

Dean Mesnard Interview

April 9, 1986

This is Betty Turnell speaking for the Decatur Public Library. Our guest today is Mr. Dean Mesnard. We are recording in his insurance office at 158 W. Prairie Avenue--that is the Decatur Club--in Decatur, Illinois, on April 9, 1986.

- Q. Mr. Mesnard, I mentioned that you are in the insurance business, but of course there are many types of insurance. What is your specialty?
- A. We're in the life insurance business. That's our specialty. But today everything depends on financial planning--so we're doing just about everything in the financial field.
- Q. Later we'll want to talk about changes that have come about in your business--how you happened to add financial planning to life insurance, for example. But right now, let's talk about your early life. How long have you lived in Decatur?
- A. I was born here--in Decatur Memorial Hospital.
- Q. So you really know the city?
- A. I've been around a long time.
- Q. What was your early childhood like?
- A. Very austere. We were a poor family, and my father was proud. He wouldn't accept any welfare at all. It's different today. Half the people work for it, and the other half vote for it, but back in those days many people didn't feel comfortable accepting charity of any kind. So what we didn't

have, we didn't get. We did without.

Q. What was your father's business?

A. He was a contractor--he was in the painting business.

Q. Would you mind telling us about what time we're talking about?

A. Well, let's go back to 1928-29-or 30.

Q. Around the time of the Great Depression? So that made it all worse?

A. Well, yes--a little bit. There wasn't any work. Few people were building then.

Q. Do you remember any experiences your family had during the Depression?

A. I came from a broken home, eventually. We moved a lot. Between my brother and me, I think we went to every school in Decatur. I was talking to Bob Oakes the other day. Bob said we had 6,000 transfers in a school system of 14,000 students last year. That's a high number. Take Mary W. French, for example. My brother went there--I didn't. That has 400 students and 379 are transfers so far this year. I recall that I lived in the 400 block--in the old Lincoln apartments--on North Main Street. I had given the Roosevelt School my grandfather's address on Edward Street so I could attend Roosevelt because I was in the Woodrow Wilson school district. We moved from there to the 700 block on West Decatur Street, to the 1000 block on Main Street, back to the 400 block on West Main St.--and all

that time I was going to Roosevelt Junior High School.

Q. Were you trying to find better quarters or cheaper quarters because of your family's situation?

A. In those days you had an apartment and stayed there until you found one less expensive and you moved there and you kept it until you found one you could more reasonably afford.

Q. Did you boys have to work?

A. Oh, yes. We worked a lot. We did everything we could think of, but there wasn't much work for a young man. I used to mow lawns for 35¢. My brother did, too. We had a whole route where we would go around to mow lawns or rake leaves and shovel snow--anything we could do.

Q. Did you have any fun?

A. Oh, yes! We had more fun than you can imagine--swimming. We swam everywhere! You used to be able to ride across Decatur in 15 minutes on a bicycle. 22nd Street was the end of the city going east. Lost Bridge was lost--most people couldn't find it. North of the city we would go out to Route 121, which was Pershing Road. On north it was all farm land. On the south, the Texaco Light House and on the north, the Texaco Tower. Those were "hang-outs" when we were in high school.

Swimming was something we did frequently. We swam everywhere. We used to go behind the old Pythian Home and swim in Steven's Creek. There used to be a big hole we could

swim in. Then we would swim on the west end of Fairview Park at an old railroad bridge down there. Once in a while, we'd get to the old gravel pit west of town.

Q. That was dangerous?

A. Oh, yes, they were all dangerous because there wasn't anyone else there. We would swim without any clothes. When we could, we would go out and swim at the beach. It was a very fine beach.

Q. That was Lake Decatur?

A. Yes. The beach house, etc. had been built in the 20's. Sometimes we would go across the lake because we didn't have the fee.

Q. The cost of using the bath house, etc.?

A. Yes--it was a nickel or a dime. It wasn't very much. But we had a lot of fun.

Q. It sounds like it. So your lack of funds didn't really slow you down?

A. Ah, no, you did things that didn't cost money.

Q. In a way, people built character during that time?

A. We think so. We had dignity, which we maintained, poor as we were. Lack of money didn't mean that you had to be without dignity.

Q. You did go through high school?

A. Oh, yes. I graduated from Decatur High School. Then I went on to Millikin after I returned from service and graduated from Millikin.

Q. We're talking now about the beginning of World War II-- that in a way ended the Depression, didn't it?

A. It more or less did. It was slow, but we finally came out of it.

Q. Were you on the G.I. Bill?

A. Yes, when I went to Millikin.

Q. That was a great help, wasn't it?

A. It probably was the reason I went ahead and finished. It was hard.

Q. What courses did you study at Millikin?

A. I was a business major. I probably graduated with more hours in accounting than anyone who ever graduated from Millikin, and then I decided I didn't want to be an accountant.

Q. It has served you in good stead, I'm sure, but what made you change from accounting?

A. Prof. Glen Smith

Q. Tell us about it.

A. He taught salesmanship. I took one course in salesmanship my last year at Millikin, and it changed my whole life.

Q. How did Dr. Smith do this?

A. I don't know. He just had a way with young students that was amazing. He was a remarkable man. Of course, he's deceased now. But I found something I really liked, and that's what I went into.

Q. How did you start?

A. I went to work for the Metropolitan Life Insurance Company in 1950.

Q. So your first job was in insurance?

A. No--I had a little stage right after I graduated when I was a heating engineer for the Williamson Heating Company of Cincinnati, which required me to do a lot of traveling. I was already married and we already had children when I was going to school.

Q. Were you trained in engineering?

A. No, but they trained me over there. They hired me and then trained me over there to be a heating engineer. But I had wanted to go to work in the insurance business, but there wasn't any opening. So I had to wait until there was an opening.

Q. Well, now, what happened to make it open up?

A. Somebody quit. Metropolitan is a debit company, and they had just so many areas in the city available.

Q. You'll have to explain to an uninformed person what a debit company is.

A. A debit company is one where you sell insurance and then you go back every month or every week and collect the premiums. In those days they called them "Home Service Companies."

Q. That's a hard way to earn a living!

A. It certainly is. But the city was checker-boarded, and every individual had a certain area he covered. That was his area, and he did the work for the company in that particular area, and until there was an opening there wasn't a job.

Q. Did you have trouble collecting?

A. Yes, lots of trouble.

Q. Any stories about that?

A. None that I'd care to relate. Those were hard times in the 40's and 50's. People didn't make a lot of money. People couldn't afford a lot of insurance. If I sold someone a \$500 policy, I was tickled to death because that would bury them. If I could sell another one for \$750, that would feed the family for a year, and that would thrill me too. So they were very small policies, and we earned very little money, but we earned a living.

Q. But, of course, insurance is something you could put off if you were pressed for funds.

A. Everybody stopped paying the first time there was a little bitty dip in their economics. They stopped paying their insurance premiums. And that was hard, difficult to overstep that.

Q. Well, I suppose you graduated from that level.

A. Yes. I had ideas, and I had learned to study and I continued my studies. I became a C.L.U., first one that company ever had in Decatur.

Q. C.L.U.?

A. Chartered Life Underwriter.

Q. What does that mean?

A. It's the same thing in life insurance that a CPA is in accounting or a L.L.B. in law or a Ph.D. in medicine.

- Q. When you first started insurance, did you have to have a license?
- A. Yes--that's required by the state.
- Q. You had to take an examination?
- A. Yes. Given by the state. Every insurance agent has to be licensed to do business in the state of Illinois.
- Q. But not everyone goes on to take the CLU?
- A. Not very many. There are many courses of training in life insurance you can take: one is called LUTC--which is Life Underwriter's Training Council, the basic sales course. The CLU is a college level course. It's a 5 year course of study. It's quite comprehensive and deeply involved.
- Q. Where did you take these courses?
- A. I did mine by correspondence. I'm probably the first one who ever graduated that way. Dr. Beadles in Bloomington at Illinois Wesleyan had held courses up there for years, and the gentlemen here in town who were taking courses would go up there and take the course each week, but doing the type of work I was doing as a debit agent, I had places I had to be every day, and I couldn't take the hour to drive up there, two hours in class, and an hour to drive back. That's a half a day. I didn't have that time--so I did mine by myself.
- Q. Through what agency?
- A. Through the College of Life Underwriters at Bryn Mawr, Pennsylvania. It's a college, and they have correspondence

courses for people who can't attend. We were fortunate here to have Dr. Beadles teaching the insurance people in the area. He's quite a knowledgeable man and has done this course work for years. But generally there is not anyone teaching those courses.

Q. But you managed to get your degree?

A. I got it in four years--it wasn't easy.

Q. Now in the very beginning of this program, you mentioned that life insurance has changed somewhat. You intimated that it had been changed. Now, what are these changes that have come about?

A. Generally, life insurance has always been something that people consider as a necessary evil for death benefits. They buy it, hoping they will never need it but knowing very well they always will. We all know we're not going to live forever. However, through the years most companies have developed rather unique types of insurance policies to cover lots of other needs besides just the death benefit of burial. We do a lot of estate planning. We know there is a tax when we die, the same as when we live. A lot of businesses have "buy out" arrangements that can't be bought out with the surplus in the business. It needs to be a business insurance arrangement: where the business insures a person, and the payment that comes to the business from the source of insurance is what purchases the deceased person's share. We have pension programs which are

insured. There are IRA's. In the most recent areas the whole financial world has come upon the shoulders of life insurance people, and I'm talking about mutual funds, municipal bonds, limited partnerships, all kinds of deferred types of interest-bearing things such as annuities. This has now become a part of the insurance man's business. It seems like the mutual funds or the stock and bond men and the banks and the insurance companies are all trying to get in each other's business anymore. And so, eventually I think it will be. It will be a one-house arrangement. I have no doubt but what the banks will have brokerage firms within their quarters and perhaps insurance people on their staff or working with their staff. We've always worked very closely with trust departments for the creation of funds for minor children or aged parents that are provided by, usually, insurance policies purchased for that purpose. There are all kinds of things you can do with insurance.

Q. In the early days when people bought life insurance, they just bought it as something the family would have when they were gone?

A. That's right.

Q. But all this has been added? The opportunities for investment, etc.? That has meant a great increase in your responsibilities, hasn't it?

- A. Yes--and it has also put an awful strain on our liability-- when you make a recommendation and it's your ability they are planning to use, your recommendation has a great deal of weight with those people. If you're wrong, or if something happens that you are proved to be in error; nowadays we are suffering just as much from errors and omissions in lawsuits in insurance as the doctors and, of course, it's getting more so. So we have to be terribly careful, and I think people ought to be more careful than they are about whom they trust over any long period of time. The thing you have to think about with an insurance company is that you're trusting somebody to be around-- or some company to be around at some long future date, hopefully 50 or 60 years, and be able to fulfill its obligations to you. If you don't know the company well nor the agent that represents that company well and their ability to do that, you are being foolish with your money.
- Q. Doesn't this put an added responsibility on you to follow the stock market?
- A. Oh, yes. We study constantly. We have to study constantly. If you don't, you're behind the times. Like the doctors who are retired by their patients, we're retired by our clients because they feel like we're not keeping up and so we really don't know what's going on. So everything new coming up, we have to know something about.
- Q. How do you anticipate such factors as inflation in the future?

A. We usually enter inflation in on most of the plans we create, based on what the client's opinion of what inflation is going to be: Some people think that we're now down to 3½% and think that's just great and it's never going to change. When it was up to 11% three years ago, they thought that was never going to change. So our opinion is of no value at all when it comes to that. It's everybody's opinion to himself. So if he thinks there is going to be inflation in the future, and that the purchasing power of the dollar is going to decline, he will have to provide for more dollars. If he thinks inflation will remain the same as it is today; and based on today's standard of living, he can provide enough dollars based on today's dollar and its purchasing power, we have no right to tell him he's wrong. We let him do what he wants to do.

Q. Let's turn now to the broad field of insurance. Today insurance is in the news. What are the issues and do they affect life insurance?

A. Not so much. In current news we have workmen's compensation problems and the lack of the ability of some municipalities to get insurance to cover their liabilities. That's not in my line. That's a casualty form. It's a serious problem. Some people have the idea that insurance companies can pay out the money and then charge to get it back. It doesn't work that way. You have to have a large reservoir of funds available to pay a claim when a claim

happens. These tremendous, unreasonable lawsuits that involve physicians and their patients many times are awarded by juries who give ten or fifteen times what a man's human life value is because he was hurt in an accident that they can prove was due to negligence by somebody. He should be paid for his pain and suffering, but his family shouldn't become wealthy because of his misfortune. Unfortunately, many times juries think insurance companies are made of money and they don't realize that that money is their money. They put it in there.

Q. What do you think is the answer?

A. I think limitations based like workmen's compensation. If you lose the sight of an eye, workmen's compensation says you are supposed to get so much money. That's been arrived at over the years. Loss of the use of an arm, loss of a leg are compensated based on figures of a panel of knowledgeable persons, who have decided what is a reasonable return. To turn it over to unknowledgeable people on a jury lets their emotions get away and so a man could lose an arm and be awarded five million dollars. If he lost his arm in an industrial accident, he might get a hundred or two hundred thousand dollars. I'm not saying that either one of them is wrong; I'm saying that the people who feel that the arm is worth two hundred thousand dollars are probably more knowledgeable than the jury of the worth of that man's human value.

- Q. Some people think that insurance fees should be regulated too, do they not?
- A. They are.
- Q. Can you explain that to us?
- A. Not really, when it comes to casualty, I'm in a field I'm not involved with. Life insurance premiums are regulated by competition. Every life insurance company has a rate they charge for a certain policy, based on expenses, mortality, the company's return on return on investments. If the company does a bad job and doesn't earn much, they will have to charge more for their premiums. If they charge more for their premiums, people are less likely to buy their product. It's a little difficult to explain, but it's as simple as that. The cost of doing business and particularly in a mutual company, which is owned by its policy holders, not a stock company, those particular policy holders are paid a dividend at the end of the year, based on the company's ability to earn money and to keep its expenses down and to pay its death claims, but not to take on risks beyond what a normal risk should be without charging extra for that risk.
- Q. So you think the market will regulate the premiums?
- A. The market regulates the costs.
- Q. You mentioned "mutual" and "stock" companies. Could you tell us the difference?

A. A stock company is like any other firm--Caterpillar, Staley's, or anybody else. The firm is owned by its stockholders. People purchase the stock and hope the company makes a profit and they receive their dividends. A mutual company is a company that has no stockholders. The owners of the company are the owners of the policies in the company. It's called "mutual" because they are all mutually involved in it. That company makes a profit too, but it pays out to its policy holders the dividend that would have gone to the stockholder.

Q. Which is your company?

A. We're a mutual company. Most companies are mutual.

Q. So you really approve of that method?

A. In the long run, generally speaking, their cost factor is less. Their general premiums are higher in the beginning, but over the years, you'll pay less money on your premiums.

Q. When you are talking to a young person who might be in the market for life insurance, what are some of the factors you stress? Is there anything we haven't covered so far?

A. Oh, yes! There is a world we haven't covered so far. Life insurance is a unique thing. You buy it when you don't need it so you'll have it when you do. If you are young, you don't think about death or the need for funds. When you first get married, nowadays most women are working so a wife has her income, and a husband has his income, and there is no need for insurance as far as either one

of them is concerned. That's what they think. Then along comes a child and today a woman usually takes off five or six weeks, and she's back working. They share the cost of baby-sitting because they want to have the same life style at the same high level of enjoyment of luxuries that they had before the baby came and so they don't sacrifice anything to have that child except maybe the cost of the babysitter. I'm talking terrible, right now, but I'm old-fashioned enough to think a woman ought to be home and raise her own children. My wife did, and she was a victim of working wives during that period. "You're not doing anything so you can take the children to the Boy Scouts and the Girl Scouts and the Cub meeting and all that. You can be a Den Mother, and the non-working wives often end up being babysitters for working wives voluntarily without any income. It's not fair. I don't know the answer to that, but I do know that young people today when they do finally get around to deciding that they should have some life insurance buy tremendous amounts of insurance--amounts that sometimes astound me. When a husband says to me, "If anything happened to me, my wife would have to have at least a quarter of a million dollars to replace me," he's right. He's absolutely right. When you're making \$25 or \$30,000 a year, and when you die, you're going to be dead a long time, and you're 30 years old and have 35 or 40 years of earning left, you're worth

a million dollars. Of course, we've been telling them that for years, but most of the time they thought we were wrong. So through the educational system, they have come to realize how valuable they are as a human life-- a working machine. Today they look at themselves as a more valuable person than before.

Q. Don't they both have to have insurance?

A. Oh, yes. The woman is working. She's bringing money into the home. The standard of living they've developed requires both those incomes so they have recognized that they need life insurance on the wife as much as they need it on the husband--or pretty close to that much. Generally speaking, they both have group insurance plans where they are employed.

Q. When this young man gets this tremendous life insurance policy, what happens then? Can he take care of it?

A. Oh, yes. We won't sell it to him if he can't--strange as that seems.

Q. So you do deny people?

A. Oh, my, yes. The insurance companies have very strict levels at which they will allow people to have insurance. If they don't think they can afford it, they can't buy it. So the old saying, "I'm worth more dead than alive," is a lie. We won't let you be worth more dead than alive because you might die--or someone might get rid of you.

Q. What happens if he gets in arrears?

A. Well, it depends on the type of policy he has. Today we

have traditional life insurance and what is called "universal life." With traditional life insurance, if a policy is not paid for in each due date, there is a 30-day period during which the company agrees to accept the premium even if it is in arrears without any medical qualifications for reinstatement. At the end of that period, the accidental death provision goes out of effect--if there is accidental death on it--the waiver of premium in event of disability goes out of effect, if there are any riders for income payments to the family, they disappear, if there is coverage on a wife or family, a family-type coverage, it stops after 90 days. The policy, in other words, goes into a dormant stage. The life insurance portion, if it has any age on it at all, continues in effect for the owner, the insured person, for maybe a number of years because of an extension provision within the policy.

Q. Even if he doesn't pay?

A. That's right. An example would be--you can pay some policies five years, and the Federal Reserve will carry it for the next 14 but none of the benefits are on there except death.

Q. Do you ever have to pay the premiums you haven't paid?

A. No--not if you don't want to. A lot of people don't know these things. A life insurance policy builds up a reserve on the inside to take care of temporary emergencies. We've had a lot of people at Caterpillar, for example, who have been laid off for a year or a year and a half. Their

finances don't permit them to pay their premiums. If they are in a mutual company, they have accumulated dividends within their policies, and they can use those dividends to pay premiums. But even if they don't have dividends, the policy has a built-in saving that allows the policy to continue to keep itself in effect for a number of years after nonpayment.

Q. But there is a limit?

A. Oh, yes. When you run out of the money inside to pay for it, it will die. Today, too, we have what is called "universal life." A universal life policy has a death benefit area and a savings or investment area. The funds in the investment area are drawn off each month to pay for the insurance area. As long as there are any funds in the investment area, the policy will continue itself in full force.

Q. And you don't actually pay the premiums?

A. You don't have to pay the premiums. It's a rather unusual type of coverage--very popular.

Q. But it costs more?

A. No! It costs less. It's an amazing thing. It gives you more insurance for less premium. A lot of people are changing to this type of coverage today. It has a lot more flexibility.

Q. And you make the money off the market?

A. Yes. The investments the insurance companies make--whatever they make them in--that's where it comes from.

They put them in treasury bonds, farm land, home mortgages, office buildings--anything.

Q. They are like investment counselors?

A. They are. They're the biggest in the world. The fact is--I think I read this the other day--the Prudential Life Insurance Company is the second largest landlord in the world. The federal government is the largest. The Metropolitan is very close behind.

Q. Is there any clash between these insurance people who are into investments, brokers, and all the savings and loan agents?

A. Well, I think we've come of age. There was bickering and all that back in the early days when I came into the insurance business. We did a lot of scrapping with each other. I think we've grown and become more intelligent. There are so many people out there who need our services that there is no longer the need to chase the same rabbit, as it was at one time. If someone wants to do business with Mr. Jones--bless his heart--give Mr. Jones every opportunity to do everything he can do. I'm personally not interested in chasing Mr. Jones' clients at all. If they want to do business with me, I'm tickled to death and will do everything I can to keep him, but I don't expect Mr. Jones to come over and start talking to my clients. He must be hard up for a place to go if he does that, but he may. He has that right, but we don't have a bickering going on in the insurance business as we had years ago. It's more

professional, a lot more professional than it used to be.

Q. And people have become more educated as to their needs?

A. Yes. People also look to their insurance people for advice, whereas they use to not come to the door when you knocked if they knew you were an insurance man. Today they greet you as a friend. We're quite pleased with the advancement we've made as a profession.

Q. You do become very close to families, I'm sure.

A. Oh, yes! I retired two years ago. I stayed on for two more years at Metropolitan Life Insurance Company because I just couldn't leave those people, and they didn't want me to go. I finally just had to because I was working both offices at the same time. So I came down here, and I'm still serving those people the same as I always had. They call me. I've received four telephone calls already this morning from clients for Metropolitan. I love them all; I think they are great people.

Q. It's very satisfying, isn't it?

A. Oh, yes. My business is very satisfying, but I have my disappointments and heartbreaks as everyone does.

Q. When you are so close to clients, you can't help sharing their problems as well as their good times, can you?

A. We know more about them than their relatives! They tell us more and confide in us more than they tell their own relatives--things they wouldn't want anyone else to know they tell us.

Q. That keeps you in advising them as to their finances?

A. It's the only way we can do a good job.

Q. Well, let's turn to the larger scene in Decatur. You have probably seen many changes in the city.

A. Oh, gosh, yes! I used to live downtown. Of course, we had to find a place that was inexpensive; I mentioned the old Lincoln Apartments, the Lincoln Hotel. You used to be able to buy a meal there for 15¢ at the Lincoln Hotel. It was good, too. The Brintlinger Funeral Home was right across the street. That's where the Firestone store is now. That's where I lived. Then all down Main Street above the stores were apartments. Lots of people lived there. Grocery stores were downtown; Bazley's Meat Market was down there--Shinner's Meat Market was down there. People who worked downtown--and most everybody did--would pick up their groceries on the way home and use the bus. Piggly-Wiggly used to be down on the square. Of course, we used to have the Transfer House on the square. We had the trolley cars and then the buses following that. Around town on Saturday night you couldn't walk down Water Street because the street was so full of people. On the 200, 300, 400, and 500 block were the Empress Theater and the Avon. The Avon is still there. The Bijou Theater was in the middle of the 300 block. The fact is, I attended the last show the Bijou Theater had. It was a cold night, and it was sleeting. We went to see it--Laurel and Hardy in

"The Bohemian Girl." I remember that. I liked to go to movies.

Q. Do you think there is a future for Decatur?

A. Oh, yes? I'm the most optimistic person about the city. I could live anywhere. I've been everywhere in the world. I think Decatur is the finest place in the world to live. We usually go into a depression before anybody else, and we're usually the last place to come out of a depression. That's happened in all the time I can remember. However, I've not known the city of Decatur to have so many people "bad-mouthing" the city as in recent years. I think it's because of the deterioration of our downtown. We have no center place any more. I was kidding the other day and said, "Let's take all the schools and sell them to somebody, and open up all the schools downtown--all the high schools, junior highs, and children downtown--at least we'll have people on the streets. It's discouraging to walk down Water Street and look at both sides of that Mall and see all those vacant stores. We knew it was a bustling area and could be again. They used to say it was because of parking. It's not because of parking. There are plenty of parking places. We are over-zealous in our attempt to enforce parking regulations with parking meters when there is nobody downtown. If the parking meter goes over five minutes, I think they would welcome the nickel the guy is willing to put in it. But they

give you these tickets, and it discourages you from coming downtown. I think it's a blight on our downtown area. They should all be pulled out. I remember Tiny and Jess Snokes used to ride their three-wheeled motorcycles down the street and put white lines on tires and that was probably the best parking deterrent we ever had. Parking meters brought in some revenue and still do, but I think it's false revenue. I don't think they should continue those. I have every hope that one way or the other if we tear that street out down through Water Street and let people drive through there that merchants will begin to open up shops downtown again because people will begin to see the stores. Then they can park and walk back to the stores. There is no advantage to malls as far as I can see. You park outside in their parking lot and then walk a block and a half to get inside. And then you walk for miles after you get in there. That idea that you want to park where you shop is silly. You park farther away in a mall than you do downtown in Decatur, Illinois, and I think they will come back. We're doing everything right. It's taken us a long time to get in the mess we're in, and it's going to take a little while to get out.

Q. That's encouraging to realize that someone who knows the city as well as you do and has been through all the changes comes out so optimistic. We thank you very much for sharing your reminiscences with us and we appreciate it.

You have been listening to Mr. Dean Mesnard. This is
Betty Turnell.

DECATUR, ILLINOIS
PUBLIC LIBRARY

MAY 31 1986

LOCAL HISTORY