

**TRANSACTIONS OF SOCIETY OF ACTUARIES
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GROUP INSURANCE

- A. What advantages have small companies gained by entry into the group field? How widespread among the members of the field force are the benefits of writing group insurance by a small company?
- B. To what extent have mechanical methods been used by smaller companies in handling group business? Have these proved to be efficient and economical?
- C. How does disclosure legislation (U.S., California, Washington, and other states) affect small companies as to:
 - 1. Group insurance?
 - 2. Pension trusts?

MR. RONALD J. MARTIN said that the most important advantage to small companies entering the group field was the opportunity to obtain volume without much strain on surplus. A second point was the possibility of profit.

He added that most companies failed to obtain either of the advantages because of failure to assign direct responsibility to a capable individual, the tendency being to handle the development of group business as a sort of spare time activity.

With regard to the second part of the question, he stated that generally the agents of a small company were not trained to take advantage of the opportunities which could be developed and consequently the only benefit they were likely to receive was the indirect benefit from the prestige of larger volume.

MR. BENJAMIN R. WHITELEY stated that the experience of his Company was quite the reverse of that outlined by Mr. Martin. Standard Insurance Company wrote its first group policy in 1951 and entered the group business seriously in 1956. These efforts were concentrated in Washington and Oregon. The Company felt it gave its agents a broader portfolio. It helped the agents to control their own business and produce substantial commissions. Forty-nine percent of the agents exposed to group business actually received group commissions in 1958. Eighty-eight percent of those who received group commissions were active at the year end as compared to seventy percent of all agents. Out of fifteen top producers, ten received group commissions. Sixty-seven percent of the total group commissions were paid to the field force of the Company.