

MUTUAL FUND AND INSURANCE GROUPS AGREE ON GOALS**What It's All About . . .**

In an effort to avoid a bitter public debate over the relative merits of life insurance versus mutual fund shares that might lessen public confidence in both, the National Association of Investment Companies and the National Association of Life Underwriters have adopted a joint statement of principles.

The six-point statement is accompanied by eight guiding standards designed for the use of salesmen selling mutual fund shares and those selling life insurance in a program for a positive selling of each on its own merits, rather than on negative selling which attempts to put a competitor in a bad light.

Basic premises for the joint statement are that neither business benefits by knocking the other; that both businesses agree that life insurance and investment company shares have a place in financial planning of the American public, and that a harmonious relationship between the two businesses will promote the best interests of shareholders, the policyholders, the general public, and the self-interest of the two businesses.

The National Association of Investment Companies, as representative of the issuers whose shares are sold by securities dealers, urges that salesmen of investment company shares be guided by these principles in their professional dealings with clients, with each other, with other financial counsellors, and with the general public. The National Association of Life Underwriters, on its part, agrees that life insurance agents should know more about mutual funds and what share-ownership means, and it plans to distribute to the 60,000 life insurance agents that make up its membership an informal booklet on investment companies which the NAIC has agreed to prepare. Similar reference material on life insurance is to be made available to the investment fraternity from time to time by the NAIC, so that securities salesmen can be better informed about the life insurance business.

Edward B. Burr, Director of Public Relations for the NAIC, told the recent mutual Fund Conference the Association anticipates that the statement of principles will establish for editors of trade and other publications standards against which they may measure articles submitted for publication. This, it is hoped, will tend to stop publication of biased, inaccurate, irresponsible writing on both sides, which could have, Mr. Burr said, only destructive results.

A Joint Statement of Principles

Preamble: In recognition of the following premises, representatives of the National Association of Life Underwriters and the National Association of Investment Companies have drawn up this statement of principles:

1. Providing for long-range financial security is a major concern of every American family.

2. Financial planning for individuals and families is the major function of representatives of both the investment company business and the life insurance business.

3. The traditional private enterprise instruments of providing family financial security serve the best interests of the American people and offer substantial safeguards to our democratic form of government.

4. The best interests of the client are the paramount obligations of both life underwriters and salesmen of investment company shares.

5. Sound family financial planning usually requires a coordinated combination of various financial instruments.

6. A coordinated plan for family financial security requires life insurance to guard against the hazard of premature death and, under the proper circumstances, the ownership of equity investments, including investment company shares, as a means of sharing in the long-term growth of the American economy.

The joint committee of the National Association of Life Underwriters and the National Association of Investment Companies, recognizing these facts, recommends to the governing bodies of their respective organizations the adoption of the following as a statement of principles for guiding salesmen of investment company shares and life underwriters in their professional dealings with clients, with each other, with other financial counsellors, and with the general public.

(Adopted September 21, 1954, by the National Association of Investment Companies, 61 Broadway, New York, N. Y., and the National Association of Life Underwriters, 11 West 42nd Street, New York, N. Y.)

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. . . Guiding Principles

1. To best serve their clients it is essential that life underwriters and salesmen of investment company shares understand the products, functions, operations and services of each other.

2. Such understanding can come only from careful study of life insurance by salesmen of investment company shares and from careful study of investment companies by life underwriters. Basic text and reference materials should be provided by each business and made available to representatives of the other.

3. It is essential that life underwriters and salesmen of investment company shares recognize the important role each business plays in serving the financial needs of the American people.

4. In serving individual, family and business financial needs, it is important that the salesmen of investment company shares recognize that life insurance is a basic tool in creating immediate estates as a means of protecting against the hazard of premature death. The salesman of investment company shares should also recognize the part that life insurance can play in providing guaranteed sums for the emergency cash and old-age income needs of families.

5. In serving individual, family and business financial needs, it is important that life underwriters recognize that investment company share ownership provides individuals and families an excellent means to participate in the growth and prosperity of the nation's economy and to obtain the benefits of diversification and professional investment management.

6. The salesman of investment company shares should not expect to receive any compensation from the sale of life insurance and the life underwriter should not expect to receive any compensation from the sale of investment company shares.

7. Life underwriters and salesmen of investment company shares recognize that each is a specialist in his own field, and should not attempt to advise his clients in the other field.

8. Harmonious relations between life underwriters and salesmen of investment company shares should be maintained for successful results in financial planning for the public.