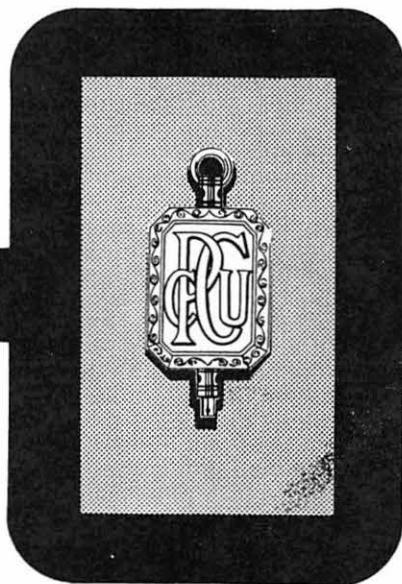


The Professional Concept and Business Ethics



THE AMERICAN INSTITUTE FOR PROPERTY AND LIABILITY UNDERWRITERS, INC.
270 Bryn Mawr Avenue, Bryn Mawr, Pennsylvania—19010

THE PROFESSIONAL CONCEPT AND BUSINESS ETHICS

**Dr. Edwin S. Overman, C.P.C.U., President
American Institute for Property and Liability Underwriters, Inc.**

**THE AMERICAN INSTITUTE FOR PROPERTY
AND LIABILITY UNDERWRITERS, INCORPORATED**

**270 Bryn Mawr Avenue
Bryn Mawr, Pennsylvania**

THE NATURE AND SIGNIFICANCE OF PROFESSIONALISM

From among the several writers who have devoted considerable study and attention to the subject of professionalism, there appears no clear-cut unanimity of opinion as to what constitutes a proper and adequate definition of a profession. One writer states that any attempt to define the word "profession" seems to lead to immediate and frequently violent disagreement and controversy. Whenever a definition is proposed, he says, it is seldom subjected to rational consideration.

What causes the emotions to override reason whenever attempts are made to define a profession? Perhaps the person whose emotions are aroused is the individual whose sensitive feeling of personal pride is injured. Most individuals, no doubt, tend to hold their occupation, vocation, trade or craft in high esteem. Thus, any proposed definition of a profession which fails to include their life's work within the much-sought-after status of the "professions" is almost certain to arouse adverse reaction and criticism. As one writer sums it up, "So many advantages have accrued to a profession, so many claims to it are made by so many people, that the cutting edge of any definition--be it ever so blunt--is almost certain to draw cries of protest from the many aspirants to the title."¹

In spite of the difficulty of locating a universally accepted definition of the term "profession," there is rather extensive literature devoted to the subject and it is quite possible to identify certain major criteria or ingredients common to the established professions. Through such a body of usual or standard conditions prevailing among the widely accepted and established professions, each individual vocation, trade, craft

or occupation will have a means for measuring its own structure and performance in the light of these standards and can then determine what additions or changes in its present characteristics are necessary to attain, eventually, similar professional status.

Probable Origin of the Term, "Profession"

"Originally, the term 'profession' meant an acknowledgment or declaration and referred to the vow taken by a monk. Religion was the only recognized profession at that time. The term comes from the word 'profess,' which means to confess religious belief or conviction."² The dictionary makes numerous references to religion in its explanation of the meaning of a profession. For example, a profession is defined as "the declaration of belief in or acceptance of religion or a faith: the profession of Christianity."³ Other dictionary references mention "a religion or faith professed," and also "the declaration made on entering a religious order."⁴ Religion is again associated with the word "profession" when it is defined as "a vocation requiring knowledge of some department of learning or science, especially one of the three vocations of theology, medicine and law; formerly known specifically as the learned professions."⁵ One writer makes reference to the fact that in the various shades of meaning of the word, "profess," there exists a deeper root in the term, "priest." Thus, he points out that the world's oldest profession, the priesthood, claims or professes knowledge, power, and ability to intercede between ordinary men and the divine.⁶

It is noteworthy that, following the origin of the clergy as the first established

¹ Morris L. Cogan, "The Problem of Defining a Profession," The Annals of the American Academy of Political and Social Science, January 1955.

² Dale E. Shaffer, "An Analysis of the Attributes of a Profession," The Deltasig Magazine of Delta Sigma Pi, November 1962.

³ Clarence L. Barnhart, "The American College Dictionary," Harper and Brothers, New York, pp. 966-967.

⁴ Ibid.

⁵ Ibid.

⁶ Shaffer, op. cit.

profession, medicine followed in sequence as the second vocation to gain acceptance as a "learned profession." In the former, the professional priests or clergymen professed or claimed ability and knowledge to minister to the illnesses which destroy man's spiritual body whereas the medical men professed the skill and technical understanding necessary to minister to the ills which destroy man's physical body. And it is particularly significant that in each of these two earliest professions, the professional practitioner chose for himself a life of full time dedication to the arduous but no doubt highly satisfying role of serving the wants and needs of others. The fundamental motivation of these early "professionals" appeared to be an unselfish desire to help other people when they found themselves in need of the skill, patience, sympathy and understanding of another human being. Thus, altruistic or unselfish devotion in ministering to the needs of mankind appears to be the most fundamental and common element possessed by the two earliest professions--the clergy and medicine.

A second element in common possessed by these earliest professions is suggested in the context of the term, "profess." As mentioned in the preceding paragraph, the early clergymen and medical men professed both technical skill and specialized knowledge of their respective "fields of learning" in order to minister properly to the needs of those whom they served. In reviewing these earliest professions, therefore, it would seem that the two most basic characteristics which tended to differentiate them from the other vocations were, (1) a life of dedicated devotion to the needs of others, and (2) the possession of specialized knowledge derived from study of the field together with a practical application of this knowledge in the form of technical skills or abilities.

A Set of Common Components Possessed by the Professions

It would perhaps prove fruitful at this point to explore in some detail these two fundamental components or criteria of a profession--altruism and knowledge. It might also prove rewarding to look at a few of the other major ingredients which various writers have attributed to the structure of the various professions. When a full set of the basic ingredients generally found

in the professions are spread in full review, perhaps a more rational consideration of the professional concept will be possible. Moreover, it should then be possible to reach a more meaningful decision as to what features a given vocation must possess in order to acquire professional status.

1. A Need to Strive for the Ideal of Altruistic Attitude and Behavior. Altruism may be defined as the practice of consciously seeking and serving the welfare of others thereby relegating inherently selfish and acquisitive tendencies to obscurity. Such thought and conduct are no doubt ideals far easier to profess than to achieve. Even so, the greatest philosophers and theologians from time immemorial proclaim this ideal behavior and attitude of unselfishness as man's true destiny, as the proper purpose and intent of all human existence. From Socrates' teachings 400 years B.C. to the current day living example of Albert Schweitzer, from the early recording of the teachings of Christ to the current day sermons of the leading theologians, all profess an identical ideal; namely, it is far more blessed to give (of oneself) than to receive. Perfect peace of mind, genuine happiness daily enriched, plus the only "true" and lasting form of success on earth are professed, for this altruistic way of life, by the greatest philosophical and theological minds stretching through the centuries of time.

Yet in spite of these centuries-old doctrines which admonish and teach man to develop more humane qualities, to adopt an attitude of universal brotherhood on earth, the fundamental fact remains that man's natural, uneducated and undisciplined self contains all the base and animalistic motives of self-gratification, self-interest, acquisitiveness and egotism. And so it was as far back as the days of the early Greek philosophers. The general cultural and intellectual attitude which prevailed in Athens 400 B.C. was that of increasing "individualism" and of rapid erosion, under the stress of relatively free criticism, of the traditional moral and religious teachings of humanitarianism. Many of the young, emotional, Greek citizens allowed their skepticism to take the socially disruptive course that the only measure of truth and right in human conduct for any individual was merely to pursue his own self-interest without need for regarding the interests and desires of others. Socrates,

Plato and Aristotle developed their philosophy "in a conscious attempt to meet this threatening intellectual, social and religious anarchy. They each believed that human reason, by a process of critical and introspective analysis, can establish the proper standards in ethics and religion."⁷

It was Socrates, the first of the famous Greek philosophers, who forever pursued that guiding rule which admonished man to, "know thyself." It was he who charged that "a life unexamined is a life unworthy of man." Socrates believed that goodness, generosity, charity and brotherly love result fundamentally from greater wisdom and reason or, as we would say today, from greater education. Socrates also believed that selfishness, greed, wickedness and wrongdoing were all based on ignorance and irrationality. Each of the philosophers knew that knowledge and understanding of how to lead the "good life," of how to treat fellow men, of how to live a more satisfying and civilized life can only be acquired through a process of continuous search and lifelong learning. Moreover, this search for the right and proper way to live, they felt, must rest on the solid base of reason. Thus, through the use of sound reasoning, man can discover a standard of conduct which, if followed continuously and religiously, will lead ultimately to a truly successful and contented life of devoted service to others.

When a set of basic principles of right conduct has been discovered and then put into practice, reasoned the early philosophers, men will then have acquired the capacity to reach rational and wise decisions in the conduct of their daily affairs. When men thus become truly rational and wise in their individual behavior and relationships with others, they will be in the proper position to set the future course of human progress. Rational men, the Greek scholars believed, are men who have the capacity to lead a truly "civilized" life. They can, through reason, draw themselves above their irrational emotions of self-centeredness, greed, hatred and jealousy--those uncivilized aspects of man which stamp him with the "mark of the beast."

If civilization is to develop, flourish, and become universal, men must adopt a rational standard of daily living both at work as well as at home. The introduction of the several professions into society provided an important means by which the cause of civilization in the world was strengthened and advanced. And one of the major factors, contributed by the professions in speeding the advance of civilization, was the development of and daily adherence to a strict code of personal ethics by the individual members who as a group constituted the profession.

2. Necessity for a Carefully-Conceived Code of Personal Ethics. One of the most remarkable characteristics of man, which serves to separate him from the other animals, is his possession of a conscience which provides him with a choice throughout his life between the alternatives of what he should and what he should not do under various sets of circumstances. The formulation of a positively stated, carefully conceived code of ethics is essential to a profession since it provides each member of that profession with a bench-mark or guide-post to refer to at intervals in his personal progress toward an ideal of ethical behavior. Such a guide is needed so he can check it against his personal conduct and daily decisions to see how well they are measuring up to this ideal standard of conduct adopted by the profession as a whole.

The term "ethics" is derived from the Greek word ethos and the somewhat similar term, "moral" stems from the Latin word, mores. These two words originally referred to customs, usages, or habitual modes of conduct and assumed meanings somewhat akin to our modern conception of ethics as the science of right and wrong. For customs were not only habitual ways of acting but were also the types of conduct which were approved by the group or society. Perhaps at this point an attempt at defining the field of "ethics" is in order. Moreover, reference should be made to the broader discipline of study--philosophy--which forms the backdrop against which ethical codes of conduct are formulated.

"Ethics is the science which deals with conduct, insofar as such conduct is

⁷Edwin A Burtt, Types of Religious Philosophy, Harper and Brothers, New York, 1939, p. 39.

considered right or wrong, good or bad. Stated differently, ethics aims to give a systematic account of our judgments about conduct from the standpoint of right or wrong, good or bad.⁸ Ethics is also defined as "moral philosophy," a subdivision of the broader field of general philosophy and is "the systematic study of our moral ideals and goals, our motives of choice, and our patterns of good and bad conduct."⁹

The science of ethics may be thought of as having two distinct sides or viewpoints--the inner and the outer view. The inward side of ethics relates to the inner self of the individual--his thought and feelings, ideals and motives, valuation and choice. This inner or "personal" side of the individual is the one with which the social science of psychology is concerned. The outward side of human conduct or behavior, on the other hand, views man as a social being and focuses attention on his relationships with human society. The social side of man's behavior is studied and appraised through the social sciences of sociology, economics, politics and law.

Ethics is thus concerned with the "whole" of man--his personal as well as his social side. Perhaps the most difficult problem in the study of ethics is to analyze and appraise these separate yet interdependent sides of human conduct. This interdependent relationship between man's inner and outer self (i.e., his personal as well as his social behavior) was most effectively and significantly summarized by the great Greek philosopher, Plato, when he wrote in mythical form in Protagoras, "the gods gave men a personal sense of justice, trust and reverence in order to enable them to unite for mutual preservation." In this famous quotation, we have a classic illustration of how man's inner and outer self are blended. Man's inner sense of faith and trust in others makes it possible for him to unite with others into social relationships, such as a chosen profession, thereby benefiting not only himself but also promoting the advancement of civilization.

⁸John Dewey, and James H. Tufts, Ethics, Henry Holt and Company, New York, 1908, p. 1.

⁹James Collins, The World Book Encyclopedia, Field Enterprises Educational Corporation, Chicago, 1962, Volume 5, p. 292.

¹⁰Dewey, op. cit., p. 4.

A positively stated, professional code of ethics is the first essential in man's search for an improved way of living--of adhering to a higher and higher level of professional performance. Whenever a carefully conceived body of sound, ethical principles has been formulated and then spread before the person aspiring to professional status, he has a means for constantly searching and analyzing, in the bright light of this accepted "ethical standard," his inner attitudes and motives. This continuous measurement of his inner feelings against an "ideal" of human order and professional conduct will produce for him a deeply practical daily guide for proper decisions between right and wrong. Such a beneficial guide to human conduct is certain to add truer meaning and greater personal contentment to an otherwise aimless existence. An established code of personal ethics is thus a practical, useful--every-day standard which can add order, rationality and satisfaction to daily living. The search for a rational guide for daily living was summed up effectively by the philosopher, John Dewey, who said, "In this theatre of man's life, it is reserved for God and the angels to be lookers on. Man must act; and he must act well or ill, rightly or wrongly."¹⁰ A code of ethics will be of immeasurable help in his acting wisely and properly in various situations.

The following four chapters which take a glimpse at the established professions of the clergy, medicine, law and accountancy will feature the individual "code of ethics" developed and used by the members of each of these professions.

3. Importance of a Highly Unified Body of Specialized Knowledge. The individual practitioners in the established professions are distinguished by the fact that they are in possession of a unique or highly specialized body of knowledge related directly to their profession and not possessed by those outside the profession. This body of knowledge had been drawn together, or unified, out of the mass of "experiences" accumulated both by their predecessors and their contemporaries who have documented their

thoughts, studies and experiences through monographs, research papers, articles and textbooks. Moreover, this documentation of ideas, discoveries, research findings, and factual interpretations is usually presented by skilled and experienced practitioners in "orderly relationships" as contained in basic principles, generalized theories and organized procedures.

When a body of specialized knowledge has thus been synthesized or unified in the form of general principles or theory, it is then possible for younger men entering the field to take full advantage of a far more streamlined and efficient process of learning this mass or body of technical knowledge, related to the field, than was experienced by their predecessors. This is so because established principles or confirmed theories reveal the already-discovered, important "interrelationships" between individual facts, and detailed information which required in many instances a lifetime of trial and error, by the forebearers of the profession, before these ultimate "truths" were revealed to them. To illustrate, a medical student, through studying textbook theory of diagnosis and treatment of a complicated form of illness, can master the technique of handling this form of disease in amazing speed and efficiency when compared to the laborious and time-consuming process he would have encountered had he not had available previously propounded principles to guide him or directed mental steps to follow as shown by the earlier developed theory.

This is not to say that a professional man does not act or make any decisions except those based upon complete knowledge of established principles or underlying theory. He doubtless makes many moves without bothering to explore, in depth, the underlying "why" as theory is designed to explain. A doctor may administer a new drug, for example, which is recommended by a colleague who used it with satisfactory results without either of them necessarily knowing the complete complexity of the "why" which causes the drug to achieve its avowed purpose. Both, in this instance, would rely on others to have the "why knowledge" of the drug's construction. Thus, even though much of the daily practice of the professional is conducted from advice given by those whom they trust and also from pure "know-how knowledge," acquired largely

through repetition and routine, nevertheless there is available to each professional man a unified body of theory ("know-why") which he can turn to and frequently does use to justify his many professional activities and decisions. As each profession grows in stature and respect, through time, there also grows a body of "know-why" knowledge which provides a more valid theoretical justification for the practices of the profession. Whether any occupation, therefore, can become a profession depends in large part on whether there is, or can be developed, a unified body of theory to rationalize its practice.

It should be emphasized, at this point, that the professional man must possess not only "know-why" knowledge and understanding but also "know-how" skills and techniques. Knowledge of the theory of the profession is important primarily because it is so fundamental to the improvement of the practical or manual skill of the professional practitioner. To say that professional work is essentially intellectual rather than manual misses the point. This is not the same as saying the ability to apply the theory in the form of practical skill is unnecessary or unimportant. Theory reinforces and improves practice. It cannot be said that a trade or craft differs from a profession in that one is manual and one is mental. No doubt few, if any, occupations require one type of activity to the complete exclusion of the other. The surgeon and the carpenter use both their heads and their hands. And surely manual dexterity is equally essential to the proper functioning of both. The important distinction lies in the type and amount of intellectual activity or theoretical knowledge involved between the two occupational pursuits.

4. Significance of a Broad Educational Background Containing Generalized Knowledge. The acquisition only of highly specialized knowledge peculiar to the practitioner's own calling is not sufficient to provide him with the total knowledge and skills necessary for truly professional performance. His specialized and technical studies must be supported and supplemented by greater understanding through acquisition of "general knowledge" if he is to become a well-rounded professional man. The handicap of a man who has acquired only specialized knowledge has been aptly stated as follows: "The world of the specialist is a narrow one and it tends

to produce narrow human beings. The specialist usually does not see over-all effects on his specialty and so he tends to judge good and evil, right and wrong, by the sole standard of his own specialized knowledge. This narrowness of view, this judgment of all events by the peculiar standards of his own specialty, is the curse of the specially trained individual."¹¹

Another way of emphasizing the importance to the professions of generalized knowledge is to state that the total intellectual equipment of a professional practitioner is multi-disciplinary in nature. The professional man's area of competence always transcends the boundaries of any single intellectual discipline. The field of medicine, for example, requires knowledge not only of biological science but also depends upon knowledge of the full range of the other physical sciences. Moreover, true medical proficiency rests ultimately on the solid base of understanding the disciplines of the social sciences. Medicine was regarded as a simple craft during its early history when it was confined to mere trial-and-error experience. Then with the advent of the emerging disciplines of chemistry, biology, anatomy, physiology and bacteriology, the theoretical foundation was laid for the interdisciplinary development of medicine which allowed it to mature into a fully-respected profession. Further progress was made when doctors began to recognize the need to develop human understanding through knowledge of ethics and philosophy, sociology and psychology, economics and political science. The development of broad understanding of the relationships existing among these separate yet interrelated disciplines makes it possible for the doctor to administer more effectively to the individual health needs of his patients.

The profession of law has also recognized that legal principles must be viewed in the larger, interdisciplinary context of psychology, sociology, ethics, philosophy, economics and politics. The broader perspective gained from interdisciplinary study insured that legal decisions will not be divorced from the environmental and in-

stitutional framework within which the client lives and works.

5. The Role of Searching Examinations for Determining Mastery of Specialized and Generalized Subject Matter. A fifth characteristic of a profession is the testing of the candidates to determine admission qualifications to the ranks of the profession. Each of the established professions has created an elaborate examination structure to distinguish or separate those who have acquired a certain degree of mastery of the field from those who have not measured up to these knowledgeability standards imposed by the profession. Such tests are essential in order to judge depth as well as breadth of each candidate in both the theory and the practice of the profession. It would be inequitable to the candidates, confusing to clients and injurious to the profession if some sound system could not be developed to separate qualified from unqualified persons. Consider the chaos which would result in the building of a profession if there were no objective, rigorous and measurable standards of knowledgeability available to judge those who wish to "profess" competency and practice as a professional. A failure to measure, objectively, the relative capacities of a group of individuals provides no basis by which members of the laity can judge with confidence the ability of various persons who hold themselves out as being competent in a given field.

A sound testing procedure must be designed in such a way as to test not only knowledge of the "theory" of the calling (the "know-whys") but also the ability to put into practice this theoretical knowledge in the form of actual or simulated case situations. An examination which tests book learning only, without regard for its practical application, provides no real measure of the practitioner's true worth to his clients. The ideal professional examination, therefore, attempts to create real or facsimiles of real situations which require the candidate to recognize the underlying theory (the explanation) and then use this abstract knowledge to draw logical or sound solutions

¹¹John L. McCaffrey, chairman of the board of International Harvester Company as reported in the article, "Liberal Arts as Training for Executives," written by Frederic E. Pamp, Jr., and contained in the book, Toward the Liberally Educated Executive, The New American Library, New York, p. 54.

to the practical case problems presented. The creation of ideal professional examinations which achieve this dual purpose of combining theory with practice (know-why with know-how) is a task obviously requiring a high degree of imagination and creative skills. Examiners who succeed in preparing effective professional examinations which combine knowledge-of-theory with practice-in-doing are likely to be those with a sound knowledge of the subject matter of the discipline coupled with extensive experience in preparing numerous series of questions which join theory with practice. Stated differently, the ideal professional examinations are more likely to be drafted by full-time, career examiners.

As an illustration, the examinations covering the body of specialized knowledge relating to insurance, (i.e., the technical insurance examinations in Parts I and II of C.P.C.U.) are designed to test the candidates' ability to relate basic principles of insurance to practical case problem situations. The nature of the examinations is to simulate every-day experiences of the insurance practitioner by presenting actual cases which have occurred in the field of insurance and which have required solutions to them by someone. The candidate in C.P.C.U. is expected to draw on his knowledge of the theory of insurance, as contained in the subject matter studied, in order to solve the practical problems in insurance suggested by the case presented.

The examinations involving the generalized or interdisciplinary fields of knowledge of economics, government influence on business, insurance law, business law, management, accounting and finance (i.e., C.P.C.U. examinations in Parts III, IV and V) are similarly constructed for the same purpose of channeling the candidate's thinking toward the solving of problems which combine knowledge of theory with practice in doing. Toward this objective, practical situations are cited in economics, law, accounting, finance, etc. and the candidate must phrase his answer to the practical problem presented through the use of basic principles or laws which he has discovered in the assigned subject matter in the respective disciplines involved. The object of all of the C.P.C.U. examinations, therefore, is to relate theory with practice in both the specialized body of subject matter (Parts I and II) and in the interdisciplinary body of knowledge (Parts III, IV and V).

6. Functions Performed by Professional Societies Consisting of Those Who Have Been Admitted to Membership in the Profession. A sixth and final characteristic of a profession is the existence of a formalized body of members, sometimes known as a society or an association, which is designed to achieve more effectively, as a group, the individual goals, objectives and ideals of each of the members. A closely knit professional society is essential in order to perform certain functions impossible to achieve except as a group. In order to accomplish its full mission and aims, each profession must have a nationally recognized organization which can speak for the group as a whole. In order to speak with authority, each professional society must include a sufficiently large number of members who adhere to a common set of high standards for attaining membership, follow a strict code of personal ethics laid down by the society as a whole and work continuously to improve the profession in its rendering of better service to the general public.

One of the important functions performed by professional societies is to create a positive and clearly stated standard of ethics to serve each member as a personal guide in the daily practice of his profession. When the society agrees on this standard of ethical performance, it then has the responsibility for seeing that the ethical standard is accepted and obeyed by all persons presenting themselves for membership into the society. Further, the professional society must accept the responsibility for preserving high ethical behavior on the part of all the members previously admitted to membership in the society. And in the event any member fails to live up to his ethical obligations imposed upon him by his society, the society itself must take positive action to expel him from membership in the group. If the society fails to exercise such punitive action against errant members, the association then becomes impotent and incapable of fulfilling its function of seeing to it that all members render the highest possible professional service to the public.

Another important function performed by professional associations is the maintenance of high standards of technical performance through programs of continuing education for all members. This function of providing ways and means for keeping members up-to-date in the knowledge of their professional activities calls for a constant

campaign of educational achievement and excellence. National society seminars in which members prepare scholarly research papers which delve in depth in various subjects related to the profession are effective ways to accomplish improved performance by the members. Moreover, local and regional study groups or forums refreshen and enlighten members with imaginative ideas and new developments in the field. Refresher courses at established educational institutions, sponsored and encouraged by the society, also keep members alert and alive in their field of specialized knowledge.

Professional societies perform many other necessary functions but these two functions of ethical conduct and continuing education would seem to stand at the top of the list. To sum up the crucial role played by professional societies in creating a profession, one writer stated it well when he observed that, "No characteristic of a professional person is more evident than his pride in belonging, and his feeling that the profession is a fellowship of service for the general welfare. Each of the recognized professions is marked by this high degree of brotherhood and solidarity which is based on the common interests and experiences of its members. They share a common body of knowledge and a common purpose. Their lives and careers follow courses fixed by the status of the profession itself."¹²

The Formulation of a Working Definition of a "Profession"

Although admitted at the outset that there appears no unanimity of opinion concerning the proper definition of a profession, the essential characteristics or criteria of a profession as enumerated above would seem to provide some basis for drafting, at least in general terms, a working definition of the professional concept. Most definitions which have been formulated by the writers who have concentrated their attention in this field cover most, if not all, of the foregoing characteristics. All definitions have one basic characteristic in common--their reference

to "a moral or ethical code as the basis for professionalism . . ."¹³

Beyond this common thread of the necessity for a high degree of morality, the individual definitions vary in their emphasis on and inclusion of such concepts as the society or association's standards for admission and conduct, the need for general and special education, the importance of a unified body of knowledge and the role of qualifying examinations all of which, according to the various writers if considered in the aggregate, are requisite to a profession. Most of the requisites have been incorporated into the following definition which might well serve as a "standard" definition to serve as the focal point in viewing the various aspects of professionalism in the chapters which follow. This working definition of the professional concept is:

"A profession is a vocation whose practice is founded upon an understanding of the theoretical structure of some department of learning or science, and upon the abilities accompanying such understanding. This understanding and these abilities are applied to the vital practical affairs of man. The practices of the profession are modified by knowledge of a generalized nature and by the accumulated wisdom and experience of mankind, which serve to correct the errors of specialism. The profession, serving the vital needs of man, considers its first ethical imperative to be altruistic service to the client."¹⁴

Summary of the Essential Requisites of a Profession

Perhaps a brief summary, at this point, will help to synthesize the important and essential criteria of a profession as outlined in this chapter. First of all, a profession is altruistic in nature which means that each member is guided by and dedicated to the humanitarian principle of service rather than personal gain. The broad objective of every profession is public service,

¹²Dale E. Shaffer, op. cit.

¹³Professional People in England, Harvard University Press, Cambridge, Mass., 1953, p. 64.

¹⁴Morris L. Cogan, "Toward a Definition of Profession," Harvard Educational Review, Vol. 23 (Winter 1953), pp. 48-49. See this article for a summary and analysis of the various definitions of a profession.

not monetary gain. It is of course true that a professional man must make a living but this is secondary or incidental. Although livelihood is necessarily of importance to him, just as to everyone else, the income from professional pursuits simply follows as the resulting reward for performing acts of public service. Professional men focus maximum attention on providing unselfish and dedicated service to others while not being concerned with the money and material rewards because of complete faith that adequate payment in various forms for this service will follow automatically.

Second, a profession adopts and enforces a code of ethics. A standard for measuring and judging ethical behavior is paramount to success in achieving, from among members of the general public, a high degree of respect and professional regard. The code of ethics adopted by the profession serves as the guiding principle for decision-making by the members and as the protector or guardian of the profession's reputation. Failure to live up to the accepted code is tantamount to failure in functioning as a true professional and thus subjects the guilty person to expulsion from the group. As will be shown in the later chapters of this monograph, the golden rule philosophy, "Do Unto Others as You Would Have Others Do Unto You," serves as the "central core" in the development of several of the professional codes of ethics among the established professions.

Third, a profession has a distinctive, systematic and well-defined body of highly specialized knowledge which serves as the base for gaining broader and deeper understanding of the inter-workings of the profession. This unique or distinctive body of knowledge is unified through a "chain" of principles or theory which interlaces the total discipline of study. This body of knowledge of a distinctive department of learning is scientifically organized, developed and recorded in forms readily transmittible to others. And the central purpose of learning this body of knowledge is to improve each man's capacity to apply this knowledge in the daily practice of his profession. The practice of a profession involves independent discretion and professional judgment which are mastered more effectively when conducted on a high intellectual plane and the techniques used in each profession are based largely upon discovered principles

rather than routine, rule-of-thumb procedures.

Fourth, a profession deals directly with people and thus tends to identify itself with the desires, needs and goals of people. As such, then, the professional practitioner has a far more significant effect on human beings than on material things. For this reason, he should become knowledgeable in the study of man which means among other things a familiarity with those disciplines making up the humanities. An interdisciplinary understanding of the generalized knowledge as contained in the social sciences of philosophy, psychology, sociology and economics provides the professional man with broader educational background to deal more effectively with the numerous "human" problems he faces in his practice. A working acquaintance with general knowledge helps each professional practitioner to formulate for himself a sounder system of humanitarian principles and ethical values. A profession thus calls for a general education in the liberal arts as well as special education in the specifics of the discipline.

Fifth, a profession requires extended professional preparation, of a formal nature, involving a recognized educational process for acquiring the necessary specialized and generalized knowledge. This suggests a college or university-type program of organized study accompanied by provocative and searching examinations to test and determine the degree of mastery of the discipline's subject matter on the part of each candidate. Without a system of rigorous and discriminating examinations to distinguish the capable from the incapable for admission into the profession, there is no basis for determining professional men from non-professionals. There is, in other words, no basis for the establishment of a profession. The Oxford Dictionary defines a profession simply as "an occupation which one professes to be skilled in and to follow." Thus, a formalized educational process accompanied by a battery of discriminating examinations is designed to determine whether or not the candidate is indeed "skilled in" the theory and applied knowledge of the discipline he professes and follows.

Sixth, and finally, a profession depends upon the existence of a formalized group of members generally known as an association

or society. The two principal functions performed by professional societies are to (1) establish and police high standards of ethical behavior and practice among the members, and (2) establish and maintain high standards of technical performance through programs of continuing education sponsored by the society. Stated differently, the society organization must pursue every avenue for improving the ethical behavior and technical performance of each member. A profession establishes and continuously strives to raise its own high standards of unselfish and dedicated service to others through constant

educational improvement and study by its practitioners. A profession initiates and stimulates programs of research in both theory and applied methods in order to extend and broaden its total professional capability. Improved understanding by each member of the satisfactions derived from moral and ethical behavior coupled with continuing and expanding knowledge of the technical discipline surrounding the profession will produce for the society's members a maximum of respect, admiration and status among all the persons whom they supply with professional services.

DEVELOPMENT OF THE PROFESSIONAL CONCEPT AND BUSINESS ETHICS IN INSURANCE

The insurance business, in a manner similar to that described for business in general, has also been moving toward a greater appreciation of and belief in the principles embodied in the professional concept. More and more insurance "managers" in both company as well as agency ranks have discovered that a more satisfying and therefore more successful way to operate an insurance business is through strict adherence to a set of ethical rules designed to better serve the needs of the insuring public.

An attitude of "altruism" seems to pervade an increasing proportion of the practice of insurance today. One of the major associations of insurance agents, for example, builds this attitude of public service and social responsibility into its "code of ethics" as shown by the following selected items from its code: "I believe that these three have their distinct rights in our business: first, the Public; second, the Insurance Companies; and third, the Insurance Agents; and that the rights of the Public are paramount. I regard the insurance business as an honorable profession and realize that it affords me a distinct opportunity to serve society. I will strive to render full measure of service that should be expected from an intelligent well-informed insurance man. Anything short of this would be a violation of the trust imposed in me. I will thoroughly analyze the insurance needs of my clients and recommend the forms of indemnity best suited to these needs, faithfully advising as to the best insurance protection available. I will take an active part in recognized civic, charitable and philanthropic movements which contribute to the public good of my community."¹ These altruistic beliefs, no doubt, are held also by many other practitioners throughout the ranks of agencies and companies alike. Such a concept of dedicated service to the public is likely to prove the most important

ingredient for operating a successful business operation in insurance during the years ahead.

Vannevar Bush, leading engineer and scholar mentioned earlier in this monograph, has noted as one of the important aspects of a profession the fact that the typical client who buys professional service is not in a position to judge the quality of the service he purchases because of its technical difficulty or complexity. He must, therefore, rely on the reputation of the professional practitioner for fair and ethical dealing. A person having such technical knowledge, then, occupies a most unique and responsible position of trust among all members of the public needing his service. The average citizen, lacking the skill and knowledge needed to evaluate a complex service such as insurance coverages necessary to meet insurable perils, must engage in an act of faith or assume a "fiduciary" relationship with the individual he selects to give him insurance advice and counsel. The client needing insurance, therefore, must proceed on the assumption that his professional advisor is fully competent through education and training to advise him properly and competently.

The client in need of insurance service must develop a sense of trust or faith not only in his insurance counselor's integrity to advise but also in his ability to advise the proper solution to the client's problem; faith that the adviser will use his technical or superior knowledge to the advantage rather than disadvantage of the client. In other words, all the knowledge in the world concerning the subject of insurance will prove meaningless in advancing the best interests of the public if such knowledge is not used for a noble or moral purpose; if not properly employed to fill the public's need for technical knowledge and understanding.

¹Excerpts from the "Code of Ethics of the National Association of Insurance Agents," as printed in the American Agency Bulletin's "Insurance Industry Guide for New Agency Employees, N.A.I.A., New York, February, 1963, p. 54.

Since two of the major ingredients possessed by a professional man in a field such as insurance is moral integrity in the advice he gives coupled with technical competency to give the right advice, perhaps it would be well to explore this latter ingredient of technical knowledge. In order to do so it would seem appropriate to search, in some detail, the history of insurance education in America designed to develop in each professionally minded person in the insurance business greater knowledge of the theory as well as the practice of insurance. This development of insurance education in the "whys" of insurance as well as "how to do" skills is distinguished from insurance training which places emphasis almost entirely on the latter or "how it is done" function. The following historical development of "collegiate-type" professional education in insurance in America will reveal the extent of the effort put forth by the insurance business to develop professionally minded persons with greater capacity to advise clients through improved knowledge and skills in the technical field of insurance.

History of Insurance Education Designed to Produce Professional Competency in Insurance

Insurance education, designed for the development of professionally competent persons in this field, no doubt had its beginning with the first collegiate-level courses offered in insurance. In 1904, Dr. S. S. Huebner inaugurated what has since been recognized as the first collegiate program in insurance instruction in the United States at the Wharton School of Finance and Commerce of the University of Pennsylvania. Dr. Huebner, who is still actively engaged in the cause of professional insurance education at the age of 81, serves the jointly-held positions of Emeritus Chairman of the Board of the American Institute for Property and Liability Underwriters (C.P.C.U.) and President Emeritus of the American College of Life Underwriters (C.L.U.). These are the two professional insurance organizations brought into being primarily through the efforts of this pioneer insurance educator.

Prior to 1904 a few colleges offered an occasional course in actuarial science in the mathematics department and some law schools treated certain phases of in-

surance law in their curriculum. But it has become an accepted fact that Dr. Heubner was the pioneer developer of collegiate, or professional-type, insurance education in the United States. And from this "single-university" beginning near the turn of the century, collegiate insurance education has developed and flourished to such an extent that currently over 500 colleges and universities offer insurance courses for their undergraduates.

The next important milestone in insurance education, although it was not at first designed for the collegiate or professional approach to insurance, took place in Philadelphia at 2:30 p.m. on Friday, April 23, 1909. This was the place and time of the formal beginning of the Insurance Institute of America, the oldest continuously operating national educational program in insurance in the United States. It was the (Fire) Insurance Society of Philadelphia which originated the idea for starting an educational organization which would become completely national in scope as contrasted with the local type education which had been practiced in the various insurance societies prior to this time. It was altogether fitting that the (Fire) Insurance Society of Philadelphia should serve as host society in launching this new national education program in insurance for it was Philadelphia where insurance, itself, had its beginning in the 1700's. Thus, the Society invited to its office on Walnut Street that Friday in 1909 four other well-established insurance societies to launch officially a new organization which later became known, with a change in name, as the Insurance Institute of America. Invited to this inaugural meeting in 1909 were The Insurance Society of New York, The Fire Insurance Club of Chicago, The Insurance Institute of Hartford, and The Insurance Library Association of Boston. At this conference, these five societies formally established the national educational organization named, in the beginning, The Association of Insurance Societies and Institutes of America.

The first series of national examinations was conducted two years later in June of 1911 when 34 persons wrote exams from seven states. This humble beginning contrasts significantly with the nearly 5,000 persons who sat for about 6,000 I.I.A. national examinations in approximately 375 separate examination centers in 45 states

during the two examination series conducted in the 1962-63 academic year. The unofficial headquarters of this new organization remained in Philadelphia until September 1, 1922, when a central office was formally opened at 110 William Street in New York City. This educational institution continued to operate as an unincorporated body until May 1, 1924, when a special charter was granted by the Legislature of the State of New York. It was this date which marked the official change in name to The Insurance Institute of America, Incorporated (and frequently referred to as I.I.A.).

Insurance education, designed to develop technical competency at the "professional" level, marked its next major "benchmark" of progress in the United States with the establishment in 1927 of the American College of Life Underwriters and its professional designation in insurance known as C.L.U. (Chartered Life Underwriter). As early as 1914, Dr. Huebner, in a major address before a meeting of life underwriters, proposed that they create a national college which would establish high professional standards of achievement for life insurance personnel throughout the United States. So it developed, in 1927, that several life insurance industry leaders together with Dr. Huebner founded the American College of Life Underwriters which conducted its first series of national examinations across the country that same year. It was altogether fitting and proper that Dr. Huebner was selected to serve as the first Dean of this new college. Later he became President and now remains "active" in the role of President Emeritus of the American College.

Dr. Huebner, at the time C.L.U. was founded, was also serving as Chairman of the Insurance Department and professor of the Wharton School of the University of Pennsylvania. Dr. David McCahan also served with him as a member of the insurance faculty at the Wharton School. And it was Dr. McCahan who later was appointed Dean and eventually President of the American College. This professional program in insurance education has continued its growth under its current leaders, Dr. Davis W. Gregg, C.L.U., who was Dean and now President, and Herbert C. Graebner, C.L.U., who has served as Dean of the American College since 1955. Evidence of the continued growth is reflected in the more than

10,000 life insurance men and women who have attained the professional designation, C.L.U., since its beginning in 1927.

Probably the most significant development in property-liability insurance education for developing professional competency in insurance throughout America took place on May 16, 1941. This was the date when representatives from all major insurance associations met to lay the groundwork for creating a professional educational "college" for property-liability personnel similar to its counterpart in life insurance. Numerous problems had stood in the way of getting all property-liability "factions" to unite in a single body in order to strengthen this entire property-liability field of insurance through higher, professional education. The final solution to the "factional" disputes which had previously prevented any hope for a united all-industry educational organization was provided by Mr. John North, currently Chairman of the Board of the Phoenix of Hartford Insurance Companies. It was Mr. North who proposed to Dr. Huebner, in Dr. Huebner's home in Philadelphia, that a request be made to the American Association of University Teachers of Insurance that it serve as the "catalyst" to unite these diverse groups.

Thus it was, on May 16, 1941, that this teacher's association invited six associations from the industry to a meeting to resolve all differences and unite every strength for creation and development of a national educational "college" to build professional competency into property-liability insurance men and women throughout all segments of the business. Invitees to this meeting were the National Association of Insurance Agents, National Association of Mutual Insurance Agents, National Association of Insurance Brokers, National Board of Fire Underwriters, Association of Casualty and Surety Executives and the American Mutual Insurance Alliance. As a result of this planning conference, there was created in the Commonwealth of Pennsylvania, and in the city of Philadelphia, just as in C.L.U., the American Institute for Property and Liability Underwriters, Inc., with power to confer a professional designation in insurance. This was the origin of the Chartered Property Casualty Underwriter (C.P.C.U.) designation in property-casualty insurance. The first series of examinations was conducted in June of 1943

with 90 persons writing 206 examinations in 21 centers throughout 17 states plus Washington, D. C. By contrast, the 1963 series of C.P.C.U. examinations showed more than 3,000 persons taking nearly 4,000 examinations in about 194 centers in 49 states plus Washington, D. C., Puerto Rico, and Venezuela.

The American Institute was founded, therefore, largely through the efforts of Dr. Huebner and Mr. John North. As a fitting tribute to this accomplishment, these two leaders were subsequently elected Life Trustees of the Institute. The responsibility for the development and administration of this new program of professional insurance education was placed in the hands of Dr. Harry J. Loman who was and still remains Professor of Insurance at the Wharton School of Finance and Commerce. Dr. Loman has served continuously as Dean of the Institute from its inception in 1942 until 1961 at which time he was elected President of the Institute by the Board of Trustees. Through his direction, C.P.C.U. has grown from only six designees or completers the first year of the examinations (1943) to a cumulative total of 3,768 persons having completed all examination requirements in 1963.

The latest major step in the progress of insurance education for professional competency in the United States took place in 1952 when the Insurance Institute of America requested that Dr. Harry J. Loman, in his capacity as Dean of the American Institute, assume additional responsibility for administering the educational program of the Insurance Institute of America. This was done in order to integrate and coordinate the I.I.A. educational activities more closely with those of the advanced program of C.P.C.U. The I.I.A. program was thus moved from New York back to Philadelphia where it had begun in 1909. When this move from New York to Philadelphia was made in 1952, the I.I.A. educational program was completely revised to better serve the needs of the insurance business. The substantial change in curriculum and pattern was necessary because of the trends which had been taking place in multiple-line operations and all-lines selling and service.

The new and revised I.I.A. educational program became fully effective with the

first national examinations given in May of 1953. This new program was "collegiate-oriented" and placed increased emphasis upon the fundamental principles of insurance (the reasons "why") and their application to the various contracts of insurance in widespread use throughout the insurance business. Moreover, the revision was designed to integrate and coordinate the I.I.A. educational program with C.P.C.U. so it could serve the necessary function as "feeder" or lead-in program to the advanced, professional-level studies contained in the C.P.C.U. program. The I.I.A. program as revised, therefore, assumed the role of both the beginning as well as the intermediate level of learning comparable for the most part to the many undergraduate courses in insurance in colleges and universities throughout the United States. C.P.C.U., on the other hand, has assumed the role of "advanced" or professional-level study and, in many respects, tends to take up where college-level work ends. As such, C.P.C.U. study places considerably more emphasis, than undergraduate college work, on the application of knowledge of principles or theory to real or practical situations. C.P.C.U. study is designed fundamentally to produce high-level technical competency for those who seek ultimate professional recognition and status.

Process Through Which Insurance Will Attain Eventual Status as a Profession

Technical competency alone, through formal study or organized learning, is not sufficient to produce a "professional" person. It does, of course, produce greater ability to advise. Formal learning does not necessarily provide any guarantee or assurance that the more able an advisor becomes, the greater will be his integrity to advise. Thus, improved technical capacity coupled with high moral character would seem to be vital characteristics for a professional man in insurance. Perhaps it would be well to look at a suggested series of important requisites necessary if a business such as insurance is to acquire professional recognition and status.

Professor Robert Aaron Gordon of the University of California and Professor James Edwin Howell of Stanford University, in their joint study of schools of business administration sponsored by the Ford Foundation observed that before any business,

such as insurance for example, can hope for professional status or recognition, at least four major criteria or basic characteristics must be present. These requirements, according to Professors Gordon and Howell, are as follows:

(1) It must set up standards or codes of professional conduct which take precedence over the goal of personal gain.

(2) A profession should rest on a systematic body of knowledge of substantial intellectual content and on the development of personal skill in the application of this knowledge to specific cases.

(3) It should prescribe ways of entering the profession by meeting certain minimum standards of education and competence.

(4) It should have an association of members, among whose functions are the enforcement of standards, and the advancement and dissemination of knowledge.²

It might prove fruitful, in this discussion of the process through which insurance will likely achieve professional status, to look at each of these four criteria individually to see what is currently being done to implement them in the field of insurance.

1. The Setting Up of Standards of Professional Conduct Which Take Precedence Over the Goal of Personal Gain. This first requisite or characteristic of a profession, according to Professors Gordon and Howell, is actually a combination of the first and second characteristics described in each of the first five chapters of this treatise. In other words, the need for (1) an attitude of altruism or unselfish devotion to the needs of others and, (2) the importance of a formal creed or code of ethics, have been expounded upon at considerable length in the foregoing chapters and little more need be said about them here. Perhaps some treatment at this point, however, should be given to the way in which a professional creed or code of ethics has been developed as a standard for conduct by insurance men and women.

As suggested earlier in this monograph, each of the world religions has developed its own "professional code", so to speak, and it might be well to repeat each of them for emphasis. It will be recalled that the

basic religion of the Chinese, taught by Confucius, developed its moral code as follows:

"Is there one maxim which ought to be acted upon throughout one's entire life? Surely, it is the maxim of loving kindness; do not unto others what you would not have them do unto you."

Brahminism states the code:
"Do not unto others that which would cause you pain if done unto you."

Buddhism teaches:
"Hurt not others in ways that you yourself would find hurtful."

Taoism says:
"Regard your neighbor's gain as your own gain, and your neighbor's loss as your own loss."

Zoroastrianism states:
"That nature alone is good which refrains from doing unto another whatsoever is not good for itself."

Islam teaches:
"No one of you is a believer until he desires for his brother that which he desires for himself."

Judaism teaches:
"What is hateful to you, do not to your fellow men. This is the entire law; all the rest is commentary."

Christianity teaches:
"All things whatsoever ye would that men do to you, do ye even so to them; for this is the law and the prophets."

Each of these religious "codes", designed to teach persons how to treat their fellow man, have frequently been referred to as the "Golden Rule" of personal conduct. As shown in the preceding chapters, this golden rule philosophy has been used as the basic or underlying philosophy upon which many of the detailed codes of ethics, in the professions, were promulgated. In other words, in setting down the entire series of "do's" and "don't's," the question the

²Silk, Leonard S., Senior Editor of Business Week in "The Education of Businessmen," Supplementary paper No. II, Committee for Economic Development, p. 9, Is Business a Profession?

authors of professional codes asked themselves was simply, "How would I like to be treated, in this situation, if conditions were completely reversed?" this putting of one's self into the other man's shoes, therefore, is reflected in the "physician's creed" as contained in Chapter II, Section 2 of the Principles of Medical Ethics described earlier. It will be recalled that the statement reads:

"In all instances, the physician should act as he would desire another to act toward one of his own family in like circumstances."

It is significant to this discussion that if the golden rule philosophy as shown in this statement in the medical code of ethics is applied to each problem calling for a "right" decision, then there would be little doubt as to the proper course the professional man should follow. In other words, the golden rule is a standard for conduct which tends to render, as rather redundant, the page upon page of detailed rules of conduct described in each of the professional codes earlier in this treatise. The golden rule is, therefore, a complete code of ethics, if it will simply be "applied" in answering each question of right and wrong conduct facing the professional practitioner.

The "code of ethics", adopted by the American Institute for Property and Liability Underwriters for those who are designated, C.P.C.U.'s, embodies this golden rule in its "professional charge." Each C.P.C.U. is bound by this moral code of conduct and obliged to repeat it publicly at every annual conferment ceremony and every regional presentation-of-diplomas meeting, wherever he may attend, at cities all over the country. This "professional charge" reads as follows:

"In all my business dealings and activities I agree to abide by the following rules of professional conduct: I shall strive at all times to ascertain and understand the needs of those whom I serve and act as if their interests were my own; and I shall do all in my power to maintain and uphold a standard of honor and integrity that will reflect credit on the business in which I am engaged."

A classic illustration of the practical benefit derived from the golden rule philos-

ophy embodied in this professional charge came from a C.P.C.U. in the midwest who wrote, "For years in my agency I allowed my thoughts and attitude regarding my clients to be influenced largely by commission considerations. One day, however, I happened upon an experience which drove home vividly to me the full realization of the true meaning and significance of the C.P.C.U. 'charge.' On that day, my entire business philosophy took a drastic turn for the better. Previously, that portion of the C.P.C.U. charge which reads, 'and act as if their interests were my own' had no apparent meaning to me whatsoever. But from that day forward it has been abundantly clear and has served me as a 'complete' ethical guide in the conduct of every phase of my business activities." This complete code of ethics will indeed serve to answer each question of right and wrong conduct in the daily pursuit of any businessman's professional practice. He must, however, develop first the desire to do the right and proper thing in all circumstances. When this hurdle has been overcome and when he earnestly desires to find the ethical answer to a proposed business practice, the professional charge of C.P.C.U. will provide it.

2. The Necessity for a Systematic Body of Knowledge of Substantial Intellectual Content Coupled with Personal Skill to Apply it to Specific Cases. This requisite or characteristic of a profession tends to combine the third and fourth characteristics, as discussed in the first five chapters of this treatise. These were the characteristics dealing with a body of specialized as well as generalized knowledge. There does exist today, in the field of insurance, "a systematic body of knowledge of substantial intellectual content." The body of literature in insurance has been expanding rapidly in recent decades as more and more insurance teachers and scholars have been organizing, codifying and presenting the wealth of experiences which now makes up the "knowns" of this new discipline.

The C.P.C.U. program has fashioned, from among the more creative writings in the field of insurance literature, a systematic body of readings which have been assigned as Parts I and II of the educational program. A wide variety of reading assignments involving broad knowledge and understanding is necessary to meet the educational requirements of this professional

course of study. Moreover, considerable importance is placed in the constructing of the national examinations on the necessity for "developing personal skill in the application of knowledge to specific cases", as contained in the wording of this characteristic by Professors Gordon and Howell. As a matter of fact, most C.P.C.U. questions are based upon actual case situations requiring the candidate to have both educational background as well as on-the-job insurance experience.

Further, an entire body of "general" knowledge is assigned and tested in the professional program of C.P.C.U. Knowledge and understanding is required in the non-insurance, yet nevertheless related, fields of economics, government, law, management, accounting and finance. Then, too, assignments are given and examination questions are presented in the field of human behavior as well as ethics. Thus, there is indeed an exposure to general knowledge in the C.P.C.U. program which many students of the professional concept believe essential in the establishment of a profession.

3. The Prescribing of Ways for Entering the Profession by Meeting Certain Standards of Education and Competence. This third requisite or characteristic of a profession, as viewed by Professors Gordon and Howell, is the same as the fifth characteristic discussed in chapters one through five in this monograph. This requisite pertains to the manner or procedure through which a person seeking admission to the profession is tested or examined. Obviously, the profession is only as sound and substantial as its testing program. If standards for admission are low or if they are imprecise or inequitable, then surely persons will gain admittance who are not qualified by competence and ability. The examination process, therefore, is extremely important if the profession is to move forward with dispatch toward the goal of complete public acceptance. Weak, sporadic or indecisive standards are sure to destroy any hope for a profession taking its proper place among the already established or learned professions.

The national testing or examining body for C.P.C.U. is the American Institute for Property and Liability Underwriters. This organization prescribes the ways for entering the ranks of C.P.C.U. by setting "certain minimum standards of education and com-

petence" as described in this requisite for a profession. The testing system is handled by a competent group of academic, as well as practicing, insurance men banded together in the so-called "examination committee." This panel of experienced, educated men meet in conference for several days to pass upon each of the examination questions submitted to it for final judgment and approval. This committee selects from among a number of alternative questions presented for acceptance. The final product of their deliberations is the national examination in each of the five separate areas tested by the American Institute.

In addition to the examination committee, a completely separate and distinct national panel of graders, in each of the five subject areas, has been assembled from among the ranks of academicians as well as practicing insurance men. The setting of the final standards for grading of the examinations is a most extensive and exhaustive process. After several full-day sessions, the final grading standards are established and the grading commences. Throughout the entire examining process, every possible care is given to marking each paper fairly and equitably and with strict adherence to the accepted grading standards. In addition to the educational standards, the American Institute also prescribes and administers a requirement that each candidate for admission have a certain degree of practical experience in the field of insurance and that he has measured up to a prescribed moral and ethical character review.

4. The Need for an Association of Members to Enforce Standards and Advance the Levels of Knowledge of the Professional Practitioners. The fourth and last characteristic of a profession, as propounded by Gordon and Howell, is the same as the sixth criterion discussed in the first five chapters of this monograph. The necessity for an association or society of practicing members is provided in the field of insurance by the national Society of Chartered Property and Casualty Underwriters with its national headquarters in Media, Pennsylvania. The national Society of C.P.C.U.'s constitutes the alumni body of those who have completed all requirements for the designation and who have been admitted to full membership by this national association of members.

The Society of C.P.C.U.'s, among its many functions, has a national policing body, known as the Ethics Committee, whose major function is to enforce where necessary high standards of ethical conduct by every member of the Society and to investigate all complaints by anyone who charges unethical conduct on the part of any member of the organization. Moreover, the national Society of C.P.C.U.'s performs "the advancement and dissemination of knowledge," of all the members of the national body through its Annual Meeting and Seminar where scholarly papers are prepared and delivered. Many of these papers are the result of original research studies conducted by local chapters of the national organization who then use the Annual Meeting and Seminar as the platform for disseminating the results of these studies to the total membership. Further, the Society publishes a professional journal, The Annals of the Society of Chartered Property and Casualty Underwriters, whose purpose it is to prepare the proceedings of these research study presentations as well as publish other timely articles and research findings all for the purpose of furthering the educational development of every member of the national Society. Then, too, the national Society conducts a series of high-level regional forums which brings together Society members from within a geographical area to discuss regional and national problems confronting the insurance business and the possible solutions. The Society of C.P.C.U.'s also conducts a national "sponsorship program" designed to encourage and attract qualified and competent persons to enter the ranks of the professional group. All of these activities are designed to raise the standards throughout the insurance business to the level of the established professions.

Concluding Comments on the Application of Business Ethics to Insurance

Each person in the insurance business is subconsciously, if not consciously, searching for a guide to respectable or ethical behavior which will provide for him a feeling of personal satisfaction and contentment thereby allowing him to lead a more suc-

cessful and rewarding life. And, as indicated above, the universal principle embodied by the golden rule will produce, in all probability, precisely what every person is searching for.

Adherence to this principle, however, through a sense of mere compliance with the law of ethical conduct reflected by the golden rule is far from sufficient. There must be a much deeper feeling of conviction, bordering on the belief normally associated with religion, if true satisfaction is to be experienced. "This placing of business ethics on the basis of conviction, rather than on the basis of mere compliance, is one of the significant developments in our modern society. It is the removal from business of the image or 'mark of the beast' which characterized earlier periods in history."³

The introduction of "conviction" into business ethics, as opposed to mere compliance, suggests the merging of religion with business in our society. The application of Judaeo-Christian religious principles, upon which our Western civilization was founded, to business affairs occupied the attention of a large number of academicians, theologians and businessmen who met at a joint-seminar sponsored by both the Harvard Business School and the Harvard Divinity School a few years ago.⁴ The conclusion drawn by this group of intellectuals was that there does indeed exist a "rational unity" between religious ethics and business practice. Thus, even though many businessmen may have difficulty thinking and speaking of business affairs in terms of religious concepts, there are growing numbers of business, religious and academic leaders who have become firmly convinced of the logic and the need for the merging of these two elements as a beneficial contribution to the total fabric of our society.

"The basic problem of the businessman living in our present society is not so much to find a standard of ethics as to apply it, to infuse it into the warp and woof of the fabric of his daily affairs. Conflicting bases of ethical judgment confuse the simplicity

³Bartels, Robert, Business Ethics--Compliance or Conviction?, a lecture delivered at the University of Southern California, May 4, 1961. Dr. Bartels is Professor of Business Organization at The Ohio State University.

⁴Dr. Bartels, referred to above, was a participant at this seminar.

of the basic principle of ethics upon which one should act. Among the competitive demands of business, the application of a religious ethic may be held to be an 'impossible ideal' in the presence of 'practical necessity.'⁵ This seeming dilemma, however, is not hopeless. Practical businessmen can, if they will but try, practice good business ethics in every business transaction during every working day. "Many practical businessmen have made progress in applying an ethic of their convictions and have learned to live more easily with their conscience, more peacefully with their clients and more profitably in their professions with their heart and mind completely reconciled."⁶

In an earlier era of the history of business, the phrase "caveat emptor" (let the buyer beware) served as the principle upon which business was conducted. This philosophy of "self-interest" was the prevailing principle upon which sometimes shrewd and conniving practices were justified and rationalized. This outmoded self-interest philosophy will not stand against a more rational and universal law of business ethics as represented by the golden rule. This submer-

gence of self-interest to the interest of others has evolved simply because it is the "right" way for business or professional men to live; the only truly satisfying way to live with themselves and with others.

Strict practice and adherence to this fundamental principle of business ethics as a matter of deep conviction, rather than mere compliance, will produce for the professional practitioner a life of wholesome satisfaction unobtainable any other way. Moreover, a practitioner of this universal law of business ethics will become increasingly aware that he is establishing, by adherence to such a satisfying code of conduct, a rich heritage of service to others and personal satisfaction to himself which will likely, through example, be passed along for later generations to adopt and enjoy. He will have dedicated his life, in other words, to a cause much greater than himself. Such noble and high-purpose living is certain to provide for the professional man the greatest conceivable contribution to the furtherance of civilization, by contributing to the greater "humanization" of mankind, through the setting of a living example.

⁵Ibid., p. 19.

⁶Ibid.