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# THE STUDY OF INSURANCE IN AMERICAN UNIVERSITIES

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The study of insurance in our higher institutions of learning must be viewed as marking a step in that new educational movement, which aims to provide for the training of future business men and which has led to the introduction in practically all American universities of numerous courses in highly specialized branches of business, industry and trade, which, until recently, were regarded as outside the range of college studies. In fact, so rapid has been the introduction of courses in insurance in American universities that one is prompted to ask the reason why. The answer is not far to seek. On the one hand, few fields of industry have enjoyed such marvelous growth during the last twenty-five years as the insurance business. Indeed, insurance may be justly said to have become one of the foremost enterprises of the age, more persons being directly interested financially in this institution today than in any other. According to recent estimates, exclusive of the vast business written by fraternal beneficiary associations and local mutual fire companies, the amount of insurance in force in the United States reaches the enormous total of \$50,000,000,000, held by approximately 20,000,000 citizens, who pay annually \$1,000,000,000 in premiums and receive annually in return about \$800,000,000.<sup>1</sup> From small proportions a quarter of a century ago American companies have grown until they now possess the gigantic sum of about \$3,000,000,000 in assets, and furnish permanent employment, it is estimated, to about 200,000 persons.

But the remarkable increase in the magnitude of the business is not alone responsible for making the subject of insurance a part of the curriculum of the most influential American universities. It

<sup>1</sup> Majority report of the Committee on Insurance Law, presented at the meeting of the American Bar Association, August 24, 1905.

remains to be noted that among the various types of business, probably none requires greater specialization and a more varied training than insurance. Few fields of industry make greater demands upon the individual for system, power of initiative, and ability to cope with new and untried problems,—all of which qualities can be greatly strengthened by taking a course of study calculated to develop the same.

Turning to the various departments of an insurance company it appears that each requires special training. The actuarial department makes necessary the highest mathematical training. The statistical department requires that the data be correctly tabulated, and above all, that it be correctly interpreted. The investment department makes essential a knowledge of the relative merits of securities as regards their safety and earning power, a knowledge of the money and security market, as well as a thorough understanding of elementary mathematics, economics and finance. Those employed as underwriters will, more and more, be obliged to explain in detail the meaning of the numerous types of policies they sell, and be able, moreover, to offer that contract among the many types that are sold, which is best suited to their customer's needs.

Illustrations like these might be indefinitely enlarged upon to show that the insurance business requires great specialization and varied equipment, and that the prospective candidate for the business would do well to first get the advantages in training which a university offers. This fact has been fully recognized by the ablest managers of many insurance companies. In fact many of the large insurance companies have found it desirable to educate their employees through lectures, manuals of instruction and the like. As Mr. L. G. Fouse, President of the Fidelity Mutual Life Insurance Company, so aptly stated in a lecture before the University of Pennsylvania last year: "The underwriter in life insurance is supposed to have become an expert in the business of life insurance to a degree that enables him to select the contract best suited to the needs of a prospective applicant, and to act, therefore, in an advisory capacity and assume responsibility to that extent. In my opinion, in a comparatively short time life underwriting will be distinctly recognized as a profession; and through either the universities or various life underwriter associations, degrees of competency should be conferred. The interests of the profession should be as

jealously guarded and promoted by its members as are the interests of the legal, medical, or any other of the professions. . . . In our own country courses of insurance, as is well known, have been established in the University of Pennsylvania, at Yale, Michigan, Wisconsin, and in a number of colleges. Some of the life companies have made a specialty of summer schools of instruction in life insurance, which the graduates of our universities and colleges have been invited to attend. In recent years, the agency system has been strongly reinforced by graduates of our institutions of learning. Many of these have taken a conspicuous and prominent part in the field work and have been very successful. In fact, the progress of the business, its professional character, the sharp competition which prevails, the various intricacies that must be mastered, have made the field infinitely more inviting to the men with a trained and disciplined intellect than to the man of limited education.”<sup>2</sup> Again we find Senator John F. Dryden, President of the Prudential Insurance Company of America, asserting that “There is an increasing demand in insurance, not only for men of energy and ability, possessing integrity, tact and perseverance, but also for specialists, to bring to higher perfection the numerous minor departments for the investigation of facts and forces beneath the surface of everyday business experience. The demand for young men of exceptional ability is out of all proportion to the available supply, and there is abundant opportunity for the profitable employment of large numbers of college-bred men, or men of higher education, who are practically certain, other things being equal, to make a greater success in the field of insurance than in any other branch of commercial enterprise.”

But the study of insurance in our universities should by no means be confined to those who intend to pursue that profession. On the contrary it should be included in the curriculum of every school of commerce and finance as constituting a part of the general business education of those who intend to enter the banking, transportation, manufacturing or mercantile business, and who will thus become buyers of insurance, or be obliged to deal with it as creditor or otherwise. It requires little proof to show that insurance in its various forms (life, fire, marine, accident, em-

<sup>2</sup>“Insurance.” Volume of papers on Insurance, p. 66 *Annals of the American Academy of Political and Social Science*, Philadelphia, September, 1905.

ployer's liability, fidelity, title, credit, etc.) fundamentally underlies all business, and is inseparably interwoven with our whole commercial life. Without fire insurance credit would practically be impossible and commercial transactions would have to be limited to the extent of the individual's capital. With the use of fire insurance as collateral, however, the merchant, broker or property owner may secure credit at cash prices, from the wholesale dealer or banker to four or five times the extent of his capital. It is interesting to note in this connection that over 95 per cent. of the world's business, it is estimated, is thus done on credit. Cargoes shipped from America to Europe, for example, may be balanced by European cargoes shipped to the Orient, and these in turn balanced by Oriental cargoes shipped to America,—a series of transactions based on credit and made possible only by a guarantee of indemnity in the form of a fire and marine policy. Marine insurance in fact has become an essential part of practically every maritime transaction, and has been ranked in importance with any other active force in controlling the employment of shipping, and in being almost as essential to our foreign, coastwise and inland commerce and just as much an instrumentality of trade as the vessel itself.

Similarly with reference to fire insurance, as Mr. A. C. Campbell writes: "There is practically no combustible property that is not insured against fire; every car of grain, every scow-load of lumber, every bale of cotton, every package of manufactured goods, from the time it assumes merchantable shape until it is entirely consumed, is thus conditionally the property of insurers. Without such a system, modern commerce would be impossible. The fire insurance policy, or the assignment of certain interest in it, is attached to the mortgage, given by the farmer for money to build his new barn; the fire insurance policy is as necessary to the banker as is the warehouse or shipping receipt on the strength of which he advances funds for that magic of commerce, 'moving the crop'; fire insurance is as important to the manufacturer as is the foundation under his factory; fire insurance is, in fact, the very backbone of that part of our social life which has to do with making, moving and keeping material things."<sup>3</sup> Moreover, even as regards life insurance, the vital connection between insurance and business generally must be apparent. Its vast accumulations are collected from millions of

<sup>3</sup> A. C. Campbell, in "Insurance and Crime," p. 131.

small savers and again distributed or loaned or used as productive capital. Ranking among the largest investors, insurance companies play a most influential part in the money and security market, and, besides affording protection to millions of families and to business enterprises, life insurance policies are also being used more and more as collateral. Illustrations like these might be indefinitely multiplied to show the intimate connection between the insurance business and other business enterprises, and to make apparent the reason why a study of insurance in our higher institutions of learning should not be confined to those who intend to write insurance, but on the contrary should be made a part of the general business education offered by every important school of commerce and finance.

The foregoing remarks relative to the growth of the insurance business, the qualifications necessary to pursue the profession, and the close connection between this business and other business enterprises will explain and justify the importance which the subject is attaining in our university system of education. Some six or seven years ago insurance courses were practically unknown in our universities; today they exist in nearly all the larger institutions, and each year the names of more universities are added to the list. In our Eastern States the subject of insurance is now taught at the University of Pennsylvania, at Yale and Harvard, and the New York University School of Commerce, Accounts and Finance. In the Northwestern States insurance courses have been established in the Universities of Chicago, Michigan, Wisconsin, Illinois and Iowa, as well as in various smaller universities and colleges. Finally, directing our attention to the institutions of learning west of the Mississippi we find that the Universities of Kansas, Colorado, and California have likewise enlarged the scope of their work so as to include courses in this subject. That other universities will, in the near future, follow the example of those just mentioned seems beyond question. Indeed the movement for university education in insurance is assuming larger and larger proportions, not only in America but also abroad. In Germany the Prussian Government, as early as 1895, established a seminary at the University of Goettingen for the express purpose of affording instruction in insurance. Even in Japan in the higher commercial schools, such as the Tokio

Higher Commercial School, courses in life and property insurance are emphasized to an extraordinary degree.

But while the progress thus made in the study of insurance at our universities is, to say the least, gratifying, much still remains to be desired as regards the character of the courses offered. An examination of the announcement of courses in the catalogues of the respective institutions shows that in the great majority of cases too much emphasis is still placed upon the history, theory, and general economic and social utility of insurance, and too little emphasis upon the many real and practical problems connected with the calculation and making of rates, the comparison of various types of policies with a view of ascertaining their relative merits, the legal interpretation of policy contracts, and the practical management and operation of the business.

Nor is much attempt made as yet to organize properly the study of insurance with reference to the particular needs of the student. In most American universities the subject is still presented in one course, and that most frequently of a very general character. And yet it must be clear that it is quite impossible to treat thoroughly the large and complicated subject of insurance in a single course (as that word is understood in college life), and at the same time adapt that course equally to the needs of those students who expect to enter the insurance business, and those who wish to know only the general outlines of insurance for the assistance which such knowledge may render them while engaged in other business pursuits. To present the subject of insurance to the greatest advantage it seems to me essential that three important facts should be constantly kept in mind, viz:

(1) That the needs of the student who is preparing himself for the banking, transportation, manufacturing or mercantile business are different from the requirements demanded by the student who is preparing for the insurance business, and that consequently there should be a general course for the former, and more detailed and technical courses for the latter.

(2) That the leading branches of insurance, such as life and property insurance, have little in common, but present the greatest difference in theory and practice, and should, therefore, be made the basis of separate courses. Moreover, most prospective applicants for the insurance business seek to qualify only for one or the

other, and, as experience has shown at the University of Pennsylvania, have little more than a general interest in acquiring an understanding of other forms of insurance.

(3) That the insurance business, as shown before in this paper, requires great specialization and varied training, and that consequently if a university expects to prepare a man for the business, it is highly desirable that the student's academic course should be so arranged as to bring him in touch with those branches of learning which will prove most serviceable to him after he has entered the business.

In view of these considerations, it may be well at this point to describe briefly the work which is being done at the Wharton School of Finance and Commerce of the University of Pennsylvania along the lines suggested. To meet the needs of those students who desire only a general knowledge of insurance, the University offers a general introductory course, extending throughout the college year, which aims to explain the economic advantages of the principal forms of insurance, and to acquaint the student with the general principles, the various types of policy contracts, and the main problems connected with each. On the other hand, to meet the needs of those students intending to engage in the insurance business, advanced courses are offered which aim to present the subject in much greater detail with reference to the technique and practice of the business. For beginners two such courses are given at present (see outlines of courses below), each extending throughout the college year, the one covering life and other closely allied forms of insurance, and the other devoted to fire and other forms of property insurance. These courses may then be followed by more advanced courses in the organization, practice and law of insurance which will afford opportunity for special investigation in those branches of insurance which members of the class may especially desire to pursue. Recognizing, furthermore, the many separate departments in the insurance business and the necessity for a broad training on the part of the prospective candidate, the work of the course has been so arranged that in his sophomore, junior and senior years the student is enabled and strongly encouraged to take courses in mathematics, economics, public finance, investments, business law, commerce and industry, accounting, chemistry, sociology and other branches which are intimately and inseparably



connected with efficient work in either life or property insurance as the case may be.

Moreover, for the benefit of the many young men in a large city like Philadelphia, who, because of their employment, are unable to avail themselves of an academic education during the daytime, the University of Pennsylvania in its Evening School of Accounts and Finance has introduced courses in both life and property insurance. These courses are similar in scope to those outlined below, and like the courses offered in the Wharton School aim not merely to present a series of lectures, but also to bring the student in touch with the choicest literature on each topic considered, and to encourage individual research and class discussion with a view of developing the reasoning power of the student so as to enable him later to deal successfully with the many problems of a rapidly growing and changing business. In addition to the regular class work arrangements are also made for addresses by prominent insurance men on the principles and practices of their respective lines of work.

The students attending these Evening School courses have thus far consisted almost entirely of insurance brokers, solicitors or office managers and employees. And the views expressed in this paper with reference to the advantages of a broad and thorough education for the insurance man have been amply confirmed by the numerous problems, legal and otherwise, which have arisen in the daily work of the members of the classes, and which have been submitted by them in the classroom for discussion and solution.

OUTLINE OF INSURANCE COURSES  
GIVEN AT THE  
UNIVERSITY OF PENNSYLVANIA

LIFE INSURANCE

- I. **History of Life Insurance:** Character of life insurance in the United States prior to 1880.—Marvelous growth of the business after 1880.—Present magnitude of the business.—Discussion of important changes subsequent to 1880, such as changes in policy provisions, decline in interest rate, increase in expense rate, rise of new types of insurance, etc.
- II. **Economic and Social Utility of Insurance:** Nature and theory of life insurance.—Its importance as a means for protecting and continuing the value of the human life.—As a means of encouraging thrift.—As a means of utilizing the savings of millions for productive purposes.—The uses of life insurance to the business man.—The uses of annuities.—Life insurance as an investment.
- III. **Calculation of the Premium for various types of policies:**
  1. Explanation of the various types of policy contracts, and a discussion of the advantages and disadvantages of each.
  2. Features peculiar to life insurance as distinguished from other forms of insurance, and the necessity to exercise great care in determining the rate of premium.
  3. The principles of probabilities.
  4. Mortality Tables:
    - (a) Early tables and how they were obtained.
    - (b) Mortality tables now in general use, and how obtained.
    - (c) Recent attempts at constructing new mortality tables, and progress made in the collection and tabulation of data.
  5. The interest basis.
  6. The calculation of the net premium for
    - Pure endowments.
    - Annuities.
    - Term and whole life insurance.
    - Limited payment insurance.
    - Endowment insurance.
    - Instalment insurance.
    - Return premium insurance.
    - Joint life insurance.
    - Semi-annual and quarterly premiums.

7. Calculation of the "gross premium" Loading.—Extent of loading.—Reasons for loading the net premiums.—The various methods of loading most commonly used.
8. The Insurance Reserve:  
From whence derived.  
Its purpose.  
Detailed demonstration of its operation.
9. The Surplus:  
Its nature and purpose.—Various sources from which derived.—The gain from a saving in mortality explained.—Various methods of ascertaining the surplus.—Lapses with reference to their contribution to or infringement upon the surplus.—Participating and non-participating policies.—Various methods of distributing the surplus.—The annual and deferred dividend systems compared, and the arguments for and against each presented.
10. Surrender Values:  
Why subject of surrender values is important.—Lapses and surrenders; their importance and how regarded by the companies.—Non-forfeiture laws and their development.—Present liberality of companies as regards the granting of surrender values.—Legal restrictions as regards.—How calculated.—Classification of policy provisions in various companies with reference to.—Renewal of policies.—Various forms in which surrender values are paid.
11. Policy Loans:  
Importance of this privilege.—Early methods of granting loans.—The various forms of the loan privilege to-day.

#### **IV. Policy Provisions in Life Insurance:**

1. Motives which govern the framing of contracts.
2. The application, and a summary of its numerous provisions.
3. Classification and consideration of privileges implied or expressed in the policy and of conditions made necessary by considerations of equity, by public policy or by the nature of the contract.
4. Classification and consideration of policy restrictions.
5. Tendency to liberalize the policy.

#### **V. A concise but exhaustive summary of the law of Life Insurance:**

1. Insurable Interest:  
Definition.—Principal legal rules concerning.—Illustrations of insurable interest from American court decisions.—Instances where no insurable interest has

been held to exist.—Amount of creditor's insurable interest.—Insurable interest in one's own life.

2. The interpretation of the application as regards excepted risks, other insurance, questions pertaining to health, habits, occupation, etc. Warranties and Representations discussed at length.
3. The payment of the premium:  
 Payment of the premium a condition precedent.—Necessity of prompt payment.—Excuse for non-payment, when permitted.—Notice of time of payment.—Manner of payment.—Law pertaining to assessments in fraternal and assessment societies.—Recovery of the premium.—Waiver and estoppel as regards payment of the premium.
4. The legal interpretation of leading provisions in the policy, such as the suicide clause, the incontestable clause, etc.
5. The law referring to the beneficiary:  
 Manner of designating the beneficiary.—Court decisions as to the meaning of certain general terms used in designating the beneficiary.—Rights of the beneficiary.—Effect of cessation of insurable interest before time of maturity of the contract.—Attachment against interest of insured or beneficiary.—State legislation protecting the beneficiary in certain cases.—Manner of changing the beneficiary.—Effect of clause permitting insurer to choose the beneficiary.
6. The law of agency:  
 Classification of state statutory requirements with reference to insurance agents and brokers.—Agents' licenses.—Penalties imposed for misrepresentation, rebating, acting for companies unauthorized to do business in the state, or improper advertising.—To what extent the agent can bind the company, and the cases in which the company cannot be held liable.—Knowledge of the agent the knowledge of the company.—Liability of the company for the acts of its general agents as well as the acts of his clerks and employees.
7. The law pertaining to the discharge of the contract:  
 Notice of death, and proof of death blanks.—Requisites of notice and proof of death.—Legal view as to the conclusiveness of statements contained in the proof of death blank.—Provisions pertaining to the discharge of the contract construed less strictly against the insured as compared with provisions which seek to protect insurer before death occurs.—Effect of limitations in the policy as to the time of furnishing proofs of death.—

Meaning of "immediate" notice of death.—Waiver of sufficiency of such notice or proof of death.

8. The assignment of policies:

Difference between life and fire insurance in this respect.—Policy restrictions which may be placed upon the assignment of policies.—Assignment of the policy by the assignee.—A policy of life insurance not a negotiable instrument.

**VI. Various Systems of Life Insurance:**

1. Old line (explained in the above discussion).

2. Assessmentism: Its growth and decline. The fundamental error of this plan of insurance.

3. Fraternal insurance:

Growth of fraternal insurance in the United States and its present magnitude.—Characteristics which distinguish it from other kinds of life insurance.—Legal character of these associations.—Discussion of the fraternal certificate.—Evolution of fraternal rates, and the tendency to adopt the protective features of old line insurance.—Lapses in.—Rates of various societies compared.—State legislation concerning.—English method of regulating the "friendly societies."—The work of the National Fraternal Congress.

4. Industrial Insurance:

History and remarkable growth of.—Differences between industrial and ordinary insurance.—Object and advantages of.—The policy analyzed.—Mortality experience in.—Premium charges, tables of benefits, surrender values, etc.—Manner of calculating the rates.—Organization of the field.—A business of detail and elaborate organization.—A costly form of insurance, and the reasons why.

**VII. Organization of an Insurance Company:**

1. Explanation of the work done by the several departments of a company.

2. Agency Organization:

Different plans followed.—The agent and his qualifications.—Agency organizations.

**VIII. Investment of the Funds of Life Insurance Companies:**

1. Growth, extent and character of such investments.

2. Investments of a number of companies analyzed.

3. How life insurance companies differ from other investors.

4. Motives which guide the placing of investments and the investments considered best suited for life insurance purposes.

5. Method of procedure in placing investments.

6. Earning power of the various classes of life insurance investments compared.
7. Requirements of state statutes.
- IX. **A critical discussion of the relation of life insurance to the state as regards taxation and supervision.**
- X. **Accident Insurance.**  
A combination of various kinds of insurance.—Analysis of a typical accident policy.—Classification of risks.—Numerous considerations entering the proper determination of rates.—Statistical summary of accidents over a series of years.—The moral hazard in.—The reinsurance reserve in.

## FIRE INSURANCE

- I. **History of fire insurance in the United States.**
- II. **The theory of fire insurance:**
  1. The underlying principles of fire insurance.
  2. Differences between fire and life insurance:  
As regards the certainty of the loss.—Scientific character of the business.—Term of contract.—Cancellation of policies.—Changing conditions of the business.
- III. **The importance of fire insurance in business:**
  1. Its importance as indemnity for loss.
  2. Its value as collateral security.
- IV. **Policy Contracts in Fire Insurance, involving a complete analysis of the provisions of the standard fire policy together with a legal interpretation of the same. (The law of Pennsylvania emphasized.)**
  1. History of policy contracts in the United States.
  2. Leading forms of policies now in use. (Following discussion will refer chiefly to the Standard Fire Policy.)
  3. Rules underlying the interpretation of the policy contract:
    - (a) Rule that as the policy is prepared by the insurer it should be construed in favor of the insured when doubt as to its meaning exists.
    - (b) Written parts of the contract control the printed parts.
    - (c) Every policy is an original independent agreement taking effect from date, and its interpretation not to be controlled by prior policies of which it is the renewal.
    - (d) Standard policy a statutory law as well as a contract.
    - (e) Effect of a violation of condition in the policy; conflicting opinion concerning.

## 4. Parties to the contract:

## (a) The insurer:

- (i) Various kinds of companies.—The organization of fire insurance companies, and state statutes concerning. (The law of Pennsylvania emphasized.)
- (ii) Fire insurance agents.—Who is agent of the company.—Various classes of agents.—Powers of general agents and special agents.—Power of an agent no larger than those conferred by the principal.—Distinction between insurance agent and broker.—Statutory provisions relating to insurance agents and brokers.—When acts of solicitor will bind principal, and when not.—Legal effect of agents' opinion.—Liability of agent to principal for misconduct.—When agent is liable to the insured.—Authority of agent to change the policy.—Evidence of agency.

## (b) The insured:

Who may and who may not insure.—The fire insurance policy a personal contract.—Insurable interest defined and explained.—Illustrations of insurable interest as decided by American courts.—The time of insurable interest and the continuity of insurable interest.—Legal interpretation of policy provisions as regards interest, title, possession or ownership, incumbrances, chattel mortgages, sales, legal process or judgment, assignment or bankruptcy proceedings, leases, misconduct of insured in procuring policy, etc.

## 5. The hazard:

- (a) Meaning of "all direct loss or damage by fire" in law.
- (b) Liability of company only for cash value of property at time of loss or damage with proper deduction for depreciation.—Explanation of.
- (c) Options, which company may exercise in indemnifying losses, explained.
- (d) Explanation of the provision providing that the company only insures described property "while located and contained as described herein, and not elsewhere, to wit."
- (e) Explanation of the standard policy provision as to authorized change of location.

- (f) The doctrine of proximate cause.
- (g) Losses not covered by policy under certain conditions.
- (h) Excluded risks.
- 6. Policy provisions referring to the description of the property:
  - Warranties and Representations:
    - Definition of and distinction between.—Test of materiality of representations.—Effect of a breach of warranty.—What is performance of a warranty and what is not.—Statutory provisions concerning.—Provision in the policy that all applications, surveys, plans or descriptions of property referred to in policy shall be considered as constituting warranties and as being a part of the contract.
- 7. The Consideration:
  - What the consideration comprises.—Policy will be void without consideration.—Insurer cannot plead non-payment of premium when policy acknowledges receipt of same.—The premium to be paid as stipulated.—To be paid in money.—Payment of the premium by note.—When payment to broker is payment to the company.—Rules pertaining to the refunding of premiums.
- 8. The amount of insurance: Policy provisions referring to other insurance.—No double insurance unless same interest is protected by both policies.—Legal interpretation of complicated cases.
- 9. The Term:
  - (a) Contract not complete without specification of the term.—When the insurance begins, according to law.
  - (b) Renewal of the policy.—Renewal by indorsement on policy, or by issuing a renewal receipt, or by issuing new policies.—Points of law decided with reference to renewal contracts.
  - (c) Cancellation of the policy.
- 10. Privileges which must be endorsed on the policy or added thereto by agreement. (Their importance explained and the principal court cases considered in connection with each):
  - (a) The procuring of other insurance.
  - (b) Operating manufacturing establishment over time.
  - (c) Increase in hazard.
  - (d) Altering or repairing premises for more than a certain period.
  - (e) Keeping on the premises certain enumerated articles.



- (f) Keeping the building vacant or unoccupied for a certain length of time.
- (g) Changes in title, possession or ownership:
  - If chattel mortgage is placed on property.—If foreclosure proceedings be commenced.—If change in title, interest or possession for any reason except death and change of occupants without increase of hazard.—Defeasible conveyance.—Transfer by or between partners.—Assignment and bankruptcy proceedings.—Transfer by death.—Leasing of the property.—Assignment of the policy before a loss.
- 11. The Mortgage Clause:
  - Insurable interest of the mortgagee.—Separate interest of the mortgagee and mortgagor.—Discussion of the four methods of insuring the mortgagee's interest.—Assignment of the policy to the mortgagee.—The open mortgage clause.—The union mortgage clause.—Subrogation under the mortgage clause.—Cases where insurer will not be liable under the mortgage clause.
- 12. Contribution:
  - Legal explanation of the contribution clause.—Importance of the words "valid or not valid" as contained in the clause.—Explanation of various clauses now in general use, such as the "percentage value clause," the "three-quarters loss clause," etc.—Contribution when policies are general or specific.—Application of the contribution clause to various complicated cases.—Contribution under the mortgage clause; when it may be claimed, and when not.
- 13. Subrogation:
  - The general principles underlying.—The legal interpretation of the clause.—Subrogation and the mortgage clause.—Subrogation in the case of carriers.
- 14. Co-Insurance:
  - Definition of.—Reasons for its general adoption.—Co-insurance clause now in general use.—Illustrations of its application.—Anti-Co-insurance.—Co-insurance legislation.
- 15. Re-insurance:
  - Policy provides for specific agreement concerning.—The two views prevailing in the country as regards the position of the original insured to the contract of re-insurance.
- 16. The assignment of the policy.
- 17. Policy provisions relating to matters required to be done after a loss has taken place:

- (a) Duty of the insured to send immediate notice of loss and to preserve the property as much as possible.
- (b) Duty of the insured to render a prescribed statement to company, and to furnish various plans, specifications and certificates on demand.
- (c) Duty of insured to exhibit what remains of property, and furnish books, accounts, bills, etc., and to submit to examination under oath.
- (d) The appraisal of losses.

**V. Adjustment of Losses:**

- 1. Manner of adjusting losses as regards different classes of property.
- 2. Law pertaining to the adjustment of claims.

**VI. Fire Prevention.**

**VII. Fire Insurance Rates and Schedule Rating:**

- 1. Fire hazards analyzed.
- 2. History of classification and inspection of risks.
- 3. Numerous obstacles to scientific fire rating.
- 4. Average schedule used in towns and cities of moderate size described.
- 5. The Universal Mercantile Schedule:
  - (a) History of the schedule.
  - (b) Schedules in most large cities a modified form of the Universal Mercantile Schedule.
  - (c) Principles which guided the making of the schedule.
  - (d) Principles which should guide the use of the schedule in certain exceptional cases.
  - (e) The order of treatment in fixing a rate on a building.
  - (f) The order of treatment in fixing a rate on stock.
  - (g) The fire-proof schedule analyzed, explained, and applied.
  - (h) The advantages derived from the schedule.
- 6. The "Dean" Schedule:
  - (a) The differences between the Universal Mercantile Schedule and the Dean Schedule.
  - (b) The line of reasoning underlying the Dean Schedule as regards percentage additions and deductions, classification of exposure, classification of occupancy, etc.
  - (c) The manner of determining the rate on buildings under the Dean Schedule.
  - (d) The manner of determining the rate on stock.

**VIII. The Re-insurance Reserve:**

- 1. Its purpose.

2. Various standards advocated for its computation and criticism of the same.
  3. Method of computing reserve for annual and term policies.
- IX. The Organization and Management of the Fire Insurance System:**
1. The home office.
  2. The agency system.
  3. Associations of fire underwriters.
  4. The tracing of a policy from the time of application to the payment of the claim.
- X. Relation of fire insurance to the state as regards organization, legislation, taxation and supervision.** A discussion of valued policy laws, anti-compact laws, anti-co-insurance laws, etc.
- XI. Marine Insurance:**
1. Rise and decline of marine insurance in the United States, and its present magnitude.
  2. The organization and purposes of Lloyds.
  3. Various kinds of policies discussed.
  4. Character of the risk assumed.
  5. The perils insured against.
  6. The losses arising from marine perils.
    - (a) Total loss.
    - (b) General average.
    - (c) Particular average.
    - (d) Salvage.
  7. Other insurance.
  8. Policy provisions protecting the underwriter against fraud, unnecessary loss and undesirable risks.
  9. Warranties and representations in marine insurance.
  10. Clauses in general use.
- XII. Employers' Liability Insurance:**
1. The development of the Law of negligence in England and America. The present status of the law of negligence in the United States.
  2. The various kinds of policies issued.
  3. The computation of the premium.
  4. The adjustment of claims.
  5. The classification of risks.
  6. The expenses connected with.
  7. The features peculiar to Liability insurance as compared with other forms of insurance, such as changes in the basis for rating, changes in the law of negligence, the effect of environment, changes in the general average of wages, deferred claims, etc., etc.
- XIII. Corporate Suretyship:**
1. The history of.
  2. The present extent of.

3. The advantages of.
4. The various kinds of policies.
5. The determination of the liability assumed by the companies, and the computation of the premium.