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A study to determine what the Boston Better Business Bureau is doing to promote consumer education with adults and in the schools

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A study to determine what the Boston Better Business Bureau is doing to promote consumer education with adults and in the schools.

Powers, William M.,

Thesis
1954

A STUDY TO DETERMINE WHAT THE BOSTON
BETTER BUSINESS BUREAU IS DOING TO PROMOTE
CONSUMER EDUCATION WITH ADULTS AND IN THE
SCHOOLS

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First Reader: Stanley F. SCHOOL OF EDUCATION

Assistant Professor of Education

Thesis

Second Reader: Lester J. School

A STUDY TO DETERMINE WHAT THE BOSTON BETTER BUSINESS
BUREAU IS DOING TO PROMOTE CONSUMER EDUCATION WITH
ADULTS AND IN THE SCHOOLS

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Submitted by

William M. Powers

(B.S. in Education, Boston University, 1948)

In Partial Fulfillment of Requirements for
the Degree of Master of Education

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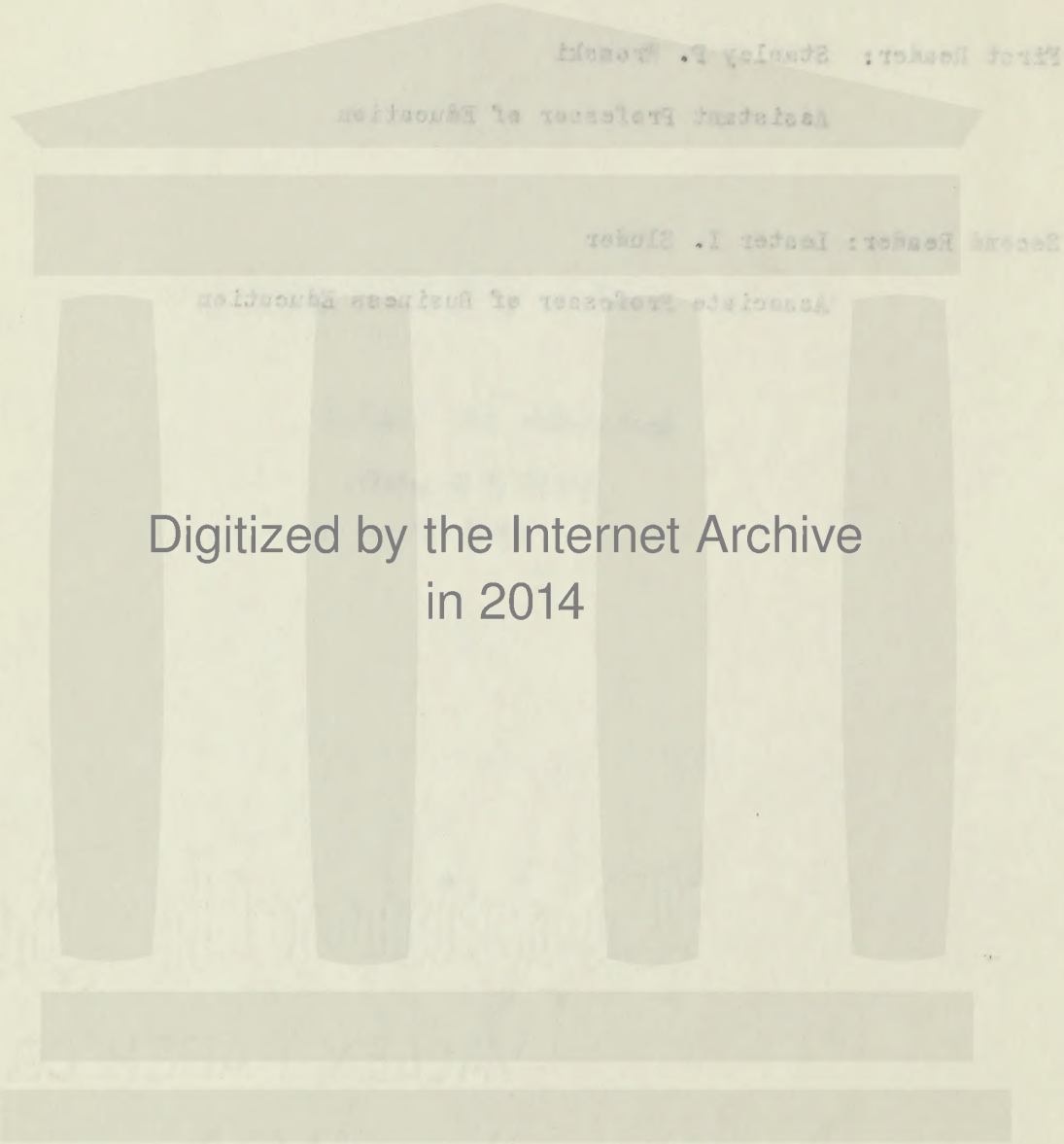
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CHAPTER I

INTRODUCTION

1. Statement of the Problem

Purpose.-- The purpose of this study was to determine and report what one agency of business has done and is doing to promote consumer education with adults and in the schools.

2. Justification for the Problem

Background.-- When the writer chose for his thesis topic the general field of consumer education, it was because a great amount of attention in recent years has been paid to the economic literacy of secondary school students and graduates. Upon subsequent investigation of available written material, the writer was impressed by the great amount of published research that evolved around the school's responsibility for teaching consumer education and the methods and materials. Surprisingly enough, very few studies had been published that dealt with the role of business in the development of consumer education.

Business by its very nature is a very broad, comprehensive term. To undertake to study what business and manufacturing are doing to supplement or complement what the schools are attempting would be an immense task. To organize the material so that it would be meaningful would be difficult to say the least.

The solution to this dilemma was to find an agency or organization that had been created and supported by business and manufacturing.

After locating such an agency the writer would have the opportunity to seek the answer to the following questions:

1. In what ways does the organization attempt to promote consumer education with adults?
2. What is the organization doing to work with the schools on the problem of consumer education?

Justification.-- By seeking answers to the above questions the writer hopes to show the background and operating procedures of such an agency; the concern or lack of concern of business for more effective education for consumers; the ways that business cooperates with education; the democratic aspects of business; and, last but not least, potential plans of the agency that might affect education in the future.

It is the sincere hope of the writer that the study will justify itself by presenting information that will allow interested people to do three things:

1. To understand and appreciate the functioning and philosophy of an organization that was created and supported by business to work in the best interests of business and the public.
2. To understand and appreciate particularly what the agency is doing to promote consumer education with adults and in the schools

3. To use such an organization to the best advantage of the educational situation.

3. Delimitation of the Problem

Criteria for choice.-- In trying to select a business agency that might afford the writer the greatest opportunity for study and research, three criteria were established to simplify the choice.

They are as follows:

1. Does the organization or agency have wide membership across many business areas or lines?
2. Does the organization have relative independence so that it reflects no single policy or narrow business philosophy?
3. Is it available and willing to open its files for such a study?

The writer felt most fortunate in finding an organization that, through its unusual features, satisfies extremely well the above criteria. This organization is the Better Business Bureau, of which the Boston Bureau is one of over a hundred units.

Substantiation of the Criteria.-- The Boston Bureau's membership for 1953 showed the following breakdown: Thirty per cent were in the merchandising field, twenty per cent in the financial field, and fifty per cent were in the industrial and other related fields. It appears that the agency has wide membership across many business areas.

The writer would prefer to postpone answering the question concerning relative independence until the reader has had an opportunity to share the interwoven evidence that is presented throughout this

study. However, it should be said that the Better Business Bureau's policies are openly conducive to independence. Its operation, history, and reputation in the community reflect an independent status that is quite unique.

The fact that the writer has undertaken this study indicates the answer to criteria number three.

The Study.-- In presenting the bureau's history, operations relative to the educating of consumers, and its role in the Consumer Education Study, the writer will of necessity interject personal observations that seem relevant to the point being discussed. For enrichment of a relatively unexplored area, it is felt that such subjective judgment when objectively made can be of value. The reader should remember that this paper is concerned only with what is being done by the Better Business Bureau to promote consumer education with adults and in the schools.

4. Definition of Terms.

1/ Better Business Bureau

A non-profit service corporation, maintained by business firms to elevate the standards of business conduct, fight frauds, and assist the public to achieve maximum satisfaction from its relations with business.

1/ Educational Division, "Facts You Should Know about Your Better Business Bureau", Fact Booklet (undated), Boston Better Business Bureau, Boston, Massachusetts, 15 pp.

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Curriculum ^{1/}

"A systematic group of courses or sequences of subjects required for graduation or certification in a major field of study. The general over-all plan of the content or specific materials of instruction that the schools should offer the student by way of qualifying him for graduation or certification or for entrance into a profession or vocational field."

Consumer Education ^{2/}

"An area of study concerned with the functioning of a socio-economic system as it affects the consumer, the choice of goods, the choice of services, budgeting and other money-management practices, and the use and care of goods."

Economic-Consumer Education ^{3/}

The compound word "economic-consumer" education is now being used by many businessmen who felt that consumer education denoted too narrow a definition. The term is defined by the general manager of the Boston Better Business Bureau as "the study of those broad economic principles necessary for better living in a democratic world as well as those specific consumer problems that must be faced and solved".

Consumer Education Study ^{4/}

"Recognizing the danger from economic illiteracy, a result of inaccurate and inadequate teaching about our economy, the National Association of Secondary-School Principals in 1942 set up the Consumer Education Study. This study, conducted by a staff of professional educators selected for their experience and ability, was to find out what education of consumers should be, what facts

^{1/}Carter V. Good, Editor, Dictionary of Education, McGraw- Hill Book Company, New York, 1945, p. 113.

^{2/}Carter V. Good, op cit., p. 95.

^{3/}This is a newly coined expression that is further defined by Mr. Kenneth B. Backman, general manager of the Boston Better Business Bureau.

^{4/}Educational Division, "Facts You Should Know about The Consumer Education Study", Fact Booklet, (undated) Boston Better Business Bureau, Boston, Massachusetts, 14 pp.

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they should know, what habits they should develop, and then to prepare needed materials for use in high schools. The study has been supported by the National Better Business Bureau through Special contribution from some of its members."

5. Procedure of the Study

Procedure.-- In conducting this study to determine what the Better Business Bureau is doing to educate consumers and to work with education towards the end that consumer education be more effectively taught, the following procedures were followed:

1. A thorough examination was made of related literature, including textbooks, periodicals, and theses, to obtain a background for this topic.
2. Leading business executives in the writer's community and Chamber of Commerce officials were interviewed, with the goal of the study explained and the three criteria stated on page 3 presented for their consideration.
3. Following the almost unanimous counsel given by the previously mentioned people (see 2 above) to visit the Boston Better Business Bureau, the writer interviewed the general manager of the bureau, Mr. Kenneth Backman, and was assured of complete cooperation. Files were made available that dealt with the many facets of bureau work, and the invitation extended to discuss or question anything that was in any way not clear.
4. An intensive appraisal was made of the files and related literature on the bureau movement and operation.

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4. An intensive appraisal was made of the files and related literature on the bureau movement and operation.

5. A questionnaire was prepared as an off-spring of this study by the general manager of the bureau to explore four questions:
 - a. Are you familiar with the Consumer Education Study headed by Dr. Thomas H. Briggs under the auspices of the National Association of Secondary-School Principals?
 - b. How do you treat the subject of consumer education in your school (system)?
 - c. How do you use Better Business Bureau materials or services?
 - d. In what ways do you feel that the Boston Better Business Bureau might be of service to you?

This questionnaire was sent to 181 secondary schools, junior high and high schools, in 71 different communities. The basis for choosing these 71 communities was the geographical area theoretically served by the Boston Better Business Bureau.

6. The results from the questionnaire were tabulated and listed by the writer.
7. A summary of the study was made.

6. Organization of the Report

This report has been organized in the following manner:

1. Chapter one deals with a statement of the problem, justification for the problem, delimitation of the problem, definition of terms, organization and procedure of the study.
2. In chapter two the history of the Better Business Bureau is presented.

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- 2. In chapter two the history of the Better Business Bureau is presented.

3. In chapter three organization and policies are discussed.
4. Chapter four is concerned with the program and operation of the Boston Better Business Bureau as it attempts to educate adults.
5. In chapter five background information is given on the Consumer Education Study and an attempt is made to show how the Boston Better Business Bureau has tried to implement this study.
6. Information and illustrations of how the bureau has worked with schools is given in chapter six.
7. Chapter seven is a summary of the study.

Advertising.— As the printed word gained its place of importance in our society through the expanded use of newspapers and magazines, it is interesting to find that legitimate businessmen generally did not recognize its value as a media to reach and attract customers. Instead it was the quack and charlatan who were willing to take the gamble of newspaper advertising in order to reach a greater number of innocents. Interestingly enough, the emphasis was in the field of patent medicines.

American Medical Association, Heston and Goodrich, American Medical Association Press, Chicago, Illinois, 1913, p. 100.

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CHAPTER II

THE HISTORY OF THE BETTER BUSINESS BUREAU

1. Early Features of Selling and Advertising

Selling.-- To fully appreciate the significance of the Better Business Bureau on both the local and national scale it is first necessary to understand some of the features of selling during those years prior to 1911. For example, misleading exaggeration of the value of the item to be sold, bartering, and haggling were common practices. As far as both the seller and consumer were concerned, it was a matter of shrewdness of trading more than a question of honesty or dishonesty. It certainly can be said that "caveat emptor" - let the buyer beware - adequately explains the early philosophy.

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When respectable businessmen saw the success of this advertising, they were quick to utilize newspapers and magazines as a means of conveying information to potential consumers.

Development of Advertising.-- As advertising in printed form travelled the road from novel to usual, it seemed to come of age during the last quarter of the nineteenth century. It was then that advertising gradually became recognized as the greatest aid in distribution yet devised. As Kenner says, ^{1/} "It became the selling speech of American business."

2. Attempts to Improve

Historical Movement in Advertising.-- At the beginning of the 1900's a most remarkable movement that has historically been labelled the "truth in advertising movement" was initiated and gained impetus. As difficult as it is to trace this development, it is possible to give what might be called "fragment credit". In this vein, recognition should be given to those early publishers who made the decision that they would not accept fraudulent advertising. It is most interesting to find that farm papers were the first periodicals to publicly acknowledge responsibility to their readers for the honesty of the advertising from which they received their revenue. ^{2/} Equally of interest is the fact that retail merchants were among the first to use advertising legitimately. As one of their number, John Wanamaker of Philadelphia said, "It pays!" ^{3/}

^{1/}H. J. Kenner, The Fight for Truth in Advertising, Round Table Press, Inc., New York, 1936, p. 3.

^{2/}H. J. Kenner, op cit., p. 9.

^{3/}Ibid, p. 34.

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However, the major problem of making practically all who would use advertising see the soundness of "truth" remained.

Organization.-- When Samuel C. Dobbs was elected to the presidency of the Associated Advertising Clubs of America (now called the Advertising Federation of America) in 1909, he began his crusade for "Honest Advertising". The logic of his argument was undeniable and the enthusiasm of his quest contagious. What is more important, acceptance went beyond theoretical understanding; it was transformed into an action that resulted in the formation of a greater number of advertising clubs throughout the country. By 1911 there were more than a hundred advertising clubs in existence throughout the United States.

In this same year, 1911, the national organization unanimously adopted a code of conduct for those doing advertising work. Called "The Ten Commandments of Advertising", ^{1/} they reflected the almost evangelic spirit that animated the leaders at this time. They also represented the idealism of business.

3. Results

Convention of 1911.-- Among the many beneficial outcomes of the Advertising Federation of America Convention of 1911 there are two that are important here. The first was a model state law penalizing false and misleading advertising. Requested and championed by John Irving Romer, a writer for the advertising journal Printer's Ink, whose prolific pen lustily called for action, it was made the law in 1/It is revealing to note that this took place 22 years before New Dealism, by which government was to attempt by law to codify the conduct of business.

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The second outcome of this same convention, and dependent upon the proposed law, was the creation of a vigilance committee by the New York Advertising Club. The idea was subsequently adopted by the National Association. The purposes of such committees were to (1) help enforce the law and (2) act against false and misleading statements by evasion. A national committee was to stimulate the work of local clubs, and investigate and act on cases of alleged misrepresentation in national advertising.

Although the effectiveness of operation was limited because of the voluntary nature of its personnel, it can be said that the National Vigilance Committee did exert an intangible influence far in excess of its proportionate size. The writer makes this point because it is generally accepted that the advertising industry, by 1913, admitted responsibility for its conduct. ^{1/} What is more important, however, is that the voluntary groups had proved that it could be done and had indicated the means by which to do it.

The Better Business Bureau.-- In March of 1914, with funds submitted by retail merchants, newspapers, wholesalers, and manufacturers, a vigorous committee was formed in Minneapolis which employed a secretary to devote his full time to the work. This experiment proved so successful in Minneapolis that it established a pattern that was to be followed throughout the country. Moreover, the secretary of the l/H. J. Kenner, op cit., p. 39.

many states. Today this law is in effect in substantially the original form in most of our states.

The second outcome of this same convention, and dependent upon the proposition, was the creation of a vigilance committee by the New York Advertising Club. The idea was subsequently adopted by the National Association. The purposes of such committees were to (1) help enforce the law and (2) act against false and misleading statements by evasion. A national committee was to stimulate the work of local clubs, and investigate and act on cases of alleged misrepresentation in national advertising.

Although the effectiveness of operation was hindered because of the voluntary nature of its personnel, it can be said that the National Vigilance Committee did exert an intangible influence far in excess of its proportionate size. The writer makes this point because it is generally accepted that the advertising industry, by 1918, admitted responsibility for its conduct. What is more important, however, is that the voluntary groups had proved that it could be done and had indicated the means by which to do it.

The Better Business Bureau -- In March of 1919, with funds supplied by retail merchants, newspapers, wholesalers, and manufacturers, a vigorous committee was formed in Minneapolis which employed a secretary to devote his full time to the work. This experiment proved so successful in Minneapolis that it established a pattern that was to be followed throughout the country. Moreover, the secretary of the

Minneapolis Committee was asked in 1915 to assume the secretaryship of the National Vigilance Committee. With the addition of a new name in 1916, less repugnant than "vigilance" was to many, the "Better Business Bureau" was established - fundamentally as we know it today. It existed on both the national and local levels. The National Bureau serves business on matters that are national in scope, while the local bureaus confine themselves to their geographical areas. All bureaus, however, cooperate in the public interest.

Today it is difficult to find a major city of over 100,000 in which there is no Better Business Bureau. As a matter of fact, this should be carried a step further by emphasizing the international aspect of the bureau movement. Canada is a good illustration with five bureaus serving different parts of the dominion. Significantly, they have only developed in democratic countries.

Although the directors are called upon to assume very extensive responsibilities, they all serve without compensation.

The day-by-day operating machinery of the bureau consists of the hired personnel, headed by a general manager. Ordinarily the bureau is divided into several sections or divisions for most of activities. For example, there is a Financial Division, Merchandise Division, and Publicity Division. Expansion of services is naturally dependent upon funds. Diagrammatically the structure is as follows:

Actual figures for 1964 show the following breakdown: Thirty per cent in merchandising fields; twenty per cent in financial fields; fifty per cent in industry and others.

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CHAPTER III

ORGANIZATION AND POLICIES OF THE BOSTON BETTER BUSINESS BUREAU

1. Organization

Similar to Corporation.-- The organization of the Boston Better Business Bureau is similar to that of most corporations. As a non-profit membership corporation, it has a parallel structure that is in itself rather unusual. From its membership, which is representative of all business interests, ^{1/} a board of directors is elected. This board of directors, in turn, elects a slate of officers. With the exception of the secretary, who is usually the general manager of the bureau, these officers again constitute an interesting cross section of business.

Although the directors are called upon to assume specific and extensive responsibilities, they all serve without compensation.

The day-by-day operating machinery of the bureau consists of the hired personnel, headed by a general manager. Ordinarily the bureau is divided into several sections or divisions for ease of operation. For example, there is a Financial Division, Merchandise Division, and Publicity Division. Expansion of services is naturally dependent upon funds. Diagrammatically the structure is as follows:

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ORGANIZATION AND POLICIES OF THE BOSTON RETIRE BUSINESS BUREAU

1. Organization

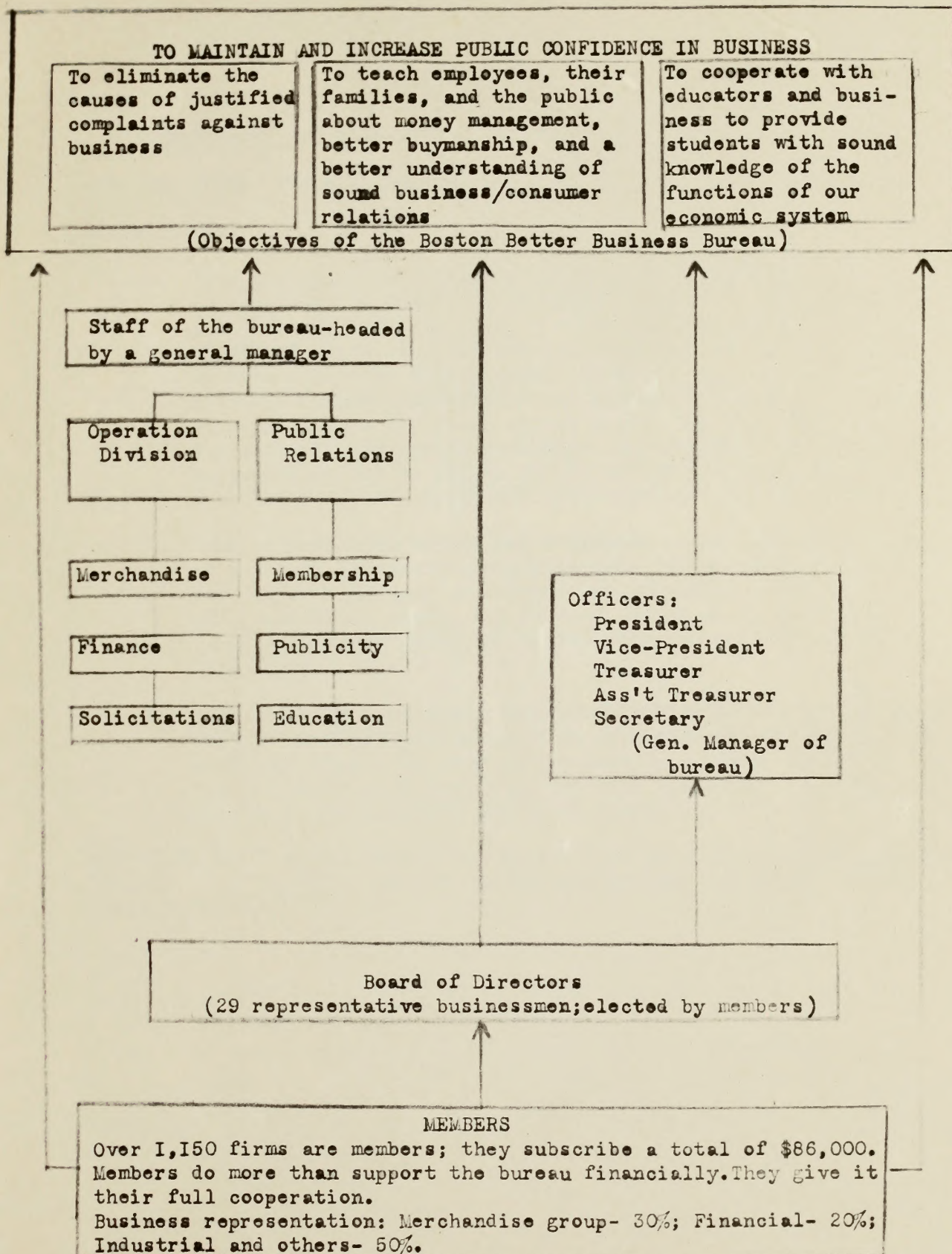
Similar to Corporation. -- The organization of the Boston Retire

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Table I. Organization of the Boston Better Business Bureau



2. Policies

Three Major Precepts.-- The following are the policies adopted when the Better Business Bureaus were started, and which are still in effect today: ^{I/}

1. "The organization should be a non-profit membership corporation. It should be an integral part of business itself, supported by business, with a membership representing all different lines. Its officers and board of directors should be representative businessmen, elected by its members, serving without compensation and wholly from a sense of civic responsibility. The board should direct the policies, elect its officers and employ a manager. The organization should have no political axe to grind, should not be a legislative agency for business, and should not have legal or judicial powers.
2. "The organization should not recommend or sponsor any company or product. It should co-operate with educational, consumer, and business groups, and should work in close co-operation with municipal, state, and federal bodies whose functions touch matters in which the organization is professionally interested.
3. "It should be impartial, work constructively, and act on facts only. It must proceed in the best interests of the public. Its services should be free to the public. Public sentiment, the cooperation of business, and when necessary, the law, should be its greatest source of power."

I/Educational Division, "Facts You Should Know about Your Better Business Bureau", Fact Booklet, undated, Boston Better Business Bureau, Boston, Massachusetts, p. 5.

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Executive Director, "Better You Should Know About Your Better Business Bureau", and booklet, united, Better Business Bureau, Boston, Massachusetts, p. 2.

CHAPTER IV

WHAT THE BOSTON BETTER BUSINESS BUREAU IS DOING TO PROMOTE CONSUMER EDUCATION WITH ADULTS

1. Fundamental Understanding

Program Expansion.-- In considering the program of the Boston Better Business Bureau, it is most significant to note that its program has expanded from the first objective of "curbing misrepresentation and prosecuting fraud" to include three others: ^{1/}

1. "The elimination of the causes of customer complaints against business by (a) preventing unfair treatment, (b) promoting fair advertising, and (d) fraud prosecution.
2. "Cooperation with educators and business to provide students with sound knowledge of the functions of our economic system.
3. "Adult education to teach employees, their families and other consumers about money management, better buymanship, and a better understanding of sound business-consumer relations."

A Basic Question.-- At this point the writer feels compelled to recognize and answer a question that he has felt: Is the bureau an instrument of business for the exclusive benefit of business? The reader should recognize the underlying potency of this question because there appears to have existed in the minds of some of the public the belief that businessmen have usually had a very selfish motive when they have supported any venture. To illustrate this point the writer ^{1/}Education Division, "Facts You Should Know about Your Better Business Bureau", op. cit., p. 6.

quotes from a speech made by Allen L. Billingsley, head of the advertising agency of Fuller, Smith and Ross, Inc., Cleveland, before the Rotary Club of Columbus, Ohio, in December, 1950: ^{1/} "Many of the critical questions about business center about motives....the motives of business organization and the motives of businessmen. Is business honest and socially responsible? Does it really try to serve the public good? Has business a conscience?"

The editors of Fortune, ^{2/} in an article entitled "Is Anybody Listening?", have drawn the conclusions that business has not been able, through its present operation and selling techniques, to establish underlying trust and confidence in itself on the part of employees and the general public.

That legitimate business recognized not only its own shortcomings but similar attitudes of the public in 1911 seems obvious from the action that was initiated. A Better Business Bureau structure was created. Far-sighted business leaders saw that the best interests of the public were the best interests of business. Said another way: The bureau cannot serve business without serving the public. That this is important today can be concluded from the preceding quoted statements.

Because of the financial support that business affords the bureau, it would indeed be erroneous to assume that the bureau feels no sense of 1/Educational Division, "Cleveland Expert Lauds Better Business Bureaus", The Bulletin, Boston Better Business Bureau, (December 15, 1950), 15:1
2/Editors, "Is Anybody Listening?", Fortune, (September, 1950), 42:14.

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responsibility towards its contributors; but it is not responsibility tempered by servitude. Instead it is responsibility based upon a trust that is stated in policy, "...that the bureau must be impartial and proceed in the best interests of the public." Here is the basic philosophy of the bureau, proved and strengthened by experience. It must act in the best interests of the public.

Better Business Bureaus are not and should not be regarded as consumer organizations. They do not pretend to speak for consumers. Neither are they educators nor governmental authorities. They are business organizations. However, the nature of their operation necessitates that they work in the interests of the consumer and business.

The writer makes the above observations in light of the countless recorded expressions made by people from all walks of life that compliment the Better Business Bureau for its impartial, effective work. Folders containing such material, ranging from newspaper articles to letters written by labor union leaders, can be found in the files of the Boston Better Business Bureau. The bureau seems to enjoy the trust and confidence of both the public and business.

2. Actual Program

Program and Operation.-- In reviewing the ways by which the bureau attempts to educate and encourage the consumers to be more intelligent and efficient, it is easy to be impressed by the direct and the indirect - the obvious and the subtle - the individual and the mass approach.

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Inquiries and Complaints.-- In 1952 there were 30,604 inquiries and complaints made to the Boston bureau. The great majority were inquiries by consumers who desired information before spending their money. When inquiries were answered, educational material was also sent. Not only did these inquiries many times save the consumers money, they brought to the attention of the bureau activities of countless promoters. If their plan was unfair, immediate publicity was given to it.

Approximately 5000 complaints were handles by various members of the bureau staff. If a particular business was at fault, every effort was made to rectify the error in the interest of the consumer. The complaint also initiated corrective action on the part of the business concerned. If, however, the consumer had made the mistake, he was helped to see his error. Usually some mutually satisfactory solution was reached.

In both cases previously mentioned the consumer is certainly learning through experience.

Shopping Service.-- Another method that affects the consumer indirectly and directly is a shopping service, based upon a constant examination of advertisements published in newspapers and magazines, or released via the radio or television. It works this way: Shoppers, not known to sellers because of a hiring policy that causes constant rotation in temporary personnel, are directed to purchase certain merchandise. The purpose behind this is to check on the validity of the advertising. Such merchandise is then submitted to impartial, objective, scientific tests. If the merchandise as advertised does not meet the standards

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prescribed by the advertising codes, the standards established by business regarding labelling, reports are listed and infractions of standards are followed up. When a concern persistently violates the bureau's recommendations, action is taken by the bureau through reports to advertising media, publicity, and, as a last resort, through prosecution where there is a violation of the law.

The benefit to the consumer can be described in two ways. By actually shopping and by following advertisements the bureau is able, for example, to see where the public might innocently be duped by the use of certain commonly used words. When this happens, a parallel course is taken by the bureau. First they attempt to get the seller to recognize the fallacy of an approach that deceives, and secondly, they try to inform further the consumer - after learning of experienced misfortunes - so that he can avoid common pitfalls.

Work With Business.-- A few illustrations of how this reciprocal action between the bureau and business works to the benefit of the seller and the buyer would possibly further clarify the bureau's position. The bureau has instigated and worked with business towards the successful end of establishing standards for specific terms, merchandise, or selling procedures. To cite a few illustrations:

1. In 1932 the bureau's staff wrote and had published a book entitled A Guide for Retail Advertising and Selling.^{1/}
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3. It has helped the cleansing business to standardise and define terminology so the consumer could more easily understand.

Upon completion of such projects as these, the bureau has attempted to make known to the consumer the information that would be beneficial to him. In addition, schools receive the latest information so that supplementary course material is kept up to date.

Published Booklets.-- In the late 1930's, a series of Fact booklets^{1/} were started that have become an important feature of bureau operations. Each booklet deals with a specific topic. Before publication, the material was submitted to educators, government agencies, consumer organizations, and trade authorities having an expert knowledge of the particular subject. The final publication, consequently, is an authoritative, interesting source of information that can help the consumer before he gets into trouble.

The value of these booklets has been tested by various means. For example, one large industrial concern, the Lever Brothers Company, in testing their value to employees in 1945, found that eighty-five per cent of their employees read the booklets.^{2/} Of those who did read them, ninety-six per cent found them of interest and help.

Not only have the Fact booklets been helpful to employees and consumers, they have been used by many teachers and schools as supple-

^{1/}In the appendix will be found a sample copy of a Fact booklet with an accompanying list of all available titles.

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supplementary reading on the basis of a particular unit. They have been accepted by the school committees of many communities. In the files of the bureau office may be found numerous letters praising the bureau for a particular Fact Booklet.

Publicity.-- In addition to the preceding means of educating consumers, Better Business Bureau publicity should be mentioned. This publicity takes many different forms. For ease of operation two categories have been established. One deals with specific promotions or unfair activities in the advertising and selling field. The other comprises educational and informative material.

Various agencies freely offer their facilities to disseminate information; all forms of media are used. According to Mr. Kenneth Backman, general manager:

"In one year, 106 radio stations gave 1,400 hours (over 58 days) of time to the bureaus throughout the United States. Over 6,000,000 lines were devoted to bureau advertisements in over 371 newspapers, with a total circulation of 12,000,000. The activities of the bureaus, as reported in news items, also serve a protective purpose. The Better Business Bureaus also have their own publications and literature, a great deal of which is distributed directly to consumers. Nearly 36,000 bureau Bulletins 1/ were published and distributed last year, while over 36,000 posters and pamphlets prepared specifically for consumers, were distributed."

It becomes obvious that the above activities can be listed as either preventive, punitive or corrective, or educational - depending upon your point of view. However, as you group them and analyze their distinctiveness and overlapping relationship, you are impressed by (a) the bureau's efforts to urge consumers to get information, and 1/Sample may be found in appendix.

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(b) the bureau's attempt to present impartial information. .

Extensiveness of Program.-- Perhaps the easiest and best way to summarize the extensiveness and intensiveness of a bureau's program is to use a diagram prepared by the general manager of the Boston Better Business Bureau. This diagram clearly illustrates the objectives towards which the bureau is working and the means by which it does so.

(b) the Bureau's attempt to present important information.

Extensiveness of Program -- Perhaps the easiest and best way to

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ONLY AN INFORMED PUBLIC CAN FIND SATISFACTION IN DEALINGS WITH BUSINESS

PUBLICITY AND EDUCATIONAL PROGRAM FOR YOUNG PEOPLE AND ADULTS

OBJECTIVES

- BUILD PUBLIC CONFIDENCE IN THE INTEGRITY AND FAIRNESS OF BUSINESS. INTERPRET BUSINESS TO EMPLOYEES, YOUNG PEOPLE AND ADULTS.
- TEACH YOUNG PEOPLE, TEACHERS, AND ADULTS THE FUNCTIONS OF OUR BUSINESS SYSTEM.
- GUIDE AND INFORM ON MERCHANDISE AND FINANCIAL FACTS. AID IN EVERY-DAY MONEY MANAGEMENT PROBLEMS.
- EXPOSE SPECIFIC CASES OF FRAUD AND UNFAIR PRACTICES.
- ENABLE PUBLIC TO DETECT FRAUDS, MISREPRESENTATIONS, AND UNFAIR PRACTICES AND HENCE TO RECOGNIZE SOUND BUSINESS PRACTICES.
- COUNTERACT PROPAGANDA AND TEACHING MATERIAL OF COMMUNISTS, FELLOW-TRAVELERS AND THE IGNORANT.
- ENCOURAGE USE OF BUREAU SERVICES.

MEANS USED

- ADVERTISEMENTS
- NEWS AND FEATURE STORIES FOR NEWSPAPER AND MAGAZINE, TRADE, AND EDUCATIONAL, AND LABOR PUBLICATIONS, RADIO, AND TELEVISION.
- ARTICLES FOR EMPLOYEE PUBLICATIONS
- CARCARDS, BILL BOARDS, MOVIES
- OTHER MEDIA
- BULLETINS
- BULLETIN BOARD POSTERS
- LEAFLETS
- OTHER
- TALKS
- FACT BOOKLETS*

CONSUMER EDUCATION STUDY
 NATIONAL BETTER BUSINESS BUREAUS, IN COLLABORATION WITH THE NATIONAL ASSOCIATION OF SECONDARY-SCHOOL PRINCIPALS, FOSTERS A BROAD PROGRAM OF YOUTH EDUCATION. HAVE DEVELOPED TEXT BOOKS TO TEACH PRACTICAL FUNCTIONS OF OUR ECONOMIC SYSTEM; HOW TO USE IT INTELLIGENTLY, AND HOW TO MAKE IT SUCCESSFUL IN OUR DEMOCRACY. HELPS PEOPLE TO BECOME MORE INTELLIGENT, MORE EFFECTIVE, AND MORE CONSCIENTIOUS CONSUMERS. BUREAUS PROMOTE PROJECT IN LOCAL COMMUNITIES IN CO-OPERATION WITH EDUCATORS, INTERESTED INDIVIDUALS AND GROUPS.

EXAMPLE

* BOOKLETS AVERAGE 16 PAGES WITH ILLUSTRATIONS DISTRIBUTED TO SCHOOLS, STUDENTS AND ADULTS APPROVED FOR TEACHING PURPOSES IN HUNDREDS OF JUNIOR AND SENIOR HIGH SCHOOLS.


FACT BOOKLET SERIES

FACTS

you should know about

Our Business System

... and You



ONE OF THE "FACT" BOOKLET SERIES

- INVESTMENT (TRUST) COMPANIES
- JEWELRY
- LEGAL PROBLEMS
- LIFE INSURANCE
- OUR BUSINESS SYSTEM AND YOU
- SAVING MONEY
- SCHEMES
- SECURITIES
- SECURITY AND COMMODITY EXCHANGES
- YOUR BETTER BUSINESS BUREAU
- YOUR EYESIGHT
- VETERANS STARTING A BUSINESS

- ADVERTISING
- BORROWING
- BUDGETING
- BUYING OR BUILDING A HOME
- BUYING USED CARS
- COMMERCIAL BANKS AND TRUST COMPANIES
- CONSUMER EDUCATION STUDY
- COSMETICS
- DOMESTIC TEXTILE RUGS
- FURS
- HEALTH CURES
- HOME INSULATION
- INVESTMENT BANKING

EVERYONE IS OR WILL BE AN EMPLOYEE OR CUSTOMER OF BUSINESS OR BOTH

Table 2. Publicity and Educational Program for Young People and Adults (Used by permission of the general manager)



Democratic Aspects.-- Before leaving the operations of the Boston Better Business Bureau to handle individually the Consumer Education Study, a word should be said about the self-governing aspects of the entire bureau movement. As vital and as necessary as self-government is in the many different aspects of our democratic life, it is easily overlooked.

As the writer probed through almost endless material and witnessed the operations of the staff, he was impressed by a veritable "democracy in action". A good illustration of this is the accompanying memo. "What do you think?" is the keynote.

A Public Service Agency of Business



Memo: To Veteran Organization
Presidents

What do you think of the attached?

Please let us know.

Also, does your organization have any committee that would be especially interested in this subject and for whom you would like copies?

If you can use any more copies, we will gladly supply them without charge.

BOSTON BETTER BUSINESS BUREAU
52 Chauncy Street
Boston, Massachusetts



In terms of consumer education, such a philosophy and operating procedure are tremendously important. Economic democracy, as the writer talked to the staff of the bureau and freely investigated their files, became a living thing, something seen in a natural perspective; something to be nurtured and helped to grow by responsible, positive recognition on the part of business.

Certainly magnanimity need not be the only motivating force, yet one cannot help but be tremendously impressed when he hears a statement like the following one made by Mr. Kenneth Backman, general manager of the Boston Better Business Bureau: "At no time has it been more important for American business to demonstrate its genuine interest in the problems of the consumer, which, in fact, are the problems of business. We must realize that his system is not a license for abuse, dishonest competition, unfair or misleading practices, or deception of the consumer."

There appears to be a sincerity that indicates a genuine acceptance of the truism that what is good for the consumer is good for business. And because the bureau executives practice what they preach, their influence on others should be beneficial to our way of life.

Creation of the Consumer Education Study. -- In 1940 a most significant event took place. The National Better Business Bureau proposed

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CHAPTER V

CONSUMER EDUCATION STUDY

1. Background

Early Bureau Efforts.-- The bureau's interest in consumer education in the schools, or that part of it which includes "buymanship", dates back to June of 1930 when the board of directors of the Boston bureau adopted resolutions that did the following:

1. Urged the teaching of personal economics, "consumer education", in all grades of the public schools
2. Requested the State Department of Education to study the subject.
3. Offered complete bureau cooperation and support.

Unfortunately, for reasons not known to the writer, no formal program was initiated that brought education and business together on an organized basis until some twelve years later. During this interim period, what was done by individual communities and bureaus was spasmodic and lacked direction. It consisted primarily of cooperating with educational institutions, supplying them with factual information, occasional speakers, cooperating on surveys, or making data from business firms available to those who requested such information.

Creation of the Consumer Education Study.-- In 1940 a most significant event took place. The National Better Business Bureau proposed

National Association of Secondary-School Principals that it would collect and turn over to the National Association the funds necessary to support impartial and objective studies in the field of education for the consumer. As Thomas H. Briggs, director of the study, said in a speech before the Advertising Club of Boston in March, 1948,

"The proposal was at first subject to suspicion by both business and school people. The former were not sure that educators would or could be consistently fair-minded and objective; and many school people and others who had been active in the 'consumer movement' feared that the Association was 'selling out to big business'. It is gratifying to know that subsequent experience in the following years led to mutual respect and trust."

This should not be interpreted to mean that there were not strong disagreements. There were; but as Briggs has publicly stated, ^{1/}

"Business has been constructively critical and extremely fair. Our decisions have been our own....Not to be underestimated was the help given to the study by all kinds of businessmen. It is extremely doubtful if many educational authors have had access to as many authoritative sources of information as have the staff of the Consumer Education Study."

2. What Has Been Done

Achievements Listed.-- After assembling a staff, a number of things were done that in themselves are interesting, but for this paper can only provide background information. For ease of presentation the writer will quickly list them and then explain the functions of the Boston Better Business Bureau in their implementation:

1. After numerous seminar discussions, definitions were formulated.

The most important definition concerned itself with consumer 1/Speech before the Advertising Club of Boston in March, 1948.

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1. After numerous seminar discussions, definitions were formulated. The most important definition concerned itself with consumer

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- education. Although this definition may be found in the appendix of The Modern American Consumer, Consumer Education Series, ^{1/} it should be pointed out that it is extremely comprehensive. In its broad scope, including topics dealing with health and leisure time, for example, it might properly be characterized as a major part of a program of general education. Moreover, it substitutes an emphasis on "buymanship" or minor economics to an emphasis on achieving a full life.
2. A series of teaching-learning units were written and published, plus a 128 page booklet entitled Consumer Education in Your School. The purpose of this last publication was to popularize the units and to indicate to administrators methods of introducing and carrying them on effectively in the curricula.
 3. A one volume basic textbook, to be used in high schools, was published.
 4. Through subsidies from the Consumer Education Study, committees from national associations of teachers of business education, home economics, mathematics, science, and social studies met and prepared reports on three objectives:
 - a. What consumer education should be.
 - b. What of it is now being taught?
 - c. What in addition could profitably be taught in the various subjects?

^{1/}Fred T. Wilhelms, The Modern American Consumer, Consumer Education Series, number 1, National Association of Secondary School Principals, 1201 Sixteenth Street, N.W., Washington 6, D.C., 1945, p. 47.

5. A series of buying guides, each one dealing with a specific commodity, such as, watches, cameras, et cetera, were published. The idea behind these four pages reports that are punched out for a binder was to provide source material that will be economical in terms of teacher and pupil time.
6. The study surveyed offerings made by business concerns with the idea in mind of determining what was available to schools and what kind of material it was. The outcome of the study was the publication of a monograph entitled Commercial Supplementary Teaching Materials. The significance of this monograph may be summarized by two points:
 - a. It gives service to business concerns by advising them in many different ways as to criteria to be considered in preparation of material, where a publication may find most ready use, educational evaluations as to worth of material, and so forth.
 - b. It transmits to business lists of suggestions from teachers of what they would like to have to enrich the curriculum.
7. An audio-visual education program has been developed that should be of considerable value to teachers.

In brief the above represents what has been done by the Consumer Education Study under Dr. Thomas H. Briggs.

Possible Approach.— That lack of contact on a community level has been a shortcoming seems to be corroborated by the confidential study made by Edward C. Torrey, public relations counsel, that suggests

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3. Implementation by the Boston Better Business Bureau

Problem of Acceptance.-- In spite of the excellent work that has been done by the Consumer Education Study, the National Association of Secondary-School Principals, and the National Better Business Bureau, the problem of getting the new materials used largely remains. Reasons for this are varied, but would have to include the reluctance of educators and the public to break with tradition. Edward L. Bernay, in a confidential study for the National Better Business Bureau entitled, "An Investigation into the Specific Problems of Merchandising the Program of the National Association of Secondary-School Principals", states: "Exhaustive studies have shown that the time lag between the idea and acceptance of the idea may be fifty to a hundred years in education. This figure is in sharp contrast to the five year lag in business and medicine." This being true it would seem to imply that the various local bureaus - the Boston one included - would be in a perfect position to work with community groups on a decentralized basis towards the goal of consumer education for all pupils. But interestingly enough this has not been done.

Using the Boston bureau for illustration purposes and because this study is concerned with its operation, the writer would like to point out that the bureau has been kept informed of the various phases of development of the Consumer Education Study. As this writer understands the publicity and distribution stage of the Consumer Education Study, however, it was not intended that local bureaus would afford community contacts.

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that consumer education will only be accepted in the great majority of American communities when, among other things, people in the community are made completely aware of the need for curricular revision, and are aided in planning a cooperative school-home program that will enable them to realize the fulfillment of their objectives. Consumer education experts reasonably expect that their work and materials will be of invaluable assistance.

Whether the Boston bureau, as typical of the other bureaus, will ever be used as the focal point in the community for organizational purposes and promotional activities remains to be seen. In the meantime the Boston bureau has sought to promote not only the Consumer Education Study, but also consumer education in the schools in a number of ways.

One of the most recent illustrations of how the bureau has cooperated with a school to fill a need took place in Boston. Although action was initiated in 1951, it continued over a period of two years.

In Boston.— In 1961 the general manager of the Boston bureau met with the head of the Social Studies Department of the City of Boston. From their discussion that centered around the question of how the bureau could help the school reach several concrete results. For example, some teachers were lacking supplementary material that they felt was necessary for the effective teaching of certain units. The bureau helped them to get this material immediately. The latest information on various economic developments was sent without charge to the department head. At the request of the aforementioned individual, a national survey was conducted to determine why the public gets into trouble as a result of

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CHAPTER VI

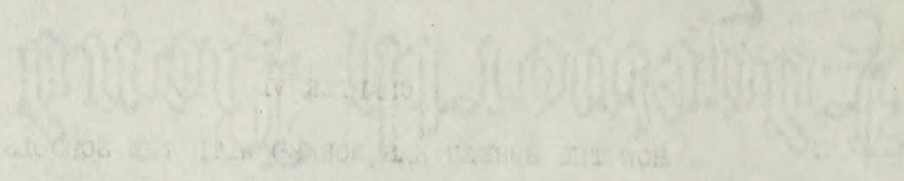
HOW THE BUREAU HAS WORKED WITH THE SCHOOLS

1. Examples of Cooperation

Bureau's Approach.-- The bureau has cooperated closely with educational institutions, supplying them with factual information such as the fact Booklets, meeting with groups of educators, and taking a part in class instruction. This has also opened up the opportunities of reaching thousands of adults as students have carried information and possibly inspiration home.

One of the most recent illustrations of how the bureau has cooperated with a school to fill a need took place in Newton. Although action was initiated in 1951, it continued over a period of two years.

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ignorance. (A copy of this report is included in the appendix.) In addition to the above, the bureau agreed to supply advisors for a proposed workshop in consumer education. For reasons unknown to the manager this last proposal failed to materialize.

Satisfied to help.-- Although the bureau might have reasonably expected that the school would have gone further in evaluating consumer education in its curriculum, the manager at no time expressed such sentiments to the writer, nor was the writer able to find any correspondence requesting that the school do more. Apparently assistance was given sincerely without any thought of asking that there be reciprocation.

2. Progressive Feature of Bureau Work

A Questionnaire.-- An example of how the bureau is constantly trying to evaluate certain phases of its program, services, or materials so that necessary improvements may be made is shown by a survey made in the Spring of 1953.

As the writer and general manager discussed various aspects of the bureau, time and time again certain questions arose as to the extent that these were known or being used by the schools in Eastern Massachusetts. It was finally agreed that perhaps a questionnaire would best serve the interests of the bureau. Furthermore, the manager suggested that the writer participate in the survey by receiving and tabulating all replies. This gracious invitation was readily accepted.

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Aims.-- The purpose of the questionnaire was to obtain information about the following questions:

1. Are you familiar with the Consumer Education Study, headed by Dr. Thomas H. Briggs?
2. How is consumer education taught in your school?
3. If consumer education is taught, what textbooks are used?
4. If textbooks are not used, are your teachers satisfied with the pamphlets and other publications available?
5. Are you using any Better Business Bureau Fact booklets?
6. In what ways do you feel that the Boston Better Business Bureau might be of service to you?

Distribution.-- Questionnaires were sent to school systems in 71 different communities. Replies were received from 29 school systems in the following municipalities:

- | | |
|---------------------|----------------|
| 1. Belmont | 12. Medford |
| 2. Beverly | 13. Melrose |
| 3. Boston | 14. Milton |
| 4. Brockton | 15. Natick |
| 5. Chelsea | 16. Needham |
| 6. East Bridgewater | 17. Newton |
| 7. Framingham | 18. Reading |
| 8. Lexington | 19. Revere |
| 9. Lynn | 20. Scituate |
| 10. Malden | 21. Somerville |
| 11. Maynard | 22. Stoneham |

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Distribution.-- Questionnaires were sent to school systems in

71 different communities. Replies were received from 28 school systems

in the following municipalities:

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|---------------------|---------------------|
| 1. Belmont | 12. Bedford |
| 2. Beverly | 13. Chelsea |
| 3. Boston | 14. Milton |
| 4. Brighton | 15. Mattapoisett |
| 5. Duxbury | 16. Needham |
| 6. East Bridgewater | 17. Norwood |
| 7. Framingham | 18. Needham Heights |
| 8. Hingham | 19. Norwell |
| 9. Lynn | 20. Quincy |
| 10. Malden | 21. Scituate |
| 11. Mattapan | 22. Stoughton |

- 23. Wakefield
- 24. Watertown
- 25. Weston
- 26. West Bridgewater
- 27. Westwood
- 28. Wilmington
- 29. Winchester

Return.-- Considering usual percentage return on questionnaires, it was felt that a 40 per cent return was good.

Results.-- Ordinarily it would be proper to evaluate the structure and proposed objectives of such a questionnaire. Because the sole motive behind the presentation of this type of questionnaire was to show the interest and willingness of the bureau to evaluate what is being done in the schools so that the bureau may better weigh the effectiveness of its program, the writer feels that it is not within his province to analyse the questionnaire. However, the tabulated results will be of interest to the reader and will contribute to further understanding of the extensiveness or possible expansion of the bureau program. They are as follows:

1. Are you familiar with the Consumer Education Study, headed by Dr. Thomas H. Briggs under the auspices of the National Association of Secondary-School Principals?

Yes	21
No	6
No answer	2

(concluded on next page)

- 27. Westwood
- 28. Winton
- 29. Winchester
- 30. West Bridgwater
- 31. Westfield
- 32. Waterbury
- 33. Weston

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1. Are you familiar with the Consumer Education Study, headed by Dr. Thomas H. Briggs under the auspices of the National Association of Secondary-School Principals?

Yes	21
No	8
No answer	2

2. In your school system is consumer education
- a. taught as part of already existing courses?
 - b. taught as a separate course?
 - c. at the present not a part of the curriculum?

To question (a) twelve answered "yes", and indicated the topics or units that were taught in specific courses.

Courses	Topic or Units Taught in Such Courses
(1)	(2)
English	<p>"No formal units...English is basic."</p> <p>"Study of Vocation and writing of career paper"</p> <p>"Magazine Unit - 'How to Interpret articles and Advertisements'".</p>
<p>Social Studies.....</p> <p>Problems of Democracy.....</p> <p>Consumer Problems</p>	<p>Budgets</p> <p>Advertising</p> <p>Labelling</p> <p>Buying</p> <p>Insurance</p> <p>Social Security</p> <p>Consumer and the Law</p> <p>Business Organization and Economics</p> <p>Standards of Living</p>
Science.....	<p>Intelligent Use of Materials and Appliances</p> <p>Intelligent Buying</p> <p>Household Science</p>
Home Economics.....	Purchasing of Food
Girls' Hygiene.....	Facts about Cosmetics

(concluded on next page)

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- a. taught as part of already existing courses?
 - b. taught as a separate course?
 - c. at the present not a part of the curriculum?
- To question (a) twelve answered "yes", and indicated the topics or units that were taught in specific courses.

Topic or Units Taught in Such Courses	Courses
(2)	(1)
"No formal units...English is basic."	English.....
"Study of Vocations and Writing of career paper"	
"Magazine Unit - How to Interpret articles and Advertisements."	
Budgets Advertising Labeling Buying Insurance	Social Studies..... Problems of Democracy.....
Social Security Consumer and the law Business Organization and Economics Standards of living	Consumer Problems
Intelligent Use of Materials and Appliances Intelligent Buying Household Science	Science.....
Purchasing of Food	Home Economics.....
Facts about Genetics	Girls' Hygiene.....

(continued on next page)

Courses	Topics or Units Taught in Such Courses
(1)	(2)
Business Education.....	Planning and Use of Money Spending Money Wisely Types of Business Organization Property Rights Investments Home Ownership Insurance Buying Basic Commodities Public Utilities Credit and Credit Buying Advertising Buyers' Problems Sharing Economic Risks Accumulated Savings Taxes Business Administration
Mathematics.....	Retailing and Distribution

With the exception of English, all courses that presented information on consumer education were elective courses.

Grade level: 10-12.

To question (b) twelve answered "yes", and stated that their course was called by one of the following: Consumer Education, Consumer Training, or Consumer Science. Such a course, with one exception, was an elective at either the eleventh or twelfth grade. The one exception stated that Consumer Training was required in grade eleven for all business and general course students.

To question (c) five school systems indicated that consumer education was not a part of the curriculum.

3. If consumer education is taught, what textbooks are used?

The purpose behind this question was to see whether textbooks published by the Consumer Education Study were being used. From the lists of titles submitted, it was found that only two schools were using the series of teaching learning units put out by the Consumer Education Study.

a. If texts are not used, are your teachers satisfied with the pamphlets and other publications available?

Yes 6 comments: "More material would help."

No 4 comments: "Need up-to-date bibliography of pamphlets available."

"Hard to track down all materials available."

"Central clearing house would be a wonderful idea."

No answer 19

b. Are your teachers using any Better Business Bureau Fact booklets?

Yes 14

No 12

No ans. 3

4. In what ways do you feel that the Better Business Bureau might be of service to you?

a. Provide a consultant for possible workshops?

Seven thought that this was a good idea.

3. If consumer education is taught, what textbooks are used?

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comments: "Have material would help." Yes 8

comments: "Good up-to-date bibliography of pamphlets available." No 4

"Hard to track down all materials available."

"Central clearing house would be a wonderful idea"

No answer 10

4. Are your teachers using any Better Business Bureau

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Yes 14

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No ans. 3

5. In what ways do you feel that the Better Business Bureau might

be of service to you?

a. Provide a consultant for possible workshops?

3 have thought that this was a good idea.

- b. Act as a coordinator between business and education
(e.g. letting educators know about services and materials available; letting business know of requests by educators)

Twenty thought that this was a good idea. Such comments as the following were included:

"Wonderful"

"Would be extremely valuable"

- c. In the space for additional suggestions, four principals suggested a speakers bureau or service. Two administrators requested that the bureau advise schools about available films.

Summary.-- The work that has been done by the bureau in the schools has not been spectacular, nor too extensive. The reasons for this are that (1) the kind of help that the bureau can give is only given when requested by the schools and (2) the funds necessary to allow an expanded educational service are not available.

That these two preceding factors create a vicious cycle should be acknowledged. Before a teacher will request assistance of one kind or another, he usually wants to know the status of an organization and what it is prepared to do. It is true that Better Business Bureaus are given a great amount of publicity; but ordinarily this publicity does not inform the interested teacher specifically of services, materials, or even of the willingness of the bureau to help him. The bureau, on the other hand, can go only so far in carrying out its program with limited

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finances. To develop an expanded program of public relations that would urge schools to use the education services would place an unreasonable burden upon facilities and personnel already overtaxed. It remains for a solution to be found in the future.

Meanwhile, credit should be given to the bureau educational service for doing what it has and is doing. There is ample evidence to document the fact that the bureau has worked with many schools, at various levels, to promote consumer education.

From the two illustrations presented it is hoped that the reader will recognize the parallel course that the bureau's program takes. On the one side is the actual work with the school. Assisting a teacher with a particular unit or topic; supplying information or acting as a clearing house; providing materials or services asked for; working with educational groups to promote economic workshops are examples of this type of work. On the other side you have research being carried on in an attempt to determine direction of school program as it affects consumer education, effectiveness of services or materials, and possible expansion.

It should be remembered that the Bureau does not claim nor pretend to be an educational agency. However, it was the purpose of this paper to determine and report what the Federal Better Business Bureau was doing to promote consumer education with adults and in the schools.

3. With adults

Broad Definition.— In the first case it became necessary for the writer to distinguish in his own mind what was meant by consumer education.

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CHAPTER VII

CONCLUSIONS

1. The Bureau

Unique Organization.-- In structure the Boston Better Business Bureau is similar to any American corporation. In purpose and membership particularly it is quite unlike any other organization in the world.

Created by business to help business gain and maintain an ethical responsibility that would be in keeping with just concepts in a democracy, and maintained and expanded because it has succeeded admirably in achieving its first objective and subsequent ones, the bureau is an active, living force in our community.

2. The Study

Purpose.-- It was not the intention of this paper to distort either the motives or operations of the Boston Better Business Bureau. It should be remembered that the bureau does not claim nor pretend to be an educational agency. However, it was the purpose of this paper to determine and report what the Boston Better Business Bureau was doing to promote consumer education with adults and in the schools.

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3. With Adults

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The conclusion was reached that by "consumer education with adults" was meant more than a narrow concept of an adult course. By this term the writer meant all efforts to make a buyer aware of materials, undesirable selling practices, and broader aspects of basic economic principles.

An Illustration.--- Because of this broad definition of consumer education with adults there were natural difficulties that demanded interpretation. For example, because of the bureau's relationship to business, work on advertising codes was aimed at "truthful advertising". That this had as its prime objective getting people to read and believe the "ad" so that they would purchase a particular commodity cannot be denied. However, that this means of business operation can be educational cannot be denied either. From the businessman's point of view, it is incidentally educational. When the bureau staff works with the advertiser in formulating codes, they must share this sentiment. But when the bureau assumed the role of working with the consumer, urging the consumer to read "ads" intelligently, to recognize certain standards, its action became more deliberately educational.

Extent of Bureau's Operation.--- Through the bureau's daily operation many consumers are reached. The true picture of the number of people who are affected is difficult to ascertain for many reasons. Although figures are available showing the number of people personally contacted through inquiries of one kind or another, the amount of published material sold or directly mailed, there is no accurate or even estimated count of the number of people who have read a posted bulletin or flyer, heard

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An Illustration. -- Because of this broad definition of consumer

education with adults there were natural difficulties that demanded interpretation. For example, because of the bureau's relationship to business, work on advertising codes was aimed at "practical advertising". That this had as its prime objective getting people to read and believe the "ad" so that they would purchase a particular commodity cannot be denied. However, that this means of business operation can be education cannot be denied either. From the businessman's point of view, it is inherently educational. When the bureau staff works with the advertiser in formulating codes, they must share this sentiment. But when the bureau assumes the role of working with the consumer, urging the consumer to read "ads" intelligently, to recognize certain standards, its action became more deliberately educational.

Extent of Bureau's Operation. -- Through the bureau's daily operation

many consumers are reached. The true picture of the number of people who are affected is difficult to ascertain for many reasons. Although figures are available showing the number of people personally contacted through inquiries of one kind or another, the amount of published material sold or directly mailed, there is no accurate or even estimated count of the number of people who have read a posted bulletin or flyer, heard

or seen a program, or who have been exposed in some way to information put out by the bureau. However, if one totals the number of people employed by member firms, the circulation figures of the various communication media being used, and the sum of the people who actually use the bureau, one has a sizeable estimate.

4. In the Schools

A Parallel Course.-- The bureau program then follows a parallel course. In one case it uses especially developed media and techniques to inform, educate and protect business and the public; in the other case it stands ready to assist the schools in immediate problems of "buymanship" or other business problems. In the latter case, evidence indicates that bureau efforts have been well received by the schools. Students have responded as shown by their interest and use of factual materials, and by their searching questions and independent efforts to get additional information from the bureau. Teachers have expressed appreciation for unbiased, factual material and other services made available to them. The mutual confidence detected through conversation or correspondence has been developed by sincere efforts on the part of all concerned to work towards a common goal: the more economically literate citizen.

Consumer Education Study.-- A further word should be said about the education service to the schools. The overcoming of economic illiteracy is really part of a longer range phase of the bureau program. As was pointed out, the Consumer Education Study has been concerned with

this problem. The study's accomplishments at the central level have been considerable, but have failed to diffuse sufficiently to the community level. Perhaps this will be rectified by plans for broadening and intensifying effort that are being developed. It will be interesting to see what the bureau's role in the implementation of this program will be.

5. In Conclusion

Greater Opportunities.-- If business in its support of the bureau is willing to increase its respective proportionate support of the bureau, it would appear that an expanded operational program will further help business to earn and strengthen its public support, while an expanded public relations program will permit even greater cooperation between the bureau on the one hand and the schools and public on the other hand. In the end the consumer will be served; but so will business be served.

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MORE ECONOMIC EDUCATION NEEDED

What part of the one million complaints and inquiries received by the Federal Business Bureau last year might never have reached those bureaus if the public had received education in simple economic facts in the public schools? The Boston bureau estimates it is well over 50 per cent. The percentage is based on a study of complaints and inquiries and replies to a questionnaire sent to other Federal Business Bureaus at the request of Charles Peltier, Head of the Social Studies Department, Newton High School.

A Copy of the Results of a Survey Made at the Request of Mr. Charles L. Peltier, Newton School Department, to Determine Why the Public Gets into Trouble Economically

be considered partly or wholly due to economic ignorance of the public were separated to show the different reasons for dissatisfaction or losses due to this cause. The leading ones, in approximately the following order, are that the public:

1. Believed that it had a legal right to "change its mind" after purchasing and to obtain a refund of the purchase price, or to make an exchange.

2. Signed contracts without reading or understanding them.

This also included signing contracts in blank, relying on verbal representations or guarantees not included in, or contrary to the contract; not understanding the full meaning of written or oral guarantees and warranties; not understanding that the seller can sell the contract to a third party without informing the buyer.

Gets into Trouble Economically
I. Fetter, Newton School Department, to Determine Why the Public
A Copy of the Results of a Survey Made at the Request of Mr. Charles

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The survey also included a study of thousands of complaints to determine the reasons for dissatisfaction or losses in business transactions. Those which could be considered partly or wholly due to economic ignorance of the public were separated to show the different reasons for dissatisfaction or losses due to this cause. The leading ones, in approximately the following order, are that the public:

1. Believed that it had a legal right to "change its mind" after purchasing and to obtain a refund of the purchase price, or to make an exchange.
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This also included signing contracts in blank, relying on verbal representations or guarantees not included in, or contrary to the contract; not understanding the full meaning of written or oral guarantees and warranties; not understanding that the seller can sell the contract to a third party without informing the buyer.

3. Believed it could buy merchandise "at wholesale", and failed to realize that no concern can do a retail business at "wholesale prices".
4. Fell for "vanity", "sympathy", or "greed" appeals.
5. Failed to consider whether representations were reasonable, and failed to get important representations in writing.
6. Failed to obtain "bids" or even estimates in writing before authorizing work.
7. Failed to check the reputation of promoters or to investigate "fly-by-nights", before buying or placing orders.
8. Failed to detect "bait advertising" and "bait selling practices", which are devices of unscrupulous retailers who advertise an article at a low price with no intention of selling that article, but with the hope of switching the buyer to higher priced merchandise.
9. Failed to determine whether representations made agreed with the facts.
10. Failed to obtain legal advice before making a purchase of a home or other major expenditures.
11. Believed it was "investing" when buying stock securities when usually it was "speculating".
12. Accepted promises or predictions of the future as representations of material fact.
13. Failed to distinguish between interest and finance charges; signed contracts in which insurance and other charges were

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14. Fell for so-called "free" offers.
15. Ignored instructions in the "wear and care" of garments and other merchandise.

The Social Studies Department of the Newton High School, a leader in developing consumer education, welcomed this survey as indicating special points that should be emphasized in its curriculum. In this, it will have the cooperation of the Boston Better Business Bureau, which has published information regarding them in its series of Fact Booklets. The Fact Booklets are now being used by Mr. Peltier and his staff, as are the text books published by the Consumer Education Study, a project sponsored by the National Better Business Bureau and promoted by all local bureaus. The manager of the Boston Better Business Bureau is a consultant to the Consumer Education Study.

The survey also shows the need for more information and educational activities by the Better Business Bureaus. These will reduce the number of cases of dissatisfaction and losses in business transactions and make it more difficult for tricksters, fortunately in the minority, to take advantage of public ignorance.

Kenneth B. Backman
General Manager

Boston Better Business Bureau
52 Chauncy Street
Boston 11, Mass.

June 6, 1951

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Kathleen B. Beckman
General Manager

Boston Better Business Bureau
82 Chauncy Street
Boston 11, Mass.

June 8, 1951

BOSTON BETTER BUSINESS BUREAU

INCORPORATED

SERVING THE PUBLIC AND BUSINESS OF METROPOLITAN BOSTON

87 CHURCH STREET

BOSTON 7, MASS.

TELEPHONE: LIBERTY 2-1812

January, 1951

Dear Principal:

Under separate cover, we are sending you, with our compliments, a copy of our "Guide for Retail Advertising and Selling" and a few samples of our FACT booklets. We believe your library will be interested to have the "Guide" and that you will be interested in the "FACT" booklets. The complete list of "FACT" booklets is printed on the back cover of the booklet, "Facts You Should Know About the Consumer Education Study".

Since the inception of Better Business Bureau, we have been extremely interested in the subject of Consumer Education. For years, in our opinion, **A Copy of the Questionnaire Sent to Secondary Schools in Eastern Massachusetts by the Boston Better Business Bureau** has been a very important and useful contribution to the study of Consumer Education. We are now preparing an evaluation of the study, which we feel might help us in our future plans.

Your cooperation will be greatly appreciated. Naturally we will hold all replies in strict confidence.

1. Are you familiar with the Consumer Education Study, headed by Dr. Thomas H. Briggs under the auspices of the National Association of Secondary School Principals? Yes _____ No _____

2. In your school system is Consumer Education (Please check appropriate one)

- | | | |
|---|--------------------------------------|---|
| a. taught as part of already existing courses _____ | b. taught as a separate course _____ | c. at the present, not a part of the curriculum _____ |
| | 1. Name of course _____ | |
| | 2. At what grade level _____ | |
| | 3. Frequency of instruction _____ | |

3. If (a) has been checked, please state the topics or units that are covered:

a. English _____

Principal _____
Address _____
City _____

Required _____ Elective _____ Grade Level _____

A Copy of the Questionnaire Sent to Secondary Schools in Eastern
Massachusetts by the Boston Better Business Bureau

BOSTON BETTER BUSINESS BUREAU

A Non-Profit Membership Corporation

SERVING THE PUBLIC AND BUSINESS OF METROPOLITAN BOSTON

52 CHAUNCY STREET
BOSTON 11, MASS.
TELEPHONE: LIBERTY 2-3038

January, 1953

Dear Principal:

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- | | | |
|---|---|--|
| a. taught as part of
already existing
courses _____ | b. taught as a sepa-
rate course _____
1. Name of course _____
2. At what grade
level _____
3. Required or elec-
tive _____ | c. at the present,
not a part of
the curriculum
_____ |
|---|---|--|

I. If (a) has been checked, please state the topics or units that are covered:

a. English: _____

Boston University
School of Education
Library

Required ----- Elective ----- Grade Level -----

BOSTON BETTER BUSINESS BUREAU

100 State Street, Boston, Mass.

REPLYING THE PUBLIC AND BUSINESS OF METROPOLITAN BOSTON

100 State Street, Boston, Mass.
Telephone: 5-1111

January, 1932

Dear Principals:

Under separate cover, we are sending you, with our compliments, a copy of our "Guide for Retail Advertising and Selling" and a few samples of our FACT booklets. We believe your library will be interested to have the "Guide" and that you will be interested in the "FACT" booklets. The complete list of "FACT" booklets is printed on the back cover of the "Guide." I hope you will know about the "Guide" and "FACT" booklets.

Since the inception of Better Business Bureau, we have been extremely interested in the subject of Consumer Education. For years we have been working with various groups and have been successful in our efforts to all educational institutions. Now it is our belief that the time is ripe for an evaluation of the work which we feel might be done in our future plans.

Your cooperation will be greatly appreciated. Naturally we will do all possible to help you.

1. Are you familiar with the Consumer Education Study conducted by the National Association of Schools and Colleges? Yes

2. In your school system is Consumer Education (Please check) () Yes () No

3. If checked as part of already existing courses

1. Name of course _____

2. If first course _____

3. If second or other _____

4. If first course _____

5. If second or other _____

4. If () has been checked, please state the nature of work being done

5. If () has been checked, please state the nature of work being done

6. If () has been checked, please state the nature of work being done

7. If () has been checked, please state the nature of work being done

8. If () has been checked, please state the nature of work being done

b. Social Studies _____

Required ----- Elective ----- Grade Level -----

c. Science _____

Required ----- Elective ----- Grade Level -----

d. Business Education _____

Required ----- Elective ----- Grade Level -----

e. Other _____

3. If Consumer Education is taught, what textbooks are used?

a. If texts are not used, are your teachers satisfied with the pamphlets and other publications available? Yes _____ No _____

Comments:

b. Are your teachers using any Better Business Bureau FACT booklets? Yes _____ No _____

4. In what other ways do you feel that the Boston Better Business Bureau might be of service to you?

a. Provide consultant for possible workshops _____

b. Act as a coordinator between business and education _____
(e.g. Letting educators know about services and material available; letting business know of requests by educators)

c. Others _____

Sincerely yours,
BOSTON BETTER BUSINESS BUREAU
by Kenneth B. Backman, Manager

FACTS

*you should know about
Accident and
Health Insurance*

A Fact Booklet - Published by the
Boston Better Business Bureau

ONE OF THE "FACT" BOOKLET SERIES

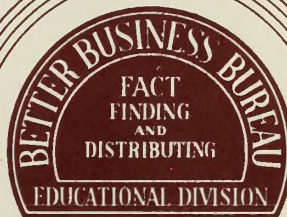
A Fact Booklet - Published by the

Boston Better Business Bureau

FACTS

*you should know about
Accident and
Health Insurance*

ONE OF THE "FACT" BOOKLET SERIES



INTRODUCTION

THIS BOOKLET, FACTS You Should Know About ACCIDENT and HEALTH INSURANCE, is one of a series of FACT booklets on business, merchandise, and financial subjects which business, through BETTER BUSINESS BUREAUS, is publishing in the interest of consumer-economic education — to aid consumers in their money-management problems and relations with business.

Different Insurance Companies have different methods and policies. Different states* have different laws. For these reasons there may be exceptions to some of the general statements made in this booklet in which we have endeavored to present only the most essential facts which will be of help in the purchase of individual and family Accident and Health Insurance, where a variety of coverages and policies is available from which a purchaser can make a selection fitting his individual requirements.

Group Accident and Health Insurance, i.e., where a number of people, such as employee groups and others with mutual interests, are insured under one policy at fixed premiums for their age groups regardless of individual age or physical condition, is not discussed in this booklet. Information regarding the various types of group plans can be obtained from the plans' administrators.

In addition to Insurance Companies, these include Blue Cross, Blue Shield, community consumer co-operative, industrial, medical, and other organizations. Some of them also sell some forms of individual and family Accident and Health Insurance.

(Published for and at direction of Association of Better Business Bureaus)
723 Chrysler Bldg.
New York, New York

Printed in U.S.A.

Copyright 1954 by Boston Better Business Bureau

Price 10c

*In Canada, the Dominion and Provincial Insurance Departments.

PREVALENCE OF ACCIDENTS AND SICKNESS

Last year, 9,700,000 Americans (over 1,200 every hour) suffered a disabling accident. Three hundred and fifty thousand were disabled permanently and 96,000 died as a result of accidents. Approximately

16% of these accidents were in industry. Nearly three times as many were in the homes, generally regarded as the safest place on earth.



And for every accident, there were 5 or 6 illnesses. Forty-three thousand new patients were hospitalized every day for an average of 12 days. Sixty per cent of them had some type of operation, 1 out of 4 being a major, costly one.

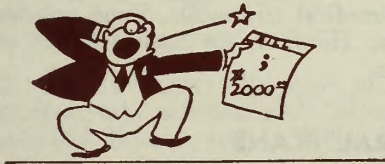
On a per capita basis, every man, woman, and child on the average suffered annually at least 10 days of incapacity due to illness or injury.

ECONOMIC EFFECTS

Losses in income alone through accidents and sicknesses last year were \$4 billion. And the cost of medicines, hospitalizations and medical services was twice this amount.

Many accidents and illnesses were minor and involved no great expense or loss of time from work. They did not create serious financial problems or hardships. But, with the hundreds of thousands of cases of serious illnesses and accidents, where the disabilities were prolonged,

the situations were entirely different. Large hospital and medical expenses were incurred just at the time income was cut off. Savings were not only wiped out in many cases, but debts were accumulated which will be burdens for years.



NEED FOR INSURANCE

The problem is how can you, in the event of an accident or illness, continue to receive an income and pay hospital and medical costs.

For most of us, Accident and Health Insurance offers a solution. For most of us it is a necessity. The risk of financial losses resulting from disability is an insurable one. Each of us is subject to this risk.

There is usually no warning signal for an accident or illness. A man in perfect health today may be one of the 43,000 people who will enter a hospital tomorrow, or one of the 350,000 who will be permanently disabled this year.



If so, he will change from an income producer, upon whom the family is dependent for food, clothing and shelter, to a large scale consumer.

For his well being, for the good of his family, it is necessary to provide:

- (1) funds to pay the accident or sickness bills
- (2) income.

Unless you have provided for this, you should insure the earning power on which every economic value of your family depends. Decide what *all* your insurance needs are. In Accident and Health Insurance, you can find coverage to fit them, as well as to fit your means.

POLICIES NOW AVAILABLE

Accident and Health Insurance accomplishes this to a very satisfactory degree. Policies may be had in a variety of forms. One can purchase Accident Insurance or a combination of Accident and Health Insurance. With certain qualification, Health Insurance is also sold separately. Some policies provide for an income to the insured while he is incapacitated, and a lump sum to his beneficiary in case of accidental death. Other policies provide for payments of hospital and nurses' fees and the costs of surgery and medical treatment. Some policies combine the two types of payments. However, the basic features of most worthwhile policies are similar.

FOUR GENERAL PLANS

Most companies offer the following four general plans singly or in a combination form, depending upon the amount and types of coverage you want and can afford:

1. **INCOME DISABILITY PROTECTION:** If you are unable to work due to sickness or accident, your insurance company or insuring group will pay you cash benefits weekly or monthly as specified in the policy you purchase.
2. **HOSPITAL INSURANCE:** If your illness or accident is such that you must go to a hospital, hospital insurance will pay all or part of your

hospital bills, depending upon the amount of hospital insurance you buy. The policy will specify the maximum amount of money an insurance company agrees to pay for each day you are confined to the hospital. In addition, the policy will stipulate the maximum number of days these costs will be paid.

3. **SURGICAL INSURANCE:** If you undergo an operation, this type of insurance provides for payment of all or part of the doctor's fee for the operation. Most policies will include a fee list showing the type of operation for which you are insured, and the maximum amount the insuring company will pay for any one operation.

4. **MEDICAL INSURANCE:** If you have doctor bills other than surgery, including calls within the hospital plus bills for special laboratory, X-ray and other examinations, this type of insurance will pay for all or part of these bills, depending upon the amount of coverage you buy.

OTHER PLANS

This booklet is concerned mostly with accident and health policies covering either the individual or the family. These policies provide adequate protection of income and medical expense.

But, because of their increasing popularity, reference is made to the following policies:

1. "MAJOR MEDICAL" or "CATASTROPHE". Cover all hospital, surgical and medical expenses above a deductible amount and up to a maximum limit such as \$2,000, \$2,500 or \$5,000. The deductible amount under such policy ranges from \$100 to \$500. In most cases a provision limits the insurance company payments to 75 per cent of the actual expense incurred by the policyholder.



2. **SPECIAL RISK:** Payment of benefits is restricted to accidents from certain sources, such as automobile, travel, and for certain specified diseases, such as polio.

3. **INSTALLMENT-PURCHASE.** Designed to assume, during periods of disability from accidental injury or disease or in the event of death as a result of an accident, an obligation which the policyholder has incurred as a result of a major purchase. Liability under the policy usually decreases as installment payments are made on the purchase.

LIMITATIONS

It would be impractical to offer a policy for everyone that would pay an insured *all* his income and *all* medical bills throughout a life-

time. The cost would be prohibitive. Therefore, limitations of the coverages available are necessary in order to permit the setting of premium costs the average person can afford to pay. Limitations also are used to develop many different kinds of policies, with different benefits and costs, to meet the varying needs of the public. For these reasons, policies contain some or all of the following limitations relating to:

1. **AMOUNT OF BENEFITS.** As a rule, a person can insure the continuance of his regularly *earned* income *up to* some figure such as 80% while disabled by sickness or accident.

It is not feasible to insure 100% of it because if some persons could draw as much money while sick as while working, there would be no inducement for them to return to work, particularly since health and accident benefits are not subject to income tax.

Therefore, companies generally limit what they will pay under any one policy, either as a total sum or by limiting the number of weeks, months, or years during which payments will be made. You can buy less than this limit. You should make the decision of what coverages you want based on your needs.



Medical insurance provides payment for some or all expenses incurred for hospitalization and surgical treatment, X-rays, etc. Usually a limit for total expense is prescribed. In some policies the limit of expense reimbursement is stated in a listing of operations and in a description of reimbursements for physicians' services and hospital expenses.

2. **DISABILITY.** You should read the definition of total and partial disability with great care. Generally, disability is defined as inability to perform *every* duty pertaining to *your* occupation. After one or two years of such disability, you then must be disabled from performing *any* occupation for wage or profit in order to continue to be eligible for benefits. "Any Occupation" means any for which you may be reasonably fitted. If partial disability is included, it usually provides indemnity for partial loss of time immediately following total disability from the same cause. Partial disability may also be an initial rather than a subsequent benefit.

Policies also differ in that some require that disability confine you to your home—or even to your bed—in order to be eligible for benefits. Others do not.

3. **CANCELLATION AND RENEWAL OF POLICY.** Usually companies reserve the right to cancel or to refuse to renew a policy and to return the unused portion of the premium. Such cancellation does not affect any claim originating prior to cancellation.

There are "guarantee renewable" policies that may be terminated only by failure of the insured to pay the premiums as required by the policy provisions, or by attaining the limiting age specified in the policy. From the viewpoint of the insured, one of the elements of importance to him is the right to keep his policy in force.

Moral hazard may result in fraudulent claims or the exaggeration of legitimate claims. Regardless of the physical excellence of an applicant, if he is the prey of certain habits or weaknesses he is an undesirable risk. The term "moral hazard" has a broader application than poor moral risks. It covers generally the entire field of incentives which tend to exaggerate or prolong true physical disability. For example, overinsurance may result in a moral hazard. The insurance company can protect itself against such risks, when they are assumed, by a cancellation clause in the policy or specifying the policy is renewable only at the option of the company. This protects *policyholders* from undue spending of their funds.

4. MEDICAL HISTORY AND PHYSICAL CONDITION. Accident and Health Insurance rates assume that you are in good health.

Even though you have no knowledge of an existing illness at the time you take out a policy, your claim may be refused, if later there is evidence which clearly indicates that a condition predates the effective date of the policy. For example, you cannot get fire insurance that will cover a house already on fire, regardless of whether or not you know the blaze has started.



The existence of certain defects or diseases often precludes acceptance of risk on almost any

basis. Persons suffering from a recurring illness; those who are badly overweight or underweight, etc. often are not acceptable risks. Some of the ailments peculiar to women are frequently excluded although many policies do cover them.

In the case of applicants whose "physical hazard" departs from the average, the extra hazard may be removed by means such as charging an extra premium or by issuing a more restricted type of coverage. (See No. 7)

5. OCCUPATIONS. A few occupations are uninsurable because of the excessive hazard while others can be insured only for special types of policies.

The occupation affects the cost of accident insurance in two ways,

(a) by reason of the actual hazard of the occupations, (b) by the effect an accident may have on a period of disability. For example, a railroad switchman is exposed to a greater degree of accident hazard by reason of his occupational duties than an office worker. And, a minor accident to the hand which should result in little or no lost time to a business executive may, in the case of a dentist, mean total disability for a considerable period.



6. AGE. Life Insurance premium rates are set according to each age group, but accident and health insurance rates are set on general age groups. There are important exceptions. For example: long-term, non-cancellable policies quote a separate premium for each individual age at the time of issuing the policy.

Those under eighteen years of age are eligible for a particular type of coverage. Those over fifty-five, sixty, or sixty-five are not eligible for some types of coverages as new risks by some companies. However, there are policies for people over fifty-five on a basis that is sound and satisfactory in terms of the risk at that age. Premiums are high in recognition of the fact that, as men and women become older, their chances of accidental death or illness increase and their recuperation from injuries or illness takes longer.

7. EXCLUSIONS, RIDERS AND WAIVERS. *Exclusions* eliminate certain causes and conditions from coverage in the particular policy. For example, policies often do not cover accidents and illnesses contracted prior to the effective date of the policy or resulting from war or suicide or attempted suicide.

Riders are agreements attached to a policy by which either the terms of a policy or the coverage is altered; sometimes benefits are added and sometimes reduced.

Waivers, special forms of riders, may exclude some particular coverage because of pre-existing health condition. For example, if a man had had appendicitis attacks, but had not had an operation, a waiver would exclude any benefits for appendicitis. Waivers are alternates to rejections. The "waiver" represents an endeavor to offer protection upon the fairest basis possible. It makes it possible to



issue policies to many persons who otherwise would be uninsurable.

8. ELIMINATION PERIODS. *Accident* benefits are, as a rule, in force immediately after issuance of the policy and *sickness* benefits are usually in force 10 or 15 or 30 days after date of issue. This is to dis-

courage a person taking out insurance to cover a sickness existing at that time or because he has just been exposed to a contagious disease. Most companies accept liability *only* on sickness which originates *after* the effective date of policy. Some policies, under certain conditions, have no elimination period.

9. WAITING PERIODS. There may be a deductible clause in the policy which eliminates the payment of benefits for the first, 3, 7, 14, 30, etc. days of disability. The longer the waiting period, the less the cost.

THE APPLICATION

Unlike almost all other types of insurance, the statements made by the applicant on his application are the sole basis, in the absence of a physical examination, which a company has for determining whether it will write the policy.

Therefore, it is up to the applicant to be certain that health histories and other material information are given in full. *By signing an application, he makes himself responsible for those statements. If they are not complete, he may suffer at a later date by rejection of a claim due to the fact that an illness very material to acceptance of the risk may have been omitted, intentionally or unintentionally.*

By law, a copy of the application is made a part of the policy in most states and a copy of it is attached to each policy. This makes his statements the basis of the policy. If they are incorrect or incomplete, the fault is legally his. If a company wishes to depend on the statements made in an application, it must attach a copy of application to the policy. Companies may issue policies without attaching copy of application in some states. Every person buying accident or health insurance should *personally* read and answer every question on the application blank before signing it.

If the policy should become invalid because of misstatements in the application, it would be the legal duty of the company to deny the claim to protect other policyholders' funds. *It is most important for the applicant to understand that "pre-existent conditions" sometimes are not covered.* Were companies to pay for illness originating prior to the issue of the policy, there would never be inducement for a person to buy until he fell ill, in which case there would never be sufficient premium volume to permit a company to cover its claims.

COSTS

Premium rates depend first upon the benefits offered under the policy. As a general rule, the smaller the premium the more limited the contract and the more exceptions, conditions, and reductions are

incorporated in it. The other most important factors in arriving at premium rates are age, occupation and sex.

Low cost policies offer definite protection for definite hazards. But when you are offered "cheap" insurance, it is usually very limited coverage although the advertising of some doubtful companies may lead you to believe otherwise. It often excludes the very accident or illness you are most likely to have. The hazards you need to have covered are:

- A. Those to which you are most exposed
- B. Those which will create large losses and costs if they do occur.



The so-called "bargain" will not provide this. Instead it may be entirely too expensive for you to consider. It may eliminate the very coverage you might need.

There is no magic which can furnish broad insurance coverage and sweeping protection at unbelievable bargain rates. One can't buy steak for the price of turnips or a yacht at row boat prices. Most of these offers are associated with loose claims in advertising. So, before buying, read the "bargain policy" and check its limitations.

POINTS TO OBSERVE WHEN BUYING

Know the Company

Most important of all, know the insurance company. If it is licensed by the Insurance Department of your state*, you can be reasonably certain that the company has measured up to certain minimum State standards that were drawn up to help protect the policyholders. In addition, licensed companies are supervised by these state authorities and must comply with the regulations of each state* in which they are licensed.

In selecting the company, remember that when you are buying Accident and Health Insurance, you are buying security against an event you hope will never happen. But should it happen years from now you want to be sure that the company will be in sound financial condition and will honor all legitimate claims.



Regulation by your State does not extend to any company located in *another* state which does business by mail in your state—unless this company is licensed by your state. These are known as "unlicensed companies".

There are some unlicensed companies which have excellent reputations and which render excellent service. A few, however, cause numerous complaints for failure to pay claims. Usually these are the type that advertise so-called "bargains" in confusing and misleading terms.

If an unlicensed company should refuse to pay a claim on your policy to which you feel you are entitled, you may have no recourse to the INSURANCE DEPARTMENT* of your state since it does not have supervision over that company. To place the matter before the courts, it is generally necessary to start a lawsuit against the company in its own state. Since this may be a great distance away, it is often expensive and impractical to do so. But, you do have some recourse to the Insurance Department of the state where that Company is headquartered, and many companies accept service in many states where they are not licensed. The important point is, what is the reputation of the company you contemplate doing business with, regardless of whether it is licensed or unlicensed in your state?

Know the Insurance Representative

If the man discussing Accident and Health Insurance with you is sincere and represents a reputable company, he will answer all your questions quickly and in a straightforward manner. If you don't know him, you may want to ask him for the names of some of his clients whose claims have been paid so that you can check before making a purchase.

Know the Policy

When you purchase an Accident and Health policy be sure you understand all phases of the policy before you buy. Go back to Limitations (Page 5) and check them in relation to the policy you are considering. In doing so check the following questions:



1. How much coverage does this policy provide? Does it meet my needs? What are the hospital, surgical and medical benefit provisions? Is there a principal sum benefit for accidental death or dismemberment? Are there other optional indemnity benefits? What compensation is paid for partial disability . . . How is it defined? What are the definitions of "confining" and "non-confining" illnesses and what are the payments in each case? What is the aviation coverage?
2. What are the provisions of the cancellation clause? of the renewable clause? Do rates increase as you become older?

3. How long a period elapses before the sickness benefits go into effect after the issuance of the policy? With the policy in full force are there provisions which eliminate payments for the first few days of disability?

4. What conditions are not covered? What are the provisions of the section called "Not Covered Provisions" or "Exceptions, Exclusions and Reductions" or "Risks Excluded" or any other section which tells you what you do not get? Contrary to popular impression, there is *no fine print* in the policy, what you don't get is shown in *good sized print* or *bold face type*.

5. Are all the questions in the application answered fully and correctly?



On the proper payment of claims rests, to a very large degree, the good name and success of the Accident and Health Insurance Industry. The industry is well aware of this and most companies have established excellent claim records.

But remember — policies will do what they say and *nothing else* — there are no benefits to be found "between the lines." No company can afford to reject a claim or pay it on any other basis than actually provided by the policy. The importance of knowing the policy cannot be stressed too much as failure on the part of the insured to understand his coverage is the cause of many complaints.

QUESTIONS ASKED MOST OFTEN

1. **HOW AND WHEN WILL MY CLAIMS BE PAID?** Claims are usually paid in one of two manners — by company check made payable to the policyholder, or, if so requested by the insured, made payable jointly to the insured and doctor or hospital involved. Claims are paid promptly by reputable companies upon receipt of proof (doctor's bills, hospital bills, statement from policyholder) of disability or sickness.

2. **CAN I CHOOSE MY OWN HOSPITAL OR DOCTOR?** Insurance companies allow you to choose your own doctor and hospital.

3. **WHAT HAPPENS IF I'M INJURED WHILE WORKING ON THE JOB?** Policies are issued which cover the insured on a 24-hour basis, or provide only non-occupational coverage, depending on what type of coverage you want. Most non-occupational coverages are purchased by employees who are already eligible for disability payments under a Workmen's Compensation or Occupational Disease Law.

4. HOW DO I KNOW THAT THE COMPANY'S RATES ARE COMPETITIVE? Insurance, like any other commodity, shows some price variation based on the principle that you get only what you pay for. The value of the policy depends entirely on the liberality of its provisions.

Among reputable companies, premiums vary little where equal amounts of coverage are compared because keen competition for your business keeps the rates as low as possible.

5. CAN I INCREASE OR DECREASE THE AMOUNT OF COVERAGE IN MY POLICY? If you buy a policy which incorporates this feature, you can decrease the benefits. Some companies set minimum amounts of health insurance which they will issue to any one individual, and you cannot, of course, reduce your coverage below that amount. Some companies also set maximums. Coverage may be increased also by purchasing an additional policy or by replacement with a larger policy.

6. CAN I INSURE MY WIFE AND CHILDREN ON THIS POLICY? Most companies will issue a hospital or medical expense policy on a family basis to cover your immediate dependents. When this is the case, premiums cost less than if you were to purchase individual policies for each member of your family.

7. DOES THE INSURANCE PAY FOR EYE GLASSES AND DENTAL WORK? The principle of insurance is based on protection from unforeseen events that are likely to place a serious immediate drain on an individual's income and financial resources. Dental work and eye glasses are foreseeable expenses and, therefore, are not included. In some policies dental work due to an injury is covered up to a specified amount in some accident policies.



8. DO I HAVE TO TAKE A PHYSICAL EXAMINATION IN ORDER TO BUY THIS POLICY? Generally no. You do, however, usually have to submit a true account of your medical history with your application. Most companies provide that any misrepresentation of a material fact or concealment of a material fact will allow them to invalidate a claim or cancel your policy. They also will usually reserve the right to have

you examined by a doctor of their choice upon presentation of a claim. Some policies are issued with a physical examination. The greater the company's commitment (as, for example, under a long-term non-cancellable policy) the



more likely is the requirement of a medical examination.

9. IF I HAVE TWO OR MORE POLICIES COVERING THE SAME ACCIDENT, ILLNESS, OR HOSPITALIZATION, WILL EACH POLICY PAY ME THE AMOUNT STATED IN THE POLICY? It depends on the policy. If the insured failed to state on the application that he had other Accident and Health policies covering the same loss, the answer to the above question might be no. The policies of some companies will pay only pro-rata — that is, they will pay only an amount of the total claim which is in the same proportion as the policy is to all insurance owned. The pro-rating clause is a proper policy provision to curb moral hazard losses and to prevent over-insurance of which the company has no knowledge. Policies without pro-rating clauses are available.

10. WHAT IF MY INSURANCE LAPSES? It is your responsibility to make premium payments when due. Except in the case of non-cancelable policies, the insurance company is not obligated to send statements, although as a matter of practice it usually does send renewal notices. If you permit your policy to lapse and then reinstate it, future claims may be paid on the basis of your physical condition *at the time of reinstatement* rather than at the time of original purchase.

CONCLUSION

If you have a policy, check the benefits. You may want additional coverage, which you may obtain by purchasing another policy or by changing your present one.

Millions of claims are filed yearly. So, it is not surprising that there are complaints. However, on a percentage basis, the number is small. Many of these are confined to a relatively few companies which try to take advantage of the public, like those which advertise in flamboyant and misleading ways. Other complaints are due to honest differences of opinion. Many, however, arise because policyholders either misunderstand the actual coverage they are entitled to, or because of pre-existing conditions of health.

An analysis of complaints by Better Business Bureaus emphasizes the importance of policyholders understanding *all* the terms of their policies, and knowing what the benefits are and what they *are not*.

The Insurance industry depends on public *good-will*. The overwhelming majority of companies are sincerely interested in rendering good service to their policyholders.

SOURCES FOR INFORMATION

If you need help or information, you can get it without obligation from:

1. **YOUR INSURANCE COMPANY OR ITS REPRESENTATIVE**
They are competent to help you with your insurance problems.
2. **BUREAU OF ACCIDENT AND HEALTH UNDERWRITERS**
60 John Street, New York 38, New York
3. **HEALTH AND ACCIDENT UNDERWRITERS CONFERENCE**
208 South LaSalle Street, Chicago 4, Illinois
4. **THE STATE INSURANCE DEPARTMENT***
For your protection, insurance companies and agents are closely regulated and supervised under state laws. Not only is helpful information available for policyholders and prospective policyholders, but the services of these departments are particularly valuable in the event of any complaint or dispute.
5. **BETTER BUSINESS BUREAUS**
Better Business Bureaus have factual information, particularly with regard to the reliability and standing of many companies. They will try to help you with any questions or problems.

All these services are available without charge. If you want any information about your policy, read your contract. If what you want to know isn't there, seek further information.

*In Canada, the Dominion and Provincial Insurance Departments.

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These Booklets can be obtained from your nearest Better Business Bureau at 10c each.

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APPENDIX

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MAR 11 1958	
MAR 18 1958	
MAR 25 1958	
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JUL 10 1958	
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