration to the desirability of providing merit commissions for agents who consistently write quality business.

B. Steps at the Agency Department level.

1. Aid company executives in: (a) developing policies concerning training; (b) working out a training budget; and (c) determining the use to which insurance association training materials will be put.

2. Set up objectives of training. Each objective should be subject to measurement. At the time the objective is determined, a method for measuring its achievement should be devised. The measuring device should be statistical information from district reports. If existing records and reports do not give sufficient opportunity for the measurement of any objective, require the district manager to furnish such additional
information as is needed.

3. Prepare training materials for dissemination to the districts. Regardless as to whether insurance association materials are used, the following materials should be prepared by company personnel:

(a) company history and organization
(b) description of policies issued by the company
(c) specimen of each form and record the agent is required to make out with instructions as to their proper completion
(d) explanation of the non-forfeiture values, optional methods of settlement and dividend options offered in the company contracts,
(e) explanation of major parts of the agent's contract, with emphasis on the method of salary and commission computation
(f) prospecting and individual business aids, such as mimeographed or printed forms or booklets in which can be placed the names of prospects, their addresses, the amount insurance expected to be sold, the date the prospect is called on, and the results of the interview.

If the company is to develop its own training materials, there should be included clearly written, easily read and understood information on the following:

(a) the purpose of training
(b) fundamentals of prospecting
(c) fundamentals of insurance (what it is - what it can do for the purchaser - and the needs people have for life insurance)
(d) fundamentals of selling
(e) specific purposes of the various policies issued by the company.

4. Develop a training outline and check sheet that
is to be followed by the trainer with each agent employed. This outline and check sheet should list each phase of training and provide space for filling in the date the phase was completed. These outlines should be signed by both the agent and his immediate supervisor and returned to the Agency Department.

5. Prepare examinations on each phase of training to be administered by the supervisor of the agent and graded at the home office. This will enable the agency department to exercise greater control over training and serve as a check on the success of the program.

6. Require that each agent under contract complete the basic training course.

7. Develop, or subscribe to association intermediate and advanced courses for experienced agents and managers.

8. Set up annual or semi-annual training schools for all training personnel. First in importance in the development of a training program is the training of the trainer. The home office school should provide instruction in the following areas:
   (a) methods of teaching life insurance and salesmanship
   (b) motivation techniques and devices
(c) the use of the blackboard
(d) sources of and importance of previewing motion pictures and film strips
(e) practical use of other audio-visual aids
(f) techniques of studying
(g) techniques of demonstrating, observing, and correcting agents in practical field training.

Before bringing the district personnel into the home office school, the agency staff should plan in detail the procedures to be followed. Instructors should be carefully selected and rehearsed as to their training tasks. The school room should be large enough to accommodate all the students, well lighted and ventilated and free from any distracting influences.

An outline of the information to be covered in each session should be placed on the blackboard. The content of instruction should be imparted through a variety of methods, such as lectures, panel discussions, group discussions, and problem solving. Each student should be provided with a notebook and any other needed materials.

The utmost care should be taken to avoid cramming into one session or one school more information than the students can assimilate. By placing the students in small groups, each will be able to observe and participate in demonstrations and discussions.
9. Make periodic visits to the various districts to check on training, to give further advice and instructions to the trainers, and to help solve any problems that have arisen on the local level.

C. Steps at the District level.

1. The first few days of training should be spent by the agent in orientation to the company, the district, and his job, along with study for the state examination (where required) and insurance fundamentals.

2. The agent should be permitted to progress in his training at his own rate.

3. Until the agent is ready to go into production, he should spend approximately 50 per cent of his time in the study of principles of selling and of insurance and 50 per cent in observing in the field.

4. When the agent has gone into production on his own, after a minimum of one month under close supervision, he should spend at least two hours a week in training. This should continue until the basic course has been completed. His work should be observed and mistakes corrected at least once each week.

5. The district trainer should provide the new agent with an initial prospect list and aid in the
expansion of that list.

6. Audio-visual aids should be utilized whenever possible. The beginning agent can benefit from the use of a tape or wire recorder in developing his sales talks. If this equipment is not provided by the home office, consideration should be given to the possibility of renting it.

7. Constant effort should be made to establish the necessary rapport with the new agent so that effective learning can take place. The benefits of training must be carefully explained to each agent so that he may fully understand why the company requires him to take the basic course.

8. It is important that the agent be required to practice each skill he is expected to perform until that skill is mastered.

9. Continued training on more advanced levels and occasional reviews should be provided experienced agents.

10. Stress should be placed upon accounting and reports, self-direction, prospecting, and needs selling early in the training of the agent.

11. Each trainer should consistently practice the methods, devices, and techniques acquired in the home office training schools.
It is the belief of the writer that these suggestions, which embody each of the 12 point Criteria for Good Training, may provide practical aid in the development and implementation of training programs in combination companies.

Many persons in insurance have been working toward making the life underwriter a professional man. Training is, perhaps, the most important force in making the job of the life insurance agent a profession.
APPENDIX A

COMPANIES STUDIED IN THIS DISSERTATION
COMPANIES STUDIED IN THIS DISSERTATION

1. ATLANTA LIFE INSURANCE COMPANY
2. CENTRAL LIFE INSURANCE COMPANY OF FLORIDA
3. DOMESTIC LIFE AND ACCIDENT INSURANCE COMPANY
4. DOUGLAS LIFE INSURANCE COMPANY
5. DUNBAR LIFE INSURANCE COMPANY
6. THE FEDERAL LIFE INSURANCE COMPANY
7. GOLDEN STATE MUTUAL LIFE INSURANCE COMPANY
8. GREAT LAKES MUTUAL LIFE INSURANCE COMPANY
9. GUARANTY LIFE INSURANCE COMPANY
10. MAMMOTH LIFE AND ACCIDENT INSURANCE COMPANY
11. METROPOLITAN MUTUAL ASSURANCE COMPANY
12. NORTH CAROLINA MUTUAL LIFE INSURANCE COMPANY
13. RICHMOND BENEFICIAL INSURANCE COMPANY
14. SOUTHERN AID SOCIETY OF VIRGINIA, INC.
15. SUPREME LIBERTY LIFE INSURANCE COMPANY
16. UNION PROTECTIVE ASSURANCE COMPANY
17. UNITED MUTUAL LIFE INSURANCE COMPANY
18. UNIVERSAL LIFE INSURANCE COMPANY
19. VIRGINIA MUTUAL BENEFIT LIFE INSURANCE COMPANY
20. WATCHTOWER LIFE INSURANCE COMPANY
21. WINSTON MUTUAL LIFE INSURANCE COMPANY
APPENDIX B

LETTERS OF TRANSMITTAL

(4 Letters)
LETTER REQUESTING PERMISSION TO USE STATISTICS

Dear _______

As a topic for the dissertation required for the Ph.D degree at Ohio State University, I have chosen "Training Programs in Negro Life Insurance Companies."

The development of this topic will involve personal visits to a number of company home offices and branch offices and a questionnaire study of others. This study will result in: (1) a thorough analysis of the desirable and, if present, the undesirable practices in the training of your agents; and (2) the construction of a program of training, economical of time and money, based upon sound educational principles and adjusted to the background of your agents and the people served by those agents.

In order to complete the preliminary work prior to my investigations, it will be necessary for me to examine statistics of your company on lapse ratio, surrenders, arrears percentage, increase and decrease in face amount of insurance, the average earnings per agent, and agency turnover.

Mr. A. P. Bentley, Secretary of the NNIA, has suggested that I write you requesting permission to examine these statistics of your company. Mr. N. H. Bennett of the North Carolina Mutual has stated that he would be happy to release to me the information he has compiled as Statistician if your permission is granted.

I urgently request that permission. Be assured that all information will be kept in strictest confidence. Please feel free to write me concerning any questions you may have.

Very truly yours,

Stewart B. Fulbright
Dear Mr._____

"Training Programs in Negro Life Insurance Companies," is the title of a dissertation I am in the process of completing at Ohio State University. Research of this nature requires some kind of criteria for excellence if valid comparisons are to be made. It naturally follows that if criteria for a good training program for life insurance agents in combination companies are to be established, the aid of experts in the field must be solicited.

Mr. Lauren Schram of the Western and Southern Life Insurance Company has given me your name as a person who is intensely interested in training and is capable of giving expert advice. He further suggested that I submit to you the criteria on training that I have drawn up and request your opinion as to the value of the various items.

I should greatly appreciate it if you will look over the twelve items I have listed and rate them according to the symbols given on the criteria sheet. Please add to this list any other statements you feel will add to a measure of excellence of a good training program.

I sincerely thank you for your cooperation in this work, which I hope will further knowledge in the training of the life agent.

Very truly yours,

Enclosure
Dear Mr._____

You may recall that more than a year ago I wrote you requesting permission to use certain statistical information of your company in connection with research I am doing on "Training Programs in Negro Life Insurance Companies." Even though I have been delayed in the completion of this work, I am confident that it will be successfully terminated by June 5.

During the past year I have visited the home offices of a number of Negro and white Companies. Perhaps the most encouraging aspect of this study has been the excellent cooperation and encouragement I received at each office that I visited.

Unfortunately, because of time and financial limitations I shall be unable to visit your company. Therefore, I am urgently requestion you to turn over to your Agency Director or some other responsible person the enclosed questionnaire for its completion. Since this study is being done as a Ph. D. dissertation, it is vital that your company be included.

Will you aid me in this project? Thank you for your cooperation.

Very truly yours,

Enclosure 2
Dear 

On May 7 I sent you a questionnaire on Training Programs. As of today I have not received a reply from your company.

Traditionally, persons doing research in any area who use the questionnaire technique for gathering information do not expect returns from each person to whom the questionnaire is mailed. However, because of the nature of my research and the spirit of cooperation that exists in the life insurance field, I still expect a return percentage of 100. I believe my hopes will be realized since only six companies have thus far failed to respond.

I fully realize the demands of time placed on an insurance executive. For that reason the questionnaire is designed so that it may be completed in a few minutes.

In the event that the original questionnaire has been misplaced I am enclosing another one with this letter. May I count on your company's aid in my attempt to contribute to the knowledge of training life insurance agents?

Thank you very much for your cooperation.

Very truly yours,

Stewart B. Fulbright

Enclosure 2
APPENDIX C

CRITERIA FOR A GOOD TRAINING PROGRAM
Criteria for a Good Training Program

Please place a circle around the symbol which best describes the relative importance of the statement: V = very important; D = desirable; U = unimportant.

1. Top management respects and encourages training. 
2. There are stated training objectives which are periodically evaluated. 
3. The direction of training is the sole responsibility of one person holding administrative status. 
4. Training is required of supervisory personnel, (managers and assistant managers), and for agents. 
5. Basic, Intermediate, and Advanced courses are provided agents and managers without cost. 
6. Training of new agents should be done by the agent's immediate supervisor. 
7. The trainer must be taught how to teach. 
8. Training must be accomplished according to sound educational principles. 
9. Adequate use of audio-visual materials must be provided for in training. 
10. Training in Home Office Schools should be coordinated with Field Training.
VDU 11. The Basic Training Course must be completed by each agent.

VDU 12. The training program must be continuous, culminating only with the attainment of the CLU Certificate.
APPENDIX D

QUESTIONNAIRE
TRAINING PROGRAMS IN NEGRO LIFE INSURANCE COMPANIES

I. General Information

1. Name of Company (Name of company will not be used in any published results of the survey)
2. Official title of person responsible for overall training program
   Is this person an administrative officer? Yes ___ No ___
3. Are there stated objectives of training? Yes ___ No ___
   If answer is Yes please attach a copy of the objectives
4a. How many agents are employed by your company? __________
4b. How many managers? __________ Assistant managers?
5. Approximately what percentage of the agents are college graduates? ___

II. Selection

1. From what source are most agents recruited? __________
2. Do you recruit from colleges? Frequently ___ Occasionally ___ Not at all ___
3. Does your company use any form of Aptitude Index? Yes ___ No ___
   If Yes give title of Index __________________________
4. How many interviews are held before agent is hired __________
5. Is the wife of an agent ever interviewed? Yes ___ No ___
6. What educational requirements must your agents have? __________
7. What are the experience requirements of prospective agents? __________

III. Training of New Agents

1. Is training required of all beginning agents? Yes ___ No ___
2. Is a training manual used? Yes ___ No ___
3. What is the length of the training period? __________
4. Is training of new agent on a group basis? Individual basis ___
5. Who gives training to new agents? __________________________
6. How long does manager or assistant stay with new man? __________
7. Give title of beginning course __________________________
8. Is agent required to finish course? Yes ___ No ___
9. Does the content of the training course include the following? (Place X in space following each item included in your beginning program)
   Job Orientation ___ Company History ___ Rules of Company ___
   Use of Rate Book ___ Principles of Selling ___ Prospecting ___
   Approach ___ Presentation ___ Handling Objections ___ Closing ___
   Optional Methods of Settlement ___ Dividend Options ___ Non-forfeiture ___
   Values ___ Conservation ___ Package Selling ___ Services to policyholder ___
   Use of forms and Accounting ___ Budgeting of time ___
10. Is the above mentioned training continuous? ___ Intermittent ___
IV. Training of Experienced Agents

1. Does your company offer an Intermediate Course? Yes ___ No ___

2. What are the requirements to take the course __________________________

3. Is there cost to agent? Yes _____ No _____

4. Who gives the training? _____________________________________________

5. Does your company offer an Advanced Course? Yes ___ No ___

6. What are the requirements to take the course __________________________

7. Is there cost to the agent? Yes _____ No _____

8. Who gives the training? _____________________________________________

9. At what stage of training is Programming introduced __________________

V. Management Training

1. Are agency manager's schools held? Yes ___ No ___

2. How often ___________________

3. Requirements to attend __________________________

4. Does the content of instruction include Methods of Training New Agents? Yes ___ No ___

5. Who gives the instruction __________________________________________

VI. Methods of Instruction

1. Indicate by X which of the following methods of instruction are used:
   - Lecture ___ Demonstration ___ Use of Manual ___ Group Discussion ___
   - Problem Situations ___ Other ___ (Please identify) __________________

2. Which of the following audio-visual aids are used:
   - Motion Picture ___ Film strips ___ Tape or Wire ___ Recorder ___
   - Visual Sales Kits ___ (Is there cost to agent for Sales Kit? Yes No ___)
   - Other ___ (Please identify) ______________________________________

VII. Company Schools

1. Do you make use of company schools? Yes ___ No ___ (At the Home Office? Yes ___ No ___ In the Field? Yes ___ No ___)

2. What type of training is given in company schools __________________________

3. What are the entrance requirements? __________________________________

4. Is there any cost to those attending? Yes ___ No ___

VIII. C. L. Ü. Training

1. How many persons in your company hold the CLU certificate _____________

2. What provisions are made by the company for CLU training?
IX. To what extent do you make use of DIB, IR2R, and other association and publications materials.

Thank you for your cooperation in completing this questionnaire. I shall send you a copy of my findings.

Stewart B. Fulbright
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I, Stewart Benjamin Fulbright, Jr., was born in Springfield, Missouri, December 11, 1919. I received my secondary school education in the public schools of Springfield, Missouri. My undergraduate training was obtained at Lincoln University in Jefferson City, Missouri. After graduating with the Bachelor of Arts degree in 1941, I taught for one and one-half years at that institution. From the University of Chicago, I received the Master of Business Administration degree in 1947. I have been employed as instructor in the Commerce Department at North Carolina College at Durham from 1947 to the present.