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A Case Study of Methods of Training Insurance Workers in the Hartford Fire Insurance Company Group Office, Chicago, Illinois

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A CASE STUDY OF METHODS OF TRAINING INSURANCE WORKERS IN
THE HARTFORD FIRE INSURANCE COMPANY GROUP OFFICE,
CHICAGO, ILLINOIS

by

Richard Eugene Wynn

A Thesis Submitted to the Faculty of the Institute of Social and
Industrial Relations of Loyola University in Partial Ful-
fillment of the Requirements for the Degree of Master
of Social and Industrial Relations

June

1960

LIFE

Richard Eugene Wynn was born in St. Paul, Minnesota, April 6, 1924.

He was graduated from Arlington Heights Township High School, Arlington Heights, Illinois, June, 1943; and from De Paul University, Chicago, Illinois, June, 1949, with the degree of Bachelor of Philosophy.

From 1947 to 1951, he was employed in the Chicago office of the AETna Insurance Group, in underwriting. He worked in the shops and offices of the Chicago, Burlington and Quincy Railroad Company from 1951 to 1957, at which time he reentered insurance work as an underwriter for the Hartford Fire Insurance Company Group. He operated an insurance agency and brokerage until December, 1959, in Palatine, Illinois. He is now employed as a teacher.

He is a member of Alpha Sigma Nu Honorary Fraternity, the Industrial Relations Research Association, the National Institute of Social and Behavioral Science, the American Association for the Advancement of Science, Delta Sigma Pi Business Administration Fraternity, the National Education Association, and the Illinois Education Association.

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CHAPTER I

INTRODUCTION

The Need for Training of Insurance Workers. Many persons working in insurance company offices must possess large funds of rather detailed information upon which to base their underwriting judgments and activities. This requirement becomes increasingly more important with the proliferation of coverages offered by the companies, especially with the multiple-line, "package" policies.¹ Such information and skills are also becoming more important today because of the problems of internal procedures created by the introduction of statistical and data processing devices. In addition, the underwriter's value to the company is greatly increased when, in addition to his skills in accepting and rejecting business, his training enables him to devise ways in which risks that are not acceptable according to formula can be modified or otherwise made acceptable.²

¹William H. Rodda, "Loss Ratios, Education, and Salaries," Best's Insurance News, Fire and Casualty Edition, 58 (March, 1958), 46-47.

²Ibid.

Notwithstanding these facts, the insurance industry is characterized by a high labor turnover and modest wages,³ although objection has been made to references to wages without consideration of fringe benefits given by insurance companies.⁴ Many years were formerly spent by insurance workers in accumulating the information and insights to prepare themselves for advancement. "The labor market for all skills was generally plentiful so that the prevailing attitude was that he who wanted training could get training. The burden was on the individual to obtain skills and industrial know-how except in those few instances where the employee was given specialized training as a condition of employment."⁵

Because of the changes in the labor market, the increased labor cost and the more abbreviated tenure of many employees, it has become desirable for management "...to make training available so that (1) productivity could be balanced to labor cost and (2) that an adequate supply of competent personnel would be available within the organization."⁶

³Ibid., 45.

⁴Milton W. Mays, "The Place of the College Graduate in Fire and Casualty Insurance Company Home Offices," Journal of the American Association of Teachers of Insurance, XXIII (March, 1956), 42, 45, 46.

⁵Guy Ferguson, "Teaching and Training," Best's Insurance News Fire and Casualty Edition, 59 (June, 1958), 47.

⁶Ibid.

General Classifications of Training Methods. Various training methods are utilized by insurance companies to accomplish these and other goals. They range from on-the-job instruction within departments, and formal, classroom instruction on company premises, to formal training at nearby schools, colleges, and trade schools. Ferguson classifies such training into three main divisions:⁷

1. Clerical level training, including indoctrination for new employees, and job-skill training for all classes of employees.
2. Management training.
3. Special training at all levels.

Purpose of the Thesis. Although 87 per cent of the companies surveyed for the study by Kip⁸ do not have a formal training program for non-sales personnel, the Hartford officials interviewed by the author stated that the Company program is of considerable, evident value for their non-sales employees.

It will be the purpose of this thesis to present, as a case study, the methods of training utilized by and for the employees of this large, Chicago office of a leading insurance organization, the Hartford Fire Insurance Company Group. Because of the cooperation existing in the area of training between the companies, their

⁷Ibid., 48.

⁸Richard deR. Kip, Education and Training Activities of Insurance Companies and Associations (Philadelphia, 1947), 6.

trade associations, and the community as represented by local schools and colleges, consideration of non-Company sources of training available to Hartford employees will be included in this case study.

Methods Used in Collecting Data. Most of the data for this study were obtained from company records, and from personal interviews and conversations with company officials, Training Program lecturers, trainees, and persons responsible for external training programs. The author attended a number of the Hartford Training Program classes, as well as the Insurance Law preparatory course for the Chartered Property and Casualty Underwriter examinations, and several sessions of the preparatory classes for the Unit I examination of the Insurance Institute of America. Published programs and bulletins of schools and colleges offering training in insurance, and other pertinent, published studies and other material were also used.

Definitions. In this thesis, the word training shall refer to organized, systematic programs designed to induce desirable changes in the trainees, including attitudes, increased information and work skills, but shall not refer to informal, departmental instruction. For the Hartford Training Program, the word trainee shall refer only to employees classified as underwriters, assistant underwriters, and underwriting trainees, engaged in the Hartford Training Program.

CHAPTER II

HISTORICAL SKETCH OF COMPANY

The Hartford Fire Insurance Company Group is one of the largest of the capital stock fire insurance groups in the United States. The company "...started its career with the slenderest of resources and ...was at first managed by men who were quite without experience or knowledge concerning the hazardous business to be undertaken."¹

From a home office consisting of one man, Walter Mitchell,² the company grew to a leader in the insurance industry. At first, apparently, Mitchell approved the relatively small risks, and those of greater consequence were reviewed by the board.³

No training program existed at the start, of course. President Bissell comments that, like many beginning business firms, they were "...schooled by adversity and acquir(ed) knowledge and judgement from the rough teachings of experience."⁴ A series of

¹Richard M. Bissell, The Reign of Terry and Mitchell (Hartford, 1940), 11.

²Ibid., 18.

³Ibid., 39-40.

⁴Ibid., 11.

major disasters several times nearly consumed the resources of the company and its sponsors.⁵ "...unskilled and rash underwriting," observed president Bissell, "brings disaster in its train."⁶

Despite these losses, the company was able to grow and prosper so that, by 1955, its capitalization had reached \$25,000,000.⁷ It had also acquired the Hartford Accident and Indemnity Company, the Hartford Live Stock Company, New York Underwriters Insurance Company of New York, Citizens Insurance Company of New Jersey, and London Canada Insurance Company of Toronto, and has the Twin City Fire Insurance Company of Minneapolis as an affiliated company. Its most recent acquisition was the Connecticut General Life Insurance Company. The management representatives interviewed asserted that the company's steady progress was due at least in part to its careful attention to the training of its employees, agents, and special agents.

⁵The History of the Hartford Fire Insurance Company, 3rd ed. (Hartford, n.d.), 5.

⁶Bissell, p. 115.

⁷The History of the Hartford, 7.

CHAPTER III

NON-COMPANY TRAINING AGENCIES USED BY HARTFORD EMPLOYEES

Types of non-company training agencies used by Hartford employees. In addition to the Hartford Training Program, Hartford employees may take advantage of the following formal programs and courses offered in Chicago schools and colleges: (1) the Insurance Scholarship Program of Western Underwriters Association, at Illinois Institute of Technology, sponsored by member companies; (2) Fire Protection Engineering Scholarship Program of the Western Actuarial Bureau, sponsored by member state inspection bureaus; (3) Chartered Property and Casualty Underwriter Program of the American Institute for Property and Liability Underwriters, Inc.; (4) Insurance Institute Certification Program of the Insurance Institute of America; and (5) college-level insurance courses in evening schools and colleges in the Chicago area.

These training agencies will be discussed in the order listed above. They are described in this thesis because they complement and supplement the training program for the employees of the Hartford, which constitutes the main focus of this investigation: (6) training program for non-sales personnel of the Hartford Fire Insurance Company Group, Western Department, Chicago, Illinois.

Insurance Scholarship Program of the Western Underwriters Association. This is a cooperative, work-study program at Illinois Institute of Technology. It is administered by the school and by the Western Underwriters Association, of which the Hartford is a member.

The Western Underwriters Association is a trade association, originated by a group of company Western managers on September 22, 1879, at Chicago, Illinois.¹ At present, its membership includes over 170 capital stock fire insurance companies, and serves the following states: Colorado, Illinois, Indiana, Iowa, Kansas, Kentucky, Michigan, Minnesota, Missouri, Nebraska, New Mexico, North Dakota, Ohio, Oklahoma, South Dakota, Tennessee, Wisconsin, and Wyoming.²

The Western Underwriters Association was instrumental in the establishment of the following organizations: Underwriters Laboratories, Western Factory Insurance Association, Underwriters Salvage Company, National Board of Fire Underwriters, and the Western Adjustment and Inspection Company. It also sponsors and subsidizes the eighteen associations of field men in its territory.³

¹Organizations of the Capital Stock Fire Insurance Companies in the Middle West (Chicago, n.d.), 2.

²Ibid.

³Ibid.

Through its member companies, the Association sponsors scholarships in property insurance leading to a certificate in property insurance from Illinois Institute of Technology. The present program is ten years old, a previous program, conducted at Northwestern University, having been discontinued during the depression of the 1930's.⁴

The program at Illinois Institute of Technology was organized on behalf of the member companies because of the definite need of carefully selected and trained young men for their staffs. A void in the ranks of available manpower had been created during the depression period due to reduction in forces in insurance companies, and the losses occurring thereafter as a result of the wartime demands for young men who would otherwise have been recruited by the insurance companies. At the same time, the industry was expanding, and increasing in the complexity of its operations.⁵

Eligibility requirements established for applicants are as follows:

⁴Information from a personal interview of the author with K. S. Olgivie, manager, Western Underwriters Association.

⁵Ibid.

Applications are invited from young men of intelligence and good character whose scholastic records enable them to enter Illinois Institute, prepared to engage in the two-year curriculum and in practical office duties during the summer vacation periods.

Candidates will be selected from the (eighteen Association states). If, however, students from other states make application, they will receive consideration and the eligibility of all candidates will be decided upon by the Scholarship Committee.

All applicants must take an entrance examination given by Illinois Institute of Technology and must present evidence of high school training amounting to fifteen units. Six units must be in specific subjects (English, three units; mathematics, two units; two units including algebra and plane geometry; history, one unit) and the remaining nine units may be elective subjects.⁶

Applicants are solicited among likely candidates by company officials, such as the special agents or field men, through the schools in their regions, community groups, and the like. Applications are completed and submitted, along with transcripts of school work, to the Scholarship Committee of the Association, at Chicago. If otherwise acceptable, these credentials are referred to Illinois Institute of Technology.⁷

The school reviews the transcripts and sends its own applications to satisfactory candidates, who are further screened by an entrance and prognostic examination devised by Illinois Institute

⁶Insurance Scholarships Bulletin, Illinois Institute of Technology (Chicago, n.d.).

⁷Interview with K. S. Olgivie.

of Technology. About fifteen per cent of all applicants are accepted. Of those who are admitted, from forty to forty-five per cent fail to complete the program.⁸

The first year of the two-year program is devoted to liberal arts courses in four areas: English, economics, mathematics, and accounting. The second year is concerned more closely with professional courses, of greater immediate applicability to the work in which the students will be engaged after completion of the program.⁹

The classwork load is about twelve semester hours for each of the four semesters, with fifteen to seventeen hours per week being devoted to work in the office of the sponsoring company. Students work full-time in the sponsoring company's office during the summer vacation period. In addition, although it is not mandatory, it is felt that the scholarship student has a moral obligation to remain in the employment of the sponsoring company for at least two years beyond the date of completion of the program.¹⁰

Cost to the sponsoring company is high. For the Hartford,

⁸Ibid.

⁹Ibid.

¹⁰Ibid.

when it sponsors a scholarship student, an estimate of the expense, including supervisory cost, tuition, wages and money grants, is about \$7,500. for each student. All tuition costs are paid. During the term, the student earns about \$110. per month, and about \$220. per month during the summer vacation period. A cash grant is also given at the beginning of each term to cover travel expenses, cost of books, and other fees.¹¹

However, it is felt that this expense is justifiable because of the negligible turnover rate of those who complete the program, and the quality of their work. Very few of those who drop out of the program are encouraged to remain with the sponsoring company.¹²

College graduates have not, generally, proven to be satisfactory scholarship students under this program. Of the high school graduates, a greater percentage of successful young men have ranked in the upper twenty per cent of their high school graduating classes. Students who have completed some college work with a good grade average have generally proven to be better students in this program than those who have had no college work. It is believed that this is the result of better study habits developed during the brief period of college work.¹³

¹¹Ibid.

¹²Ibid.

¹³Ibid.

Classes are conducted on the campus of Illinois Institute of Technology, Chicago, Illinois. The regular faculty of the Institute conducts the classes, and maintains the same standard of quality in class work as is done in the regular, college classes.¹⁴

The scholarship student who successfully completes the program is almost invariably hired by the sponsoring company, with the strong probability of special consideration for advancement. He is also eligible for membership in the P. I. (property insurance) Club, which sponsors professional meetings, talks, and similar activities.¹⁵

Sponsoring companies must have a Chicago office, since the scholarship student works in the office of the sponsoring company while he is in school. Sponsoring companies have varied in number from ten or twelve, to about five at the present time.

Fire Protection Engineering Scholarship Program of the Western Actuarial Bureau. The Fire Protection Engineering Scholarship Program is similar to the Western Underwriters Association Scholarship Program, but is more selective in admissions, and of greater duration and more intensive in operation. The program is administered by the Western Actuarial Bureau and Illinois Institute of

¹⁴Ibid.

¹⁵Ibid.

Technology for the state inspection bureaus, which sponsor individual scholars. The inspection bureaus are, in turn, sponsored by the capital stock fire insurance companies.¹⁶

Applicants must be high school graduates between the ages of seventeen and nineteen, possessed of good health, character, and academic record. Applications from young men who have taken college work are not accepted. Awards are based upon competitive examinations, and participants in this examination must fulfill the requirements of Illinois Institute of Technology outlined in the description of the Western Underwriters Scholarship Program.¹⁷

The program is a regular, four-year course in fire protection engineering, and is designed to prepare the participants for careers with state inspection bureaus. Scholars must agree to certain conditions: to complete the full course; to work for at least six months during the four-year term (summer vacations) in the state inspection bureau to which he is assigned; and to work for a state inspection bureau for at least three consecutive years following successful completion of the program.¹⁸

¹⁶Ibid; and, Illinois Institute of Technology, Engineering Scholarships in Fire Protection Engineering (Chicago, n.d.).

¹⁷Ibid.

¹⁸Ibid.

Although this program lies within the general scope of this Chapter of the thesis, it is of sufficiently distinct character to merit only this very brief description.

Development of Programs Sponsored by Professional Underwriting Associations. The Western Underwriters Association and Western Actuarial Bureau Programs are sponsored by individual insurance trade associations. Some of the other programs are sponsored by associations which represent wider populations of insurance organizations, including those of the American Institute for Property and Liability Underwriters, Inc., and the Insurance Institute of America.

The degree of cooperation exemplified in their work is noteworthy. "Although the insurance business is very competitive," Kip observes, "it has also been one which includes a very large number of associations brought together to discuss and solve certain problems."¹⁹ One function of the more than 1,000 such associations is that concerned with education and training.

Of the associations active in this area, "...there are two major groups: examining bodies and course-giving institutions."²⁰ Two of the former class are the Insurance Institute and the Ameri-

¹⁹Kip, p. 33.

²⁰Ibid.

can Institute. Upon completion of its requirements, the Insurance Institute awards its certificate, and the American Institute the designation, Chartered Property and Casualty Underwriter. Each of the institutes accept candidates from the ranks of insurance agents, as well as insurance office employees and workers in the various service organizations.

Daenzer (president, National Society, C. P. C. U.) has pointed out that as recently as "one hundred years ago there was really only one educational body in the world which gave insurance examinations and granted a designation to successful candidates. It was the Institute of Actuaries in England which had been formed ten years before and then had 133 candidates for examinations. It was not until 1873 that the English went in for non-actuarial subjects and examinations were first given in 1883."²¹

Even at first there was disagreement concerning whether instruction should be concerned with general, professional knowledge, or specific information. Early training agencies in this country, including the Insurance Library of Boston, the Insurance Society of New York, and the Insurance Institute of America were all aimed at a special area.²²

²¹B. J. Daenzer, "The Professional Status of Insurance Agents Today: C. P. C. U. Program," The Weekly Underwriter (May 30, 1959), 51.

²²Ibid.

Daenzer states that within the last twenty years, a change in emphasis has occurred in this country, stressing fundamental studies rather than technical training. He points out that "there has been more and more of a recognition that training is the job of the company and education is the job of the college and university,"²³ which describes the total program in Chicago quite well.

In 1959, 2,217 persons had received the C. P. C. U. designation, and approximately 250 persons completed the requirements at that time.²⁴ They are formed into an active professional society which, through its local chapters, "...has advanced programs of research, special studies, seminars, institutes, publications, debates, public and private meetings,"²⁵ and maintains liaison with other professional organizations.

Program of the American Institute for Property and Liability Underwriters, Incorporated. The American Institute for Property and Liability Underwriters, Inc., was organized in 1942 to establish professional standards and increase the professional skills of the underwriters.²⁶ It was founded by a group representing many facets of the industry, including: The American Association of University Teachers of Insurance, The National Board of Fire Underwriters,

²³Ibid.

²⁴Ibid., 136.

²⁵Ibid., 136-137.

²⁶Ibid.; and, C. P. C. U.: Its Purpose and Meaning (Philadelphia, n.d.).

The Association of Casualty and Surety Executives, The American Mutual Insurance Alliance, The National Association of Insurance Agents, The National Association of Mutual Insurance Agents, and The National Association of Insurance Brokers.²⁷

The American Institute is sustained by contributions from a number of insurance groups, companies, and individuals, as well as by the Society of Chartered Property and Casualty Underwriters.²⁸ It is governed by a board of trustees of twenty-five members, representing education, insurance companies, and producers.²⁹ Five examinations are conducted by the American Institute:³⁰

Part I: Insurance principles and practices.

Part II: Insurance principles and practices.

Part III: General education.

Part IV: Law.

Part V: Accountancy, finance, and agency management.

In addition to satisfactory completion of these examinations, the candidate must be: (1) twenty-one years old or more, or have a college degree, or be a college senior working at classwork full-

²⁷Announcement: The American Institute for Property and Liability Underwriters, Inc., 1958-1959 (Philadelphia, 1958), 7.

²⁸Ibid, 8.

²⁹Ibid, 9.

³⁰Ibid, 12, 16.

time; (2) have good moral character; (3) have at least a high school education, or its legal equivalent; and (4) have completed at least three years of satisfactory experience in the field of insurance.³¹

During the 1958-1959 term, the examinations were conducted at nearly 160 centers in forty-nine of the fifty states, and the District of Columbia, Philippine Islands, Puerto Rico, and Canada.³² The American Institute does not conduct classes itself, although it furnishes advice to groups formed to study for the examinations. A reading guide is provided in the annual Announcement, and a topical outline with examination questions from previous years may be purchased from the American Institute for a small fee.³³

As an indication of the level of difficulty of the examinations, the Announcement for 1958-1959 gives this summary of its activities: "On June 11, 12, 13, 1958, a total of 3,318 separate C. P. C. U. examinations were taken by 2,502 persons, 2036 papers received passing grades and 1,282 were below passing."³⁴

Use of the designation, C. P. C. U., and the American Institutes key, are subject to the same requirements of dignity main-

³¹Ibid.

³²Ibid., 19, 20, 21.

³³Ibid., 29.

³⁴Ibid., 34.

tained by medical and legal professional associations. It is significantly stated, also, that a part of the reason for the restriction is to "...prevent unfair comparisons with able and well-established insurance underwriters who do not happen to be C. P. C. U's," with the implication that they at least as competent as those who hold this designation.³⁵

Program of the Insurance Institute of America. The educational activities of the Insurance Institute of America also lie within Kip's first category. "The Institute is principally an examining body, setting a series of examinations in the major fields of insurance. Those passing the prescribed examinations are admitted as Associates."³⁶

Examinations for the Insurance Institute are divided into three parts:³⁷

1. General Principles of insurance.
2. Principles of fire, marine, and allied lines insurance.
3. Principles of casualty insurance and surety bonding.

Also, as is the case with the American Institute, the Insurance Institute does not conduct classes, but furnishes advice and

³⁵Ibid, 35.

³⁶Kip, p. 33.

³⁷Announcement: Insurance Institute of America, 1958-1959 (Philadelphia, n.d.), 5.

information for those forming study groups in preparation for the examinations, as well as presenting a reading list in their Announcements.³⁸

Topical outlines, with examination questions of the preceding year, are also available from the Insurance Institute.³⁹ After admission to the rank of Associate, members are eligible to participate as I. I. A. Alumni,⁴⁰ and, if they wish, "...may progress to fellowship in the Institute through the preparation of an acceptable thesis on some approved insurance subject."⁴¹

In 1953, the Insurance Institute of America, Inc., and the American Institute for Property and Liability Underwriters, Inc., coordinated their programs with the result that the I. I. A. examinations serve as one step in the attainment of the C. P. C. U. designation. "The broad knowledge of the fundamentals of the business acquired in the attainment of the I. I. A. Final Certificate is sufficient to warrant proceeding with preparation for these C. P. C. U. insurance sections."⁴²

³⁸Ibid, 6, 7, 8, 9.

³⁹Ibid, 13.

⁴⁰Ibid, 15.

⁴¹Kip, p. 33.

⁴²Announcement: Insurance Institute of America, 50.

CHAPTER IV

CASE STUDY OF THE HARTFORD FIRE INSURANCE COMPANY GROUP, WESTERN DEPARTMENT, EMPLOYEE TRAINING PROGRAM

Employees Eligible to Participate in the Program. The Hartford Training Program in Chicago is limited, in general, to underwriters, assistant underwriters, underwriting trainees, and special agent trainees. Participants are selected by their departmental supervisors. Selection is based upon the supervisor's subjective judgment of the probable value of participation in the training program to both the company and the employee. New employees are usually given a period of preliminary departmental training before being selected for the Western Department Training Program. Also, where the employee's present work does not pertain to the topic under consideration, attendance may be permitted only in selected classes of the Program units. For example, employees in the Automobile Department would not, under ordinary circumstances, participate in the fire rating program.¹

¹Information from a series of six personal interviews of the author with C. Fraker, superintendent, Hartford Fire Insurance Company.

Instructors For The Program. A frequent admonition in texts on training is well stated by Kip: "The funds used to develop well-planned courses with splendid study materials and study aids conducted in a fine physical environment will be money lavishly spent unless the trainee and instructors are selected with the same care and interest."² The instructional staff of the Western Department Training Program consists of departmental supervisors and their assistants, other officials of the company and, in a few cases, experienced underwriters. Many of them have taken a course in public speaking conducted for the Company by professor Mills, assistant dean of the Northwestern University School of Speech. This is the only systematic preparation of the instructors, other than the factors unique to their individual backgrounds. Some suggestions for classroom speakers, developed for the Company's Fire Insurance Training Center in Hartford, are also available. A copy of these suggestions is presented as Appendix I. All of the instructors of the Hartford Training Program in Chicago work full-time at some other job, usually that of superintendent or assistant superintendent. There is no training director as such.

In his survey of insurance company training programs, Kip³

²Kip, p. 10.

³Ibid, 11.

found that, where information concerning the full-time activity of teachers in the programs was given, eleven/twenty-ninths, or 37 per cent, of the trainers working full-time for the companies had full-time responsibilities in other departments. The data presented by Kip concerning the full-time activity of trainers is given in Table I.

TABLE I

FULL-TIME ACTIVITY OF TEACHERS IN INSURANCE TRAINING PROGRAMS *

<u>Instructor's Full-Time Work</u>	<u>Number of Instructors</u>
No data	34
Full-time trainer	18
Full-time employee in other department.	11
Non-company personnel	3

*Richard deR. Kip, Education and Training Activities of Insurance Companies and Associations (Philadelphia, 1947), 11.

Text and Study Material Used. Most insurance training programs, other than company programs, utilize texts as complementary study material for the lectures. The C. P. C. U. program and the Insurance Institute program provide comprehensive lists of standard text books for each of their examination sections, as has been previously indicated. The Illinois Institute of Technology programs for scholarship students of the trade associations make use of

standard college text books.⁴ The National Underwriter training program is based upon text material printed by the National Underwriter magazine. Another insurance company, the Aetna, operates a correspondence training program devised by its training program director, using manuals and self-tests that are also employed in the training programs for agents and brokers of the company.

The Hartford does publish a Glossary of insurance terms. However, no standard insurance text books are used in the training program. The following materials comprise the printed matter provided for trainees:⁵

1. Hartford policies.
2. Standard and special forms and endorsements.
3. Advertising material produced by the Hartford.
4. Advertising and promotional material produced by the industry groups and by outside companies (such as manufacturers of lightning rods, electrical equipment, and building materials).
5. Class outlines developed by some of the individual instructors
6. Working manuals and schedules.
7. Analytical System manuals (for fire rating course).
8. Fire, Casualty, and Surety Bulletins.
9. Rough Notes and National Underwriter Bulletins.

⁴Interview with K. S. Olgvie.

⁵Interview with C. Fraker.

A standard text on general property insurance⁶ devotes a good deal more than the two, text-book sized pages of the Hartford circular to the subject of coinsurance. Another book, one recommended for the C. P. C. U. training program,⁷ includes information concerning coinsurance under marine policies not touched upon in the Hartford circular, and also presents information relating to the law as it concerns coinsurance. Examination of Appendix II, the Hartford Coinsurance leaflet, will provide a clearer understanding of the type of written material provided to the trainees in the Hartford Training Program.

Text books, such as those referred to above, provide a written explanation of a topic in a thorough and technical manner, and are available to the owner of the book for repeated consultation. The information is presented in a clear, systematic manner, with adequate discussion of the factual material included. Insurance policies and forms are simply contracts, and are based upon a maze of court interpretation not referred to in the contracts themselves.

Where text books are a part of the personal possessions of the trainee, or are loaned to him for the term of the training

⁶John H. Magee, Property Insurance, 3rd ed. (Homewood, Illinois, 1955).

⁷William R. Vance, Law of Insurance, 3rd ed. (St. Paul, 1951)

program, they are more likely to be used. Trainees frequently commented to the author on the inconvenience of attempting to use the F. C. and S. Bulletins, and the Rough Notes Series, because of their inaccessibility. Since trainees are full-time employees, and are expected to produce the normal amount of work for underwriting employees, they do not have time to digest carefully the F. C. and S. Bulletins and the Rough Notes Series to their own satisfaction in time taken from their regular duties. A few of the sets may be taken home. There are only a few, however, and they are not available for this reason to most of the trainees.

Some of the industry groups produce material of a more specific and technical nature than the company advertising, which is intended for use by insurance professionals. Organizations of this type are:

1. The National Board of Fire Underwriters, established in 1886. This organization is maintained by capital stock fire insurance companies for educational, engineering, and statistical work. It is supported by over two-hundred companies.⁸
2. Underwriters Laboratories tests and classifies a wide variety of materials and equipment, and issues engineering data.⁹

⁸Organizations of the Capital Stock Fire Insurance Companies,

2.

⁹Ibid, 5.

3. The Western Actuarial Bureau serves the rating organizations in the Middle West by providing advisory and technical service.¹⁰

4. The National Fire Protection Association is a resource service for fire prevention and fire protection information.¹¹

5. The Western Underwriters Association is a liaison and educational organization, serving in an advisory role on underwriting matters.¹²

6. The Farm Underwriters Association serves the same general functions as the Western Underwriters Association, except that its activities are concentrated in the area of farm insurance matters.¹³

An example of the type of material prepared and published by these organizations is presented as Appendix III. This is one of a series of eight articles prepared by the Farm Underwriters Association. Appendix IV, a Hartford sales bulletin, is an example of the type of material produced by the Company that is often included, along with the usual forms and endorsements, for the information of the trainee.

¹⁰Ibid, 6.

¹¹Ibid, 7.

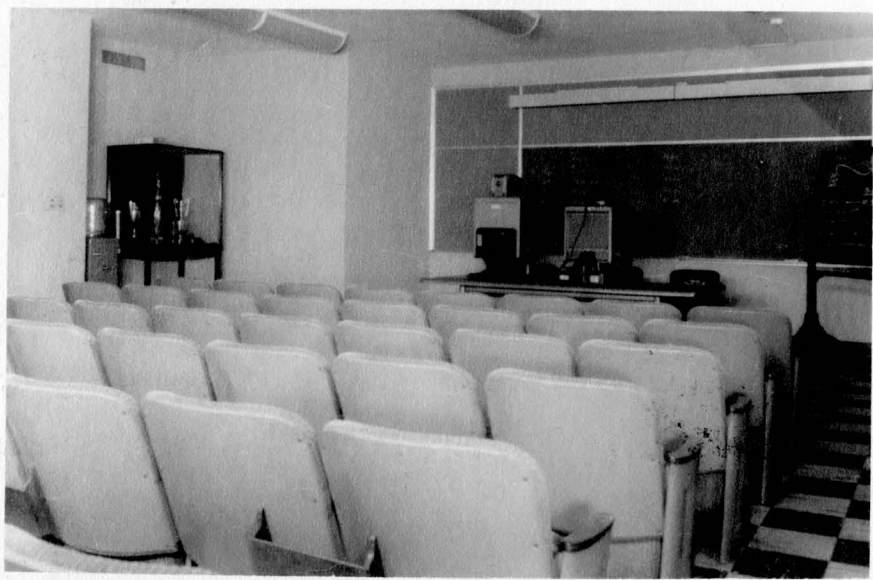
¹²Ibid, 2.

¹³Ibid, 7.

Classroom Facilities Provided for the Lectures. The classroom used for all of the training classes of the Hartford Chicago office is similar in size and arrangement to a conventional college classroom, as may be seen from the photographs on the following page. Located in the ground floor of the North Wrigley Building, at 410 N. Michigan Avenue, its windows look out onto Rush Street. The room contains forty-eight of the fixed, theater-type, flexible arm chairs, which form the main furniture of the room.

A conference table, with arm chairs at three sides, is used by the instructor. A lectern has been provided for the convenience of those who wish to use it. A wall chalk board is mounted across the front of the room, and an auxiliary, stand-type chalk board is placed at one side.

Lighting is provided by modern, fluorescent units, which allow an excellent distribution of good light over the entire room. A trophy cabinet, containing Hartford athletic team awards, stands against the East wall, near the entrance to the room. At the back, across the West wall, a table for the display of insurance material has been placed, with a similar table for supplies being provided near the back of the East wall. A bulletin board is mounted near the middle of the West wall. Among other items on this bulletin board are class schedules and announcements of schools and colleges offering training in insurance and other self-improvement areas.



Photographs of the Hartford Classroom

Room acoustics are good, and machinery noises from the building and street noises do not penetrate into the classroom. Ventilation is adequate, and the room is free from any objectionable odor. In general, the classroom may be described as an unusually satisfactory facility for training lectures. It is also used for meetings of employee organizations: the bowling group, basketball and softball teams, the Hartford Stag Club (men's club), and the Hartford Girls Club. Conferences and meetings, such as those of special agents, are also held in this classroom. Such utilization of the room distributes its cost among several company functions, resulting in the availability of a superior classroom at a reasonable cost.

Curricula for the Three-Year Program. A definite curriculum, specifying subject areas of instruction, forms the foundation of the Hartford Training Program. As will be indicated in detail in this section of the thesis, the course of study has been developed in a realistic and intelligent manner.

The curricula described here are examples only, because the specific content may be changed from semester to semester. As is true of many other training programs, flexibility is necessary in course content because of the need to have the curriculum reflect the needs of the company, and because types of insurance coverages are subject to revision, combination, and modification.

The work of each semester in the general course, and of each topic within the semester, is based upon the preceeding material. The two specialized courses included in the program at the time this study was made presume a good deal of the information contained in the general course of study, but constitute independent units designed for more experienced personnel. In general, then, study progresses from the general to the particular, and from the basic to variations and exceptions.

It will be seen that this is not a series of training sessions devoted solely to insurance law and contracts. An examination of the unit outlines for the first year reveals that, of thirty sessions, only nine are solely concerned with insurance contract law. Study is largely devoted to orientation for the relatively new employees working in the underwriting phase of the business (Appendix V), and a discussion of some of the fundamentals of insurance (Appendix VI).

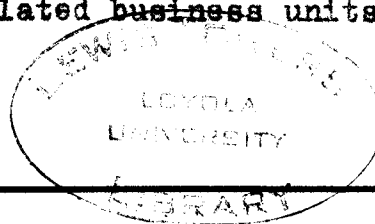
The introductory session of the first semester, concerned with the fire insurance industry, is usually conducted by the Manager of the Western Department of the Hartford. He is the top executive officer of the company in Chicago. It is important that an official of his stature participate actively and early in the program, for several reasons.

First, it provides a definite indication to the trainee that

the program is considered by the chief officers of the company to be of great value. Also, this session provides an opportunity for the employees to become acquainted with an executive with whom they may not again be personally associated for several years. The Manager is fitted for such an overview and introduction, also, because of his long experience with all phases of the industry, and his top-management vantage point.

With similar appropriateness, Topic four of Appendix V, "Personnel: Office and Public Relations," is conducted by the office manager, whose authority extends to such areas as internal and external communications and human relations. In the session devoted to this topic attended by the author, a good deal of attention was devoted to good, basic human relations. While relations with persons outside of the office were discussed by the Office Manager, he also pointed out that good human relations within the office were essential, and that such conduct was required by management of all employees. Also, during this session, some of the direct and indirect ways in which the employee is associated with other employees, agents, and consumers were discussed and analyzed. The necessity for tact, tolerance, and intelligent action were strongly emphasized.

Topics two, three, and nine of Appendix V, and topic six of Appendix VI, consider the Company and related business units in



general, and their direct and indirect relationships to each other. These sessions locate the Company in "time" and "space" for the new employee, and describe the business function of organizations and individuals vital to the operation of this complex industry.

In topics five, six, seven, eight, and ten of Appendix V, an examination is made of the things with which the employee will be concerned immediately. There are certain basic types of coverage in the modern fire policy, and the trainee is introduced to them in topic five of Appendix V. During topic six of Appendix V, he examines the fire policy used by the Company, and is introduced to its parts and nomenclature. This discussion continues with the vital consideration of the basic requirements of an insurance contract, in topic seven of Appendix V.

Topics eight and ten of Appendix V, along with topic twelve, are concerned with the underwriting "professional tools." The "daily report" is defined by the Hartford Glossary as "an abbreviated copy of pertinent policy information, identical copies of which are usually prepared so that the insurance company's home office, branch office, interested agents and brokers may each have one; sometimes also referred to as an application."¹⁴

On the basis of the information contained in this application

¹⁴Glossary of Insurance Terms (Hartford, n.d.).

for insurance, using the underwriting manual discussed in topic ten of Appendix V, and the schedules and rule books examined in topics twelve and fifteen, the underwriting employee accepts or declines an application for insurance, or refers it for further action.

If the underwriting employee accepts the application, he may accept the risk for the Company alone, or he may use one or more of the several types of reinsurance discussed in topic ten of Appendix V, and later sessions. Reinsurance is "the practice of insurance companies of protecting themselves against excessive loss. This is done by re-insuring with other companies, that part of the assumed liability that exceeds their 'net line'."¹⁵ It is repeatedly stressed that the judicious use of reinsurance results in a remarkable improvement in the profit ratio.

Topics thirteen and fourteen of Appendix V are devoted to application of the information presented in the preceding sessions to one of the most common types of fire insurance contract, insuring dwellings. Form 49, and forms 49D and 49S, referred to in Appendix V, are standard, printed, contract forms which, when attached to the basic fire policy, form a complete contract of insurance. Completion of this work, that of the first semester, ends the orientation phase of the program.

¹⁵Ibid.

The information contained in the completed application often does not provide sufficient data upon which to base an underwriting evaluation of the acceptability of a risk, unless supplemented by other data. The agent or broker who submits the application to the Company provides the most important of such supplementary information, since he is in a position to make a personal examination of the property to be insured. Information about the agent, his agency, and the town itself are the subject of the first topic of the second semester, Appendix VI.

If a question remains that the underwriting employee feels could best be answered by someone other than the agent, he has recourse to reports made by the company special agents, and by the National and State Inspection Bureaus. They are discussed in topic six of Appendix VI.

Again, although most adults have at least some idea of how buildings are constructed and what in them might be a source of fire or other loss, more specific information is needed by the underwriting employee. These factors are examined in considerable detail in topics two, three, four, and five of Appendix VI.

The remaining sessions of the second semester are devoted to lectures on another type of insurance coverage -- that of mercantile property. This coverage is afforded by attachment of Building and Contents Form 18, or others, to the fire policy. This form is the subject of topics eight, nine, ten, and eleven of Appendix VI.

During the next two years, detailed consideration is given to different types of insurance coverage, and the forms and other underwriting information used in these insurance contracts. The curricula are presented in Appendices VII, VIII, IX, and X. Completion of this work concludes the basic, three-year training course conducted by the Hartford Western Department for its underwriting employees.

Additional, specialized training is offered on a departmental or special-subject basis, with some employees of other departments participating when such participation would be of profit to them in their work. Examples of such programs are presented as Appendices XI and XII.

Curriculum for the Marine Department Course. The Marine Department schedules a two-semester program, as is indicated by the curriculum presented as Appendix XI; the Special Hazard Department, a five-month program, outlined as Appendix XII.

In the curriculum for the Marine Department program, as an example, we can see the necessary elements of a curriculum. In addition to such details as the time and place of class meetings, the dates and term of the program of the Marine Department, there is a well-organized statement of the objectives of the program.¹⁶

¹⁶I. E. Artes, "Memorandum dated October 3, 1958, re: Training Program - Special Hazard Department," (Chicago, Illinois).

The objectives of this training program are as follows:

1. Develop a broader general knowledge of various Marine coverages on the part of members of the Marine Department;
2. To present training in keeping with the following considerations:
 - a. To examine and discuss characteristics and peculiarities of individual properties eligible for Marine coverage and an appreciation of particular types of business operations requiring Marine coverage;
 - b. To discuss the practical application of available Marine coverages to particular properties and risks;
 - c. To discuss underwriting considerations pertinent to the particular classes of risks involved.

Another indication of the recognition in this program of the principles of pedagogy is the following quotation from the same curriculum: "Underwriters presenting Marine subjects will make use of specific examples or situations whenever possible during each period of instruction and will employ as much as possible the use of appropriate visual aid material."¹⁷ A similar instruction is contained in the Special Hazard Department's curriculum: "Since we have experienced in the department actual cases involving prac-

¹⁷Ibid.

tically every part of the subjects to be discussed, the instructors can and should use these as examples for illustrative purposes."¹⁸

Lesson Plan for Lecture on Personal Theft Endorsement. In addition to the curricula prepared for the semester units of the Hartford Training Program, and the careful coordination of the parts, individual lesson plans available to the author also show that attention has been directed to this instructional unit. One lesson plan, for example, is divided into six parts:¹⁹

1. Introduction.
2. Explanation of the material.
3. Sources of information.
4. Explanation of the subject.
5. Samples of the material to be discussed.
6. Coordinated test (with answers).

This lecture was concerned with an endorsement that appears as a part of many of the forms used in insurance contracts: theft protection. In the introduction, theft coverage is discussed as it appears in twelve important insurance forms. This does, in fact, constitute a background for discussion of the Personal Theft Endorsement, the subject of the lecture.

¹⁸H. J. Blesser, "Memorandum dated October 13, 1958, re: Training Program," (Chicago, Illinois).

¹⁹Lesson Plan, Personal Theft Endorsement, Hartford Training Program, 2.

The explanation of the material, the second part of the lesson plan, discusses the sample materials given to the trainee, such as the endorsement, computation forms, rate cards, and the like, which are presented to the trainee at the time of the lecture. Actual copies of these materials are included as the fifth part of the lesson plan. This is supplemented by a list of seven sources of information about the subject.

As is pointed out in the lecture plan, "in order that you may obtain a better understanding of the subject presented in this limited time, it is suggested that you take notice of the following sources of material so that if you care to, you may give the matter some further thought and study on your own."²⁰

The explanation of the subject is a two-page, single-spaced digest of the lecture. The Personal Theft Endorsement, a Handy Rate Chart, a sheet of Personal Theft Endorsement Rating Examples, and a Personal Theft advertising folder, comprise the fifth part.

The completion of this lesson plan, part six, consists of the examination, with answers to the questions. In form, they are of the essay, problem-type question. For example:²¹

²⁰Ibid, 2.

²¹Ibid, 10.

(Question) Name at least five forms which can be attached to a fire policy to provide some form of theft insurance.

(Answers) Forms which can be attached to provide theft insurance include:

1. Personal Theft Endorsement.
2. Broad Form Personal Theft Endorsement.
3. Inland Marine PAX.
4. 49D (burglary damage).
5. 49S (theft of real property).
6. Dwelling Package Policies (homeowners or CDP)
7. Commercial property coverage.
8. Office Contents Special Form.
9. Industrial property policy program.
10. Manufacturers output policy program.

These unit outlines and lesson plans are similar to suggested plans made by recognized authorities in the field of curriculum.

Burton²² suggests the following structure for a unit outline:

1. Introductory statement.
2. Objectives stated as understandings, skills, and attitudes.
3. Content outline.
4. Activities in which the student will engage.

²²William H. Burton, The Guidance of Learning Activities, (New York, 1956).

5. Materials and resources.

6. Evaluation.

The lesson plan, Burton states,²³ should include:

1. Objectives.

2. Subject matter.

3. Learning activities to be utilized.

4. Conduct of the lecture.

5. Summary.

6. Assignments.

7. Bibliography.

8. Instructional aids.

Planty²⁴ suggests this outline for a lesson plan:

1. Introduction to instruction plan:

a. Purpose of this session.

b. Instructional materials.

c. Other sources of information.

d. Time required for this session.

e. Preliminary arrangements.

2. Preparation.

²³Ibid.

²⁴Earl G. Planty, William S. McCord, and Carlos A. Efferson, Training Employees and Managers (New York, 1948), 111-113.

3. Presentation and development.
4. Practice and performance.
5. Review and discussion.

Comparison of these lesson plan examples and the unit outline example with those of the Hartford Training Program curricula demonstrates the care employed in the development of this series of courses. Further comparison of the curricula with those of other companies would also be of interest, but would lie outside the scope of this thesis.

Comparison of the Hartford Training Program With Programs of Other Companies. An analysis of the total Hartford curriculum may be made on the basis of similarities and differences with those of other companies. This analysis has been facilitated by Kip's survey. In his survey,²⁵ conducted by the Wharton School of Finance and Commerce of the University of Pennsylvania for the Insurance Institute of America, Kip divided courses given by property and casualty companies for non-sales employees into three groups: (1) orientation or indoctrination courses, (2) courses covering insurance principles and fundamentals, and (3) courses for "veterans" (as opposed to "recent" employees).

On this basis, the Hartford Training Program courses may be

²⁵Kip, p. 6.

classified as shown in Table II.

TABLE II

CLASSIFICATION OF HARTFORD TRAINING PROGRAM
COURSE UNITS, BY LEVEL OF DIFFICULTY OF
THE SUBJECT MATTER *

<u>Classification of Course Unit</u>	<u>Unit Numbers</u>
Orientation	I
Insurance principles.	II, III, IV
Courses for "veteran" employees . .	V, VI

*Information from a personal interview of the author with C. Fraker, superintendent, Hartford Fire Insurance Company.

As is the case in the Hartford Training Program, written material is available for the training programs of many other companies. Kip presents the following classification of text matter:²⁶

1. "Standard texts, consisting of books written by recognized authorities in the field.
2. "Material such as employee handbooks, mimeographed lectures, etc., prepared by the company.
3. "Insurance policies and forms.

²⁶Ibid., 7.

4. "Periodicals and pamphlets issued by insurance publishing companies."

Kip cautions that "...it should be noticed that one course may use more than one type of material."²⁷ Table III presents a comparison of text materials used in the Hartford Training Program with those of other property and casualty companies surveyed by Kip.

The approximate amount of time devoted to the courses in the Hartford Training Program is shown in Table IV, in comparison with the data for the companies surveyed by Kip. A definite amount of time could not be assigned, except in the case of the Marine and Special Hazard Departmental Programs since, although classes are scheduled for approximately one clock hour, instructors in the Hartford Training Program are free to take such additional time as should profitably be given to particular topics. The determination of the number of course hours for the six-semester Hartford Training Program was made, therefore, on the minimum basis of one clock hour for each scheduled class.

For orientation courses, the Hartford Training Program is above the median; actually, on the basis of the data available, more time was devoted to the Hartford orientation courses than to any of the other companies. However, the units in the "Fundamentals"

²⁷Ibid.

TABLE III

COMPARISON OF TYPES OF TEXT MATERIAL USED IN THE HARTFORD TRAINING PROGRAM WITH THE TYPES OF TEXT MATERIAL USED IN FIRE AND CASUALTY COMPANIES SURVEYED BY KIP *

Type of text material	Orientation Courses		Courses in Fundamentals		Courses for "Veterans"	
	Survey*	Hartford†	Survey*	Hartford†	Survey*	Hartford†
Standard Text	2	0	8	0	2	0
Company Material	5	1	9	5	1	5
Insurance policies and Forms	0	1	1	5	2	5
Insurance Periodicals and services	0	1	2	5	3	5
No Text Material Used	1	0	1	0	0	0

*Richard deR. Kip, Education and Training Activities of Insurance Companies and Associations (Philadelphia, 1947), 7.

†Data from personal interview of author with G. Fraker, Hartford Fire Insurance Company.

TABLE IV

COMPARISON OF LENGTH OF COURSES, IN HOURS, FOR THE
HARTFORD TRAINING PROGRAM WITH LENGTH OF
COURSES FOR FIRE AND CASUALTY COM-
PANIES SURVEYED BY KIP*

Length of Course (in hours)	Orientation Courses		Courses in Fundamentals		Courses for "Veterans"	
	Survey*	Hartford [†]	Survey*	Hartford [†]	Survey*	Hartford [†]
Under 15	7	0	1	3	0	0
15 and under 30	0	1	0	0	2	2
30 and under 60	0	0	9	0	0	0
60 and under 90	0	0	2	0	0	0
90 and over	0	0	5	0	2	0
Not stated	0	0	1	0	1	0
Total	7	1	18	3	5	2

*Richard deR. Kip, Education and Training Activities of Insurance Companies and Associations (Philadelphia, 1947), 6.

[†]Data from personal interview of author with C. Fraker, Hartford Fire Insurance Company.

classification were well below the other companies and, with some adjustment being made for additional time beyond that scheduled spent in the Hartford Training Program advanced courses, the Hartford Training Program would lie at about the median of the companies surveyed.

There is undoubtedly a good deal of overlapping in the classifications, inasmuch as material covered in the orientation course by one company might be included in a more advanced course by another.

With the exception of the orientation courses, a large percentage of the courses utilize standard texts, with the next largest classification being that of using company material. The implications of this will be considered further in the summary of this thesis. It should be noted at this point, however, that the Hartford Training Program does not utilize standard texts in any of its course units.

Again excepting the orientation courses, the Hartford generally devotes somewhat less time, according to the recorded data, than do the companies surveyed by Kip, as may be seen in Table IV. The Hartford orientation course is, evidently, slightly longer in duration than the other orientation courses. A question may occur to the reader concerning the utility of training courses lasting a mere fifteen clock hours, when a three-semester-hour college

course devotes nearly four times as many hours to an educational unit. However, it should not be forgotten that, in addition to the training course itself, the trainee is immersed in an environment wholly concerned with insurance and the net, effective learning is probably significantly greater. No experimental verification of this assumption was discovered in a review of the literature, and it is suggested as a problem for further research.

The number of participants in the Hartford Training Program is also approximated, since an exact tabulation was not available. Here again, it is probable that the data given in the survey replies were also approximated, and the need for exact numbers does not appear to be significant. Table V gives the Hartford and Survey data concerning the numbers of trainees in the three types of courses.

In general, Kip found that the number of companies with formal training programs for non-sales personnel increases as the number of non-sales employees increases. Of the companies offering formal training programs, the largest number of companies and the largest number of courses were those employing between 400 and 999 non-sales employees. This classification includes the Hartford. Kip's data, adapted to include the Hartford data, is presented in Table VI. These data would tend to indicate that the Hartford is not atypical for comparable companies, although they would not support the conclusion that the Hartford was representative.

TABLE V

COMPARISON OF THE NUMBER OF TRAINEES IN THE HARTFORD TRAINING PROGRAM COURSES, AND THE NUMBER OF TRAINEES IN FIRE AND CASUALTY COMPANIES SURVEYED BY KIP *

Average Enrollment Each Time Course is Given	Orientation Courses		Courses in Fundamentals		Courses for "Veterans"	
	Survey*	Hartford ¹	Survey*	Hartford ¹	Survey*	Hartford ¹
1 to 10	3	0	0	0	2	0
11 to 20	1	0	6	2	0	2
21 to 30	1	1	3	1	3	0
31 to 40	0	0	3	0	0	0
41 and over	1	0	2	0	0	0
Not Stated	1	0	1	0	0	0
Totals	7	1	15	3	5	2

*Richard deR. Kip, Education and Training Activities of Insurance Companies and Associations (Philadelphia, 1947), 6.

¹Data from a personal interview with C. Fraker, Hartford Fire Insurance Company, by the author.

TABLE VI

COMPARISON OF THE HARTFORD TRAINING PROGRAM AND THE
NUMBER OF COMPANIES SURVEYED BY KIP, BY THE
NUMBER OF NON-SALES EMPLOYEES*

Number of Non-sales Personnel	Companies with no formal program		Companies with formal programs	
	Number	Per Cent	Companies (number)	Courses offered (number)
Under 25	76	100	0	0
25 to 99	35	90	4	10
100 to 199	22	85	4	12
200 to 399	19	83	4	6
400 to 999	16	62	11 ¹	30 ¹
1000 to 1999	10	67	5	12
2000 and over	7	47	8	19
Not indicated	58	97	2	2
Total	243	87	37	85

*Richard deR. Kip, Education and Training Activities of Insurance Companies and Associations (Philadelphia, 1947), 6 (adapted from Table 9).

¹Includes the Hartford Training Program; information from a personal interview of the author with superintendent C. Fraker.

The Need for Clarification of Goals. The departmental superintendents of the Western Department of the Hartford Fire Insurance Company Group are the joint sponsors of the Hartford Training Program. They explained to the author in personal interviews that their goals for the training program are frequently reviewed to test their utility in the light of changing company programs and conditions within the industry. They are considered from the viewpoint of current needs (immediate goals), and anticipated needs (remote goals).

Immediate and Remote Goals of the Hartford Training Program.

Superintendent Fraker summarized the following as those followed in planning the Hartford Training Program:

1. Immediate goals:

- a. To accelerate the learning time of the new employee.
- b. To reduce the percentage of failures in new employees.
- c. To improve the skills of underwriting employees.
- d. To provide training in unfamiliar lines for new special agents.
- e. To acquaint new underwriting employees with Company procedures and policies

2. Remote goals:

- a. Maintenance of interest of underwriting employees in the company and the industry by broadening their

understanding of company procedures and various aspects of the business of insurance.

- b. To provide a method for the evaluation of individual development.
- c. To provide a pool of trained employees for advancement to field and supervisory positions.
- d. To improve the general skill level of all office employees; the developed skills of trainees will affect other, non-participating employees, first through association, and eventually through the supervisory or advisory aspects of the underwriting employee's work.
- e. To act as an aid in recruitment.

CHAPTER V

SUMMARY AND CONCLUSIONS

Three types of training opportunity are available to insurance underwriting employees, as well as other insurance workers, in the Chicago area: company training programs, training programs with trade association or professional association sponsorship, and courses offered in schools and colleges.

With the exception of the company training programs, all of the training opportunities are available to underwriting employees generally, as well as to others. Company training programs are, ordinarily, available only to employees of the individual companies. In general, these training programs may be regarded as complementary, rather than overlapping. This is a significant and important aspect of the total of methods of training insurance workers in Chicago.

Distinction Drawn Between Training and Education. The company programs are generally classifiable, in a technical sense, as training, while the other programs may generally be described as constituting education, although these two classes could not be regarded as being mutually exclusive. The term training has already been defined as the "...organized, systematic programs

designed to induce desirable changes in the trainees, including attitudes, increased information and work skills..." in the introduction to this thesis. Another source draws the distinction between the two terms succinctly: "training is defined in the dictionary as a rather narrow form of education which increases the specialized skills of a worker; education, on the other hand, is defined as a systematic preparation for a field of endeavor, with stress on personal development and general skills."¹

The Hartford Training Program, for example, is completely concerned with insurance facts and principles, although the non-company programs include a substantial amount of time for such other areas as English, economics, accounting, mathematics, law, finance, and some other areas of general education. In addition, the company program is concerned in detail with such subjects as company reinsurance agreements, schedules and rating manuals, departmental interrelationships, and policies and coverages unique to the Hartford. The company program also presents discussions of more general material and information, but the stress is upon training for insurance underwriting work and the development of the needed skills.

¹Douglas H. Fryer, Mortimer R. Feinberg, and Sheldon S. Zalkind, Developing People in Industry: Principles and Methods of Training (New York, 1956), 21.

Relative Function of Insurance Training Programs. The sponsoring companies of the Western Underwriters Association Scholarship Training Program have been quite satisfied with the program. Where a company training program has been developed, such as the Hartford Training Program described in this study, it is felt that the Western Underwriters Association Scholarship Training Program will be complementary, and not repetitious. A few companies have no other formal training program for their employees. The Western Underwriters Association Scholarship Training Program is designed to provide a valuable, general background in insurance, to be supplemented by additional work in the company office.

The Western Underwriters Association Scholarship Training Program is not as rigorous as the Chartered Property and Casualty Underwriter program, which requires more intensive work, greater sophistication in insurance principles and practices, and more mature judgment than is to be expected of the Scholarship student. However, the Western Underwriters Association Scholarship Training Program is much more advanced than the Insurance Institute of America program, which was designed to form a general introduction to insurance.

Problems Concerned With Ends and Means in the Insurance Training Programs. Basic to the design of any good business training program is the determination of ends and means. Use of trial and error methods, for most business organizations, must decrease in

inverse proportion to the intensity of competition, and increase of cost factors. Obviously, goals cannot be settled forever; periodic reappraisal, in the light of changing conditions in the business, must be made of the stated purposes of particular business programs.

Training in business and industry demonstrates the need for clarification of goals. For example, departmental training programs that contemplate only immediate work skills may provide workers who have been educated in techniques that become obsolete soon after the training period has been completed. Training programs lacking the continuity that should result from a program designed to satisfy predetermined goals, may cause more confusion than education.

However, the achievement of the desired goals often proves to be an ideal unattainable because of the limitations on means available. The cost of a training program that could attain the goals decided upon might be greater than its utility within the function and purposes of the organization. Also, resistance by some company officials to parts of the training program might be sufficiently great that modifications are necessary. In addition, facilities for training might be somewhat less than adequate.

The goals of the Hartford Training Program seem to provide an adequate frame of reference for the development of a good training program. The Hartford Training Program appears to be well conceived, and to fulfill the aims of the Program, with the exception of the

two weaknesses to be discussed next.

Weaknesses in the Hartford Training Program: (1) Weaknesses Concerning the Instructional Staff. A weakness of the Hartford Training Program, insofar as the instructors are concerned, is the lack of adequate training for the specific job of teaching in such a program, as well as the use of some instructors who have little or no skill for teaching. It is well recognized that the intellectual and personality traits of the good administrator are not necessarily those of the effective teacher, and that the considerable skills of a highly proficient underwriter may be something other than the skills of a capable teacher. This weakness has an especially adverse effect upon the outcomes of the total program because of the previous experiences of the trainees. In most cases, they are recent college graduates, although some are recent high school graduates. They have become accustomed to informed, and at least relatively skilled, teachers, and they evaluate teachers with the critical sophistication one might expect. However, because of the dual role of the teacher-supervisor, the evaluation made by the trainees of their teachers often exhibited a "halo" effect in their total evaluation of the teachers in their roles as supervisors. While this is beneficial in the case of highly regarded teacher-supervisors, it is quite unfortunate in the case of supervisors who are inept as teachers. The disadvantages of such an

arrangement for the full-time supervisors as teachers are significant, particularly where there is neither a training department nor a training director.

The superintendents, their assistants, and the senior underwriters are responsible for the success of the departmental training program, if such a program is in operation, that is nearly continuous. This is in addition to a full schedule of regular insurance work. Three alternatives present themselves: to "borrow" time for preparation and presentation of lectures for the Hartford Training Program from that ordinarily given to regular duties; to complete preparations for the classes away from the office; and, to make little or no preparation for the classes. Although most of the officials participating in the program indicated that this duty was concomitant with other supervisory duties, and had to be accepted by those in administrative and supervisory positions, several indicated that they regarded the arrangement as definitely unsatisfactory and a serious weakness in the training program.

(2) Weaknesses Concerning Text Material. Company advertising material can be highly useful for the trainee, but it has obvious, inherent limitations. These leaflets, such as the "Coinsurance" enclosure presented as Appendix II, are prepared by the Company for consumption by the insurance buyer. They are designed to explain complex contracts and technical terms in such a way that the uninformed insurance buyer can achieve understanding, with a

with a minimum of effort.

The trainee is in much the same situation as the insurance buyer. Although he may have acquired some general and specific information concerning insurance before entering insurance work, this information is fragmentary and usually quite limited. The advertising leaflets provide the trainee with a general explanation of the subject matter under consideration. This information is couched in rather simple terms, however, and therefore does not provide an adequate explanation for the trainee, who has become accustomed to using books habitually during his school experience.

(3) Weaknesses Discussed from the Frame of Reference of the Trainee. Numerous complaints were expressed to the author by trainees and employees who had completed the program, but all of the criticism was directed to these two factors: weaknesses in the instructional staff, and lack of adequate text material.

Most of those interviewed by the author were cognizant of the care with which the program had been devised, and the expense of conducting the Hartford Training Program, but indicated disappointment that it had been so weakened by failure on the part of those administering the program to recognize its defects.

Three elements are essential for the success of any training endeavor: a sufficiently motivated student, readily accessible materials, and a capable trainer. Indeed, with a highly motivated

trainee, and adequate, accessible materials for study, the need for the trainer is sharply reduced. "...any instructor knows that all training is actually self-training, self-guidance, self-endeavor. What one learns must always be sought after. Instruction contributes nothing unless the trainee feels the need to learn. All additions made to a worker's know-how are products sifted according to his own purpose."³ Thus, it is probable that the easy accessibility of the proper text materials might tend to counteract the inadequacies of some of the lecturers. Effective learning is not passive, and the Hartford Training Program should become both more active and more effective.

The trainees' initial motivations, as indicated during interviews by the author of the trainees, arise primarily from two sources: a basic need for accomplishment; and a feeling that his success in the Hartford Training Course will have a logical effect upon his success in the Hartford Fire Insurance Company.

When he is frustrated by the lack of written reference or text material at a level of complexity suited to his level of comprehension, and his passive role resulting from the predominantly unilateral, lecture-type presentations of the instructors, his motivations are diminished.

³Fryer, Feinberg, and Zalkind, p. 21.

Another difficulty arises from the sharp cleavage between the college graduates and those without college training. This poses problems for the instructors, although some of those interviewed by the author did not think that such a sharply divided background in the trainees would affect the outcomes of the training effort. Others were not aware that this range of previous training could affect the program.

Total Training Facilities Constitute a Cooperative Solution for the Training Needs of the Insurance Companies in Chicago.

These training programs, both company and non-company, represent an example of a cooperative solution of some major training programs by the companies, their trade associations, and the community as represented by local schools and colleges. There is an evident economy of effort herein, since the company training programs are, in reality, training in job and workplace skills for the most part, while the non-company programs provide a wider scope of education, providing careful study of material less concerned with insurance minutiae.

Proposals for Modifications in the Hartford Training Program.

The following proposals for modifications in the Hartford Training Program are intended as solutions for the weaknesses observed, and described in this Chapter:

1. Introduce written text material into each unit of the training program. Standard texts would probably serve admir-

ably for some units, but mimeographed text material, written under the supervision of experienced text writers by company authorities, would probably serve as well or better. Additional reference books, of recent vintage, should be available for those trainees who wish to investigate particular areas or topics further. However, a copy of the text material should be available for each trainee.

2. Casebooks, to supplement the text matter, should be compiled from the records of the company. These would contain a statement of the facts surrounding cases illustrating subjects being studied, and the decisions and dispositions in these cases, along with a statement of conclusions to be drawn.

3. Trainees should prepare for each lecture-discussion, and should be moved to participate in the discussions. The preparation should involve study of the text material, as well as the completion of some sort of "workshop" material. By involving the trainees more actively in the training process, interest could be stimulated and real learning increase significantly.

4. Visual aids, in the form of film strips, models, samples of materials for building, photographs of types of property and other things to be insured should be used wherever possible, and field inspection trips, made by small groups,

should be a regular part of the program units.

5. Instructors should have the services of a consultant in training, and receive the benefit of instruction in methods of organizing material and of teaching.

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APPENDIX I

HARTFORD TRAINING CENTER SUGGESTIONS FOR CLASSROOM SPEAKERS *

1. Sincerity - it should be apparent that you believe in what you say.
2. Enthusiasm - it should be apparent also that you believe what you say is worth while and can be used for the good of insured, agent, and company.
3. Selection - you know more about your subject than you can tell in the time allotted. Select the most important phases of it from the standpoint of the student and emphasize and repeat those in different words.
4. Clarity - as to diction and language.
5. Patience - there will be questions that appear dumb and may require repetition of what you have just said. The thing to remember is that you didn't learn your subject in an hour.
6. Illustrations - drive home your points by examples from your own experience.
7. Humor - whenever possible interject natural humor (not forced stories) into your talk.

*Copied from bulletin of the Hartford Fire Insurance Center.

- - about Coinsurance

“--- to make sure that you will be properly reimbursed if and when your property is damaged or destroyed.”

Hartford Fire Insurance Company

HARTFORD, CONNECTICUT

APPENDIX II

COINSURANCE
LEAFLET

*Year In and Year Out
You'll Do Well with the*
HARTFORD

-- about Coinsurance

THIS BOOKLET contains a warning of special importance today to property owners, trustees, loan officers of lending institutions, and others who have the responsibility of purchasing insurance.

It is essential that you understand — before a loss occurs — the extent to which your policy protects your interests, so that there may be no misunderstanding or disappointment should your insurance as now written be inadequate to pay the loss in full.

Whenever a claim is reported to us, we hope that there is sufficient insurance applicable to the loss to fully reimburse the policyholder. This leads to good feeling between the company and the policyholder and we remain friends.

However, when the policyholder is under the impression the loss is covered in full but learns — after a loss has occurred — that it is not, disappointment and dissatisfaction result. Then the good faith of the company may be questioned. The company may lose a friend and a policyholder. It is important to us that as far as possible such misunderstandings be avoided.

The objective of this booklet is to help prevent such misunderstanding.

***Your Policy May Not Provide Payment
In Full In All Cases***

Every policyholder realizes that he cannot collect more than the face amount of the policy. Many overlook or do not know that even though the face amount of the policy may be materially larger than the amount of a loss, this does not provide full payment in all cases.

APPENDIX II

COINSURANCE
LEAFLET

This is typical of what may happen to a property owner who finds he has a partially uncollectible loss because *before the loss occurred* the insurable value of his property has increased to \$15,000, but he has failed to increase the face amount of the policy to \$12,000 in order to maintain the 80%-to-value coinsurance requirement.

This illustrates a situation which frequently occurs today because of prevalent rapid increases in property values.

EXAMPLE TWO — The Coinsurance Requirement is Not Met When the Property is First Insured.

Again first assume that the insurable value of the property does not change between the time it is first insured and the time the loss occurs but only \$5,000 insurance is carried. The \$4,000 loss would be figured this way:

Value of property at time of loss	\$10,000
Amt. of ins. required by coinsurance clause (80%)	8,000
Amt. of ins. in force at time of loss	5,000
Actual amount of loss	4,000
Collectible loss = $\frac{5,000(\text{amt. of ins.})}{8,000(80\% \text{ of value})} \times \$4,000$	= 2,500
Uncollectible loss	1,500

Now notice what happens to the collectible loss as the insurable value of the property increases but the amount of insurance in force is unchanged. Assuming that the value has increased to \$15,000 at the time the loss occurs, payment would be figured this way:

Value of property at time of loss	\$15,000
Amt. of ins. required by coinsurance clause (80%)	12,000
Amt. of ins. in force at time of loss	5,000
Actual amount of loss	4,000
Collectible loss = $\frac{5,000(\text{amt. of ins.})}{12,000(80\% \text{ of value})} \times \$4,000$	= 1,667
Uncollectible loss	2,333

This illustrates that unless a policyholder watches his insurable values his loss payment may be considerably less than he expects. In this case the property owner originally arranged for payment of 62½% of any loss up to \$5,000 but an increase in the insurable value of the property reduced the collectible loss to less than half the actual amount of his loss — only 41⅔% of it, to be exact.

This is quite typical of what happens to a property owner, already badly underinsured, who fails to close the widening gap between the increased value of his property and the amount of insurance he carries on it.

Ask Your Agent to Review Your Insurance. He Will Be Glad To Do So

From the foregoing explanation and examples it is apparent that underinsurance, when coupled with today's rapid increase in property value, is a dangerous combination.

Hence this warning! Watch the relationship of the amount of your insurance to the shifting insurable values of your property. Maintain your insurance at a sufficiently high level with respect to it, to make sure that you will be properly reimbursed if and when your property is damaged or destroyed.

Consult your Agent on this problem. He will be glad to review your insurance and show you how the coinsurance clause will apply to a loss on your property, considering its present insurable value.

Farm Insurance . . .

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The Basic Policy and Farm Forms

First of a series of eight articles sponsored by

Farm Underwriters Association

CHICAGO 4, ILLINOIS

The Basic Policy and Farm Forms

THE SUCCESSFUL FARMER of today is "Big Business," with his large investment in farm buildings, expensive modern machinery and equipment, livestock, grain, feeds and produce. The purchasing power of this large group now tops many other urban groups, and places the good farmer in the position of being a local agent's best prospect for the dependable insurance you have to sell—and he has the money to pay for it.

The modern farmer is familiar with the value of "Service" that you, as a local independent agent, can supply. He gets such service with his machinery, equipment, and household appliances, and he will be equally appreciative and willing to pay for the service that you can render him on his large and complicated insurance needs.

The membership of Farm Underwriters Association of Chicago is composed of the principal capital stock companies writing the Farm class in the Midwest. The Association is the legally constituted Advisory Body for Farm rates and forms in the Midwest territory. Through its standing and special committees, it is constantly working toward the improvement of forms and coverages to meet the needs of the modern farmer at competitive rates based upon sound experience.

In addition to the Managing, Advisory, and Special Committees to handle the technical subjects of rates and forms, the Association also has a Conference Committee, which is available for meeting with local agent groups for the discussion and solution of common problems. The

Committee on Farm Fire Prevention and Safety lends its aid and counsel to territorial and national organizations in this field. A Merchandising Committee has now been added to the standing committees of the Association.

This new committee is composed of the officers, farm superintendents, managers, and assistant managers of the member companies—as are the other standing committees of the Association. They are selected and appointed by the president of the Association for the sole purpose of aiding local agents in selling a substantial volume of Farm insurance—an important foundation stone in every capital stock company agency in the Midwest.

In recent years, many innovations and improvements in Farm insurance forms and coverages have been introduced. They are now firmly established. The Farm Association proposes to acquaint all local agents with these new "door-openers" to an increased income in a series of authoritative articles prepared by leaders in this field.

This series will cover in a short, concise manner many of the principal phases of "Modern Insurance for Modern Farmers," including the following subjects:

- The Special Surety and Rating Plan for Superior Risks.
- Broad Form for Dwellings and Contents.
- Crop-Hail Insurance on Growing Crops.
- Broad Form Personal Theft on Contents.

• *Blanket Form Personal Property Coverage.*

• *Farmers Comprehensive Personal Liability.*

The following article, the first of the series, covers the Basic Policy and Farm Forms.

THE ULTIMATE AIM of any business training program must necessarily be to sell the product involved. This can be accomplished only if the seller and buyer alike have a clear understanding of the product and what it constitutes. In the insurance business, the coverages we offer under various policy contracts can be effectively sold only if we fully understand them and how they may operate to the advantage and protection of the insured.

The purpose of this article is to comprehensively explain the coverages provided under the basic policy and Farm forms. Therefore, it is appropriate first to discuss the basic policy.

Fire: Most of us know that fire is heat or light emanating from a body, but few of us realize the following factors must exist to constitute a fire under the meaning of the policy: Combustion; Flame or Glow; and Hostile Fire.

Lightning is a discharge of atmospheric electrical charges from cloud to cloud, or from cloud to earth. There are two kinds of lightning—the "hot" variety, which invariably results in a fire; and the "dry" or "cold" type, which damages by force or impact alone. Losses caused by both types are covered under the policy.

Theft is defined as the fraudulent and felonious taking of personal property of others for one's own use or gain. The form excludes loss from mysterious disappearance, so that there must be tangible evidence of theft or good faith on the part of the insured to constitute a theft loss under the meaning of the policy.

Overturn is defined as the turning over of a specifically described machine while in operation. By "in operation" is meant the mechanical

functioning of the machine's motor while in attendance by its operator.

Extended Coverage is an extension of the Fire policy to cover the hazards of windstorm, hail, explosion, riot, riot attending a strike, civil commotion, aircraft, vehicles, and smoke. Fire and Extended Coverage are indivisible perils, and the conditions applying to the Fire policy likewise apply to the Extended Coverage endorsement.

Apportionment Clause: Loss from any of the Extended Coverage perils is determined by the proportion that the amount of Fire insurance in the policy in the loss bears to the total Fire insurance in all policies written. In the event of two or more policies with non-concurrency of coverage, the limit of liability shall be determined as if each policy were the only insurance, and the policy in loss shall be liable for no greater proportion of loss than its limit of liability bears to the sum of the limits of liability under all policies. An analysis of the Extended Coverage perils follows:

Windstorm: Opinions vary as to what constitutes a windstorm. Some believe a wind velocity of as little as 20 mph is a windstorm, while others set the figures as high as 35 mph. Most companies, however, will consider losses caused by wind that is strong enough to cause damage—though the wind may be less than the velocities stated. In some states where the \$50 Windstorm and Hail Deductible applies, such deductible provides that the policyholder shall assume the first \$50 of loss under each item insured, and the insurance under the policy shall pay the excess over and above the \$50, and not to exceed, of course, the total amount of insurance on each item covered.

Damage caused directly or indirectly by frost, or cold weather, or ice (other than hail), snowstorm, sleet, waves, tidal wave, high water or overflow—whether or not they are driven by wind—is not to be construed as a windstorm claim. Nor is liability assumed for loss to the interior of a building or property

caused by rain, snow, sand, or dust—whether driven by wind or not—unless the building insured or containing the property shall first sustain actual damage to the roof or walls—by the direct force of the wind—and then for loss only by described elements entering building through openings caused by such wind.

Buildings in process of construction and their contents are not covered by the policy unless entirely enclosed with all outside doors and windows permanently in place; nor does it cover livestock and poultry against freezing or smothering in blizzards or snowstorms.

Hail is icy precipitation in solid form of various sizes.

Explosion is defined as a sudden violent bursting, breaking or expansion caused by an internal force or pressure—with material being driven away from the center, usually accompanied with noise. Excluded, however, is the rupture or bursting of steam boilers, steam pipes, steam engines; or rotating parts of machinery caused by centrifugal force; if owned by, leased by, or actually operated under the control of the insured. Likewise, concussion unless caused by explosion, electrical arcing, water hammer, rupture or bursting of water pipes or of buildings as a result of overloading are not explosion within the intent of the policy.

Riot is a tumultuous disturbance of the peace caused by three or more persons who have assembled together by their own authority, and with the intent of resisting those opposed to them.

Civil Commotion is defined as an uprising among a mass of people which causes a serious and prolonged political disturbance, not attaining the status of war or armed insurrection.

Aircraft is defined as loss or damage caused by direct physical contact with aircraft or objects falling therefrom.

Vehicle: This is defined as loss or

damage to property described under the policy caused by direct physical contact with vehicles owned and operated by disinterested persons.

Smoke: This term, as used in the Extended Coverage endorsement, means "smoke" as the result of sudden and faulty operation of a heating or cooking unit which is connected to a chimney by a smoke pipe or vent. It does not include damage from fireplaces or industrial apparatus, nor is it to be confused with smoke as a result of fire. (See definition of fire.)

Vacancy or Unoccupancy: The policy permits 60 days vacancy or unoccupancy without penalty (30 days in Minnesota). Insurance becomes suspended if vacancy or unoccupancy extends beyond that period, unless permission is granted in policy by endorsement. By "vacancy" is meant the premises—on which the dwelling is devoid of inhabitants and contents; and by "unoccupancy" is meant the premises—on which the dwelling is fully furnished with contents but is devoid of inhabitants.

The following is an analysis of the Farm form as it relates to the policy provisions:

Dwelling: This item insures a specifically described dwelling and all fixtures appertaining thereto, including water pump and motor used in service of this building, even

Reprinted from

Rough Notes

The Magazine
of Salesmanship,
Education, and Management
for Local Agents and Brokers

The Basic Policy and Farm Forms

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though the latter may be situated in a separate structure. Storm doors, windows, and screens used in connection with the described dwelling are also covered while stored in any building on the premises.

Household and Personal Effects: This item insures household and personal effects which are usual or incidental to a dwelling while anywhere on the premises. It also covers the described property of the insured and, at his election, members of his family who permanently reside in his household. Items purchased on an instalment plan and on which there is an unpaid balance, as well as household and personal effects for which the insured may be liable, are also covered. The latter, however, refers to legal liability, and not necessarily to moral responsibility which the insured may have assumed as a custodian. Also at his election, 10% of the amount of insurance on this item may be applied to cover anywhere in the continental United States and Canada.

Buildings: All buildings insured include coverage on sheds attached to such structures, whether or not so described in the policy.

Silos: Because of the increased hazards that these structures afford, particularly with respect to wind-storm and explosion, a separate amount of insurance must be placed on each silo.

Hay, Straw, Fodder and Silage may be insured against fire and extended coverage hazards while in barns or outbuildings on the premises. Hay, straw and fodder while in stacks or bales may be insured while out of buildings against the fire hazards only at certain limitations per stack, as enumerated in the form.

Grain: This item insures grain, threshed seeds and beans and manufactured and compounded stock foods against fire while in or out of buildings on the premises, and against wind and hail in buildings only. 10% of the amount of insurance may apply to grain, threshed

seeds, etc., while off the premises but within 10 miles of the original location—except while in public elevators, or warehouses, seed houses, drying plants, or manufacturing plants. This item does not cover grain, seeds or beans while growing in the fields. For an additional premium, the policy may be endorsed to cover such growing grain and beans. At the election of the insured, he may insure a specifically described grain in a specifically described building at a special reduced rate applying thereto.

Machinery and Vehicles: This item insures all machinery and equipment usual and incidental to a farm except certain specifically excluded items. It covers the insured property while on or temporarily removed from the premises. The term "temporarily removed from the premises" is construed as meaning originally housed or kept on the premises described in the policy, and temporarily moved therefrom to another location.

Specifically Insured Machinery: In addition to the usual hazards, coverage is provided against theft and overturn. (See explanation of the basic policy for definitions of "theft" and "overturn.") Replacement of specifically insured machinery with new machines of an identical nature is automatically covered under the policy without notice to the company. Specifically insured machinery is also covered while temporarily moved to a distance not exceeding 50 miles from the described premises.

Newly Acquired Farm Equipment and Vehicles: Insurance on machinery and equipment under the policy is extended to cover newly acquired machinery and equipment for a period of 30 days after date of purchase, but the policyholder must advise the company within the stated 30 days, and pay an additional premium for such coverage. This item limits recovery to the proportion that the amount of insurance under the policy bears to the total insur-

APPENDIX IV

SPECIAL SALES BULLETIN

SPECIAL SALES BULLETIN FOR YOUR INSURANCE SALES KIT

HARTFORD FIRE INSURANCE COMPANY

410 NO. MICHIGAN AVENUE

CITIZENS INSURANCE COMPANY

CHICAGO 11, ILLINOIS

our policy). (3) In the event of loss the insurance practically guarantees the dealer a resale since the customer will have necessary funds to replace the property destroyed. (4) Banks carrying this type of insurance can avoid possible criticism by bank examiners. Only under this blanket policy can they be certain that the collateral for their loans is properly insured. (5) The following will demonstrate the value of the all important catastrophe coverage afforded by this policy: Explosion that occurred at Texas City, Texas several years ago - floods that occurred in Missouri, Kansas and other Middle Western States within the last few years - recent tornadoes that did extensive damage at Flint, Michigan and other Mid-Western cities and towns.

TIE-IN COVERAGES: Names and addresses of individuals covered under installment sales transactions provide a good mailing or prospect list. Agents frequently follow up the expirations and solicit renewal coverage under regular fire policies or inland marine policies where applicable; (agency name appearing on customer certificates is good agency advertising).

COMPANION COVERAGES: The sale of Installment Sales Contract Policies frequently serves as an excellent means for developing Fire, Casualty, Inland Marine and Life Insurance coverages needed by merchants and banks. Suggested Inland Marine coverages would include: Registered Mail Insurance (for Banks) - Customers' Goods Policies and Service Equipment Floaters covering tools and equipment carried by service men (dealers who operate service departments) - Transportation Policies and Parcel Post Insurance covering merchandise in transit.

VISIGUIDE: The information in this bulletin is presented primarily from a selling viewpoint. For complete policy and rating information and other details refer to the VISIGUIDE.

**YOUR COMPANY FIELDMAN OR THE CHICAGO OFFICE WILL WELCOME YOUR FURTHER INQUIRIES
ON THIS COVERAGE OR OTHER LINES WRITTEN BY OUR INLAND MARINE DEPARTMENT.**

Installment Sales Contract

House furnishings, appliances, farm machinery and other personal property sold on the installment payment plan may be covered for the account of the seller (or mortgagee) and the purchaser under our blanket Installment Sales Contract Policy. Business establishments who finance such transactions will be interested in knowing about this all important catastrophe coverage and how the policy will protect their greatest asset, "customer good will". In the event of loss what could become "uncollectible accounts" continue to be "customers in good standing" through the coverage afforded by the Installment Sales Contract Policy.

INSTALLMENT SALES FLOATER POLICY COVERS: Personal property sold to the ultimate consumer under an installment sales or deferred payment sales contract covering from the time the property leaves the seller's place of business until fully paid for by the purchaser. Policies may be endorsed to cover similar property leased, loaned, rented or out on demonstration while away from the dealer's premises.

PROPERTY NOT COVERED: Aircraft, animals or poultry, automobiles or trailers, furs, jewelry, articles of personal adornment, merchandise sold on open account or merchandise pledged as collateral for a loan.

THE POLICY INSURES AGAINST LOSS BY: Fire, lightning, perils insured under the standard Extended Coverage Endorsement and, while in transit, collision or overturning of a transporting vehicle, collapse of bridges and marine perils while on ferries. Insurance may be extended, subject to additional rate, to cover theft (excluding misappropriation, secretion, conversion or infidelity of parties at interest); collision (subject to a deductible) applying to farm tractors or implements; flood, earthquake, and (where permitted) perils insured under the Additional Extended Coverage Endorsement.

POLICY FORMS: The Master Policy is issued to the merchant or lending institution covering all installment sales transactions to be insured. Each of the following forms may be modified to fit the individual requirements of the assured, however, their basic features are as follows:

1. **Dual or Multiple Interest Form:** Insurance for the full amount of the purchase price of the merchandise is provided for the benefit of the seller (or mortgagee) and the purchaser. Under the "Certificate Plan" a certificate of insurance outlining the coverage provided is sent to the purchaser and a copy furnished the agent and Company. Under the "Bordereau Plan" no formal evidence of insurance is furnished the purchaser, but a record of insured transactions handled during the month is furnished the agent and Company. A "Blanket Coverage Plan" whereby insured values are reported monthly under a reporting form or covered under blanket arrangement subject to a coinsurance requirement with premiums paid annually is also available.
2. **Unpaid Balance Form:** Insurance is provided for the benefit of the purchaser as well as the dealer (or mortgagee) limited, however, to the amount of the unpaid balance remaining due on the original purchase. Under this plan premiums are paid monthly by the assured based on the total of unpaid balances reported monthly. This coverage may also be written without reports subject to an annual premium reflecting an amount of insurance sufficient to comply with the 100% Coinsurance Clause.
3. **Single Interest (Impairment) Form:** Insurance is provided only for the benefit of the dealer (or mortgagee) and is limited to the unpaid balance remaining due on the original purchase. No protection is afforded the purchaser. In the event of loss the assured is expected to make every reasonable effort (short of suit against the purchaser) to recover his indebtedness before presenting claim to the Company. Failing to make satisfactory recovery, the insurance is then available to the assured with subrogation against the purchaser waived by the Company.

SPECIAL SALES BULLETIN FOR YOUR INSURANCE SALES KIT

HARTFORD FIRE INSURANCE COMPANY

410 NO. MICHIGAN AVENUE

CITIZENS INSURANCE COMPANY

CHICAGO 11, ILLINOIS

RATES: Rates for each policy are computed by the Company from information developed from a completed application (see VISIGUIDE for applications). A single blanket rate may be established for all commodities or separate rates established for various commodities. These blanket rates reflect the approximate distribution of insured property in various types of buildings in fire protected and unprotected areas. They range from approximately \$.04 to \$.12 per \$100 per month. The rates for the Single Interest (Impairment) Form are lower reflecting the more restrictive coverage afforded under this form.

POLICY TERM AND MINIMUM PREMIUM: The Master Policy has no expiration date and is written "continuous until cancelled". A minimum or deposit premium of not less than \$25.00 is usually charged. Monthly reporting form premiums are applied against the deposit until absorbed and thereafter paid as reported to the Company.

INSTALLMENT SALES CONTRACT POLICY SALES FEATURES:

LOSSES: The following list of claims taken from our Inland Marine Loss Department files demonstrates the value of this coverage:

Claim File #13756: Amount paid \$2,815.68. Machine being transported on a truck seriously damaged when driver lost control and the truck overturned.

Claim File #15404: Amount paid \$300.00. Living room and bedroom suite, lamps and tables seriously damaged by heavy windstorm.

Claim File #15497: Amount paid \$399.00. Beverage cooler seriously damaged by fire in store.

Claim File #65206: Amount paid \$207.31. Tornado totally destroyed assured's home including refrigerator covered under our policy.

Claim File #65207: Amount paid \$193.73. Tornado totally destroyed assured's home including Motorola television set covered under our policy.

Claim File #75525: Amount paid \$200.00. Cotton picker damaged by fire caused by sparks from tractor.

Claim File #75659: Amount paid \$250.00. Lightning struck dwelling resulting in total destruction of dwelling and pump house with total loss to $\frac{3}{4}$ horsepower Universal Multistage pump insured under our policy.

Claim File #75924: Amount paid \$214.25. Television set totally destroyed by fire which occurred in repair shop where set had been taken for repairs.

Claim File #75948: Amount paid \$265.00. Gibson refrigerator and Maytag washer destroyed when assured's home burned.

Claim File #76386: Amount paid \$500.00. Farmall tractor totally destroyed by fire.

Claim File #76521: Amount paid \$353.31. Television set and living room suite totally destroyed by fire.

LEADS FOR DEVELOPING BUSINESS: (1) In the event of loss covered by the policy the insurance makes possible the liquidation of the loan without forcing the customer to continue paying for something he does not have. (2) Merchants who discount their "dealer paper" with recourse are protected. This means that the dealer too is protected on discounted loans where the bank requires that the dealer assume responsibility when the customer does not meet his obligations (as a result of a peril insured against under

APPENDIX V

CURRICULUM FOR HARTFORD TRAINING PROGRAM, UNIT I, FIRST SEMESTER, PRINCIPLES OF FIRE INSUR- ANCE*

1. The fire insurance industry.

Nature of insurance (contract of indemnity, law of large large numbers).

History of insurance.

Types of companies (stock, mutual, reciprocal).

Types of insurance (fire, casualty, marine).

2. Hartford Fire Insurance Company.

History of the company.

Position in the industry.

Operation as an agency stock company.

Facilities of the company.

Management departments.

Field operation.

Office procedures of Western Department.

3. Related fire insurance organizations.

Audit bureaus and inspection bureaus.

Other organizations.

*Copied from Curriculum file, Hartford Training Program, Chicago, Illinois.

4. Personnel - office and public relations.

Letter writing.

Use of telephone.

Correspondence relation with fieldmen and agents.

General good public relations conduct.

5. Discussion of basic coverages.

Fire.

Extended coverage.

Vandalism.

Broad form dwelling coverage and others.

6. Fire policy - elementary discussion - basic conditions.

Face of the policy.

Amount, rates and premiums.

Insured and term.

Insuring clause.

7. Contract requirements.

Essential elements of contract.

Discussion of insurable interest.

8. The daily report - mapping procedures.

9. The insurance agent.

Agents - general agents - brokers.

Company agency plan.

Agency appointment - transfer - closing.

Agency development.

Office services to agency.

10. Underwriting manual (elementary discussion).

Risk classification.

Good average risk.

Net line.

Company reinsurance.

11. Principles of dwelling underwriting.

Perils.

Reports - special agents - reporting companies.

Lines.

12. Dwelling rate schedule - town rate books - cards - abstracts of schedule.

13. Dwelling form 49.

14. Dwelling form 49 (continued) and dwelling form 49D and 49S.

15. State Rule Book.

16. Examination.

17. Discussion of examination questions.

APPENDIX VI

CURRICULUM FOR THE HARTFORD TRAINING PROGRAM,
UNIT I, SECOND SEMESTER *

1. Agency notes - ownership

agent.

town.

business.

outside business.

financial strength.

history of owner.

loss experience.

2. Construction.

types.

floors - floor openings.

walls.

roof - parapet.

3. Exposure.

type - size.

opening.

distance.

* Copied from Curriculum File, Hartford Training Program,
Chicago, Illinois.

4. Occupancy - hazards.

cause.

media.

effect.

common hazards.

special hazards.

5. Protection.

private.

public.

6. Inspection reports and types used.

how to analyze.

information necessary.

types of reports used.

national inspection.

special agents inspection.

bureau inspection.

7. Underwriting problems.

mercantile property.

8. Building and contents form no. 18.

treatment under specific occupancy form.

rate and rule book application.

9. Building and contents form no. 18.

assumption of liability on personal property under

building item.

building exclusions.

rate and rule book application.

10. Building and contents form no. 18.

contents coverage discussion.

property of others - legal liability.

property purchased under installment plan.

treatment under specific occupancy forms.

rate and rule book application.

11. Building and contents form no, 18.

work and materials clause.

electrical apparatus clause.

subrogation clause - consequential loss clause.

contents exclusions.

rate and rule book applications.

coinsurance clause.

12. Examination.

13. Discussion of examination questions.

APPENDIX VII

CURRICULUM FOR HARTFORD TRAINING PROGRAM, UNIT II,
FIRST SEMESTER *

1. Standard Fire Insurance Policy - review of policy form.
2. Standard Fire Insurance Policy (continued).
3. Improvements and betterments clause.
4. Builders' Risk Insurance.
5. Builders' Risk (continued).
6. Builders' Risk Underwriting Problems.
7. Time Element Coverages.
8. Time Element Coverages (continued).
9. Time element Coverages (continued).
10. Time element - B. I. underwriting problems.
11. Rule book.
12. Rule book (continued).
13. Examination.
14. Discussion of examination.

*Copied from Curriculum File, Hartford Training Program,
Chicago, Illinois.

APPENDIX VIII

CURRICULUM FOR HARTFORD TRAINING PROGRAM,
UNIT II, SECOND SEMESTER *

Legal liability

Miscellaneous coverages

Blanket rules, rates and forms

Reporting coverage

Reporting coverage

Reinsurance

New homeowners - rules - rates - forms

New homeowners - rules - rates - forms

Special hazard department

Marine department

Farm department

Mill and elevator department

Examination

Review of examination

*Copied from Curriculum File, Hartford Training Program,
Chicago, Illinois.

APPENDIX IX

CURRICULUM FOR HARTFORD TRAINING PROGRAM,
UNIT III, FIRST SEMESTER

Broad form theft

Personal form theft

Personal liability

Personal liability

Personal liability

Residence glass

Office contents form

Commercial property

Commercial property

Commercial property

Examination

Discussion of examination

*Copied from Curriculum File, Hartford Training Program,
Chicago, Illinois.

APPENDIX X

CURRICULUM FOR HARTFORD TRAINING PROGRAM,
UNIT III, SECOND SEMESTER

1. Comprehensive Dwelling Policy
2. Comprehensive Dwelling Policy (continued)
3. Comprehensive Dwelling Manual
4. Comprehensive Dwelling Rating
5. Homeowners Policies
6. Homeowners Policies (continued)
7. Homeowners Manuals
8. Homeowners Policy Rating
9. Residential "Package Policy" Liability Coverage Guide
10. Reserves
11. Examination
12. Review of Examination

*Copied from Curriculum File, Hartford Training Program,
Chicago, Illinois.

APPENDIX XI

CURRICULUM FOR HARTFORD TRAINING PROGRAM,
UNIT IV, MARINE DEPARTMENT PROGRAM
OF INSTRUCTION *

Personal Articles

HOC - (form 57) - PPF

Outboard Boats & Motors

Transportation

Ocean Marine

Accounts Receivable - Valuable Papers

Registered and First Class Mail

Parcel Post

Bailees Customers

Furriers Customers

Furriers Block

Jewelers Block

Camera and Musical Instruments

Contractor's Equipment

Installation Floater

Pattern Floater

Processors Floater

Service Equipment Floater

*Copied from Curriculum File, Hartford Training Program,
Chicago, Illinois.

APPENDIX XII

CURRICULUM FOR HARTFORD TRAINING PROGRAM, UNIT V,
SPECIAL HAZARD, SPECIAL RISK, AND MULTIPLE
LOCATION REPORTING FORM DEPARTMENT
PROGRAM *

Organizations

Commercial Property

Industrial Property

Fundamentals of Sprinklered Risk Underwriting

Sprinkler Leakage and Water Damage

Underwriting Problems

Solicitations - Business Production

Earthquake, Optional Peril, Collapse

Builder's Risk

Forms - Specific, General, Blanket

Time Element Coverages

Examination

Review of Examination

*Copied from Curriculum File, Hartford Training Program,
Chicago, Illinois.

APPROVAL SHEET

The thesis submitted by Richard Eugene Wynn has been read and approved by three members of the faculty of the Institute of Social and Industrial Relations.

The final copies have been examined by the director of the thesis and the signature which appears below verifies the fact that any necessary changes have been incorporated and that the thesis is now given final approval with reference to content, form, and mechanical accuracy.

The thesis is therefore accepted in partial fulfillment of the requirements for the Degree of Master of Social and Industrial Relations.

June 1, 1960

Date

William M. Mullaly
Signature of Advisor