





THE PROPERTY INSURANCE AGENT: A STUDY IN PROFESSIONALIZATION

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A THESIS

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## CHAPTER I

### INTRODUCTION: THEORETICAL BACKGROUND

#### Background for the Study

This study of the property insurance agent is an exploratory sociological analysis of an occupational role. The question considered in this analysis is whether this role is undergoing change, and, if so, whether it is possible to indicate some causes and direction of the change.

The value of insurance to society has been noted well in the annals of history. The Biblical story of Joseph and the famine in Egypt may be one of the first insurance plans in written records. The Romans are reputed to have organized the soldiers' fund which was similar to endowment life insurance. The hazards of Seventeenth Century maritime operations gave rise to larger plans to protect the English merchant against property loss. This development matured in the English coffee houses during the 1600's. Details about a shipment were posted to Lloyd's coffee houses and persons willing to share the risk would sign their names indicating the share of the total that each was willing to guarantee, and his fee for sharing the risk. Benjamin Franklin is credited with organizing one of the early insurers in this country during the 1700's. The stabilizing effect of property

insurance enables private individuals and business enterprises to plan for the future regardless of calamities or disasters. All forms of insurance, by lessening the number of persons who are rendered destitute through misfortune, tend to maintain a certain level of living and to guarantee an economic position should property loss occur.<sup>1</sup>

The insurance agent is the intermediary between the insurance company and the insurance buyer.<sup>2</sup> There are three popular terms in current vogue to describe the differences between agents: Independent, captive and direct. The insurance agent as described in this paper calls himself an "independent" agent. He selects several companies for his agency, advertises his own name, hires his own employees, establishes his own office, carries on all functions of preparing policies, adjusting losses and building up his own clientele and finally "owns" the records of his activities. To many insurance policyholders, such an agent is the company because in reality he acts, under contract, in behalf of the company in accepting or rejecting business and adjusting claims. He operates according to the American Agency

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<sup>1</sup>Robert Riegel and Jerome S. Miller, Insurance Principles and Practices (New York: Prentice-Hall, Inc. 1949), p. 11.

<sup>2</sup>An agent is defined by Michigan statute as a person, firm or corporation acting under written authority from any insurer to solicit insurance and/or write and countersign policies of insurance and collect premiums therefor. This definition is amplified in the Michigan Insurance Code (Lansing, Michigan: Michigan Department of Insurance, 1956) section 1404, pp. 52-53.

System.<sup>3</sup> He maintains this operation by deducting his commission and remitting the net amount to his companies. In this sense he works for the insurance buyer.

"Captive" is a value-laden term used by independent agents to describe the agent who represents only one company, receives a smaller commission, and does not own the records of his business.<sup>4</sup> This type of agent, claim the independents, cannot intercede for the policyholder in case of dispute over a loss settlement, cannot further service the policy holder if once rejected or cancelled by the company, and cannot have the interest of the policyholder at heart since he receives a base salary plus commission from the company.

"Direct-writer" is a descriptive term for the agent who is a salaried company employee. Although direct-writers also compete for the mass market--privately owned autos and homes--these agents are often trained to handle large business accounts.<sup>5</sup> The direct-writer claims to save the commission paid to the "middle-man." The same

<sup>3</sup>"The American Agency System is defined in the constitution of the National Association of Insurance Agents as a system designed for the production of insurance premiums and the servicing of insurance contracts by insurance agents operating solely on a commission basis on their own account as independent contractors, who maintain their own offices separate and apart from any production office maintained by an insurance company." This quotation appears in Walter H. Bennett, The History of the National Association of Insurance Agents (Cincinnati: The National Underwriter Company, 1954), p. 200.

<sup>4</sup>Examples are agents for these companies: Nationwide, Allstate and State Farm.

<sup>5</sup>Examples of direct-writing companies are: Liberty Mutual, Employers of Wausau, Hardware Mutuals.



arguments against captive-agents are used against direct-writers. Since the difference between these two types is slight, the terms are sometimes used interchangeably. The independent often points out he is able to handle all of the insurance buyer's needs since his agency represents several different companies. Indeed, large agencies handle entire accounts for complex business corporations as well as complete accounts for individuals. This "one-stop" service relieves the insurance customer of many headaches: How much do I need? What kind should I carry? Will one company insure the entire hazard? What should I do if I have a loss?

Over the years this type of agent has had to justify his mode of operation and prove his worth, so to speak, to his customers and his companies. Current trends indicate he is going to be on trial again. For example, the public is requesting more benefits and services as improved socio-economic conditions have aided in the accumulation of property and the extension of leisure time activities. As a result, marketing techniques and products--the insurance policies--are being changed rapidly to meet these demands. Hand-typed policies and statements are becoming expensive when compared with those prepared by new rapid electronic data processing machines.<sup>6</sup> As costs of settling losses have spiraled because of inflationary trends, larger claim frequency,

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<sup>6</sup>Some reports claim improved processing methods will reflect little saving to the insurance buyer because already this cost is small compared to the thousands paid in losses and claims. This is discussed in The Cooperator, Employers Mutual Casualty Company, (June 1957), p. 1.

more expensive property (automobile windshields for example), and higher court judgments, insurance premiums have risen. Finally, the independent agent is also facing an increased amount of keen competition from "captive" and "direct" agents. A recent study indicated that only 5% of the customers of an independent agent would switch to a different agent or company in order to save \$2.00 on insurance costs but that 37% would make that change in order to save \$10.00.<sup>7</sup> With price advertising more prevalent, this has become an important factor in current competition.

All of these factors are causing a critical re-appraisal of the independent agent not only by his customers and his competitors, but also by his companies, his leaders, and himself. Hardly an issue of any insurance trade journal neglects mention of what the future will be for this agent. A central theme seems to be developing: The independent agent can maintain his position by pointing up the differences between his methods and those of his competitors, namely, that he is a professional and independent person who can provide the best coverage, and the finest service, at the fairest cost.

The purpose of this paper is to analyze the agent's own feelings about himself in this period of change. While he is urged to be a professional, does he really see himself in this way? What qualities does he think make for professionalism? Does he identify with

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<sup>7</sup>Bill Stringfellow, "Insurance Tie-Ins," Mutual Review, XXV, (May 1958), p. 10.



recognized professional occupations? The independent agent, faced with new challenge through change, finds himself in an occupation marginal to the professions. Does he see this change? That is, is his self conception changing or to put it another way, has he a well formulated work-image? If he is in a marginal position, with whom does he identify?

### Theoretical Background and Review of Literature

According to Mills, "United States society esteems the exercise of educated skill, and honors those who are professionally trained. . . ." <sup>8</sup> This comment about the professional is not only particularly true in contemporary American society but has probably been true throughout much of man's history. The purpose of this discussion will be to outline some of the attributes and aspects of a professional and professionalism. There is no agreement as to an explicit definition, perhaps because, as one writer quipped: "To define 'profession' is to invite controversy." <sup>9</sup> By the process of describing common characteristics, some notion of what professional signifies can be gained. This discussion will also suggest some reasons why the professional is often in a favored position.

The professional is a man of prestige. The National Opinion Research Center interviewers found that "highly specialized training

<sup>8</sup>C. Wright Mills, White Collar, (New York: Oxford University Press, 1951), p. 136.

<sup>9</sup>Morris L. Cogan, "The Problem of Defining a Profession," The Annals, 297 (January, 1955), p. 105.



and a considerable degree of responsibility for the public welfare appeared to be the chief factors making for job prestige."<sup>10</sup> Coutu has devised a method of determining the relative prestige of professions.<sup>11</sup> His results indicate, as do the results of the North-Hatt scale, a disparity between some professions in terms of prestige. For example, the osteopath is consistently rated below the other nineteen, but nevertheless, has greater prestige than most non-professional occupations.

The United States Census reports for 1950 bear out Mills statement that the professional is usually well compensated for his occupation.<sup>12</sup> Economic well-being alone is often a powerful force in motivating the marginal man toward a professional status. Some students believe that high status is an important ingredient of job satisfaction. In American society, to be satisfied with one's job is a dominant value. Studies have indicated many jobs are not chosen for dollar reward alone but often for the non-economic benefits of the position. In an investigation of the social background of individuals engaged in different occupations, Eicher concluded that high occupational prestige, upward occupational mobility and high social position are directly related to

<sup>10</sup>Cecil C. North and Paul K. Hatt, "Jobs and Occupations: A Popular Evaluation," Opinion News, (September 1, 1947), pp. 3-13.

<sup>11</sup>Walter Coutu, "The Relative Prestige of Twenty Professions as Judged by Three Groups of Professional Students," Social Forces, 14 (No. 4), pp. 523-529.

<sup>12</sup>United States Census Reports 1950, Summary, Table 129.

job satisfaction.<sup>13</sup> Since professional standing can confer these values of high prestige and high social position as well as a greater possibility of job satisfaction along with economic gain, it would appear that marginal occupational groups might attempt to join the ranks of professionals for these reasons.

Perhaps this helps explain the quest for special training and degrees on the part of non-professionals. Repairmen become technicians, painters become decorators, and embalmers become morticians. Most of these people will have received some special training be it in a day's workshop or a two year course. Most will have some certificate to display as a result of the training period. An insurance agent may obtain two such degrees through comprehensive study. The C.P.C.U. degree denotes a Chartered Property and Casualty Underwriter, one who has passed five fairly rigorous examinations based upon one to five years of specialized insurance study. Similar to this is the C.L.U. degree which denotes a Chartered Life Underwriter. Generally these men handle complex business cases and estate planning problems. The scarcity of these degrees may be an indication of the difficulty encountered in obtaining them. A study of men holding these degrees would probably reveal higher than average incomes and identification with recognized professional occupations. A specific example: "The mediocre full time life insurance agent will be squeezed out by the

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<sup>13</sup>Joanne Bubolz Eicher, "Job Satisfaction: Its Relationship to Occupational, Stratification and Community Variables," (unpublished Master's thesis, Michigan State University, 1956).



qualified professional life agents selling to the upper income market"  
 . . . predicts Douglas R. Schoenfeld, C.L.U., superintendent of  
 agencies for the Life Insurance Company of North America.<sup>14</sup>

### Presentation of Objective Criteria

In reviewing the literature, many useable criteria were found for assessing the degree of professionalism attained by any given occupational group. It has seemed logical to speak of degrees of professionalism recognizing that certain occupations may be marginal to the professions since few occupational groups could meet all of the requirements listed by students of the subject. For example, social workers and ministers do not receive high economic compensation. The osteopath has not the prestige of the supreme court justice.<sup>15</sup> Greenwood would place the occupations along a continuum locating the physician, attorney, professor and scientist at one pole; the clerk, skilled craftsman and salesman at the midway mark; and the watchman, truckloader, farm laborer and scrub woman at the opposite pole.<sup>16</sup> In order to determine the position of the insurance agent on such a continuum, it was necessary to identify some characteristics of a profession. For this exploratory study of the local property insurance agent, I have selected four

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<sup>14</sup>This summary of an address by Mr. Schoenfeld appeared in: Best's Weekly News Digest--Fire and Casualty, (February 10, 1958), p. 1.

<sup>15</sup>North and Hatt, op. cit.

<sup>16</sup>Ernest Greenwood, "Attributes of a Profession," Social Work, 2 (July 1957), p. 46.

attributes to designate professionalism. Many of the characteristics of a profession discussed in the relevant literature can be condensed into the following: 1) An organized body of knowledge; 2) Functional competence; 3) An ethical attitude, and 4) Common symbolism.

An organized body of knowledge.

Occupational sociologists generally agree that a professional draws upon an organized body of knowledge. An ordered storehouse of information and techniques is requisite for the increasingly complex decisions being required of the professional. Rigorous and systematic learning prepare him for scientific application of general principles to specific instances. Since most instances are somewhat unique, the professional has to develop through formal and informal study and observation, the technique for recognizing the problem and to select the most appropriate of many solutions which answers the need. The "best" solution implies a rational thought process. Bowen also calls study and research by "disciplined and disinterested investigators and scholars the result of an intellectually based technique."<sup>17</sup> This aspect of professionalism according to MacIver descends from the distinctive training and long apprenticeship that characterized craftsmen of a few centuries ago.<sup>18</sup> A unified body of knowledge based upon

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<sup>17</sup>Howard R. Bowen, "Business Management: A Profession?" The Annals, 297 (January, 1955), pp. 112-117.

<sup>18</sup>Robert M. MacIver, "The Social Significance of Professional Ethics," The Annals, 101 (May 1922), pp. 5-11.



general and special education were attributes of the professional in England, according to a study by Lewis and Maude.<sup>19</sup> Another student, Flexner, noted three criteria of a professional: An educationally communicable technique; a general and special education; and raw materials drawn from science and learning arranged to form an orderly body of data.<sup>20</sup> A commonly used concept to describe this thought is a main point of Greenwood's discussion about the attributes of a professional social worker.<sup>21</sup> Greenwood labels it: systematic theory. Because the skills of a profession flow from and are supported by a fund of knowledge that has been organized into an internally consistent system called theory, Greenwood suggests treatises in legal, musical and medical theory abound while none are found on pipe-fitting or brick-laying. When the material is carefully arranged, the professional, says Parsons, selects the most appropriate solution to the problem by a rational thought process, disregarding traditional or sentimental factors.<sup>22</sup> Thus the professional is ever evaluating his present methods with new approaches. Besides the extensive and intensive preparatory schooling, the professional keeps abreast of changing theory by participating in research projects, seminars and symposia at colleague

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<sup>19</sup>Roy Lewis and Angus Maude, Professional People, (London: 1952) p. 64.

<sup>20</sup>Abraham Flexner, "Is Social Work a Profession," School and Society, 1 (June 26, 1915), p. 904.

<sup>21</sup>Greenwood, loc. cit.

<sup>22</sup>Talcott Parsons, "The Professions and the Social Structure," Social Forces, 17 (May 1939), p. 459.



gatherings. In the interest of science and progress in his own profession, he may conduct original research adding to the fund of knowledge upon which his profession draws. This disciplining of the mind has traditionally been acquired through controlled learning situations including formal schooling and supervised practice. One result of this on-going process is higher standards of education and performance.<sup>23</sup>

#### Functional competence.

Functional competence fulfills the purpose of formal training by executing the skills in an excellent and often unquestioned manner. MacIver calls this a technical interest of the professional as he fulfills the art and craft of the profession.<sup>24</sup> Brandeis suggests the professional improves his methods in order to achieve excellent performance and to eliminate waste and friction.<sup>25</sup> Fulfillment of the art and craft is the practical application of gained knowledge according to Flexner.<sup>26</sup> To the layman functional competence may mean the professional is qualified to perform the task in the very best manner. This is evidenced in comments of laymen such as: "I hired the best

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<sup>23</sup>William C. Beyer, "Ethics in the Public Service," The Annals, 101 (May 1922), p. 153.

<sup>24</sup>MacIver, op. cit., p. 6.

<sup>25</sup>Louis D. Brandeis, Business: A Profession, (Boston: Small, Maynard and Co., 1914), pp. 3-5.

<sup>26</sup>Flexner, loc. cit.

attorney"; "This accountant is outstanding in his field"; or "Our architect is known for exceptional taste and ability to see the job through." The true professional becomes an unquestioned authority. The layman depends upon the engineer's knowledge of stresses and tolerances and relegates a decision in this realm to the engineer. The dentist will determine the existence of caries and the importance of treatment. There is no reason to consider the alternatives because the layman does not know the alternatives or if he did, would be unable to correctly choose the best alternative. Because the professional has proved his competence in the generally correct application of expert knowledge, he creates an aura of unquestioned authority which aids in molding favorable opinion. Because of this recognized competence, he is vested with moral and legal sanctions to insure the maintenance of a "boundary" beyond which the layman may not tread. Therefore, the professional group is allowed to control training schools, to grant or withhold accrediting symbols, organize institutes and hold crucial positions on government licensing boards.<sup>27</sup>

Although the professional per se may be considered an important social figure in non-professional situations, Parsons has noted that his authority is confined to practicing in the given skill.<sup>28</sup> Hence, an accountant is not judged competent to decide on a point of nuclear

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<sup>27</sup>Greenwood, op. cit., p. 48.

<sup>28</sup>Talcott Parsons, The Social System, (Glencoe, Ill.: The Free Press, 1951) p. 457.



theory or a clergyman on a point of medicine. Verification of this in its extreme is the proliferation of medical specialists to the end that the general practitioner becomes acceptable only for routine matters of physical health, referring unusual problems to a specialist.

The degree of competence reached by any professional can be related to the sense of responsibility he feels toward his clients. Generally speaking, it is the personal relationship between the practitioner and the client that firmly fixes the responsibility.<sup>29</sup> On the other hand, the practitioner in the business world may be professional management who's client is a diffuse group such as the stockholders, the market, organized labor or the public. In these situations it is more difficult to perceive responsibility to such distant publics. An analogous situation exists in long established professions with the growth of, for example, giant law firms and great medical clinics.<sup>30</sup> There is, however, a sense of professional responsibility even in these situations that aids in building an ethical attitude on the part of the professional toward his clients.

#### An ethical code.

As the professional relies upon an organized body of knowledge to insure functional competence, his growing sense of responsibility to

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<sup>29</sup>Bowen, loc. cit.

<sup>30</sup>William H. Whyte, Jr., The Organization Man, (New York: \_\_\_\_\_ 1956), p. 4.

those he serves develops into a code of moral commandments for right behavior in his field.<sup>31</sup> Almost every discussion of professionalism mentions the existence of some moral code or altruistic dedication to serving mankind.<sup>32</sup> The Lewis and Maude study sees a moral code as a basis for proper standards of conduct to colleagues and clients.<sup>33</sup> This responsibility toward clients is applied in every case regardless of the particular client or the likes and dislikes of the professional.<sup>34</sup> Parsons calls this quality "affective neutrality."<sup>35</sup> As the professional operates daily, this ethical attitude results in increasingly altruistic motivation<sup>36</sup> culminating in advancement in the particular occupation and greater service to the community.<sup>37</sup> This area is one of spirit and not of form resulting in an intrinsic--versus an extrinsic or economic--interest in the process and product according to MacIver.<sup>38</sup> This professional theology, in order to reach its greatest heights, must be applied in everyday situations.

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<sup>31</sup>A. P. Richardson, Ethics of a Profession, (New York; \_\_\_\_\_ 1931).

<sup>32</sup>Cf. "Ethical Standards and Professional Conduct," The Annals, 101 (May 1922), and 297 (January 1955).

<sup>33</sup>Lewis and Maude, loc. cit.

<sup>34</sup>Bowen, loc. cit.

<sup>35</sup>Parsons, "The Professions and the Social Structure," Social Forces, 17, p. 458.

<sup>36</sup>Flexner, loc. cit.

<sup>37</sup>Brandeis, loc. cit.

<sup>38</sup>MacIver, loc. cit.

The true professional then "weaves the ethical attitude into his moral fabric." It is not that the non-professional, for example, the tradesman or entrepreneur, is not concerned with fair play toward one's fellow associates, be they colleagues or customers, but rather that the professional seems to be charged with greater compliance to sterling codes because of the importance of his responsibilities.

Furthermore, an individual with such intellectual capacity is often expected to know what right behavior is and the value of correct deportment. Not only is there pressure from the public to perform ethically but the professional group makes stringent demands which can be an effective control to insure the reliability of ethical performance.<sup>39</sup> If one member becomes negligent and guilty of malpractice, perhaps others are already doing this. This could easily damage the reputation and begin to gnaw at the monopoly established. Along these lines Greenwood has titled his discussion "A Regulative Code of Ethics" because it is not only a guideline for day to day activity which restricts idiosyncratic behavior<sup>40</sup> but also a persuasive means of redirecting the attitudes of the public and of aspiring professionals.<sup>41</sup>

Most professionals set forth this ethical attitude in a code containing credenda.<sup>42</sup> These codes are, however, found among master

<sup>39</sup>Bowen, loc. cit.

<sup>40</sup>Greenwood, op. cit., p. 49.

<sup>41</sup>Cogan, loc. cit.

<sup>42</sup>Greenwood, loc. cit.

plumbers as well as among attorneys. While one distinguishing factor might be the comprehensiveness of the code--a professional code is more general and thus comprehensive--another distinguishing factor may be the degree of adherence to or the importance of adherence depending upon the amount of responsibility involved. An engineer may have to design an entire bridge from cassion to cable, whereas a master electrician may have only to install the approach lights. The former draws upon his storehouse of knowledge and applies it to the specific problem according to the latest and best methods. The electrician follows exactly the blueprints created by the engineer.

The only traditional profession without an independent code of ethics is that of clergyman--although it is granted various creeds might be considered as such--where ideally the organized body of knowledge, divine revelation through Holy Writ, and the codes, the doctrines, are inseparable because acceptance of one implies the acceptance of the other. Right behavior is the very "stuff" of theory of religion.

Well-established professions have written codes describing right behavior of their members toward the public and amongst colleagues. Sometimes the educational degrees are displayed by the professionals in their offices and the degree serves to notify the public of many other common symbols of the profession. A code of ethics, a diploma or insignia may be such an identifying symbol. There are others.

### Common symbolism.

Common symbolism is another mark of a profession. Some easily recognized symbols have been mentioned, and the list could include unique artifacts representing the high prestige of the occupation. A few are the physician's stethoscope, lawyer's library, clergyman's costume and the pharmacist's mortar and hammer. The professional symbols are more often used and widely recognized than are symbols of other occupational groups. United effort welds each professional's will and skill into a dynamic group power that continually reinforces the knowledge, the ethics and the competence of the individual member. Possession of an approved diploma or degree signifies the acceptance of the new member by the established fellows. He has passed a bar exam, or carries a clergy card, or has A.I.A. (American Institute of Architects) printed on his calling card. Most professionals also share governmental licensing certificates in common. This is in effect a double guarantee to the public that the man has not only met the approval of his colleagues but also of the governmental unit within which he intends to practice. However, it is almost certain that the professional monopoly has set up and maintains the governmental requirements also. The sine qua non for the good professional is his attendance and participation in associational colloquia, institutes and workshops to refresh and increase professional knowledge about recent developments.

Some shared symbols are not as pronounced as those mentioned but upon close observation become apparent. MacIver<sup>43</sup> suggests small scale unit of employment and individual autonomy are often marks of the professional. These marks also are a vestige of the spirit and method of the craft. Of great importance in creating solidarity within a given group are the shared values. Dignity, authority, rationality, confidentiality, truth, responsibility, impartiality are examples. Another concept is career, implying complete involvement in the profession which is dedicated to serving fellow men.<sup>44</sup> Almost every young graduate of a professional school envisions the stereotype of the "Ideal." The "Ideal" embodies all the finest this profession has to offer. Most professions claim to be positive and constructive thereby setting out to prevent disorder to the body, the mind or society. The medical exam detects cancer before it gains headway, the dentist x-rays to locate small caries, the architect improves building efficiency by avoiding problems on the planning board and the attorney prevents dissipation of one's financial accumulation by drafting a careful will. Even work habits are shared because the routine to perform any given task has been learned through arduous training based upon adequate theory to insure functional competence, which is also a shared value.

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<sup>43</sup>MacIver, loc. cit.

<sup>44</sup>Flexner, loc. cit.





### Summary of Professional Criteria

The established professional is able to meet the requirements contained in all four of the criteria. He has accumulated an organized body of knowledge through long, arduous, formal schooling. He fulfills the purpose of this orderly accumulation of knowledge by performing in an excellent manner. He is functionally competent. As the professional draws upon his well-organized information to insure functional competence, he develops a code of right behavior toward those he serves. An ethical attitude is inter-twined with proper learning and competent behavior. Certain symbols follow. A diploma represents his training. A license is proof his methods have met certain standards. A printed code of ethics symbolizes his support of right behavior. These and other recognized symbols are shared by fellow professionals. An occupation may be called a profession if it meets the four above-mentioned criteria.

### The Insurance Agent and These Criteria

The independent agent to a certain extent meets these four criteria of professionalism. The agent must pass the state licensing examination. Most will attend a special training institute besides studying the required manual. A state license is considered only a beginning by many agents. Several companies offer extensive training programs for intensive two or three week periods. Michigan State University presents insurance institutes of three to ten day duration for beginners and experts. Longer courses lasting four to eight weeks are sponsored by

the national agents associations. The C.P.C.U. course takes from one to five years to complete all five examinations. In order to keep up-to-date, many agents subscribe to leading periodicals and bulletins. One "Bible" of insurance men provides current analyses of all insurance contracts including court decisions and verdicts.<sup>45</sup> The agent who keeps abreast of the latest trends uses the most appropriate contract for his client and knows the slight, but important, differences between contracts.

This ability to use the organized knowledge well is what has been termed functional competence. The good agent studies his material so as to fit the contract to his clients needs. In fact, many good agents have proposed desired contracts not formerly available to companies for consideration. Agents are currently making recommendations to improve existing "package" policies.<sup>46</sup> Since the complexities of the individual policies are combined in the new "packages," it is becoming increasingly difficult for the layman to understand his coverages. With many more changes in coverages and policies predicted in even the near future, the layman is going to have to depend more heavily upon the insurance agent's knowledge of insurance agreements and exclusions.

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<sup>45</sup>Fire, Casualty and Surety Bulletins, National Underwriter Company (Cincinnati). This is a large three volume, loose-leaf publication.

<sup>46</sup>"Proposed New Package Dwelling Policy Offered Industry by NAIB," Insurance Advocate (June 21, 1958), p. 4.

The independent agent emphasizes the personal relationship between his policyholder and himself on the one hand by maintaining close contact with the policyholder at time of renewal or settlement of claim, and on the other hand by accepting responsibility for providing the assured with proper coverage against loss. In fact looking after the best interest of the insured is one part of the agent's code of ethics. Along this line, agents have backed safety prevention programs--Fire Prevention Weeks; safe driving movies; engineering and inspection campaigns, and educational programs. Support for these programs also represents an attempt to reduce increasing costs resulting from higher jury verdicts, increased repair costs, etc.

The independent agent also is responsible to his companies and to his fellow agents. With his companies he lives up to the agency agreements, acts in the best behalf of his companies by providing pertinent information about the risks he places with them and he does not abuse the authority granted him. The ethical agent cooperates with his fellow agents by competing on a fair and honest basis by making no false statements or using unfair influence. Many agents recommend the services of a fellow agent if the policyholder already has much of his insurance with that agent. These principles are embodied in the Code of Ethics adopted by the National Association of Insurance Agents in 1928.<sup>47</sup> This code of ethics is displayed by many agents in plaque form in their offices. A visible plaque is one symbol.

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<sup>47</sup>Walter H. Bennett, The History of the National Association of Insurance Agents, (Cincinnati: National Underwriter Company, 1954), p. 191.

Another symbol used by the agents is the Big "I" seal which features this motto: "Your Independent agent serves you first." An intensive national advertising program is making this seal widely recognized.<sup>48</sup> Certificates of attendance at association sponsored training clinics and workshops are also displayed in agents' offices signifying that these agents have refreshed and replenished their knowledge.

These have been a few examples illustrating the extent to which an agent meets the four criteria of professionalism. In each case there are strong tendencies toward professionalism but the occupation of insurance agent is not as well established in terms of all four criteria as professions of long tradition. Perhaps one obvious difference is the amount and kind of formal training. An insurance agent is not required to hold any particular educational degree, be it a regular formal diploma granted by a high school or college or a special degree offered by the occupation. He does need a state license, which is, in great measure, a device used to force awareness of state regulations upon the agent. At this time licensing procedures are not a means of limiting the number of agents. However, in terms of these more or less objective criteria the independent property insurance agent is emulating the professions to a greater extent than before. Because of this change, the occupation

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<sup>48</sup>A copy of the seal may be found in the Appendix.

of insurance agent is in a marginal position between the professions, the direction of predicted change, and sales, the direction from which it came.

### The Problem Reformulated

An occupation may be called a profession if it meets the objective criteria already discussed. There are two other ways. In the first place, a professional could be defined in terms of his public's image. That is to ask: "Is the property insurance agent viewed as a professional by others?" If most people would consider the occupation as a profession, then the occupation meets one test. The answer to this question is beyond the scope of this paper.

Another method, based upon self-image, can be illustrated by this statement: "I am a professional because I see myself as a professional." That is to say when the people in the role see themselves as professionals, the occupation may also be called a profession. The major focus of this research lies here. It would be difficult to attribute professional qualities to a vocational group whose members do not so regard themselves. Variations in work image within the group might be expected, however, in a vocation occupying a marginal position, in this case, marginal to the professions. The Insurance agent, long viewed by himself and by others, as a businessman or salesman, appears to be in the process of emerging as a professional. The remainder of this paper will be concerned with the way the agent currently defines his occupational role.

## CHAPTER II

### A STUDY OF WORK-IMAGE

#### Research Procedures

The research procedures were designed to provide data for analysis of the insurance agent's work image. That is to ask: "What image do the property insurance agents hold of their occupation?" Do they see themselves as professionals, business managers or salesmen? Which insurance agents in terms of factual data--age, educational achievements, economic status--fall in each of the above categories? Lack of consensus in answer to the first question will illustrate that the unsettled status of the insurance agent places him in a position marginal to the professions in terms of identification. Answers to the second question may help identify some factors affecting selection of work-image.

#### Universe

The sample of agents included in this study was selected from two lists made available by the Michigan Association of Mutual Insurance Agents. The first list contained names of members while the second contained names of prospective members. The other main state association, the Michigan Association of Insurance Agents, was also considered as a possible universe. This organization differs from the MAMIA in that these members are alledged to represent only stock insurance

carriers.<sup>1</sup> Many agents hold memberships in both. The stock association list contained only names of members and these members are likely to have larger agencies.

Available publications listing all types of agents were not used because: 1) They were not up-to-date; 2) sometimes no information other than the firm name was listed and this study was designed to survey the opinions of specific individuals; 3) agents other than independent property insurance agents were included. The Michigan Redbook is a case in point.

#### Sampling methods.

The MAMIA has an approximate membership of three-hundred who sponsor a monthly magazine, spring training clinics and a fall convention. Membership campaigns are directed to the second list of seven-hundred agents considered by members of MAMIA to be likely prospects for membership. These prospectives may or may not belong to the stock association, the MAIA. Furthermore the names in the MAMIA lists

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<sup>1</sup>For purposes of this study the basic difference between stock and mutual insurance carriers lies in the distribution of profits and the acquisition of capital. Mutual companies are owned by their policyholders who in turn receive dividends in the form of advance discounts or payments at the end of the policy period. Stock companies acquire capital from stockholders who in turn receive any profit the company makes. A stock company is a corporation organized for profit. Riegel and Miller discuss the advantages and disadvantages of these and other types of insurance carriers in the third chapter of Insurance Principles and Practices published by Prentice Hall, New York, 1949. In years past much rivalry between the two types of carriers was evident. However, new threats of competition for companies, both stocks and mutuals not following the American Agency system may bring a new harmony into being.

represent agents in large and small firms, all communities, and a wide range of such variables as education, age, etc. Every third name was selected from the combined lists for a total sample of 342. The return from the 342 mailed questionnaires was 41.5%. The size of this return decreased the likelihood of a biased sample in terms of mutual or stock companies, old or young agents, new or experienced agents, etc. Each agent in the sample had met licensing requirements by passing a comprehensive examination with a score of seventy-five or higher administered by the State of Michigan.<sup>2</sup> Returns were received from agents connected with large firms and small firms in communities of varying sizes.

Because the names were selected from the lists of the MAMIA, several things important to this study were indicated. First was the agents' belief in the American Agency System. Discussed fully in Bennett's book,<sup>3</sup> such agents represent several companies--in the case of the 300 MAMIA members at least one of the companies would probably be a mutual although not necessarily--operate their own offices, establish their own firm names as independent agents. Excluded were agents representing only one company, direct writers and captive agents, since MAMIA membership is closed to them.

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<sup>2</sup>Only one fifty percent of the applicants pass the test the first time, according to Mr. Watters of the Insurance Department. However, those failing may repeat the exam after a thirty-day waiting period. Many pass the second time however, the form is changed each time.

<sup>3</sup>Bennett, loc. cit.



### Character of the sample.

The typical respondent of this study, the typical agent, was a male, age 37, with somewhat more than a high school education. He has been an insurance agent for fourteen years, he owns his \$60,000 agency and derives the major portion of his \$6,000.00 annual income from property insurance sales. If he has other income it may be from the sale of life insurance or real estate. Although there is only about a fifty-fifty chance that he belongs to an agent's association, the chances are more than two to one that he has some special insurance training in a company school, correspondence course, or agent's institute. But he does not hold the special C.P.C.U. degree. He places half of his business with stock companies and half with mutuals.

The group of agents from whom responses were obtained appears to be representative of independent agents in the state and even the bias of the MAMTA list was not evident--that agents would strongly prefer only mutual companies.

### Nature of the questionnaire.<sup>4</sup>

The final questionnaire was based upon the review of sociological literature, a review of current insurance publications, interviews with insurance leaders and administration of a pre-test questionnaire which aided in focusing the questions more sharply.

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<sup>4</sup>A copy of the questionnaire can be found in the Appendix.

The questionnaire was divided into two main parts: 1) Three questions dealing with work image and 2) Personal information about the respondents. The work image was developed according to how the agent: 1) Saw himself; 2) described his job attributes, and 3) classified his occupation. These three questions were designed to provide a cross-check on the agent's work image. For example, if an agent saw himself as a professional, saw professional attributes as necessary for his job, and placed his job alongside professional occupations, he could be regarded as having a professional work-image with more assurance.

### Findings

#### Nature of work-image.

The results tend to substantiate the basic premise that the insurance agent occupies a position marginal to the professions. There were three major hypotheses tested:

- 1) Because property insurance agents are in a position marginal to the professions, some see themselves as professionals, some as salesmen and some as business managers.
- 2) Some property insurance agents see professional attributes as necessary in order to be a good or a successful agent while others believe being a good or successful agent depends upon non-professional attributes.

There are two sub-hypotheses for this second major statement:

- a) Agents who identify their job as professional will characterize "good" agents with professional attributes more frequently than agents identifying their jobs as sales.

- b) Agents who identify their job as sales will characterize "successful" agents with non-professional attributes more frequently than agents identifying their jobs as professional.

The third major hypothesis is stated:

- 3) If the occupation of insurance agent is in the process of becoming professional but is still marginal to the established professions, some agents will class their occupation with established professions but others will class their occupation with sales and business.

Respondents in this study were asked to evaluate their own job. The first hypothesis suggests that some property insurance agents will see themselves as professionals, some as salesmen and some as business managers. This is likely to be the case since the occupational image of insurance agent is in a period of change wherein the formerly held image of salesman or business manager is being replaced by the new image of professional. Since the change has not been completed, it is expected that some agents will choose each category, there being no group consensus. Such results would support the basic premise that the occupation is in a position marginal to the professions.

The findings depicted in the following table are in answer to this question: "In which one of the following would your job fall? business management, professions or sales."

TABLE I  
DISTRIBUTION OF RESPONDENTS ACCORDING TO WORK IMAGE

Work Image	Number of Respondents (n = 152)
Professional	39%
Sales	26%
Business	23%
Other (No answer or more than one answer)	12%

Although it is possible that the agent may see himself in a still different role or in all three of these roles--they are not mutually exclusive--these appeared to be the most logical choices. The results indicate a slight preference for "professional." Since each category was chosen by a substantial number of respondents, the results show that each of these images is still held. The hypothesis is supported, namely some agents see themselves as professionals, some as salesmen and some as business managers which is consistent with the basic premise that the occupation is in a state of flux and is marginal to the professions.

Factors affecting selection of work-image.

Next the respondents were asked to differentiate between the "good" agent and "successful" agent according to the attributes considered most important in each instance. The second major hypothesis is stated: Some property insurance agents will see professional attributes as necessary in order to be a good or a successful agent while others believe being a good or successful agent depends upon possessing non-professional qualities. Identical checklists were offered below identically phrased questions except for the word "good" or "successful." Five of the ten attributes offered in the check-list were professional while the other five were non-professional, or more precisely, qualities of a salesman. The even-numbered attributes listed were those of professional:

1. Ability to speak effectively.
2. Personally adjusting claims and keeping policies up-to-date.
3. Ability to get along well with people.
4. Knowledge of specific policies.
5. Drive or persistence.



6. Careful analysis of risks--programming.
7. Good personal appearance.
8. Much training and schooling.
9. Persuasive manner.
10. Keeping up with new developments in the field.

Expected results would ally "good" with professional attributes and "successful" with non-professional attributes when viewed in light of these two sub-hypotheses: a) Agents who identify their job as professional will characterize "good" agents with professional attributes more frequently than agents identifying their jobs as sales, and b) agents who identify their job as sales will characterize "successful" agents with non-professional attributes more frequently than agents identifying their jobs as professional.

The respondent was asked to choose three qualities from the ten listed under the question: "Pick the three items from the list you think are the most important attributes of a "good" agent." The responses of the three groups, professional, sales, business, are presented in the table below:

TABLE II

NUMBER OF PROFESSIONAL ATTRIBUTES REQUIRED FOR A "GOOD" AGENT  
ACCORDING TO RESPONDENT'S WORK IMAGE

Score	Work Image		
	Professional (N= 58)	Business (N= 41)	Sales (N= 38)
Number of Professional Responses			
Zero or one	31%	29%	53%
Two or more	69%	71%	47%
	100%	100%	100%

Scores were assigned on a basis of number of professional qualities chosen. A "good" agent is seen as possessing professional qualities by respondents having both the professional and business work-image more frequently than by respondents having a sales work-image. These results are very close to the significant level and are in the predicted direction.<sup>5</sup>

The other sub-hypothesis of the second major hypothesis is stated: Agents who identify their job as sales will characterize "successful" agents with non-professional attributes more frequently than agents identifying their job as professional. The question: "Pick the three items from the list you think are the most important attributes of a 'successful' agent," offered the same ten items listed under the "good" agent question. The purpose of this item was to show that, because of their marginal status, property insurance agents differentiate between attributes associated with being "good" in terms of professionalism and those qualities making for success. The responses are tabulated below in Table III.

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<sup>5</sup>For the difference between agents with a professional and sales work-image,  $x^2 = 3.72$ ; P is approximately .05. For the difference between those with a business and sales work-image,  $x^2 = 4.5$ ;  $P < .05$ . Since there were no attributes of a "good" business manager to choose from, it appears that, in the absence of such choices, agents who see themselves as primarily business men are more likely to attribute "professional" than "salesmen" attributes to the "good" agent.





TABLE III

NUMBER OF PROFESSIONAL ATTRIBUTES REQUIRED FOR A "SUCCESSFUL"  
AGENT ACCORDING TO RESPONDENT'S WORK-IMAGE

Number of Professional Responses	Work-Image		
	Professional (N = 57)	Business (N = 34)	Sales (N = 39)
Zero or one	46%	53%	59%
Two or more	<u>54%</u>	<u>47%</u>	<u>41%</u>
Total	100%	100%	100%

The sub-hypothesis is supported at the five percent level, when the work images of sales and professional are compared.<sup>6</sup> Agents who have the sales work image see the "successful" agent as one possessing non-professional qualities. These two sub-hypothesis support the second major hypothesis that a difference of opinion exists among agents as to which attributes are important to be "good" or "successful."

If the insurance agent were an established professional, no significant differences should exist between "good" and "successful" because a good professional should also be a successful professional. The good doctor is also the successful doctor in that he has a large practice, is well-regarded by colleagues and patients and is economically well-rewarded. But the apparent difference indicated by the support of this second

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<sup>6</sup>  $\chi^2 = 4.40$ ;  $p < .05$ . The difference is not statistically significant when comparing the work-image of professional with business manager probably because the ten attributes did not include those of a business manager. It is interesting to note, however, the shift in emphasis of business-oriented agents in Tables II and III. It appears that this agent is more acutely aware of the difference in the attributes of a "good" and of a "successful" agent.



major hypothesis shows the work-image of this occupation to be not clearly established because, perhaps, of its marginal status.

The third major hypothesis is designed to examine agents' patterns of job identification. This hypothesis is: If the occupation of insurance agent is in the process of becoming professional and is marginal to the established professions, some agents will class their occupation with established professions but others will class their occupations with sales and business. Professionally oriented agents will place their occupation in the ranks of lawyers, social workers, teachers and etc. while the sales and business management oriented will place their jobs alongside of the banker, building contractor, traveling salesman and etc. This divergence of opinion will support the basic premise that the occupation of insurance agent is marginal to the professions. Respondents ~~had~~ eight pairs of occupations from which to choose. One occupation in each pair was that of a professional while the other was non-professional. These choices were selected from the North-Hatt scale to be of similar prestige value in order to hold prestige constant. Scores indicate the number of times the respondent identified with a professional occupation. The distribution is presented in Table IV on the following page.

While the agent who sees himself as a professional is only slightly more likely than the others to identify his occupation with established professions, this apparent confusion in identification may also stem from the marginal position of this occupational role.

TABLE IV

NUMBER OF TIMES AN AGENT CLASSIFIED HIS OCCUPATION WITH A PROFESSIONAL  
OCCUPATION TABULATED WITH AGENT'S SELF-IMAGE

Scores	Work Image		
	Professional (n = 54)	Business (n = 30)	Sales (n = 34)
0 - 2	15%	30%	38%
3 - 5	68%	53%	53%
6 - 8	<u>17%</u>	<u>17%</u>	<u>9%</u>
Total percent	100%	100%	100%

The results of the test of these three major hypotheses support the basic premise that the occupation of insurance agent is not only marginal to the professions in terms of the objective criteria outlined but is also marginal in terms of the lack of consensus existing in work image. This lack of clarity in role definition was manifest in how the agent saw himself, described his job attributes and classified his occupation.

#### Factors affecting selection of work image.

Next, a further breakdown of the data will be presented to suggest some factors affecting the selection of the professional work image. In these findings the three groups identified in hypothesis one will be tabulated with the personal information given by the respondents.

The first variable to be examined concerns the effect of age upon identification with professional occupations. Here is the hypothesis: Young agents are more apt to see themselves as professional than are

older agents. Young agents have had greater opportunities for professionally-oriented training. A professional acquires an organized body of knowledge through training. Young agents have been exposed to the recent quest for professional status without having established a work-image through experience on-the-job. The following table represents the effect of age upon identification.

TABLE V  
EFFECT OF AGE UPON AN INSURANCE AGENT'S WORK IMAGE

Age Group	Work Image	
	Professional (n = 57)	Sales (n = 41)
Young (ages 21-40)	46%	21%
Old (ages 41-86)	<u>54%</u>	<u>79%</u>
Totals	100%	100%
$\chi^2 = 5.87, p < .02$		

Age is an important variable. The hypothesis is supported at the two-percent level. Of those who saw themselves as professionals in this survey, young and old agents were equally represented but of those who saw themselves as salesmen only 21% were young agents whereas 79% were old agents. This suggests that an insurance agent over a certain age range is likely to have established himself as a sales person perhaps back in the days when insurance agents were not concerned with professionalization. It may be expected that future generations

of insurance agents will more strongly identify with professionals according to this finding.

Related to the age variable is the effect upon work-image of the length of time one has been in an occupation. The hypothesis: Agents who have recently entered the occupation of insurance agent will be more likely to see themselves as professionals than those who have been an agent for a number of years. In this case it could be expected that the established agent would have developed his work-image prior to the current concern with professional status. The following table depicts the effect of length of service upon an agent's work-image.

TABLE VI

## EFFECT OF LENGTH OF SERVICE UPON AN AGENT'S WORK-IMAGE

Work-Image	Years of Service	
	1 to 12 (n = 53)	13 or more (n = 45)
Professional	62%	53%
Sales	<u>38%</u>	<u>47%</u>
Totals	100%	100%

The findings are in the predicted direction but the difference could occur by chance. Some agents, who had just entered the insurance vocation, were in their forties or fifties while some respondents in this study were only in the middle thirties although they had been agents for thirteen or more years. One explanation may be that job image is formed, in part, before recruitment and whether an agent has just

entered the occupation or has been in it a long time does not change his image.

A third variable, education, may be examined in relation to this hypothesis: The more formal education an insurance agent acquires, the greater is his tendency to see his occupation in terms of a professional work image. Two sub-hypotheses logically ensue:

- 1) The greater amount of specialized training he obtains, the greater is his tendency to see his occupation in terms of a professional work-image.<sup>7</sup>
- 2) Attainment of the occupation's recognized degree, the C.P.C.U.<sup>8</sup> is likely to positively affect the agent's choice of a professional work-image.

The findings regarding education are especially pertinent to the theoretical background of this paper. According to the theory presented, education should have an important bearing upon the development of professionalism by the property insurance agent. Therefore, the following tables (VII and VIII, on page 40) have been carefully analyzed in several ways.

While the proportion of the professionally oriented group with college training was greater than in the sales oriented group, the agents with the highest proportion of college training were those who saw themselves as business managers. Since much of this formal education

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<sup>7</sup>This has been discussed in the first chapter of this paper. Specialized training includes participation in training clinics, correspondence courses and conferences.

<sup>8</sup>Discussed more fully in the preceding chapter, very few agents ever complete all five parts of the Chartered Property and Casualty Underwriter examination.





TABLE VII

THE EFFECT OF FORMAL EDUCATION UPON WORK-IMAGE ACCORDING  
TO THE LAST SCHOOL GRADE COMPLETED

Last School Grade Completed	Work-Image		
	Professional (n = 58)	Business (n = 37)	Sales (n = 39)
0 - 12th (n = 67)	50%	43%	56%
13th - 19th (n = 65)	<u>50%</u>	<u>57%</u>	<u>44%</u>
Totals	100%	100%	100%

TABLE VIII

WORK-IMAGE OF AGENT TABULATED ACCORDING TO  
PARTICIPATION IN SPECIALIZED TRAINING

Training	Work-Image		
	Professional (n = 58)	Business (n = 34)	Sales (n = 41)
Have training	81%	74%	66%
Have no training	<u>19%</u>	<u>26%</u>	<u>34%</u>
Totals	100%	100%	100%

for all groups was probably not specifically insurance training, it might be hypothesized that specialized training is more apt to produce a professional work-image.

The work image of respondents in this survey does not seem to be highly correlated with special insurance training although the findings are in the predicted direction. The nature of both education and

specialized training for the occupation of insurance agent is different from training for the established professions. The training in the case of the insurance agent is not directly related to the governmental licensing requirements and finally from a pragmatic viewpoint, an agent does not have to have this training in order to function as an agent. These reasons may account for the fact that neither formal education or specialized training affect the work-image of the insurance agent significantly. However, since there is a high degree of participation in specialized training some value must be seen by the agents. It could be that an agent is regarded more highly by his fellow agents and policyholders if he has acquired some training certificates. Specialized training may become an important means of meeting competition.

The second sub-hypothesis cannot be proved or disproved by the findings of this study. Only five of the 152 respondents were Chartered Property and Casualty Underwriters. The number is too small to consider an inference and the group is too heterogeneous to even allow a logical guess. In addition to the rationale provided by the theoretical background, this question was included because several of the current articles in insurance journals citing the need or value of professional agents were authored by C.P.C.U.'s.<sup>9</sup>

The next hypothesis was designed to test the effect of membership in an occupational association upon work-image since established professional occupations have associations of colleagues.

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<sup>9</sup>Such men usually have the letters C.P.C.U. following their name not only in magazine articles but also on their calling cards.

Specifically stated: Membership in a local, state, or national association is a mark of the professional agent.

TABLE IX

## NUMBER OF AGENTS REPORTING ASSOCIATIONAL AFFILIATION

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Member	_____	86
Non-member	_____	60
No answer	_____	6

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(n = 152)

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A cross-tabulation of association membership with work-image does not produce significant differences. One possible reason this hypothesis was not supported could lie in the function of the agents' association. If the association is not seen by the agent as being primarily a professional organization but as a restrictive device for securing additional business,<sup>10</sup> this finding may be understandable. Even though the national association has a code of ethics, sponsors special training schools, forums and clinics, it may be that the agent belongs mainly because of its advertising schemes, group insurance benefits and political lobbying. Because this factor did not show a systematic relationship to a professional work-image, it must be obvious that association

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<sup>10</sup>Local associations are often formed in order to secure the entire insurance account of municipalities, schools, etc., the profit being divided between association members or used for association purposes, namely, advertising. The newspaper advertisements of a local Michigan City are so funded. See the Appendix for a sample.

membership alone is not an indication of professionalization of this occupation.

The next hypothesis concerns the relationship between former occupation and present work-image. The question, "Write the job you had before becoming an agent," is based upon this hypothesis. Agents who were engaged in non-professional occupations and moved into an occupation marginal to the professions might be expected to see the new occupational image as that of a professional. Conversely, those former professionals who moved into an occupation marginal to the professions, in this case insurance agent, would be less apt to see the new occupation as professional but rather as non-professional. For example an attorney who terminates his practice in favor of becoming an insurance agent would be less apt to see the new occupation as professional because he does not see it meeting the standards of his former occupation. By the same token, a student who pursued a business administration course in college with the goal of becoming an insurance agent might very well see the insurance agent as a professional due to the special training he feels he has undertaken. But a fellow student, who has aspired to become engineer, teacher, or architect and instead took a position marginal to the professions may be less likely to see his work-image as professional since only the criteria associated with the established professions are acceptable. Not only will work-image be affected, but loss or gain of prestige will be correlated with movement to or from a profession. The person who moves down the ladder of prestige will tend to form a new work-image, non-professional in

nature. This may be true inasmuch as most professional occupations are prestigious. Since the two variables, professionalism and prestige are closely related, movement away from either could affect one's work image. In addition to these findings, data on former occupations might show some recruitment pattern.

Utilizing the 1950 census report as a basis, three categories were chosen: 1) professional, 2) marginal, 3) non-professional. Examples of professionals are: teacher, pharmacist, engineer, draftsman, accountant, etc. Listed as marginal are: manager, purchasing agent, underwriter, bookkeeper, realtor and other similar occupations. Non-professional would include: bricklayer, auctioneer, finance collector, shoecutter, tool inspector and bus driver. The following table summarizes the effect of former occupation upon selected work-image.

TABLE X

## FORMER OCCUPATION OF RESPONDENTS RELATED TO WORK-IMAGE CHOSEN

Former Occupation	Work-Image		
	Professional (n = 50)	Business (n = 29)	Sales (n = 38)
Professional	11%	31%	21%
Marginal	26%	41%	28%
Non-professional	<u>63%</u>	<u>28%</u>	<u>51%</u>
Totals	100%	100%	100%

The above table indicates some leaning in the predicted direction by non-professionals but because the number of respondents in each of

the categories is small and the differences are not large, the results are not conclusive.

If the occupation of the insurance agent represents a gain in prestige, then the newcomer is more apt to regard his job as that of a professional. On the other hand, if the respondent lost prestige by becoming an insurance agent, he will be less likely to see his occupation in terms of a professional work-image. Former occupations were given a prestige rating according to the North-Hatt scale and compared with the respondents work-images. Movement from these occupations was regarded as a loss of prestige: engineer, draftsman, farmer, school teacher, accountant, bank manager, store owner, and mortician to name a few examples. No change in prestige was noted if the former occupation was: salesman, bookkeeper, special agent for an insurance company, bank teller, real estate salesman, auctioneer. Finally, a gain in prestige was recorded for those whose former occupation was that of: tool inspector, warehouse clerk, factory worker, store clerk, patrolman, steamfitter, carpenter and finance collector. The following table tabulates change of prestige with work-image of respondents selecting professional or business. (Table XI, page 46.) Findings from this study indicate those who move up the prestige ladder are more apt to select a professional work image for the new occupation, in this case the insurance agent, when the work-images of professional and business were compared. Findings are not significant when the work image of professional is compared with sales. This may be due to the fact that those who are gaining in prestige as they assume the role of insurance



TABLE XI

CHANGE OF PRESTIGE RELATED TO WORK-IMAGE OF 76 RESPONDENTS  
SELECTING EITHER A PROFESSIONAL OR BUSINESS WORK-IMAGE

Change of Prestige	Work-Image	
	Professional (n = 48)	Business (n = 28)
Loss	40%	57%
No change	29%	36%
Gain	<u>31%</u>	<u>7%</u>
Total	100%	100%
$\chi^2 = 6.07; p < .05$		

agent heretofore have seen only two work-image possibilities for an insurance agent, namely, that of professional or salesman, and therefore few of these who made prestige gains chose business management as a possibility. That this choice was neglected by respondents gaining in prestige is illustrated in this table.

TABLE XII

WORK-IMAGE OF THOSE GAINING PRESTIGE

Professional	15
Business management	2
Sales	9
(n = 27)	

The reverse is not borne out. Of those who lost prestige by becoming an insurance agent, almost an equal number chose each of the



three work images. The following table indicates that those losing in prestige saw all three work-images as logical choices.

TABLE XIII  
WORK-IMAGE OF THOSE LOSING PRESTIGE

Professional	19
Business management	16
Sales	18
	(n = 53)

The next hypothesis concerns the relationship between percentage of income earned from insurance activities compared with work-image. It might be expected that agents who identify their job as professional derive a larger percentage of their income from insurance than those who identify their job as business or sales. In other words, because the professional agent devotes his whole time and energy to his vocation he therefore receives the major portion of his income from insurance. The data are shown below.

TABLE XIV  
PERCENTAGE OF INCOME DERIVED FROM INSURANCE BY  
RESPONDENTS ACCORDING TO WORK IMAGE

Percent of Income Earned from Insurance	Work-Image		
	Professional (n = 58)	Business (n = 34)	Sales (n = 38)
100-85	41%	41%	47%
84-50	40%	38%	37%
49-0	19%	21%	16%
Total	100%	100%	100%

These data suggest that there is no relationship between income and work-image. It is just as possible for the part-timer to regard his activity in insurance as professional as it is for the larger producer. Amount in terms of income alone does not seem to relate to the work-image of these respondents.

However, when the next variable size of agency,<sup>11</sup> is tabulated with work-image the findings are different. Size of agency is directly related to agents identification of his job as being professional. The simple distribution of the sample in terms of size of agency follows:

TABLE XV  
NUMBER OF RESPONDENTS ACCORDING TO SIZE OF AGENCY

Number	Size
43	\$15,000 to 30,000
64	\$60,000 100,000
19	\$200,000 400,000 or more
(n = 126)	

The cross-tabulation with work-image is presented in the table on the following page. In the small agency, \$15,000 to \$30,000 premium volume, all three images are about equally represented with a slight

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<sup>11</sup>Size of agency is determined by premium dollars collected by the agent and not by the amount of insurance in force. Oddly enough, this variable is peculiarly related to the percentage of income an agent derives from insurance activities because the larger agency requires more of the agent's time.

TABLE XVI  
SIZE OF AGENCY RELATED TO WORK-IMAGE SELECTED

Agency Size*	Work-Image		
	Professional (n = 57)	Business (n = 43)	Sales (n = 37)
\$15,000 to 30,000	25%	33%	41%
\$60,000 to 100,000	65%	34%	38%
\$200,000 or more	10%	33%	21%
Totals	100%	100%	100%

\*A rule of thumb may be used to gain an idea of an independent insurance agent's annual salary. Ten percent of his total premium volume equals his salary before taxes but after his business expenses. A \$60,000 agency would produce about a \$6,000 salary to the agent besides paying his rent, supplies and part-time secretary.

preference for the sales image. In the medium sized agency, \$60,000 to \$100,000 premium volume, the image of professional is most likely to be found. The image of business manager seems to predominate in the very large agency doing over \$200,000 in premium volume annually. It may be that the agent of a medium sized agency, struggling hardest to make a go of his business, struggling because he can no longer keep a second occupation and yet is not large enough to not work day and night, uses a professional tag as an aid to increased sales, or finding he needs a great deal of added information in order to keep his agency at the break-even level, surrounds himself with the newest study helps.



## CHAPTER III

### SUMMARY AND DISCUSSION

In this study, an attempt was made to explain the position of the insurance agent, a position marginal to the professions. Specifically an occupation may be called a profession if it **meets** the four objective criteria presented and if its members hold a professional work-image. The four criteria used were: 1) An organized body of knowledge; 2) Functional competence; 3) An ethical attitude, and 4) Common symbolism.

Three questions were developed to probe the work-image agents currently hold of their occupation. Briefly stated, three focal hypotheses guided the study: 1) The agent will see himself as a business manager, professional or salesman; 2) The agent will differentiate between those attributes making for success and those considered necessary for being a good agent, and 3) The agent will sometimes class his job alongside established professions and other times alongside other occupations.

The research instrument, a mailed questionnaire, was returned by 41.5 percent of 342 agents sampled from the records of the Michigan Association of Mutual Insurance Agents.

The first hypothesis was supported; namely, that some agents do see themselves as business managers, some as professionals and some as salesmen. There was a slight preference for the professional work-image.

To test the second hypothesis, two identical check-lists of job attributes, in terms of being a good or a successful agent, were employed. The sub-hypotheses, that a good agent will be seen as possessing professional attributes and that a successful agent will be seen as possessing non-professional attributes were tabulated with the work-image agents had chosen. The observed differences were in the predicted direction and in the first case, the findings approached significance while in the second case, significance at the five-percent level was reached.

The lack of consistent identification with professional occupations supports the third hypothesis and suggests the marginal status of the property insurance agent.

Information regarding who selected which work-image was provided in this study by cross-tabulating the work-image selected with personal information given by respondents. Variables were age, length of service, education, association membership, former occupation, income and size of agency.

Young agents were found to be more professionally oriented than older agents. The length of time one has been an agent was not found to be significant in terms of preference for a work image. Formal education and specialized training were not significantly related to professional work-image although the results were in the predicted direction. Membership in an insurance association was not found to be a variable affecting an agents work-image.

Former occupation was measured in light of its effect upon work-image in terms of loss or gain of prestige. Former occupations as listed by respondents were ranked according to the North-Hatt scale. Findings at the significant level indicate those who gained in prestige were more apt to select a professional work-image. But those who lost prestige by becoming an agent saw all three images as logical choices.

Analysis of the next variable suggested that the percentage of income an agent derives from property insurance activities does not affect professional work-image. When the size of agency was tabulated with work-image, these findings indicated that a professional work-image predominated in medium-sized agencies while a business manager image was more likely in larger agencies.

This summary of findings suggests that this area may be profitable for further social scientific research. The general sociological conclusion based upon this study of social variables related to professionalism is that in an occupation approaching professionalism there is partial acceptance of a new work-image and attempts are made to secure this new image through attainment of certain goals. It may be premised that efforts to acquire such general factors as an approved education, functional competence, ethical standards and shared symbols are basic to earning professional status. In terms of this study, those agents who were younger, had more education and owned a medium-sized agency were most likely to choose a professional work-image. Those who were climbing the prestige ladder also saw the occupation

of insurance agent as professional. But the lack of group consensus on these issues found by this study supports the basic premise that the occupation is in a position marginal to the professions.

There is little known about the process through which an occupation becomes a profession. This is due in part to the difficulty in gathering social scientific data in an era of rapid social change and due also in part to the lack of adequate theory. Much has been postulated as to what a profession should be, but little has been proven empirically regarding what actually constitutes professional status.

Problem areas which arose during the course of this study will be of interest to the sociologist. Like most original research, it was difficult to foresee all the aspects of the problem and impossible to test them because the scope of this study had to be limited.

It was quickly learned through the use of a pre-test questionnaire that busy men will not answer the lengthy schedules a social scientist would prefer. The difficulty of measuring degrees of attitude in a condensed questionnaire is great. The bias of a selected universe necessary for procedural reasons is always of concern.

Further research could anchor the effects of job recruitment methods upon professionalism. It may determine whether length of service in an occupation has any bearing upon work-image. Another study might show that job requirements in terms of formal education are more important in formulating a professional work-image than are job benefits such as income. The cases of minister or social worker are illustrative.



Whether the quest for professionalism among insurance agents is driven by public expectation and/or by competition should be answered in future studies.

A more complete theory backed with refined research tools may be required to help answer some of these questions.

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## APPENDICES

## APPENDIX I

### Advertisements

These advertisements either mention the word professional outright or alude to professionalism. There are many examples of these advertisements in insurance journals. Now even better examples as far as this study is concerned are currently appearing in popular national magazines such as Life, Saturday Evening Post, and Reader's Digest. Tie-in advertisements are sponsored by local agents in home-town newspapers. Besides the printed work national television programs--The Jack Benney Show and Dave Garroway's Today--promote the independent agent in a manner suggesting his professional character.

**NUMBER ONE IN A SERIES ON "UNDERSTANDING INSURANCE"**  
*(Reprints available in folder form)*

## Agency Service

Insurance protection as we know it today in this country would not be possible without the services of the independent local insurance agent. In some communities property owners would be able to obtain protection only with difficulty.

The local agent must be many men in one. He must be, first of all, a merchant. He operates what is essentially a department store of coverages. From his wide inventory, he must be able to select the precise coverage the purchaser needs—anywhere, any time.

The local agent must be a counselor. He must analyze many complex factors and develop custom-tailored protection for his clients, promptly and economically.

The local agent is a trustee of the insurance buyer's interests. He must be an alert, dependable spokesman for those interests when a loss occurs. And the companies he represents respect this trusteeship.

Because he is independent, committed financially to no single organization, the local agent can advance his clients' interests vigorously and boldly at all times.

Agency service means that the insurance buyer's protection needs will be handled efficiently, economically and with complete integrity.

## THE LONDON GROUP

**THE LONDON ASSURANCE • THE MANHATTAN FIRE & MARINE  
GUARANTEE INSURANCE COMPANY**

*Executive Office*

**55 JOHN STREET, NEW YORK**

*Regional and Branch Offices*

**SAN FRANCISCO • LOS ANGELES • CHICAGO • INDIANAPOLIS  
RICHMOND • LANSING**

**Do as four out of five home owners do. Look for this seal — and buy your insurance through your professional, independent agent.**

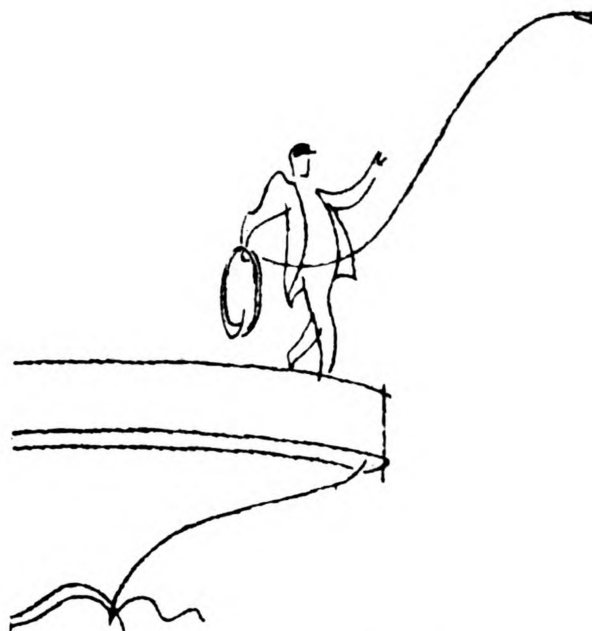


## **He thought any insurance was "Good Enough"**

He bought his home back in 1948. A friend said to him at the time, "Be sure and talk with an independent agent before you buy insurance." But he supposed that any insurance was good enough, and he ignored his friend's advice.

Last February his house burned. That was when he discovered the shocking truth. *His insurance covered only the 1948 value of his house!* His friend's home is fully insured—for its *present* value. Why? Because a local independent agent has periodically pointed out that the value of property changes—that rebuilding a house today would cost twice as much as in 1948.

Your independent agent is a trained insurance specialist. He sees to it that you always have the *right* protection. He suggests that you increase or decrease your insurance as your property's value changes. And when you have a claim, he takes care of all bothersome details and helps you collect.



### U.S.F.&G. AGENTS

This is one of a series of advertisements appearing in *THE SATURDAY EVENING POST*, *TIME* and *NEWSWEEK* ... designed to increase your prestige with the insuring public.

**T**he leadsman on the old-time river boat was chosen with care.

The safety of everyone on board depended on his soundings.

Today, when you depend on insurance for protection

... SELECT AND  
CONSULT AN INDEPENDENT  
INSURANCE AGENT OR  
BROKER AS YOU WOULD  
YOUR DOCTOR OR LAWYER



**U.S.F. & G.**

Casualty • Fire Marine  
Insurance • Fidelity  
Surety Bonds

U.S. Fidelity & Guaranty, Inc., 100 Broadway, New York 20, N.Y. U.S. Fidelity & Guaranty, Inc., 100 Broadway, New York 20, N.Y. U.S. Fidelity & Guaranty, Inc., 100 Broadway, New York 20, N.Y.

**FOR THE BEST  
CAR AND HOME  
INSURANCE**

**YOUR** *Insurance* **I** *ndependent* **AGENT**  
"SERVES YOU FIRST"

**Look for This Seal of Your INDEPENDENT INSURANCE AGENT**

It tells you that you are dealing with a professional insurance specialist who is free to recommend the car or home insurance that provides the best protection for you.

● *REMEMBER . . . You're a Neighbor, Not a Number  
to Your Hometown Independent Insurance Agent  
CONSULT ANY MEMBER LISTED BELOW*



**Ammon-McBride & Moore**

**C. L. Fratcher Agency**

**Hacker-King-Sherry**

**Ene M. Helms Agency**

**Henkel-Boyd Agency**

**Houck Insurance Agency**

**J. W. Hubbard Agency**

**John Jacobs Agency**

**J. P. Kittel Agency**

**Lansing Insurance Agency**

**J. P. Leatherman Agency**

**Lebuda-Simons Agency**

**Mourer, Inc.**

**J. Riley Olds Agency**

**John J. Rose Agency**

**Shinberg Insurance Agency**



**A. A. Smith Insurance Agency**

**McKnight & Lyman Agency**

**Les Stanton Agency**

**Stratton Insurance Agency**

**C. Bart Tenny Agency**

**Ray Throop Agency**

**Tibbetts Insurance Agency**

**R. A. Watson Agency**

**Wolf Insurance Agency**

**Ben P. Stratton Agency**

**Hayes Insurance Agency**

**Bernard J. Burns Agency**

**O. C. Davenport Agency**

**Hesley Insurance Agency**

**Maynard Reed Agency**

**Grover Pearson Insurance**

**Doty-Lourin Agency**

This advertisement is in co-operation with our national and local outdoor advertising

*Buy Your Insurance the American Way, Through the American Agency System*

## APPENDIX II

### The Questionnaire

You are in a special position to provide important information to help complete a scientific survey. Your opinions will be combined with other insurance agents. After you have marked your choices, use the addressed and stamped envelope to mail the survey to me.

You do not need to give me your name and address. Write me if you wish a copy of the results. I am undertaking this project at Michigan State University for my Master's Degree.

First of all, would you describe some of the characteristics of your job? Pick the three items from the list you think are the most important attributes of a GOOD agent. Check ✓ three.

- ( ) Ability to speak effectively.
- ( ) Personally adjusting claims and keeping policies up-to-date.
- ( ) Ability to get along well with people.
- ( ) Knowledge of specific policies.
- ( ) Drive or persistence.
- ( ) Careful analysis of risks--programming.
- ( ) Good personal appearance.
- ( ) Much training and schooling.
- ( ) Persuasive manner.
- ( ) Keeping up with new developments in the field.

Now would you pick the three items from the list you think are the most important attributes of a SUCCESSFUL agent? Check ✓ three.

- ( ) Ability to speak effectively.
- ( ) Personally adjusting claims and keeping policies up-to-date.
- ( ) Ability to get along well with people.
- ( ) Knowledge of specific policies.
- ( ) Drive or persistence.
- ( ) Careful analysis of risks--programming.
- ( ) Good personal appearance.
- ( ) Much training and schooling.
- ( ) Persuasive manner.
- ( ) Keeping up with new developments in the field.

(continue on the other side please)



Almost all occupations have some things in common. Although none of the following are directly related to your job, please choose one occupation in each pair of occupations which is most similar to your job. Choose one in each set.

1. ( ) Bookkeeper or ( ) Traveling salesman for a wholesale firm.
2. ( ) Owner-operator of printing shop or ( ) Newspaper columnist.
3. ( ) Banker or ( ) College Teacher.
4. ( ) County agricultural agent or ( ) Farm owner and operator.
5. ( ) Member of a board of directors of a corporation or ( ) Lawyer.
6. ( ) Public school teacher or ( ) Building Contractor.
7. ( ) Owner of small factory or ( ) Accountant for large business.
8. ( ) Welfare worker for city government or ( ) Manager of small store.

Here is the final area of questions.

1. What is your age? \_\_\_\_\_
2. Circle the last grade you completed in school:
  - a. 1 2 3 4 5 6 7 8 --- 9 10 11 12 --- 13 14 15 16 --- 17 18 19  
           GRAMMAR                      HIGH SCHOOL                      COLLEGE                      GRADUATE
  - b. Have you had insurance schooling like Company Schools, Correspondence courses, University institutes, etc.? ( ) Yes or ( ) No.
  - c. Are you a C.P.C.U.? ( ) Yes or ( ) No.
3. Do you belong to a local, state or national insurance agents association? ( ) Yes ( ) No.
4. a. How many years have you been an insurance agent? \_\_\_\_\_  
 b. Write the job you had before becoming an insurance agent: \_\_\_\_\_  
 c. How many different jobs have you had in the last ten years? \_\_\_\_\_
5. a. Approximately what percent of your income do you derive from property insurance? \_\_\_\_\_ %  
 b. What other main source of income do you have, if any? \_\_\_\_\_
6. Please check the approximate size of the agency you are with:  
 ( ) \$15,000. ( ) \$30,000. ( ) \$60,000. ( ) \$100,000. ( ) \$200,000.  
 ( ) \$400,000. or more.
7. What percent of your business do you place with stock companies? \_\_\_\_\_ %
8. Do you own the insurance agency you are with? ( ) Yes or ( ) No.
9. In which one of the following would your job fall?  
 Choose one: ( ) Business management. ( ) Professions. ( ) Sales.

Thank you for helping. Mail the questionnaire directly to me in the addressed and stamped envelope provided. George Bubolz, Jr., 624 Evergreen, East Lansing, Michigan.

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31 Sep 57

Circulation dept.

28 Sep 59

Leray 12/11/61

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