

# CELEBRATING OUR PAST THE NAHU HISTORY OCTOBER 14, 1930 - JANUARY 1, 1990

*By Wallace L. Clapp and Jim Henderson, RHU, REBC*

**W**hen modern man's society consisted of hunting and gathering in communities, there was a form of insurance just by the development of the community. Every person within the community participated in helping the very existence of each other. If a member became sick or injured, others would "pitch in" and help with the chores that the disabled person could not handle. The group insurance concept has been traced to the Rodian Sea Law, dating back to about 1000 B.C. This law said, "If goods are thrown overboard in order to lighten the ship, what is sacrificed for the common benefit should be made good by a common contribution." The principle of all insurance is that a common contribution is for the common good. The first recorded plan of modern day group medical expense coverage was initiated in 1921, when a hospital in Grinnell, Iowa offered hospital care on a prepaid basis to subscribers. This plan, and a similar one offered in 1929 by the Baylor University Hospital in Dallas, Texas, for the benefit of the Baylor University faculty, set the pattern for what later became the Blue Cross plans. Our association was founded the following year.

The first National Association of Health Underwriters's convention I attended, was held at The Point at Squaw Peak, in Phoenix, Arizona in 1984. This was NAHU's 54th annual convention, and one remembered fondly by most association members in attendance. I was introduced to the NAHU, only two years prior, as the President Elect of my local chapter in New Orleans. Like many other NAHU members, I actually started out in the life insurance field, and during that period of time, was within a transition mode from life to health.

I was, and remain today, very excited about the health insurance business. I found the constant and dramatic change of the health care industry to be truly exhilarating. The more I read about the health insurance industry, its past, the present, and a future predicted, the more I needed to learn. I was indeed, preparing for a awesome trip on the never ending journey of highways and byways, leading to a betterment of our nations's health care system.

I met many members during that convention, that had started their trip long before I did, and they too, were captivated by the magic of our industry. Many of the members had begun their journey on the dusty roads of yesteryear, while others had begun their trip on the highways of recent past. All of us knew that tomorrow's super information speedway would propel us swiftly toward a most energizing future. A future, not for the timid, but a future for those who could grasp tightly for the roller coaster ride, understand foundations built on yesterday's experience, the resulting structures of today, and conceptualize tomorrows future.

At that Arizona convention, I was elected a Regional Vice-President, and as I moved through the chairs of NAHU, I strived to learn more about our past to understand our present and to anticipate our future. Along the way, I came across a June, 1960 special edition of The Accident and Health Underwriter which featured the first thirty years of IAAHU history written by Wallace L. Clapp, Vice President and Associate Editor of The Eastern Underwriter. Wally Clapp started his insurance career with the American Fore Group in 1921. In 1924, he joined The Eastern Underwriter and was named associate editor in 1929 in charge of casualty-surety, and accident and health departments, He had a long term interest in the IAAHU, dating back to its first annual convention in Detroit in 1930. He covered all the IAAHU conventions personally for the Eastern Underwriter.

I read Wally's history with great interest, and decided then that I would like to prepare the second thirty years of NAHU history. I was only able to locate a few years of board minutes, but was able to locate virtually all of the Association's Underwriter magazines, dating back to 1960, and began to read, enjoy and then write from where Wally left off in 1960.

Therefore, on this day of October 14, 1996, sixty six years after the first gathering of the National Association, I give you a celebration of NAHU's first sixty years.

# ASSOCIATION LAUNCHED DESPITE DEPRESSION

**T**hirty years ago, a small group of inspired and dedicated accident and health insurance men met in Detroit, to form what is now the International Association of Accident & Health Underwriters. This meeting and the formation of the association, originally called the National Association of Accident & Health Managers, climaxed months of preliminary work under the sponsorship of the Detroit Association of Accident & Health Underwriters.

Actually, the movement to organize local Accident and Health clubs got under way some 22 years prior to the launching of the National Association, and Cleveland is credited with having formed the first local club. Its founders included Gilbert H. Knight, still active today, as head of an agency in that city for Federal Life & Casualty. A similar club was started in Pittsburgh, shortly after the Cleveland founding, due to the efforts of J. L. McKinney, W. A. Hopkins and Lon Jeffrey, Commercial Casualty.

These pathfinders visited many eastern cities and organized clubs in various places including Detroit and Toledo. For a number of years these clubs interchanged visits with one another, the outcome of which was the establishment of the National Association of Accident & Health Managers.

The actual time of the National Association's first gathering was October 14, 1930, just two weeks before the stock market crash which had world-wide repercussions. Those attending were A & H leaders in their respective cities, all of whom were glad to respond to the call of J. P. Collins, who was elected temporary president at the meeting, can rightfully be considered "father" of the National Association. At the same time, full credit should be given to others who worked unselfishly and gave of their time and money to conceive an organization which would proudly represent the Accident and Health production forces of the country.

Among these pioneers, some of whom are still active in today's International Association, were L. D. Edson, Chicago, the Accident and Health Superintendent of

the Zurich; Gilbert H. Knight, Cleveland; Emil Lambertson, Lansing; William E. Leiby, Los Angeles, then connected with Behrendt-Levy-Rosen Co., of that city, and later for many years manager in Los Angeles of Massachusetts Indemnity's largest agency; W. Dwight Mead, Seattle, representing Pacific Mutual Life; C. G. Schillerstrom, then Pittsburgh manager of the Washington National, and Armand Sommer, then Southern Surety's Accident and Health manager and now vice president of the Continental Casualty in Chicago.

William B. Cornett, now director of sickness and accident insurance of the Prudential of Newark, a tower of strength in the National and International, came into prominence when elected president of the association in 1939. At that time he was field director in Columbus, Ohio, of Loyal Protective Life.

Recalling the early struggles of the National Association, Armand Sommer recently told Carl A. Ernst, North American Life & Casualty's Accident and Health Director, who heads the International's 30th Anniversary Committee, that "our association, on a cold statistical basis, was organized in an era when accident and health was basically unprofitable to the companies, and although a lusty infant, the business at the time had some congenital problems."

Even though the nation was headed for one of the greatest economic tailspins in history, Mr. Sommer said "a nucleus for our organization was started and somehow or other, in spite of problems-particularly financial-we weathered the storm.

"It would have been more or less natural, when the economic holocaust is considered, for the association to have disbanded, at least temporarily, and make a fresh start later on. But to the everlasting credit of its early leaders, the organization remained intact. They foresaw the unlimited future prospects of a national organization for Accident and Health salesmen. They were not working for personal prestige or glory, and they gave not only of themselves, but in times of urgent financial stringency they helped out with their own resources.

"Today, as in the past, there is a group of new faces and names, as well as some of the old timers, who with the same objective are working untiringly for the future of the International and our our business." The records show that about 100 persons subscribed as charter members of the National Association. Local associations represented at the first annual meeting included Los Angeles, Chicago, Seattle and Detroit.

## *The First Decade*

## Chicago Charter Convention

Eight months later, on June 5-6, 1930, the charter convention took place in an atmosphere of seriousness, and optimism at the Edgewater Beach Hotel, Chicago. Collins was formally elected President and his fellow officers were Edson as First Vice President; A. G. MacKinnon, manager, American Bankers at Los Angeles, Second Vice President; George Brown, Detroit, then Secretary of the Michigan Association of Insurance Agents, Secretary-Treasurer.

One of the first steps taken at this meeting was to adopt a constitution and by-laws. It clearly set forth under Article II, Objects and Purposes, that the association had been formed “to promote good will and harmony between members; to devise measures for the protection of their common interests, and to advance the general interests of accident and health selling.” Annual dues were set at \$2.

To accomplish these objects and purposes the founding fathers directed action along specific lines, among them being (1) To eliminate destructive competition through better understanding (2) To aid in directing and shaping all Accident and Health legislation (3) To check wrong practices and abuses by raising the ethical standards of the profession (4) To educate the public as to the nature and benefits of A&H insurance (5) To collect and disseminate the most advanced and successful sales ideas and methods, and (6) To exchange methods of sales training and all helpful general information pertaining to the business.

## Pioneer Speakers

Attending the charter convention were delegates from Boston, Chicago, Cleveland, Detroit, Kansas City, Los Angeles, Milwaukee, Pittsburgh, Portland, San Francisco, and Seattle. Local associations in these cities were the pioneers. Featured as speakers at the charter convention were six Accident and Health men who, in the ensuing years, did much to raise the stature and prestige of the Accident and Health business. They were Harold R. Gordon, then Executive Secretary of the Health and Accident Underwriters Conference and later its managing director; C. O. Pauley, then Secretary of the Great Northern Life, Chicago, who later succeeded Mr. Gordon as head of the Conference following the latter's untimely death; E. H. “Count” Mueller, who was elected head of the association in June, 1933;

Armand Sommer, who served as its President in 1935; E. C. Budlong, then Vice President of Federal Life of Chicago, and Sam C. Carroll, then Vice President of Mutual Benefit health and Accident Association, Omaha, which company over the years has been one of the most active supporters of the national movement.

According to press accounts of the first meeting, the speakers expressed courageous optimism as to the National Association's future. Their firm conviction was that it was destined to occupy a place in the insurance business just as important as that of the National Association of Life Underwriters, Health and Accident Underwriters Conference, and American Medical Association in the medical field. “The high ideals of these organizations were the patterns that we sought to emulate,” said “Count” Mueller, whose devotion is just as strong today as it was 30 years ago.

Pointing feelingly to the trials and tribulations of the first several years, Mueller said: “To lead us, we had to depend on men who had some company position and who had an expense account! Despite our handicaps a convention was held in every one of the depression years of 1930 through 1934. To be sure, there were but few in attendance, sometimes not more than 25, but they were indeed dedicated men.

“It was about 1935 when we began to take hold and an increasing number of men started coming to our conventions and sales congresses. Then, in 1937, the first really large conventions with attendance of about 300, was held in Milwaukee. That was really an inspiration to all of us. It was decided at that meeting that if the National Association of Life Underwriters which had financed itself by passing the hat. However, when we passed the hat around in 1937, not more than \$100 was raised. Later we did better.”

“Count” Mueller had the distinction of making the opening address at the national's charter meeting. He titled it “Why I Believe in a National Organization of Accident and Health Managers.” After serving as president in 1933, he handled the difficult assignment in 1944 of raising much needed money at a time when the association was at the crossroads of its development. He is today one of the International's most esteemed senior statesman.

To revert to the early years, let's take a look at the speaking pattern set at the second and third annual conventions, which have been a guide for later program-makers. The second annual gathering, held

in Detroit on June 1-3, 1931, featured welcoming addresses by Michigan Insurance Commissioner Charles Livingston and Frank Murphy, then mayor of the city. Three of the old timers, Harold R. Gordon, "Count" Mueller, and Sam Carroll were the principal speakers, and the presidential address of J. P. Collins was marked by realistic optimism for the future. Actually the association had grown in its first full year to eighteen local units. Agency building was this convention's theme.

Elected president was L. D. Edson of the Zurich and his fellow officers were as follows: First Vice President, William E. Leiby, who later served as President of Accident and Health Managers Club of Los Angeles and the California Association of Accident and Health Underwriters; Second Vice President of H. H. Jones Commercial Casualty, Detroit.

Back in Chicago for its third annual meeting (1932), the association continued to attract outstanding men as speakers. Keynoter on this occasion was Herman A. Behrens, then President of the Continental Casualty that year, arranged the program which included E. A. Hauschild, Continental; Paul H. Rogers, Chairman, Bureau of Personal Accident and Health Underwriters, then with Massachusetts Bonding and later with Aetna Life; B. H. Groves, assistant manager of the Travelers in Chicago, and E. C. Budlong.

### **"Count" Becomes President**

"Count" Mueller was elected president at this meeting. He had just joined the Pacific Mutual Life as Wisconsin manager and was in fine fettle. His First Vice President was C. G. Schillerstrom, then of Pittsburgh, and later to represent, as New York City General Agent, Paul Revere Life, running mate of Massachusetts Protective Association of Worcester, Mass. He served these companies for 22 years prior to his death in April, 1959.

Elected Second Vice President was Dwight Mead of Seattle, who has been aptly described as "The Beacon Light of the Northwest", by W. B. Cornett who said he was a "Great humanitarian who gave of his talent, time and money to promote the best interests of the Accident and health business and the National." Armand Sommer, Continental Casualty, was named Secretary-Treasurer.

With his characteristic vigor, Mueller launched a membership drive, stimulated the association to take

the initiative in holding local sales congresses around the country, and encouraged life insurance men to take an active interest, especially as sales congress speakers. Successful local meetings were held that year in Detroit-Seattle in joint session, and Cleveland-Pittsburgh, also in joint session.

One of the year's outstanding achievements, he reported, was an Accident and Health Insurance Week in Los Angeles, formalized by proclamation of the then Governor Rolph of California. It was the first time in history that a state governor had made such a proclamation.

At the fiscal year-end in reviewing his term as President, Mueller stressed the growing importance of the National Association and the benefits which Accident and Health managers could derive from it. He said it was up to the members as pioneers in the movement to contribute constructively to the National's success, and he then outlined a six-point program for member clubs and the association itself to follow in doing its part in elevating the Accident and Health business. His No. 1 point, then and now a major interest of the organization, was to "direct and shape legislation with a view to conserving, and promoting the best interests of all who are engaged in or who benefit by the sale of Accident and Health insurance.

### **Schillerstrom Elected**

Schillerstrom assumed the Presidency at the fourth annual convention, held June 15-16, 1933, at the Keystone Athletic Club, Pittsburgh. The program was divided into three sections; agency management, and underwriting and development of local associations. Two evening sales congresses were held, both lively and informative. And for the first time a golf tournament was arranged.

Schillerstrom's fellow officers included Dwight Mead, First Vice President; Harry A. Cunningham of the W. G. Wilson Agency of the Aetna Life in Cleveland, Second Vice President; W. O. Ligenfritz, Philadelphia as Third Vice President, and James E. Powell, Provident Life & Accident, Secretary. This was Mr. Powell's debut in association work on a national basis. Over the years he has championed the cause of the organization and lent his encouragement to formation of local clubs and participation of Provident men in such activity.

One of the major actions taken at the fifth annual convention, held June 7-9, 1934, at Statler Hotel,

Cleveland, was when the delegates unanimously decided to set aside in each state of the union, an annual Accident and Health Week, similar to the special week observed a year earlier in June by the Los Angeles Club. William E. Leiby reported that during this special observance the 28 members of the Los Angeles club had produced \$40,000 in premiums and he hoped that the volume would be increased to \$70,000 in the 1934 special week.

Armand Sommer was elected President at this gathering. He was fortunate in having the support of Dwight Mead as First Vice President; Harry Cunningham as Second Vice President; and Andrew J. Mountrey, Standard Surety & Casualty; New York, as Secretary-Treasurer. The convention adopted the slogan for the year as "Income Protection Begets Confidence and Security in the Future." Retiring President Schillerstrom reported that the depression had slowed up the National's program of local club development but said:

### **Renew Detroit Vision**

"Now that we are emerging from the countrywide deflation, the plans and purposed of our organization will move forward with an ever-increasing momentum. However, we need to renew the vision gained at our first gathering in Detroit, and resolve to face the future courageously. There are those who in the past few years have been prone to criticize. Let's drop that attitude. . . . " At this meeting it was reported that new clubs were being formed Cincinnati, Columbus and Birmingham, Alabama.

The National took a major step ahead at its sixth annual convention, June 15-16, 1935 in Detroit, when it was decided to establish a national headquarters in Chicago. The meeting, the most successful held to that date, was marked by good attendance, quality speeches, and enthusiasm. Dwight Mead, whose agency in Seattle had just observed its silver anniversary, was elected President. Named to the First Vice Presidency was Harry Cunningham, and W. A. Hopkings, Provident Life & Accident, Pittsburgh, was elected Second Vice President. Secretary-Treasurer, Andrew J. Mountrey, hailed the decision to establish a central office in Chicago, from which educational and legislative information could be disseminated to members in local clubs. He recommended the appointment of a national executive secretary.

### **New Vitality**

Consensus at this gathering was that the National Association, now firmly established, was ready to be a vital factor in the business in promoting the progress of Accident and Health insurance and more especially, in promoting and protecting the interests of producers. It was decided to organize more clubs in key cities and to urge present clubs to enlarge their membership by admitting agents of Accident and Health. "Nothing is to be gained by restricting our membership to home office and branch managers", Mr. Mountrey said in his report.

Armand Sommer in his presidential address sounded the keynote of a "Brighter future ahead for Accident and Health insurance" and in speaking of the National he said, "We have overcome many difficulties, have lost certain branches of our membership and gained others, and today we have a nucleus of leaders who are going to make a lasting success of our organization. . . . " At this gathering 25 years ago, Mr. Sommer made the prophetic observation: "There is one trend that seems inevitable, and that is the entry of life insurance companies into the Accident and Health business. Accident and health and life insurance go hand in hand, both being a personal coverage."

In its seventh year the National, under the leadership of Harry Cunningham, made further progress. At the annual meeting, held in Milwaukee, a budget of \$3,000 was set up to take care of the expanding program of activity, including a long expected educational course. Leaders of the association saw the promise of a new era with local clubs functioning in 18 strategic centers in the United States.

### **Dean of Ohio A&H**

Paying tribute to Cunningham, W. B. Cornett has said he was referred to as "The dean of the accident and health business in Ohio." He not only guided the national Association in its seventh year but was one of the founders of the Cleveland club and organized and served as First President of the Ohio Association of Accident and Health Underwriters. "He guided us and gave us wise counsel," said Cornett. "He was a real inspiration to young men, too."

Arthur M. Holtzman, then with Colorado Life, who later became Rochester manager of Mutual of Omaha, was elected President of the association succeeding Mr. Cunningham. Edward H. O'Connor, then with

the United States Casualty as its Accident and Health manager in New York, and G. V. Chandler, General Accident, San Francisco, were elected respectively First and Second Vice Presidents, and Clyde E. Dalrymple, Milwaukee, manager of Preferred Accident, was named Secretary. Hamilton Ferguson, Great Northern Life, who had served as executive secretary of the National for 18 months, declined reelection and C. Truman Redfield, general agent, Mutual of Omaha and United Benefit Life in Chicago, was named to this executive post. R. J. Long, Great Northern Life, Detroit, was elected a director.

By this time the Association was publishing a monthly bulletin, the mouthpiece of the organization, and the editing was entrusted to R. L. Paddock, then assistant secretary of Time Insurance Co., now president of that company. That same year there were well-defined indications that the National was soon to set up what is now known as the Leading Producers Round Table. Witness the afternoon at the Milwaukee convention devoted to sales problems at which leading Accident and Health producers compared notes under the chairmanship of A. D. Anderson, Chicago branch manager for the Continental Casualty, who was a Vice President of the National. Among the speakers was W. B. Cornett, then field director of Ohio of Loyal Protective; Joe M. Gantz, Cincinnati, general agent, Pacific Mutual Life; George L. Dyer, Jr., St. Louis, brand elected National's President in 1943. Cornett was slated for the presidency in 1940.

During Holtzman's regime the association added 1,000 new members and established six new local clubs. He promised in his presidential address at the eighth annual meeting, held June 2-3 in Cleveland, that twelve additional local units would be set up before the end of 1938. He extended high praise to R. L. Paddock for his bulletin and for a membership letter, titled "Two Dollars", which had produced encouraging results.

Holtzman said the association had progressed toward its goal: the establishment of a standard by which qualified agents would be recognized by the public. Also in sight was the much needed educational program. Harold R. Gordon, one of the national's best friends in those days, reported at this gathering on the 1938 observance of national Accident and Health Week of which he was general chairman. Noting that it had aroused greater nationwide interest than ever before, Gordon saw a better

informed public as a result of the constructive publicity given to income protection through Accident and Health insurance. Most active locals that year were those in Cleveland, Denver, Detroit, Pittsburgh, Philadelphia, Columbus, St. Louis, Chicago, Salt Lake City, San Francisco, Rochester, Milwaukee and the Ohio State Association. They were given recognition at the convention.

Edward H. O'Connor, who previously served as governing committee chairman of the bureau of Personal Accident and Health Underwriters, was elected President of the National succeeding Holtzman. Both had given inspired leadership and are credited by William Cornett as making great contributions to the association's progress. Speaking of "Art" Holzman he said: "He was an orator and very much in demand." In turn, "Ed" O'Connor was lauded for his devotion to the industry, his all-around knowledge of Accident and Health, both as an underwriter and production man, and his ability to inspire others to preach the Accident and Health gospel.

O'Connor has since demonstrated his skill as an association leader in operating the Insurance Economics Society of America. The gratitude of the industry, is Cornett's opinion, should be extended to him for stemming the tide toward compulsory state cash sickness laws and combating attempts at the Federal level to socialize health insurance. He was the lead-off speaker at the ninth annual convention of the National association, held June 3 in Cleveland, pointing to many reasons why Accident and Health men should be proud of their business.

### **E. H. O'Connor's Year**

In his year as President O'Connor had the support of Cornett as First Vice President; E. H. Ferguson, Great Northern Life, as Second Vice President; Clyde E. Dalrymple, Preferred Accident, as Third Vice President, and George L. Dyer, Jr., Colombian National Life, Secretary-Treasurer. Serving on his executive committee were three other Accident and Health leaders, C. Truman Redfield, Mutual of Omaha; W. Franklyn White, Royal-Eagle-Globe Indemnity Companies, New York; W. R. Dignan, W. E. Lord Co., Cincinnati, and Homer Bisch, National Casualty, Toledo, Designated as executive secretary was E. C. Budlong with headquarters at 166 West Jackson Blvd., Chicago.

The National Association progressed in both

membership strength and prestige in 1939. Holding its 10th annual convention in New York, W. B. Cornett was elected President. He immediately launched a drive for new members in 94 new locations, declaring that "The country is ripe for a local association in every city of 100,000 or more population. Marked for priority in this effort were Kansas City, Dallas, Akron, Youngstown, Omaha, Peoria, Grand Rapids, Boston and Newark. Cornett announced that the country would be divided into five divisions, each having a speakers' bureau and chairman. In this way local clubs would be assured of good speakers for their various meetings, he said. It was also decided to present to every paid member a framed certificate of membership to hang on the wall in his office

In his convention address Mr. Cornett spelled out a 13-point program for the organization, the emphasis being placed on raising the caliber of the agent through education, writing quality business, increasing public good will toward Accident and Health, and cultivating a broader spirit of good fellowship and cooperation among the National's members on the local and state level.

Added interest was provided at this New York gathering by staging a full day's program at the new New York World's Fair. It took shape as a sales congress with 250 attending under the chairmanship of Julius L. Ullman, then Accident and Health manager and now President of W. L. Perrin & Son, Inc. The fair's management designated June 23 as Accident & Health Insurance Day and its director of promotion, Charles Green, extended a warm welcome to the delegates including man out-of-town leaders. Harold M. George, U.S.F.&G, New York, as President of the New York club, opened the congress program. First Decade Ends

The National's officers for 1939-40, headed by Wm. Cornett, included E. H. Ferguson as First Vice President; Clyde E. Dalrymple, Second Vice President; George L. Dyer, Jr., Third Vice President; Homer J. Bisch, secretary. E. H. O'Connor as Immediate Past President was named to the executive committee, and so was Harold M. George, J. H. Casenave, Hartford Accident, San Francisco, and W. M. Ivey, Pittsburgh, Monarch Life who was then head of the local club in that city.

A mid-year convention was held in January, 1940, at which tribute was paid to the conscientious leadership of William Cornett. He reported that new local units had been organized in Atlanta, Boston, Kansas City,

Lansing, and Newark, and that in nearly two dozen additional cities there was keen interest in getting clubs organized.

## NATIONAL STRUGGLES THROUGH WORLD WAR II ERA

**H**amilton Ferguson, Great Northern, elected President of the National Association of Accident and Health Underwriters in June 1940, at Chicago, immediately started to make plans to carry to fulfillment the expansion program inaugurated by former President, W. B. Cornett, Loyal Protective Life, in his administration.

### *The Second Decade*

Ferguson put emphasis on membership stimulation and increased service. He had

previously served the National Association as executive secretary in charge of its central office in Chicago. One of the projects with which he was identified as First Vice President in the Cornett regime was the enrollment of insurance companies as associate members of the association. forty-five were so enrolled.

In reporting on progress made up to that time by the National, The Eastern Underwriter, in its issue of July 12, 1940, said: "In the past several years this organization has developed into an effective instrument for the advancement of the interests of Accident and Health salesmen and companies. It is actuated by the proper motives along constructive lines; it is gaining consistently in membership and stature, and is an every-increasing power for good in the Accident and Health industry.

"A guest speaker at the Association's recent annual meeting said that "The spirit of good fellowship and unanimity of purpose displayed there was inspiring." In this favorable atmosphere President Ferguson and his key men have stated enthusiastically to build their 1940-41 program."

By September, 1940, the number of associate company members had been increased to 75. At an important gathering that month, sponsored by the

Cincinnati Accident and Health Association, Clarence A. Sholl, Globe Casualty President, who was then Secretary of the National, reported progress in reaching the goal of a 50% membership increase, both in local and state associations.

Fred Walters, General Accident, Philadelphia, who had been designated by President Ferguson to take charge of National's public relations, said that "We are joining with the Health and Accident Underwriters Conference and Bureau of Accident and Health Underwriters, in a good will building program for the industry." This was an encouraging index to the National's new strength and stature.

Another step ahead in the Fall of 1940, was the establishment of a speakers' bureau under the chairmanship of Joseph Garneau, Hartford Accident. Its objective was to place well qualified Accident and Health speakers on programs of state and local associations of insurance agents. In addition three "pilot" lectures were readied for presentation before civic groups by a committee consisting of Harold R. Gordon of the Conference, E. H. O'Connor, then with Bankers Indemnity of Newark, and Armand Sommer Continental Casualty. Available to the National's members at the local and state levels, these lectures were adaptable to local conditions. Still another innovation that year was the trophy offered by the National Association to local associations. This award, it was decided, would be presented to the local making the best all-around record for the year.

### **New Evidence of Progress**

Among the local and state associations these evidences of progress were noted: the California Association of Accident and Health Insurance Managers, President of which was John H. Casenave, Hartford Accident in San Francisco, held its 14th annual meeting in October, 1940, with large attendance and a quality speaking program. The Newark, N.J., association completing its first full year, met October 15 with a membership of 87. Credit for its success was given to E. H. O'Connor who retired that evening as President. The Indianapolis association under leadership of C. Norman Green, Hoosier Casualty, reported a healthy condition. It launched a campaign at its October meeting to sign up five new locals in Indiana. Pittsburgh Accident and Health Managers Association, also active, elected Earl E. Gangewere, American Casualty, as its President. Further encouraging news came the latter part of the year when a resolution was passed by the

Accident and Health Club of New York, then and now one of the largest local associations, to affiliate with the national body.

Leaders of the Accident and Health business met in mid-November to plan for the 1941 Accident and Health Week campaign (March 24-29). The National's leaders attended and were prominently identified with this movement. It was reported at that gathering by Secretary Sholl, that the National had reached individual membership strength of over 800, with 30 local associations and 69 associate company members.

Considerable impetus was given to the National's progress at the 1941 mid-year meeting in late January, held under President Ferguson's direction and with First Vice President Clyde E. Dalrymple, Preferred Accident in Milwaukee, Secretary Sholl and Public Relations Chairman Fred Walters assisting. Another tower of strength that year was Mansur B. Oakes of Taylor Publishing Co., Indianapolis, who was education chairman.

### **New Locals Established**

A new membership drive was launched at this gathering to add 25 more local units in 1941. Sights were set for 100 local associations a few years hence. Past President Cornett, who was striving for locals in cities of 75,000 population and upwards, directed this nationwide effort. In addressing the mid-year gathering he emphasized the value of a unified national organization when it is necessary to defend Accident and Health insurance from attack or to defeat injurious legislation. "We can't leave it to the companies alone to fight these things," he declared.

"Accident and Health Insurance Is Primary Insurance" was the theme of the meeting. Clyde Dalrymple moved up to the Presidency of the National Association at its 12th annual meeting in Los Angeles June 23-25. His fellow officers elected at this meeting were George L. Dyer, Jr., Colombian National Life, First Vice President; Homer J. Bisch, National Casualty, Columbus, Third Vice President.

In his presidential remarks Dalrymple said there would be no smug complacency about his administration. "We have a man's size job ahead of us. We must prove the trust with which we have been charged and must prove our courage and willingness to tackle this job and see it through," he declared. He extended praise to the Indianapolis and Kansas City associations for their "remarkable

growth” of the previous year. He predicted that the Indianapolis formula for managers’ associations to reach and acquire producer members would be adopted by other locals. He expressed his gratitude to associate company members for their financial support.

Retiring President Ferguson reported a 36% increase (300 new members) in individual memberships during his year in office. He saluted two new locals, Oklahoma and Omaha. He expressed pride over the Nationals Accident and Health sales training course inaugurated that year with the assistance of the Taylor Publishing Co., Indianapolis. A major recommendation made was that the National’s new officers consider setting up in the new budget provision for promoting expense of each activity engaged in. He also discussed the new constitution and by-laws which were up for approval at this meeting, crediting Walter Ivey, Monarch Life general agent at Pittsburgh for his committee’s able revision job.

The trophy presented by E. H. Ferguson to the local association with the most outstanding achievement in administration, activity and participation, went to the Indianapolis Association with Kansas City as honorable mention. Norman Green, Immediate Past President of the Indianapolis unit, received the trophy.

The National continued to grow both in prestige and stature during the Dalrymple administration 1941-42, but some of its projects had to be temporarily deferred because of the Pearl Harbor attack by the Japanese in December 1941. President Dalrymple spoke appreciatively at the 13th annual meeting in Detroit in late June of sales congresses staged by Oklahoma City, Denver, and Cincinnati, Pittsburgh and Cleveland local associations. He congratulated the Kansas City association for carrying us through the dark days immediately following Pearl Harbor,” he said.

### **Money Problems**

Admittedly the National association had its money problems during the “lean” war years of the early 1940’s, Past President “Count” Mueller, Milwaukee, who served as temporary Secretary for a time in his period, told the writer how in 1943, Dwight Mead, Seattle, another Past President, suggested that “We again pass the hat around.”

“This time,” said Mueller, “We arranged that pledges

to the Association be made to be paid over a five-year period. Mead made the first contribution of \$100 and pledged another \$100 for the next four years. In March, 1944, the article: “We go forward by design and backward by default”, appeared in our then official publication, “The Accident & Health Underwriters Messenger”. We were encouraged when \$300 reached us within the week following the issue. We kept going in our effort and before the expiration of two years about \$15,000 had been accumulated.” This money was earmarked to be used for the employment of a full time secretary and suitable offices were to be opened in Chicago. At the 1945 annual convention, held in Toledo, Mueller was designated to serve until the permanent secretary was obtained. The man selected was O. J. Breidenbaugh who set up headquarters in Indianapolis and lost no time in getting acquainted with association leaders both on the national and local level.

### **Cornett Calls for Volunteers**

In his report as membership chairman in late 1941, Cornett gave the National’s members the encouraging news that progress had been made in his drive for locals in cities of 75,000 population and upwards. He pointed to new associations in Washington, D. C., as a result of the efforts of Fred M. Walters Philadelphia, in Baltimore through Purl E. Ansel’s initiative (Monarch Life general agent in that city), and in Missouri where a state association was being readied for formal organization by January, 1942, when the National held its mid-year meeting in Kansas city.

Cornett called for volunteer workers in cities where no locals existed, stressing that association interest had been displayed in Louisville, New Orleans, Greensboro, North Carolina, Buffalo, Dallas, Albuquerque, Sacramento, Spokane, Duluth, Madison, Oshkosh and Grand Rapids, Michigan. As a part of his drive, Cornett set up a network of regional and assistant regional directors to direct the membership activity in these strategic cities. Another phase of their program was to stimulate membership increases of existing locals by at least 50%. This dedicated interest on Cornett’s part is one of many evidences of his long sustained devotion to the association over the years. He is foremost today among a select group of A&H production leaders whose faith in the national movement is as ardent as it was when they first became active in association work.

A major accomplishment in 1942 was the formation of the association's Leading Producers Round Table. It is credited in the June 26, 1942 issue of The Eastern Underwriter to George L. Dyer, Jr., then the National's First Vice President in the Dalrymple regime, who brought together a delegation of successful writers of A&H at the 13th annual meeting in Detroit. Dyer presided at the first LPRT session and the chief speaker of the occasion was Gilbert H. Knight, Federal Life & Casualty general agent in Cleveland. Another "big name" speaker was George W. Carter, President of the Detroit Insurance Agency.

President Dalrymple presented silver lapel emblems to leading producers attending who had met the qualifications for Round Table membership. First to receive the award at this gathering was W. S. Faber, Vice President, Detroit Insurance Agency, who was the convention program chairman. "This is a befitting honor to our host," Dalrymple said. President Dalrymple presented silver lapel emblems to leading producers nominated from the floor the following officers: Marion Houston, Washington National, Kansas City, Vice Chairman, and "Gil" Knight as Secretary.

George Dyer took over as President "In a blaze of glory" with Homer J. Bisch, National Casualty, Toledo, as First Vice President; Clarence A. Sholl, Globe Casualty, Columbus, Second Vice President, and retiring President Dalrymple as chairman of the executive board.

President Dyer submitted a three-point program for National Association advancement in 1942 as follows: (1) education of the underwriter and the public (2) co-operation with the Government and its allies, and (3) appreciation of what the other fellow is doing. To bring this program to fulfillment, he urged that the national's local clubs should conduct sales courses in the fall months; that the National's members should get behind its committee on education to interest all accident writing companies to support an institution patterned after the American College of Life Underwriters; that we distribute to school teachers, public and private libraries a copy of the book then being prepared, designed to give laymen a better understanding of the Accident and Health business.

In his presidential address at this convention, Clyde Dalrymple expressed satisfaction at the past year's achievements. He said that despite the war's disrupting influences "We have grown in both stature and prestige and are performing with increasing vigor

the important task of bringing the message of income protection to the American people."

An innovation that year was the inauguration of the National's first annual membership week which, Dalrymple reports, "Was productive of encouraging results." He was glad to say that the association had closed its year with "An equitable and satisfactory cash balance." The Kansas city Association won the Ferguson trophy in recognition of its outstanding performance during the year and it was accepted by Marion Houston, then president of the association.

George Dyer's term as National Association President was interrupted by his call to U.S. Army service in mid-term. He therefore was forced to relinquish actual leadership to First Vice President Home Bisch, but because Dyer had proved so valuable a leader, he was persuaded to serve out his term from the armed Service. From the Army training camp at Greensboro, N.C., he sent a message of good cheer to the 14th annual meeting held in Pittsburgh June 10-11, which read in part:

"Saluting is my right hand job, and I so salute you one and all as commissioned officers in the great army of Accident and Health underwriters! Once upon a time and it seems long ago, I dreamed of wielding the gavel and making report to you on your president's activities for this year. Necessarily Clyde Dalrymple, your Executive Board Chairman, and various committee chairmen will have to do it for me."

The reports submitted at this gathering reflected a mixed feeling of optimism and discouragement. Fred M. Walter, General Accident, Philadelphia, who had worked hard as public relations chairman of the association, announced his resignation after reporting that "Quite a few of our member companies and local associations have seemed completely indifferent toward public relations work in our business. Walters was later persuaded to continue as P. R. chairman. W. Dwight Mead, Pacific Mutual Life, Seattle, the keynote speaker, declared that the association's membership was "very small" compared to what it should be. Indicating that this was due to insufficient leadership, Mead urged a substantial increase in manpower and increased income to carry on plans which had been formulated for the coming year.

Art Holtzman, Mutual of Omaha, Rochester, another speaker, said that there were 241 companies represented, at least theoretically, in the National, and then put the blunt question: "Why aren't the company executives at this convention?" One of the

meeting's bright spots was the Leading Producers Round Table session at which Gil Knight was elected Chairman. Margaret Olson, North American Life & Casualty, Milwaukee, Vice Chairman, and Robert J. Costigan, Business Men's Assurance, Kansas City, Secretary.

For the second consecutive year the Kansas city association won the Ferguson trophy. As anticipated, Homer Birch was elected President and C. A. Sholl was names Vice President. The National Association along with other major insurance trade associations wages a vigorous fight in 1944 against the Wagner-Murray-Dingell bill in Congress which would put the Federal government into the A&H business. President Birch spoke of this threat in his presidential address at the 15th annual meeting held in S. Louis, and so did "Gil" Knight and Past President W. B. Cornett, then serving as Chairman of the Committee on Laws and Legislation. Cornett in his report pointed to grass roots activity on the part of local associations during the year. He was glad to say that this had brought a "Tremendous response: from both houses of Congress, especially the Senate, "Which clearly indicates that Washington is keenly concerned about our attitude to this legislation which would extend the Social Security program. . ."

### **Aggressive Expansion**

Elected president at this gathering, Clarence Sholl mapped an aggressive expansion program which included (1) inauguration of an insurance sales research bureau; (2) establishment of a permanent fund to put the association on a sound financial basis and (3) employment of a full-time managing director. Final steps were taken in St. Louis to perfect the machinery to place the association's administrative control in the hands of the producers. To that end, Robert J. Costigan, BMA manager, Kansas City, was elected First Vice President and Purl E. Ansel, Monarch Life general agent, Baltimore, was named to the newly created post of Second Vice President.

Leading Producers Round Table Chairman, Gil Knight reported enthusiastically that "We now have a membership of over 225." His successor was LPRT head was Rollin B. Smith, Great Northern Life, Oklahoma City, with Walter Smith, Monarch Life manager in Cleveland as Vice Chairman, and Charles Stumpf, Illinois Mutual Casualty, Madison, Wisconsin, as Secretary.

Marking a turning point point in the National's

career, this meeting was regarded as notable by old-timers present because the delegates got down to work to plan for the organization's future growth. E. H. "Count" Mueller, Milwaukee, offered cheer when he reported as chairman of the planning committee that checks for over \$2,000 had been received and that the goal was \$15,000 by the mid year mark. His committee was composed of Past Presidents of the National. One encouraging note evidenced throughout the sessions was the realization on the part of all attending that "Close harmony and cooperation with the companies was essential." Again, and for the third time, the Kansas City association won the Ferguson trophy and retained permanent possession of it.

### **Harry S. Truman Speaks**

Interestingly, the banquet speaker was Harry S. Truman, then United States Senator from Missouri, who predicted that the power of Congress to investigate may someday become more important than its power to legislate. He was introduced by J. Leon Hughes, then President of the St. Louis Accident and Health association.

Responding to the new leadership the National Association in 1944-45 increased its membership to nearly 60 local units embracing more than 2,000 individual members, and nearly 100 associate company members. At its 16th annual meeting, held in late June, 1945, in Chicago, it was reported by President Sholl that "We are in better shape financially and otherwise than ever before in our history."

Biggest accomplishment of the year was the raising of more than \$10,000 from both local units and associated company members which put the organization on a sound basis for future growth. Further encouragement was seen in the decision by "Count" Mueller, a Past President, to take the post of acting managing director until this post could be permanently filled. A committee of five was named to select the managing director.

Robert J. Costigan was named President at Chicago with Rollin B. Smith as First Vice President and Gil Knight as Second Vice President. "These three leaders, " the Eastern Underwriter reported in its July 6, 1945 issue, "Will work closely with "Count" Mueller in welding the National Association into a strong, virile body . . ." Attendance was small at this gathering because of the government's ban on

wartime traveling but enthusiasm made up for the lack of attendance. Clarence Sholl came in for particular praise for he had pinch-hit as acting Secretary-Treasurer, in addition to serving as President. E. C. Budlong, who retired as Executive Secretary in April, 1945, was elected as honorary life member.

### **Start Women's Division**

A new adjunct of the National Association, it's women's division reported at Chicago, that it had active representatives in about 30 states, a healthy evidence of progress as this group had been formed less than a year previous. Mrs. Margaret E. Olson, North American Life & Casualty in Minneapolis, was named President with Lorraine Blair, Mutual of Omaha, Chicago, as Vice President and Gladys Atherton, an agent in Minneapolis for North American L & C as Secretary. Mrs. Olson promised the National's officers that she would continue in her membership building efforts for local women units in state and national association.

The Leading Producers Round Table, which since 1942 had grown from 60 to 263 members, elected Charles B. Stumpf as its Chairman at this gathering succeeding Rollin B. Smith, Oklahoma City. Mansur B. Oakes, Indianapolis educator, turned in the encouraging report that an Accident and Health course was being established at Purdue University and that a handbook for local associations was being prepared which would contain outlines and material for six sales sessions. He expressed appreciation to Norman Green, Hoosier Casualty, for his contributions to the handbook of public relations ideas for local associations. Another "progress" report, well received was that of Martin L. Seltzer, General Accident in Des Moines, which pointed to liaison work with the National Association of Life Underwriters.

### **Cite Oldest Association**

The Cleveland Accident and Health Association, founded in 1913 and considered the oldest in the country, was awarded the President's trophy for the "most outstanding record" of the year. It had doubled its membership in the 1944-45 period.

During R. J. Costigan's year as National's President the association doubled its individual membership to bring it up close to 5,000 by June, 1945, when the 16th annual convention was held in Denver. During

his term, Costigan had visited all but four of the local associations. Actually he gave the major portion of his time from June, 1945, to the following June to the National's affairs. He had close attention at the Denver meeting in reporting on the improved financial position of the National. On July 1, 1945, he said, there was \$850 in cash assets in the treasury as compared with a net balance as of June 17, 1946, of \$7,000 and with all bills paid to July 1. Still more encouraging, there had been paid into the planning committee's sustaining fund \$13,518 of which about \$6,000 had been collected during the year.

Costigan pointed to the increasing value of the Purdue University course which, in Norman Green's report as public relations chairman, was referred to as a "highly significant forward step in our business." The National was also happy over the endorsement of its work given that year by the Health and Accident Underwriters Conference.

Rollin B. Smith, Oklahoma City, was elected President in Denver, with Gil Knight as First Vice President and E. F. Gregory, Denver manager of Business Men's Assurance, as Second Vice President. "Count" Mueller of Milwaukee, who had been serving as Managing Director and Secretary-Treasurer, agreed to continue until August 1st, and a committee was appointed to select a permanent replacement. At the meeting Mueller outlined a seven-point expansion program with a membership goal of 10,000 members by 1948 the uppermost objective. He noted with sorrow the "sudden and untimely" death of Mansur B. Oakes and paid tribute to his education contributions to the National's progress.

Carl Ernst, North American Life & Casualty, was named Chairman of the Leading Producers Round Table succeeding Charles Stumpf. The LPRT put on a sales program at Denver which was one of the high spots of the convention. While the meeting was in progress it was learned that E. C. Budlong, one of the National's most faithful workers, had died that week.

One of the accomplishments of President Smith's regime was the setting up of a disability insurance joint committee, chief objective of which was to establish contact for closer alliance between the National and the two Accident and Health associations comprised of company memberships, the Health and Accident Conference and Bureau of Accident and Health Underwriters.

He reported at the 17th annual meeting June 23-25,

1947 in Boston that “This has been a truly fine year in every respect.” He pointed to substantial gain in membership with 50 active local associations and an actual gain of 1,170 individual members.

Interestingly, the ground work was laid that year for the first Canadian association to be located in the province of Ontario.

Another high spot of Smith’s administration was the enlargement of National’s educational courses at various colleges. Its Accident and Health course, conceived at Purdue, was started at University of Baltimore and at the state universities in California, Michigan and Utah.

One of the big topics discussed at this gathering was the revision of the National’s constitution and by-laws. Smith said that not many changes were contemplated but among the most important were the following: (1) “We have eliminated all possibility of any one group of past officers ever becoming so strong as to constitute a bloc of faction which would control our association (2) We have also provided that no particular group could ever legislate our affairs or elect officers by proxy (3) We feel that a midyear meeting is no longer necessary, and so our revised constitution will provide for state or regional sales congresses to be held at strategic points.”

Another change voted was that locals should be encouraged to pay all or part of the expenses of its delegates to the annual meeting.

Gilbert H. Knight of Cleveland, one of the wheel horses of the National Association, was elected President in Boston. E. F. Gregory, Denver, took over as First Vice President and Charles B. Stumpf moved up to Second Vice President. The Leading Producers Round Table selected Conrad J. Eliason, Monarch Life in Minneapolis, as its Chairman succeeding Carl Ernst.

The regimes of R. B. Smith (Great Northern Life, Oklahoma) and Gilbert H. Knight (Federal Life & Casualty, Cleveland) went down in National Association history as periods of healthy growth both in prestige and membership. However, these years were not without their problems, among them membership lapses.

### **Lapse Ratio Problems**

This was what prompted the four-page letter sent to all officers of local associations after Gil Knight took office as President in which stern facts were set forth on the membership situation. Secretary

Breidenbaugh, who wrote this letter at the direction of National’s officers, prefaced his report by saying: “We have had our biggest year in history. While much has been accomplished. . . it is apparent we have not come lose to doing the tremendous job that should have been done . . . . “

Breidenbaugh deplored the fact that despite the addition of over 1,900 new members in 1947, the Association realized only a gain of 994 members. The reason, he said, was that over 900 of the old members failed to pay their dues. Noting that this was almost a 50% lapse ration, he said it was hard to take because “it comes in the face of the fact that we are giving our members more in the way of service and benefits than many of the other similar National Association in existence.”

Urging that “something must be done to make our locals take their National Association seriously”, he outlined a program of remedial action which had been drawn up by IAHU executive board members at their mid-year meeting in Indianapolis in early 1948. It was designed to meet head-on the problem of lapses and counteract “reasons why” local memberships were not renewed.

During Gil Knight’s year in office he addressed 20 local associations, traveled nearly 20,000 miles, met thousands of local association members and wrote over 2,000 letters. Under his leadership in 1947-48 the National gained 36% in membership to a total of 4,523. There were 47 locals when he began his term in office as compared with 62 in June, 1948, including five state associations.

### **Established Headquarters**

In his annual report at the 18th annual meeting in Minneapolis, June 28-30 Knight said he was encouraged over the expansion of national headquarters in Chicago, over the expansion of national headquarters in Chicago, both in personnel and usefulness, and he said, “It is continually sparking local associations to greater activity, and surely no one can complain of the service received for the very nominal dues charged.” He pointed to the new monthly bulletin, the smooth functioning of the Leading Producers Round Table, and to the excellent cooperation received during the year from the companies through the medium of the Health and Accident Conference and the Disability Insurance Joint Committee.

Forecasting a change in the association’s name to

“International” Gil Knight expressed satisfaction over the formation and affiliation of the Ontario A&H Association and said: “This is only the beginning of a great future for Canadian Accident and Health interests. It also points to the necessity soon of changing our name from National to International Association of Accident and Health Underwriters. In recognition of the Canadian affiliation Earl Putnam, president of The Canada Health & Accident of Waterloo, Ontario was a speaker at this gathering.

Gil Knight had also served as Chairman of the Joint committee, which during the year had conducted a nationwide questionnaire to sound out the sentiment on Accident and Health problems, particularly among the insurance buying public. He reported that an uppermost problem was the uses to which the Joint Committee’s model agent’s license law would be put. It had been submitted by John P. Hanna, then an attorney on the Health and Accident Conference staff. Another subject was the disposition of funds held by the Accident and Health Insurance Week Committee, and the question as to whether they should be transferred to the Joint Committee for future Accident and Health Week activities. In executive session this transfer was approved. Two nationally known political leaders, Governor Luther Youngdahl of Minnesota and Congressman Walter H. Judd were speakers at this annual meeting, attended by over 500.

The election of officers resulted in E. F. Gregory of Denver assuming the Presidency with Charlie Stumpf of Madison as First Vice President and D. Stuart Walker, Mutual of Omaha general agent in Philadelphia, as Second Vice President. He had previously served as public relations chairman and reported that “Good public relations at the Insurance Department level is most needed at this time.” O. J. Breidenbaugh, Executive Secretary, in his report said that “Our organization is now on the threshold of becoming one of the most effective trade associations in the country.” He pictured the national with its increased membership and strong leadership, ready and willing to do a major job in helping to solve big industry problems.

Rolf Noll, Mutual of Omaha, Kansas City, was elected Chairman of the Leading Producers Round Table whose membership was reported at 250. The Women’s Division continued to grow in membership strength and usefulness. Its chairman, Myrtle Bolger Quinn of Denver, reported 175 members. She was

succeeded at Minneapolis by Mrs. Pearl Bohnen, North American Life & Casualty, Grand Forks, N. D. By 1949, the association reached an all-time high of 5,000 in individual memberships and 76 local associations, a gain of 20. The financial position was also strengthened by addition of associate company members and sustaining members. Gregory visited more than half of the locals during his year and said that he had received “both orchids and brickbats.” The latter came to the fore in various parts of the country, he explained, because of the National’s no-compromise attitude with respect to cash sickness bills at the state level. This stand was defended by President Gregory at every opportunity.

At the 19th annual meeting, held June 27-29 in Cleveland, Wesley J. A. Jones was introduced as the new executive secretary, succeeding O. J. Breidenbaugh. In his maiden address he recommended the following changes: (1) Establish immediately an Institute of Accident & Health Insurance and “do not be afraid to spend money so as to make its influence felt.” (2) “We must sell and sell as we have never before sold, to cover many more hundreds of thousands of the American people on the advantages of income protection. (3) In our selling we must constantly give attention to selling not only protection contracts, but also the principle of individually planned and freely selected insurance protection.”

Charles B. Stumpf was elected President at Cleveland and John B. Lambert who had done a big job as Convention Chairman, became Vice President. This honor was scheduled to go to D. Stuart Walker of Philadelphia but he declined for personal reasons. The office of Second Vice President was eliminated and a separate office of treasurer was created. Carl Ernst was elected to it. In keeping with an approved constitutional change the association’s executive board was increased from 12 to 18 members.

Approval of the name change to “International was voted by the National Council. History was made at this gathering by the first annual “man of the year” award to Edward H. O’Connor, a Past President of the national, whose contributions to the Accident and Health business were glowingly reported by Irving Wessman, Loyalty Group Western Department manager, as Chairman of the Harold B. Gordon Memorial Award Committee of the Chicago Association.

# NEW “INTERNATIONAL” PACES INDUSTRY PROGRESS

The third decade of the International Association was its greatest period of growth. It was marked by excellent leadership, the inauguration of many new projects, among them the formal DITC program, providing for education and training at the local level, and a stepped up program of public relations in close cooperation with other national organizations in the life and Accident and Health fields.

Having changed its name to International Association of Accident & Health Underwriters at its 1949

annual meeting in Cleveland, the organization redoubled its membership, effort in the new decade so as to keep pace with its enlarged scope.

In 1950, its 20th anniversary year, Charles B. Stumpf, Madison, Wisconsin, then general agent of Union Mutual Casualty and later of Illinois Mutual Casualty, served as IAAHU president. Associated with him were John B. Lambert, Mutual of Omaha general agent in Cleveland, as Vice President; Carl A. Ernst, North American Life & Casualty Field Director, St. Paul, as Treasurer; and Wesley J. A. Jones, Executive Secretary and Chairman of the education committee.

Mr. Stumpf put in a busy year of traveling, visiting 37 local associations and covering 25,211 miles. His emphasis as President was on education and legislation. On the latter he insisted that the IAAHU continue to maintain the industry position of “No compromise when compulsory cash sickness or disability benefits legislation were proposed, either in the states or at the Federal level.” In nearly every speech he made Mr. Stumpf stressed the need of “Improving our organization to meet the legislative demands upon us.” He called for the appointment of a well-informed, active legislative committee in every local association to coordinate the activities of the International’s legislative committee.

Under his direction the IAAHU encouraged the holding of educational courses. Patterned after Purdue type of Accident and Health sales training, three such courses were held with Wesley Jones as instructor; at Drake University, under the Des

Moines Accident and Health Association sponsorship; at University of Utah, under direction of the Utah Accident and Health Association, and at Long Island (N.Y.) University, where the Brooklyn Accident and Health Association was the sponsor. These were the forerunners of the formal Disability Insurance Sales Course, established in early 1951.

Along public relations lines, Mr. Stumpf stimulated officers and members of local associations to “Ally yourselves with your community hospitals, medical and dental societies. Let them know what you are trying to do, that we have many things in common.” Similarly, he encouraged friendly relations with local Chambers of Commerce, local insurance agents’ groups, American Legion, the Farm Bureau, manufacturers; associations, etc. Representatives of these organizations were invited to attend and speak at local Accident and Health meetings. Bert Hedges, Wichita general agent of Business Men’s Assurance, headed the committee on maintaining these contracts.

Membership growth in the 1949-50 period as revealed by Carl Ernst, General Chairman of this committee, showed that nine new locals were formed, bringing into the fold 250 members. On the other hand, there were 308 less paid members on May 1, 1950, than at the same time in 1949. As of May 1st, there were 108 sustaining members, a gain of 33 for the year. Mr. Ernst proposed a new type of contributory membership which, he said, would provide certain services and benefits not customarily given to regular members of the IAAHU.

The Leading Producers Round Table, whose chairman was Sidney Fields, Massachusetts Indemnity general agent in Cleveland, until the annual June meeting, continued to grow in membership and affluence. Its certificate of award was redesigned and study was given to a revision of membership qualifications.

## Portfolio Project

Also under way was the portfolio project, “Successful Ideas for Accident and Health Sales, primarily based on contributions from LPRT members, which had the sponsorship of the Leiby-Gordon Memorial Committee. Assembling this material was in the capable hands of “Count” Mueller.

At the 20th annual meeting, held June 27-30, 1950, in Detroit, John B. Lambert was elected President succeeding Stumpf. Carl Ernst became Vice President

## *The Third Decade*

and Charles E. (Ted) Rea, Provident Life & Accident, Toronto, was named Treasurer. A convention innovation was a steamboat trip on Lake Huron, enjoyed by over 400. Meetings were held on board, including a sales panel conducted by the Leading Producers Round Table of which Keith Pardell, Lansing Michigan, Mutual of Omaha was elected Chairman. Its membership was up to 300 at that point.

At this gathering Executive Secretary Jones, gave a preview of the national advertising campaign of American Medical Association, set for the fall months, which had as its theme, "The Voluntary Way Is the American Way". He expressed the hope that local and state Accident and Health associations would tie in their own sales efforts with this program, designed to acquaint the public with the availability of voluntary health insurance protection.

"Man of the Year" award at this gathering was presented to V. J. Skutt, President of Mutual of Omaha. He received the "Accident and Health Oscar" from Irving G. Wessman, Loyalty Group's Western Department Secretary and Chairman of the Harold R. Gordon Memorial Award Committee of the Chicago Accident and Health Association which had initiated this annual recognition the previous years."

On the financial side IAAHU members were given the good news by Secretary Jones that "during our fiscal year ending May 31st, we operated within our budget and even contributed a reasonable addition to our surplus reserve for the first time in three years."

## **DISC Begun**

One of the most important milestones in the Lambert regime was the formal launching in 1951, of the Disability Insurance Sales Course (DISC). The committee in charge of its design and execution was headed by Bert A. Hedges and consisted of Charles E. Ray, then with Hoosier Casualty; Carl H. Lane; Louis Halley, CLU, Security Life & Accident Denver; Roy A. MacDonald, then with the Health and Accident Underwriters Conference, and Jay DeYoung, then co-owner of a Chicago agency, who later served for many years (and is still serving) as IAAHU controller.

Charles Ray, whose affiliation with the DISC movement has continued to this day, contributed the following background information on the early days of the program. "The first DISC text was

copyrighted by the International in 1951 and was made up of 12 sections. Recognized leaders in their particular fields served both as instructors and authors of the material. In the first pilot course, held December 3-5, 1951, at the University of Illinois, there were 46 students enrolled. It was given under the joint sponsorship of that University, the IAAHU and the Illinois Department of Insurance. "Later, after some revision, the course was conducted on some 40 college campuses throughout the United States."

## **DISC at Purdue**

Credit should be given to Charles Ray and his original committee for their devotion to this worthwhile cause. He was also responsible, in April, 1952, for the second DISC course, conducted at Purdue University. The well known educator, Hal V. Nutt was, was moderator. In attendance were Accident and Health people from all parts of the country, including numerous home office personnel of companies then entering the Accident and Health business.

In reporting to the IAAHU annual meeting, June 10-13, 1951 at Dallas, President Lambert in his keynote address said that the aims and purposes of the association "Have had far-reaching interpretations in the past few years due to pressure brought about in a changing world and an unpredictable economy." His plea to the incoming officers and board members was that "Your thinking and planning be basic and solid. Stick closely to the fundamentals of our business and set three basic goals as your guiding formula." These were:

1. To Better serve the agent
- (2) to cooperate with companies and the industry
- (3) to continue to do a substantial and increased amount of activity on public relations.

He recommended that local associations be served with solid leadership, more and better sales congresses, able speakers, political know-how. For the companies Lambert said, "We can and should cooperate in keeping them informed of public needs and desires that can be satisfied by and through insurance. Furthermore, we can accurately and intelligently display to the public our companies' wares, and we can realize that our own individual community reputations reflect the reputation and standing of the companies we represent."

## **AMA Cooperation**

Executive Secretary Wesley J. A. Jones in his report pointed to the IAAHU's sizable contribution to American Medical Association's national education campaign in the Fall of 1950 as "one of the past year's most significant accomplishments." Jones had served as Chairman of an industry-wide subcommittee of the Disability Insurance Coordinating Committee whose function was to publicize as widely as possible the beneficial effects of the AMA campaign. "A survey of our results," he said, "Indicates that over 100 companies, 50 agencies, and 15 local associations actively and directly undertook appropriate sales promotional programs during last October."

Pointing to the association's membership growth since the 1949 annual meeting, Jones said that 2,610 new and reinstated members were added to the rolls. However, this gross gain was offset "by the uncomfortable lapsation of 2,289 members, giving us a net gain of 321 individuals for the 12 months ending May 31. As of June 1, 1951, IAAHU's total membership stood at 4,717."

The Dallas convention received with keen interest a report from D. Stuart Walker, Philadelphia, General Manager of Mutual of Omaha, as Chairman of the DITC committee representing the IAAHU. He said that through the instrumentality of this committee, friendly relations with the Health and Accident Conference have continued at a high level.

Carl A. Ernst, North American Life & Casualty, St. Paul, was named IAAHU President at the Dallas gathering. Charles H. Tull, Seattle, Provident Life & Accident, was elected Vice President and Emerson Davis, Dallas, general agent, Inter-Ocean, Treasurer. The Madison association was honored for having achieved the largest increase in membership percentage and the state award for the largest gain in membership went to Ohio with New Mexico leading in percentage gain. Keynote speaker was Travis T. Wallace, President, Great American Reserve, who delivered his famous "Shoot the Moon" address.

To William E. Lebbly, widely known Massachusetts Indemnity general agent in California, went the Chicago Accident and Health Association's "Man of the Year" award. In his presentation, Irving Wessman, Loyalty Group, Chicago, lauded Mr. Lebbly's accomplishments in 33 years of Accident and Health work and his contributions to association progress in his home state. He was also praised for pioneering in developing new forms of Accident and

Health coverage such as mortgage insurance; a policy enabling two or more people to be covered under aggregate indemnity, the reducing indemnity policy covering bank loans that cover tasks within certain periods of time, and an aviation travel certificate that could be purchased from travel bureaus. Recognition was also paid to Mr. Lebbly for his sponsorship of the Accident and Health sales portfolio, "Successful Ideas in Accident and Health Sales", which IAAHU was then readying for distribution.

## **Accident and Health Underwriter Begun**

In the fall of 1951, Wesley Jones resigned as IAAHU executive secretary to join Mutual Life of New York. His successor was William G. Coursey.

Carl Ernst, who served as President in 1952, reported on the association's progress at its 22nd annual meeting, held in Ashbury Park, N. J., June 16-18. He pointed in particular to friendly relations maintained with the Health and Accident Conference and its Director, C. O. Pauley, the IAAHU's joint activity with the Life Insurance Agency Management Association and its managing director, Charles J. Zimmerman, who was the keynoter at this gathering in Asbury Park.

Ernst pointed with pride to the fruition of the Lebbly-Gordon sales portfolio and establishment of a new IAAHU monthly publication called the Accident & Health Underwriter. Of equal importance, he noted the continued development and utilization of the Disability Insurance Sales Course.

The International's membership strength as reported at Asbury Park by William E. Reinsh, Massachusetts Bonding, Omaha, then membership chairman and long-time IAAHU board member, was up to 5,000 individual members and 89 local associations. In addition there were 81 associate company members enrolled as of April 15, 1952, and 82 sustaining members, both individuals and local associations.

## **DISC Flourishes**

An encouraging report on DISC's progress in its first full year was presented by Chairman Bert Hedges who said that approximately 270 had been enrolled in various college-sponsored courses. He stressed that DISC had been developed and promoted on a self-supporting basis, and that those who had participated in its progress had given generously of their time and ability. "No higher compliment can be paid to DISC

than the fact that nine well-known universities and colleges to date have accepted it as worthy of inclusion in their curricula,” said Hedges. Louis Halley was named to succeed Hedges as DISC chairman at this meeting agreeing to serve without compensation as editor of the basic DISC text book, then in its third edition. It was recommended that it be reedited and a fourth edition be published early in 1953.

Another Ashbury Park action, taken by the IAAHU council, was revision of the constitution and by-laws to provide that the Executive Secretary’s title be changed to Managing Director. In addition, two Vice Presidents instead of one, were provided and the financial officer’s title was changed from Treasurer to Controller.

A further sign of progress was the Leading Producers Round Table action in revising its membership requirements. Joseph L. Kowins, Central Standard Life general agent in Baltimore, its 1952 Chairman, announced premium production annually required for bronze, silver and gold LPRT pin awards, \$5,000, \$7,500, and \$10,000. Then, when a qualifier reached the life member designation by consistent production, he would be given a small diamond chip for his membership pin.

Everyone was happy when Bert Hedges was announced at the banquet as the “Man of the Year” award winner in recognition of his many outstanding contributions to the Accident and Health industry. They were saddened a few months later when Mr. Hedges passed away.

John G. Galloway, Birmingham, Alabama, whose agency represents Provident Life & Accident, assumed the Presidency at Asbury Park. Elected with him were Hedges as First Vice President, Thomas E. Callahan, Milwaukee, leading agent of Time Insurance Co., as Second Vice President; Jay DeYoung as controller and William Coursey as Managing Director. New faces appeared on the IAAHU executive board leaders in their respective areas, some of whom were destined to play a major role in the association’s affairs in future years. They included George Lehman, Newark National A&H Insurance Co. manager, who served many years as a zone chairman; Earle R. Bennett, Tampa, Provident Life & Accident general agent; Leo E. Coffman, St. Louis; Clifford E. McDonald, Dallas, International Fidelity; William Knight, Cleveland, Federal Life & Casualty, son of Past President Gilbert Knight; A. W. Wohlers, of Youngberg with the Carlson Co.,

Chicago agency, a Past President of Chicago Accident and Health Association; Robert King, Vice President, Associated Insurers, Inc., Raleigh, N.C., and Kenneth Mersereau, Monarch Life, Baltimore, whose boss, Purl Ansel, was also an active IAAHU worker for many years.

During Galloway’s year as president the IAAHU membership rose to nearly 6,000 individual members, then an all-time high. Reflecting his keen interest in education, Mr. Galloway gave particular attention to DISC expansion. Local associations came in for their share of recognition, the incentive being to furnish them with more promotional aids without cost. Plans were also formulated to enlarge the speakers’ bureau service.

Galloway traveled almost 40,000 miles in his presidential year, addressing associations and meeting with people interested in Accident and Health in both the U.S.A. and Canada. Noteworthy was his activity as a member of the industry’s disability insurance coordinating committee and his development of the first hospital admissions plan in the United States in his home state of Alabama. After he left office, he served creditably as chairman of the DISC committee.

Tom Callahan was the IAAHU’s choice as President at its 23rd annual gathering, held June 29-July 2, 1953, in Chicago. Attendance reached a peak of 400. Elected Vice Presidents were Leonard A. McKinnon, Flint, Michigan whose flourishing agency in that city represented Hoosier Casualty among other companies, and Clifford E. McDonald. DeYoung and Coursey continued in their respective official capacities. First business of the Callahan regime was to map out an expansion program for 1954. They set their membership objective at 10,000. The board voted to pay a substantial portion of President Callahan’s expenses, enabling him to do considerable traveling.

One of the features of this annual meeting was the banquet presentation to “Count” Mueller of the Gordon Memorial Award. As a Past President of the association with many years of devotion to its progress, Mueller was landed as one of the IAAHU’s most highly respected and beloved leaders.

### **“Choose the Plan”**

In appreciation of service rendered during his year by his fellow officers and committee chairmen. President Callahan presented performance awards to

Vice President McKinnon who was public relations chairman; Vice President McDonald, organizer and administrator of the HIP plan throughout Texas; Robert W. Osler, vice president, Rough Notes Co., publicity chairman, who later on was to receive similar awards for his sustained interest; Earle Bennett, IAAHU board member who, as general chairman of the "Choose the Plan" directory devised a concise set of procedures for its installation.

Gallahan also recognized Roy A. McDonald, Health and Accident Conference Company Relations Chairman, who as Speakers' Bureau Chairman, provided the IAAHU with a list of over 300 qualified speakers; Carl Ernst, who handled the associate company membership program; R. H. King, IAAHU Director, for his work as legislative chairman; James Robb, Minneapolis, Mutual of Omaha general agent, for his job in building up the association's circulating library of best sales talks, having them recorded and made available to members on wax records at a rental fee of \$2.

Not overlooked were IAAHU director, Louis Halley, for completely revising the DISC sales course; Henry Levine, Newark general agent, Washington National, and Robert L. McMillon, Abilene, Texas, a top producer of BMA, for their joint chairmanship of the Leading Producers Round Table, and Managing Director Coursey who did a yeoman job in activating the new state associations.

### **Gordon Award to Galloway**

The coveted "Man of the Year" award in 1954 went to John Galloway whose business and industry accomplishments were extolled by Albert Wohlers. He noted that Galloway was one of the original organizers in 1949 of the Birmingham Accident and Health Association and later helped to form the Alabama and Mississippi associations. In tribute to his pioneering on hospital admissions plans, the award citation said: "Mr. Galloway's plan was accepted by the Health Insurance Council and has been adopted with only minor modifications in many areas of the country. . . ."

Leonard A. McKinnon assumed the IAAHU leadership at the 24th annual meeting June 12-16, 1954, in Omaha. His fellow officers included Clifford McDonald and Howard Nevonon, general agent in Los Angeles of Washington National, as Vice Presidents. Plunging into a program of nationwide activity, McKinnon steered the association through

one of its best years up to that time. Despite membership lapses during the year, the annual report pointed to an individual membership strength of 5,042. However, he felt that the system of membership building was "inefficient, so in a remedial effort McKinnon accepted a plan of action devised by Emerson Davis, Dallas, Inter-Ocean general agent.

The new program, which brought results, was a membership revolving fund into which 50 to 100 members of the International were invited to make a "loan" of \$200. The funds thus accumulated were to be used for the sole purpose of hiring a man whose task would be to help local associations to increase their memberships and to help organize new units. Davis accepted chairmanship of the IAAHU's membership committee that year.

The International's biggest accomplishment in the McKinnon regime was the development of a new DISC course. He credited the educational committee, headed by E. H. Magnuson, Federal Life & Casualty, for this expanded program. At the same time, a new corporation was set up called the Disability Insurance Training Council, Inc. All trade associations allied with Accident and Health were invited to designate a trustee to join the new board of trustees and to assist in the DITC's administration. Another big accomplishment was the preparation of a new "Manual of Suggestions and Procedure", designed to improve the operation of the IAAHU nationally and its local units. It was put in the hands of state and local officers and committee chairmen.

### **Manual for Locals**

The International further increased in stature in its 25th anniversary year under the leadership of Clifford McDonald, whose fellow officers were Vice Presidents Earle Bennett and E. J. Coffey, Portland, Oregon, head of one of Mutual of Omaha's largest agencies. It was a year of tremendous growth in the industry as well as one of change and turmoil, marked by repeated attacks on the Accident and Health business from the press, state legislatures and Congress. Governmental regulation and pressure for state cash sickness bills were uppermost.

Celebrating 25 years of progress at San Antonio, the annual meeting site from June 13-15, a convention high-spot was the designation of Edwin J. Faulkner, President, Woodmen Accident & Life, as "Man of the Year: by the Gordon Memorial committee. William

G. Manzelmann, North American Accident, Chicago, association Past President, in his presentation paid tribute to Faulkner's leadership in the industry, reflected in the many offices he had held. Vice President Nevonon, reporting as membership chairman, said: "Our losses have been replaced and we are now beyond the 5,000 mark again. We have enjoyed this year faster renewals, better conservation, and fewer cases of of prorating."

A quality tone was given to the silver anniversary meeting by the presence of such speakers as Dr. Elmer Hess, newly elected President of the American medical Association; Robert R. Neal, resident counsel in Washington of the two company Accident and Health bureaus; and Edward H. O'Connor, IAAHU Past President, who spoke as managing director of the Insurance Economics Society of America. By early 1956, the Leading Producers Round Table membership topped 300 and President McDonald credited Oakley Baskin, Buffalo, then LPRT chairman, for this result.

The 26th annual convention, staged June 13-16, 1956, in Miami Beach, Florida, attracted over 400. Its smooth running was due to the combined efforts of Earle Bennett, the IAAHU's First Vice President for public relations, and Frank Gabor, Miami board member, who were co-chairmen. Mr. Bennett also received plaudits for his booklet, "You as a Public Relations Expert", which was given wide distribution by the IAHU.

### **Coffey Elected**

Welcomed at this gathering was Bruce Gifford, former newspaper and radio newscaster, who succeeded Bill Coursey as managing director. His insurance background included public relations work for the Health & Accident Conference and the new Health Insurance Association. His first big IAAHU assignment was to assist Past President Galloway in strengthening the association's position in the field as well as among home office executives. Galloway had been designated as "advisor" to the IAAHU's official family at Miami to perform this specific job.

E. J. Coffey was elected President with Earle Bennett and Jay De Young renamed to their posts. McKinnon continued in the IAAHU picture as DITC President, assisted by Nevonon as Vice President. Reporting at Miami on DITC progress, John Galloway said that 15 classes had been successfully completed during the year and 155 students had been graduated. Endorsement

of this program was given by Robert R. Neal, who spoke at the meeting in his new capacity as HIAA general manager. V. J. Skutt, always a popular figure at these annual gatherings, was the convention keynoter, stressing the importance of A&H salesman as "primary underwriters."

### **Legislative Vigilance**

James E. Powell, Vice President, Provident Life & Accident, was the proud recipient at this meeting of the Gordon Memorial Award, presented by Irving Wessman, Loyalty Group secretary, on behalf of the Chicago Accident and Health association, who credited Powell for being an organizer of the IAAHU 25 years previous.

In the Coffey regime, the association stepped up its legislative vigilance, improved organization in local associations and the caliber of their speaking programs, and furthered relations with company top executives. Particular attention was given to "grass roots" activity in the areas of socialized medicine, Blue Cross and Blue Shield and as a result, Mr. Coffey reported: "A number of our local associations have set up special committees to act as a liaison between medical societies, hospitals, and the IAAHU." He further said: "We are working with the Health Insurance Council in this area and look for definite improvement in our relationships."

During his year in office he traveled 50,000 miles on association work. Managing Director Gifford was also active in the field. He assisted in an intensive membership development operation in New England and New York which resulted in formation of new locals, especially in Providence, Portland, and New York City. Due largely to Coffey's stimulation sustaining memberships increased from 38 to 67. Gifford in his annual report said that the IAAHU's policies for the year had followed a formula laid down by E. J. Coffey with emphasis on four major factors: membership, education, legislation and public relations.

In the spotlight at the 27th annual convention, held June 12-15, 1957, in St. Paul, was Leonard A. McKinnon, voted the "Man of the Year," in the poll taken by the Chicago Accident and Health Association. Albert H. Wohlers, Chicago, made the presentation at the annual banquet, attended by 500. McKinnon was lauded in the citation for his unselfish giving of time and talent in outstanding performance for the industry.

Earle R. Bennett succeeded Cofey as President at this gathering. Elected Vice Presidents were Gail Shoup, Lincoln National Life, Grand rapids, and Oakley Baskin, Mutual of Omaha, Buffalo. Gibson Wright, Eau Claire, Wisconsin, agency head, continued in the post of assistant to the president. The Leading Producers Round table selected Clarence G. Kluckholm, Mutual of Omaha, Waterloo, Iowa, as its president. At the breakfast meeting of LPRT, presided over by Mr. Baskin as 1957 chairman, it was announced that nearly 200 salesmen had qualified for awards.

Toward the end of 1957 the first DITC course was successfully launched in Chicago, a 13 week project. Instructor was Eugene Farris, general agent for Midland Mutual. Another cheering prospect that year was the reactivation of the New York City association. It became a reality in early 1958 with charter membership of about 100 Accident and Health producers, managers and general agents, and with Howard Rosan, Continental Assurance, as President and Julius L. Ullman, head of W. L. Perrin & Son, Inc., as Board Chairman. Much of the groundwork in its formation was done by E. J. Coffey, Bruce Gifford, and Louis Medill, Continental Casualty general agent, assisted by William Steiger, IAAHU field director at that time.

At the 28th annual meeting, held June 11-14, 1958, in Los Angeles, President Bennett reported on the year's accomplishments and reported on results of a nine point program adopted earlier. he said that while all of these goals had not been attained, the gains were gratifying In particular he pointed out a membership increase of 800 individual members, improvement in the International's speakers bureau, healthy relationships with Health Insurance council, health Insurance Institute, hospital and medical associations.

He had warm praise for Baskin for his work in revising the rules governing LPRT qualifications, and for John Galloway who had brought up to date the IAAHU constitution and by-laws. A new constitutional rule, he explained, is that a President-Elect will be nominated each year "to assure continuity of officers."

A well-received feature of this gathering was the presentation of distinguished service citations to 16 IAAHU constitution and by-laws. A new constitutional rule, he explained, is that a President-Elect will be nominated each year "to assure continuity of officers."

A well-received feature of this gathering was the presentation of distinguished service citations to 16 IAAHU members whose service was above and beyond the call of normal association duties. Foremost among them was John Galloway who, in addition to his constitution revision work, had served as managing director of the DITC. In his report he cited the Indianapolis association for special recognition. It had held seven DITC classes, all of them conducted by William Highfield, CLU, of Insurance R&R Service as the instructor. Nationally 11 classes were held in the 1957-58 term.

W. Harold Petersen, American United Life, Indianapolis, was named to succeed Galloway as DITC chairman, and he presented to the convention a series of colored slides, taken from excerpts of the DITC text book and put together in an effective sequence to tell the disability insurance story. "This is a public relations tool that local associations can put to effective use at luncheon clubs, civic groups, etc.," said Mr. Petersen. Two Gordon Winners

For the first time two outstanding Accident and Health leaders were designated for the Gordon Memorial award by the Chicago Accident and Health Association. They were Travis Wallace, President of Great American Reserve, Dallas, and Carl A. Ernst, IAAHU Past President, Minneapolis. In making the presentations, Earl Montgomery, formerly of Chicago, who was Southern California manager of Provident Life & Accident, said that "Each of these leaders has compiled an outstanding record of achievement for the industry and fully merits the award. . . ."

Managing Director Gifford pointed to the IAAHU's improved financial picture and membership increases, and proudly reported that "Our members are showing a driving desire to carry into effect the doctrines of President Bennett and Chairman Coffey."

Gail Shoup assumed the IAAHU presidency at this convention with Oakley Baskin designated as President-Elect. Vice Presidents named were W. H. Hurley, Bankers Life & Casualty; and F. Kenneth Stoakes, Loyal Protective Life, Los Angeles. Jay DeYoung and Bruce Gifford were reelected.

Early in July President Shoup announced an eight point program for 1958-59 which included the following IAAHU objectives (1) A strong, sound position on legislation, both national and state levels (2) more comprehensive public relations (3) more sales of well-balanced coverages vital to security and

well being of citizens of all ages and occupations (4) creation of a new Pulse Panel to gather and disseminate vital and important data as a guide to companies, managers, general agents, salesmen on better ways to serve the public (5) educational program designed to help the salesman increase his income and prestige. (6) Program development survey and study aimed at giving the salesmen more interesting, useful and potent local association meeting (7) an increase in our active membership by formation of more locals increasing members of our present associations, and by hard-hitting renewal programs; (8) a new model constitution for state and local associations. Mr. Shoup indicated that the IAAHU would join with other industry groups in vigorous opposition to the Forand bill and all similar legislation designed to bring socialized medicine.

### **Locals Reactivated**

In reporting to the 29th annual meeting, held June 15-17, 1959, at French Lick, Indiana, President Shoup indicated that progress had been achieved in some of these objectives. He described his year in office as one in which a "Definite effort was made by each of our local associations to improve the quality of their monthly meeting. . . with better attendance reported as a consequence."

The performance of W. Harold Petersen as DITC chairman was cited by President Shoup along with praise for Oakley Baskin as LPRT chairman. In turn, Bruce Gifford received recognition for his membership-building work. Many locals were organized or reactivated during the year.

Gifford in his annual report centered on demands for more protection for senior citizens, the increased rates being sought and given to the "Blues" around the country, and the trend in Canadian provinces to set up government hospital plans, thus depriving commercial companies of their hospitalization insurance market. He cautioned legislative sessions for possible action on such subjects as: IAAHU members to be vigilant in the upcoming state conversion and continuance of coverage, credit Accident and Health insurance, over insurance and duplication of coverage. Many sales congresses were held during the year, and zone chairmen reported on their success at the executive board meeting at French Lick.

Oakley Baskin, who had ably served as President-Elect in Shoup's administration, was elected to succeed him at this gathering. His fellow officers included F. Kenneth Stoakes, President-Elect; W. H. Hurley and Gibson Wright vice presidents, and Jay DeYoung reelected as controller, Tom Callahan, Milwaukee, IAAHU Past President, was back in harness as President of the Leading Producers Round Table.

A convention high spot was the presentation of distinguished service awards to ten leaders in association work for distinguished service awards to ten leaders in association work for "service over and beyond the call of normal association duties." To everyone's pleasure W. B. Cornett of the Prudential, one of the IAAHU's staunchest champions, was honored as the "Man of the Year". Irving Wessman, representing the Chicago Association, who made the presentation, bespoke the association's pride that one of their own had been given this well-earned recognition.

During 1959-60, under the administration of Oakley Baskin, Mutual of Omaha, Buffalo, a number of most important programs were undertaken. Under his personal leadership, a series of state and regional seminars for officers and key association personnel were held in more than 20 locations throughout the country. They were conducted during the fall and helped the local and state associations get their yearly programs into gear.

During the winter the IAAHU published a pamphlet outlining the dangers of Forand type legislation. More than 100,000 copies of this booklet were distributed. Also at this time, the Health Insurance Persistency Award was announced. It was the product of cooperation with the National Association of Life Underwriters and the Life Insurance Agency Management Association.

# THE INTERNATIONAL ASSOCIATION OF HEALTH UNDERWRITERS

## 1960 - A Year of Decision

The year of 1960 was a year of decision as reported by the A&H Underwriter. "The decisions and actions of the American people in 1960 will have a vital effect on the future of our nation. Basic questions of transcending importance are at issue in Congress and also will be at issue in the 1960 Congressional elections.

### *The Fourth Decade*

The way the people settle those issues, through their legislators in Washington and by expression of their opinions at the ballot boxes, may determine the ultimate fate of the freedom of American private medicine, our hospitals, and voluntary health insurance - whether it endures or perishes beneath the on-creeping wave of socialistic controls by expanding government. "

#### THE FORAND BILL

One of the most significant of all the issues before the 1960 Congress was the Forand Bill, which would amend the Social Security Act by providing for persons eligible for old-age and survivors benefits up to 60 days of hospitalization and nursing home care up to a combined total of 120 days in any 12 month period. The supporters of the Forand Bill indicated that they wanted to see government regulated health insurance extended to everyone eventually. Enactment of the Forand Bill would be the first step in this direction and would establish the mechanism by which subsequent lowering of the age eligibility and broadening of coverage could bring every American under a compulsory, government operated health insurance program."

The Underwriter reported that the bill authorized a first year increase in Social Security taxes of 1/4 of one percent for each employer and employee. Also reported was that the addition of health care benefits could weaken, if not destroy, the Social Security structure. The Underwriter was asked if adequate

voluntary health insurance benefits were available to older people. "Yes" replied the Underwriter, "Hospital expense benefits of \$10 to \$25 per day up to one year of confinement and surgical benefits graded to \$300 are generally available."

The January, 1960, Accident and Health Underwriter announced to our association membership to start preparing now for the LPRT award with annual production classes of \$10,000, \$15,000 or \$20,000 in annualized premium to earn LPRT's bronze, silver or gold award. Also announced for IAAHU members was the new Health Insurance Persistency award for those who wrote \$2,500 in annualized Accident and Health premiums during 1958 and 1959, on at least 18 policy contracts with 85% of it still on the books. This award was jointly sponsored by the National Association of Life Underwriters, Life Insurance Agency Management Association, and IAAHU.

January also brought the news of Aetna Life being selected as the carrier of the government-wide indemnity benefit plan for the federal employees group program scheduled to go into effect in July, 1960.

Miss Yetty Luckenbach, an office aide for the Albin S. Raozplach agency in Ridley Park, Pennsylvania was selected as the Miss Accident and Health winner for January, and according to the A&H Underwriter magazine, was 5 feet, 3 inches tall and weighed 110 pounds. She had blue eyes, strawberry blonde hair and her actuarial data read 34-24-34. The underwriter stated "An overall winner will be picked from the monthly queens to reign as "Miss Accident and Health" at the big IAAHU convention in Chicago, June 15-18, 1960. Yetty hoped to make modeling her career. Each monthly winner receives a loving cup for her desk. "

During 1960, National Bankers Life issued a new major medical policy with an optional deductible of \$300 or \$500 with a maximum protection of \$5,000. Surgical benefits were provided up to \$500.

IAAHU brought back "Hoodoo Day and the Black Cat", one of the most popular Accident and Health promotional ideas of the 30's and 40's. Hoodoo days always fall on Friday the 13th, and was begun on a dare in the sales scarce depression days of 1933. An agency manager wagered that he could write twice as many apps in one day as one of his agents. The manager lost the wager: he only wrote 13. That red letter day was Friday the 13th. What it took to qualify was 13 apps with \$250 minimum annualized premiums on Hoodoo Day.

W. Harold Peterson, Executive Vice President of the Underwriters National Assurance Company, wrote in the May issue, "The Business Uses of Health Insurance" to describe the tax laws and rulings that were forcing many new compensation plans as substitutes for taxable income to key executives.

At the Chicago 1960 convention, the International Council changed the name of our association to the International Association of Health Underwriters from the International Association of Accident and Health Underwriters in keeping with the more modern usage of the word "health" to replace "accident and health." F. Kenneth Stoakes, a general agent in Los Angeles for Loyal Protective Life, assumed the Presidency of the IAHU; Paul M. Klein, President of Mid-America Insurance, became President-Elect; and Oakley Baskin assumed the Past-Presidency of IAHU at our 30th convention. William B. Cornett was presented the Harold R. Gordon Memorial Award.

The House of Representatives overwhelmingly passed a bill, in late June, that would set up a federal-state program to provide subsidized medical care for about 1,500,000 million of the nation's needy over age 65 and would cost \$263 million. More than 127 million Americans, 72% of the civilian population, had health insurance at the beginning of 1960. Political observers in Washington herald the passage of the legislation as a major defeat for the Kennedy-Johnson platform.

Robert Osler, President of the Underwriters National Assurance Company, continued his successful "The Blues Round-Up" Column in the HIU. Membership chairman and IAHU Vice President, John Symanitz, announces an overall quota for the association of 61 hundred in '61.

George McDonnell, Sales Manager of Continental Casualty Company, wrote in the January HIU, "With the threat of new Forand type health care legislation being introduced in the so-called 'first 100 days', and with the all important White House Conference on the Aging in January, the old age health care issue has again become a hot one. Each of the candidates in the recent election had his pet solution: Mr. Kennedy through the Social Security mechanism; Mr. Nixon through grants and aids to the states. Strangely, President Eisenhower took the position that nothing in a governmental way need to be done. The over age 65 group medical profile reads something like this: Fifty percent have chronic conditions; 30 percent need bed care (about half of this group in the

hospital). The average yearly medical expenses for the senior citizen amount to \$177; \$84, on the average, takes care of the rest of the population. "

American National Life advertises. "Want to Make Big Money?" Then sell their Guaranteed Renewable for Life 4 Way Hospital-Surgical, Medical policy which offered a \$5.00 to \$25.00 hospital room, surgical benefit to \$300, doctor calls at home, office or clinic to \$300, and maternity benefits to \$300.

W. Harold "Pete" Petersen, Bob Osler, Hal Nutt, Bill Harmelin, Pat Quarto, and others conducted a three day advanced health insurance underwriting seminar at Purdue University in April, 1961 for a total member cost of \$75.00.

In February 1961, CBS aired their "Business of Health" program in favor of the compulsory approach over a voluntary one for the aged. IAHU Board Chairman, Oakley Baskin, stated in a letter to CBS regarding the program, "It had all the earmarks of a grossly biased propaganda piece for the advocates of government paid medical care." IAHU membership was asked to contribute \$5.00 to build a fund to help combat state and federal legislation that was against public and industry interests.

John Hancock extended the companies maximum issue age to 75, on its hospital expense policy. "CLU" revised their study program to embrace more health insurance which puts considerable prestige into the hospital income branch of the industry that has heretofore been regarded by many life leaders as a step child.

Paul M. Klein, 44 year old Kansas City insurance man and leading figure in health insurance merchandising circles, steps up to the Presidency of the IAHU, at its 31st annual convention held at the Waldorf Astoria, in New York City during June, 1961. Our Harold R. Gordon recipient was S. L. Horman. LPRT qualifies a record 316 awards and 288 receive the HIPA award.

### **Oakley Baskin Testifies**

In early August, Oakley Baskin, Mutual of Omaha associate general agent, speaks to the House Ways and Means Committee, "The federal government should launch a campaign by precept and promotion to encourage citizens in all walks - but especially those over 65 - to avail themselves of good health insurance coverage." In September, Old Equity in Evanston becomes one of the first Midwest firms to install an IBM 409 accounting machine. Ronald

Regan writes in the HIU, "Our Veterans Administration hospital system is the costliest medical program of its type in the world today," and then blasts government give-away of government-paid medical care."

November 1961, brings in an IAHU dues increase of \$2 per year, and in December, Bob Osler and Harold Petersen establishes Underwriters National Assurance of Indianapolis, a unique new monoline health insurance company.

### **Board Member Speaks to White House Conference**

IAHU board member, William Knight, speaks to White House Conference, in January, 1962, to rebut on the health care for the aged issue. "Before the government embarks on a plan to provide medical care and/or health insurance for the aged, two questions should be answered in the affirmative. No. 1 - Is this a proper field for the government to enter? No 2 - Is it necessary for the government to enter this field because the problem cannot be solved outside of the government? In answer to No 1, I would like to remind you that from the time the country was founded, our guiding principle has been that government should perform only those functions which are necessary, and which the people cannot perform for themselves. So, we must ask, 'Can the older people provide for their own medical care? The simple answer is, 'Yes - they are doing it now.' Question No. 2 requires evidence that the medical needs and health insurance needs of the elderly are not now being served by private enterprise and existing public assistance programs. The evidence is that anyone age 65 or over, regardless of the state of health, can obtain hospital and surgical insurance on a guaranteed renewable basis from any of several private health insurance companies."

As congress prepared to reconvene in 1962, lawmakers were more and more aware of a growing segment of the population that was opposed to Social Security old age health insurance. William Kirk, President of the Philadelphia Accident and Health Association testified into the record at the White House regional conference that the administration cost estimates were far too low and questioned the propriety of the staggering taxes on all levels of wage earners.

The Directors of IAHU, at the winter board meeting, held February 10th and 11th, 1962, passed a

resolution scoring Blue Cross for seeking direct federal aid in financing coverage for people over 65. President Paul Klein also mapped plans for a vigorous campaign to stop King-Anderson legislation. The Health Insurance Institute estimated that 75% of the civilian population is now covered by some form of health insurance.

IAHU announced that former IAHU President and Gordon award recipient, Carl Ernst, Vice-President of North American L&A, will be the keynote speaker at the Miami Beach annual convention. Also speaking was Dr. E. Edward Annis with the AMA, and John B. O'Day, Director of Training with the LUTC. Registration fees were \$25 and rooms were from \$14 to \$18 for ocean front.

In May, President Klein took issue with Newsweek magazine regarding their previous month's cover story on the old age issue as very biased in favor of the King-Anderson approach. He wrote, "At a staggering, and as yet unknown, cost and at the risk of wrecking the Social Security system, the proponents of the King-Anderson bill would set up benefits for part of the over age 65 population. They would do this without telling those over 65 that really good voluntary insurance is available right now, whether they are in good health or not. Would that our youngsters were as prolific letter writers as some of our oldsters, we would surely hear more protests against paying medical bills for people over 65, even if they happen to be wealthy."

Association legislative chairman E. H. O'Connor said the fate of the administration's medical care for the aged bill rests with 25 gentlemen of the House Ways and Means Committee. All the Republican members were reportedly against H.R. 4222, the King-Anderson Bill, and enough of the Democrats to keep it from moving out on the floor of the House.

### **President Kennedy's Bill**

President Kennedy stated, "The American people, all of us, contribute one-half to two-thirds for every new hospital in the Nation. We pay 55 percent of all the research done. We help young men become doctors. This cooperation between an alert progressive citizenry and a progressive government is what has made this country great, and we shall continue as long as we have the opportunity to do so." Doctor Annis, with the AMA, stated, "This bill would put the government smack into your hospitals - defining services, setting standards, establishing committees,

calling for reports, deciding who gets in and who gets out, what they get and what they don't, even getting into the teaching of medicine - and all the time imposing a federally administered financial budget on our houses of mercy and healing."

The June, 1962 national convention introduced a new President, John J. Symanitz. John was appointed field underwriter for Massachusetts Mutual in 1926. In 1928, he started his career in accident and health for Inter-State Assurance Company of Des Moines, Iowa. From 1941 through 1951 he served as Secretary/Treasurer of the Minneapolis and Minnesota State Associations. The Harold R. Gordon Award went to Robert W. Osler.

In July, the Anderson amendment to HR 10606, the Public Aid bill, was tabled. Insurance men throughout the country made known their approbation and backing for those U.S. Senators who voted to table.

IAHU President, John Symanitz wrote in December 1962, "I know some life insurance men and a number of property agents that are reluctant to get into the health insurance business. Opportunities for every kind of insurance man in today's health insurance market are unlimited."

Ferguson Personnel advertised in the January 1963 HIU, for a broker representative with one or more years experience, offering a starting salary of \$7,500 per year, but said that the underwriter who knows his business can command from \$10,000 to \$12,000 per year.

Arch Parker with American Casualty forecasted the future of health insurance stating, "Major medical will rapidly swallow up every form of individual hospital and medical coverage except minimum basic policies sufficient to cover deductibles. Dental insurance, sold individually, will be available.

Whether we can make money on this form, I just don't know. I believe the profit squeeze will tighten sufficiently so companies will look to their accident only portfolios for expansion. I see almost complete relaxation of underwriting requirements within certain limits."

John B. O'Day joined the Insurance Economics Society to understudy his predecessor, E.H. O'Connor, IAHU legislative chairman, in preparation of O'Connor's retirement in 1964. Ed O'Connor served IAHU for over 15 years as legislative chairman. He held the highest office in the Eastern Accident and Health Underwriters Conference in

1935, a forerunner of the HIAA, as well as the Presidency of IAHU and was the first Harold R. Gordon recipient in 1949.

According to E.J. Faulkner, President of Woodman Accident & Life, "It seems certain the Kennedy Administration will push in the 88th Congress for the enactment of most, if not all, of the measures that the 87th Congress rejected or shelved. Thus, Medicare and federal aid to education, plus the establishment of a department of urban affairs, will be in the headlines during the following two years. As to Medicare, an issue of special significance to doctors, hospitals, insurers, and employers generally, there is as much reason for feeling that ill-advised expansion of Social Security can be prevented as has been the case in the past. "What to make of the administration's new Medicare Bill will be the subject of the IAHU's February board meeting in Las Vegas, according to President John Symanitz.

According to the American Hospital Association, it cost patients \$33.91 per day, on the average, to stay in the nation's general hospitals during 1961, and it cost the hospitals \$36.04 per day to keep and care for them. The difference of \$2.13 per patient day was made up through contributions and grants. And, speaking of dollars, IAHU established a \$900 mink stole as the award for bringing the most new members during 1962.

### **IAHU Managing Director Gifford Resigns**

In April of 1963, IAHU Managing Director, Bruce Gifford resigned to accept a position with an insurance company. He was operating head of IAHU since 1959. President Symanitz stated, "The association is safely embarked on a dramatic period of growth and that the HIU has grown to a position of influence in the insurance trade press."

In May, IAHU announced the selection of Robert J. Finnegan as its new Managing Director. Finnegan comes to the Chicago headquarters from Milwaukee where he has been affiliated with Mutual of Omaha. LPRT exceeded all previous records with 602 qualifiers.

Almost 500 registrants and their wives at the 33rd IAHU convention in Minneapolis, were warned repeatedly by speakers that even though they were meeting in an atmosphere in which socialized insurance measures are not actively before Congress, they should keep up their vigilance and spread the benefits of health insurance. James Williams, Health

Insurance Institute, predicted that the health insurance business will continue to change, and in the near future we will see forms of coverage never offered before. John M. Forrest with the Mutual of Omaha was elected as President of IAHU and E.J. Coffey was awarded the Harold R. Gordon award.

In November 1963, former IAHU President, Oakley Baskin, testified before the House Ways and Means Committee, in opposition of HR 3920 or any similar bill that would provide hospital or medical care under the Social Security system. Robert Osler, President and Chief Executive Officer of Underwriters National, retired from all corporate posts in order to devote time to writing, speaking, and serving as a health insurance consultant. This same month, he began writing a monthly column for the HIU.

The Health Insurance Institute announced that the American people have made medical expense insurance the fastest growing form of insurance in the United States. The first major medical plan went into effect in 1949, and at the end of 1951, some 108,000 persons had this form of coverage. By the end of 1957, this coverage had jumped to 13,262,000, or one out of every 13 people in the civilian population. At the end of 1962, 38,250,000 persons were covered for a 56 fold increase over the 1952-1962 decade.

John B. O'Day, IAHU Legislative Co-Chairman, wrote, "We support implementation of the Kerr-Mills approach to medical care for those otherwise self-supporting aged, but we oppose the Kind-Anderson Bill, because no need for government compulsion exists in this area and that the additional Social Security tax needed would be double that called for in the bill. We defeated the Forand and Wagner-Murray-Dingell look alike bills, in the past, but look for every trick in the book to be used during this session of Congress. Millions of words designed to alarm will be spoken and recorded to expose that great and urgent need for Medicare which has proven to be so easy to talk about, but so difficult to establish."

Doctor Clifton Reeder wrote, "How many people who are tired or a little run down when told by the doctor they need a rest, have replied, "Doc, can I take it in the hospital? My hospital insurance will cover it!" Many children have been hospitalized on flimsy excuses simply because the parents discovered it was cheaper to put the child in the hospital for a weekend than it was to pay a babysitter. An appendectomy used to be done for \$150 and that was

the total fee. Today, an appendectomy will be done for a fee of \$150 to \$250. But wait, there will be an additional fee of \$25 for the initial exam and diagnosis; additional fees of \$5 per day for each hospital day; an additional fee for removing the stitches; an assistant surgeon's fee of \$50; an Anesthesiologists fee of \$65; plus an additional fee for the final office visit to inspect the wound, for a total now of \$460. The medical profession has learned that itemizing bills produce a larger total fee, than if left as a lump sum item for total health care. Some patients do carry more health insurance than they need to make a profit in the event of illness. We need to fix the system because this legislation is not desirable. It will provide benefits for people who do not need them. It fails to provide benefits for needy elderly who are not drawing Social Security. It provides benefits to people who have not paid one cent for these benefits. The cost of these benefits could become so great so as to alter our social Security System enough to lower retirement benefits."

In June 1964, L. J. Lewis became President of IAHU and John Haynes Miller, Executive Vice President of Monarch Life and Springfield Life, was named recipient of the 1964 Harold R. Gordon Memorial award. In July, the Wall Street Journal headlined, "Medicare heads for possible permanent burial in Congress." Paul D. Hill, Past President of the Indianapolis and Indiana State Association, testified before the Senate Finance Committee on behalf of the 5,000 member IAHU and its 90 associations. He closed with, "No law should be passed which will make everyone who does not need a federal Medicare program subject to such a program."

### **President Johnson's Great Society**

Since Congress convened in early January 1965, President Johnson had been spelling out the dimensions of his dreamed "Great Society," in special messages on poverty, health, education, and the budget. The emphasis on his legislative thrust was in the area of health, education, and welfare with an administration push on "Medicare". It appeared that the administration had the votes in Congress to enact some legislation in the field of health care for the aged under social security, and it was obvious from his repeated public statements that Mr. Johnson was determined to do just that.

“The Senate Finance Committee has informed me that a representative of your group will be permitted to testify.” (signed) Senator Everett McKinley Dirksen. That was the text of a telegram received May 5, 1965 by Paul Hill, and was certainly a tribute to each IAHU member, reported the HIU. Part of Paul’s message reads, “There is no demonstrable need for legislation of this type. Today, there are about 18,000,000 people over age 65. About 11,000,000 of these are covered against the costs of hospitalization by voluntary health insurance. A large percentage of these also have insurance plans that pay the costs of surgery. Many more are covered for doctor bills. Millions of people in this age group are quite capable of paying their own medical bills, and do not feel a need even for health insurance to help them. Proponents have, in testimony during these meetings, repeatedly derided these health care plans, pointing constantly to the fact that they do not offset every last dollar of expense, and to the fact that many people 65 and over do not have the money to pay the necessary premiums. In doing so, they have deliberately glossed over the facts that: (a) Many people prefer insurance that will pay the larger medical bills, not insurance that will provide first dollar coverage; (b) Many can pay their own medical bills without insurance of any kind and (c) A certain segment will always spend their money for pleasures and then turn to society for the basic costs of living.”

Opening speaker, Dr. Edward R. Annis, Past President of the AMA, spoke at the 36th annual convention in Detroit on June 19, 1965. “We have lost a battle, but Diunkirk didn’t win the war. Our war goes on - the real war, which is for the control of men. We must elect men of integrity to public office. If we do, we shall win the war. See that people everywhere know what is being done to them. If they do, they will rebel because they owe it to their children to so rebel. Using almost every department of the government to solicit registrations for the supplemental medical insurance program, and spending millions to hire workers, to solicit ‘enrollments’ door-to-door, the HEW still was coming down to the enrollment deadline with too few signed up to be able to say the plan was a success. However, at that point, insurance companies throughout the business began announcing the non-renewal of over age medical expense policies, withdrawals of coverage from the market, restrictions on benefits, and suddenly the socialized program was over the hump. Persons over 65 who might have preferred to continue private coverage rather than

take the government plan found in too-great numbers that they had no place left to get the private insurance. They had to sign up for the government plan or be without protection.”

Richard H. Dutwiler became association President, and R. L. McMillon received the Gordon Award. Jack O’Day, managing director, Insurance Economics Society, Co-Chairman of IAHU’s Legislative committee, opened his report for the International Council by reading a telegram from Robert R. Neal, head of the Health Insurance Institute, thanking the association for its help before the Senate Committee holding hearing on the Medicare bill.

Jack O’Day warned, “that in the future, legislative effort must be concentrated more at the ballot box rather than in Washington, and that the ‘fight’ against socialization of insurance and medicine, having lost the battle of ‘Medicare’ must now concentrate on preventing expansion of the system to persons below 65.”

On a lighter note, as an application for hospital insurance was being processed in the offices of Benefit Trust Life, it was noted that all three children of the LaVon H. Haarberg family of Hamlet Nebraska, were born on the same date in each of the last three years. The odds were said to be in excess of 4,000,000 to 1.

At the December 13, 1965 meeting of the Indianapolis association, Indiana State Association President, Arthur Gayman, spoke regarding the merger of NALU and IAHU. “The merger, which has been advocated from time to time by certain interests, would not be in the interest of the public, the industry, or either association. In the first place, health insurance is too big of a line to be reduced to a committee level of NALU... Authoritative studies show that health insurance is now the largest of all lines in insurance benefits paid and premiums earned. In effect, we would have the tail, life insurance, wagging the dog. Let’s get back to the position NALU used to take and IAHU still takes: If you sell life insurance, belong to NALU; if you sell health, belong to IAHU; if you sell BOTH, belong to BOTH.”

The 1965 annual survey of the American Hospital Association stated, that hospital per diem expenditures averaged \$44.48 per patient day, and \$346.94 per stay compared with \$41.58 and \$320.17 the previous year. Between October, 1965 and October, 1966 the CPI index rose from 123 to 130. A significant part of that increase occurred after July

1, 1966 when Medicare became effective. "Most of the nation's hospitals will have to load an extra \$1 to \$2 a day onto the bills of regular patients to make up for the loss on Medicare patients," according to J.A.L. Hahn, board member of AHA.

### **"Count" Mueller Passes Away**

E. H. "Count" Mueller, one of the real pioneers of the industry, and the IAHU, passed away on December 21, 1965, at the age of 72. In 1936, he founded the Milwaukee A&H association, and served as IAHU President in 1933. Count received the Gordon Memorial Award in 1953.

Our 1966 President was M. W. Kiley, CLU and Armand Sommer, FCAS, Vice President, Continental Casualty, was awarded the Harold R. Gordon Memorial Award. Mr. Sommer was one of the founders of the association and was cited for a long history of contributions to the health insurance business.

Six studies made for the National Institute of Health revealed that a complete artificial heart is feasible and can probably be developed within 10 to 15 years. One study envisions implantation of 150,000 artificial hearts by 1975. The top state association in November, 1966 is Ohio followed by Wisconsin, Illinois, Texas, Minnesota and Indiana. The number of insurance companies providing health care expense protection to the American public topped the 1,000 mark for the first time in history.

Veteran medical reporter, Selig Greenberg, wrote a series of articles on the rising cost of hospital care for his paper, Providence Evening Bulletin. In the opening article, Greenberg stated, "Competent authorities have been freely predicting that if the rise in costs continues to accelerate as it has in the recent past, they will reach \$100 a day within a few years. The prospect that hospital costs may soon out pace our ability to pay - regardless of whether we pay directly, through premiums, or through taxes, has led to growing public resentment and a mounting chorus of questions...."

President of Woodmen Accident and Life, E.J. Faulkner reported, "1966 as a year of significant progress for private health insurance in American despite the emergence of many problems due to the implementation of the Social Security Amendments of 1965, and the continued squeeze on available manpower arising out of full employment." Health insurance premiums, despite the advent of Medicare,

increased on the order of 10%, crossing the \$13 billion mark in premiums for all private insurers with more than \$8 billion of the total accounted for by insurance companies. The full impact of lapses and premium reductions because of Medicare had not yet been felt by private insurers."

President Johnson's "Message On Older Americans" submitted to Congress labeled Social Security benefits "grossly inadequate" and called for "Social Security legislation that would bring the greatest improvement in living standards for the elderly since the act was passed in 1935." Among the provisions the President recommended to be effective July 1, 1967 were the following:

- 1 A 20% overall increase in Social Security payments.
- 2 An increase of 59% for those receiving minimum benefits.
- 3 An increase of at least 15% for the remaining beneficiaries.
- 4 An increase to \$150 in the monthly minimum benefits for a retired couple with 25 years of coverage.
- 5 An increase in the special benefits paid to those 72 and over who have made little or no Social Security contributions.
- 6 An extension of social security benefits to severely disabled widows under age 62.
- 7 Increasing the earnings exemption by 12% - from \$125 to \$140 a month.

The President espoused his dedication to maintaining "Social Security financing on an actuarially sound basis."

Paul Hill presented testimony for the House Ways and Means Committee and the Senate Finance Committee on the proposed 1967 amendments for IAHU. "Congress should not extend Medicare benefits to those under age 65, until experience has shown what the actual cost of the program is likely to be; it should, at the same time, put a ceiling on the amounts that states can spend on Medicaid programs, so that the whole Social Security system can be on a sound financial basis. Any other course of action will, we believe, result in a decreased desire on the part of young people to provide for their own families at their premature death, and for their own retirement and will ultimately siphon so much money out of the economy that a slowing down of business will eventually occur; and could, if unwise liberalizations

of the Act continue on an indiscriminate basis, bring about the destruction of the whole system by an electorate no longer able to bear the overwhelming cost.”

Our 1967 association President was Fred T. Van Urk, CLU and O. D. Dickerson, CLU was awarded the Gordon Memorial Award. Maurice Kiley, CLU, Past President of IAHU, reported at the 1967 Las Vegas IAHU board meeting, that three areas of legislation could have a far reaching effect on the future of the health insurance business. “They are the financing of Social Security benefits through general tax revenues, Medicaid and that the federal government would like to regulate the insurance business.”

J. F. Follmann, Director of Information and Research for the HIAA, reported that hospitals could save a billion dollars in the next twelve years with the aid of home care programs. “By shifting some functions of patient care out of general hospitals, it would be possible to eliminate the need for increasing hospital bed capacity. These hospitals would then specialize in providing for acute cases. If a hospital was allowed to specialize in that type of care which it renders most effectively, it would increase efficiency and save money.”

Congress passed and the President signed a Social Security bill that increased benefits and taxes. Effective March, 1968 Medicare beneficiaries received 13% across the board; the taxable base went up from \$6,600 to \$7,800 with the 8.8% tax rate remaining the same; Medicare beneficiaries would now get an added “lifetime reserve of 60 days of hospitalization at \$20 a day and Medicaid would now have federal standards applied that would put a ceiling on federal contributions.

The third annual DITC Research Seminar was held in Atlanta, in early 1968, with the subject being, “How Healthy Is the Health Insurance Merchandising System.” The 33 in attendance heard that the degree of under-insurance in disability income is appalling. “We have some 50,000,000 covered; but 26,500,000 are covered by group, most of it is on a 13 week basis; 11,000,000 through employer plans that are uninsured, and only 15,100,000 under individual policies”, according to the Vice President of Paul Revere Insurance Company. The industry was encouraged to replace hospital and medical expense policies with maximum levels of coverage under \$10,000 , with major medical policies.

H. C. “Chris” Overgoard, Agency Manager for

Woodman Accident and Life Company was elected President of IAHU and Charles B. Stumpf became our 1968 Harold R. Gordon winner. IAHU and NALU reported that the institutional award in health insurance will be known as the Health Insurance Quality Award (HIQA) beginning in 1969.

## Health Care Inflation Sets In

E. J. Faulker wrote, in the April HIU issue, about why health care costs have risen so precipitously. “Contributing to the rise is the improved awareness and acceptance by the public of the value of health care with a resulting greater demand for such care, our aging population, the scientific progress of medicine and the shortage of doctors, nurses, and others prepared to render the service of medicine. Physicians fees rose 59.5% from 1950 to 1965. Per patient day expenses in general hospitals mushroomed 185% from 1950 to 1955. The daily cost of hospitalization is now about \$60 on the national average with \$100 per day in many of the larger metropolitan areas.”

Paul Barnhart, consulting actuary, wrote in the May, 1969 HIU issue about disability provisions. “Probably the most well-known trend affecting the definition of disability has been the extension of the period relating to ‘regular occupation’. Many companies are now providing more than the standard two year provision. They now provide five years or even longer, particularly on professional class risks. I am dubious about the wisdom of this lengthening trend. I think it betrays some loss of sight as to what it is, after all, we are insuring. I always thought the idea was to insure loss of earnings. But under these elongated time periods relating to the insured’s ‘regular’ occupation, what actually comes to be insured may not be loss of earnings at all, but rather a ‘status’; the status of being “contractually disabled” without regard to the extent of lost earning ability.”

Secretary of HEW, John Gardner, addressing the National Conference on Health regarding the health care system commented, “Everyone seems to agree that the existing system, or lack of system, has rather marked shortcomings, but there is not yet any agreement as to what a more perfect system would look like. It seems likely we will go through a period of experimentation and, in true American fashion, will end up with several variations in different parts of the country suiting local preferences and conditions.”

C. Joe Honeycutt was elected our 1969 President

and the Gordon Memorial Award was presented to Joseph F. Follmann, Jr., Director of Information and Research for the HIAA. He was cited for his role in the formation of the Health Insurance Association and the Health Insurance Council.

President Richard Nixon discussed the possibility of an automatic adjustment in amount of Social Security benefits to changes in the cost of living. Robert Myers, chief actuary of the Social Security System, warns, "That such expansionist proposals would threaten the very ability of government to pay the benefits already promised, and by seriously impairing the capacity of the economy to accumulate capital and invest it for production, would go a long way toward moving America into the socialist camp".

## THE CHALLENGE OF A WINNING OFFENSIVE AGAINST THE ADVOCATES OF THE WELFARE STATE

IAHU opened the 1970's with their fifth opportunity, during the last decade, to address a congressional committee. This time, the subject was Social Security legislation and in summary, the IAHU recommended the following:

- 1 That retirement, survivor and disability benefits be increased a maximum of 10%.
- 2 That any increases in future years be tied to the cost of living, and that current amendments to the law stipulate that method for such increases. This would help take the Social Security law out of politics, a definite improvement.
- 3 That death benefits under Social Security be maintained at their present level
- 4 That Medicare not be expanded to cover a greater segment of our population.

Ardell T. Everett received the Harold R. Gordon Award and Paul Hill, our 1970 IAHU President, and long time legislative chairman of the association, spoke at the annual convention in Richmond, Virginia. "Two years from now, the platforms of

both major political parties will contain planks calling for a nationalized system of health-care insurance if that goal has not already been reached by the 'expansionists' cited Robert Myers, recently resigned chief actuary of the Social Security system. Hill expressed little hope that a nationalization scheme can be headed off; instead, he called for all-out effort to see that whatever the schemes, it still leaves room for private enterprise insurance and its agents. He warned that all-out, coordinated effort of all insurance interests would be necessary to achieve even that limited "victory" .

### Kennedy Calls for the Socialization of Medicine

Senator Ted Kennedy spoke on the floor of the Senate when he introduced the bill that was a result of the work of the Committee of 100, originally headed by Walter Reuther. "Despite massive sales of private health insurance, most of the expenditures for personal health must still be borne out of pocket by the patient at the time of illness or as a debt thereafter. Nearly all private health service is partial and limited. In 1968, in spite of the fact that health insurance was a giant \$12 billion industry, benefit payments in the aggregate met only about one-third of the private costs of health care, leaving two-thirds to be paid outside the framework of health insurance. Private health insurance, through 1000 private carriers competing with each other and through a bewildering array of insurance policies, had done no more than this to ease the impact of the cost of medical care on American families. The private health insurance industry has failed us. It provides sickness insurance, not health insurance acute care, not preventative care. It gives partial benefits, not comprehensive benefits. It fails to control costs. It fails to control quality. It ignores the poor and the medically indigent. Health insurance coverage in America is today more of a loophole than protection." On this premise, Senator Kennedy on August 27, 1970 introduced a bill that calls for complete socialization of medicine covering every resident of the United States and every non-resident citizen hereof."

Arthur L. Gayman, became the association's 1971 President and Robert J. Finnegan received the Harold R. Gordon Award. IAHU's national membership had now declined to 2,925. The following year, Tracy M. Lounsbury, Jr. was elected President and Paul D. Hill, Jr. was presented the Harold R. Gordon Award.

### The Fifth Decade

Ed Faulkner wrote in the January 1973 HIU, "The great challenge facing insurers today is to be effective in leading a winning offensive against the advocates of the welfare state. The threat of socialism by whatever euphemism you may label it runs not alone to private insurance but to every facet of American Life. The expansionists are succeeding with their ratchet approach of piling benefit on benefit, gradually decreasing the disposable income that is available for savings and weakening the disposition of the average family to protect itself, and all under the guise that Social Security is 'insurance' as the layman understands that term. We cannot allow to go unchallenged the assertion by Senator Kennedy that schemes such as the Nixon Plan and the National Health care Act are contrived to provide the private health insurers with billions of dollars of profits. Such statements reveal that those who make them are either inexcusably ignorant or have a cavalier disregard for the truth. Perhaps sometime during the course of the 93rd Congress some sort of legislation in the area of health care and its financing will be passed."

Ed continued, "While the Nixon Administration advocates experimentation with different organizational arrangements in medicine, it is unlikely that the medical profession and the hospitals will be coerced into a regimented structure dominated by the federal government. Rather we will probably see broad encouragement of a pluralistic system of delivery of health care with encouragement for such experiments as the Health Maintenance Organizations. The Nixon proposal and the National Health care Act devised by the HIAA have many features in common. The principal difference between the two is that the Nixon proposal would place the obligation on employers of providing health insurance as is done with Worker's Compensation benefits, whereas the HIAA proposal would effect the same end but on a voluntary basis using income tax incentives."

Robert W. Osler reported on the eighth DITC Research Seminar which met at Tulane University. "The opening discussion on ideas for new coverages, led by Harold Lyman, director, health insurance sales, Minnesota Mutual, one of the most fertile and inventive minds in the business today, was an utter fascination. Among his many suggestions were: a benefit duration to 55 or five years, whichever is longer, retroactive benefits for buy out cases, a guaranteed renewability option to buy life insurance, available disability income option giving the insured

the right to increase his coverage 3-5% a year, an option to increase benefit durations and an option to keep benefits at a percentage of increasing income. These were only a few of Lyman's suggestions, and one of his most interesting statements was that his company is drafting a 'no occ' policy. Such a policy defines disability in terms of loss of income, not inability to perform an occupation. Such a policy may be the wave of the future"

Robert Finnegan, EVP of IAHU, reported at the June, 1973 Atlanta convention that this was the first time that all officers have been reelected for a second term. C. Gordon Hayes, Terre Haute, Indiana, was elected President of IAHU. Hayes' election came when President-Elect, Lloyd Gould, withdrew on advice of physician. President Hayes stated that he had two major objectives during his year. The first was to stop our decrease in membership and the second, was to increase the activity of the association in the area of legislation. IAHU national membership stood at 2,649.

### **Will HMOs Leave Place for Agents**

Maurice E. McDonald, Ph.D., convention speaker, warned that the development of HMO's may have a drastic effect on agents. "Is there going to be any place for the agent. Agents organizations themselves will have to find it and identify it because insurers and government agencies working on the development of the HMO system are not planning for use of the agent."

In the fall of 1973, the association testified before the United States House of Representatives Ways and Means Committee in favor of the Burlison-McIntyre bill. as well as before several state legislatures. During Gordon's year, Tracy M. Lounsbury, Jr., Chairman of the Board, died. His untimely death was a blow to the association. The association began to try to improve its relationship with our allied industry groups by working with them and by attending their meetings.

Daniel W. Pettengill, FSA, father of the "Health Care" bill, was the recipient of The Harold R. Gordon Award. The selection committee stated"... a record of service to industry, community, and country documented in the lists of organizational memberships and chairmanships, impossible to cite in full, plus his past and present role as originator, conceptualize, energizer, teacher, and leader with regard to the proposed National Health Care Act -

the Burluson/MacIntyre Bill... His contributions to the industry in providing a sane, practical program, responsive to this country's health care needs, is and will continue to be for all time, incalculable."

Paul Hill, wrote in the November, 1973 HIU, "Rumor hath it that Senator Ted Kennedy's subcommittee is going to hold hearings on national health care again this fall. Would we be out of line in expressing the hope that this time he look more for the truth and less for the headlines?"

January 23, 1974, EVP, Robert J. Finnegan, announced the introduction of IAHU UPDATE, a new one page publication for state and local association leaders. Finnegan testified before the 102nd regular meeting of the NAIC, and told the Subcommittee on Consumer Participation," that the agent is uniquely qualified in the area of consumer relations, because he is the closest practical link the industry has with the consumer." This was the first time an agent's association expressed its viewpoint to the NAIC. Finnegan was appointed by the President of NAIC to the Industry Advisory Committee to the NAIC task force studying advertising regulations for health insurance. The NAIC Convention adopted model legislation setting minimum standards for individual policies and to make policies more understandable to consumers. Commissioners would be empowered to establish specific benefits to be included in all individual health policies.

The newest member of the "Health Bill Family", the so-called Mills-Kennedy bill, was introduced on April 2, 1974. The bill was further identified as the Comprehensive National Health Insurance Act of 1974. According to its authors, the bill represented an effort to break the stalemate in Congress on the issue of national health insurance which had existed for several years now. Briefly, coverage under the bill is as follows; Everyone residing in the United States, not eligible for Medicare would be covered. Benefits would be financed by a payroll tax of 4% on annual earnings up to \$20,000. Employers would be required to pay at least 3 of the 4%, with employees paying no more than 1%. If they wanted to, however, employers could pay the whole 4%. The bill would change the Social Security Administration to an independent agency headed by a Social Security Board of three members.

Charles H. Mayo, II, M.D., a member of the committee for National Health Insurance wrote, "Mr. Nixon's plan will be a bonanza for private insurance companies and will merely perpetuate the

present non-system of health care under which we wait until people BECOME sick before we take care of them."

President Ford said chances of a national health bill during this session were very slim because of the varied views of House Ways and Means Committee members, particularly on financing. Casper Weinberger, Secretary of HEW stated, "...While we support the continuation of privately-underwritten group insurance, we are convinced that individual health insurance plans are not nearly effective. These plans have administrative costs that run as high as 50% of the premium dollar, and if we get national health insurance, they will of necessity become virtually obsolete."

Robert J. Bedwell, Jr., of Montgomery, Alabama was elected our 1974 President and Albert H. Kessler received the Harold R. Gordon Award at the Milwaukee Convention. Bob placed emphasis on increased membership and new association growth due to membership falling to 2,189. Bob improved our relationship with all our allied organizations by attending their annual conventions. During Bedwell's year, Edward A. Bray, Vice President continued his excellent work in legislation and Robert Osler continued his strong guidance to help DITC prosper.

### **The Democrats Have The Votes**

As January, 1975 arrives, the Underwriter reported that, "the Democrats had the votes, in both houses, to pass a national health insurance bill at any time they desire to." Leonard Woodcock, President of the United Auto Workers and Chairman of the Committee of National Health Insurance, announced that a new health security bill would be introduced in the new Congress. Two of labor's errand boys, Senator Edward M. Kennedy and Representative James C. Corman are scheduled to do the introducing.

Finnegan was among a selected group of association executives, who were invited to the White House to attend a briefing on the status of the American economy by President Ford. Senator Ted Kennedy later introduced the Health Security Act and said in part, "The health security program makes the Federal Government the insurance agent for all Americans ... There is no way we can use private health insurance to offer all Americans the protection they need. There is no way the Nation can use this industry as a

lever to encourage change and reform in the health care system.”

“Any system of nationalized health insurance adopted should contain recognition and encouragement for the agency system rather than distribution and service by a bureaucratic plan,” the 45th annual convention of the IAHU in Birmingham declared in a position statement adopted by the delegates to the International Council. Other points in the statement called for, health care for all regardless of income; building on the existing system of private insurance with a minimum of government encroachment; with cost borne as much by private rather than tax dollars; emphasis on quality health care for all with steps to adjust the present maldistribution of medical facilities and personnel; encouragement of out-patient and ambulatory care with peer group review of methods and costs - all phased in over a reasonable period of time in order to lessen the impact on the current system.

June, 1975, George W. Emrick, managing general agent with Pan American Life in New Orleans was elected as IAHU’s President and the Gordon Award went to Lorin K. Schoephoerster, CLU, CPCU, Vice-President of State Automotive Mutual, Columbus, Ohio.

Spafford Orwig, a 79 year old, and 50 year veteran of the health insurance business received a special merit award for his formation of the Indiana Association in the early 50’s and especially for his successful “fight” to get Danny Thomas, TV personality, to rectify his statement on the “Tonight” show, “that all insurance companies should be taken over by the government.” Thomas apologized and rectified his “Tonight” show statement on the Dinah Shore show.

An unpublished study found that, “Blue Cross/Blue Shield, which handles half of the nation’s private health insurance business and processes close to 90% of its Medicare claims, was riddled with managerial slack that increased the cost of health care.” The study found that the large, profit-making insurance companies were more efficient than either the government or Blue Cross/Blue Shield.

### **NALU Proposes Conference for IAHU**

In his message as outgoing President of NALU, Norman Levine proposed that NALU become the agent’s representative in the health insurance field, that it establish a “conference” within its organization for agents writing property/casualty lines, and that

the American Society of Chartered Life Underwriters merge with NALU. George Emrick, IAHU President, expressed concern with “The manner in which NALU has chosen to move unilaterally” into the areas of existing organizations, stating, “There is sometimes a tendency on the part of the leaders of voluntary organizations to become so caught up with their personal solutions to complex problems that they become overzealous. Their motivations are probably sincere, but in their haste, they damage rather than aid cooperative effort.”

Robert Osler stated, “That we’re wasting too much energy fighting national health insurance that we are not going about the business of shoring up the wall of income protection the American Public needs. We are allowing disability income to be the next great “need” the advocates of socialization will say the government must fill because the industry has failed to. But, let us point out that the IAHU has recognized the impelling need for a greater case for the fact they are the ONLY organization, agent or company, that has been devoting heavy attention to it.”

Late in 1975, IAHU Vice-President and Legislative Chairman, Edward A. Bray gave IAHU’s testimony before the Rostenkowski Subcommittee on Health Insurance of the House Ways and Means Committee. Gerald S. Parker, CLU, Vice President, Health Insurance, Guardian Life of America, was named recipient of the 1976 Harold R. Gordon Memorial Award and Howard R. Sherman, CLU, General Agent of Provident Life and Accident, was elected as IAHU’s new President.

According to HIAA’s survey of insurance company group major medical policies for the ten years 1966 through 1975, medical costs had climbed 80%. In comparison, the average maximum policy benefit was \$50,000 more in 1975. John Bedrosian, EVP of National Medical Enterprises, recently told the Journal of Commerce that, “he believes national health insurance is five years away.”

Martin E. Segal Company, reported that HMO’s are growing in number, but their development has been slower than expected. The Segal Company noted that 175 HMOs were in operation in 1976, covering 6 million people, while there was 33 plans with 3.5 million members in 1971.

As IAHU entered 1977, E. J. Faulkner wrote, “Despite Mr. Carter’s apparent endorsement of the Kennedy-Corman approach to national health insurance, there is some reassurance in his

acknowledgement that any government program taken in the health field must be undertaken a step at a time.”

U. S. Representative Dan Rostenkowski, Chairman of the Health Subcommittee of the House Ways and Means, and U.S. Senator John Durkin, spoke at the Conference of Insurance Legislation predicting that a national health care plan will pass in Congress in 1978.

Private and public spending for hospitals, drugs, physicians and other health services increased 31 percent during 1975 and 1976 according to government estimates. Time Insurance Company introduced their new high level maximum benefit plan with a \$100,000 per cause maximum benefit with a room and board benefits option that paid up to \$150.00 per day.

The HEW said that junk foods are killing the American Public, and Secretary Joseph Califano praised congressional investigations into Medicare and Medicaid fraud and pledged the administration’s support for efforts to route out fraud and abuse in the two programs. The word on Capitol Hill, particularly among those whose pens have been ready to write health insurance legislation for years, is that any comprehensive plan has a slim chance.

## **EVP Finnegan to Resign**

### **EVP FINNEGAN TO RESIGN**

At the national convention, John A. Ferguson with Lone Star Life received the 1977 Gordon Memorial Award, and IAHU’S EVP, Robert J. Finnegan, CAE, announced that he would resign, effective July 1, 1978, to become EVP of the Professional Independent Mass-Marketing Administrators in Chicago. He was the operating head of IAHU since 1963. President Howard Sherman stated, “We will keenly miss his deft, professional management of association activities. During Bob’s tenure the association developed a pattern of progress which brought it to its present position as a viable, effective & successful agents’ organization that is highly regarded throughout the industry.” Unfortunately, IAHU continues its decline in membership with a 5% membership loss and total registrants for the annual meeting were reported as 87 members according to executive committee minutes. Also reported within these minutes were 220 LPRT qualifiers and 23 HIQA applicants.

President Sherman was highly instrumental in

convincing Milton “Milt” M. Cerf, then current president and founder of California Pacific Insurance Services (CARE), an administrator of multiple employer trusts, to join the IAHU organization. Milt became an indispensable supporter of IAHU, both financially and through the donation of material and manpower resources during these tough lean years. At one low point in IAHU history, Milt paid dues, registration fees, and expenses for 120 attendees so that the annual convention could be held. Over the ensuing years, he required his employees to participate in IAHU activities both through membership and by establishing new chapters in unorganized areas. He recognized not only the benefits to the industry, but the necessity to his own business of a strong voice for health insurance marketers and producers. He also pioneered E&O coverage for agents and brokers. Milt later produced and distributed, at his own expense the film, “Town Meeting on National Health Insurance”, an effective defense of the private sector shown to millions in the eighties.

U. S. Senator, Bob Packwood told the annual meeting in Washington of the Association for Advanced Life Underwriting, “I don’t think we’re ever going to have a national health insurance bill. Business has moved far enough in this area. So long as we have an open and free government, people are going to get what they want. You may not like it, you may not agree with it, you may fight it, but the bottom line of democracy is that the majority, within limits of our Constitution, get what it wants.”

James J. O’Connor of Omaha, newly elected 1978 President of IAHU, branded President Carter’s nine percent cap on hospital rates as, “too little, too soon.” O’Connor said the plan, “Is a piecemeal, superficial approach that will yield to comprehensive, system solutions. This quickie proposal promises no relief to the patients who pay medical bills, to companies that pay premiums, or to taxpayers who pick up the Medicare and Medicaid tabs.”

The Louis Harris poll reported that only 12% of the American public thinks national health insurance should be, “of the highest concern and priority” for the Carter Administration, even though the high costs of medical care is the second major worry of the American consumer.

The Journal of Commerce reported in a UPS article datelined Washington, “that President Carter will ask congress in early 1978 for a phased in mandatory health insurance program that will at long last give

the American people the equal access to health care that millions of people in Western Europe and Eastern Europe have.” Michael J. Kelly, CLU, is elected President and Robert S. Finley receives the Harold R. Gordon Award at IAHU’s summer convention.

### **Pardee Appointed as IAHU EVP - IAHU Becomes NAHU**

John K. Pardee, CAE, was appointed in August, 1977 as the Executive Vice President of IAHU. Jack was formally with the American Hospital Association, the New York State and Michigan State Medical Societies and the Paper Industry Management Association. Not long after his appointment, Jack Pardee attends the LIMRA Quality Business Committee meeting in Hartford, Connecticut where one vice president of a prominent eastern company told him, “Frankly Jack, we wrote off IAHU a number of years ago and so have most of the companies, at least in the east. This is not an isolated instance, I have heard this and similar comments many times and put in many ways. I went to NALU and NALU has wiped us off the map. There is no incentive for a man to join IAHU right now.” Not long after this LIMRA committee meeting, IAHU comptroller, C. Gordon Hayes stated, “We have a choice of slowly dying on the vine and going out of business or giving all we have got and try to make it go. This is the spot we are in!”

Jack had three significant suggestions to improve the association’s position. One was to consider a name change for IAHU, because it did not properly describe the geographical area we operated within as well as opposition to “health underwriter” as it did not properly describe our membership. Secondly, Jack stated that the LPRT was an award for new sales premium where about 200 to 250 IAHU members applied each year and that perhaps the award program could be modified to be similar to that of the MDRT by the establishment of a LPRT board of Trustees and a set of membership bylaws. Jack’s father, Keith Pardee, was the LPRT Chairman in 1950. Thirdly, Jack recommended that the association investigate some type of professional recognition/certification program. He wrote to 150 associations who had established recognition programs for their membership to initiate interest in such a program for IAHU members.

At the June, 1978 annual meeting at Lincolnshire, Illinois, the word “International” was changed to

“National”, but “Underwriter” was retained.

NAHU’s national membership reaches the low level of 1,887. According to comptroller, C. Gordon Hayes, The convention made a profit of \$423.43 and IAHU now has a deficit of \$9,940, with expenses up and membership down.

On October 29, 1978, the newly formed RHU Commission met at the Drake Hotel to discuss and implement the formation and financial responsibilities of the Registered Health Underwriter designation, the new RHU brochures, and application forms. Those commissioners were: Oakley Baskin, Russell D. Dent, George Emrick, Albert Kessler, Harold Lyman, John O’Day, and Jack Pardee. It was decided, at this meeting, to “grandfather” approved applicants for the new RHU designation program, for a limited time, and then to later administer a single examination program. Approval of the initial RHU applicants was based upon formal education, continuing education, length of time in the business, trade and professional association activities and community service involvement.

The 1978 year end treasurer’s report indicated \$4,174.21 in NAHU unpaid bills but, that RHU and DITC have improved the income situation. Without the initial RHU program income of \$3,900, the association would be in serious financial condition. Membership now had turned positive with the introduction of the RHU designation, and by year end had reached 2,150. In February, 1979 the NAHU board of directors raised the national dues from \$17.00 to \$25.00 to be effective September, 1979.

Our June, 1979, our Harold R. Gordon winner was David J. Fridl, RHU and Mike Kelly became NAHU’s president. During the convention, Mike Kelly called together a meeting of the LPRT’s who were attending the 1979 annual meeting at Miami Beach. Sandra S. Sternberger, RHU, the incoming President, chaired this meeting and followed through on Pardee’s suggestion regarding the establishment of a LPRT Board of Trustees and a set of by-laws.

It was reported in June, 1979 that NAHU’s 1978-79 expense budget was \$159,878 with a year end surplus of \$33,707. President Sternberger reports that as of August 24, 1979, there were 852 RHU applications received and that RHU income was responsible for much of our surplus. The RHU program began to turn NAHU’s membership and finances around with new members and dollars. Under convention chairman, Lewis W. Katz, NAHU reported a

\$3,870.01 gain over expenses for the Miami Beach convention. The RHU designation program, had indeed, sparked a renewed interest in the association which would propel NAHU forward to meet its opportunities in the 1980's.

## THE SHIFTING OF AMERICA'S HEALTH CARE COSTS FROM THE PUBLIC TO THE PRIVATE SECTOR

The first RHU examination was held April 9, 1980, with 31 individuals successfully passing the

examination. On June 16, 1980, outgoing NAHU President Sternberger announced that membership increased 47.5% during the last year and that new

### *The Sixth Decade*

associations were formed in Los Angeles, San Francisco, Gold Coast in Florida, New Jersey, Oklahoma, Central Pennsylvania, Pittsburg, Memphis, Houston and Washington, D.C. President Sternberger was pleased to present the newly revised "NAHU Guide to Leadership" to the Board of Directors.

Joseph E. Felmeier, RHU began his year as NAHU's President, and Robert F. Froehike received the Harold Gordon Award. The February NAHU board of trustees meeting reflected conversations which Jim Miscinski and Lew Katz had held with a NALU Task Force pertaining to merger proposals of the two organizations. It was noted that NALU was going to have a health insurance conference, but the NALU felt that the conference should grow out of a possible merger with NAHU. It was decided that such a proposed merger was not in the best interest of NAHU. Henry Dawson, Regional Vice-President of NAHU, reported in a later HIU that serious consideration was given to combining NAHU with the NALU, and that the decision was not to merge, because NAHU is able to devote a 100% health effort for education and legislation, rather than a limited effort mixed in with life insurance issues.

In August 1981, NAHU established a nationwide Committee on Cost Shifting. Newly elected NAHU President, Lewis W. Katz, RHU appointed Randy A.

Fruedig, RHU, NAHU's First Vice President to chair the committee. Mr. Fruedig stated, "that the public is not aware of the government Medicare/Medicaid under payments, and it's time the public is made aware of the shortfall and the effects of cost shifting in escalating hospital prices far in excess of the inflation rate." Mr. Fruedig pointed out that government under payments to hospitals started in 1965, and have been a part of each President's budget since that time. Our Harold R. Gordon Award went to John J. Symanitz RHU in the year of 1981. NAHU billed 4,300 members for their annual dues but, lapses of membership continue to be a problem for the organization.

The year 1982 began with an announcement that Prudential Insurance Company notified their field health underwriters that they were discontinuing writing individual comprehensive major medical coverages under their Chip Plan. Prudential was writing about \$290,000,000 of CHIP premiums and Prudential officials said that claim payments were substantially climbing over premiums. According to John Pardee, EVP for NAHU, the industry is now down to only 66 companies writing individual major medical policies.

Michael J. Kelly, CLU, RHU, Past NAHU President and member of the RHU Commission, was elected by the Paul Revere Companies, to serve as Vice President and Director of Agencies. Lewis Katz, NAHU President, announced NAHU's opposition to President Reagan's proposal to cut three billion from Medicare and two billion from Medicaid's 1983 federal budget. Mr. Katz stated that the HIAA studies made in cooperation with the U.S. Health and Human Services showed that the U.S. short term hospital government payment shortfall was 1.1 billion for 1975, 1.3 for 1976, 1.8 for 1977, 2.4 for 1978, 3.0 for 1979, 3.9 for 1980, and estimated to be 4.8 billion for 1981. These shortfall amounts were cost-shifted to the private sector by hospitals, not voluntarily, but because the government forced hospitals to cost-shift by arbitrary under payments for Medicare and Medicaid patients. The NAHU Foundation was established with \$25.00 charter donations to fight cost shifting.

According to speakers at a March 8, 1982 conference of the American Health Planning Association in Arlington, Virginia, decreased federal reimbursement and the resultant increase in cost shifting will force the closure of 1,000 hospitals by 1990.

Registered Health Underwriters who earned their

RHU designation in 1979 reached their first recertification date on January 1, 1982. There were 145 candidates who were successful in passing their RHU examination given on February 18, 1982, bringing the number of certified RHU's to 2,224.

Illinois Attorney General Tyrone Fahner and Insurance Director Philip O'Connor announced the creation of a joint unit to investigate abuses by multiple employer insurance trusts. Fahner stated that, "We are the precedent as this Insurance Trust Fraud Unit is the first of its kind in America."

Connecticut General Life introduced their "REMEDI" program to influence the cost of health care before, or as it is being used through such activities as coordination of benefits, screening for reasonable fees and a pretreatment review process for individuals with dental coverage.

HIAA reports that hospitals in Alaska, California and the District of Columbia charged more for a semiprivate room than in any other part of the country. California hospitals averaged \$199 a day and Mississippi was the lowest with an average of only \$86 per day.

Ernest Cordes, Marketing Manager for the Travelers Insurance Company stated, "that computers are now becoming very valuable sales and service tools for agents and that any system you purchase or lease today will not be the same one available in just a matter of a few short months from now".

### **Cost Shifting Concerns**

On April 21, 1982, Randy Fruedig made a NAHU statement, on behalf of over 3,000 paid NAHU members, regarding the negative effects of cost shifting at the Public Hearing of the Joint Health Care Committee. John A. Miller, Chairman and CEO of Provident Mutual Life stated, "Government keeps changing the ground rules for reimbursement to hospitals, cutting a benefit here, a benefit there, and every time payments are lowered, our business bleeds a bit more profusely. The cost shifting issue has come out of the closet."

The AHA proposed an overhaul of the Medicare payment system which called for prospective Medicare payments to hospitals at a fixed rate in place of the current retrospective payment system. The monthly premium rate for Medicare Supplemental (Part B) increased from \$11.00 to \$12.20 on July 1, 1982.

The DITC held its 13th Annual Health Insurance Seminar entitled "Income Protection — Its Time Has Come," with Charles E. Soule, Sr. RHU, Senior Vice President, Paul Revere Insurance Company as a featured speaker.

July 1982, James W. Miscinski, RHU became the President of NAHU and presided over the Executive Committee, sixteen Regional Vice-Presidents and over 3,000 paid members. Russell D. Dent, RHU, FLMI, CLU, Farm Bureau Life became the Chairman of the Registered Health Underwriters with 296 individuals receiving their RHU designation at the NAHU convention. Robert J. Bedwell, Jr. RHU, became LPRT President with Gerald Katz, MSPA, RHU and Richard B. Parker, RHU as Vice-Presidents leading LPRT with a record year with 1,136 members. Mark H. McGrath, CLU, RHU, becomes President of the DITC, formed in 1950, and presided over sixteen Trustees. Oakley Baskin, CLU, RHU, who began his insurance career in Buffalo, New York in 1949 with Mutual of Omaha, received the Harold R. Gordon Memorial Award from John J. Symanitz, the prior years recipient, and yours truly, Jim Henderson, a John Hancock Life, agent joins the NAHU organization.

HCEA announced that health care costs rose 15% in 1981, and benefit managers for the nation's largest corporations are expressing antagonism toward health care providers and frustrations over medical care costs that do not respond to business strategies the way other goods and services do. Businesses were coming up with some unorthodox ways to save money on employee medical costs. In a few cities, they started making deals with doctors and hospitals. "Give us a discount, and we'll steer people your way. It's a striking phenomenon," said Uwe Reinhardt, a health economist at Princeton University. "Many companies are exercising their muscle collectively by joining local coalitions to reduce the cost of employer based medical care."

The "wellness revolution" begins sweeping the nation with large insurers offering health promotion consulting services and educational materials to clients. A new cost containment service for insurance companies and self-insurers that determines the accuracy of hospital bills and recovers savings on excess charges was becoming popular to help reduce medical claims cost. Monarch Life announces the industries first "unisex" rates, and a "zero-day plus" feature where any combination of total and residual disability satisfies the elimination period for either

total or residual disability.

Robert G. Allen, RHU, NAHU Government Relations and Legislative Chairperson with California Pacific, reported, "that a voluntary association had been formed to provide private sector guidance and planning to the health industry, in place of a federally mandated regulatory health planning structure. The Health Coalition Exchange is a subsidiary of the U.S. Chamber of Commerce. HCE will develop a clearing house for health planning groups with the purpose to restrain benefit costs." Health and Human Services Secretary, Richard Schweiker announced that the administration's competitive health plan will be soon introduced, "built on the basis of competition and prevention."

EVP, John K. Pardee, CAE, RHU, wrote about out-patient surgery coming "in vogue." Charles E. Soule, RHU, Senior Vice-President of Paul Revere, stated, "that disability insurance will flourish during the next decade where entirely new contract approaches will begin to emerge." Fireman's Fund offered NAHU members \$1,000,000 of professional liability for \$107 annual premium which covered all prior acts for life, health, disability and mutual funds.

California's new Medi-Cal law, which required the state to contract with selected hospitals to provide services to Medi-Cal recipients, "is an open invitation to bankruptcy" for hospitals, according to the California Hospital Association as reported in Hospital Week on November 5, 1982.

Doctor William L. Amos, Jr., Medical Director for American Family Life, announced the Medical Cost Management System (MCMS) to NAHU Members, which introduced positive incentives for efficient utilization of the health care system by the insured. These incentives were to promote out patient services, pre-admission testing, utilization review, and the utilization of a PPO network.

Ian M. Rolland, President of the Lincoln National Corporation stated that, "the group health insurance business is experiencing the most turbulent era in its history. Runaway costs have led to 20% of the population going without insurance for long periods of time. "

### **Reagan Administration Proposes Prospective Reimbursement**

The year 1983 opened with the Reagan Administration devising a scheme to recalculate compensation to hospitals for treatment of Medicare

patients and to propose expansion of prospective reimbursement to all patients. Travelers Insurance Company Vice-President, John F. Troy speaking for the HIAA, warned that "without a solution to cost shifting, true cost containment cannot be achieved." The International Foundation of Employee Benefit Plans announces a series of eight one-day educational meetings on the subject of health care cost containment.

On March 24, 1983, Congress enacted landmark legislation that significantly changed the way hospitals would be reimbursed for Medicare. The Social Security Amendments of 1983 replaced the cost-based system of reimbursement, paying most hospitals whatever they spend with a new "prospective" system, to be effective October 1, 1983, which determined in advance the amount a hospital will be paid for a particular diagnosis. The HIAA pointed out that true cost containment cannot be achieved unless all patients pay on the same basis for the same services and called for fair payment through an all-payer prospective pricing system.

Jim Henderson wrote his first article in May, 1983, for the HIU entitled, "The Genesis of Enhanced Earnings" to describe the income opportunities in the group health business, and in June, Gerald Katz, MSPA, RHU wrote, "Man Or Woman... Is There a Difference?" describing the effects if H.R. 100/S.372, known as the nondiscrimination in Insurance Act" passes into law. NAHU membership now stands at 5,194.

July 1983, found Randy Freudig, RHU as NAHU's President, with the theme, "Go for Greatness", the change of EVP's from Jack Pardee to Edmund Thornton, CAE, formally the administrative assistant of the MDRT, Ernest E. Craig, CLU, FLMI assumed the Presidency of the Life Insurance Marketing and Research Association and John B. O'Day, CLU, RHU, received the Gordon Award.

William G. Wetzel, Senior Director of Agencies Canada Life wrote for the September HIU, "Life Insurance Sales Through Disability Insurance." Paul Ellwood, M.D., President of Inter Study states, "A hospital that attempts to start up an HMO before dealing with the new diagnosis-related group (DRG) payment method "is in tremendous peril. This is not the year of the HMO, this is the year of the DRG."

September 3, 1983, J.A. "Jack" Ferguson, RHU, retired Vice-President of Lone Star Life and 1977 Gordon recipient, died in Dallas. He presented the first annual "Jack Ferguson" Associate Company

Award to Mutual of Omaha at NAHU's meeting in Minneapolis earlier in the year.

The Nation's medical bill soars to \$322 billion, up 12%; the first time in history that medical costs exceeded more than 10% of the GNP; three times the general rate of inflation. Medical costs have risen nearly 800% since 1965, one year before the existence of Medicare and Medicaid. The Nation's total medical bill that year, was only \$41 billion.

A Louis Harris landmark study commissioned by the Equitable Society clearly defines that most Americans are ready to accept a remarkably broad range of cost-containment proposals. Mr. Harris estimated, "That Congress would act by 1985 to restrain health care costs if the private sector is not effective."

### **NAHU Moves to Washington, D.C.**

NAHU completes its move to Washington, D.C. and opened its doors under a subsidized sub-lease agreement with the Mutual of Omaha, with a new staff of four on December 5, 1983. A. Leigh Travis, Vice President of Administration and Marjorie Zoesch, Leigh's administrative assistant were left behind in Hartland. Many NAHU leaders looked to Leigh, over her many years with IAHU, as always there and always accountable to get the job done right and on time. Leigh went through many of IAHU's difficult years without a complaint and always optimistic toward the future of IAHU. Ed Thornton announced a new look for the HIU, as well as a new organization logo designed to depict NAHU and its family which consists of the RHU, the LPRT, the DITC, and the NAHU Foundation. NAHU purchased an IBM 36 to database membership lists, billing and administrative functions. In February, the Board of Trustees voted to increase national dues from \$35 to \$50 per person. Under the chairmanship of Gerry Katz, NAHU began the drafting for a new version of bylaws to clear up numerous ambiguities and a lack of flexibility.

In early 1984, Senator Edward Kennedy and Representative Richard Gephardt join forces to draft a bill known as the Medicare Solvency and Health Care Financing Reform Act, to ensure solvency of the Medicare program, develop a system wide approach to health care, and stimulate competition among providers.

Senator Dole introduced a bill to limit tax free contributions by employers to employee health insurance to \$70 per month for an individual plan

and \$175 per month for a family plan. The health insurance industry opposed this proposal as both poor health policy and poor tax policy.

Insurers began to develop programs that offered both an HMO and a PPO, with Metropolitan Life becoming the 10th insurer to offer such a program. Interest began picking up on the relatively new products known as prepaid dental insurance and group legal plans

June, 1984, M. Phil Weinstein, RHU, Regional Sales Manager for Bankers Life and Casualty, became NAHU's new President at The Pointe at Squaw Peak in Phoenix, Arizona at NAHU's 54th annual convention. John P. Hanna, recently retired Vice-President of law and operations of the HIAA, received the Harold R. Gordon award. Early in his insurance career, John Hanna was hired personally by Harold Gordon who headed the Health and Accident Underwriters Conference, the forerunner of HIAA.

The Reagan Administration announced that Medicare recipients will soon be able to join HMO's to lower health care costs for the elderly. Senate Finance Committee Chairman, Robert J. Dole stated at the Committee hearings, that, "Tax-free fringe benefits have been growing at a much faster rate than taxable wages." One hundred and thirty organizations testified their opposition to the taxation of employee fringe benefits.

### **Ed Thornton Resigns, Bill Flood Becomes NAHU EVP**

For the year ending June 30, 1984, NAHU had an excess of expenses over income of \$113,000. In December, 1984, President Weinstein announced the departure of Ed Thornton, who moved on to the American Society of CLU, due to an offer he could not refuse. It's forecasted that total enrollments in HMOs will triple from 13 million in 1983 to over 40 million by 1990.

Controlling health care inflation is on American's minds, as 1985 begins with an announcement that health care expenditures have increased by more than 42 percent in just three years. Business coalitions join forces with the HIAA and insurers to fight for "fair payment" regulation. The group's top priority is to convince state legislators to establish prospective payment systems for all hospital patients.

In February, 1985 Richard S. Schweiker became President of ACLI, and President Weinstein announced the appointment, effective January 13, of

NAHU's new Executive Vice-President, William F. Flood as a man with a wealth of experience in association management and coming to NAHU with great enthusiasm and energy.

John B. O'Day, RHU, President and Managing Director of the Insurance Economics Society of America wrote in the HIU concerning the proposal by the U.S. Treasury Department to tax employer paid health insurance benefits. NAHU joined forces with HIAA, ACLI, NALU and 35 other prestigious organizations to inundate Congress with postcards from millions of concerned tax payers. Schweiker wrote that members of NAHU are a key part of the industry's plan for preventing these proposals to tax employee benefits from becoming legislation.

May 1985, Bill Flood announced a vastly improved format for the HIU. A format that is more readable, more visually exciting and one that offers a viable, action filled forum for our association members.

Gary L. Mussell, Past President of the Los Angeles AHU, began writing an HIU column to assist agents in getting up to speed with computer technology.

In June, 1985, NAHU elects it's 1985-86 officers: James L. McAllister, RHU, became President; G. Carroll Fisher, RHU, advances to President-Elect, Henry Dawson, RHU, moves to First Vice-President, Jim Henderson, RHU and Nalu Nakaahiki climb into the Second Vice-President and Secretary/Treasurer chairs. NAHU's new by-laws were approved by the House of Delegates and the number of Regional Vice-Presidents was reduced from thirteen to six.

HIAA President James L. Moorefield's keynote address at the national convention, asked the assembled association leaders and members, "to put past problems and divisions behind and to get on with the important task of building a strong, viable, involved NAHU for the future." W. Harold (Pete) Petersen, of Petersen Marketing and Management Corporation, received the Harold R. Gordon Award.

The American Hospital Association reported that hospital care costs rose in 1984, but the smallest increase in 20 years. The AHA attributed the lower increase to more people turning toward private insurance and that people are becoming more health conscious, more interested in preventing rather than curing disease.

National Council of Senior Citizens Executive Director, William Hutton stated that, "there is a need to educate middle class people to buy insurance and spread the risk of long term nursing home costs."

## No Health Tax

President Jim McAllister with EVP Bill Flood came across an old button and bumper sticker campaign championed by Jack O'Day in 1978, and stepped up the fight against benefits taxation beyond the postcard campaign with A NO HEALTH TAX campaign for NAHU members to take to the public.

The NAHU staff doubles to eight since the associations' move to Washington. Historically NAHU had no "Master Plan" but now there is a growing realization that NAHU must formulate long range goals and objectives to continue the growth of the association. McAllister appoints Second Vice-President, Jim Henderson as Chairman of the Strategic Planning Committee, and established supporting committees to analyze areas of concern to work on developing economically viable strategies to deal with these areas.

The January HIU reported that the attempt by the Federal Government to tax employee benefits is stalled with over a million postcards sent during the campaign by NAHU and our allied organizations. Jack O'Day was enlisted to write "The Law, You, and NAHU" for the HIU, to serve our membership with up to date information regarding federal legislative issues. Bill Flood announced the preparation of new and improved first class promotional literature for NAHU.

COBRA nailed business and the health care industry on April 7, 1985. Of critical concern was the potential for adverse selection and cash flow problems created by the very lenient time limits for notice, election of coverage, and payment of premium.

In May, 1985 a newly revised RHU examination was introduced on disability as RHU moved to a three examination series. RHU part two was introduced in October of 1985 and part three would be ready in March, 1986.

Under the leadership of Jim McAllister, June 1985, the Board of Directors expanded available resources by asking some of our strong member associations to take an active role to assist National with improving some key areas of the association. These associations were asked to form a task force to develop strategic planning guidelines that would allow NAHU to maximize quality growth over the next five years. The Washington State AHU was assigned policy and procedures, Oklahoma AHU was to work on strengthening the Associate Company program, Massachusetts AHU was to review our Nominations

process, New Orleans AHU was appointed to develop plans to improve NAHU's communication ability, Texas AHU was assigned to find ways to enhance new association development and Alabama AHU began to work on legislative strategies. Secretary-Treasurer, Nalu Nakaahiki and Gary Mussell, Past President of the Los Angeles AHU worked together to develop a new financial reporting program. Henry Dawson, RHU, CLU established a "Helping Hand Day" for established associations to assist new associations with their development plans and to decrease their chance of failure.

### **RHU Partners with Northeastern University**

Robert N. Sluyter, ChFC, RHU, CLU announced a significant milestone was reached for RHU, as NAHU and Northeastern University agreed to place the development and administration of the RHU Study and Examination Program directly under the supervision and guidance of the university. NAHU certified 3,300 Registered Health Underwriters after only seven short years. Plans called for a revision of the U.S. study and examination program to accommodate the special requirements of our Canadian colleagues.

EVP, Bill Flood, within a year, expanded HIU from a 28 page magazine with 6 to 7 advertisers to 40 pages with 20 pages of advertising. President McAllister reported a 35% increase in NAHU membership and 20 new associations for the administrative year. NAHU gained increased support and respect from many insurers and our legislative voice was heard loud and clear in our fight against taxation of employee benefits.

The Secretary of Health and Human Service, Otis R. Brown, established a 13 member Blue Ribbon Advisory Committee to address the problem of providing affordable insurance for those whose life savings are threatened when catastrophic illness strikes. A "Private Sector Task Force on Catastrophic and Long-Term Care Alternatives" was formed by the National Chamber Foundation and NAHU was asked to become a member. NAHU's intent was to play a major role in opposing any attempt to minimize or eliminate the role of the private sector in providing the quality health care service to which our citizens are entitled. NAHU moved toward increased involvement in industry affairs, and towards its goals and dreams to become a more viable and vital association.

The 1986 Boston Convention was a great success and brought G. Carroll Fisher of Tulsa, Oklahoma to the Presidency of NAHU; Robert Bedwell received the Harold F. Gordon Award, Michael Lillie was installed as Second Vice-President and John Young as Secretary-Treasurer. The first order of business for the new Board of Directors, was to meet for an intensive and extensive strategic planning work session. NAHU's Strategic Plans called for establishment of standard job descriptions for all staff, the Board of Directors and all Regional Vice-Presidents; to approve a new membership/association development and Associate Company program; a new marketing plan; a new Federal Affairs Committee; to update the NAHU leadership guide; and to approve new policy on NAHU's nominations process, and to create an operational manual for the RVP's. President Carroll Fisher announced a new bylaw requiring a state association to improve the expansion of the NAHU membership base.

On October 9, 1986, NAHU teams up with NALU by contributing \$10,000 to their California anti-rebate war chest for the repealing of their state rebating statutes. Also during October, NAHU has growing pains, which creates the need for more professional staff and more office space. Since the sub-lease was with Mutual of Omaha and expiring, NAHU moved to 1000 Connecticut Avenue with additional space for our educational and legislative departments.

LPRT recognized the need for higher standards of professionalism and announced the beginning of a new, dramatically progressive LPRT Program, designed to provide outstanding recognition and tangible benefits to members of LPRT. The minimum annual LPRT premium production level was set at \$15,000, but President Council members must exceed \$200,000 and Eagles Club members \$500,000.

### **NAHU Forms Health Insurance Training Council**

NAHU created the Health Insurance Training Council (HITC), patterned after the DITC, but directed specifically toward specialized education and information gathering in the medical health care area. At the request of the NAHU board, W. Harold Petersen gifted to the association the name of the course which his firm had used for many years. With the formation of a legislative arm, NAHU prepared for their increased involvement in Federal Legislative activities.

The last four years brought NAHU testimony many times, on behalf of the agent, before the Advisory Council on Social Security and the Secretary of Health's Committee on Catastrophic Health Insurance.

January, 1987, President Carroll Fisher and EVP Bill Flood announced a special task force, chaired by Max Lemberger, called Help Economics for Lifestyle Preservation (HELP), which will put together a special slide program on long term health care and a consumer booklet to help the consumer evaluate offerings from the various companies involved in the long term care market. The committee included, Randy Freudig, Don O. Weide the President of General Agency Insurance Development Services, Jim McAllister, Don W. Wright the President of Western General Marketing, Washington State Deputy Insurance Commissioner David Walker and NAHU Secretary-Treasurer John Young. President Fisher saluted Bob Sluyter, Mike Kelly and Russ Dent for their prodigious efforts on behalf of the RHU program and announced the new RHU recertification guidelines in April 1997.

### **NALU Proposes NAHU As a Conference - Again**

June, 1987, Henry Dawson stepped up to the NAHU Presidency, Hollis Roberson, CLU, FLMI, RHU moved into the Second Vice-President's chair and Jeffrey R. Miles, RHU assumed the Secretary-Treasurer seat at the NAHU Convention at the Hotel Del Coronado in San Diego. The general session speakers were NALU President, David F.M. Woods, CLU, ChFC, ACLI President, Richard S. Schweiker, Vice-President of the Chamber of Commerce, Richard W. Rahn and Roger G. Zener, Director of Advanced Sales for the Standard Insurance Company. Corbett A. Nielsen, CLU, RHU received the Harold R. Gordon Award.

David Woods invited NAHU to enter into high level talks to pursue common interests of our two organizations. President Henry Dawson and President-Elect, Jim Henderson met with David Woods and NALU President-Elect Arthur Abramson and agreed to work together in the spirit of corporation to better our industry, but not to merge NAHU into NALU as a conference of NALU.

June 24, 1987, Randy A. Fruedig, RHU provided testimony before the House Select Committee on Aging Subcommittee on Housing and Consumer

Interests. Randy reaffirmed NAHU's belief that a strong consumer education program is a need waiting to be filled and that NAHU has made a commitment to fill this need through its consumer awareness committee charged with the responsibility of establishing a consumer awareness educational training program throughout the country.

Jeffrey R. Miles, Secretary-Treasurer reported that NAHU's \$10,000 donation to the California Association of Life Underwriters to aid in the fight against legalized rebating was money well spent. On July 15, 1987, Judge Raymond Williamson ruled in favor of upholding the anti-rebate statutes.

### **Senator Ted Kennedy Proposes Senate Bill S-1265 - GRIP Formed by NAHU**

Senator Ted Kennedy was back in January, 1988 with the introduction of Senate Bill S-1265, and its companion House Resolution HR-2508, introduced by Congressman Waxman of California. Kennedy has opted to divide and conquer. Using the nation's working uninsured as the carrot, he decided that: (1) Small business should be mandated to bear the burden of all their employees' health costs - even for part time employees who work as few as 17.5 hours a week. (2) Agents and others involved in providing hands on professional services will no longer be needed as a nationally regulated system of a few regional carriers, supported by a selected few regional carriers will do it more efficiently (3) This bill will only cost \$1,186 per employee per year, but industry actuaries predict substantially higher costs, and (4) And the rights of states to regulate their own systems will no longer be required.

President Dawson announced NAHU's Grass Roots Initiative (GRIP) program to give NAHU the financial support necessary to become a major advocate of agent's interest on legislative issues affecting the industry.

Michael A. Lillie, RHU, NAHU First Vice-President and Executive Coordinator for Legislation announced in February that the NAHU Board of Trustees was implementing a new legislative structure for monitoring proposed federal and state legislation and developing timely and responsive NAHU policy, positions, strategies and actions. Additionally, a special "Public Awareness Initiative Fund" was established to solicit contributions for the development of staff support and reserves to initiate public awareness activities in conjunction with a new,

“Don’t Federalize Health Insurance” campaign theme. NAHU began to publish “UPDATE,” a new special announcement bulletin, and established a NAHU Legislative Network, in addition to new coalitions with industry, business and other organizations to maximize our effect on specific issues.

Also in February, Robert N. Sluyter, Chairman of the RHU Commission announced that a complete revision of the RHU examination by Northeastern University is forthcoming; William G. Wetzel, RHU writes a column, “Will Social Security Disability Pay” and, Charles E. Soule, RHU, FLMI, EVP of the Paul Revere Group wrote that depending upon what historian you happen to talk to, we’ve either just passed or are about to pass the 100 year anniversary mark for true disability income or accident or sickness insurance within the United States.

The 1988 NAHU convention was held at the Hyatt Regency Grand Cypress Hotel in Orlando, Florida. Speakers included; Thomas R. Burke, Chief of Staff of the Department of Health and Human Services; Bernard R. Tresnowski, President Blue Cross/Blue Shield Association; Ernest E. Craigg, CLU, FLMI, President of Life Insurance Marketing and Research Association International and J. Patrick Rooney, CEO of the Golden Rule Insurance Company. Jim Henderson, RHU, became NAHU’s President, Risteen H. Stafford, RHU, CLU moved into the Second Vice-President’s chair and Arthur C. Jetter, Jr., CLU, CFP, RHU, FLMI became Secretary - Treasurer. Robert N. Sluyter received the Harold R. Gordon Award.

President Jim Henderson, stated that we are moving toward a year of crisis within our nation’s health care system with a membership impatient and strongly concerned about the role NAHU will play within our industry during the months and years ahead. He stated that, “This administration will take a leadership role in defending our industry and our free enterprise system by encouraging a public and private cooperation designed to bring the greatest health care system back into control with equal access for all.”

### **Severe Group Renewal Tier Rating Threatens Small Group Markets**

September, 1988, President Henderson spoke out regarding the health industry’s practice of severe tier renewal rating, low new business rates incapable of supporting incoming claims, classing out employees,

not covering medical problems, canceling coverages and moving away from a system which encourages mandated federalism of our business. NAHU increased their dues by \$15 annually to address our legislative, educational and surplus needs.

Independent Physician Organizations began to take their place in the evolution of health care along side Group practice HMOs, Independent Practice Organizations, Preferred Provider Organizations and Health Maintenance Organizations. DITC Produced the consumer book, “Understanding Long Term Care.

Within 90 days of the closing of the convention, NAHU’s Legislative Council Committee met in Dallas to map strategy, and the budget committee approved initial funding for several new committees, including: ethics, public service, public relations, communications and marketing. EVP, Bill Flood declared that, “The train is assembled and on the track - It is scheduled to meet the needs of our members and is being fueled by their growing involvement. The challenges facing group health insurance and long-term care insurance will throw the track switches as necessary to guarantee the long-term visibility of this train service - The wheels of the NAHU train are really turning, climb aboard, and settle back for a heck of a ride.”

January, 1989 opened with the most difficult tasks facing employee benefits managers: To be developing an administrative system that complies with the requirements of the new Section 89 legislation to be effective on the 1st day of January.

The National Underwriter picks up President Henderson’s HIU message that severe renewal tier rating threatens the small group health care market. Their interview with Henderson and their resulting article is picked up by other industry publications and news services resulting in a great deal of press coverage that something must be done to restore stability in the small group markets.

As of January 25, 1989, three Long Term Care bills had been introduced into the Congress. As of February 8, that number had grown to 16 bills. The legislation ranged from public sector responses to problems of the elderly to private responses and all versions of compromise. According to Darrell Cox, a health policy aid for Senator Kennedy, the Senators bill would be reintroduced by late February or mid March at the latest. Although the bill would have some cosmetic changes such as flexibility, part-time worker considerations, and small employer incentives, it continues to threaten the financial stability of

American business, as well as our industry.

LPRT held their first forum in Dallas, Texas. David Nexon, Senior Health Policy Advisor to Senator Kennedy was a guest speaker. Nexon stated publicly that, "The insurance agent plays a very important role in the distribution and service of health care products, and it is not the intent of the Kennedy proposal to eliminate the agent from the process."

NAHU subscribed to LEGI-FAX in order to become as current as possible on breaking state and federal legislation and NAHU's GRIP brochure, "Business Alert," passed 140,000 in distribution. DITC proudly announced its new Disability Insurance Sales Reference Manual and the DITC Correspondence Course, Fundamentals of Disability Income Insurance. In the April HIU, long term care issues crowded the pages of the HIU, as well as other industry publications. HITC introduces their new new training course entitled, "Senior Focus on Health Care."

June, 1989, Michael A. Lillie, RHU was elected NAHU President at the 59th Annual Convention in Tulsa, Oklahoma. Hollis Roberson, CLU, FLMI, RHU moved to President-Elect and Risteen H. Stafford-Masters became First Vice President. Arthur C. Jetter, Jr., CLU, RHU was elected Second Vice President and Joseph L. Pugh, RHU, CFP entered the Secretary-Treasurer chair. Sandra Sternberger, RHU, LUTCF received the Harold R. Gordon Award.

President Lillie accepted the leadership position enthusiastically, promising to solidify existing programs and activities; implement marketing strategies to reach the goals and objectives of our strategic plan; to secure lasting continuity through the establishment of written policy to cover all involvement; and to develop operating procedures that will effectively manage NAHU policies.

NAHU's legislative process is now in place and our capabilities are expanding rapidly. We have the ability to reach out and communicate quickly and efficiently with both businesses and consumers, as well as with the industry. We could communicate better with our members through our new LEGIFAX computerized information network. The NAHU board approved our involvement in "Legislate," a computerized tracking-system which would allow NAHU to be on the cutting-edge of every detail of legislative action and involvement at the federal level.

NAHU's Strategic Planning Conference has become a three day session and involves all local and state

associations. LPRT increases the minimum production to \$37,500 and qualifies 753. The newly created National Convention Committee begins to plan for NAHU's San Antonio Convention.

HITC presented The SHIEC Training Manual designed to promote technical understanding of Medicare, Medicare Supplements, and Long Term Care Insurance, and the "It Ain't Necessarily So" booklet was distributed for the senior citizen in a language that was easy to understand covering government and private senior products.

### **Bill Flood - Back on the Hill**

Bill Flood, as a member of a special industry task force, was back on the Hill fighting for the concerns of NAHU members against Congressman Dingell's proposed budget reconciliation legislation, which would effectively eliminate agents from providing Medicare supplement programs to the public. Dingell's proposal is later withdrawn. NAHU's legislative activity was really in high gear with NAHU involved in every facet of legislative and regulatory overview and action. EVP, Bill Flood, was interviewed on USA TODAY TV which aired August 10, 1989.

American's senior power was heard loud and clear. The House voted 360-66 to repeal the Medicare Catastrophic Act of 1988, while the Kennedy-Waxman bill continued with hearings the week of October 23rd.

Newt Gingrich, House Minority Whip, wrote NAHU and specifically Executive Vice-President, Bill Flood for his work for the repeal of Section 89. The legislative council wrote in the December HIU, "Bill has performed incredibly well on our behalf. Travel was not always appropriate for members of the Legislative Council, however his grasp of the subjects has been remarkable and his presence in Washington notable. In spite of his more than "full plate" on K Street, Washington, D.C., Bill, armed with Council ammunition and his own tenacious desire to serve the Association, acts for the Legislative Council, when called upon to do so. We all owe him a great deal of gratitude for his efforts above and beyond his normal 60 plus hour work week."

### **The Road Ahead**

The new demographics of America are reshaping the way American Insurance companies are designing

their products for the 90's. New products and the new realities of American lifestyles are the tools of each insurance sales professional. Yes, the changes taking place at NAHU are dynamic, but they are possible only because of the many thousands of members who have slowly but effectively built a strong foundation and structure on which to build the NAHU of today and tomorrow. The structure, materials and resources, and professional NAHU members are in place, as they put the finishing touches on this decade's stage of NAHU's growth and development.

As Americans enter the 90's, they are faced with the problems inherent in an aging society. Since 1900, our medical care system has added thirty years of life expectancy for the average American. In 1957, the average age in our country was 23. Today it's 34 and soon to grow to an average age of 38. Our over age 100 citizens are the fastest growing demographic segment. Today, over 400 Americans turn age 100 every day. It is estimated that in the next 40 years, we will add more Americans to the age 65 group than live currently in Canada or California. During this same 40 year period, we will double the number of Americans on Medicare. This is indeed a tidal wave of Americans growing older. Over 9,000 Baby Boomers turn age 45 every day. Over 11,000 Baby Boomers turn age 50 every day.

Yes, we are living much longer, but we are adding many years of life with chronic diseases. Those

Americans turning age 65 in 1994 can expect to spend over \$200,000 in health care expenses before they die. An average couple retiring in 1984, has already received entitlements exceeding all the dollars that they paid, during their lifetime, into Social Security, Medicare and federal taxes. It is forecasted that our present system of Medicare will be broke by the year 2002. We have 600,000 millionaires on Social Security and 600,000 births occur every day without mom having any prenatal care. We have the worlds highest life expectancy at age 80, but America ranks 22nd in infant mortality. We take 90 year old Americans out of nursing homes, and move them to intensive care to treat their heart disease. America cannot sustain Social Security and Medicare in its present form, into the next generation. Americans are indeed very fortunate to have a life expectancy so much longer than their grandparents, but now is the time for a massive public policy change.

Sixty six years ago, the charter members of our association said that the health insurance business was changing dramatically. The more things change, the more they remain the same. We can certainly expect our business to continue dramatic change, and we can certainly expect our nation's health underwriters to accept the challenge that lies ahead. That challenge will be to help all Americans deal with the transition to the new health care environments that lie ahead.

## *Recipients of the Harold R. Gordon Memorial Award*

<i>1949</i>	Edward H. O'Connor	<i>1975</i>	L.K. Schoephoerster, CLU, CPCU
<i>1950</i>	V.J. Skutt	<i>1976</i>	Gerald S. Parker, CLU
<i>1951</i>	William E. Lebby	<i>1977</i>	John A. Ferguson
<i>1952</i>	Bert A. Hedges	<i>1978</i>	Robert S. Finley
<i>1953</i>	John Galloway	<i>1979</i>	David J. Fridi, RHU
<i>1954</i>	E. H. Mueller	<i>1980</i>	Robert F. Frochike
<i>1955</i>	E.J. Faulkner	<i>1981</i>	John S. Symanitz, RHU
<i>1956</i>	James E. Powell	<i>1982</i>	Oakley Baskin, CLU, RHU
<i>1957</i>	Leonard A. McKinnon	<i>1983</i>	J.B O'Day, CLU,RHU, ChFC
<i>1958</i>	Carl A. Ernst	<i>1984</i>	John P. Hanna
<i>1958</i>	Travis T. Wallace	<i>1985</i>	W. Harold Peterson, RHU
<i>1959</i>	William B. Cornett	<i>1986</i>	Robert J. Bedwell, RHU
<i>1960</i>	S.L. Horman	<i>1987</i>	C.A. Nielsen, CLU, RHU, ChFC
<i>1961</i>	Robert R. Neal	<i>1988</i>	Robert N. Sluyter, ChFC, RHU, CLU
<i>1962</i>	Robert W. Osler	<i>1989</i>	Sandra S. Sternberger, RHU, LUTCF
<i>1963</i>	E.J. Coffey	<i>1990</i>	Hollis Roberson, CLU, FLMI, RHU
<i>1964</i>	John H. Miller	<i>1980</i>	Sandra S. Sternberger, RHU
<i>1965</i>	R.L. McMillon	<i>1981</i>	Joseph E. Felmeier, RHU
<i>1966</i>	Armand Sommer	<i>1982</i>	Lewis W. Katz, RHU
<i>1967</i>	O.D. Dickerson, CLU	<i>1983</i>	James W. Miscinski, RHU
<i>1968</i>	Charles B. Stumpf	<i>1984</i>	Randy A. Freudig, RHU
<i>1969</i>	Joseph F. Follman, Jr.	<i>1985</i>	M. Phil Weinstein, RHU
<i>1970</i>	Ardell T. Everett	<i>1986</i>	James A. McAlister, Jr., RHU
<i>1971</i>	Robert J. Finnegan, CAE	<i>1987</i>	G. Carroll Fisher, RHU
<i>1972</i>	Paul D. Hill, CLU	<i>1988</i>	Henry Dawson, CLU, RHU
<i>1973</i>	Daniel W. Penttengil	<i>1989</i>	James B. Henderson, RHU,REBC
<i>1974</i>	Albert H. Kessler	<i>1990</i>	Michael A. Lillie, RHU, REBC

## *NAHU Past Presidents*

1930 J.J. Collins	1967 M.W. Kiley, CLU
1931 J.J. Collins	1968 Fred T. Van Urk, CLU
1932 E.D. Edson	1969 H.C. Overgaard
1933 E.H. Mueller 1934 C.G. Schillerstrom	1970 C. Joe Honeycutt, RHU
1935 Armand Commer	1971 Paul D. Hill, CLU
1936 W. Dwight Mead	1972 Arthur L. Gayman, RHU
1937 H.A. coonington	1973 Tracy M. Lounsbury, Jr.
1938 Arthur M. Holtzman	1974 C. Gordon Hayes, RHU
1939 Edward H. O'Connor	1975 Robert J. Bedwell, Jr., RHU
1940 William B. Cornett	1976 George W. Emrick, RHU
1941 E.H. Ferguson	1977 Howard R. Sherman, CLU, RHU
1942 Clyde E. Dalrymple	1978 James J. O'Conner, RHU
1943 George L. Dyer	1979 Michael J. Kelly, CLU, RHU
1944 Homer Bisch	1980 Sandra S. Sternberger, RHU
1945 Homer Sholl	1981 Joseph E. Felmeier, RHU
1946 R.J. Costigan	1982 Lewis W. Katz, RHU
1947 R.B. Smith	1983 James W. Miscinski, RHU
1948 Gilbert H. Knight	1984 Randy A. Freudig, RHU
1949 E.F. Gregory	1985 M. Phil Weinstein, RHU
1950 C.B. Stumpf	1986 James A. McAlister, Jr., RHU
1951 John Lambert	1987 G. Carroll Fisher, RHU
1952 Carl Ernst	1988 Henry Dawson, CLU, RHU
1953 John Galloway	1989 James B. Henderson, RHU, REBC
1954 Thomas Callahan, RHU	1990 Michael A. Lillie, RHU, REBC
1955 Leonard A. McKinnon	
1956 Clifford McDonald	
1957 E.J. Coffey	
1958 Earle R. Bennett	
1959 Gail L. Shoup	
1960 Oakley Baskin, CLU, RHU	
1961 F. Kenneth Stoakes	
1962 Paul M. Klein	
1963 John J. Symanitz	
1964 John M. Forest, RHU	
1965 L.J. Lewis	
1966 Richard H. Dutweiler	

## *Key Dates in the Development of Group Health Insurance*

- |      |  |       |   |
|------|--|-------|---|
| 1798 | U.S. Marine Hospital Service established by U.S. Congress. Compulsory deductions for hospital service were made from seamen's wages.   | 1938  | Hospital insurance for dependents of covered persons was developed. Private insurers introduced group surgical expense benefit plans.   |
| 1847 | Organization of Massachusetts Health Insurance Company of Boston. First U.S. company organized to issue insurance against the cost of medical care.  | 1939  | Establishment of the California Physicians' Service, the first Blue Shield-type plan formed.  |
| 1850 | Franklin Health Assurance Company of Massachusetts organized. First insurance company authorized to issue accident insurance in the United States.   | 1940s | During World War II, as a result of the freezing of wages, group health insurance became an important component of collective bargaining for employee benefits.   |
| 1863 | Founding of Travelers Insurance Company of Hartford. The company offered accident insurances for railway mishaps, then all forms of accident protection. It was the first company to issue accident insurance resembling its present form. | 1942  | Compulsory cash sickness benefits were begun by four states (Rhode Island, 1942; California, 1946; New Jersey, 1948; New York, 1949)  |
| 1868 | The Supreme Court ruled that transacting insurance was Not a transaction of commerce but was simply a contract of indemnity and should be governed by LOCAL (state) laws. This ruling held until 1944.                                     | 1943  | Private insurers introduced group medical expense benefits (physician's visits expense benefits).   |
| 1890 | Introduction of individual insurance policies offering disability income protection for certain specified diseases.  | 1944  | The Supreme Court reversed their ruling (of 1868) and decided that since insurance is an enterprise conducted across state lines, it is within the regulatory power of Congress under the Commerce Clause.  |
| 1932 | First city-wide Blue Cross plan tried out with a group of hospitals in Sacramento, California  | 1945  | The McCarran Act again placed the states in control of regulating insurance. This law also states that if the states are deemed unable to handle the industry and the people in it, regulation would return to the Federal Trade Commission. (The Sherman Act and the Clayton Act). |
| 1935 | Passage of the original Social Security Act. This act insured economic security by establishing a nation wide old-age pension program, (1966 Medicare was added).  | 1946  | The Health Insurance Council, a federation of eight insurance associations, organized to give technical and practical assistance on health insurance to the providers of medical care.  |
| 1937 | Organization of Health Service Plan Commission (Blue Cross Commission).  | 1946  | Blue Shield Medical Care Plans, Inc. (Blue Shield Commission) was organized.  |
|      |  | 1947  | Labor-Management Relations Act (Taft-Hartley Act) established labor unions as legal entities involved in employee - employer relations. Many unions have established health care benefit trust funds.   |

## *Key Dates in the Development of Group Health Insurance*

- |      |  |       |  |
|------|--|-------|--|
| 1948 | First non-cancelable and guaranteed renewable hospital-surgical-medical policy issued providing protection to age 65.  | 1959  | Continental Casualty Company issued first comprehensive group dental insurance plan written by an insurance company. Group dental was studied and initiated cautiously beginning in 1945 by the American Dental Association.                                 |
| 1948 | The National Labor Relations Board ruled, in a dispute between the United Steel-workers' Union and the Inland Steel Company, that the term "wages" be construed to include pension and insurance benefits. The U.S. Supreme Court upheld this ruling in a 1949 decision. | 1959  | Extended care facility benefits (skilled nursing facilities) were offered.   |
| 1949 | First major medical group insurance contract issued.   | 1960s | First disability contracts for business use appeared (overhead expense, key man). Eligibility for disability benefits under Social Security was expanded.  |
| 1949 | Liberty Mutual Insurance Company issued this contract to the Elfun Society-management personnel of General Electric Company. (Group of about 4,000 employees) to supplement basic medical care expenses.   | 1961  | First enrollment plan made available by Connecticut to persons 65 and over on a state wide basis and under special enabling legislation allowing the pooling of risks by a group of insurance companies (Associated Connecticut Health Insurance Companies). |
| 1952 | First non-cancelable and guaranteed renewable hospital-surgical-medical policy issued providing protection for the lifetime of the policyholder.   | 1962  | First lifetime non-cancelable and guaranteed renewable hospital-surgical policy offered by Standard Security Life Insurance Company of New York.   |
| 1954 | Congress introduced the disability "freeze" that stated that the quarters during which a worker is disabled are not counted in determining the number of quarters needed to be fully or currently insured under Old Age and Survivors Insurance (OASI).                  | 1962  | First fully paid-up, guaranteed renewable lifetime major medical insurance introduced by American Life Insurance Company of New York and Georgia International Life Insurance Company.   |
| 1955 | First guaranteed renewable lifetime hospital - surgical policy designed for elders.  | 1963  | The Health Profession Educational Assistance Act (P.L. 88-129) aided training of physicians, dentists and other public health personnel.   |
| 1956 | Disability insurance was added to the Social Security System, providing monthly cash benefits for insured persons who are totally disabled.  | 1964  | Prescription drug expense benefits were offered. The Nurse Training Act (P.L. 88-581) provided special federal effect for training professional nursing personnel.   |
| 1957 | Vision care benefits were first offered.   |       |  |
| 1958 | First comprehensive major medical individual insurance policy issued.  |       |  |

## *Key Dates in the Development of Group Health Insurance*

- 1965 Social Security Amendments of 1965 (P.L. 89-97) established a Social Security hospital insurance program for the aged and voluntary supplementary medical insurance program (Medicare) and grants to states for medical assistance programs (Medicaid).
- 1966 Program of governmental health insurance, Medicare, for people age 65 and over, became effective on July 1. (Title 18 of the Social Security Act).
- 1967 Passage of the age Discrimination in Employment Act made it illegal to discriminate by age among persons under age 65. (Amended 1978, and by COBRA)
- 1971 The Insurance Medical Scientist Scholarship Fund was formed by several insurance companies, providing full scholarships for students planning careers in medical research and teaching.
- 1972 Social Security Amendments of 1972 (P.L. 92-603) extended health insurance benefits (Medicare) to the disabled and to end-stage renal disease patients, established Professional Standards Review Organization (PSRO) programs, expanded research and demonstrations of financing mechanisms and introduced automatic cost-of-living adjustments to disability benefits.
- Legislation created the Supplemental Security Income program, which federalized categorical public assistance for the aged, blind, and permanently and totally disabled.
- 1973 The Health Maintenance Organization Act (P.L. 93-222) help set up HMOs through federal grants, contracts and loans guarantees, and helped establish HMOs as a health care option across the country. (Currently HMOs provide a range of health services on a prepaid basis to over 8% of the insured population).
- 1974 Employee Retirement Income Security Act (ERISA) of 1974 signed into law. While generally thought of as a law that regulates private pension plans, the Act also contains provisions relating to other employee benefit plans that have encouraged the growth of self-insurance.
- 1975 The National Health Planning and Resources Development Act of 1974 (P.L. 93-641) authorized major federal reorganization of health planning programs and set up the national designation of local Health Systems Areas and governing agencies.
- 1976 The Health Professions Educational Assistance Act of 1976 (P.L. 94-484) contained provisions requiring medical school students who receive federal scholarship aid to serve a specified period in rural and inner city areas, and required that medical schools with teaching hospitals provide for a greater proportion of medical residencies in primary medicine.
- The Health Maintenance Organization Amendments of 1976 (P.L. 94-460) relaxed requirements for HMOs to qualify for federal support.
- The National Consumer Health Information and Health Promotion Act of 1976 (P.L. 94-317) set forth national goals for health information and promotion and a systematic strategy for their achievement, stressing health education.
- 1977 The Medicare-Medicaid Anti-Fraud and Abuse Amendments (P.L. 95-142) amended the Social Security Act to require uniform reporting of financial data by providers; upgraded criminal penalties for fraud under Medicare-Medicaid programs; and amended certain Professional Standards Review Organizations (PSRO) provisions.

## *Key Dates in the Development of Group Health Insurance*

- 1978 Connecticut, Hawaii, Rhode Island, and Minnesota enacted state health insurance legislation. Passage of the Pregnancy Disability Act required that employers with 15 or more employees who are engaged in interstate commerce and who provide maternity benefits, must provide the same benefits for pregnancy, childbirth and related medical conditions as for any other conditions.
- 1978 The Health Maintenance Organization Amendments of 1978 (P.L. 95-559) set forth a three-year extension of the HMO assistance program.
- Amendment to the Age Discrimination in Employment Act (1967) forbids forced retirement by employers who employ at least 20 persons, except for employees who have an annual retirement income of \$27,000.
- 1980 Hospice care benefits became available.
- 1981 The Omnibus Budget Reconciliation Act mandated significant cuts in federal expenditures for health programs, increased Medicare deductibles, removed limit on number of states that can apply for Medicare and Medicaid cost reimbursements waivers, and directed the Secretary of HHS to develop a model prospective reimbursement methodology for inpatient services under Medicare and Medicaid.
- 1982 Tax Equity and Fiscal Responsibility Act of 1982 provided Medicare recognition for any state hospital cost control system that meets certain federal standards, including equitable treatment of all payers; for employees age 65-69 with employer-sponsored health insurance; made Medicare secondary payer; brought federal employees under Medicare and made certain changes in the methods of hospital reimbursements under Medicare.
- 1983 In response to the requirements of the Tax Equity and Fiscal Responsibility Act (TEFRA) of 1982, a prospective payment system for hospital care of medicare enrollees was enacted as a component of the Social Security Amendments of 1983.
- 1984 Omnibus Deficit Reduction Act of 1984 (P.L. 98-369) extended Medicare as a secondary payer of aged spouses of workers under 65, froze Medicare reimbursement for physician fees and reduced increases in hospital costs.
- 1985 Consolidated Omnibus Budget Reconciliation Act of 1985 (P.L. 99-272) required that employer group health plans offer continued coverage to workers and their dependents upon termination of employment, and to workers' spouses and dependents who would lose such coverage due to death of the worker, divorce and Medicare eligibility; made private employer health plans primary to Medicare for active workers and their spouses who also have Medicare coverage; required that third-party payers reimburse for certain care rendered in government-run veterans and military hospitals; and established a task force to study long-term care insurance policies.
- 1986 Tax Reform Act of 1986 (P.L. 99-514) removed the federal tax exemption for Blue Cross-Blue Shield organizations engaged in providing commercial-type insurance, established uniform non-discrimination rules for group health insurance plans and restored a partial, 25 percent tax deduction for health insurance premiums for self-employed individuals and their employees.

## *Key Dates in the Development of Group Health Insurance*

1986 Omnibus Budget Reconciliation Act of 1986 (P.L. 99-509) made private employer health plans primary to Medicare for beneficiaries eligible by reason of permanent disability in cases where the disabled person is a covered dependent under a working spouse's health plan or if the disabled person returns to active employment and revised the formula for determining Medicare's Part A deductible.

ADEA for 1967 was further amended to prohibit mandating retirement at any age; employer-provided benefits for older workers must be equal to younger workers.

1988 The Health Maintenance Organization Amendments of 1988 (P.L. 100-51) provide greatly enhanced flexibility to federally qualified HMOs for structuring their organization and for calculating premiums. Employers are also permitted to base their contributions to federally qualified HMOs on the projected claims experience of employees joining the HMO.

The Medicare Catastrophic Coverage Act of 1988 (P.L. 100-360) represents the largest expansion in the Medicare program since its inception in 1965. Benefit changes include the elimination of all cost sharing for inpatient hospital care after the hospital deductible, a cap on out-of-pocket expenses for physicians' services of \$1,370 and minor changes in skilled nursing, home health and respite care benefits. A phased-in out-patient drug benefit will be added to Medicare in 1991. Employers offering retiree health benefits to Medicare beneficiaries must rebate in cash or new benefits the actuarial value of the new catastrophic benefits for one year.

Congress passes AIDS-related legislation containing funds for research, education, HIV testing and home health demonstration project.